



FINOLEX INDUSTRIES LIMITED

Q3FY19 RESULTS



Q3FY19 vs Q3FY18 – Business Performance Highlights

Revenue

- Revenue registered a y-o-y growth of 4.7% to Rs. 7,566 mn

Volume

- PVC Resin volume registered a y-o-y decrease of 6.0% to 66,838 MT.
- Pipe and Fittings volume registered a y-o-y decline of 3.8% to 59,179 MT.

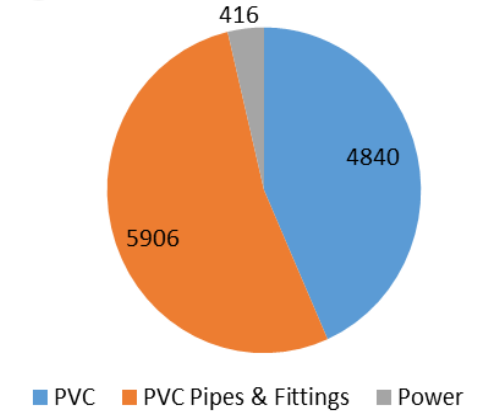
Operating Performance (EBIT)

- EBIT margins at 13.9% as compared to 13.5 % (40 bps increase).
- PVC Resin EBIT margin at 16.2% as compared to 18.6% (240 bps decrease).
- PVC Pipes and Fittings EBIT margin at 7.9% as compared to 5.6% (230 bps increase).

PAT

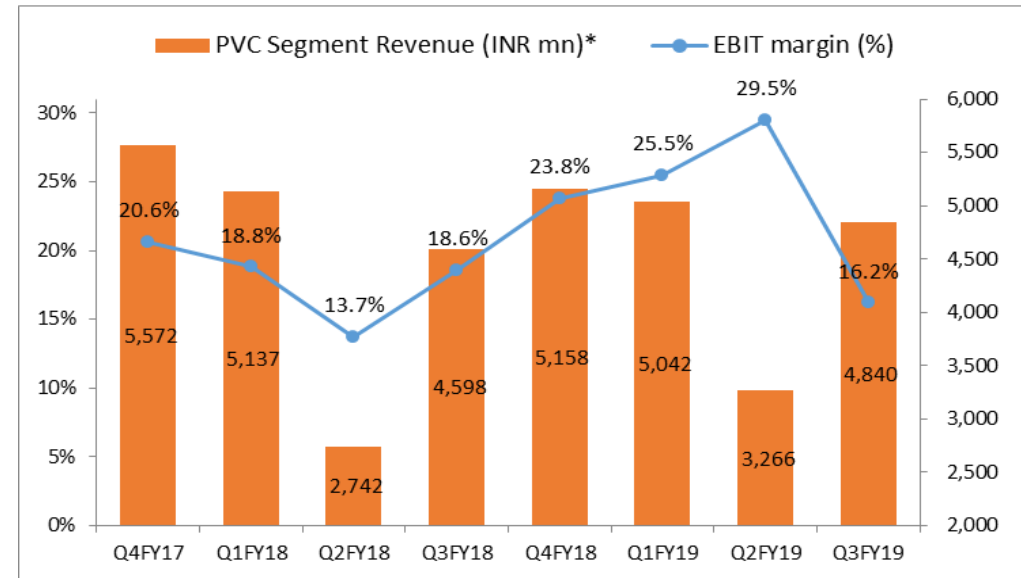
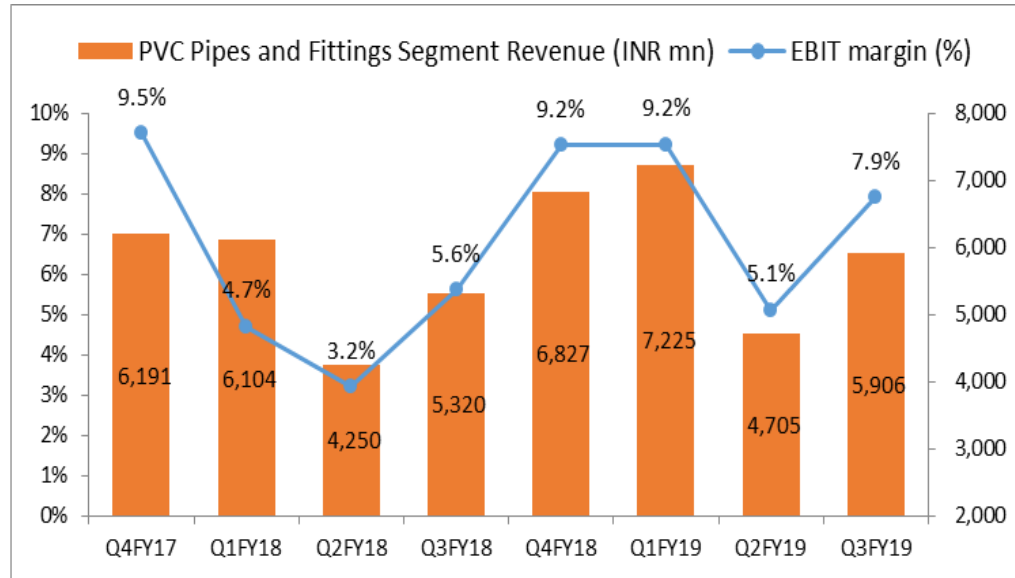
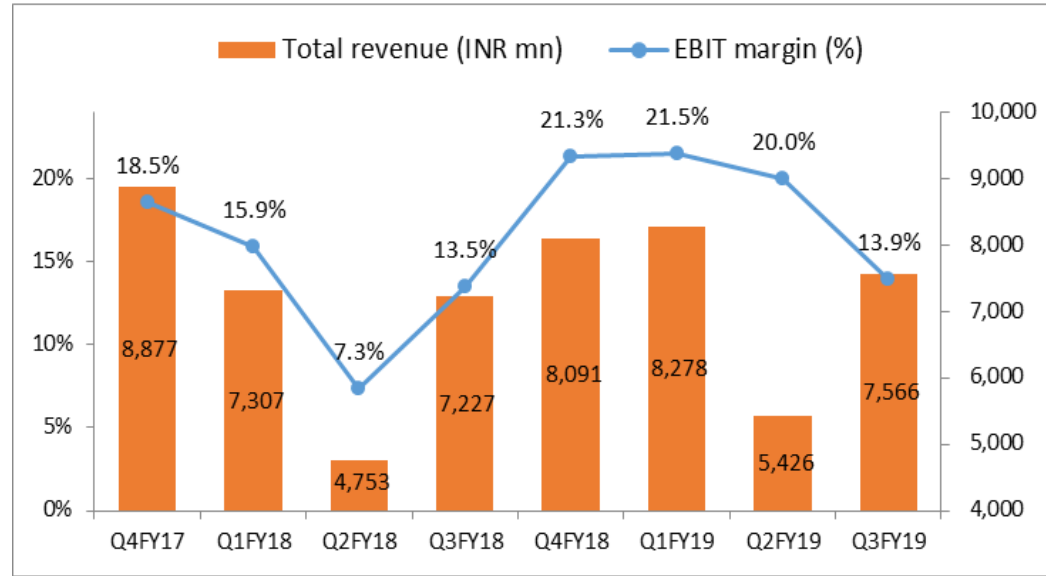
- PAT grew 13.2% to Rs. 787 mn as against Rs 695 mn in Q3FY18.

