SRF Limited

Q3 & 9M FY16 Results Presentation

February 2016

Diversity

Innovation

Performance

SRF

We always find a better way

Disclaimer

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.

Contents

Q3 & 9M FY16 Results Overview

Q3 & 9M FY16 Segmental Performance

Company Overview

Outlook

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Q3 & 9M FY16 Results Overview

Abridged Statement of Profit & Loss

(Rs. Crore)	Q3 FY 16	Q3 FY 15	% Y O Y	9M FY 16	9M FY 15	% Y O Y
Net Operating Revenue	**1,097.4**	**1,113.2**	***-1.4%***	**3,485.1**	**3,458.5**	***0.8%***
EBIDTA	**236.4**	**185.5**	***27.4%***	**748.7**	**615.1**	***21.7%***
EBIDTA Margin	*21.5%*	*16.7%*		*21.5%*	*17.8%*	
Depreciation	71.3	60.8	*17.2%*	216.7	180.2	*20.2%*
Interest	30.5	36.9	*-17.4%*	96.8	107.1	*-9.6%*
PBT	**134.6**	**87.8**	***53.4%***	**435.2**	**327.8**	***32.8%***
PAT	**100.7**	**71.4**	***41.0%***	**314.2**	**242.4**	***29.6%***
PAT Margin	*9.2%*	*6.4%*		*9.0%*	*7.0%*	
Diluted EPS	17.5	12.4	*41.0%*	54.7	42.2	*29.6%*

