



# SRF Limited

Q4 & FY16 Results Presentation

May 2016

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.*



**Q4 & FY16 Results Overview**

**Q4 & FY16 Segmental Performance**

**Company Overview**

**Outlook**



## Q4 & FY16 Results Overview

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## Abridged Statement of Profit & Loss

(Rs. crore)	Q4 FY16	Q4 FY15	% Y-o-Y	FY16	FY15	% Y-o-Y
<b>Net Operating Revenue</b>	<b>1,115.0</b>	<b>1,081.4</b>	<b>3.1%</b>	<b>4,600.1</b>	<b>4,539.9</b>	<b>1.3%</b>
<b>EBIDTA</b>	<b>233.8</b>	<b>163.8</b>	<b>42.8%</b>	<b>998.8</b>	<b>791.5</b>	<b>26.2%</b>
EBIDTA Margin (%)	21.0%	15.1%	583 bps	21.7%	17.4%	428 bps
Depreciation	72.4	64.8	11.8%	289	245	18.0%
Interest	25.8	27.3	-5.4%	138.9	147.0	-5.5%
<b>Profit Before Tax</b>	<b>135.6</b>	<b>71.7</b>	<b>89.1%</b>	<b>570.8</b>	<b>399.4</b>	<b>42.9%</b>
<b>Profit After Tax</b>	<b>108.8</b>	<b>60.4</b>	<b>80.1%</b>	<b>422.9</b>	<b>302.8</b>	<b>39.7%</b>
Profit After Tax Margin (%)	9.8%	5.6%	417 bps	9.2%	6.7%	252bps
Diluted EPS (Rs.)	18.9	10.5	80.1%	73.7	52.7	39.7%

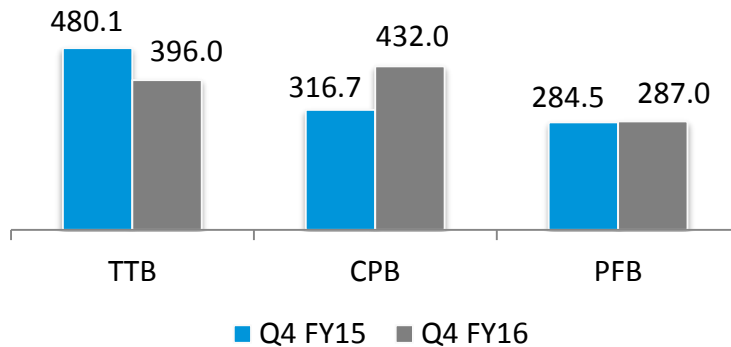
*Consolidated figures*

## Key Financial Ratios

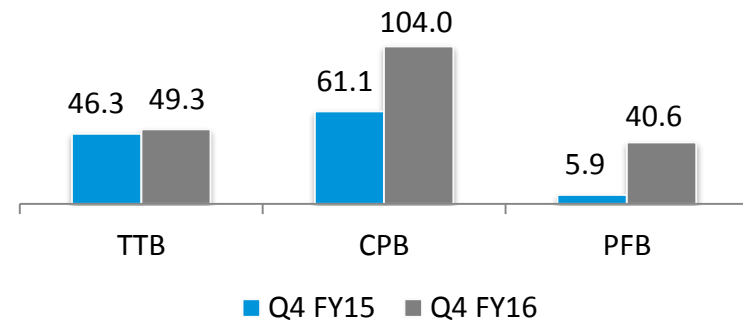
Particulars	FY13	FY14	FY15	FY16
EBITDA margin	17.59%	13.59%	17.43%	21.71%
PAT Margin	6.69%	4.04%	6.67%	9.19%
Net Debt to Equity	0.71	1.01	0.99	0.74
Net Debt to EBITDA	2.06	3.78	2.82	1.94
Asset Turnover	0.82	0.73	0.77	0.70
Debtors Turnover	0.13	0.17	0.13	0.11

*Consolidated figures*

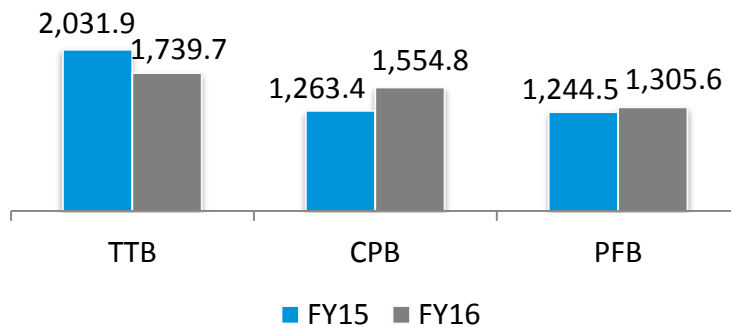
### Revenues (Rs. crore)



