

Registered Office / Urse Plant
Finolex Industries Limited
Gat No. 399, Village Urse, Tal.-Maval,
Dist. Pune 410 506, Maharashtra, India
CIN L40108PN1981PLC024153

Tel +91 2114 237251 / 237253
Toll Free 1800 200 3466
Fax +91 2114 237252
Email investors@finolexind.com
Web finolexwater.com



FinOlex
INDUSTRIES

FIL: SEC: LODR: ET
7th July, 2016

National Stock Exchange of India Limited Manager – Listing Department 5, Exchange Plaza Bandra-Kurla Complex Bandra (East), Mumbai 400051	BSE Limited Manager – Listing Department Registered Office: Floor 25 P.J.Towers Dalal Street Mumbai 400 001
Scrip Code: Equity: FINPIPE NCDs: FIN16	Scrip Code: Equity: 500940/FINOLEXIND

Dear sirs,

Sub: Clarification about newspaper article.

We refer to the article published in today's Economic Times (i.e. on 7th July, 2016, on page no. 10 – Smart Investing) with Title Mid Cap Mantra – Finolex has Gains in Pipeline from Government's Irrigation push giving details about outlook of the Company, earning visibility. The copy of the said article is enclosed for your reference.

Please note that the same appears to be based on the various analyst/investor meet, conference calls organized by the Company the intimation for which was given to BSE and NSE from time to time and copies of the various presentations, financial results etc. submitted to BSE and NSE and uploaded the same and transcript of the conference call on the website of the Company.

This is for your information and records.

Thanking you,

Yours sincerely,
For Finolex Industries Limited

Anil Whabi
President – Finance & CFO

Corporate Office
Finolex Industries Limited
D-1 / 10, M.I.D.C.
Chinchwad, Pune 411 019
Maharashtra, India

Tel +91 20 27408200
Fax +91 20 27489000
Email care@finolexwater.com
Web finolexwater.com



The Economic Times

Title : MIDCAP MANTRA - Finolex has Gains in Pipeline from Govt's Irrigation Push

Author : Jwalit Vyas

Location :

Article Date : 07/07/2016

BETTER DAYS AHEAD Strong outlook, earnings visibility, high return ratios and high dividend payouts, makes it attractive

Finolex Industries, one of the largest manufacturer of agriculture pipes and fittings, will benefit from the government's focus on irrigation and better monsoon this year. The government has allocated `50,000 crore for the irrigation scheme -Pradhan Mantri Krishi Sinchai Yojana.

On the back of this, the Punebased company expects a 15% volume growth for the next 2-3 years against a 12% volume growth in FY16. "Demand from Gujarat was already good, but over the last 2-3 quarters, demand from Andhra Pradesh and Telanagana has also picked up. Kar nataka too, has picked up in the recent months,said S Krishnamoorthy, GM finance, Finolex. "We expect the momentum to pick up in other states over the next 2-3 years," he added.

In FY16, it reported sales of `2,453.Of this, 73% were from pipes & fittings and remaining were from PVC resins. Although the total revenues from resins are more, only 27% are shown in the consolidated revenues as 60% of production of resins is used as a raw material for manufacturing PVC pipes.

In FY16, net profit jumped to `233.6 crore from `48 crore in FY15. This was on the account of three things.First, operating margin (EBIT) increased from 6.2% to 13.2% over the same period as the company im proved the product mix. The share of fittings in volumes increased.Fittings EBIT was 15% as compared to 8% in pipes. Second, FY15 margin was abnormally low due to high raw material prices, linked to crude price, which was above \$100 per barrel during major part of the fiscal.Third, the company brought down its debt thereby , lowering interest expense.The long-term debt is likely to be zero by December from `100 crore in FY16.

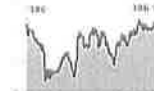
The margins are likely to sustain in the coming quarters. The company plans to increase the share of fittings to further improve the profitability. Fittings was only 7% of the total volumes in FY16. Besides, it has entered into column pipes segment which are rapidly replacing the steel pipes in the use of bore wells margins 12%. Capacity utilization for FY16 was 83%; it added 12% capacity in the June quarter.

60% of the pipes industry is organised and 40% is unorganised. Onefourth of the organised market share is with Finolex, with other major competitor being Supreme Industries which too, has a similar market share. However, for Finolex, 70% of the revenues is from agriculture and for Supreme it is only 50%.

The stock is already up 20% in the last three months. At the Tuesday's closing price of `444.7, it is valued at 23x FY16 earnings. A strong outlook, earnings visibility , high return ratios and high dividend pay-out policies, makes the stock attractive. Supreme is trading at 35 times FY16 earnings.

