



FINOLEX INDUSTRIES LIMITED

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**Q1FY19 RESULTS**



# Q1FY19 – Business Performance Highlights

## Revenue

- Q1FY19 revenue registered a y-o-y growth of 13.3 % to Rs. 8,278 mn

## Pipes and Fittings volume

- Q1FY19 volume registered a y-o-y growth of 8.6 % to 77,636 MT.

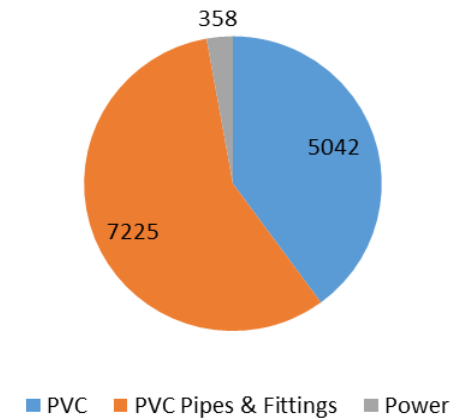
## Operating Performance (EBIDTA)

- Q1FY19 EBIDTA grew 48.5% to Rs 1,939 mn as compared to Rs 1,306 mn in Q1FY18.
- Operating margins at 20.8% as compared to 15.5% reflecting a 534 bps growth

## Bottomline

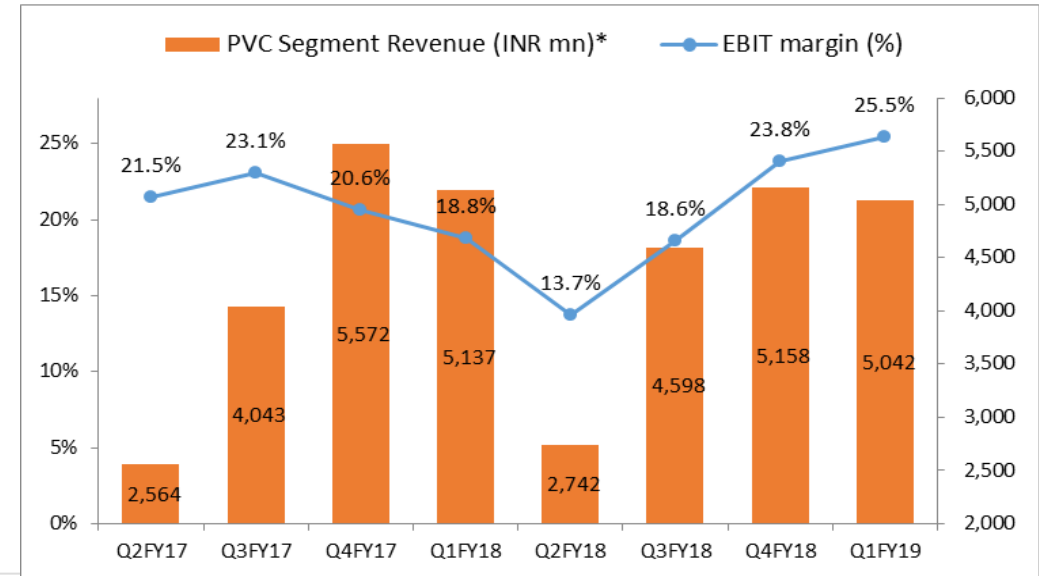
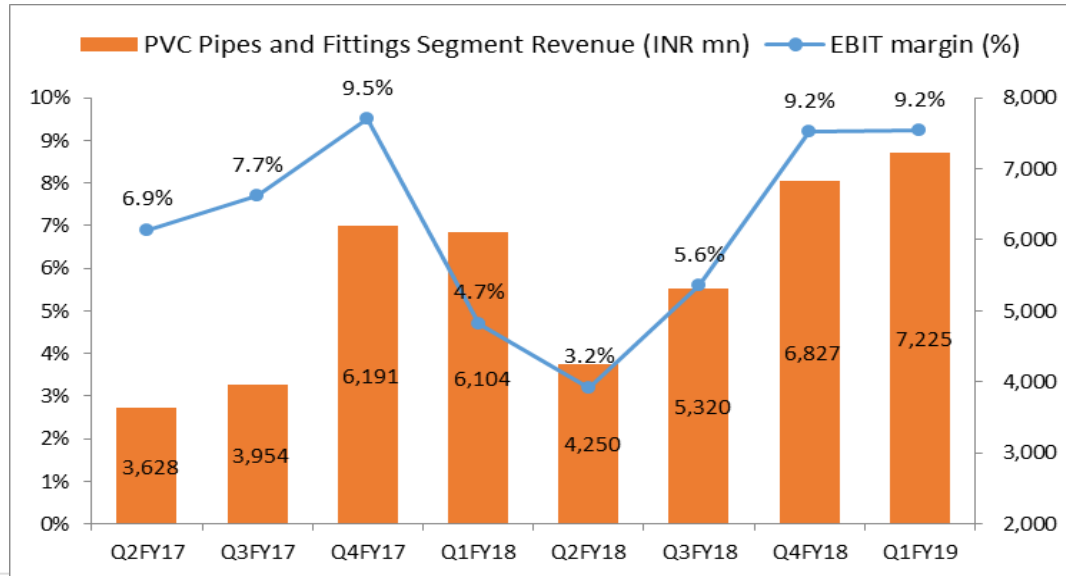
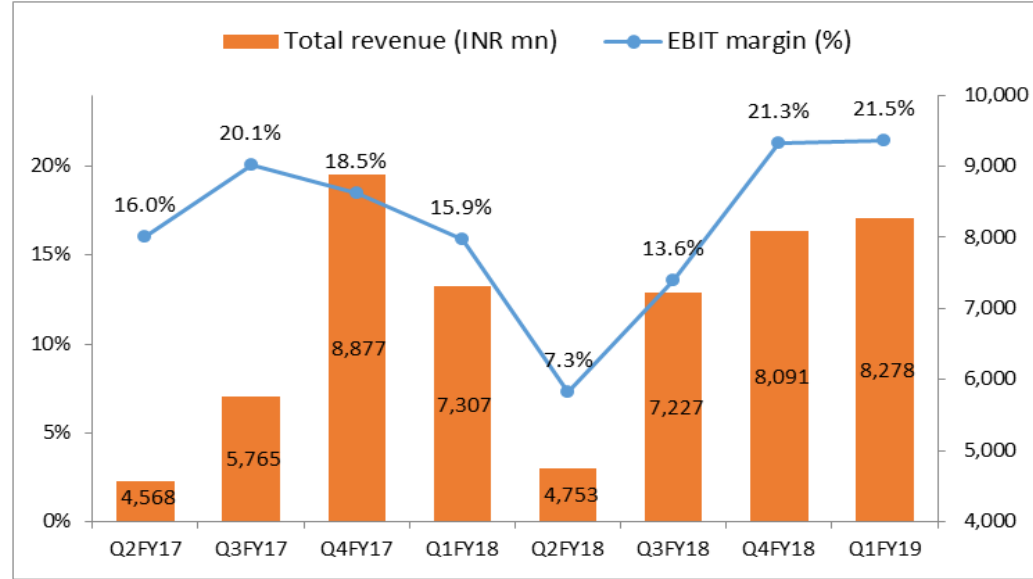
- PAT for Q1FY19 grew 29.4% to Rs 1,033 mn as against Rs 798 mn in Q1FY18

