

FinOlex

INDUSTRIES

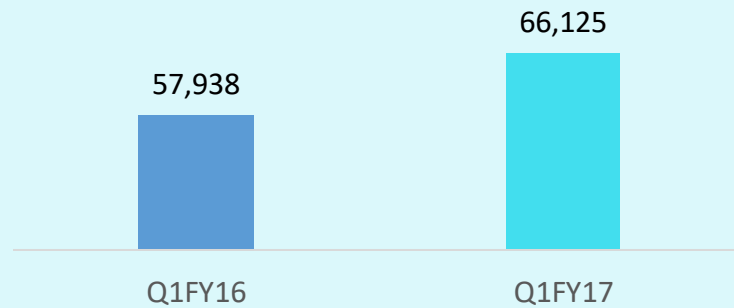


**FINOLEX INDUSTRIES
LIMITED**

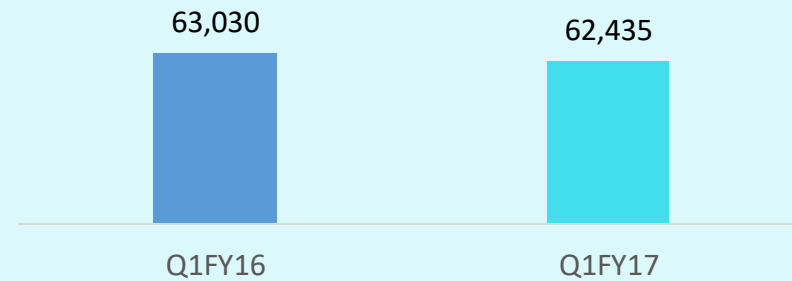
Q1FY17 RESULTS

Q1FY17 Results Summary

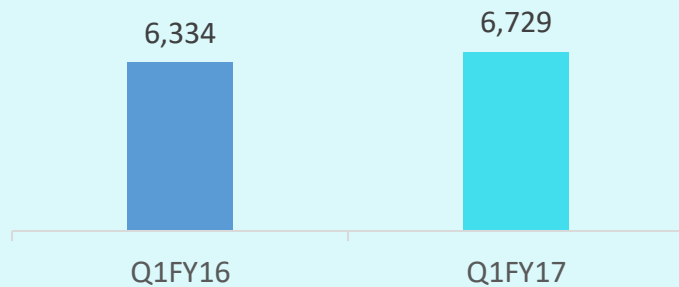
Volumes (MT) P & F #



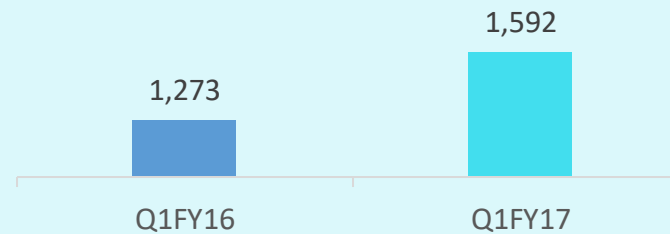
Volumes (MT) PVC resin*



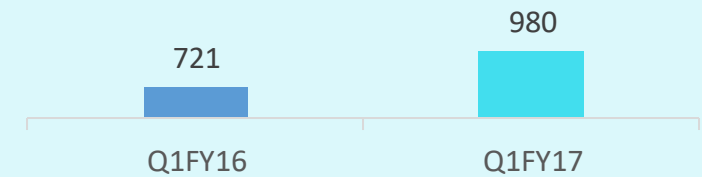
Total Revenue (INR Mn)



EBITDA (INR Mn)



PAT (INR Mn)



Management Comment: We are encouraged by our performance in Q1FY17 wherein we saw growth in Pipes and fittings volumes as well as strong improvement in overall margins. We expect pipes & fittings demand to remain strong

* Including inter segment transfer

P&F represents Pipes and Fittings

Profit & Loss Account

| Particulars (INR mn) | Q1FY17 | Q1FY16 |
|----------------------|--------|--------|
| Net Sales | 6,729 | 6,334 |
| EBIDTA | 1,592 | 1,273 |
| EBIDTA margin (%) | 23.7% | 20.1% |
| Depreciation | 133 | 125 |
| EBIT | 1,460 | 1,148 |
| <i>EBIT margins</i> | 21.7% | 18.1% |
| Other Income | 32 | 54 |
| Finance costs | 50 | 158 |
| PBT | 1,441 | 1,044 |
| <i>PBT margins</i> | 21.4% | 16.5% |
| Tax | 461 | 324 |
| PAT | 980 | 721 |
| <i>PAT margins</i> | 14.6% | 11.4% |