Segment revenue Rs. In mn



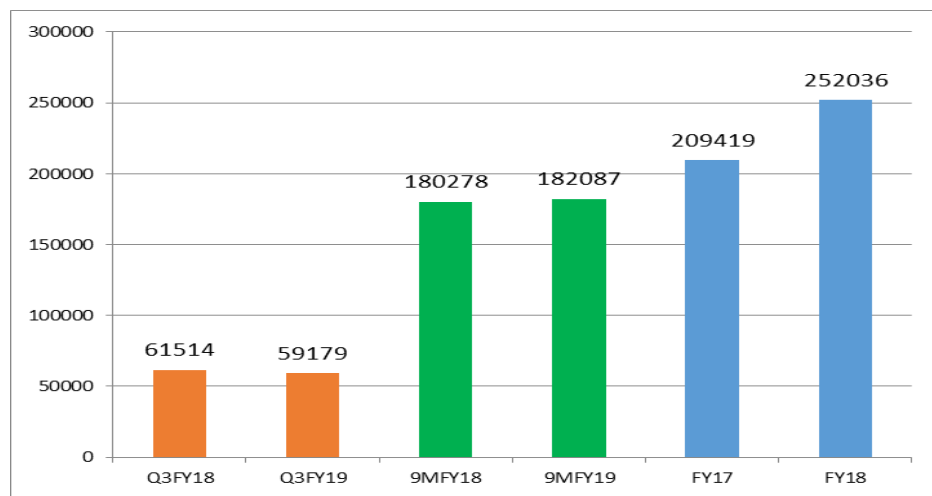
Though volume of pipes and fittings was slightly lower, better realisation has resulted in improvement in margin on y-o-y basis. Hardening EDC price has resulted in lower PVC/EDC delta. This coupled with lower volume has reduced the margin in PVC segment on y-o-y basis.

Business Performance – Q3FY19

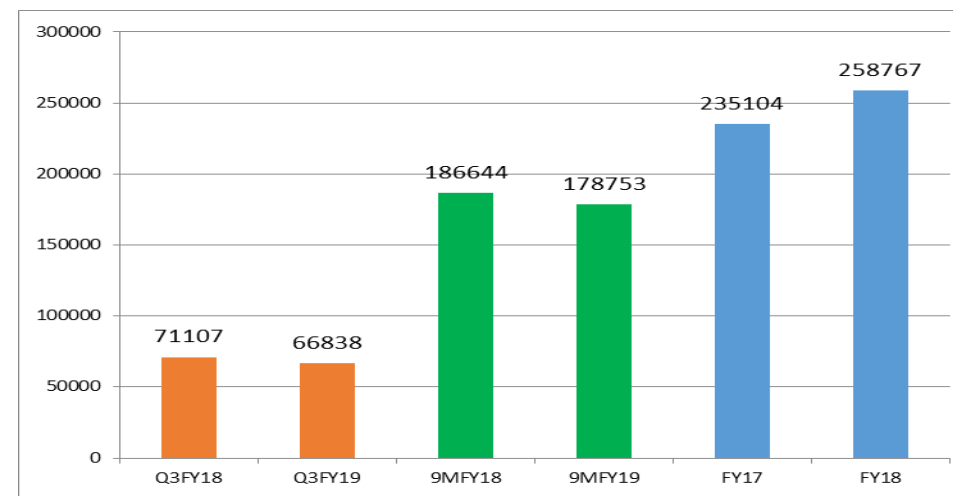


* Including inter segment transfer

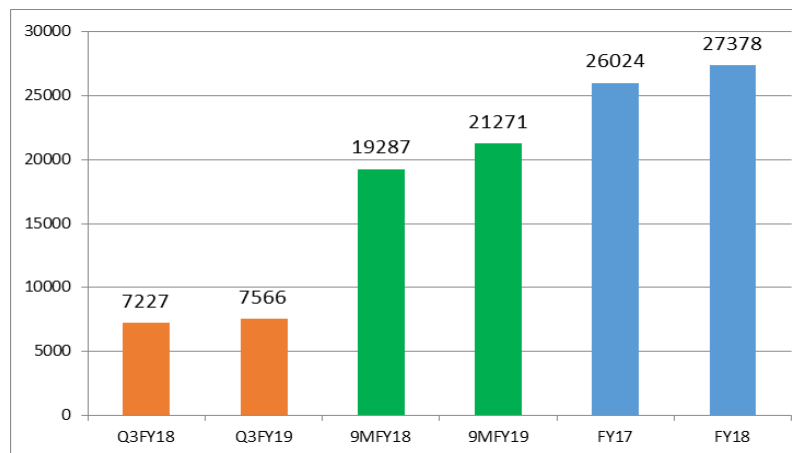
Q3FY19 Results Summary



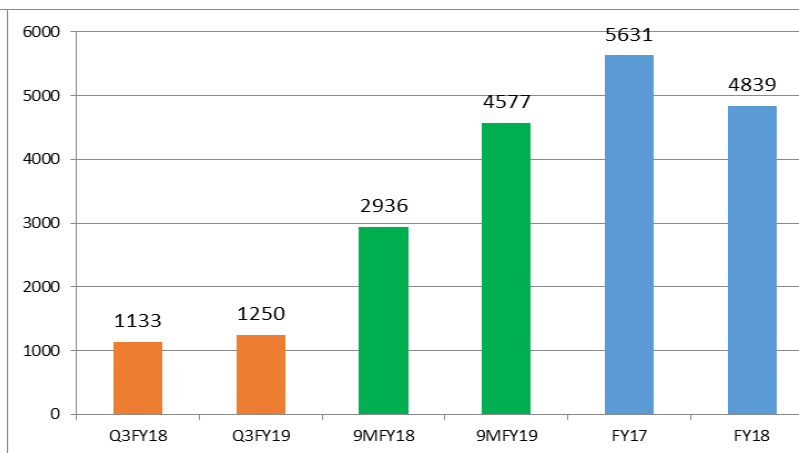
Volumes (MT) Pipes & Fittings



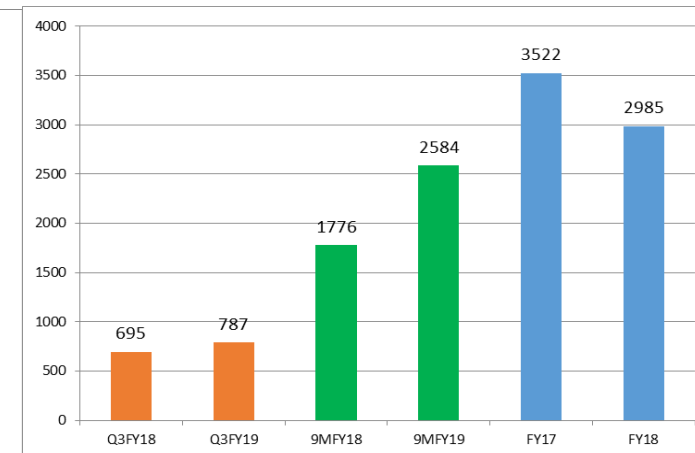
Volumes (MT) PVC Resin *



Revenue (excl. duties and taxes) (INR Mn)



