



SRF Limited

Q4 & FY18 Results Presentation

May 17, 2018



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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Q4 & FY18 RESULT OVERVIEW

Results Overview - Financial Overview

Abridged Statement of Profit & Loss

<i>(Rs. crore)</i>	Q4 FY18	Q4 FY17	% Y-o-Y	FY18	FY17	% Y-o-Y
Gross Operating Revenue	1,612.3	1,416.4	13.8%	5,684.9	5,136.6	10.7%
EBIDTA	285.6	241.7	18.2%	975.0	1,014.9	-3.9%
<i>EBIDTA Margin (%)</i>	<i>17.7%</i>	<i>17.1%</i>	-	<i>17.2%</i>	<i>19.8%</i>	-
Depreciation	86.1	73.0	18.0%	315.8	283.4	11.4%
Interest	42.5	22.8	86.4%	123.9	101.8	21.7%
ECF (Gain) / Loss	-6.4	-18.5	-	-46.3	-27.6	68.1%
Profit Before Tax	163.4	164.4	-0.6%	581.7	657.2	-11.5%
Profit After Tax	123.9	129.2	-4.1%	461.7	515.0	-10.3%
<i>Profit After Tax Margin (%)</i>	<i>7.7%</i>	<i>9.1%</i>	-	<i>8.1%</i>	<i>10.0%</i>	-
Diluted EPS (Rs.)	21.58	22.50	-	80.41	89.69	-

Consolidated figures

Key Financial Ratios

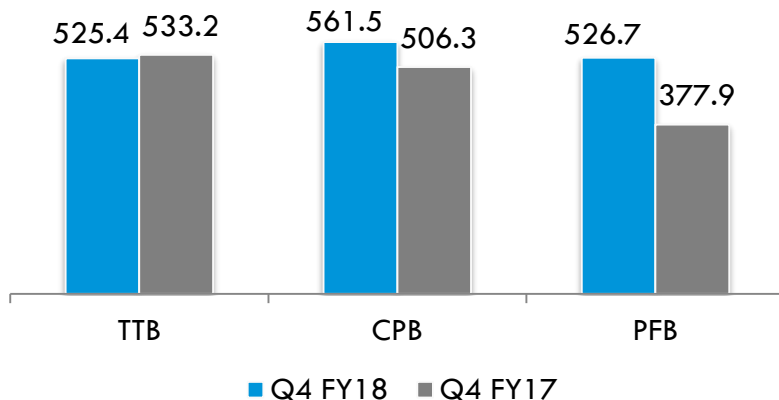
Particulars	FY13	FY14	FY15	FY16	FY17	FY18
EBITDA margin	17.59%	13.59%	20.43%	22.13%	21.42%	17.69%
PAT Margin	6.69%	4.04%	8.78%	9.51%	10.87%	8.38%
Net Debt to Equity	0.71	1.01	0.99	0.73	0.67	0.82
Net Debt to EBITDA	2.06	3.78	2.82	1.96	2.07	3.00
Asset Turnover	0.82	0.73	0.77	0.70	0.68	0.66
Debtors Turnover	0.13	0.17	0.13	0.11	0.14	0.12

Consolidated figures

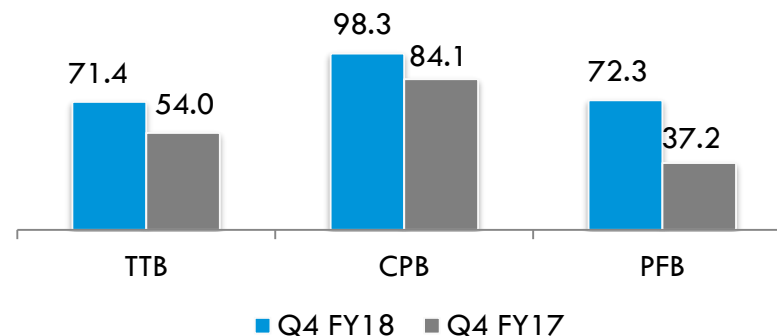
NOTE – FY16, FY17 & FY18 ratios are as per IndAS