Operating Highlights

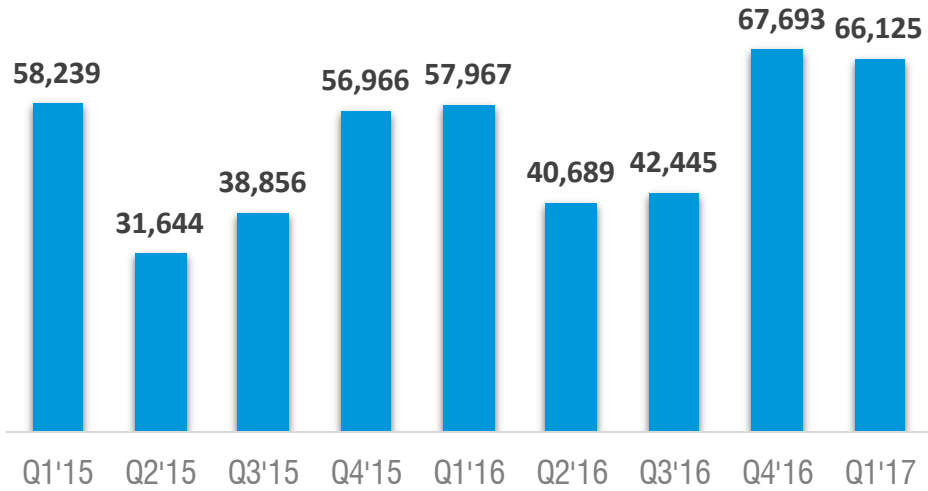
| Particulars | Q1FY17 | | | Q1FY16 | | | Growth Y-o-Y | |
|----------------------|---------|--------|----------|---------|--------|----------|--------------|--------|
| | INR Mn. | MT | Rs./Unit | INR Mn. | MT | Rs./Unit | Value | Volume |
| PVC resin | 4,049 | 62,435 | 64,851 | 4,149 | 63,030 | 65,826 | -2% | -1% |
| PVC pipes & fittings | 5,829 | 66,125 | 88,151 | 5,100 | 57,938 | 88,025 | 14% | 14% |
| Power | 388 | | | 385 | | | 1% | |

EBITDA Bridge Chart (INR mn)

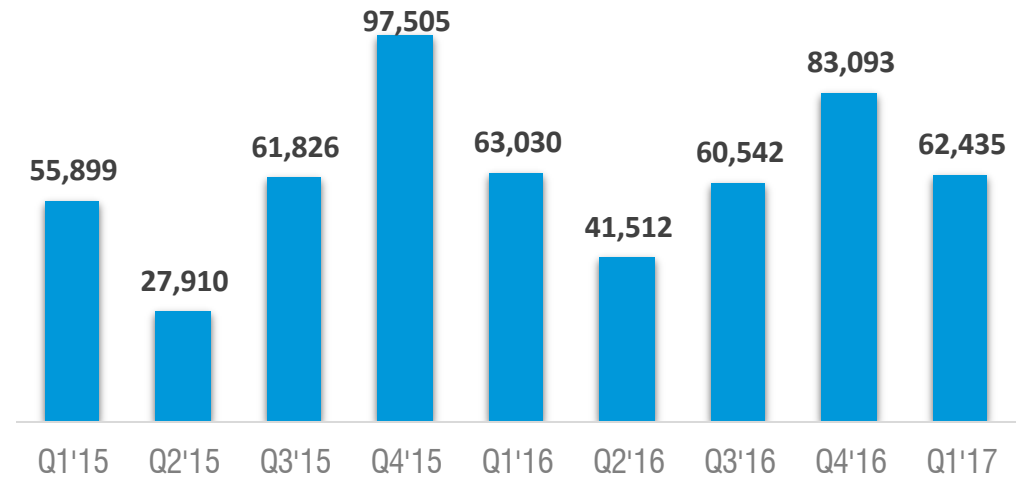


Business Scenario

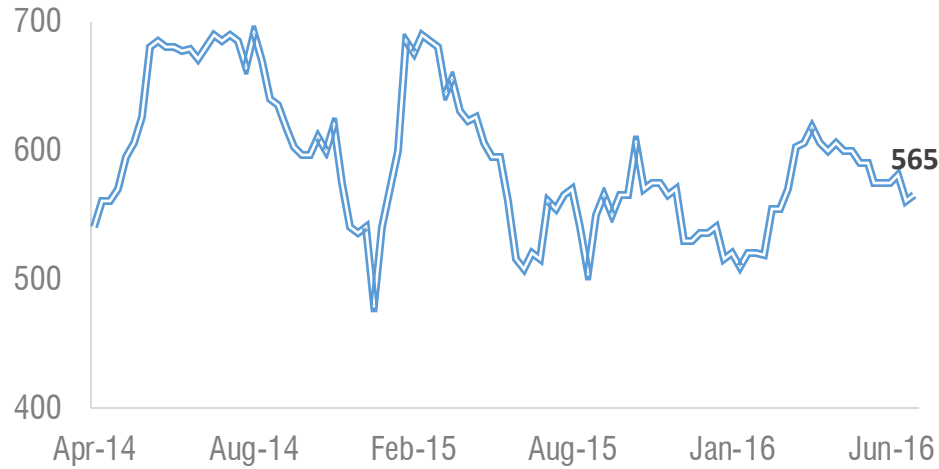
Pipes & Fittings Volumes (MT)



