

FINOLEX INDUSTRIES LIMITED

Q1FY16 RESULTS

Disclaimer

No part of this presentation is to be circulated, quoted, or reproduced for any distribution without prior written approval from Finolex Industries Limited, Chinchwad, Pune-411 019, India.

Certain part of this presentation describing estimates, objectives and projections may be a “forward looking statement” within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.



Contents

Business Performance

4

Financial Overview

9

Key Initiatives

16

Appendix

20



Business Performance

Business performance (segment wise)

- ❖ The sales volumes for PVC Resin improved 13% YoY to 63,030 MT and PVC Pipes and Fittings was almost flat at 57,967 MT in Q1FY16

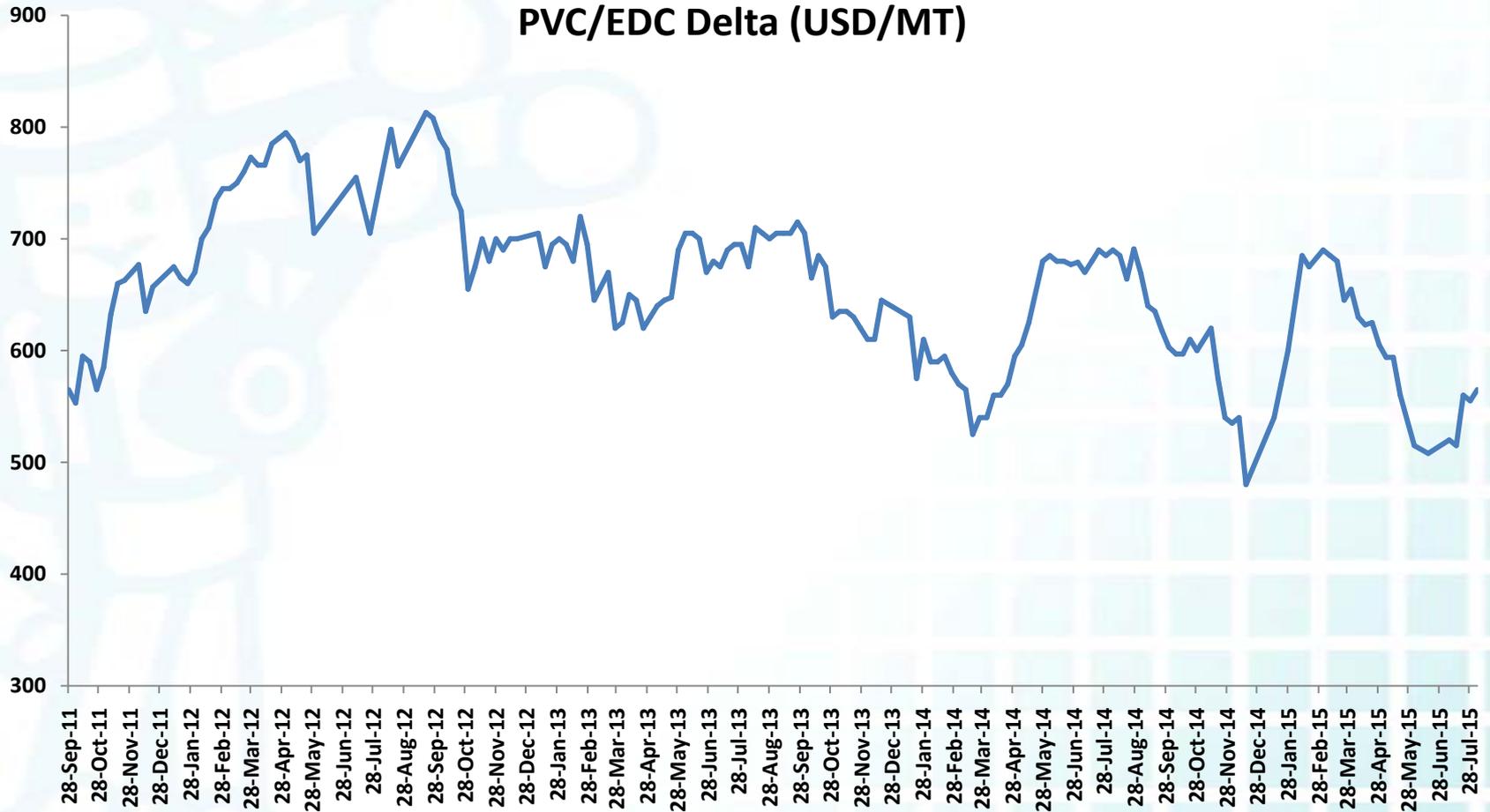
<i>Particulars</i>	<i>Q1FY16</i>			<i>Q1FY15</i>		
	INR Mn.	MT	Rs./Unit	INR Mn.	MT	Rs./Unit
PVC resin	4,149	63,030	65,831	4,139	55,916	74,030
PVC pipes & fittings	5,100	57,967	87,982	5,438	58,322	93,240
Power	385			353		