Segment revenue Rs. In mn



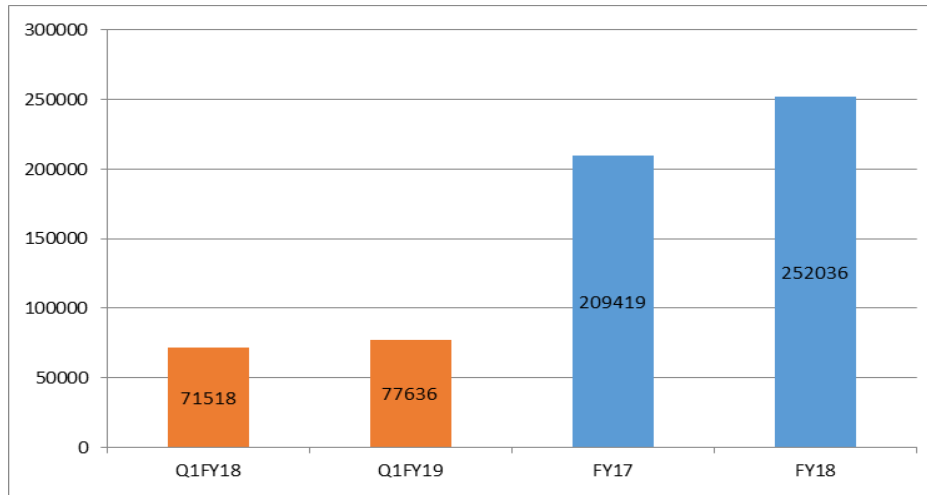
- Both, PVC resin and Pipes and Fittings segments, have performed well during the quarter.
- Derivative claim disclosed as contingent liability as at 31<sup>st</sup> March 2018 is settled and the expenditure thereon is shown as exceptional item in the results for the quarter. There are no more claims or liabilities on account of derivatives.