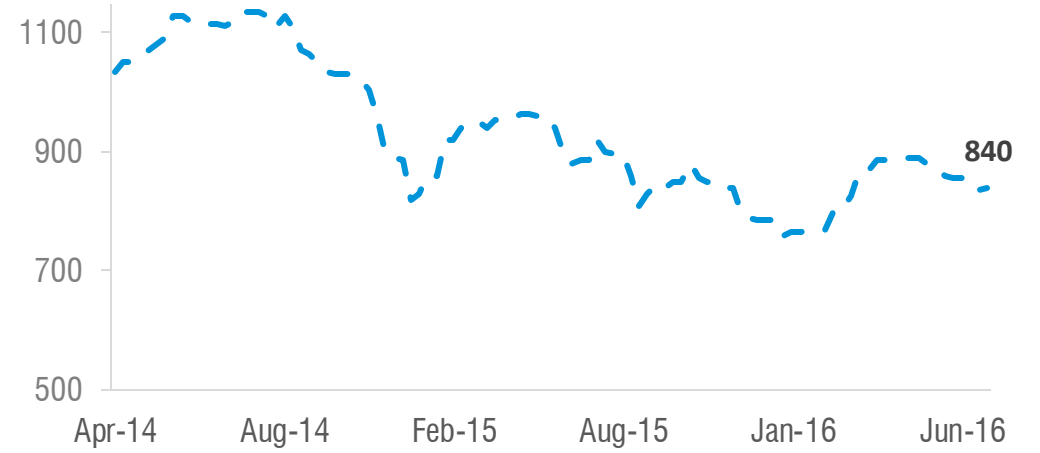
PVC Volumes (MT)



PVC/EDC Delta (USD/MT)



PVC (USD/MT)



Source: Platts Polymerscan weekly reports

Quarterly – Profit & Loss

| Particulars (INR mn) | Q2FY15 | Q3FY15 | Q4FY15 | Q1FY16* | Q2FY16 | Q3FY16 | Q4FY16 | Q1FY17* |
|---------------------------|--------|--------|--------|---------|--------|--------|--------|---------|
| Net Sales | 3,859 | 6,429 | 7,846 | 6,334 | 4,667 | 5,472 | 8,055 | 6,729 |
| EBIDTA | 471 | (220) | 714 | 1,273 | 767 | 841 | 1,114 | 1,592 |
| <i>EBIDTA margins (%)</i> | 12.2% | - | 9.1% | 20.1% | 16.4% | 15.4% | 13.8% | 23.7% |
| Depreciation | 149 | 146 | 143 | 125 | 126 | 127 | 127 | 133 |
| Other Income | 86 | 14 | 50 | 54 | 141 | 35 | 188 | 32 |
| Finance costs | 194 | 287 | 104 | 158 | 164 | 80 | 45 | 50 |
| PBT | 214 | (639) | 517 | 1044 | 618 | 669 | 1,130 | 1,441 |
| <i>PBT margins (%)</i> | 5.6% | - | 6.6% | 16.5% | 13.2% | 12.2% | 14.0% | 21.4% |
| Tax | 77 | (201) | 241 | 324 | 199 | 238 | 345 | 461 |
| PAT | 137 | (438) | 277 | 721 | 419 | 430 | 785 | 980 |
| EPS | 1.1 | (3.5) | 2.2 | 5.8 | 3.4 | 3.5 | 6.3 | 7.9 |

* Figures as per IndAS

Quarterly segmental – Profit & Loss

| Particulars (INR mn) | Q2FY15 | Q3FY15 | Q4FY15 | Q1FY16* | Q2FY16 | Q3FY16 | Q4FY16 | Q1FY17* |
|---------------------------|-------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Segmental revenues | | | | | | | | |
| PVC | 2,076 | 3,664 | 5,721 | 4,149 | 2,581 | 3,567 | 4,538 | 4,049 |
| PVC pipes & fittings | 3,158 | 3,480 | 4,862 | 5,100 | 3,525 | 3,611 | 5,585 | 5,829 |
| Power | 293 | 175 | 486 | 385 | 299 | 357 | 355 | 388 |
| Segmental profits | | | | | | | | |
| PVC | 124 | (456) | 216 | 692 | 198 | 462 | 536 | 890 |
| % of Revenues | 6.0% | (12.5%) | 3.8% | 16.7% | 7.7% | 12.9% | 11.8% | 21.9% |
| PVC pipes & fittings | 242 | 254 | 321 | 492 | 297 | 315 | 512 | 568 |
| % of Revenues | 7.7% | 7.3% | 6.6% | 9.7% | 7.9% | 8.7% | 9.2% | 9.7% |
| Power | 9 | (41) | 145 | 81 | 42 | 61 | 92 | 129 |
| % of Revenues | 2.9% | (23.4%) | 29.9% | 21.0% | 14.1% | 17.1% | 25.9% | 33.3% |
| Capital employed | | | | | | | | |
| PVC | 7,277 | 7,221 | 6,060 | 7,167 | 5,660 | 5,649 | 4,673 | 5,214 |
| PVC pipes & fittings | 3,899 | 4,789 | 4,649 | 4,302 | 4,337 | 4,730 | 4,250 | 5,210 |
| Power | 2,512 | 2,650 | 2,552 | 2,772 | 2,527 | 2,500 | 2,488 | 2,674 |