EBITDA (INR Mn)



PAT (INR Mn)

* Including inter segment transfer

Profit & Loss Account – Q3FY19

Particulars (INR Mn)	Q3FY19	Q3FY18	Inc / Dec (%)
Total Income from operations *	7,566	7,227	4.7%
EBIDTA	1,250	1,133	10.3%
EBIDTA margin (%)	16.5%	15.7%	
Depreciation	196	154	
EBIT	1,054	979	7.7%
EBIT %	13.9%	13.5%	
Other Income	173	102	
Finance costs	17	-4	
PBT	1,209	1,086	11.3%
PBT %	16.0%	15.0%	
Tax	422	390	
PAT	787	695	13.2%
PAT %	10.4%	9.6%	

* excluding duties and taxes

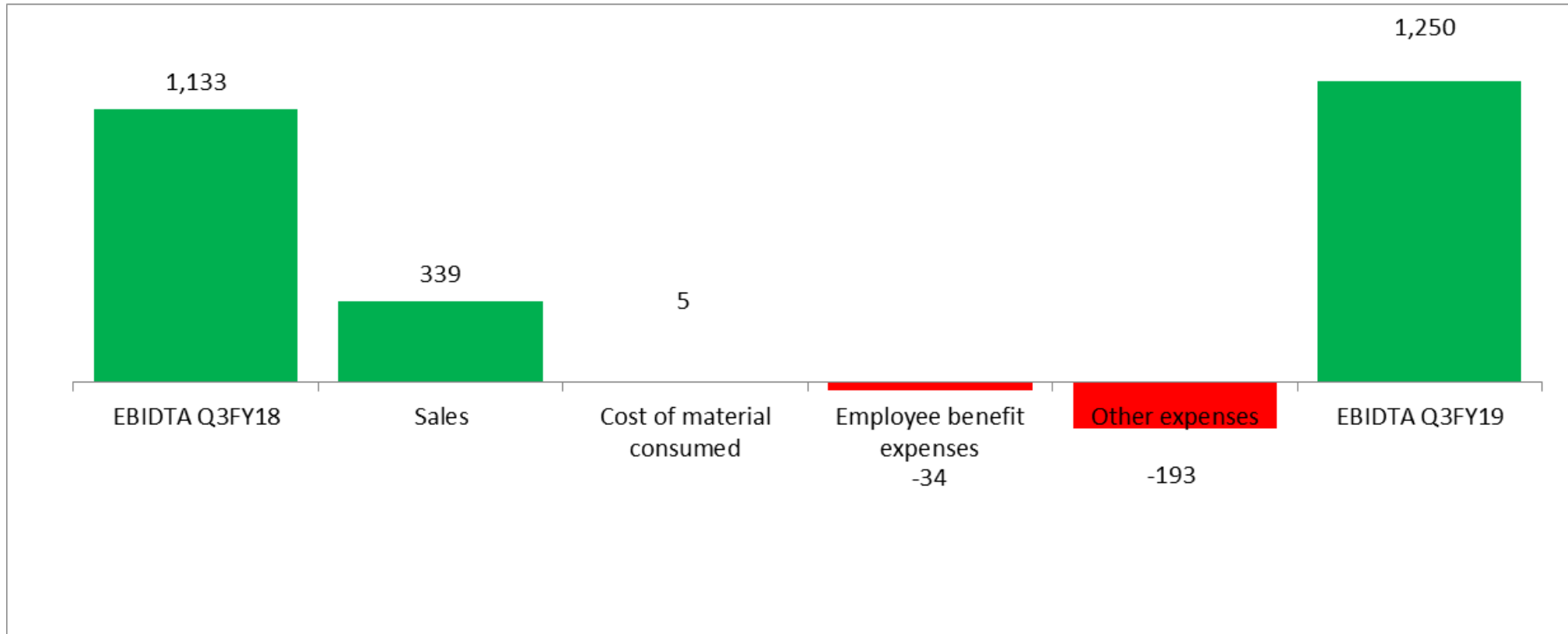
Profit & Loss Account – 9MFY19

Particulars (INR Mn)	9MFY19	9MFY18	Inc / Dec (%)
Total Income from operations *	21,271	20,223	5.2%
EBIDTA	4,577	2,936	55.9%
EBIDTA margin (%)	21.5%	14.5%	
Depreciation	524	450	
EBIT	4,053	2,486	63.0%
EBIT %	19.1%	12.3%	
Other Income	293	250	
Finance costs	98	65	
Profit before exceptional items	4,248	2,671	59.0%
PBT %	20.0%	13.2%	
Exceptional items	279	-	
Profit after exceptional items	3,969	2,671	
Tax	1,385	895	
PAT	2,584	1,776	45.5%
PAT %	12.1%	8.8%	