What to Buy, Sell and Hold

GAIL (India)



Reliance has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

Tata Motors has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

National Thermal Power has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

Prabudh Industries has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

Salzer Electronics has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

Birendrakumar Singh, Systematic Shares & Stocks has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

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OUTLOOK NOT SO PROMISING Depreciation in rupee, aggressive pricing and govt's plan to provide energy-efficient ACs may further erode margins of AC makers

Voltas' Profitability may be Hit as Competition Hots Up

ANIL K. SHARMA

ET Intelligence Group The rapid pace of innovation in the AC market has led to a sharp decline in prices. This has led to a decline in margins for AC makers. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

The Cooling Effect

AC Segment Revenue and Operating Profit	2010	2011	2012	2013	2014	4-year CAGR (%)
Revenue (₹ cr)	2,556	2,510	2,552	4,835	1,539	13.54
AC EBIT (₹ cr)	338	349	356	123	129	22.32
EBIT margin (%)	13.22	13.90	14.16	2.54	8.39	4.84
Revenue (₹ cr)	1,576	1,231	1,076	965	932	14.03
AC EBIT (₹ cr)	165	146	94.7	80.3	87.4	12.72
EBIT margin (%)	10.47	10.97	8.80	8.32	9.38	-

Source: ET Intelligence Group

in FY10. But even as operating profit rose by only 1%, Voltas has maintained its market share. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

BETTER DAYS AHEAD Strong outlook, earnings visibility, high return ratios and high dividend payouts, makes it attractive

Finolex has Gains in Pipeline from Govt's Irrigation Push

ANIL K. SHARMA

ET Intelligence Group Finolex has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

Scorecard

FINOLEX FINANCIALS	2010	2011	2012	2013	2014	4-year CAGR (%)
Revenue	805.5	2.70				
EBITDA	67,630	19				
EBITDA margin (%)	11.14	6.3				
Dividend	70.5	163				
Dividend Yield (%)	15.4					
Dividend Payout	28.0					

Source: ET Intelligence Group

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Day Trading Guide | Edithwells

Volatility has remained high in the last few days. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

Tech Picks

JET AIRWAYS has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

MCX has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

TATA MOTORS has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

IS REAL ESTATE has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

FAO Strategy has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

Futures: BEML has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

FX Technical has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

USD/INR STATUS: Buy on dips has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

CALL FOR THE DAY: Stop buying shorts at 67.20 levels has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

GUP/USD: Further downside possible after levels of 1.31 is breached has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

Commodity Calls has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

Gold has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

Silver has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

Copper has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

India's Stock Market Says It's 2008 Again has a target price of ₹140. The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

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BULL MARKET: NIFTY UP 20% FROM LOWS

Five Stocks that are Looking Attractive

ANIL K. SHARMA

ET Markets.com The stock is currently trading at ₹135. The company has a P/E ratio of 15. The stock is expected to rise to ₹140 by the end of the year.

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National Pension System (NPS) helps you to save tax in several ways. There are only seven NPS fund managers at present and the table below compares their performance. The data has been provided exclusively to ET.

NPS Scorecard

TIER I: Equity Plans	NAV	1 Month	3 Month	6 Month	1 Year	Assets (₹ cr)
NPS Equity Plan	11.56	9.91	9.91	9.92	178.0	
NPS Equity Plan	21.95	9.27	8.52	9.14	287.6	
NPS Equity Plan	18.88	9.04	8.47	9.11	51.3	
NPS Equity Plan	11.64	9.42	8.98	9.82	121.0	
NPS Equity Plan	20.73	7.56	5.59	5.65	37.4	
NPS Equity Plan	18.46	9.36	6.85	1.45	610.9	
NPS Equity Plan	29.91	11.00	9.27	3.52	71.5	
NPS Equity Plan	7.94	4.59	4.48	-	-	



TIER I: Government Bond Plans	NAV	1 Month	3 Month	6 Month	1 Year	Assets (₹ cr)
NPS Government Bond Plan	11.72	8.31	8.01	11.63	143.2	
NPS Government Bond Plan	18.49	3.76	7.06	41.75	234.0	
NPS Government Bond Plan	16.37	9.87	7.86	12.82	81.9	
NPS Government Bond Plan	14.11	8.81	8.73	11.48	51.0	
NPS Government Bond Plan	17.93	3.80	7.18	12.07	39.6	
NPS Government Bond Plan	19.69	3.77	7.13	12.23	826.4	
NPS Government Bond Plan	18.72	9.88	4.28	11.66	21.6	
NPS Government Bond Plan	3.30	8.25	11.72	-	-	

TIER I: Corporate Debt Plans	NAV	1 Month	3 Month	6 Month	1 Year	Assets (₹ cr)
NPS Corporate Debt Plan	11.85	9.47	9.18	9.18	114.8	
NPS Corporate Debt Plan	21.35	9.86	5.27	10.87	207.0	
NPS Corporate Debt Plan	21.18	7.78	5.81	11.04	40.8	
NPS Corporate Debt Plan	12.14	9.15	9.28	11.01	78.8	
NPS Corporate Debt Plan	19.10	9.05	5.12	11.12	25.4	
NPS Corporate Debt Plan	21.87	7.74	5.12	11.78	447.8	
NPS Corporate Debt Plan	19.88	9.85	9.28	10.87	87.3	
NPS Corporate Debt Plan	2.71	2.71	5.85	10.85	-	

Stock is up
20% in the last
three months.
At Tue's clos-
ing of +444.7,
it is valued at
23 times FY16
earnings

Scorecard

FINOLEX FINANCIALS

	Q4 FY16 (€ Cmn)	YoY Growth (%)
Revenue	805.5	2.70
Volume (MPC)	67,693.0	19
EBIDTA	111.4	63
Net Profit	78.5	183

KEY RATIOS - FY16 (%)

EBITDA Margin	15.4
ROE	26.0
P/E Ratio	57.0