* Figures as per IndAS

Profit & Loss – Key indicators

| Profit & loss account (INR mn) | FY12 | FY13 | FY14 | FY15 | FY16* | FY16 (cons.)* |
|--|---------------|---------------|---------------|--------------|---------------|---------------|
| Net Income | 20,998 | 21,448 | 24,530 | 24,761 | 24,528 | 24,528 |
| Growth in sales (YoY %) | 6.20% | 2.10% | 14.40% | 0.94% | -0.95% | - |
| EBIDTA before exceptional items | 2,313 | 3,587 | 3,966 | 2,111 | 3,751 | 3,751 |
| EBIDTA margins before exceptional items (%) | 11.02% | 16.72% | 16.17% | 8.52% | 15.29% | 15.29% |
| EBIDTA after exceptional items | 2,168 | 2,626 | 3,268 | 1,896 | 3,996 | 3,996 |
| PBT | 967 | 1,902 | 2,419 | 808 | 3,435 | 3,426 |
| PBT Margin (%) | 4.60% | 8.90% | 9.90% | 3.26% | 14.00% | 13.97% |
| PAT | 752 | 1,361 | 1,701 | 478 | 2,336 | 2,389 |
| PAT Margin (%) | 3.60% | 6.30% | 6.90% | 1.93% | 9.52% | 9.74% |