- ❖ The realization for PVC resin and PVC pipes & fittings were lower on back of fall in market prices
- ❖ The raw material costs as a percentage to sales is lower by 300bps YoY to 65%
- ❖ PAT for the quarter was at INR 703 mn up 40% YoY

Result update – Profit & Loss

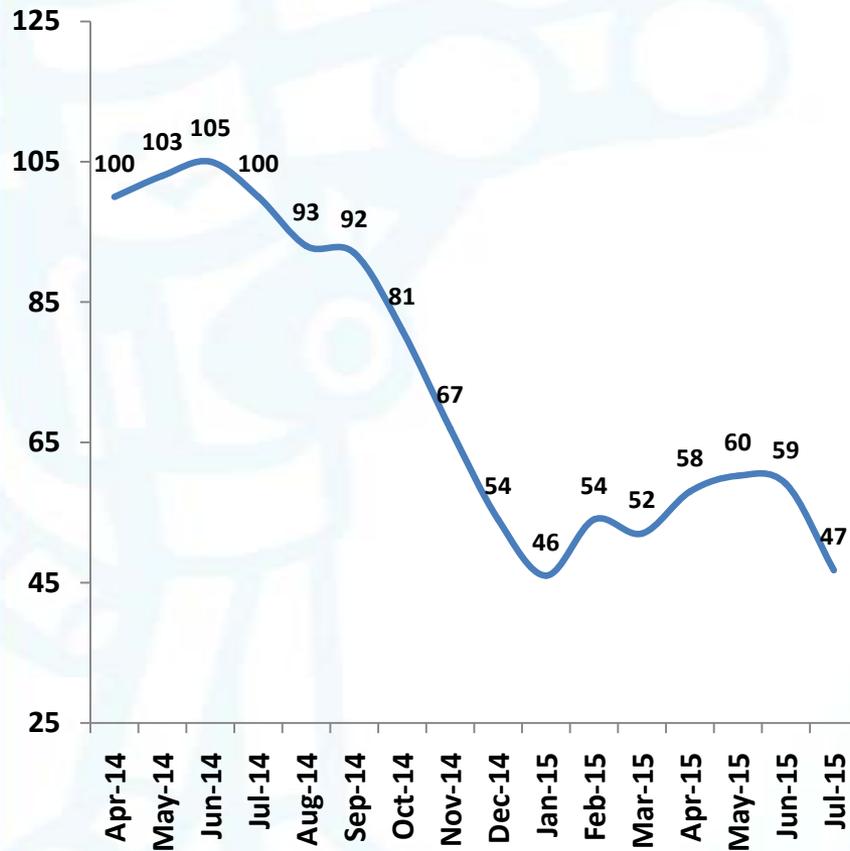
<i>Particulars (INR mn)</i>	Q1FY16	Q1FY15	Q4FY15
Net Sales	6,334	6,627	7,846
EBIDTA before exceptional items	1,274	1,258	764
EBIDTA margins (%)	20.11%	18.98%	9.74%
EBIDTA after exceptional items	1,274	1,093	714
Depreciation	125	149	143
EBIT before exceptional items	1,149	1,109	621
EBIT margins (%)	18.14%	16.73%	7.91%
Other Income	27	52	50
Finance costs	158	282	104
PBT	1019	715	517
PBT margins (%)	16.09%	10.79%	6.59%
Tax	316	213	241
PAT	703	502	277
PAT margins (%)	11.10%	7.58%	3.53%