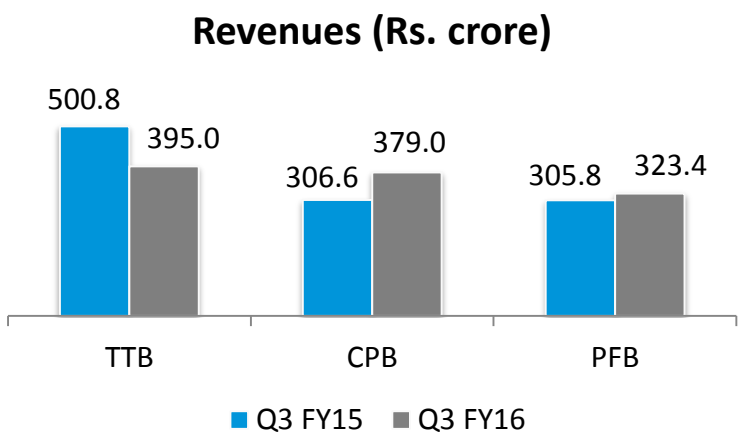
Consolidated figures

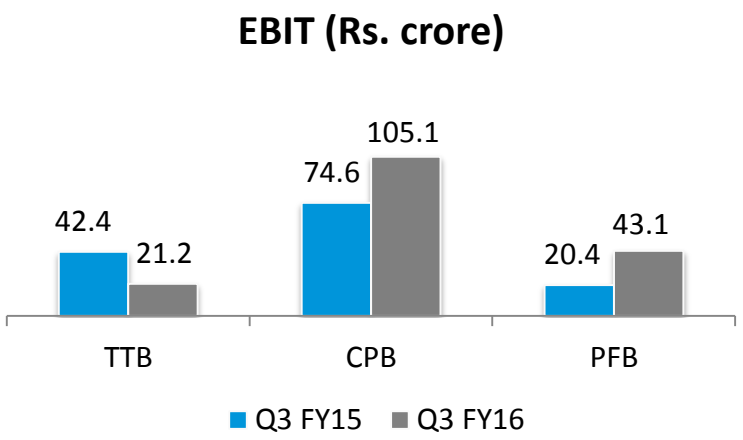
Key Financial Ratios

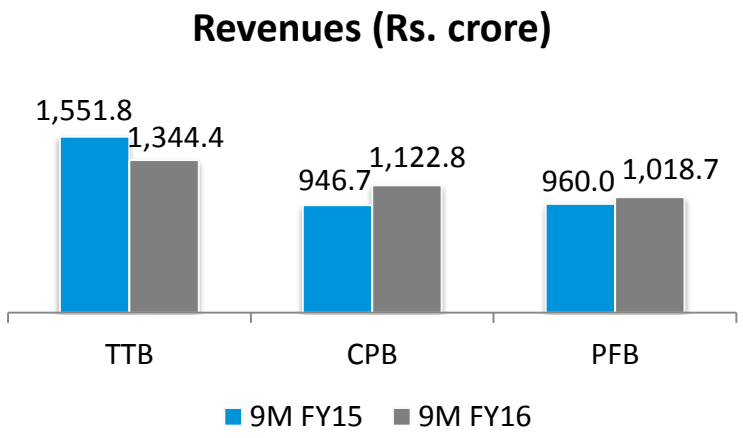
Particulars	FY13	FY14	FY15
EBITDA margin	17.59%	13.59%	17.43%
PAT Margin	6.69%	4.04%	6.67%
Net Debt to Equity	0.71	1.01	0.99
Net Debt to EBITDA	2.06	3.78	2.82
Asset Turnover	0.82	0.73	0.76
Debtors Turnover	0.13	0.17	0.13