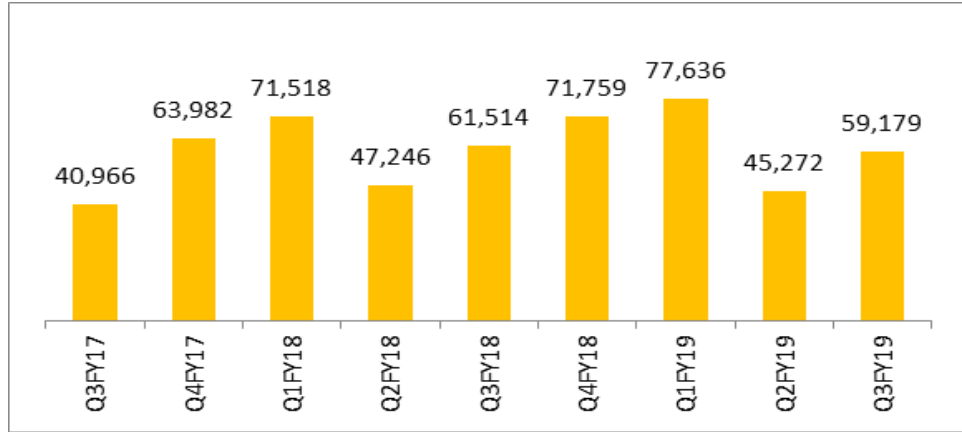
* excluding duties and taxes

EBIDTA Bridge Chart Q3FY19

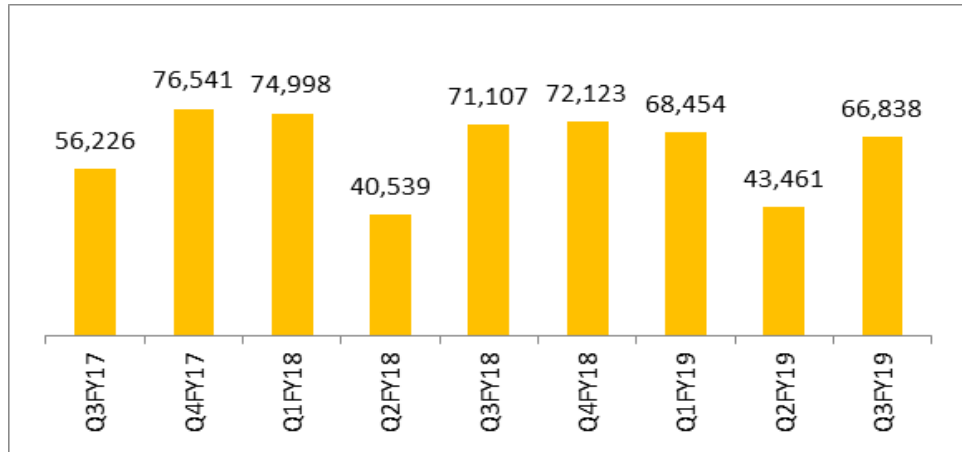
(INR Mn)



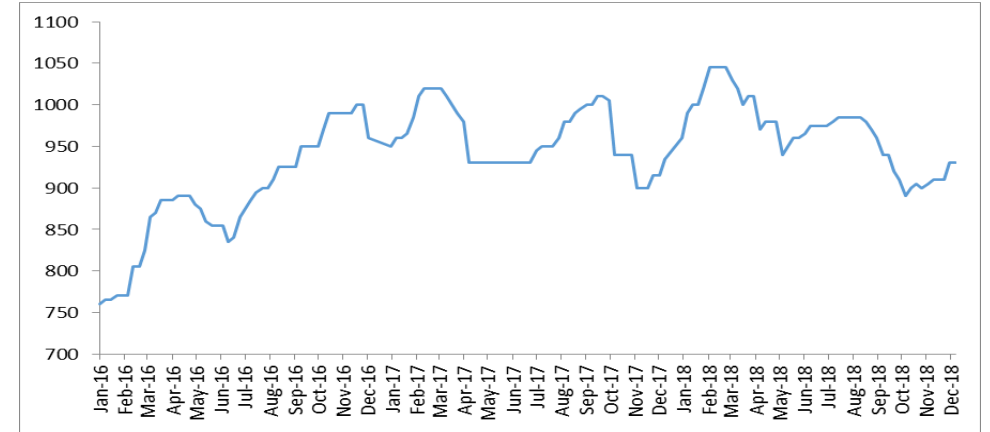
Business Performance Trends



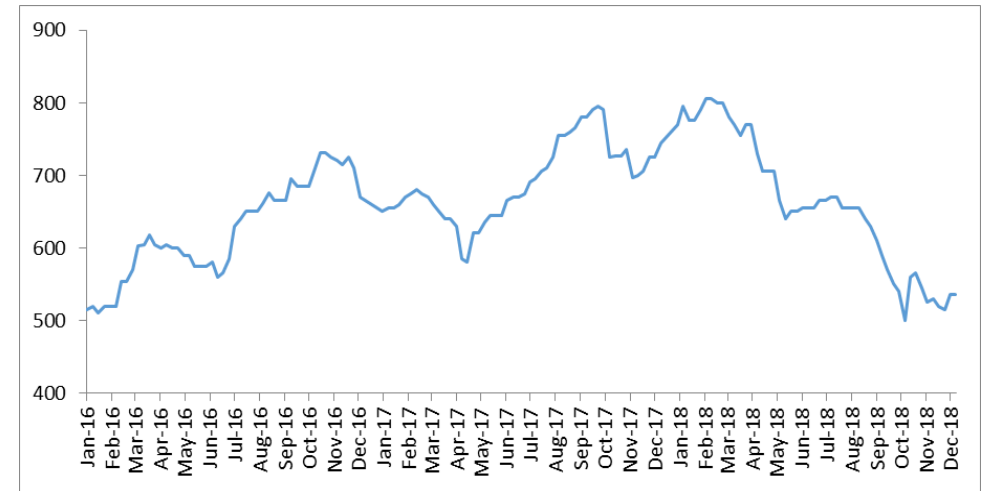
Pipes & Fittings Volumes (MT)



PVC Volumes (MT)



PVC (USD/MT)



PVC/EDC Delta (USD/MT) *

Quarterly - Profit & Loss

Particulars (INR Mn)	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19
Total income from operations *	5,765	8,877	7,307	4,753	7,227	8,091	8,278	5,426	7,566
EBIDTA	1,296	1,785	1,306	496	1,133	1,879	1,939	1,249	1,250
<i>EBIDTA margins (%)</i>	22.5%	20.1%	17.9%	10.4%	15.7%	23.2%	23.4%	23.0%	16.5%
Depreciation	140	139	145	151	154	156	162	166	196
Other Income	29	94	38	109	102	28	137	123	173
Finance costs	59	11	30	38	(4)	34	52	29	17
PBT before exceptional items	1,126	1,729	1,170	416	1,086	1,717	1,862	1,177	1,209
<i>PBT margins (%)</i>	19.5%	19.5%	16.0%	8.8%	15.0%	21.2%	22.5%	21.7%	16.0%
Exceptional items	-	-	-	-	-	-	279	-	-
PBT after exceptional items	1,126	1,729	1,170	416	1,086	1,717	1,583	1,177	1,209
Tax	407	496	372	133	390	508	550	413	422
PAT	719	1,233	798	283	695	1,209	1,033	764	787
EPS	5.8	9.9	6.4	2.3	5.6	9.8	8.3	6.2	6.3