Business scenario in charts

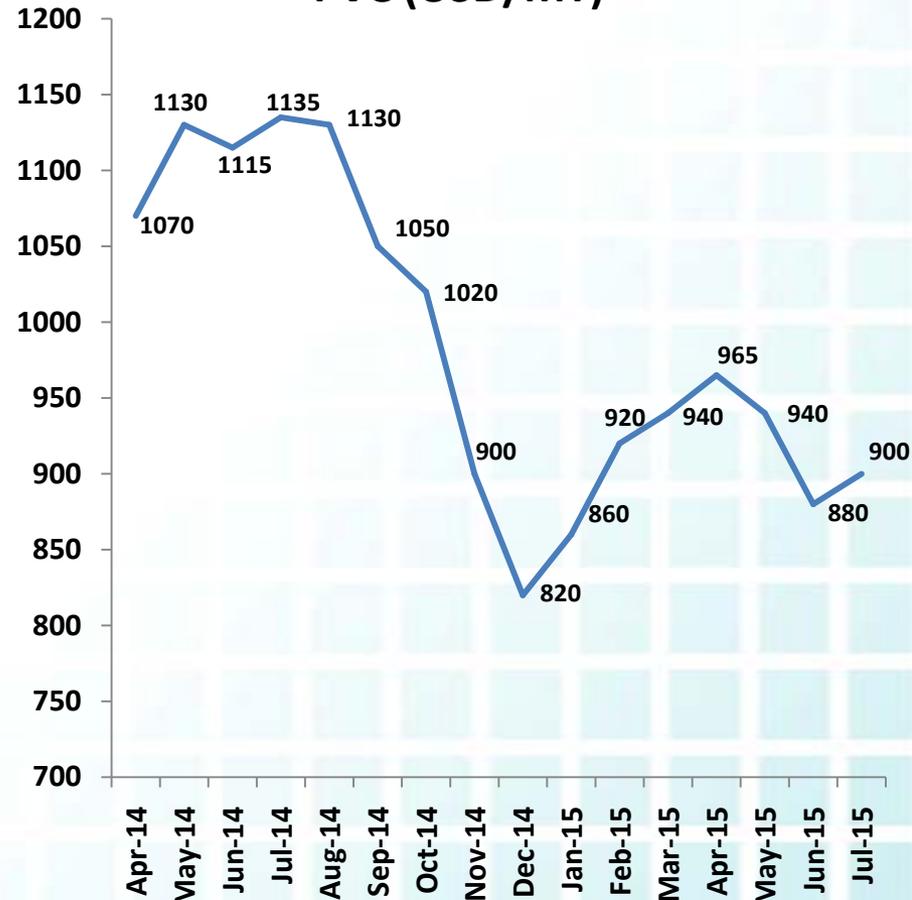


Business scenario in charts (contd.)

WTI Crude (USD/bbl)



PVC (USD/MT)





Financial Overview

Quarterly – Profit & Loss

Quarterly PL (INR mn)	Q1		Q4		Q3		Q2	
	FY16	FY15	FY15	FY14	FY15	FY14	FY15	FY14
Net Sales	6,334	6,627	7,846	8,397	6,429	6,599	3,859	3,899
EBIDTA after exceptional items	1,274	1,093	714	1,096	-388	1,276	385	490
EBIDTA margins (%)	20.11%	16.49%	9.10%	13.05%	-6.04%	19.34%	9.98%	12.57%
Depreciation	125	149	143	151	146	177	149	148
Other Income	27	52	50	62	14	9	86	172
Finance costs	158	282	104	217	119	188	108	122
PBT	1019	715	517	790	-639	920	215	391
PBT margins (%)	16.09%	10.79%	6.59%	9.41%	-9.94%	13.90%	5.60%	10.00%
Tax	316	213	241	228	-201	281	77	117
PAT	703	502	277	562	-438	639	137	274
EPS	5.7	4.0	2.2	4.5	-3.5	5.1	1.1	2.2