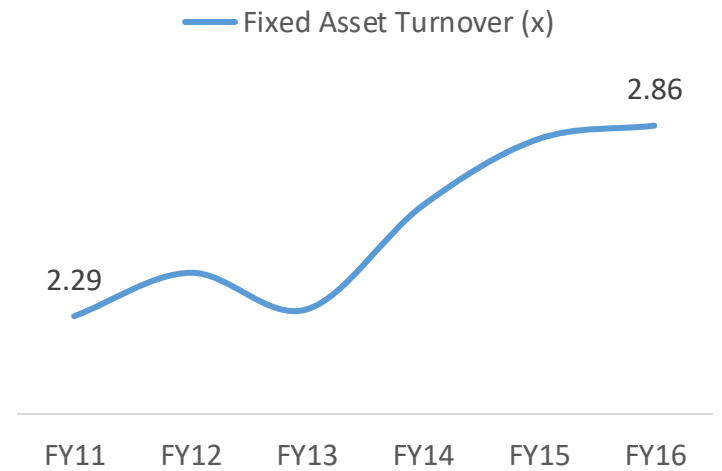
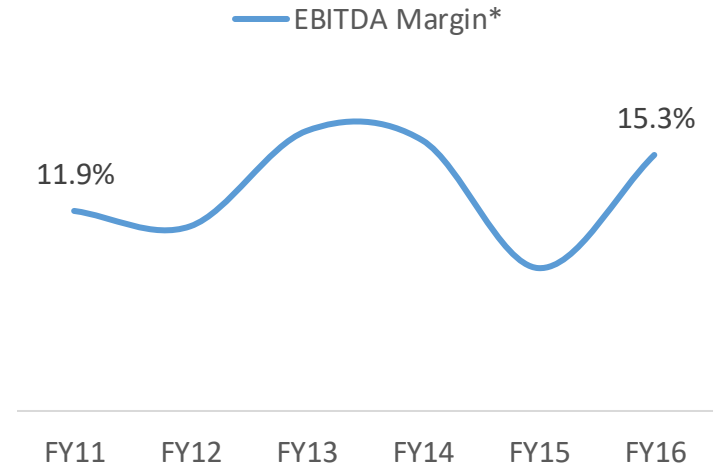
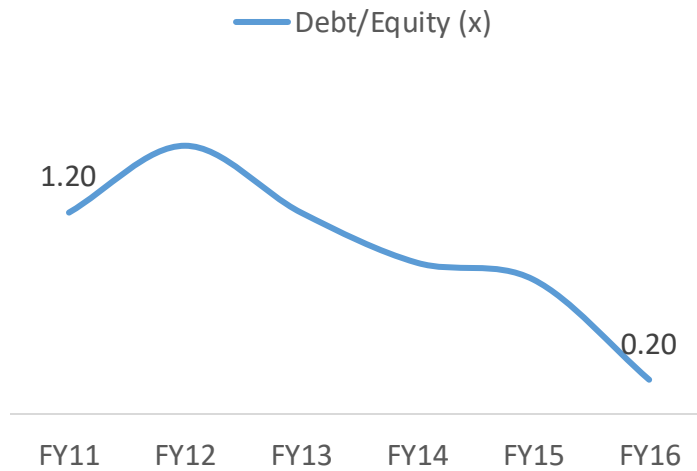
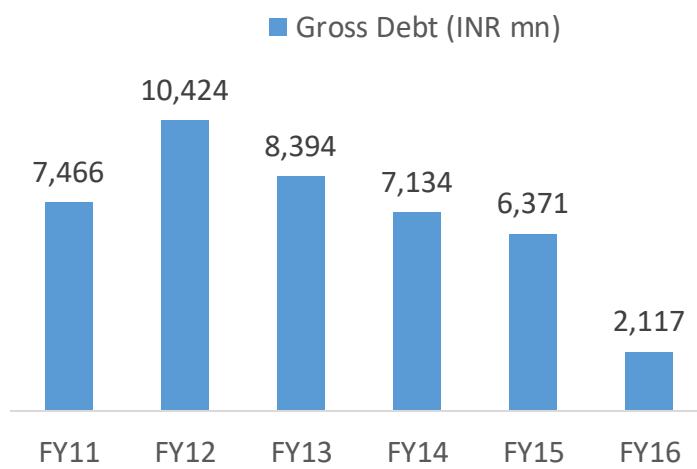
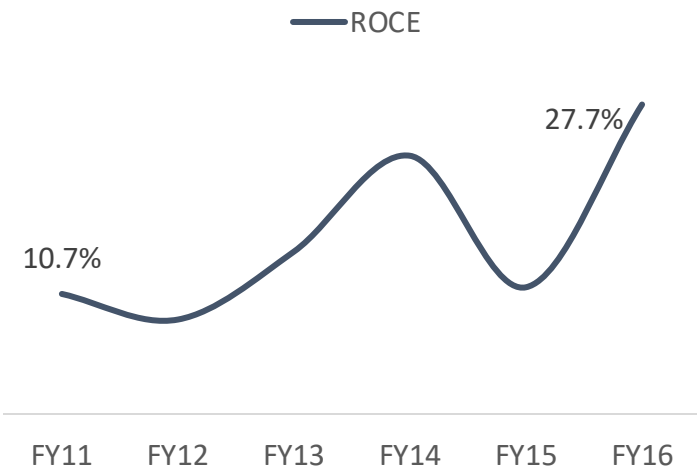
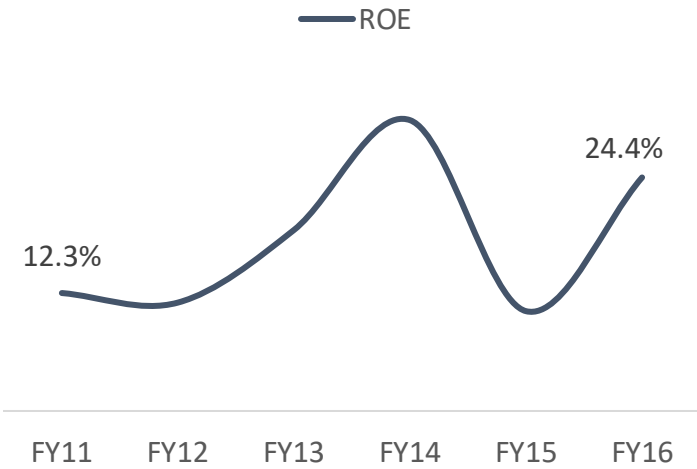
Note: As per the provisions of section 129 (3) of the Companies Act, 2013, the Company has prepared consolidated financial statements (includes Finolex Plasson Industries Pvt Ltd) for the first time in the current year and as such previous years' figures have not been disclosed.

Balance sheet - Key Indicators

| Balance Sheet (INR mn) | FY12 | FY13 | FY14 | FY15 | FY16 | FY16 (cons.) |
|---|---------------|--------------|--------------|--------------|--------------|--------------|
| Equity and liabilities | | | | | | |
| Share capital | 1,241 | 1,241 | 1,241 | 1,241 | 1,241 | 1,241 |
| Reserves and surplus | 5,381 | 5,971 | 6,656 | 6,633 | 8,337 | 8,702 |
| Long term borrowings | 1,896 | 1,397 | 2,322 | 1,837 | - | - |
| Short term borrowings (incl. loans repayable in one year) | 8,528 | 6,997 | 4,812 | 4,534 | 2,117 | 2,117 |
| Total borrowings | 10,424 | 8,394 | 7,134 | 6,371 | 2,117 | 2,117 |
| Assets | | | | | | |
| Fixed assets (Net block) | 7,840 | 8,795 | 9,052 | 8,678 | 8,496 | 8,496 |
| Capital WIP | 854 | 506 | 325 | 104 | 66 | 66 |
| Non current investments | 1,221 | 1,274 | 1,274 | 1,246 | 1,204 | 1,604 |
| Current investments | 3,711 | 2,322 | 941 | 551 | 1,677 | 1,677 |

Note: As per the provisions of section 129 (3) of the Companies Act, 2013, the Company has prepared consolidated financials statements (includes Finolex Plasson Industries Pvt Ltd) for the first time in the current year and as such previous years' figures have not been disclosed.