* excluding duties and taxes

Quarterly segmental - Profit & Loss

Particulars (INR Mn)	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19
Segmental revenues *									
PVC	4,043	5,572	5,137	2,742	4,598	5,158	5,042	3,266	4,840
PVC pipes & fittings	3,954	6,191	6,104	4,250	5,320	6,827	7,225	4,705	5,906
Power	378	361	382	259	377	405	358	297	416
Segmental profits									
PVC	933	1,147	965	376	853	1,229	1,283	962	786
% of Revenues	23.1%	20.6%	18.8%	13.7%	18.6%	23.8%	25.5%	29.5%	16.2%
PVC pipes & fittings	303	590	286	135	297	628	666	240	467
% of Revenues	7.7%	9.5%	4.7%	3.2%	5.6%	9.2%	9.2%	5.1%	7.9%
Power	86	56	50	(7)	22	14	(4)	(15)	69
% of Revenues	22.8%	15.5%	13.1%	(2.7%)	5.8%	3.5%	(1.1%)	(5.1%)	16.6%
Capital employed									
PVC	6,354	5,623	5,660	4,007	3,858	5,239	5,500	4,263	4,754
PVC pipes & fittings	5,860	5,683	5,449	5,939	5,946	6,690	6,927	7,942	8,530
Power	2,375	2,170	2,328	2,138	2,124	2,161	2,365	2,057	2,149

*excluding duties and taxes

Profit & Loss - Key Indicators

Profit & loss account (INR Mn)	FY13	FY14	FY15	FY16*	FY17*	FY18*
Revenue from Operations (excl. excise duty)	21,448	24,531	24,762	24,819	26,024	27,378
Growth in sales (YoY %)	2.15%	14.37%	0.94%	0.23%	4.85%	5.20%
EBIDTA before exceptional items	3,587	3,966	2,111	4,044	5,630	4,839
EBIDTA margins before exceptional items (%)	16.72%	16.17%	8.53%	16.29%	21.63%	17.67%
EBIDTA after exceptional items	2,626	3,268	1,896	4,289	5,630	4,839
PBT	1,902	2,419	808	3,733	5,170	4,388
PBT Margin (%)	8.87%	9.86%	3.26%	15.04%	19.87%	16.03%
PAT	1,361	1,701	478	2,544	3,522	2,985
PAT Margin (%)	6.35%	6.93%	1.93%	10.25%	13.53%	10.90%

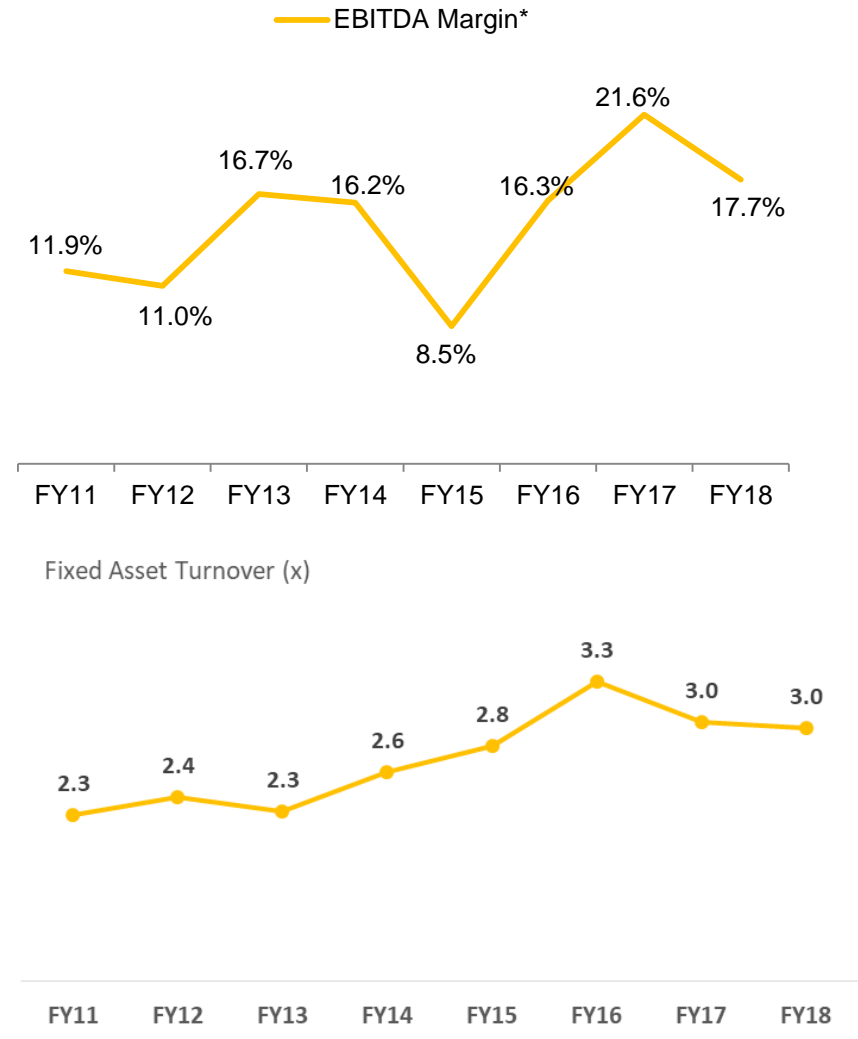
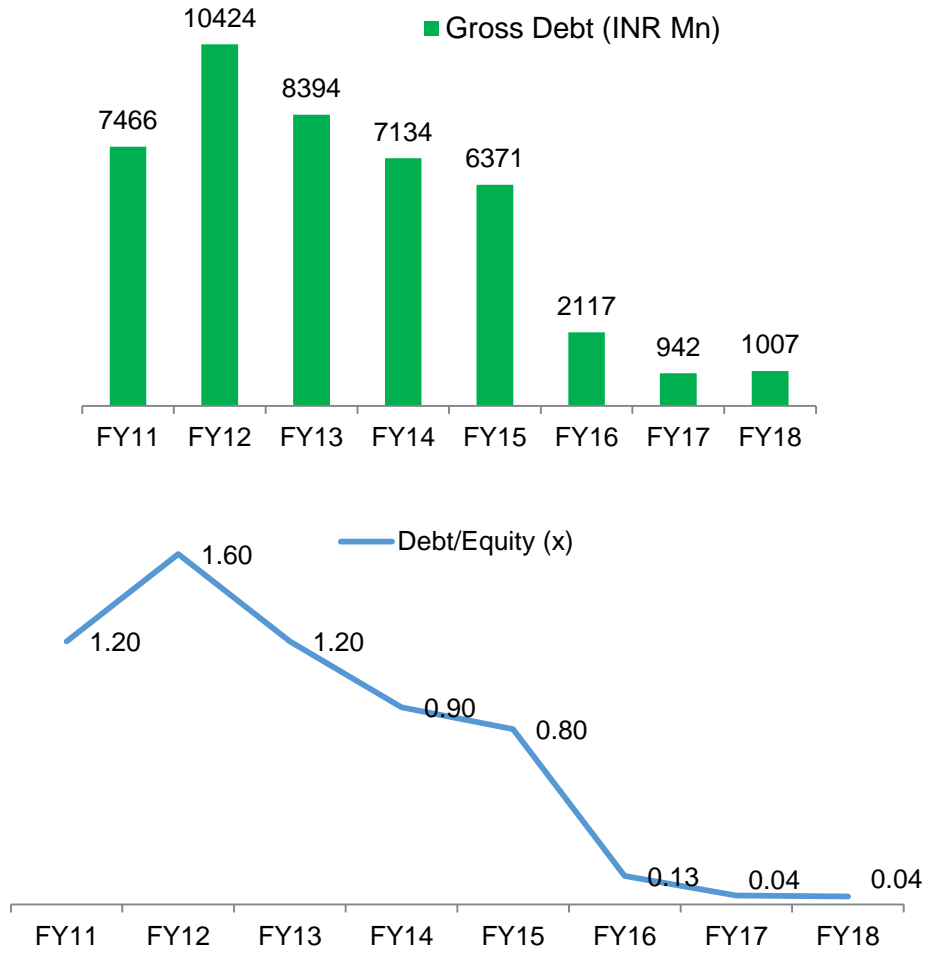
*Figures as per IndAS