Quarterly segmental – Profit & Loss

<i>Segment wise – Quarterly Profit & Loss (INR mn)</i>	Q1		Q4		Q3		Q2	
	<i>FY16</i>	<i>FY15</i>	<i>FY15</i>	<i>FY14</i>	<i>FY15</i>	<i>FY14</i>	<i>FY15</i>	<i>FY14</i>
<u>Segmental revenues</u>								
PVC	4,149	4,139	5,721	5,347	3,664	4,911	2,076	3,245
PVC pipes & fittings	5,100	5,438	4,862	4,686	3,480	3,819	3,158	2,779
Power	385	353	486	443	175	346	293	406
<i>Segmental profits</i>								
PVC	692	597	216	494	-456	711	124	379
<i>% of Revenues</i>	16.68%	14.42%	3.78%	9.24%	-12.45%	14.50%	6.00%	11.70%
PVC pipes & fittings	492	520	321	389	254	340	242	236
<i>% of Revenues</i>	9.65%	9.56%	6.60%	8.31%	7.30%	8.90%	7.70%	8.50%
Power	81	62	145	113	-41	31	9	103
<i>% of Revenues</i>	21.04%	17.56%	29.84%	25.54%	-23.43%	9.10%	2.90%	25.40%
<i>Capital employed</i>								
PVC	7,167	8,480	6,060	7,775	7,221	7,806	7,277	7,400
PVC pipes & fittings	4,302	3,063	4,649	3,393	4,789	4,583	3,899	3,839
Power	2,772	3,098	2,552	3,131	2,650	2,696	2,512	2,743
Other segments	3,577	1,381	2,096	1,715	3,413	3,723	3,051	2,734