# Business Performance – Q1FY19

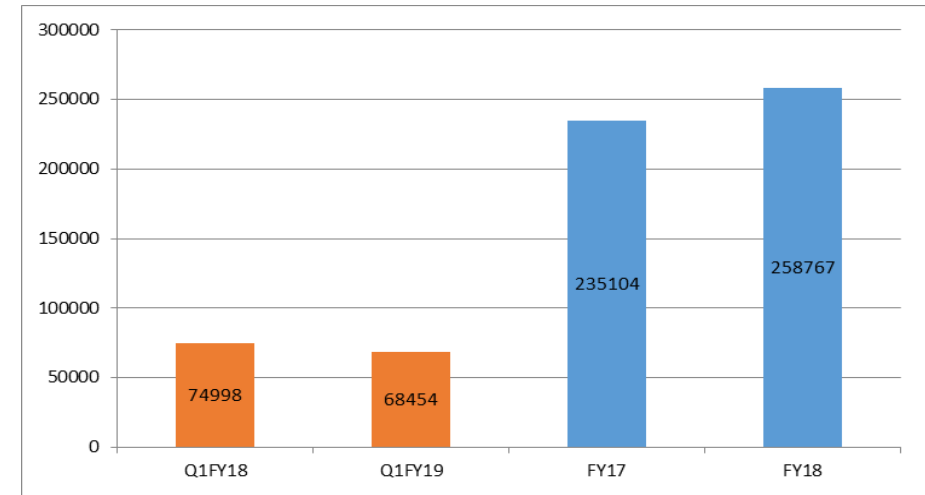


\* Including inter segment transfer

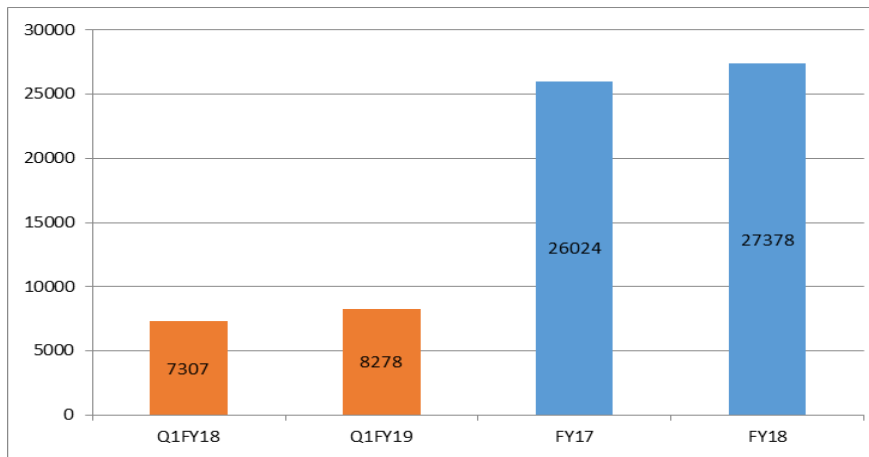
# Q1FY19 Results Summary



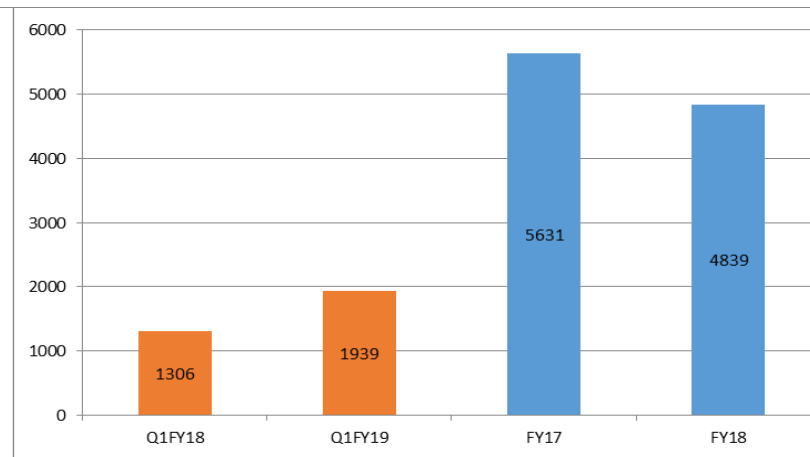
**Volumes (MT) Pipes & Fittings**



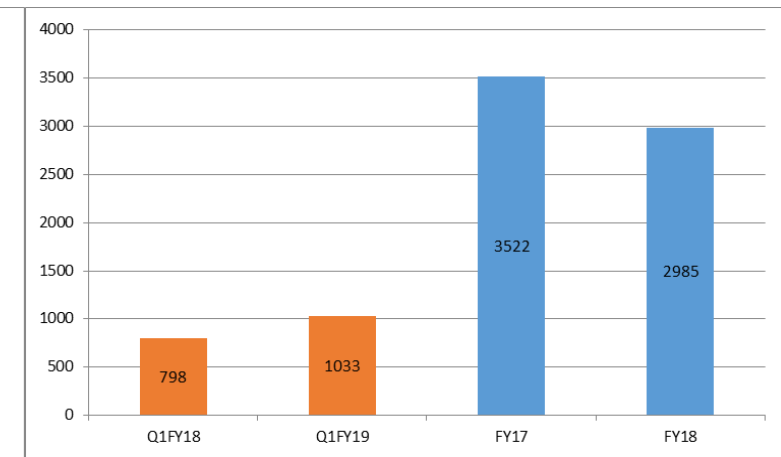
**Volumes (MT) PVC Resin \***



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



**EBITDA (INR Mn)**



**PAT (INR Mn)**

\* Including inter segment transfer

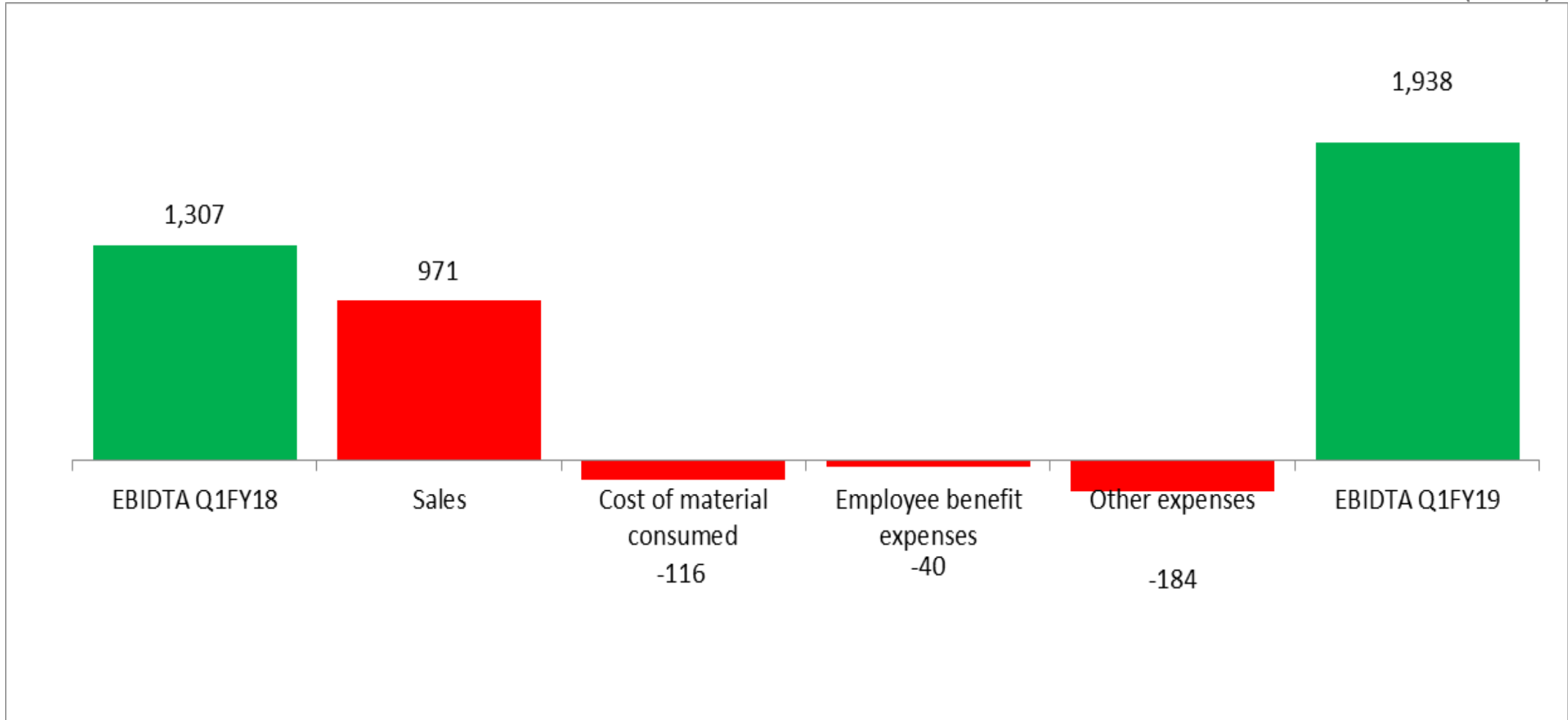
# Profit & Loss Account – Q1FY19

Particulars (INR Mn)	Q1FY19	Q1FY18	Inc / Dec (%)
Total Income from operations *	8,278	7,307	13.29%
EBIDTA	1,939	1,306	48.47%
EBIDTA margin (%)	23.4%	17.9%	
Depreciation	162	145	
EBIT	1,777	1,161	53.06%
EBIT %	21.5%	15.9%	
Other Income	137	38	
Finance costs	52	30	
PBT before exceptional items	1,862	1,170	56.07%
PBT %	22.5%	16.0%	
Exceptional items	279	0	
PBT after exceptional items	1,583	1,170	35.30%
Tax	550	372	
PAT	1,033	798	29.45%
PAT %	12.5%	10.9%	