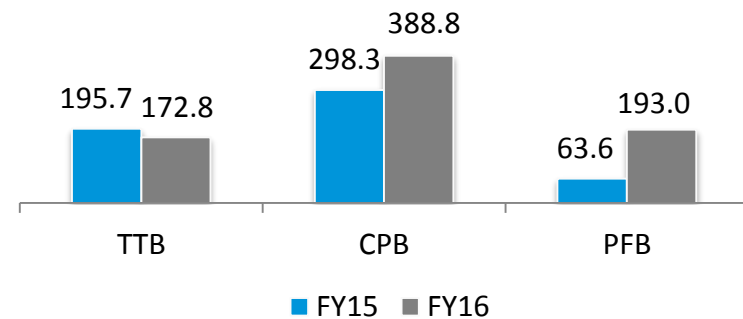
### EBIT (Rs. crore)



### Revenues (Rs. crore)



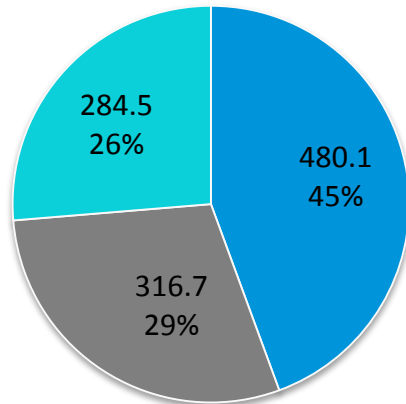
### EBIT (Rs. crore)



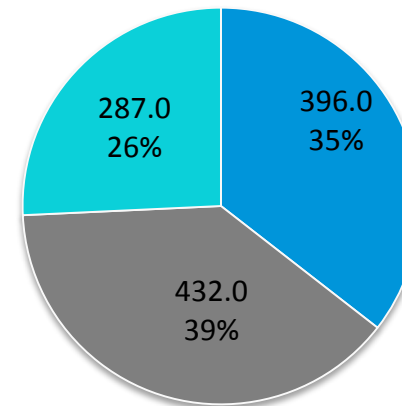
Consolidated figures

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

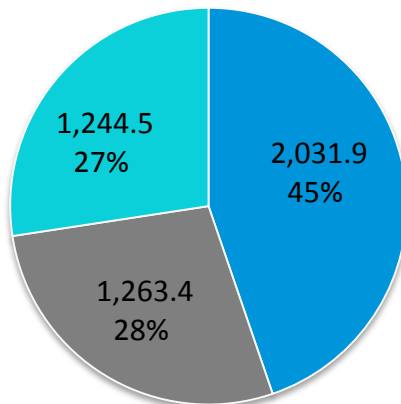
### Q4 FY15



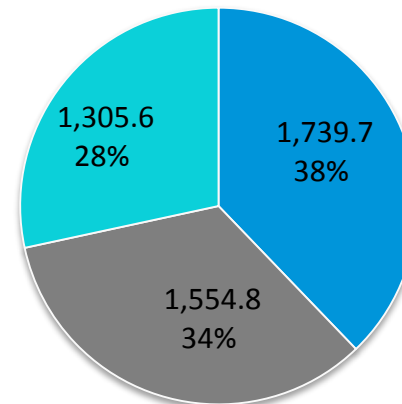
### Q4 FY16



### FY15



### FY16



Consolidated figures  
(Rs. crore)

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





Technical Textiles

Chemicals & Polymers

Packaging Films



## Q4 & FY16 Segmental Overview

<i>(Rs. crore)</i>	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
<b>Q4 FY16</b>	<b>396.0</b>	<b>35.5%</b>	<b>49.3</b>	<b>12.5%</b>	<b>25.4%</b>
Q4 FY15	480.1	44.4%	46.3	9.6%	40.9%
% Shift	-17.5%		6.5%		
<b>FY16</b>	<b>1,739.7</b>	<b>37.8%</b>	<b>172.8</b>	<b>9.9%</b>	<b>22.9%</b>
FY15	2,031.9	44.8%	195.7	9.6%	35.1%
% Shift	-14.4%		-11.7%		

*Consolidated figures*

- **Nylon Tyre Cord Fabric (NTCF)**
  - Revenue impacted by low crude oil prices
  - Disruption of operations at Manali facility impacted business over three months –
    - Normal operations of the plant commenced from April 2016 onwards
- **Coated Fabrics**
  - Business witnessed a healthy turnaround with improved market share
  - Focus on emerging as a solution provider to customers than a product provider
- **Laminated Fabrics**
  - Maintained market share and price premium in a tough competitive environment
  - Hot Laminated facility operating at desired levels
- **Belting Fabrics**
  - Domestic demand for belting fabrics remained low on account of slow infrastructure developments
  - Margin pressure on account of aggressive pricing by China in international markets