Results Overview - Revenue & EBIT

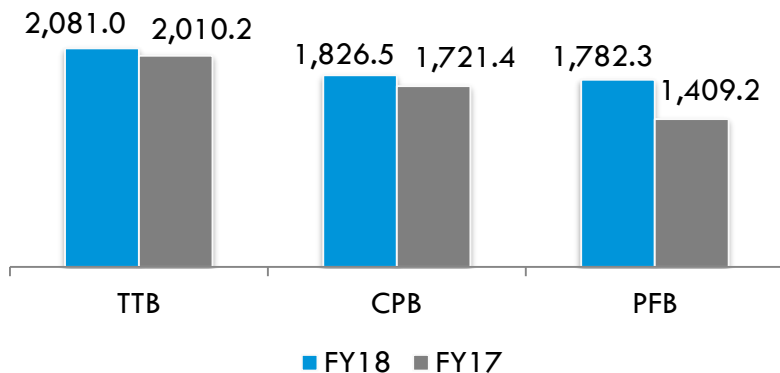
Revenues (Rs. crore)



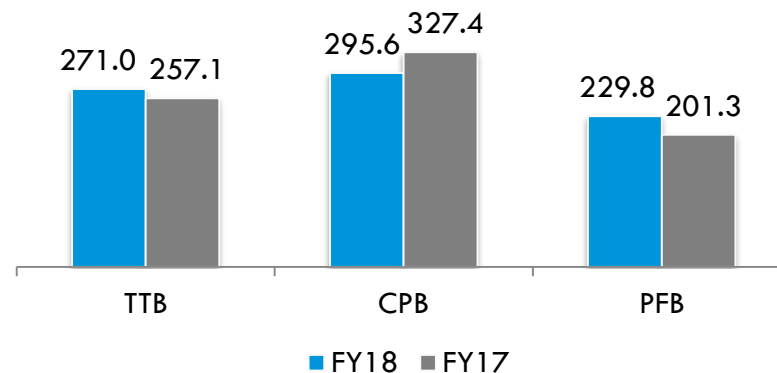
EBIT (Rs. crore)



Revenues (Rs. crore)



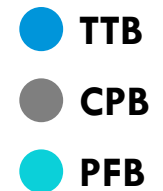
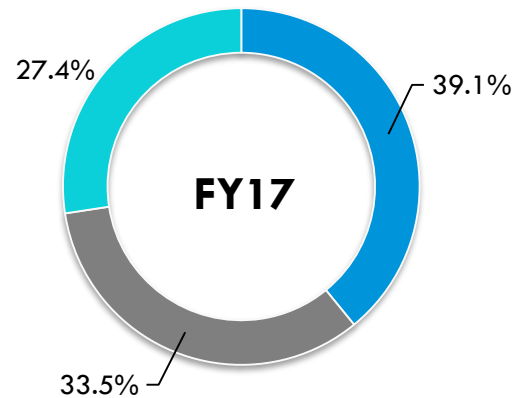
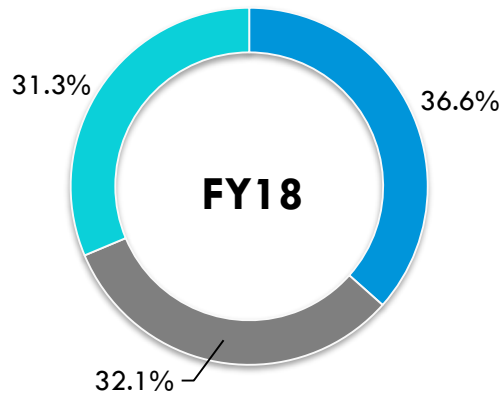
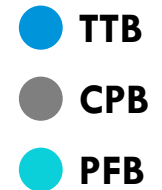
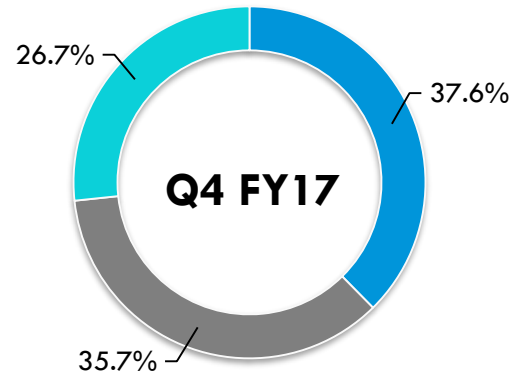
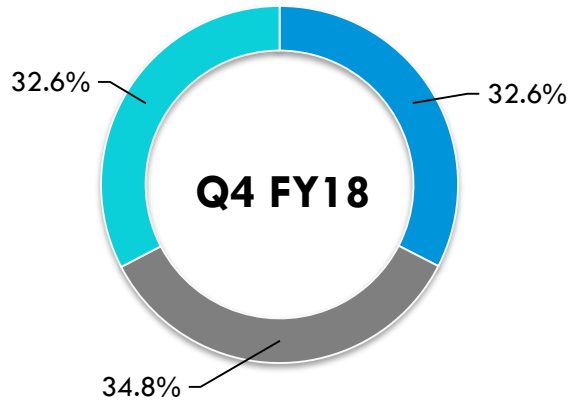
EBIT (Rs. crore)