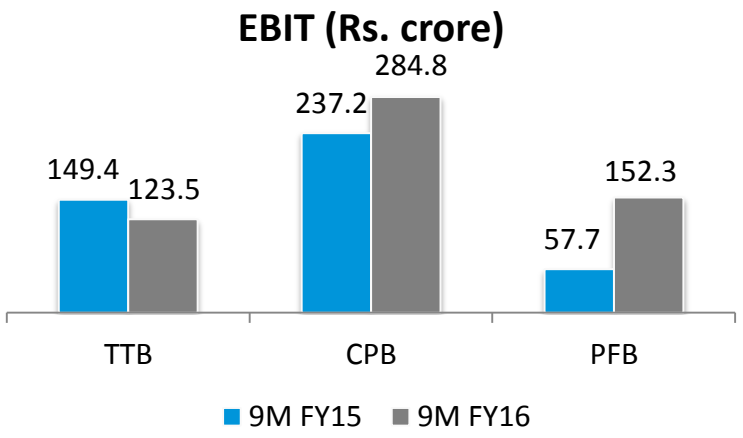
Consolidated figures

Results Overview Revenue & EBIT







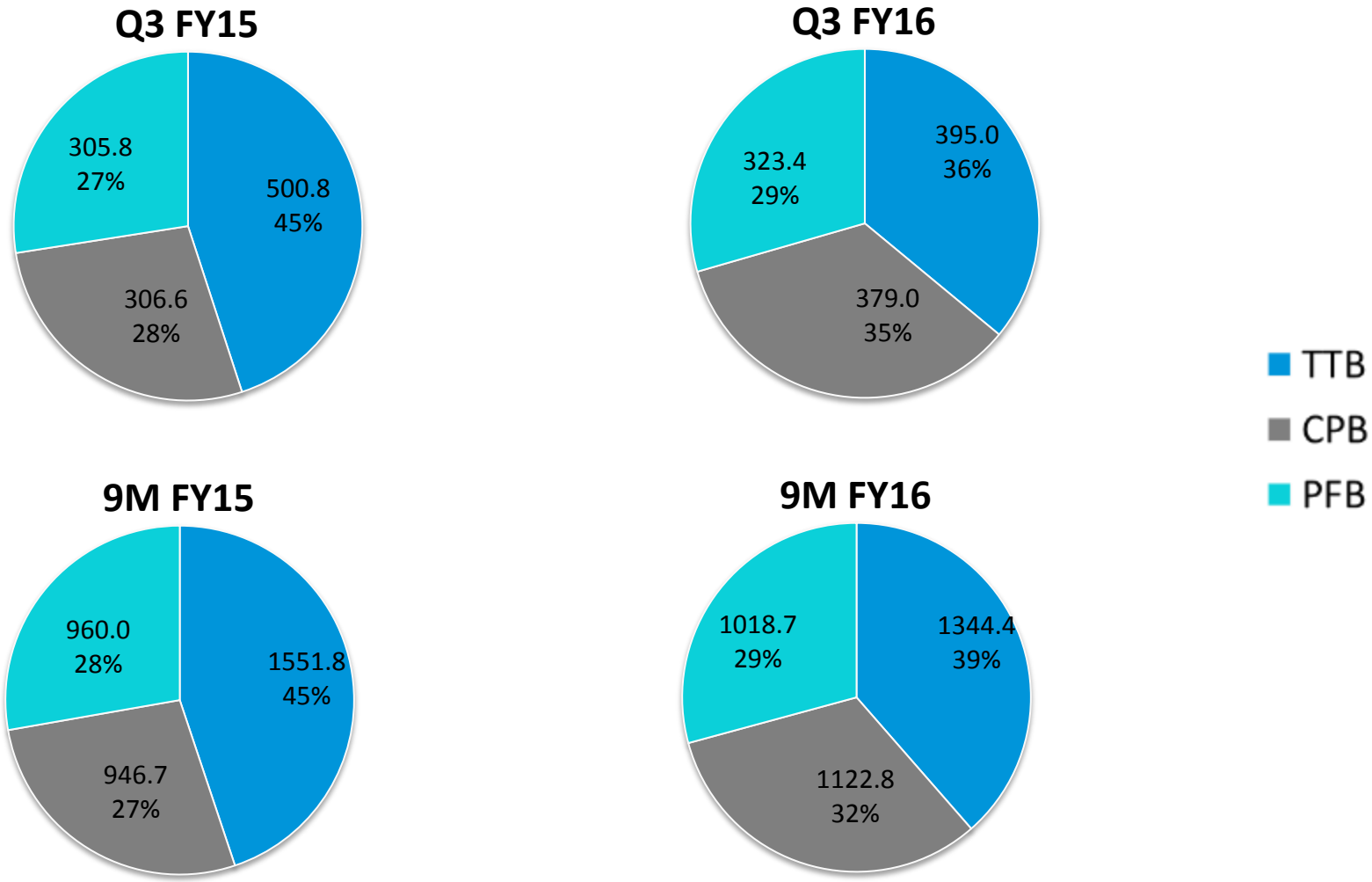


Consolidated figures

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

Results Overview

Revenue Share



Consolidated figures

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

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Technical Textiles

Chemicals & Polymers

Packaging Films

Q3 & 9M Segmental Overview

Technical Textiles Results Update

(Rs. crore)	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
Q3 FY16	**395.0**	***36.0***	**21.2**	***5.4***	***12.5***
Q3 FY15	500.8	*45.0*	42.4	*8.5*	*30.8*
% Shift	*(21.1)*		*(50.1)*		
9M FY16	**1,344.4**	***38.6***	**123.5**	***9.2***	***22.0***
9M FY15	1,551.8	*44.9*	149.4	*9.6*	*33.6*
% Shift	*(13.4)*		*(17.4)*		

Consolidated figures

Technical Textiles Key Highlights

- **TCF**
  - Continued trend of low NTCF demand and significant reduction in commodity prices impacted the revenue
  - Radialisation trend in the domestic market expected to grow
  - Flooding at Chennai affected the regular operations of the SRF's Manali plant; Operations of the Manali plant being revived in phases
- **Coated Fabrics**
  - SRF did reasonably well in the off season
  - SRF to focus more on emerging as a solution provider than just a product provider
- **Laminated Fabrics**
  - SRF able to maintain its market share and price premium in the tough competitive environment
- **Belting Fabrics**
  - Domestic demand for belting fabrics remained low

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Technical Textiles

Chemicals & Polymers

Packaging Films

Q3 & 9M Segmental Overview

Chemicals & Polymers Results Update

(Rs. crore)	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
Q3 FY16	**379.0**	***34.5***	**105.1**	***27.7***	***62.1***
Q3 FY15	306.6	*27.5*	74.6	*24.3*	*54.3*
% Shift	*23.6*		*40.9*		
9M FY16	**1,122.8**	*32.2*	**284.8**	*25.4*	***50.8***
9M FY15	946.7	*27.4*	237.2	*25.1*	*53.4*
% Shift	*18.6*		*20.1*		

Consolidated figures

Chemicals & Polymers

Key Highlights

- **Fluorochemicals Business**
  - HCFC-22 export selling price under pressure
  - SRF improved its market share significantly in HFC Blends
  - Projects for manufacture of R-32 and R-134a–Pharma on track; This will make SRF the first domestic producer of both these products
  - Transition of Dymel, the HFC-134a-Pharma business (acquired from Dupont in December 2014) on track

- **Specialty Chemicals business**
  - Agro Industry remains under pressure globally
  - SRF focus on pharmaceutical intermediates yielding good results

