



FINOLEX INDUSTRIES LIMITED

Q1 FY20 RESULTS



Q1FY20 vs Q1FY19 – Business Performance Highlights

Revenue

- Revenue registered a y-o-y growth of 14.0% to Rs 9,438 mn

Volume

- PVC Resin volume registered a y-o-y increase of 14.7% to 78,512 MT.
- Pipe and Fittings volume registered a y-o-y growth of 18.1% to 91,655 MT.

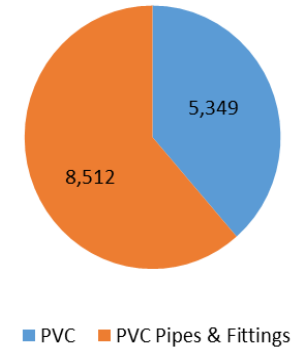
Operating Performance (EBIT)

- EBIT margins at 11.3% as compared to 21.5 %.
- PVC Resin EBIT margin at 7.7% as compared to 24.5%.
- PVC Pipes and Fittings EBIT margin at 8.5% as compared to 8.2%.

PAT

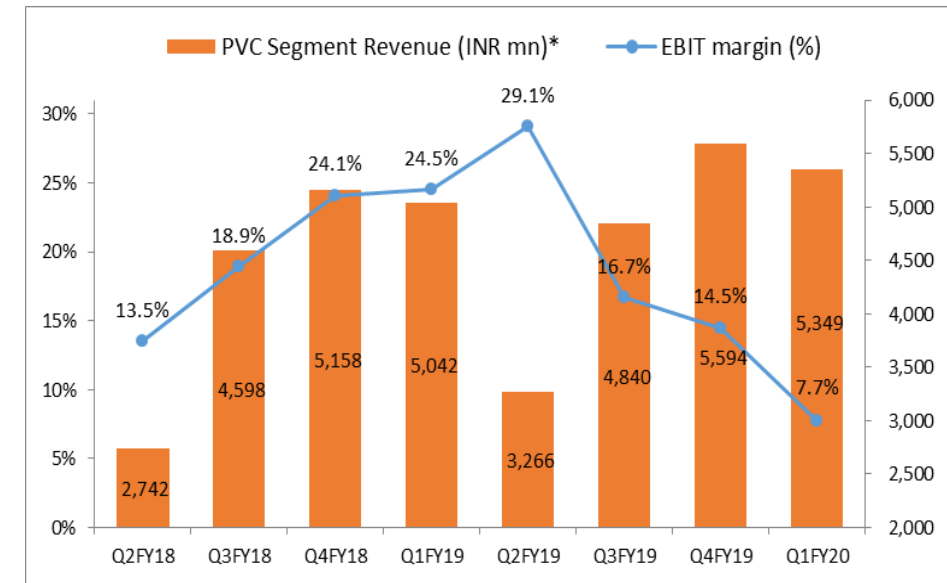
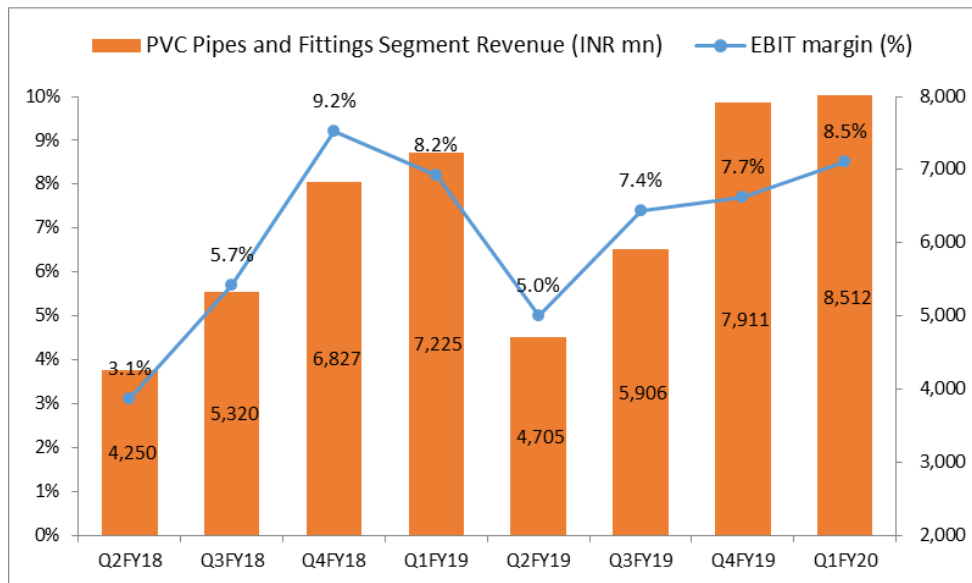
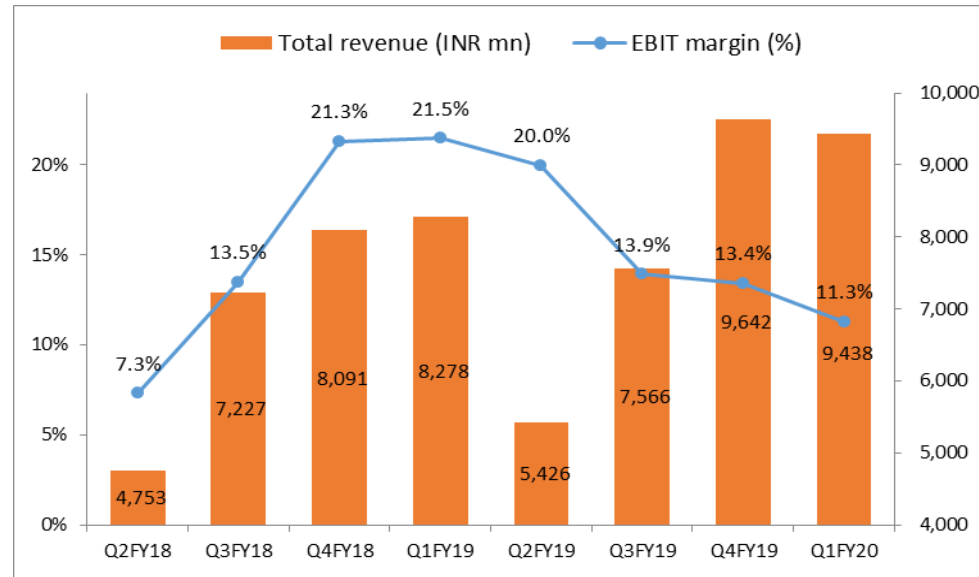
- PAT was lower by 29.8% to Rs. 725 mn as against Rs 1,033 mn in Q1FY19.