Balance sheet - Key Indicators

Balance Sheet (INR Mn)	FY13	FY14	FY15	FY16*	FY17*	FY18*	H1FY19
Equity and liabilities							
Share capital	1,241	1,241	1,241	1,241	1,241	1,241	1,241
Reserves and surplus	5,971	6,656	6,633	14,458	21,673	26,405	25,634
Long term borrowings	1,397	2,322	1,837	-	-	-	-
Short term borrowings (incl. loans repayable in one year)	6,997	4,812	4,534	1,117	942	1,007	568
Total borrowings	8,394	7,134	6,371	1,117	942	1,007	568
Assets							
Fixed assets (Net block)	8,795	9,052	8,678	8,496	8,551	8,842	8,985
Capital WIP	506	325	104	66	217	903	1,174
Non current investments	1,274	1,274	1,246	6,485	11,656	14,896	11,996
Current investments	2,322	941	551	1,687	566	656	1,891

*Figures as per IndAS

Trend in Key Ratios



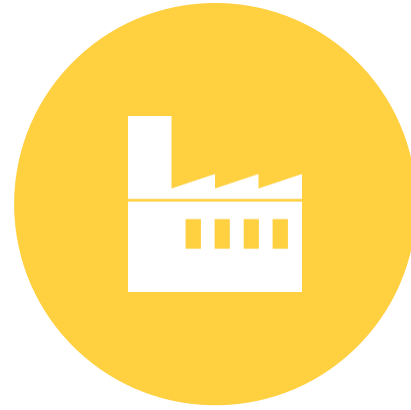
*Standalone EBITDA Margin (EBITDA before Exceptional item and other income)

Key Strategies



EXPANDING FOOTPRINT

Expand distribution network in all geographies with higher focus in the northern and eastern regions



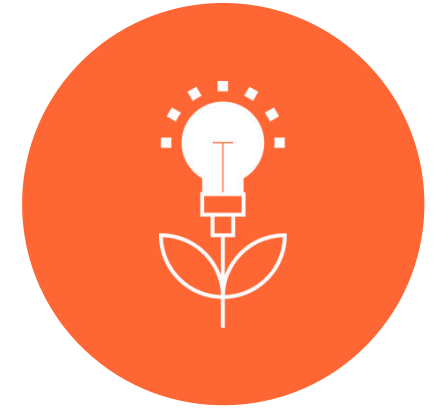
CAPACITY EXPANSION

Increase installed capacities of PVC pipes and fittings in order to capture expected increase in demand.



CASH-N-CARRY

Follow Cash-n-carry model to keep the balance sheet light.



BRANDING

Promote brand and quality consciousness amongst consumer.



Total allocation for Rural, Agriculture sector is Rs.14.34 lakh crore. Institutional credit for agriculture sector raised to Rs. 11 lakh crore for 2018-19

Scope of Long Term Irrigation Fund to be expanded to cover specified command area development projects

Govt. to set up Agri-Market Infrastructure Fund with a corpus of Rs. 2,000 crore for developing and upgrading agricultural marketing infrastructure.



Under the Pradhan Mantri Krishi Sinchai Yojana, 48 AIBP priority projects of Rs. 15,000 crore to be completed by December 2019

The Government to undertake utilization of irrigation potential of 15 lakh hectares (har khet ko pani) project amounting to Rs. 2,300 crores

Irrigation projects of Rs. 4,000 crore covering 17.2 lakh hectares to be implemented.

Government has approved a corpus of Rs. 5,000 crore for setting up a dedicated micro irrigation fund (MIF) under NABARD.



Niti Ayog, in consultation with Central and State Governments, will put in place a fool proof mechanism so that farmers to get adequate price for their produce

Government plans to upgrade existing 22,000 rural 'Haats' into Gramin Agriculture Markets which will be connected with e-NAM (National Agriculture Market) by 2020

Government announced higher minimum prices for 14 crops setting each of them at a minimum 1.5 times the cost of cultivation during the year



Extend facility of Kisan Credit cards to farmers to help them meet their working capital needs. Small and marginal farmers to benefit

Union Government to publish revised guidelines for Pradhan Mantri Fasal Bima Yojana to plug in gaps in order to enhance its viability

Government's initiative to fast track crop insurance scheme and raise coverage under the scheme to 50% of the gross cropped area in FY19

Opportunities - Non - Agriculture sector i.e. housing and infrastructure ... also continues to be thrust area



Under the Prime Minister Awas Scheme it is proposed to complete construction of one crore houses by 2019 in the rural areas.

In urban areas 37 lakh houses has been sanctioned for construction. A dedicated Affordable Housing Fund in NHB to be established.

Smart Cities Mission to build 100 smart cities with state-of-art amenities and the AMRUT program to provide water supply to all households in 500 cities.

Total investment of Rs. 2,03,979 crore has been proposed for the smart city plans in 2017-18.

As on Feb'18, 2,993 projects worth Rs.1,38,534 crore are in various stages of implementation.



During the year, the Company tied-up with the American company Lubrizol Corporation, inventors and the largest manufacturers of the CPVC compound worldwide. The tie-up will strengthen the Company's track record of providing superior products for the domestic market. The products have been highly appreciated and has brought renewed interest among the existing and new dealers.



Swachh Bharat Mission (Gramin) has benefited all. Sanitation coverage in rural India has increased and government is focused on covering a wider area.

In 2017-18, Out of the target of 66,42,221 Individual Household Toilets (IHLs), 43,22,776 units have been constructed.

Out of the target of 5,07,750 Community/Public Toilet (CT/PT) seats, 2,70,360 have been constructed.