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Technical Textiles

Chemicals & Polymers

Packaging Films

Q3 & 9M Segmental Overview

Packaging Films Results Update

(Rs. crore)	Segment Revenues	% contribution to Revenues	EBIT	% EBIT Margins	% contribution to EBIT
Q3 FY16	**323.4**	***29.5***	**43.1**	***13.3***	***25.4***
Q3 FY15	305.8	*27.5*	20.4	*6.7*	*14.9*
% Shift	*5.7*		*110.6*		
9M FY16	**1,018.7**	***29.2***	**152.3**	***15.0***	***27.2***
9M FY15	960.0	*27.8*	57.7	*6.0*	*13.0*
% Shift	*6.1*		*163.8*		

Consolidated figures

Packaging Films Key Highlights

- **Packaging Films Business**
  - The business continued to post good results
  - Q3, the best ever quarter for South Africa
  - PFB was able to run all its plants at more than full capacity
  - SRF continues to reap price benefits of in-house sourcing of resin, a key raw material for polyester films

- **Outlook**
  - Pressure on margins expected to continue globally

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Company Overview

Business Profile

Technical Textiles

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

Revenue	2,032
Operating Profit	196
Number of Plant Locations	7

Chemicals & Polymers

Fluorochemicals

- Refrigerants
- Chlorinated solvents

Specialty Chemicals

- Organic intermediates

Engineering Plastics

- Polymer compounds

Revenue	1,263
Operating Profit	298
Number of Plant Locations	4

Packaging Films

Films for Flexible Packaging

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

Revenue	1,245
Operating Profit	64
Number of Plant Locations	4

Consolidated, FY15 figures in Rs. Crore

Overview

Growth Levers

Focus on building leadership businesses

Build and maintain market leadership in business segments

Nurture innovation through R&D

Reposition portfolio towards knowledge based products

Build a Company known and respected for its R&D capabilities

Continue to build new competencies in the chemical technology space

Focus on building knowledge based value-added products

De-risk from Technical Textiles Business

Drive growth in new businesses

Overview

Driving Innovation through R&D

- **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 14 process patents during FY2016 taking the tally to 72 patents filed till date, out of which 4 have been granted**

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Outlook

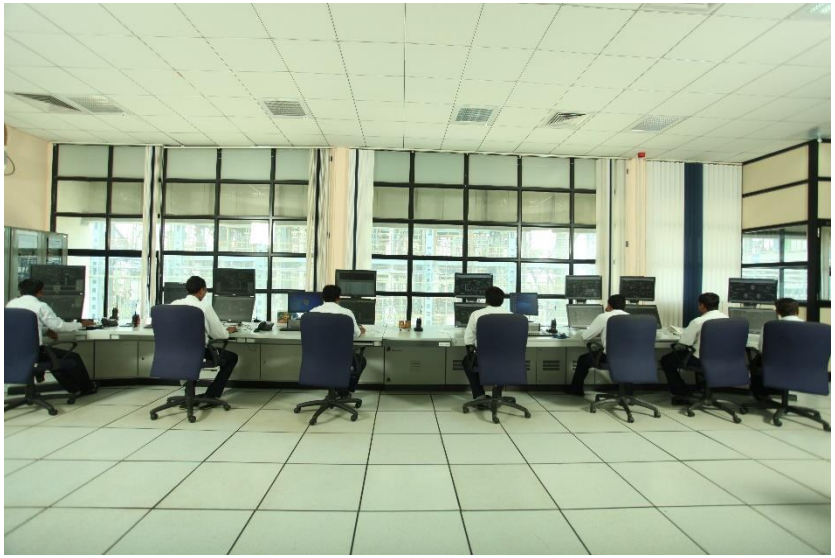
Outlook

Technical Textiles Business

- **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**

Outlook

Chemicals & Polymers Business



- **Future potential and prospects of the Specialty Chemicals Business remain robust**
- **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**

Outlook

Packaging Films Business

- **Driven by the robust FMCG growth and fast urbanisation, domestic market in India is expected to grow by 10% year-on-year**
- **Focus on having efficient cost structures, enhanced capabilities and incorporating more value-added products in the portfolio**
- **International operations to report improved profitability in FY16**

About Us

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