Segment Revenue Rs. In mn



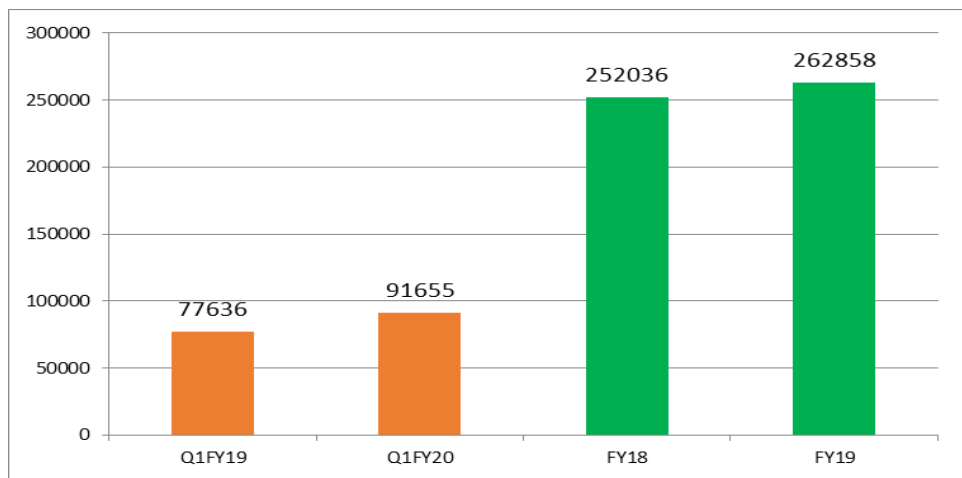
PVC Pipes and Fittings segment witnessed a good volume growth and better results. However, lower PVC/EDC delta due to fall in PVC price and higher EDC price has reduced the margin in PVC segment on y-o-y basis.

