



SRF Limited

Q4 & FY17 Results Presentation

May 22, 2017

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 & FY17 Results Overview

Q4 & FY17 Segmental Performance

Company Overview

Outlook



Q4 & FY17 Results Overview



- The Company continues to perform well despite global agrochemical slowdown
- The Board approved capex aggregating approximately Rs.200 crore in the Chemicals Business to create production capability to produce new agrochemical with a peak production capacity of 250 MT and carry out modifications in the P 11/12 plant with the objective of improving capacities to meet R 134a production requirements, both at Dahej
- SRF declared a dividend totaling Rs. 12 per share (Face Value of Rs. 10 per share) for FY2017
 - Resulting in a cash outflow of Rs. 82.93 crore for dividend payment including tax, amounting to a dividend payout ratio of 19.79% for FY2017

Abridged Statement of Profit & Loss

Consolidated figures

(Rs. crore)	Q4 FY17	Q4 FY16	% Y-o-Y	FY17	FY16	% Y-o-Y
Gross Operating Revenue	1,416.4	1,183.3	19.7%	5,137	4,898	4.9%
EBIDTA	241.7	236.2	2.3%	1,015	1,001	1.4%
<i>EBIDTA Margin (%)</i>	<i>17%</i>	<i>20%</i>		<i>20%</i>	<i>20%</i>	
Depreciation	73.0	69.5	5.1%	283.4	275.0	3.1%
Interest	22.8	32.0	-28.7%	101.8	130.5	-22.0%
ECF (Gain) / Loss	(18.5)	(5.7)	NA	(27.6)	10.3	NA
Profit Before Tax	164.4	140.4	17.1%	657.2	584.9	12.4%
Profit After Tax	129.2	111.7	15.7%	515.0	429.9	19.8%
<i>Profit After Tax Margin (%)</i>	<i>9.1%</i>	<i>9.4%</i>		<i>10.0%</i>	<i>8.8%</i>	
Diluted EPS (Rs.)	22.50	19.45	15.7%	89.69	74.87	19.8%

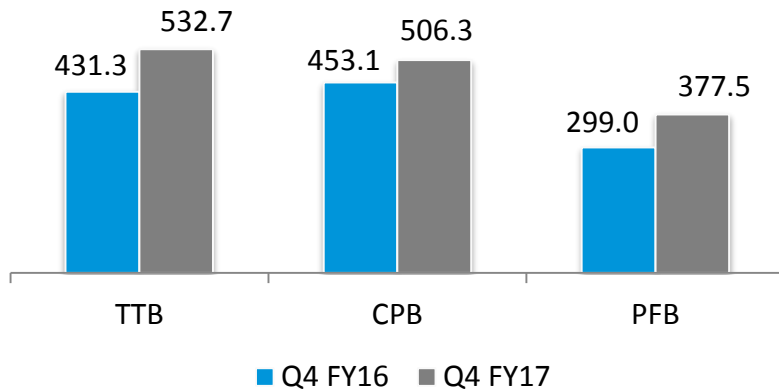
Key Financial Ratios

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

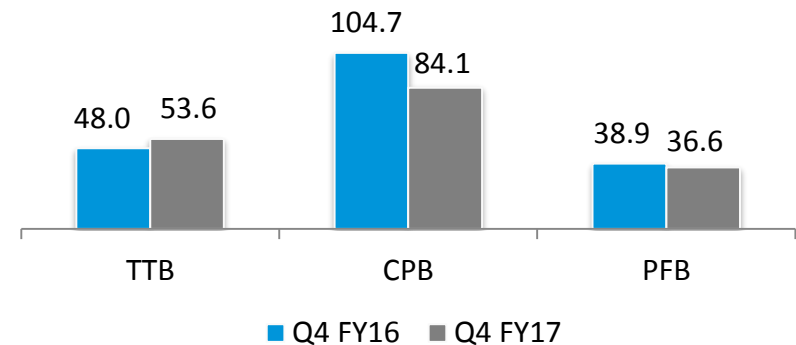
Consolidated figures

NOTE – FY16 & FY17 ratios are as per IndAS

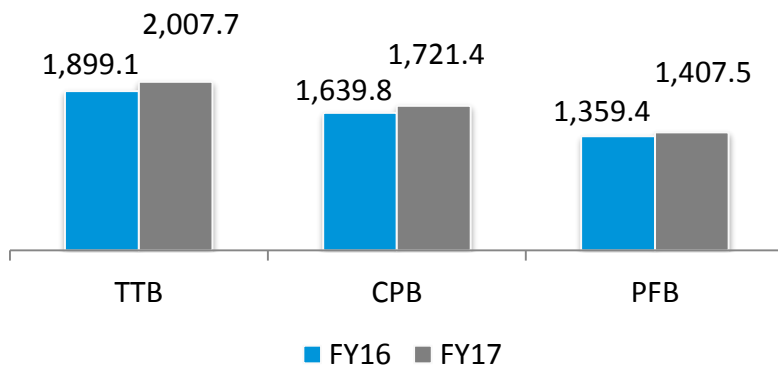
Revenues (Rs. crore)



