



# SRF Limited

*We always find a better way*

February 04, 2020

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Q3 & 9M FY20  
Results Presentation



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.

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**Q3 & 9M FY20  
RESULTS  
OVERVIEW**

# Abridged Results Overview

Consolidated figures

Particulars (Rs. Crore)	Q3 FY20	Q3 FY19	% Y-o-Y	9M FY20	9M FY19	% Y-o-Y
<b>Gross Operating Revenue</b>	<b>1,850.5</b>	<b>1,808.8</b>	<b>2.3%</b>	<b>5,351.6</b>	<b>5,162.6</b>	<b>3.7%</b>
<b>EBIDTA</b>	<b>395.7</b>	<b>318.4</b>	<b>24.3%</b>	<b>1,112.8</b>	<b>958.7</b>	<b>16.1%</b>
<i>EBIDTA Margin (%)</i>	<i>21.4%</i>	<i>17.6%</i>		<i>20.8%</i>	<i>18.6%</i>	
Depreciation	101.9	90.9	12.0%	287.2	263.2	9.1%
Interest	47.5	53.4	-11.0%	154.1	146.0	5.5%
ECF (Gain) / Loss	(12.7)	(10.5)	21.5%	(23.6)	22.3	-206.0%
<b>Profit Before Tax from Continuing Operations</b>	<b>259.1</b>	<b>184.6</b>	<b>40.3%</b>	<b>695.1</b>	<b>527.2</b>	<b>31.8%</b>
<b>Profit After Tax from Continuing Operations</b>	<b>345.5</b>	<b>153.6</b>	<b>125.0%</b>	<b>721.7</b>	<b>412.3</b>	<b>75.1%</b>
<i>Profit After Tax Margin (%)</i>	<i>18.7%</i>	<i>8.5%</i>		<i>13.5%</i>	<i>8.0%</i>	
Diluted EPS (Rs.)	60.10	26.72		125.56	71.76	

Note: The results mentioned above;

- i) Include one time credit of Rs. 123.42 Crore on account of re-measurement of deferred tax balances
- ii) Exclude discontinued business operations numbers

## Key Financial Ratios

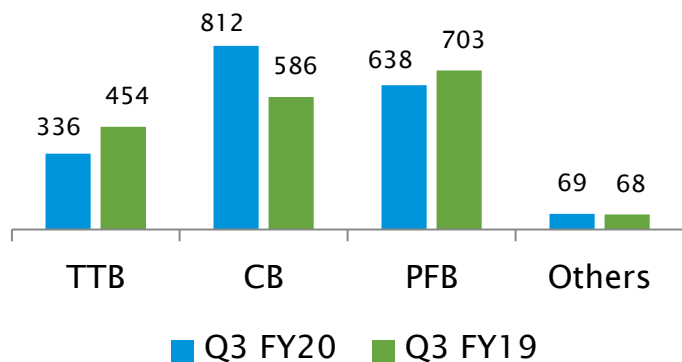
Particulars	FY13	FY14	FY15	FY16	FY17	FY18	FY19
EBITDA Margin	17.59%	13.59%	20.43%	22.13%	21.42%	17.69%	18.82%
PAT Margin	6.69%	4.04%	8.78%	9.51%	10.87%	8.38%	8.51%
Net Debt to Equity	0.71	1.01	0.99	0.73	0.67	0.82	0.83
Net Debt to EBITDA	2.06	3.78	2.82	1.96	2.07	3.00	2.42
Asset Turnover	0.82	0.73	0.77	0.70	0.68	0.66	0.76
Debtors Turnover	7.44	5.81	7.43	8.79	7.21	8.10	7.33