Key Ratios



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

Key Strategies

MARGIN IMPROVEMENT

Increase sales of higher margin products.
Scale up share of fittings in sales mix.

CASH-N-CARRY

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



CAPACITY EXPANSION

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

BRANDING

Growing brand and quality consciousness amongst consumer

Union Budget 2016-17 Highlights

Agriculture Sector

- Allocation for Agriculture and Farmers' welfare is INR 35,984 crore
- 'Pradhan Mantri Krishi Sinchai Yojana' to be implemented in mission mode. 28.5 lakh hectares will be brought under irrigation.
- A dedicated Long Term Irrigation Fund will be created in NABARD with an initial corpus of about INR 20,000 crore
- Programme for sustainable management of ground water resources with an estimated cost of INR 6,000 crore will be implemented through multilateral funding
- A provision of INR 15,000 crore has been made in the BE 2016-17 towards interest subvention Allocation under Prime Minister Fasal Bima Yojana INR 5,500 crore

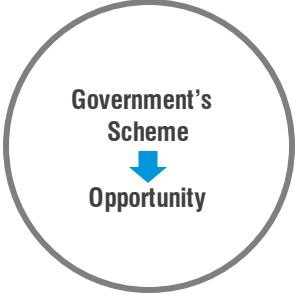
- Implementation of 89 irrigation projects under AIBP will be fast tracked. This will help to irrigate 80.6 lakh hectares. These projects require INR 17,000 crore next year and INR 86,500 crore in the next five years. To ensure that 23 of these projects are completed before 31st March, 2017
- To support farmers in the aftermath of natural calamities, Government has revised the norms of assistance under the National Disaster Response Fund in April 2015
- Special focus has been given to ensure adequate and timely flow of credit to the farmers. Against the target of INR 8.5 lakh crore in 2015-16, the target for agricultural credit in 2016-17 will be an all-time high of INR 9 lakh crore

Other highlights

- Allocation for rural sector - INR 87,765 crore.
- Every block under drought and rural distress will be taken up as an intensive Block under the Deen Dayal Antyodaya Mission
- Krishi Kalyan Cess, @ 0.5% on all taxable services, w.e.f. 1 June 2016 for resource mobilisation
- Surcharge levied at 7.5% of undisclosed income will be called Krishi Kalyan surcharge to be used for agriculture and rural economy

Focus on enhancing expenditure in priority areas of - farm and rural sector, social sector, infrastructure sector employment generation and recapitalisation of the banks.

Government policy initiatives – Agriculture sector



Government's focus on increasing irrigation in non rain-fed areas through PMKSY (allocation of INR 500 bn) is expected to increase demand for PVC pipes and keep the industry growth strong over the next 5 years

At 157.35 mn hectares, India holds one of the largest agricultural land in the world. The PMKSY scheme assumes importance as less than 50% of agricultural land in India is under irrigation

Measures like unified agricultural market, INR 8.5 tn target for farm loans and investment in rural infrastructure to benefit the company

State Govt. declared drought in Maharashtra in Oct'15. An estimated INR 1.35 tn will be needed in the next 5 years to fight the drought. Maharashtra State Govt. has started "Jalayukta Shivar" which covers localised, smaller, & need-based water management programmes

Government policy initiatives – Construction and Non Agriculture



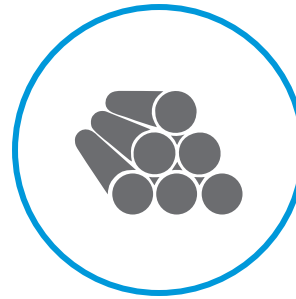
'Housing for All' by 2022 to provide 20 million houses in urban areas and 40 million houses in rural areas, in turn generate fresh demand for pipes



Initiatives such as "Smart Cities" will increase the demand for the company's products in the years to come



Swachh Bharat Mission (SBM) is flagship programme of the government aimed to stop open defecation through construction of individual household latrines (IHHL), cluster toilets and community toilets (especially via PPP mode)



Atal Mission for Rejuvenation and Urban Transformation (AMRUT) targets 500 cities to raise water supply, sewerage, urban transport system



Being India's leading PVC pipe & Fittings manufacturer with high brand recall and enhanced distribution reach, Finolex Industries is well positioned to gain from the given opportunities