Profit & Loss – Key indicators

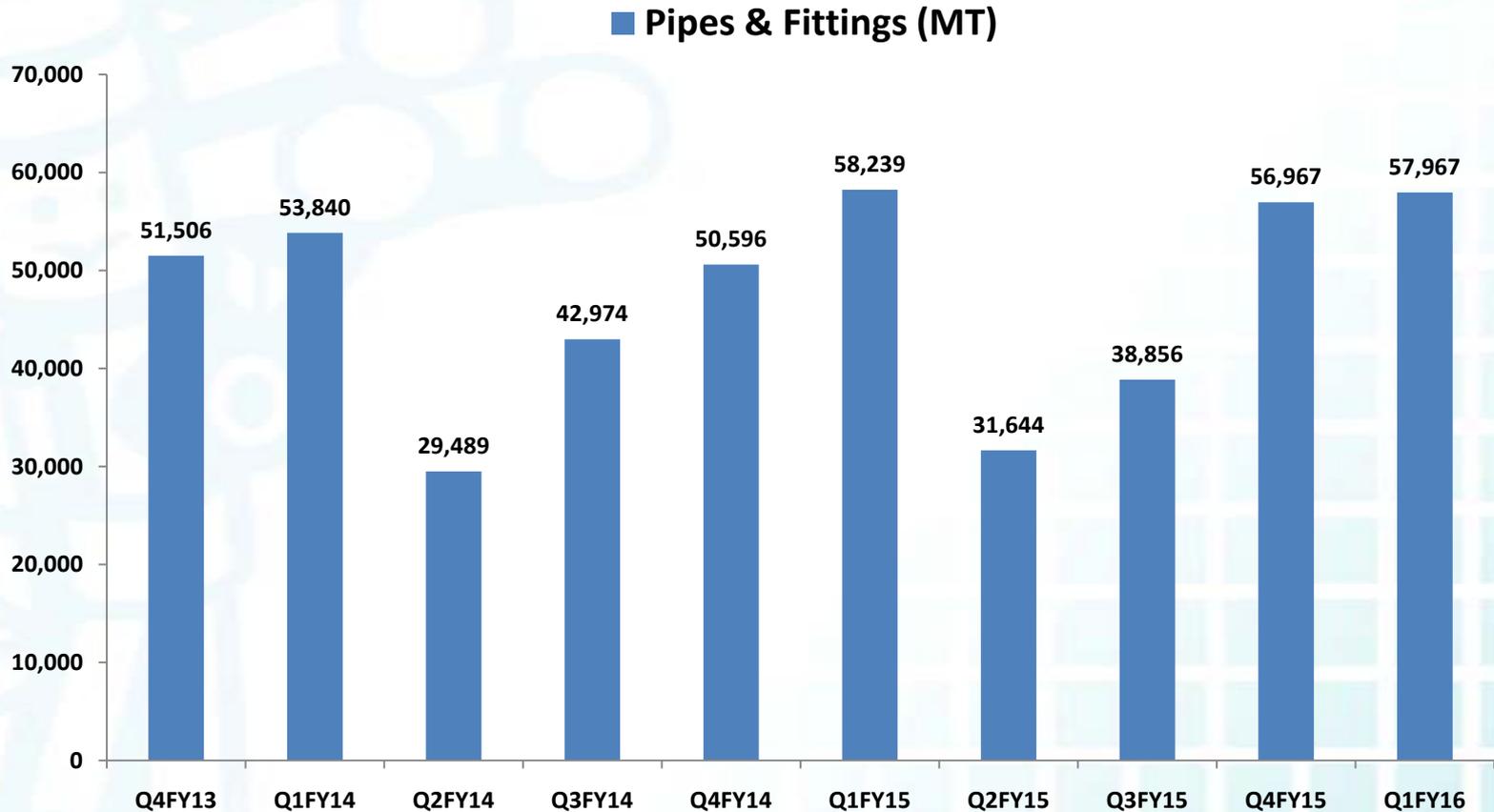
<i>Profit & loss account (INR mn)</i>	<i>FY15</i>	<i>FY14</i>	<i>FY13</i>	<i>FY12</i>	<i>FY11</i>
Net Income	24,761	24,530	21,448	20,998	19,777
<i>Growth in sales (%)</i>	<i>0.94%</i>	<i>14.40%</i>	<i>2.10%</i>	<i>6.20%</i>	<i>35.90%</i>
EBIDTA before exceptional items	2,111	3,966	3,587	2,313	2,362
<i>EBIDTA margins before exceptional items (%)</i>	<i>8.52%</i>	<i>16.17%</i>	<i>16.72%</i>	<i>11.02%</i>	<i>11.94%</i>
EBIDTA after exceptional items	1,896	3,268	2,626	2,168	2,197
PBT	808	2,419	1,902	967	1,150
<i>PBTM (%)</i>	<i>3.26%</i>	<i>9.90%</i>	<i>8.90%</i>	<i>4.60%</i>	<i>5.80%</i>
PAT	478	1,701	1,361	752	762
<i>PATM (%)</i>	<i>1.93%</i>	<i>6.90%</i>	<i>6.30%</i>	<i>3.60%</i>	<i>3.90%</i>