*Consolidated figures*

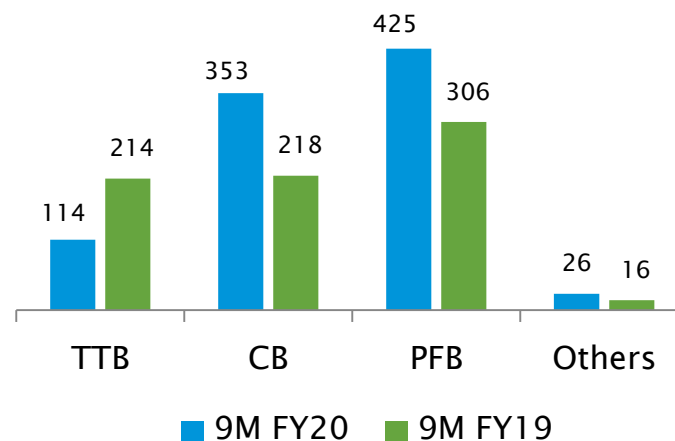
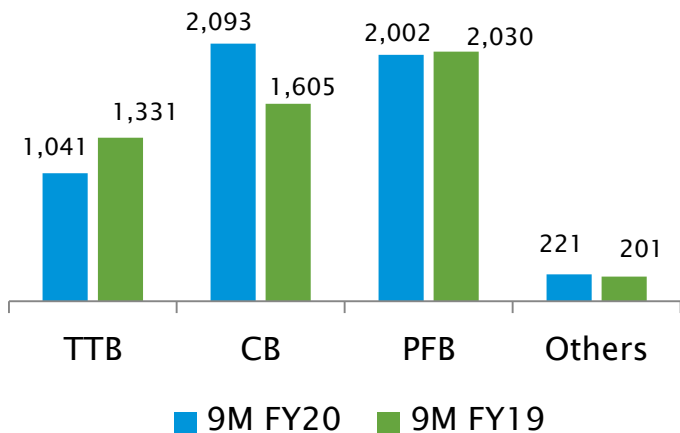
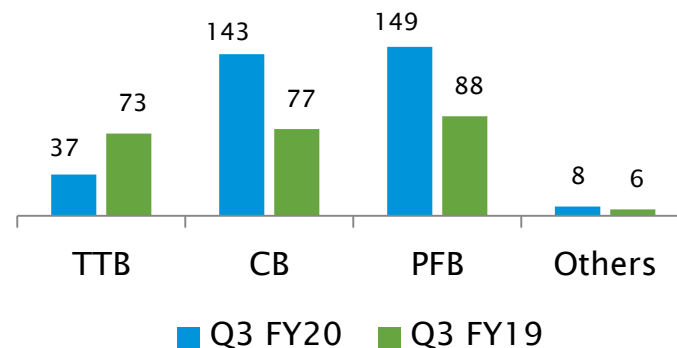
**NOTE - FY16, FY17, FY18 & FY19 ratios are as per IndAS**