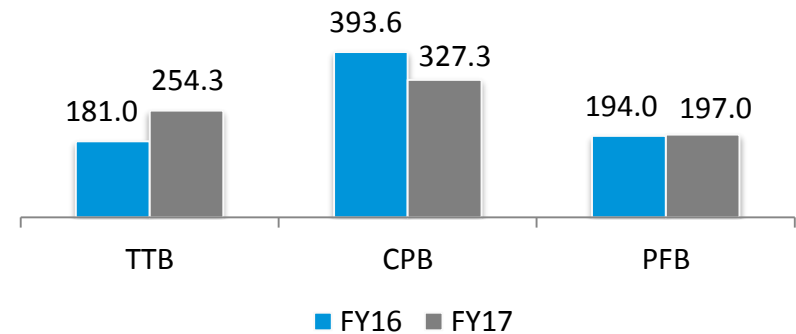
EBIT (Rs. crore)



Revenues (Rs. crore)

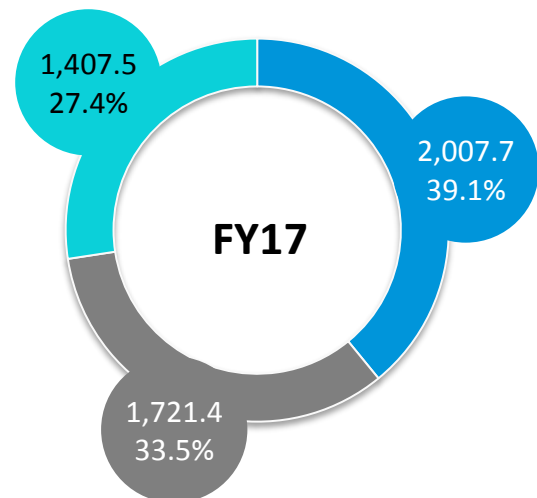
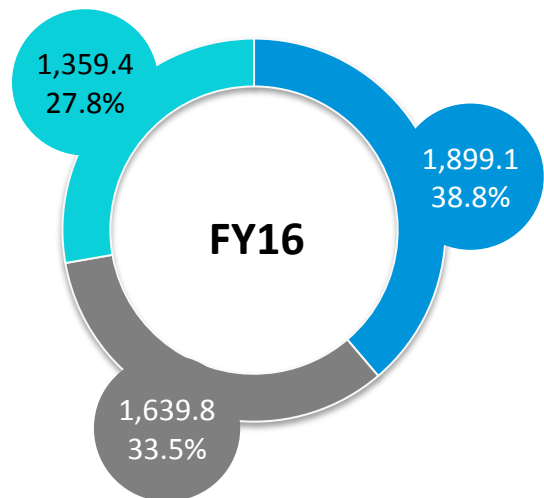
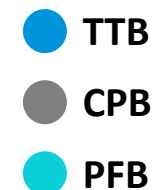
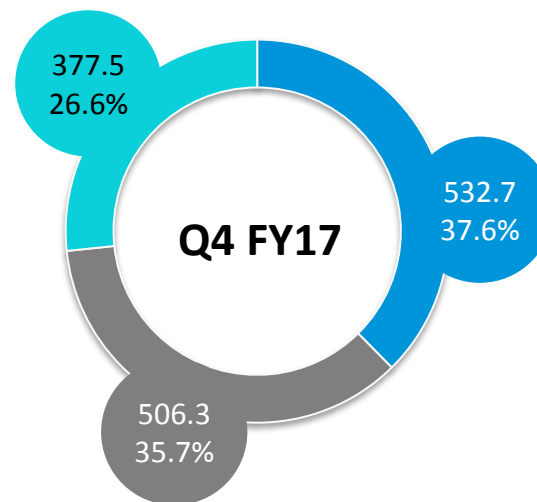
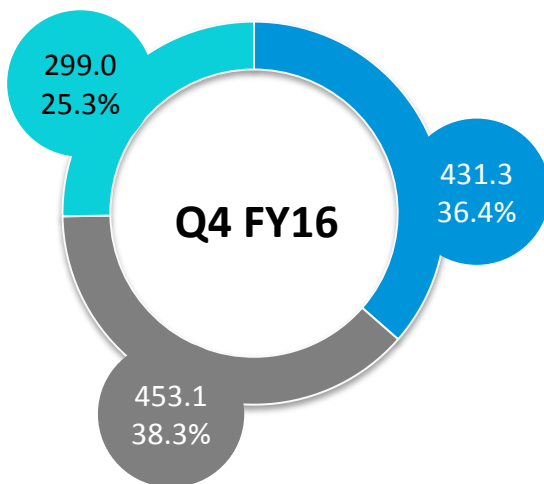