Note: FY15 figures are regrouped

Balance sheet – Key indicators

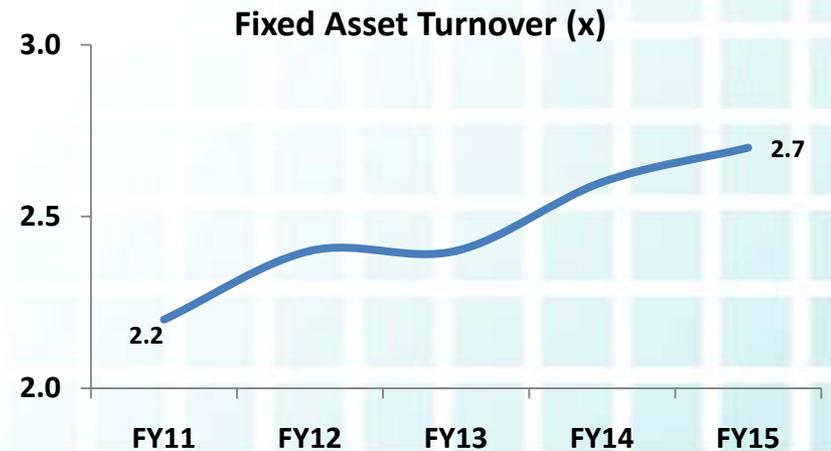
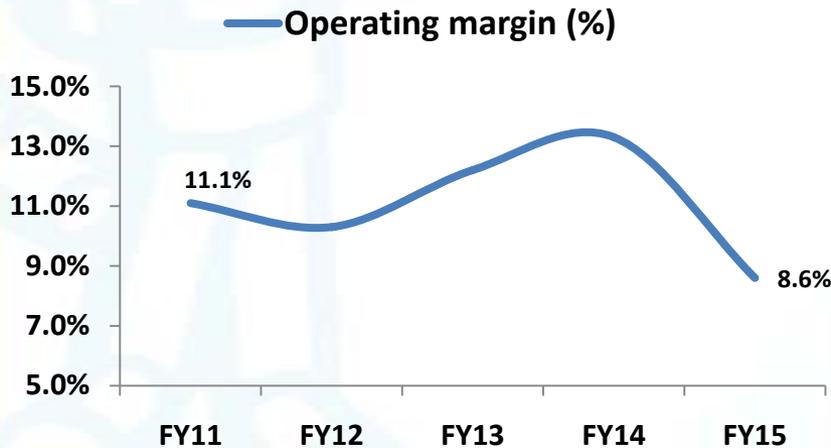
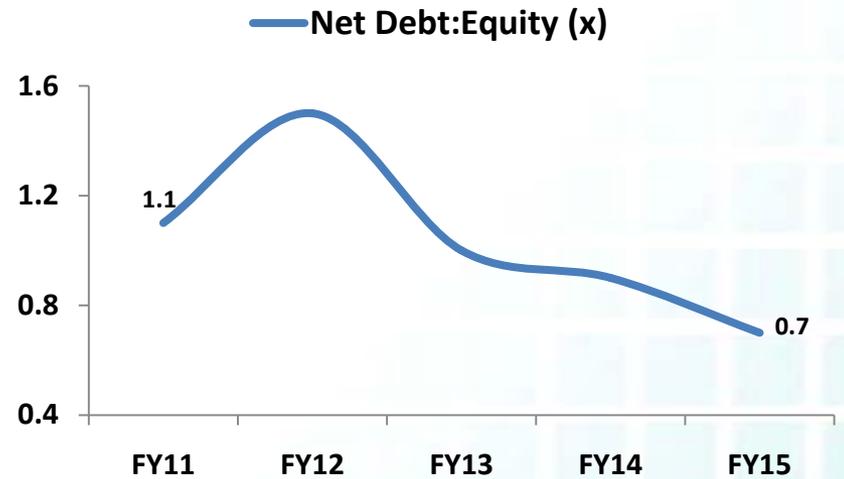
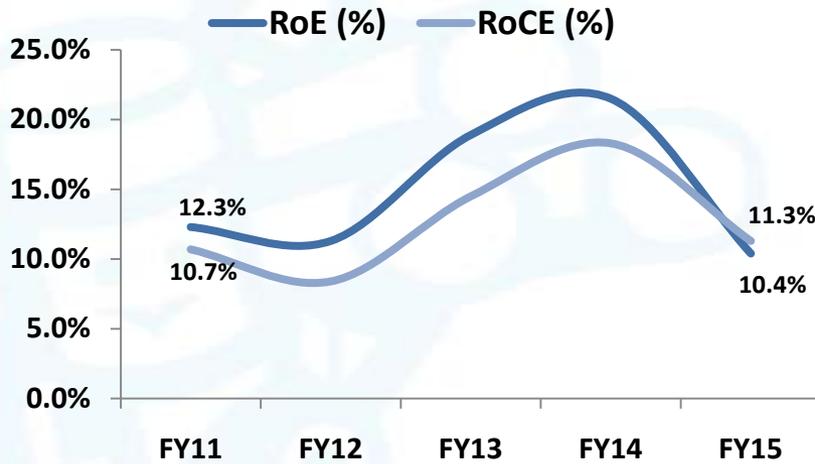
<i>Balance Sheet (INR mn)</i>	<i>FY15</i>	<i>FY14</i>	<i>FY13</i>	<i>FY12</i>	<i>FY11</i>
<i>Equity and liabilities</i>					
Share capital	1,241	1,241	1,241	1,241	1,240
Reserves and surplus	6,633	6,656	5,971	5,381	4,963
Long term borrowings	1,837	2,322	1,397	1,896	1,954
Short term borrowings (incl. loans repayable in one year)	4,534	4,812	6,997	8,528	5,512
Total borrowings	6,371	7,134	8,394	10,424	7,466
<i>Assets</i>					
Fixed assets (Net block)	8,678	9,052	8,795	7,840	7,924
Capital WIP	104	325	506	854	722
Non current investments	1,246	1,274	1,274	1,221	1,221
Current investments	551	941	2,322	3,711	859