# Results Overview - Revenue & EBIT

### Revenues (Rs. Crore)



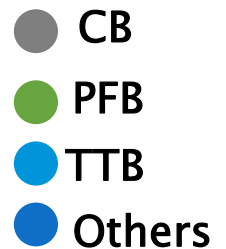
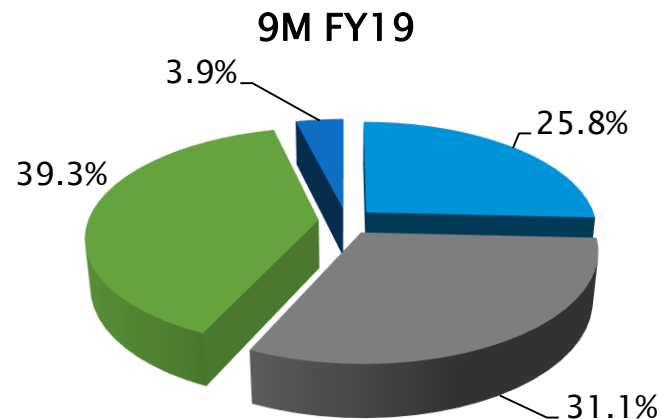
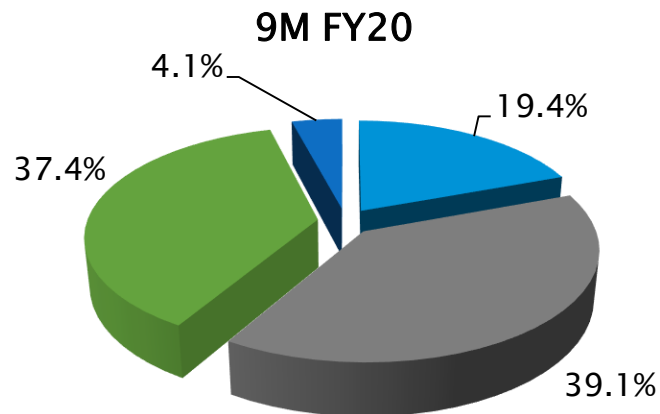
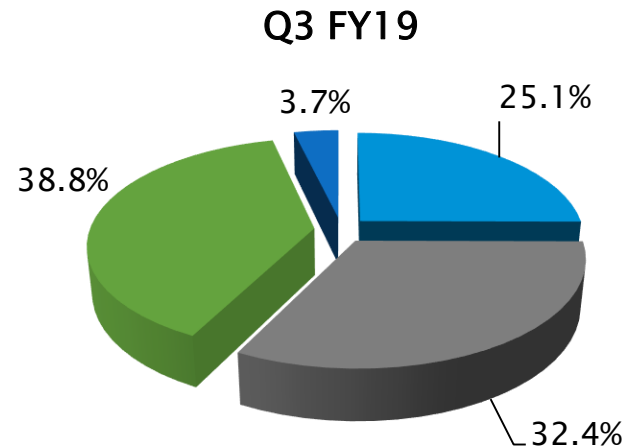
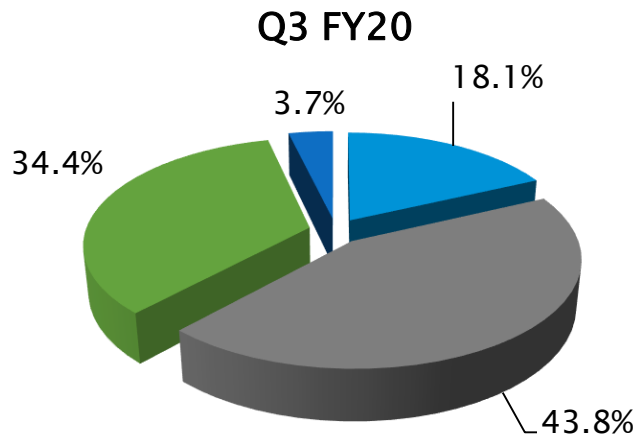
### EBIT (Rs. Crore)



*Consolidated figures*

*CB - Chemicals Business; PFB - Packaging Films Business; TTB - Technical Textiles Business; Others*

# Results Overview - Revenue Share







Chemicals

Packaging  
Films

Technical  
Textiles

Others

# Q3&9M FY20 SEGMENTAL OVERVIEW



# Chemicals Business

# Chemicals Business – Results Update

(Rs. Crore)	Segment Revenues	% Contribution to Revenues	EBIT	% EBIT Margins	% Contribution to EBIT
Q3 FY20	<b>811.9</b>	<b>43.8%</b>	<b>143.1</b>	<b>17.6%</b>	<b>42.4%</b>
Q3 FY19	586.0	32.4%	76.6	13.1%	31.5%
<i>% Shift</i>	<i>38.5%</i>		<i>86.7%</i>		
9M FY20	<b>2,093.1</b>	<b>39.1%</b>	<b>352.6</b>	<b>16.8%</b>	<b>38.4%</b>
9M FY19	1,605.4	31.1%	218.3	13.6%	28.9%
<i>% Shift</i>	<i>30.4%</i>		<i>61.5%</i>		

*Consolidated figures*

## Specialty Chemicals Business

- Segment delivered strong performance
  - Performance was backed by healthy demand seen in Agro-Chemical segment – witnessing traction from Brazil and other LATAM markets
  - New products gaining momentum
  - Newly commissioned facilities have started contributing to the overall performance
  - Better absorption of fixed costs led to higher EBIT margins
- The Board approved a proposal to set up dedicated facilities to produce intermediates catering to the agro-chemicals segment at an aggregate cost ~ Rs. 238 crore

### Market trends

- Agro-Chemical sector witnessing healthy traction across key global markets
- Pharma continues to grow

## Fluorochemicals Business

- The segment registered subdued performance, owing to:
  - Slowdown in the auto sector
  - Drop in global prices of refrigerants on account of weak demand
  - Peak prices of Chloromethane products normalizing
- Successfully commissioned brownfield HFC facilities at Dahej and Bhiwadi, ramp up on course
- The Board approved a capex at a cost of Rs. 65.5 crore for HFC's as Phase 1 of future incremental capacities