Consolidated figures

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

Results Overview Revenue Share



Q4 & FY18

SEGMENTAL OVERVIEW

Chemicals &
Polymers

Packaging Films

Technical Textiles

Chemicals & Polymers



Chemicals & Polymers - Results Update

<i>(Rs. crore)</i>	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
Q4 FY18	561.5	34.8%	98.3	17.5%	40.6%
Q4 FY17	506.3	35.7%	84.1	16.6%	47.9%
% Shift	10.9%		16.9%		
FY18	1,826.5	32.1%	295.6	16.2%	37.1%
FY17	1,721.4	33.5%	327.4	19.0%	41.7%
% Shift	6.1%		-9.7%		

Consolidated figures

Fluorochemicals Business

Delivered better performance in the segment on account of improving volumes and healthy realizations

- SRF expanded its market share across all product categories and geographies
 - Continues to be the largest manufacturer of refrigerants in the country
 - Manufacturing of all three major HFC's provides a unique proposition of being able to manufacture HFC blends
- SRF first ever patent filed for a drop in substitute for F-22
- Newly commissioned Chloromethanes plant at Dahej achieved 100% capacity utilization during the quarter
- Successfully filed Drug Master File (DMF) for Dymel's HFC 134 A pharma
- Domestic Air Conditioning market grew at ~12% (estimated) in FY 18 – increasing shift towards HFC refrigerants, where SRF is a dominant player
- Passenger vehicle sales recorded growth of 8% in FY18 aiding volume growth

Specialty Chemicals Business

Recovery in the agrochemicals sector is taking longer than expected - things to start looking up only towards the end of this calendar year

- In FY18, contribution from Agro-Chemical segment remained subdued on account of lower demand
- Continue to focus on increasing penetration in geographies of U.S., Europe and Japan for higher performance
- Expanded the portfolio for both Agro and Pharma products while targeting new customers
- New plants of MPP3, P33, and others during this financial year

Engineering Plastics

Segment reported robust performance in the quarter under review

- Launched a new grade of Polyamide 6 material, which assists fastening applications
- Demand from electrical industry has shown improvement as many real estate projects are reaching completion stage
- Improving growth trends in 2 wheeler and 4 wheeler passenger vehicle sales is a positive for the segment

Packaging Films



Packaging Films - Results Update

<i>(Rs. crore)</i>	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
Q4 FY18	526.7	32.6%	72.3	13.7%	29.9%
Q4 FY17	377.9	26.7%	37.2	9.9%	21.2%
% Shift	39.4%		94.1%		
FY18	1,782.3	31.3%	229.8	12.9%	28.9%
FY17	1,409.2	27.4%	201.3	14.3%	25.6%
% Shift	26.5%		14.2%		

Consolidated figures

Packaging Films Business

Segment delivered steady performance during the quarter

- All facilities operated at full levels despite a challenging external environment
 - Focus on launching new products and enhance contribution from value added products
 - Newly commissioned BOPET and BOPP Film plants at Domestic Tariff Area (DTA), Indore are fully utilized and have significantly contributed to the overall performance
 - Despite volatile domestic market conditions in South Africa, the unit continues to increase its domestic share
 - Thailand plant performed very well and achieved targets despite facing high competition
- In 2018, the Board had approved setting up of a BOPET film line and a Metallizer in Hungary at an estimated cost of Euro 58 million
- Global supply demand situation improving in BOPET, but BOPP continues to go through a difficult phase