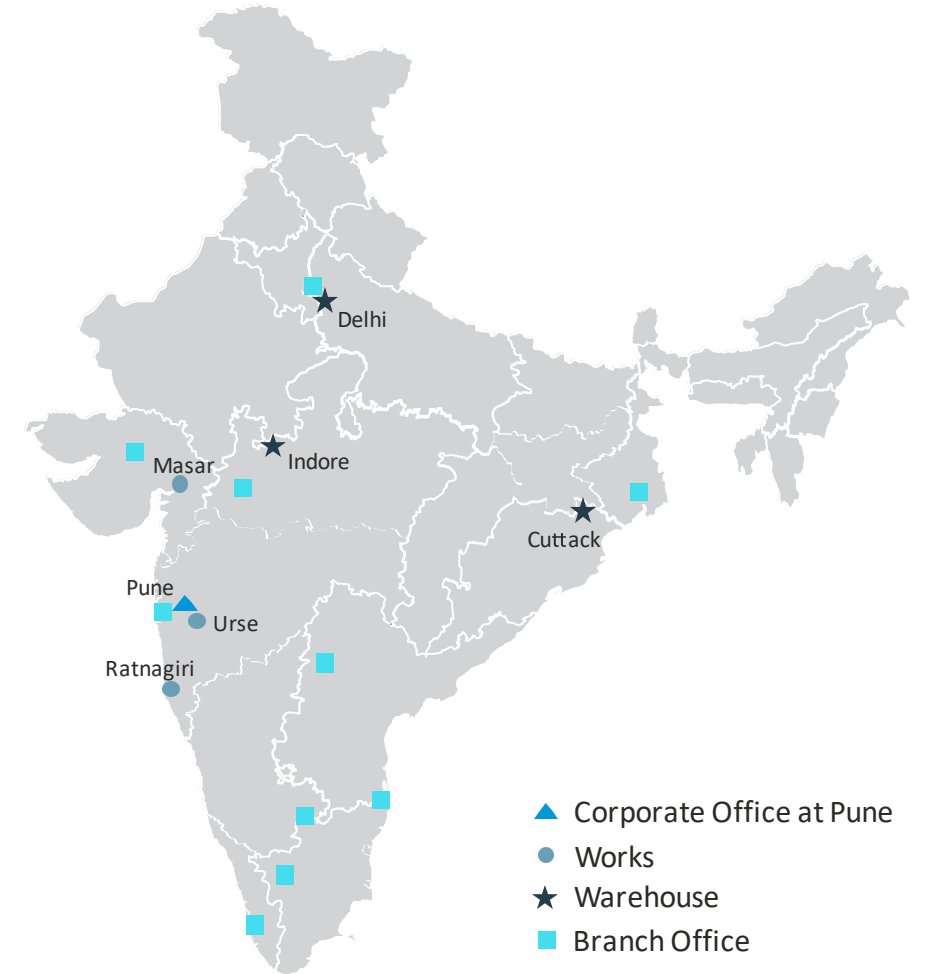
Distribution reach

- FIL is on track in terms of expanding its scale of operations by increasing production capacity and distribution reach
- Wide network of 17,000 retail touch points

Images of warehouses



Offices, Works and Warehouses



Branding & advertisements – some snapshots



Finolex pipes Sub-dealer meet at Kolhapur



On-the-go branding on vehicles

Distributing Rain ponchos and bags with Finolex logo at a Palkhi procession



Branding & advertisements – some snapshots



Promotions in regional languages during festivals

Finolex Pipes alongside CSR partner, the Mukul Madhav Foundation, took 50 children from the Apang Sanstha (Home for the Handicapped, Pune) to the Rising Pune Supergiants Indian Premier League match



Corporate Social Responsibility – some snapshots



Finolex Pipes' CSR partner Mukul Madhav Foundation being awarded the BT-CSR Excellence award 2016 in association with ET Now for "CSR Excellence Award for The Physically Challenged!"

Finolex Pipes and Mukul Madhav Foundation have begun work to clean out 16 CNBs (Cement Nala bands) with the capacity of 30 TCM, extending water storage and percolation in the village of Rede, Tal-Malshiras, Solapur.



ENCOURAGING THE YOUTH TO DEVELOP AN INTEREST IN SPORTS



Sponsoring sports kits for local sports clubs in Ratnagiri

Accolades and awards



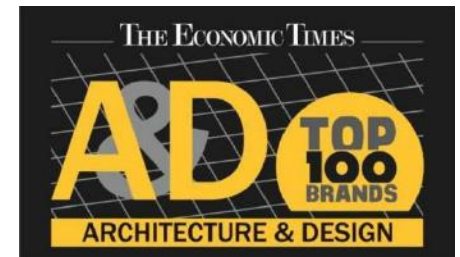
India's most Trusted Brand in the category "Manufacturing – Pipes" awarded by Brand Trust Report 2015