Budget 2019 - Impetus for Agriculture and Non Agriculture Sector

Agriculture

- National Rural Drinking Water Mission - allocation increased by 49% Y-o-Y for FY20 at Rs 8,201 Crs
- Pradhan Mantri Kisan Sampada Yojana - budgetary allocation of Rs 1,101 Cr for FY20
- Under Pradhan Mantri Kisaan Samman Nidhi, direct income support of INR 6000 pa to 120mn farmers with land holdings of less than two hectares with outlay of ~Rs. 750bn
- Additional Rs. 200bn been allocated for the farmer scheme in FY18-19RE
- Kisan Credit Card – the trademark for agricultural borrowers has been extended to farmers indulging in fisheries and animal husbandry
- Interest subvention of 2% for farmers affected by natural calamity and additional 3% interest subvention for timely payment.

Non - Agriculture

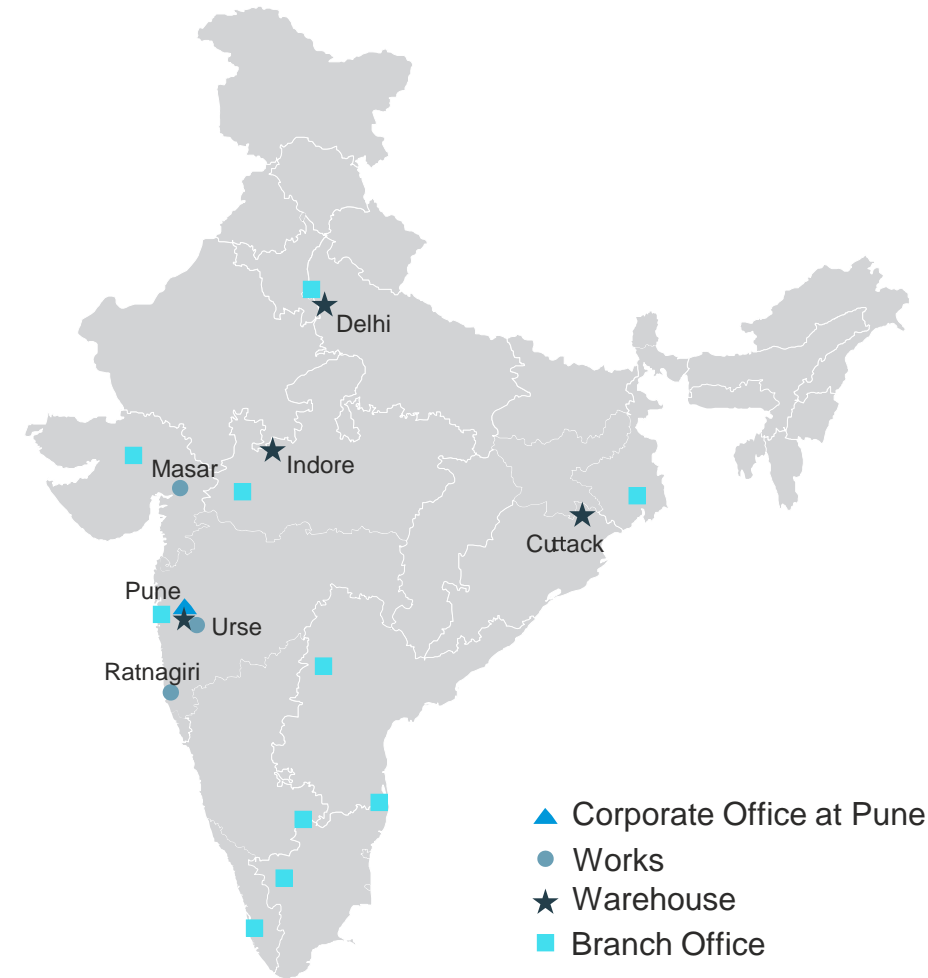
- 1.53 crore houses have been constructed under the flagship housing scheme Pradhan Mantri Awas Yojana
- PMAY has received an allocation of Rs 25,853 crore in the recent budget
- Union Cabinet had approved the creation of Rs 60,000-crore National Urban Housing Fund to finance the government's Housing for All programme in the urban areas
- Under Swachh Bharat Mission, the government targets to build 67 lakh urban toilets by October 2019.

Distribution reach

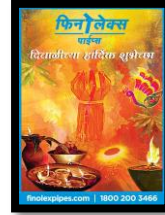
- FIL is on track in terms of expanding its scale of operations by increasing production capacity and distribution reach
- Wide network of 18,000 retail touch points



Offices, Works and Warehouses



Branding & advertisements in Q3FY19



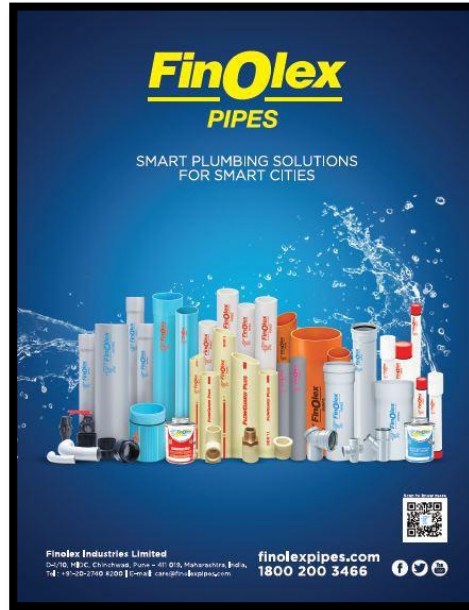
Durga Puja activity included on-ground branding (running banners, gates) and new clothes distribution as a gift to underprivileged children.

Navratri on-ground activity included venue and access road branding by way of banners and gates.

Diwali activities included promotion through magazine ad, on ground branding, dealer gifting (cricket sets) & sub dealer gifting (new year stationery).

Finolex Pipes was the presenting sponsor at 66th Music and Cultural event in Pune - Savai Gandharv. Branding included on ground visibility and premium seating arrangement for select builders and architects from across India.

Branding & advertisements in Q3FY19



To support the upcoming sports talent in the country, Finolex Pipes made contribution to young achievers. (Tejinder Pal Singh - Gold Medal Winner/Shot Put - Asian Games 2018 and Mehuli Ghosh - Silver Medal Winner - Air Rifle - Youth Olympics, Argentina).

Product Range ad in Railway Magazine - Rail Bandhu - circulated in 180 premium class trains to more than 49 lakh railway passengers every month

Participation in Indian Plumbing Conference - Mumbai, IntExt Expo - Ludhiana, Credai - Dream Home 2018, Sangli.

Awards received in Q3 FY19 – some snapshots



Felicitation of Mr. Prakash Chhabria, Chairman, Finolex Industries Limited, for contributing to the growth and development of Maharashtra by Nav Bharat Group.



Mr. Prakash Chhabria, Chairman, Finolex Industries Limited, awarded the “Most Respected Entrepreneur of the Year” for mobilising the philanthropic activities of MMF by Hurun Report.



Received Gujarat CSR Excellence Award for best water conservation and watershed projects at the hands of Shri Dharmendra Pradhan (Hon. Cabinet Minister of Petroleum and Natural Gas) and Shri Ganpatbhai Vasava (Hon. Minister for Tribal development, Tourism, Forest, Women and Child Welfare).