## Market Trends

- Indian auto sector continues to remain under pressure
  - Production of passenger vehicles dipped by ~14% in FY20 when compared with last year

## Chemicals Technology Group

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

- Key focus on high end 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**

**12 new process patents were granted in Q3FY20, taking the tally to 60 global patents to-date. Total 8 Patent applications were filed in Q3FY20 and overall the Company has applied for 190 patents**





# Packaging Films Business

(Rs. Crore)	Segment Revenues	% Contribution to Revenues	EBIT	% EBIT Margins	% Contribution to EBIT
Q3 FY20	<b>638.2</b>	<b>34.4%</b>	<b>149.4</b>	<b>23.4%</b>	<b>44.3%</b>
Q3 FY19	702.6	38.8%	88.1	12.5%	36.2%
<i>% Shift</i>	-9.2%		69.6%		
9M FY20	<b>2,002.5</b>	<b>37.4%</b>	<b>424.9</b>	<b>21.2%</b>	<b>46.3%</b>
9M FY19	2,030.2	39.3%	305.8	15.1%	40.6%
<i>% Shift</i>	-1.4%		38.9%		

*Consolidated figures*



## Packaging Films Business

- Performance was healthy across all units:
  - In Q3FY20, steady overall demand for BOPET and BOPP films
  - Margin expansion on account of improved efficiencies, expanded product offerings and higher contribution from value added products
- Both DTA & SEZ sites at Indore, MP received the 'Sword of Honour' & 5 Star rating from the British Safety Council
- Both Hungary & Thailand projects on track

### Market Trends

- 3 new BOPET lines were commissioned, two in Indonesia and one in India, which may impact industry margins in the ensuing quarters



# Technical Textiles Business

(Rs. Crore)	Segment Revenues	% Contribution to Revenues	EBIT	% EBIT Margins	% Contribution to EBIT
Q3 FY20	<b>335.7</b>	<b>18.1%</b>	<b>36.5</b>	<b>10.9%</b>	<b>10.8%</b>
Q3 FY19	454.3	25.1%	72.8	16.0%	29.9%
<i>% Shift</i>	-26.1%		-49.8%		
9M FY20	<b>1,040.8</b>	<b>19.4%</b>	<b>114.3</b>	<b>11.0%</b>	<b>12.4%</b>
9M FY19	1,330.7	25.8%	214.0	16.1%	28.4%
<i>% Shift</i>	-21.8%		-46.6%		

*Consolidated figures*

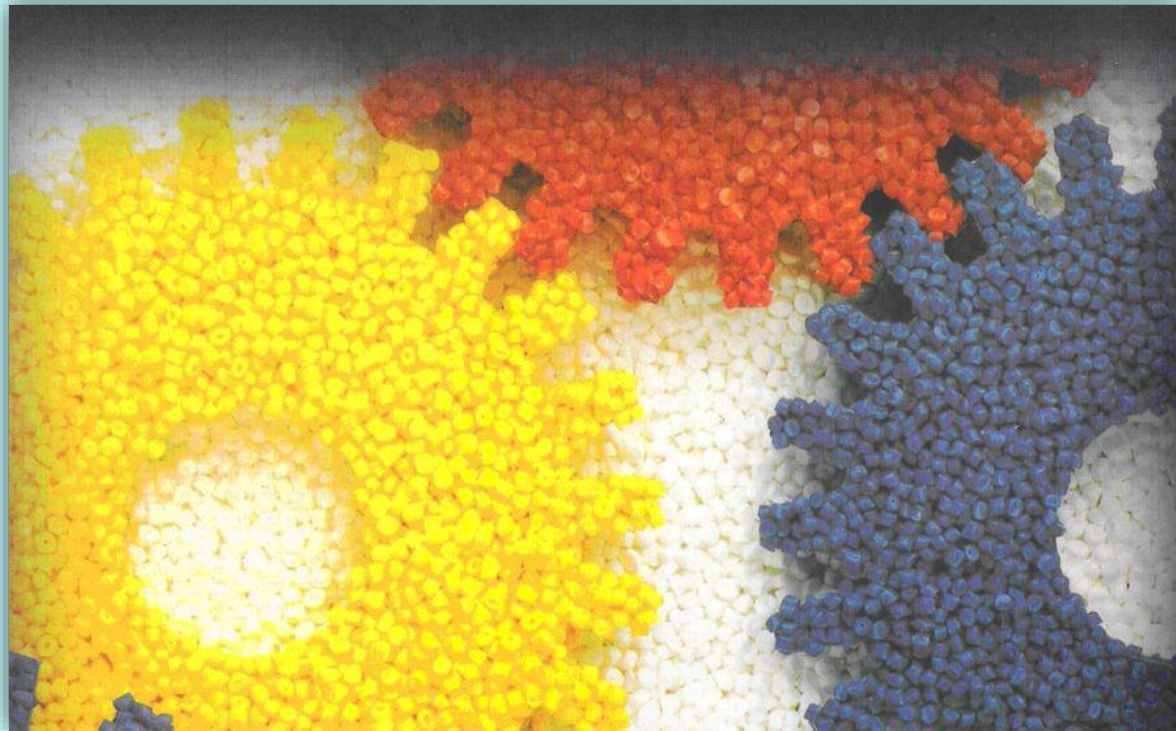
Note: The numbers above do not include impact of discontinued operations of Technical Textiles Business, Rayong–Thailand