'Global CSR Excellence & Leadership Award' at the 5th edition of Blue Dart World CSR day initiative

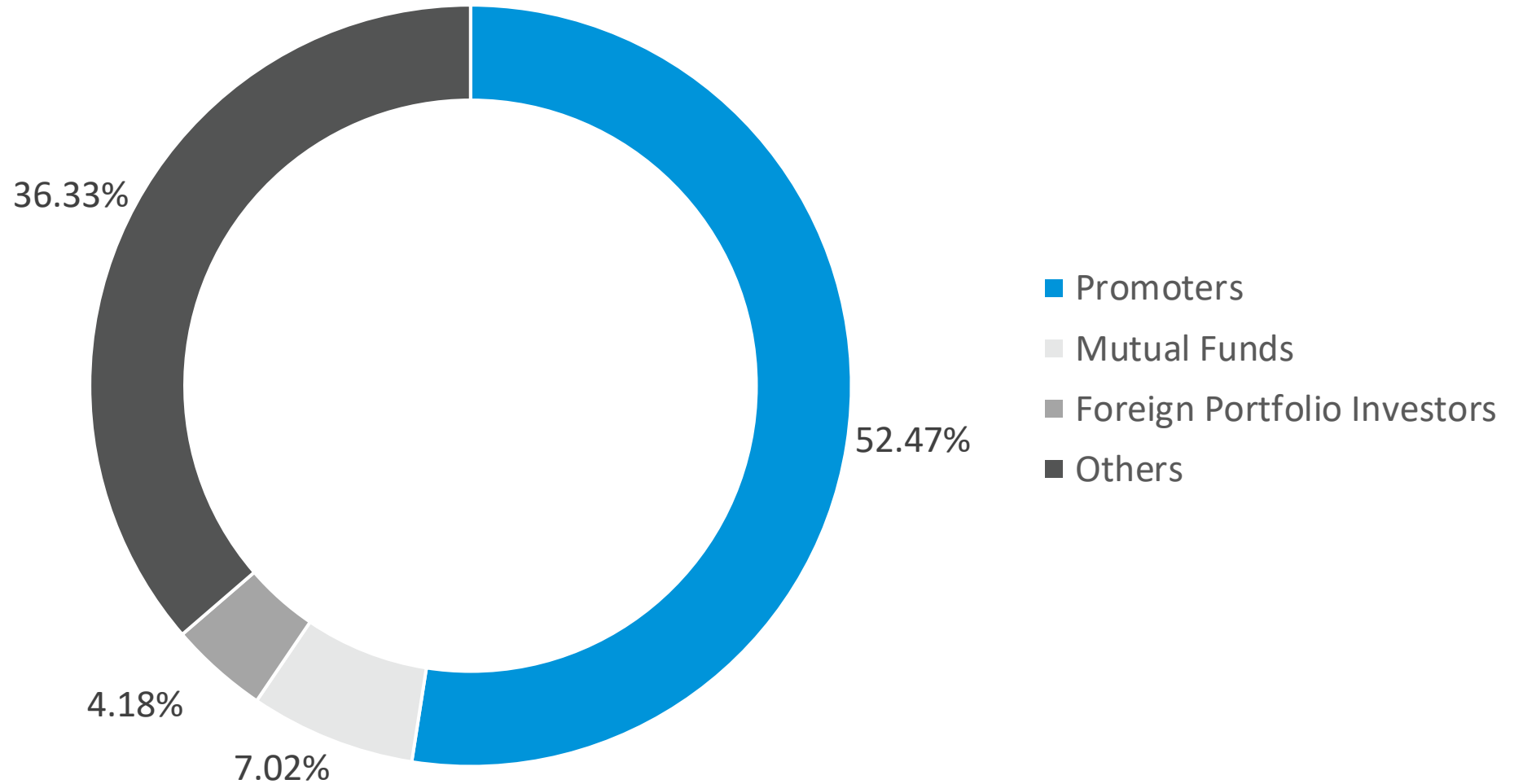


"Best Safety Practices Award – 2015" by National Safety council Maharashtra Chapter & Directorate of Industrial Safety & Health, Maharashtra State

Recognized by Economic Times as Top 100 Brands in the Architecture and Design Sector.



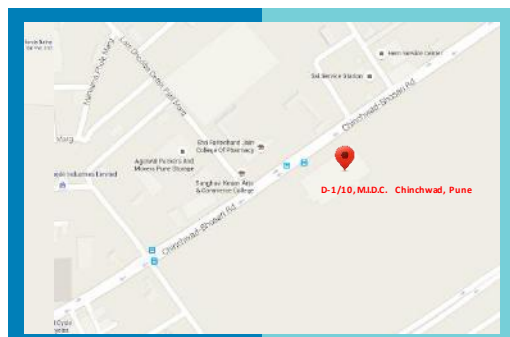
Shareholding Pattern as on June 30, 2016










FINOLEX INDUSTRIES LIMITED

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