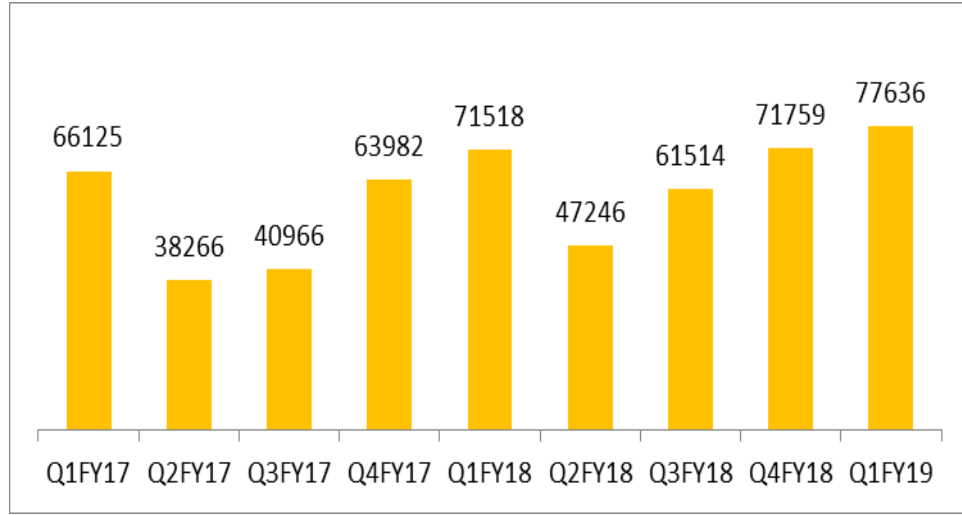
\* excluding duties and taxes

# EBITDA Bridge Chart Q1FY19

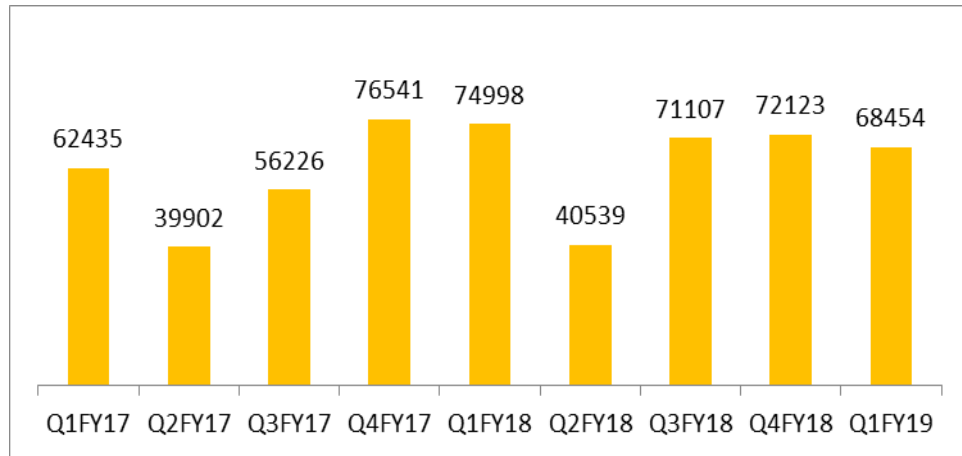
(INR Mn)