## Tyre Cord Fabric, Belting Fabric & Polyester Industrial Yarn

- NTCF segment performance impacted due to the slump in automotive sector
- Some stock valuation impact in Q3 FY 20
- During the slowdown, the business focused on improving overall efficiencies – reported significant improvement in upstream process capability parameters
- Sales from VAPs and new products in Belting Fabrics and Polyester Industrial Yarn segment have contributed to the overall business performance

### Market Trends

- Production of all segments (passenger, commercial and 2–3 wheelers) has reduced Y–O–Y. However sales grew slightly in the last quarter owing to the festive season
- China continues to dump yarn into the US market, despite the anti–dumping duty



**Others**

(Rs. Crore)	Segment Revenues	% Contribution to Revenues	EBIT	% EBIT Margins	% Contribution to EBIT
Q3 FY20	<b>69.1</b>	<b>3.7%</b>	<b>8.27</b>	<b>12.0%</b>	<b>2.5%</b>
Q3 FY19	67.5	3.7%	5.73	8.5%	2.4%
<i>% Shift</i>	2.3%		44.4%		
9M FY20	<b>220.7</b>	<b>4.1%</b>	<b>26.5</b>	<b>12.0%</b>	<b>2.9%</b>
9M FY19	200.7	3.9%	16.1	8.0%	2.1%
<i>% Shift</i>	9.9%		64.5%		

*Consolidated figures*

## Coated & Laminated Fabrics

- Coated Fabrics delivered a stable performance
- Laminated Fabrics segment performed well despite the continuing oversupply situation