Technical Textiles

Chemicals & Polymers

Packaging Films



## Q4 & FY16 Segmental Overview

<i>(Rs. crore)</i>	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
<b>Q4 FY16</b>	<b>432.0</b>	<b>38.7%</b>	<b>104.0</b>	<b>24.1%</b>	<b>53.6%</b>
Q4 FY15	316.7	29.3%	61.1	19.3%	53.9%
% Shift	36.4%		70.2%		
<b>FY16</b>	<b>1,554.8</b>	<b>33.8%</b>	<b>388.8</b>	<b>25.0%</b>	<b>51.5%</b>
FY15	1,263.4	27.8%	298.3	23.6%	53.5%
% Shift	23.1%		30.3%		

*Consolidated figures*

- **Fluorochemicals Business**

- Projects for R-32 and R-134a–pharma (phase 1) manufacturing commissioned; R-32 is being launched in Indian & US market during Q4FY16
- Successfully achieved 100% transition of Dymel customers within a year of acquiring brand from Dupont
- Improved its market share in HFC Blends
  - R-134a replacement market share improved ;
  - Exports of R-134a increased 4 times
- In Q4FY16, the Board approved an investment proposal for setting up a pilot plant to manufacture next generation refrigerant gas, HFO 1234 yf

- **Specialty Chemicals business**

- Agro Industry remains under pressure globally, pressure on realisations
- Focus on pharmaceutical intermediates yielding positive response
  - Exploring new markets in US / Japan for Pharma products



Technical Textiles

Chemicals & Polymers

Packaging Films



## Q4 & FY16 Segmental Overview

<i>(Rs. crore)</i>	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
<b>Q4 FY16</b>	<b>287.0</b>	<b>25.7%</b>	<b>40.6</b>	<b>14.2%</b>	<b>21.0%</b>
Q4 FY15	284.5	26.3%	5.9	2.1%	5.2%
% Shift	0.9%		592%		
<b>FY16</b>	<b>1,305.6</b>	<b>28.4%</b>	<b>193.0</b>	<b>14.8%</b>	<b>25.6%</b>
FY15	1,244.5	27.4%	63.6	5.1%	11.4%
% Shift	4.9%		203.4%		

*Consolidated figures*



- **Packaging Films Business**

- Business reported robust financial performance in FY16
  - All plants operated at full capacity despite challenging market conditions
  - Both international units based in Thailand and South Africa have registered healthy performance leading to strong operating profits
  - Focus on cost efficiency and value added products helped the company offset competition from China
- Board has approved a capex for setting up a BOPP film line and metallizer in India at an estimated cost of Rs. 269 crore
  - Maiden domestic entry in the BOPP space in India – target to cross sell and emerge as ‘one stop shop’ for its customers in India
  - This will be SRF’s second BOPP unit – first one was set-up at Durban, South Africa in 2012
  - Proposed capacity expansion of 35,000 MT in Domestic Tariff Area campus at Indore – project is scheduled to be commissioned in the last quarter of FY18



## Company Overview

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## 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