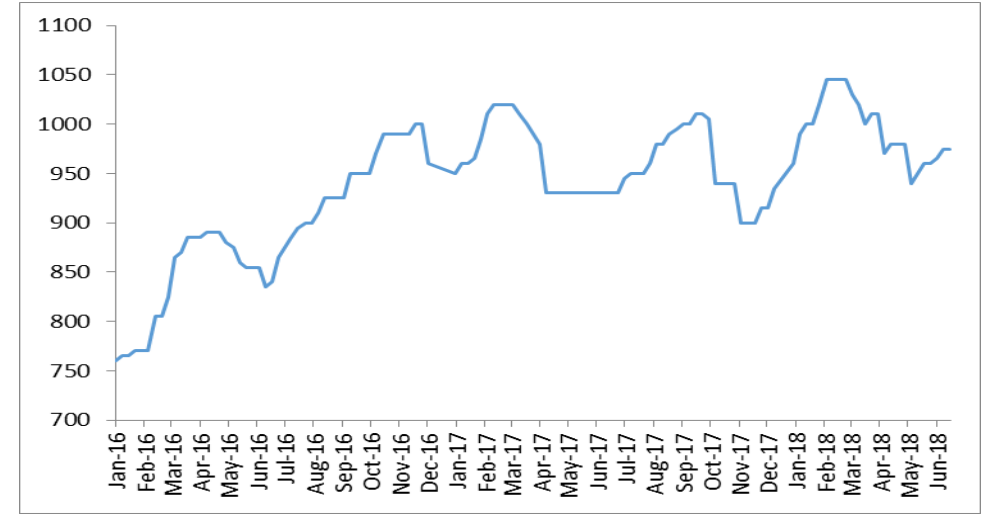
# Business Performance Trends



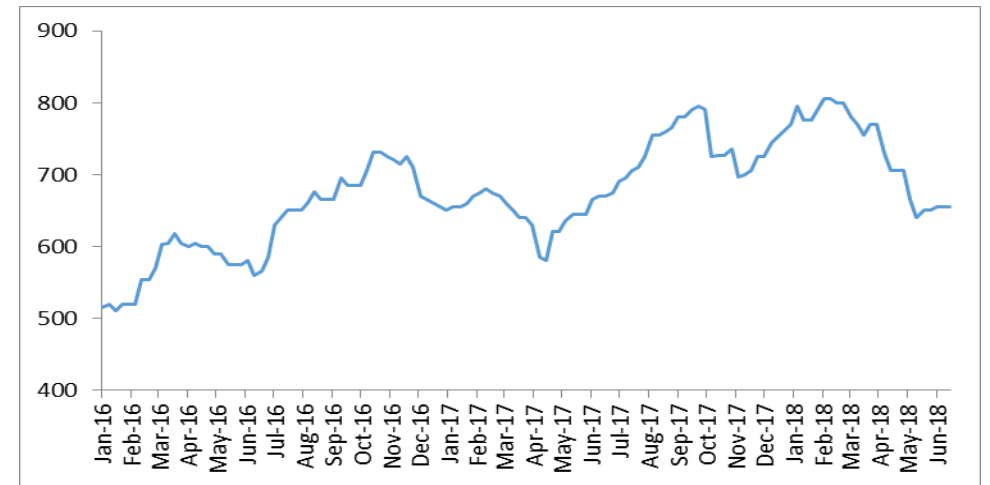
**Pipes & Fittings Volumes (MT)**



**PVC Volumes (MT)**



**PVC (USD/MT)**



**PVC/EDC Delta (USD/MT)**

## Quarterly - Profit & Loss

Particulars (INR Mn)	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
Total income from operations *	6,728	4,568	5,765	8,877	7,307	4,753	7,227	8,091	8,278
EBIDTA	1,592	870	1,296	1,785	1,306	496	1,133	1,879	1,939
<i>EBIDTA margins (%)</i>	<i>23.7%</i>	<i>19.0%</i>	<i>22.5%</i>	<i>20.1%</i>	<i>17.9%</i>	<i>10.4%</i>	<i>15.7%</i>	<i>23.2%</i>	<i>23.4%</i>
Depreciation	133	139	140	139	145	151	154	156	162
Other Income	32	89	29	94	38	109	103	28	137
Finance costs	50	33	59	11	30	38	(4)	34	52
PBT before exceptional items	1,441	788	1,126	1,729	1,170	416	1,086	1,717	1,862
<i>PBT margins (%)</i>	<i>21.4%</i>	<i>17.3%</i>	<i>19.5%</i>	<i>19.5%</i>	<i>16.0%</i>	<i>8.8%</i>	<i>15.0%</i>	<i>21.2%</i>	<i>22.5%</i>
Exceptional items	-	-	-	-	-	-	-	-	279
PBT after exceptional items	1,441	788	1,126	1,729	1,170	416	1,086	1,717	1,583
Tax	461	275	407	496	372	133	390	508	550
PAT	980	513	719	1,233	798	283	695	1,209	1,033
EPS	7.9	4.1	5.8	9.9	6.4	2.3	5.6	9.8	8.3

\* excluding duties and taxes



## Quarterly segmental - Profit & Loss

Particulars (INR Mn)	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
<b>Segmental revenues *</b>									
PVC	4,048	2,564	4,043	5,572	5,137	2,742	4,598	5,158	5,042
PVC pipes & fittings	5,829	3,628	3,954	6,191	6,104	4,250	5,320	6,827	7,225
Power	388	321	378	361	382	259	377	405	358
<b>Segmental profits</b>									
PVC	890	552	933	1,147	965	376	853	1,229	1,283
<b>% of Revenues</b>	<b>22.0%</b>	<b>21.5%</b>	<b>23.1%</b>	<b>20.6%</b>	<b>18.8%</b>	<b>13.7%</b>	<b>18.6%</b>	<b>23.8%</b>	<b>25.5%</b>
PVC pipes & fittings	568	252	303	590	286	135	297	628	666
<b>% of Revenues</b>	<b>9.7%</b>	<b>6.9%</b>	<b>7.7%</b>	<b>9.5%</b>	<b>4.7%</b>	<b>3.2%</b>	<b>5.6%</b>	<b>9.2%</b>	<b>9.2%</b>
Power	129	58	86	56	50	(7)	22	14	(4)
<b>% of Revenues</b>	<b>33.3%</b>	<b>18.1%</b>	<b>22.8%</b>	<b>15.5%</b>	<b>13.1%</b>	<b>(2.7%)</b>	<b>5.8%</b>	<b>3.5%</b>	<b>(1.1%)</b>
<b>Capital employed</b>									
PVC	5,214	5,056	6,354	5,623	5,660	4,007	3,858	5,239	5,500
PVC pipes & fittings	5,210	5,218	5,860	5,683	5,449	5,939	5,946	6,690	6,927
Power	2,674	2,374	2,375	2,170	2,328	2,138	2,124	2,161	2,365

\*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
<b>Growth in sales (YoY %)</b>	<b>2.15%</b>	<b>14.37%</b>	<b>0.94%</b>	<b>0.23%</b>	<b>4.85%</b>	<b>5.20%</b>
EBIDTA before exceptional items	3,587	3,966	2,111	4,044	5,630	4,839
<b>EBIDTA margins before exceptional items (%)</b>	<b>16.72%</b>	<b>16.17%</b>	<b>8.53%</b>	<b>16.29%</b>	<b>21.63%</b>	<b>17.67%</b>
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
<b>PBT Margin (%)</b>	<b>8.87%</b>	<b>9.86%</b>	<b>3.26%</b>	<b>15.04%</b>	<b>19.87%</b>	<b>16.03%</b>
PAT	1,361	1,701	478	2,544	3,522	2,985
<b>PAT Margin (%)</b>	<b>6.35%</b>	<b>6.93%</b>	<b>1.93%</b>	<b>10.25%</b>	<b>13.53%</b>	<b>10.90%</b>