# COMPANY OVERVIEW





# Overview - Business Profile

## Chemicals

### Fluorochemicals

- Refrigerants
- Pharma propellants
- Industrial chemicals

### Specialty Chemicals

- Organic intermediates for agro & pharma

## Packaging Films

### Films for Flexible Packaging

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

## Technical Textiles

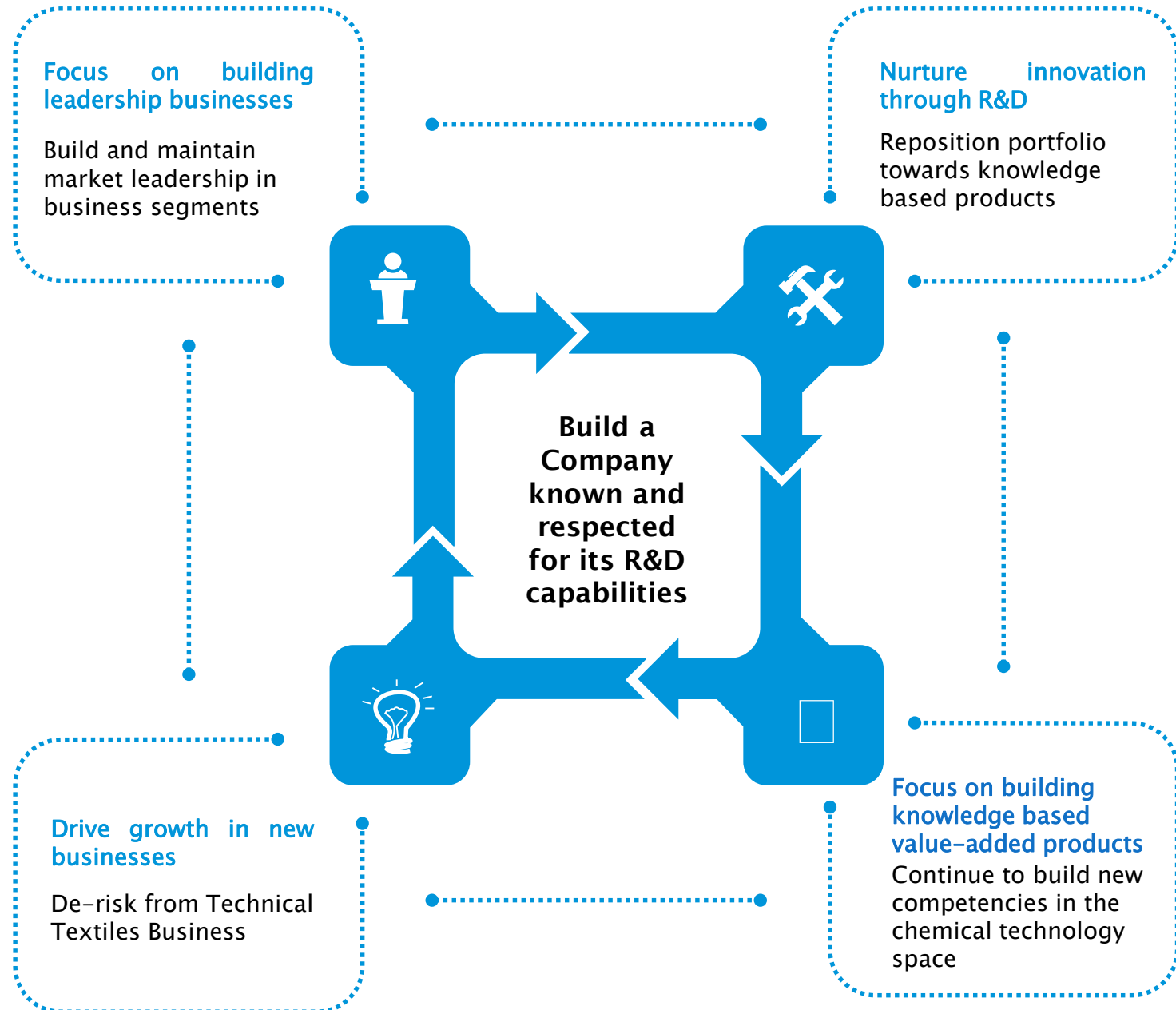
- Tyre cord fabrics (nylon & polyester)
- Industrial yarns
- Belting fabrics  
*(TTBR - Thailand closure announced in Sep 2019)*

## Other

- Engineering Plastics  
*(Divested in Aug 2019)*
- Coated fabrics
- Laminated fabrics

Revenue	EBIT	No. of Plants
2445	384	2
2653	411	5
2074	298	4
525	47	2

# Overview Growth Levers





# OUTLOOK

Focus on expanding to new markets / geographies and product offerings

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

Better operating leverage likely to lead to margin expansion

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

Increased Capex is being undertaken to ensure we have capacities in place to meet the growing customer requirements



Overall the global packaging films industry is witnessing improvement in capacity utilization

However in short term, there will be supply overhang in BOPET which can put pressure on margins

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



Improving macroeconomic environment may have a positive impact, NTCF demand to track overall GDP growth rates

Capacities rationalization across various plants to assist in margin expansion

Other sub segments of Technical Textiles performing as per expectations



Established in 1970, SRF Limited with an annual turnover of ₹7,541 crore (US\$ 1,077 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, Coated and Laminated Fabrics. Anchored by a strong workforce of close to 7,000 employees from different nationalities working across eleven manufacturing plants in India, one each in Thailand and South Africa and an upcoming facility in Hungary, the company exports to more than 75 countries. Equipped with State-of-the-Art R&D facilities, SRF has filed 190 patents for R&D and technology so far, of which 60 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.

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Thank You