EBIT (Rs. crore)



Consolidated figures

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



Consolidated figures
(Rs. crore)

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



Technical Textiles

Chemicals & Polymers

Packaging Films



Q4 & FY17 Segmental Overview

<i>(Rs. crore)</i>	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
Q4 FY17	532.7	37.6%	53.6	10.1%	30.8%
Q4 FY16	431.3	36.4%	48.0	11.1%	25.1%
% Shift	23.5%		11.5%		
FY17	2,007.7	39.1%	254.3	12.7%	32.7%
FY16	1,899.1	38.8%	181.0	9.5%	23.6%
% Shift	5.7%		40.5%		

Consolidated figures

- **Nylon Tyre Cord Fabric (NTCF)**
 - Reported steady performance in a challenging environment, focus of the segment is on increasing cost efficiencies
 - Good performance despite stiff competition from lower priced Chinese truck and bus radials
 - Judicious management of raw material and inventories leading to better efficiencies in input output norms
 - All facilities continue to operate at optimal levels
- **Coated and Laminated Fabrics**
 - Maintained leadership position in Coated Fabric
 - Continue to retain price leadership position in Laminated Fabrics despite competition
- **Belting Fabrics**
 - Despite stiff competition, increased market share through deeper penetration into Tier 2 players
 - Revival in the mining and steel sector leading to enhanced performance from this segment



Technical Textiles

Chemicals & Polymers

Packaging Films



Q4 & FY17 Segmental Overview

<i>(Rs. crore)</i>	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
Q4 FY17	506.3	35.7%	84.1	16.6%	48.3%
Q4 FY16	453.1	38.3%	104.7	23.1%	54.6%
% Shift	11.7%		-19.7%		
FY17	1,721.4	33.5%	327.3	19.0%	42.0%
FY16	1,639.8	33.5%	393.6	24.0%	51.2%
% Shift	5.0%		-16.8%		

Consolidated figures

- **Specialty Chemicals Business**

- The agro-chemical segment continues to witness subdued demand
- SRF continues to invest judiciously to grow its product portfolio and keep the funnel full
 - Board has approved a new capex to create production capability to produce new agrochemical with a peak production capacity of 250 MT
 - New dedicated plants successfully commissioned at Dahej
- CGMP manufacturing facility & Multipurpose plant capexes remain on schedule

- **Fluorochemicals Business**

- SRF continues to be the largest manufacturer of refrigerants in India – reinforces its leadership position with sale of R134a and blends
 - Higher volume trajectory for refrigerants and blends
 - Benchmark in India and globally renowned
- Robust performance reported during the quarter and the year under review
 - First domestic company to launch the FLORON 22 cans in India, ensuring genuine product usage
 - Launched the FLORON brand in Thailand - building on our own sales and distribution set up
 - Creating an integrated refrigerant value chain for refrigerants
- Chloromethanes & pilot for HFO 1234yf capexes remain on schedule



Technical Textiles

Chemicals & Polymers

Packaging Films



Q4 & FY17 Segmental Overview

<i>(Rs. crore)</i>	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
Q4 FY17	377.5	26.6%	36.6	10%	21.0%
Q4 FY16	299.0	25.3%	38.9	13%	20.3%
% Shift	26.3%		-6.1%		
FY17	1,407.5	27.4%	197.0	14%	25.3%
FY16	1,359.4	27.8%	194.0	14%	25.2%
% Shift	3.5%		1.6%		

Consolidated figures

- **Packaging Films Business**

- In Q4FY17, the PFB segment reported a stable performance
 - Optimizing product mix, rationalizing manpower and efficient raw material management has led to enhanced productivity
 - Indore and Thailand facilities continue to set new benchmarks of being the lowest cost producer in the industry
 - Focus on increasing the share of innovative value added products to overall portfolio aids margins improvement
 - BOPP margins under pressure
- In Q4FY17, Commissioned a new BOPET films unit at the Indore
 - Facility incorporated with state of the art technology having both side coating capability
 - Indore Domestic Tariff Area BOPP plant installation is under process and is scheduled as per plan