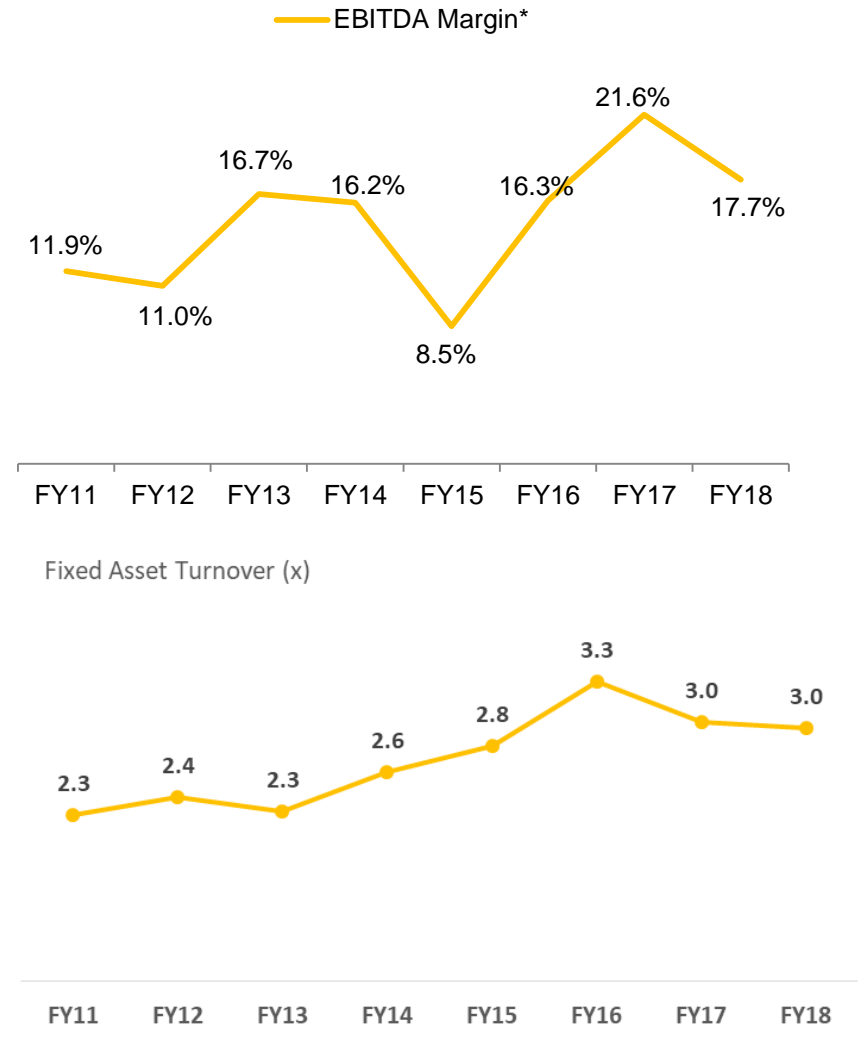
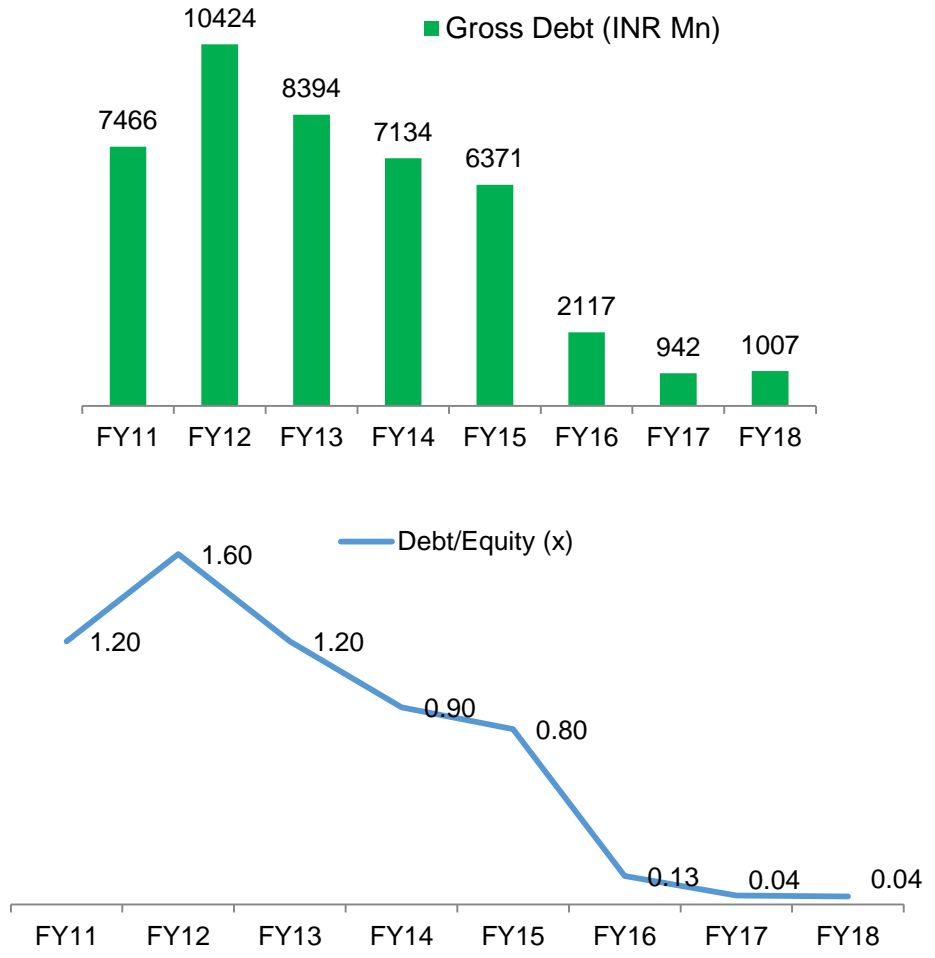
\*Figures as per IndAS