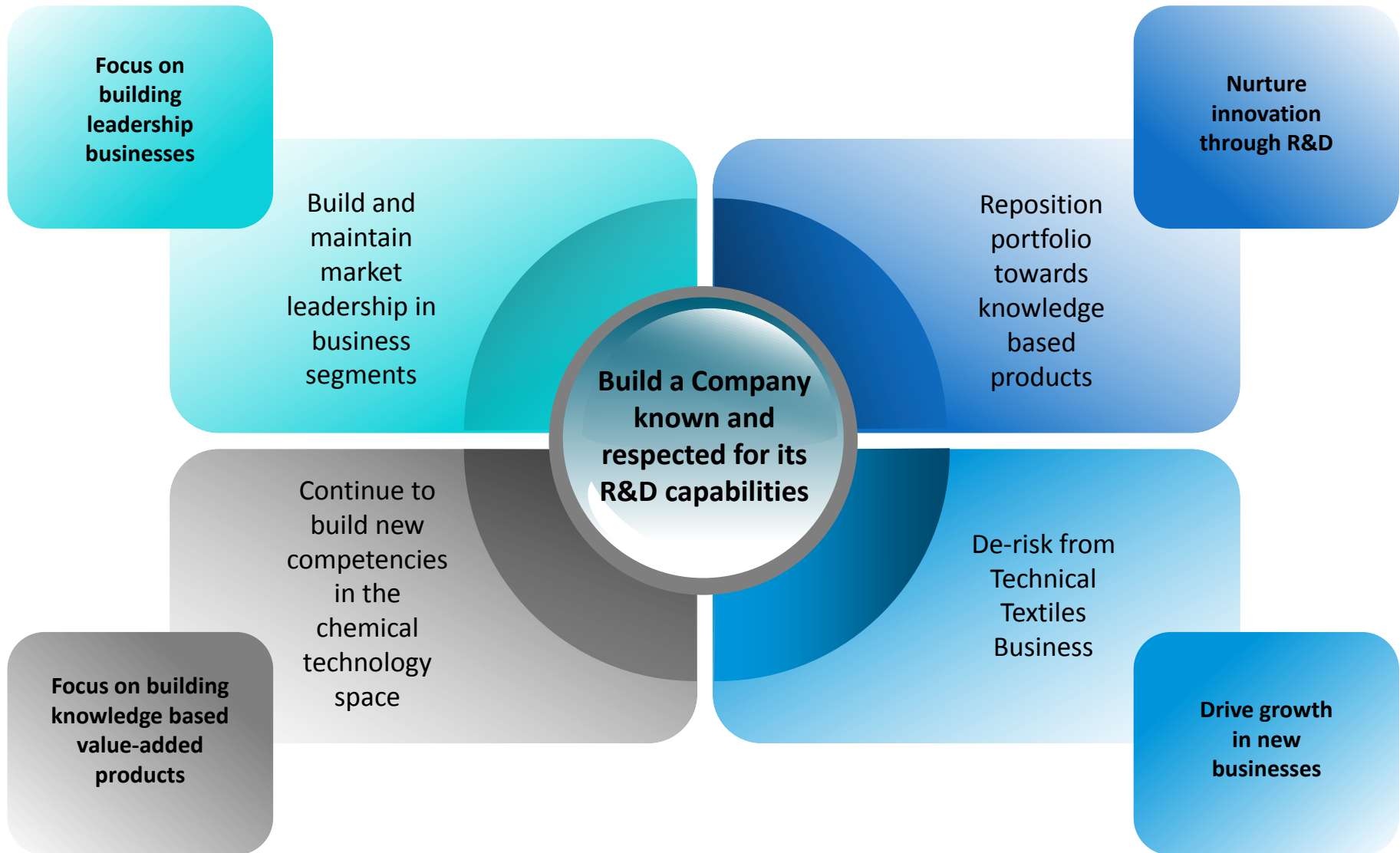
### Films for Flexible Packaging

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

Revenue	1,740
Operating Profit	173
Number of Plant Locations	7

Revenue	1,555
Operating Profit	389
Number of Plant Locations	4

Revenue	1,306
Operating Profit	193
Number of Plant Locations	4



- **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 27 process patents during FY2016 taking the tally to 81 patents filed till date, out of which 4 have been granted**



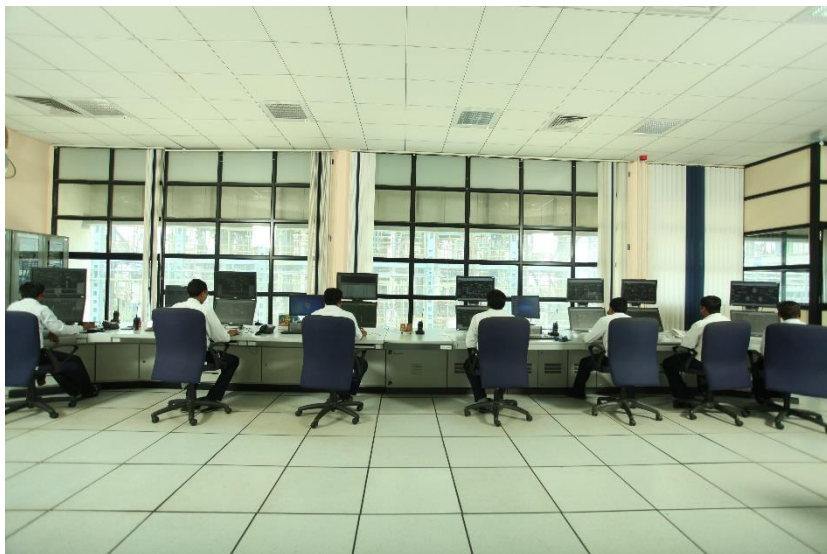


## Outlook

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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**





- Focus on expanding new markets / geographies for refrigerants and solvents
- 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% -12%
- Focus on efficient cost structures, enhanced capabilities and value-added products in the portfolio



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

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