Finolex Industries Limited received the Indywood CSR Excellence Award for “Best CSR practices in Speciality Healthcare”. The award was given by Ms. Valeria V. Kolesnik, Head of Russian Cultural Ministry of Cinematography.

CSR activities in Q3 FY19 – some snapshots



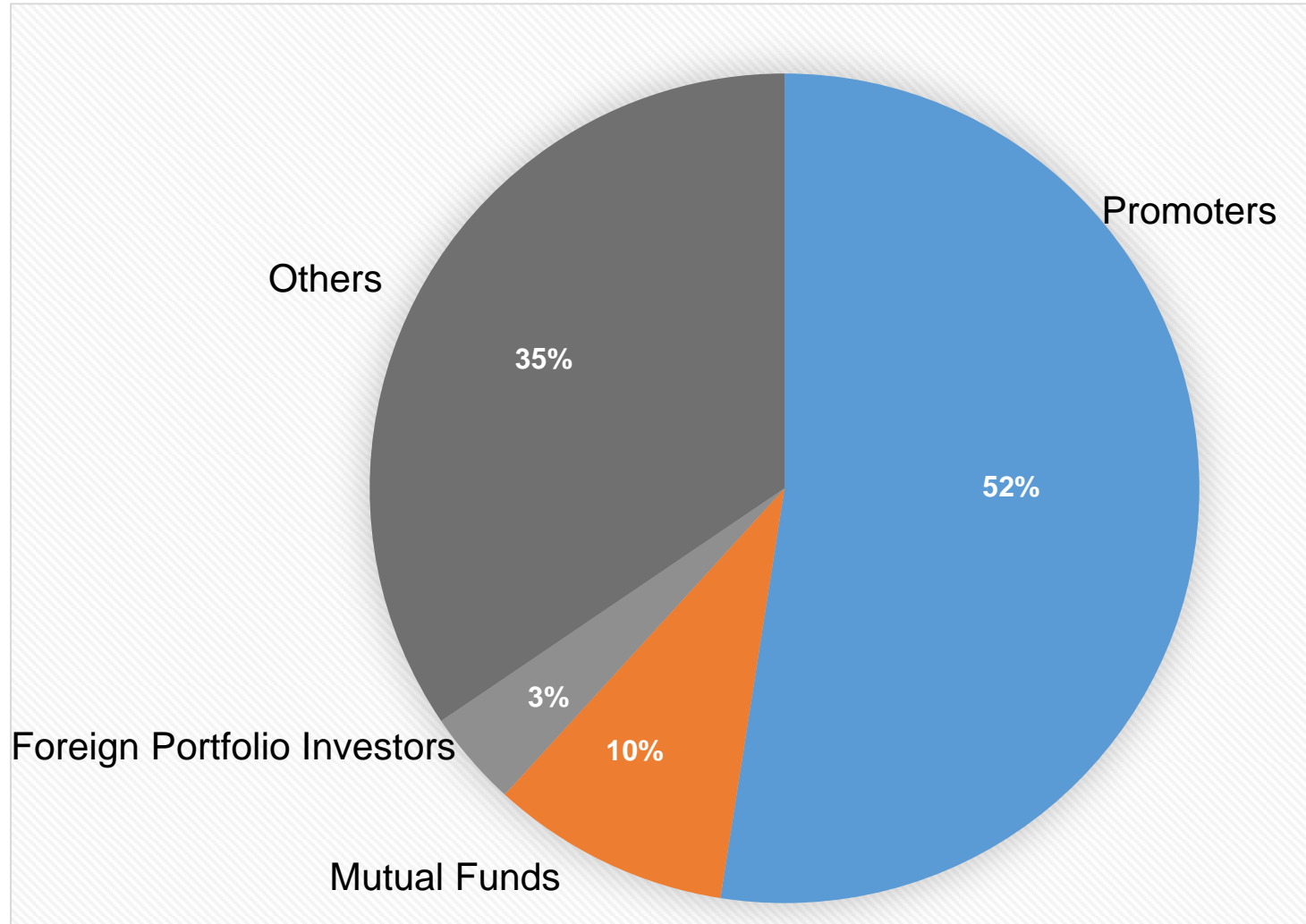
FIL and MMF sponsored 4.5 kms of Phase 2 of Bandh Nala Rejuvenation work in Solapur district.

On 28th October 2018, MMF celebrated it's 20 years of serving the society. The initiative was aimed at raising funds for the many initiatives of MMF.

MMF/ FIL responded to an appeal made by Nav Bharat Jagruti Kendra at Jharkhand to provide free cataract surgeries to 100 geriatrics this financial year.

FIL/MMF supported GSICON 2018 organised by Geriatric Society of India, Pune Chapter in association with Indian Institute of Science, Education and Research, Pune.

Shareholding Pattern as on December 31, 2018





Agri Pipes and Fittings



Column Pipes



Casing Pipes



ASTM Pipes and Fittings



CPVC Pipes and Fittings




Sewerage Pipes




Solvent Cement


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FINOLEX INDUSTRIES LIMITED

 Mr. S. Krishnamoorthy (GM - Accounts & Finance)

 sk@finolexind.com

 D-1/10, M.I.D.C. Chinchwad, Pune 411 019

 020 2740 8200 | 1-800-2003466

 www.finolexwater.com



Finolex Industries Ltd.

Volume Data

Sr. No.	Particulars	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19
1	Production in MT												
a	PVC Resin	80,147	59,756	40,937	83,266	67,143	63,805	34,528	81,839	82,672	52,757	45,839	76,686
b	PVC pipes & fittings	63,144	66,693	40,416	44,844	57,071	74,054	52,672	61,887	71,774	73,276	54,714	63,525
2	Sales in MT												
a	PVC Resin-External	41,418	12,751	13,080	25,281	36,124	15,725	6,494	27,967	17,126	13,048	8,781	22,211
	PVC Resin-Inhouse	41,675	49,684	26,822	30,945	40,417	59,273	34,045	43,140	54,997	55,406	34,680	44,627
	Total PVC	83,093	62,435	39,902	56,226	76,541	74,998	40,539	71,107	72,123	68,454	43,461	66,838
b	PVC Pipes	63,387	62,255	34,218	37,652	59,865	68,171	43,032	56,842	66,753	73,065	40,648	54,309
c	PVC Fittings	4,306	3,870	4,048	3,314	4,117	3,347	4,214	4,672	5,005	4,571	4,625	4,869
	Total Pipes and Fittings	67,693	66,125	38,266	40,966	63,982	71,518	47,246	61,514	71,758	77,636	45,272	59,179
	In MWH												
1	Power generated	46180	55,243	46,909	55,710	53,640	57,999	36,277	56,559	57,912	51,220	41,750	51,480