## Balance sheet - Key Indicators

Balance Sheet (INR Mn)	FY12	FY13	FY14	FY15	FY16*	FY17*	FY18*
<b>Equity and liabilities</b>							
Share capital	1,241	1,241	1,241	1,241	1,241	1,241	1,241
Reserves and surplus	5,381	5,971	6,656	6,633	14,458	21,673	26,405
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	1,117	942	1,007
<b>Total borrowings</b>	<b>10,424</b>	<b>8,394</b>	<b>7,134</b>	<b>6,371</b>	<b>1,117</b>	<b>942</b>	<b>1,007</b>
<b>Assets</b>							
Fixed assets (Net block)	7,840	8,795	9,052	8,678	8,496	8,551	8,842
Capital WIP	854	506	325	104	66	217	903
Non current investments	1,221	1,274	1,274	1,246	6,485	11,656	14,896
Current investments	3,711	2,322	941	551	1,687	566	656

\*Figures as per IndAS

# Trend in Key Ratios



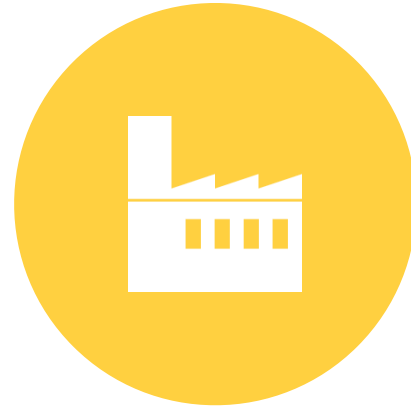
\*Standalone EBITDA Margin (EBITDA before Exceptional item and other income)

# 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.

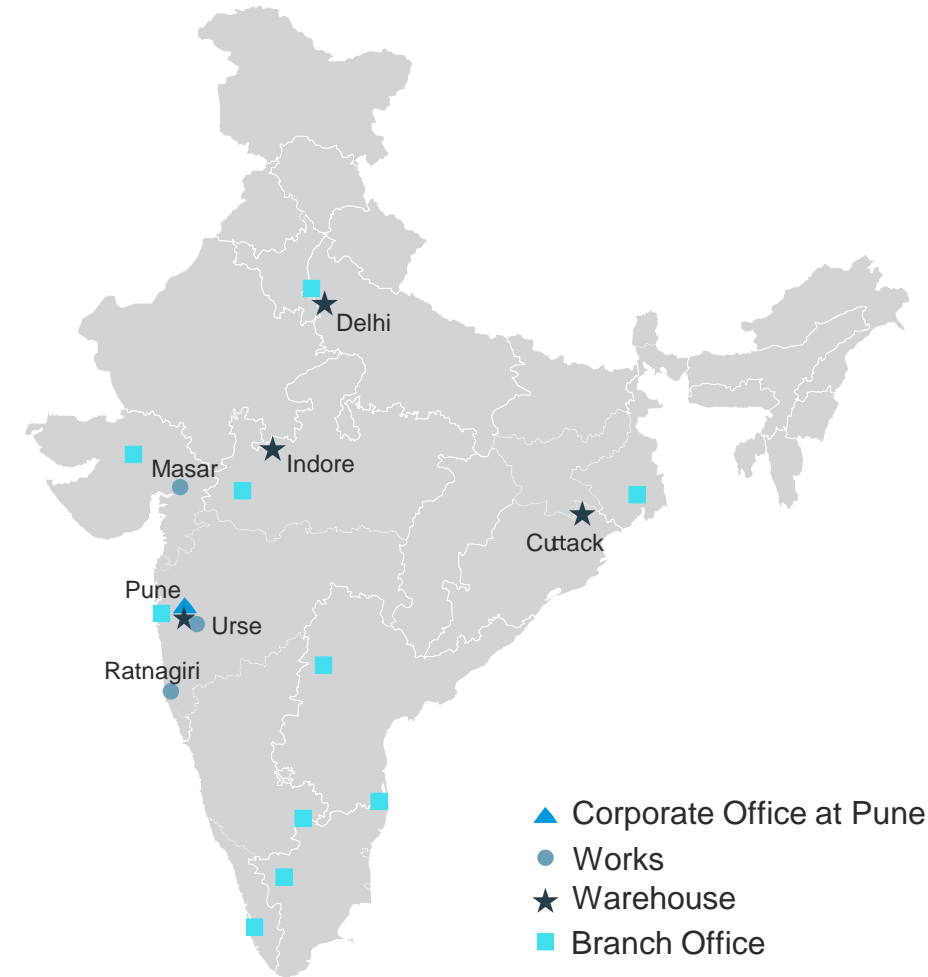
Out of the target of 5,07,750 Community/Public Toilet (CT/PT) seats, 2,70,360 have been constructed.

## 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 Q1FY19 – some snapshots




After having success with the summer splash collection, we are delighted to introduce the new collection of premium shirts and trousers at value prices. You can select from an array of colours, styles & sizes. We urge you to get your hands on this collection now!

**Steps to Place Your Order**  
 Step 1: Visit [www.finolexpipes.com](http://www.finolexpipes.com)  
 Step 2: Click on the Merchandise tab  
 Step 3: Register using your FinOlex ID  
 Step 4: Explore the new premium collection!

[CLICK HERE TO ORDER](#)




More than 300 top MEP Consultants, Builders, Architects and Dealers with their families/ friends were invited to witness IPL matches across 9 cities as an association building initiative.

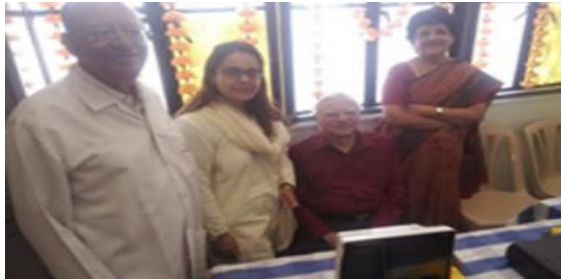
Distribution of an unique gift as desk souvenir on 5<sup>th</sup> June 2018 - World Environment Day - a sapling planted in Finolex Flowtrap (fittings SKU) to 300 builders and MEP consultants across Mumbai and Pune

Launch of Premium Shirts and Trousers on Finolex Pipes Website Merchandise store

Finolex Pipes organized Product Demo, technical presentation, Urse plant visit followed by Live IPL match viewing in Pune for 100+ MEP consultants from across India as an association building initiative

Finolex Pipes won the Best Stall Award at 24<sup>th</sup> Indian Plumbing Conference, Goa held on 27<sup>th</sup> and 28<sup>th</sup> April 2018