Technical Textiles



Technical Textiles - Results Update

<i>(Rs. crore)</i>	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
Q4 FY18	525.4	32.6%	71.4	13.6%	29.5%
Q4 FY17	533.2	37.6%	54.0	10.1%	30.8%
% Shift	-1.5%		32.1%		
FY18	2,081.0	36.6%	271.0	13.0%	34.0%
FY17	2,010.2	39.1%	257.1	12.8%	32.7%
% Shift	3.5%		5.4%		

Consolidated figures

Nylon Tyre Cord Fabric (NTCF)

SRF maintains market share despite tough operating environment

- Segment reported improved performance owing to better volumes and cost improvement measures
- Plant in Rayong, Thailand awarded the 'GREEN STAR' award for the 3rd consecutive year by the Government of Thailand
 - The award is a recognition of the sustainable efforts towards safety, protection of the environment and care for the community

Belting Fabrics

- Performance improved on account of higher volumes and increased contribution from value added products
- SRF's focus on Research and Development aiding superior products

Laminated Fabrics & Coated Fabrics

- In Laminated Fabrics, the Company added new customers and maintained sales performance despite tough operating environment
- In Coated Fabrics, SRF continues to maintain domestic market leadership

COMPANY OVERVIEW

Chemicals & Polymers

Fluorochemicals

- Refrigerants
- Chlorinated solvents
- Industrial chemicals

Specialty Chemicals

- Organic intermediates

Engineering Plastics

- Polymer compounds

1,827

296

4

Revenue

EBIT

Number of Plants

Packaging Films

Films for Flexible Packaging

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

1,782

230

5

Technical Textiles

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

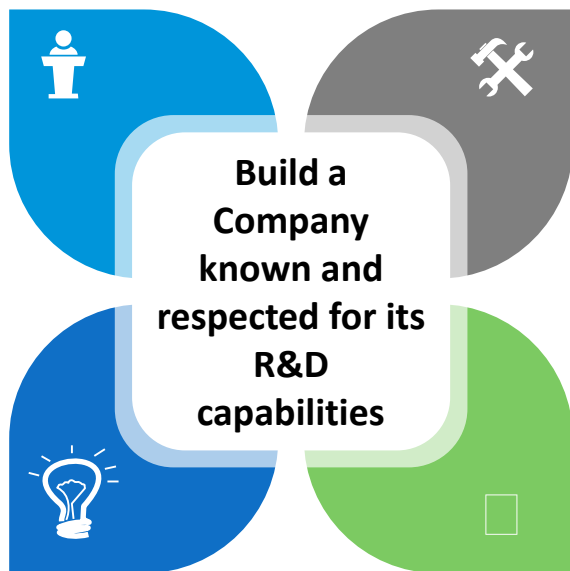
2,081

271

6

Consolidated figures in Rs. Crore

Overview Growth Levers



Focus on building leadership businesses

Build and maintain market leadership in business segments



Drive growth in new businesses

De-risk from Technical Textiles Business



Nurture innovation through R&D

Reposition portfolio towards knowledge based products



Focus on building knowledge based value-added products

Continue to build new competencies in the chemical technology space



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 24 process patents in FY18 taking the tally to 135 patents filed to date and 12 have been granted globally

OUTLOOK



Focus on expanding to new markets / geographies for refrigerants and solvents

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

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

Increased capex is being undertaken to ensure we have capacities in place to meet the expected rebound

Outlook Packaging Films Business



Revival in demand for BOPET

Supply overhang likely to continue in the BOPP segment

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



NTCF is expected to remain a key business in the segment and a generator of steady cash flow

Other sub segments of Technical Textiles started to contribute to its performance

Improving macroeconomic environment to have a positive impact on coated and belting fabric segments going forward

Established in 1970, SRF Limited with an annual turnover of ₹5,600 crore (US\$ 860 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 and Engineering Plastics. Anchored by a strong workforce of more than 6,300 employees from different nationalities working across twelve manufacturing plants in India, two in Thailand and one in South Africa, the company exports to more than 75 countries. Equipped with State-of-the-Art R&D facilities, SRF has filed 135 patents for R&D and technology so far, of which twelve 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