PVC pipes and fittings volume





Key performance indicators





Key Initiatives

Strategic initiatives

- ❖ Margins improvement initiatives – focus on increasing sales of higher margins products viz. fittings, column pipes, CPVC pipes. Initiatives on track to scale up share of fittings in sales mix to over 10% from 6-7% currently
- ❖ Increase in installed capacities of PVC pipes and fittings with average 30,000 MT p.a. till FY17E with a capex at INR 300 mn p.a. No capacity expansion in PVC resin expected

Installed capacities

Capacities (MT)	FY11	FY12	FY13	FY14	FY15	FY16E	FY17E
PVC Pipes & Fittings	1,22,867	1,80,000	2,10,000	2,30,000	2,50,000	2,80,000	3,10,000
PVC Resin	2,60,000	2,60,000	2,72,000	2,72,000	2,72,000	2,72,000	2,72,000
Power (MW)	43	43	43	43	43	43	43

- ❖ Cash-n-carry model to lighten Balance Sheet, debt reduction to continue as per plans
- ❖ Growing brand and quality consciousness – share of organized players to rise further with GST implementation

Government policy initiatives

- ❖ Government's focus on increasing irrigation opportunity in non rain-fed areas through the INR 500 billion allocated to PMKSY will create a surge in demand for PVC pipes and will keep the industry growth strong over the next 5 years (2015-16 to 2019-20)
- ❖ At 157.35 million hectares, India holds the second largest agricultural land in the world. The new scheme assumes importance as only 44% of agricultural land in India is under irrigation
- ❖ Measures like unified agricultural market, INR 8.5 lakh crore target for farm loans and investment in rural infrastructure to further benefit the company
- ❖ 'Housing for All' by 2022 to provide 20 million houses in urban areas and 40 million houses in rural areas
- ❖ Initiatives such as "Smart Cities" will create a surge in demand for the company's products in the years to come
- ❖ Being India's leading PVC pipe manufacturer with enhanced distribution reach, the company stands to gain from the above opportunities

Distribution reach enhanced

- ❖ Distribution is an important aspect in creating demand for the company's product - FIL is on track in terms of expanding its scale of operations not only by increasing production capacity, but also by setting up additional warehouses
- ❖ New warehouses opened at Indore (MP) and Noida (UP) in May 2015 and the warehouse in Cuttack (Odisha) have ensured faster delivery and enhanced distribution reach
- ❖ Addition of 97 dealers pan India during the quarter



Appendix

Branding & advertisements

1. Advertisements on-the-move
2. Sponsoring event
3. Dealer workshop



Accolades and awards

- ❖ India's most Trusted Brand in the category "Manufacturing – Pipes" awarded by Brand Trust Report 2015
- ❖ 'Excellence in CSR' award by Amity Global School
- ❖ Honoured by World Economic Forum (WEF) as amongst the 'Global Growth Companies – 2014' (in South Asia)
- ❖ Chosen as one of **Asia's 100 Best Marketing Brands** by the WCRC Leaders Asia magazine





For further queries:

Finolex Industries Limited
D-1/10, M.I.D.C.
Chinchwad, Pune 411 019
Contact No.: 020 2740 8200
1-800-2003466
www.finolexwater.com

S-Ancial Global Solutions Pvt. Ltd.
503, Gundecha Chambers,
Nagindas Master Road,
Fort, Mumbai 400 001
Email: fil@s-ancial.com
Contact No.: 022 6635 1001/2