# CSR activities in Q1FY19 – some snapshots



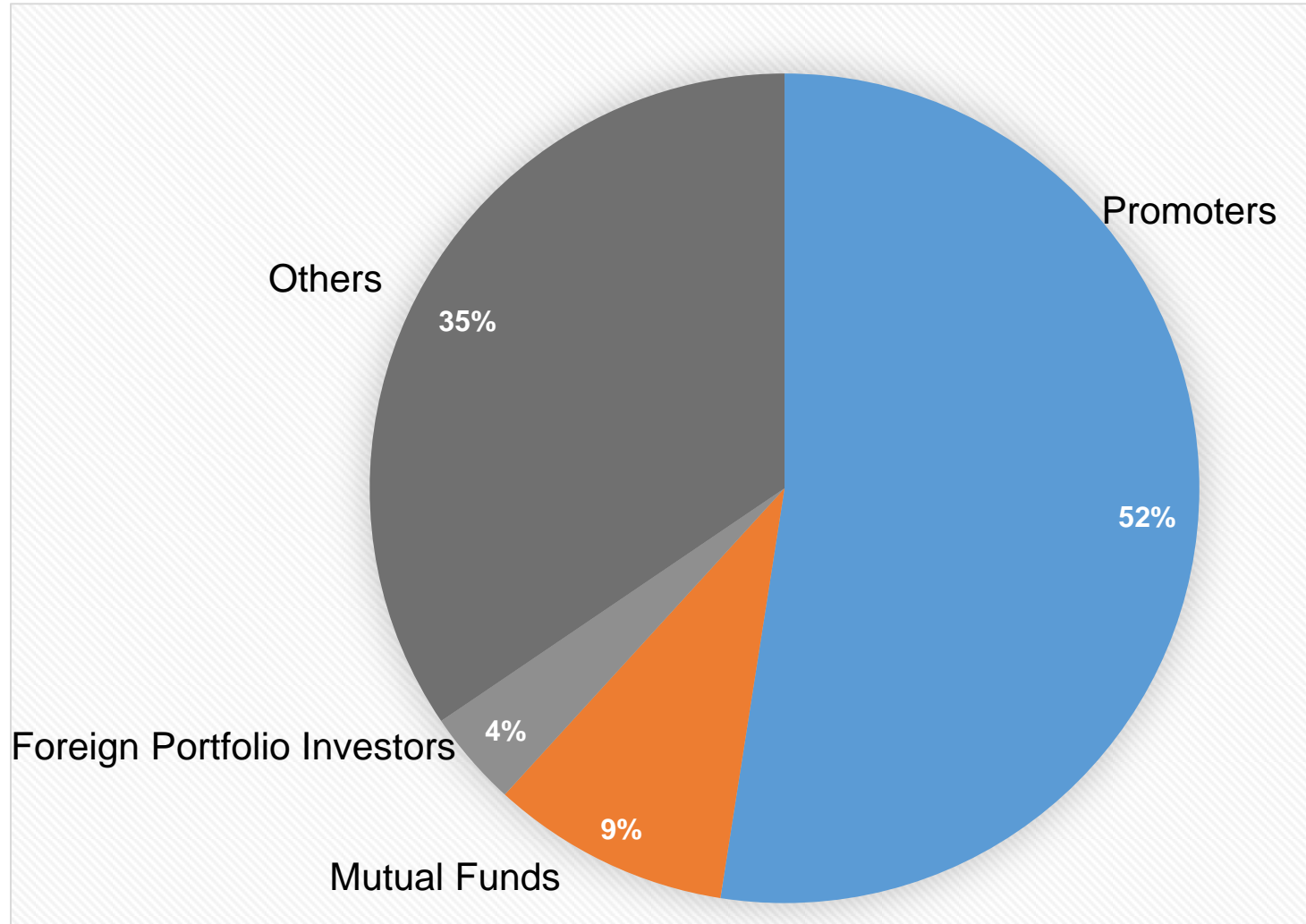
MMF and FIL inaugurated 12 bedded NICU at 2 PMC hospitals on 5<sup>th</sup> May 2018

MMF and FIL donated Nanoduct and Near Infrared Spectroscopy to KEM Hospital, Pune on 16<sup>th</sup> May 2018

FIL and Gulf Oil Lubricants undertook a joint initiative to donate 500 helmets to Ahmednagar Police on 29<sup>th</sup> May 2018

Amrutkumbha , a water reservoir at Wadgaon Anand, District, Pune was inaugurated by Mrs. Ritu Chhabria and Mr. Saurabh Rao, District Collector, Pune on 1<sup>st</sup> April 2018

# Shareholding Pattern as on June 30, 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 Ltd.

Volume Data

Sr. No.	Particulars	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
1	<b>Production in MT</b>												
a	PVC Resin	38,815	67,892	80,147	59,756	40,937	83,266	67,143	63,805	34,528	81,839	82,672	52,757
b	PVC pipes & fittings	41,801	45,089	63,144	66,693	40,416	44,844	57,071	74,054	52,672	61,887	71,774	73,276
2	<b>Sales in MT</b>												
a	PVC Resin-External	17,535	29,952	41,418	12,751	13,080	25,281	36,124	15,725	6,494	27,967	17,126	13,048
	PVC Resin-Inhouse	23,977	30,590	41,675	49,684	26,822	30,945	40,417	59,273	34,045	43,140	54,997	55,406
	<b>Total PVC</b>	41,512	60,542	83,093	62,435	39,902	56,226	76,541	74,998	40,539	71,107	72,123	68,454
b	PVC Pipes	37,194	39,163	63,387	62,255	34,218	37,652	59,865	68,171	43,032	56,842	66,753	73,065
c	PVC Fittings	3,494	3,282	4,306	3,870	4,048	3,314	4,117	3,347	4,214	4,672	5,005	4,571
	<b>Total Pipes and Fittings</b>	40,688	42,445	67,693	66,125	38,266	40,966	63,982	71,518	47,246	61,514	71,758	77,636
	<b>In MWH</b>												
1	Power generated	39428	49602	46180	55,243	46,909	55,710	53,640	57,999	36,277	56,559	57,912	51,220