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

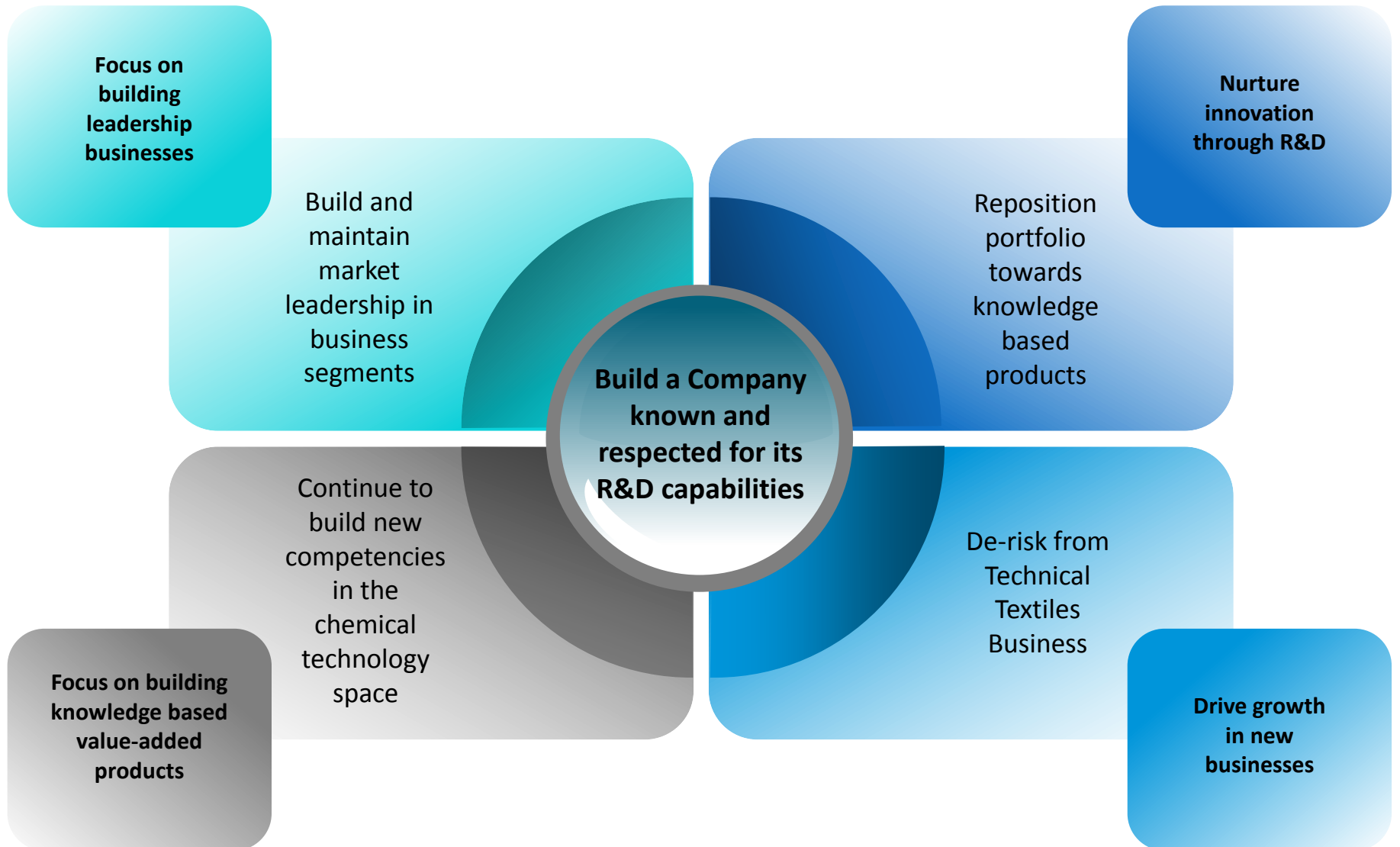
- Bi-axially Oriented Polyethylene Terephthalate (BOPET)
- Bi-axially Oriented Polypropylene (BOPP)

Revenue	2,008
Operating Profit	254
Number of Plant Locations	7

Revenue	1,721
Operating Profit	327
Number of Plant Locations	3

Revenue	1,408
Operating Profit	197
Number of Plant Locations	3

Consolidated 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 30 process patents in FY17 taking the tally to 111 patents filed to date**





Outlook

- **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**





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

- Focus on increasing pace of R&D efforts, efficient cost structures, enhanced capabilities and value-added products in the portfolio
- New DTA line at Indore is on schedule for BOPP
- Supply overhang for BOPET in India and pressure on BOPP margins likely to continue



Established in 1970, SRF Limited with an annual turnover of ₹5100 crore (US\$ 790 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 close to 6500 employees from different nationalities working across 9 manufacturing locations in India, 2 in Thailand and 2 in South Africa, the company exports to more than 75 countries. Equipped with State-of-the-Art R&D facilities, SRF has filed 111 patents for R&D and technology so far, of which six 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.

For further information please contact

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Thank you