Business Performance – Q1FY20

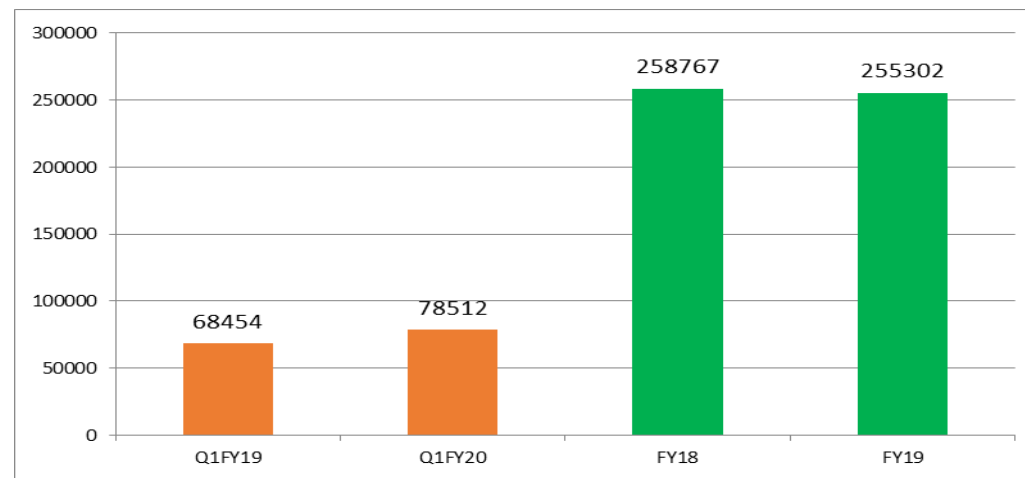


* Including inter segment transfer

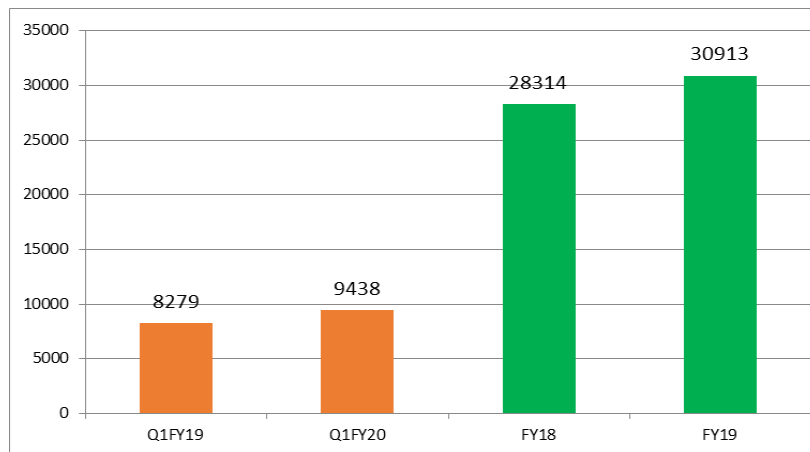
Q1FY20 Results Summary



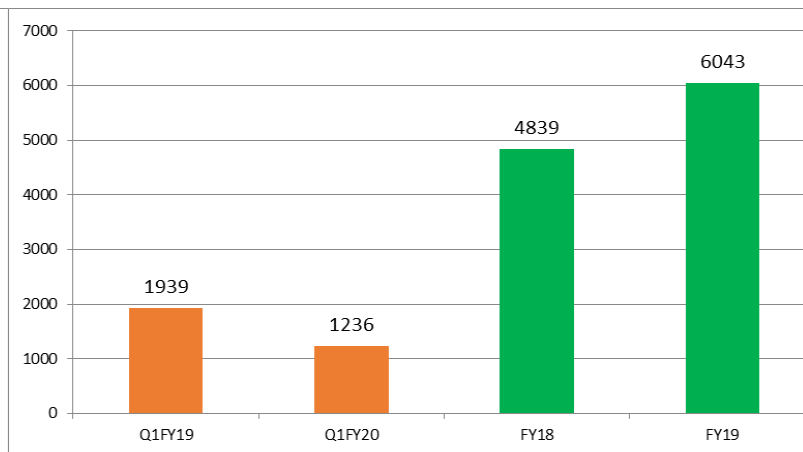
Volumes (MT) Pipes & Fittings



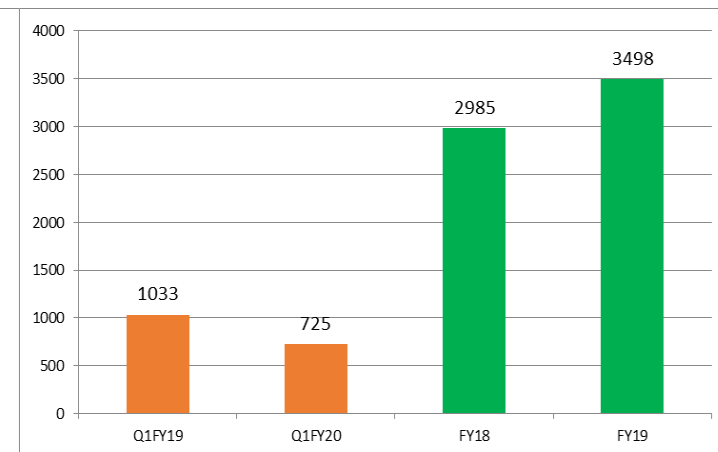
Volumes (MT) PVC Resin *



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



EBITDA (INR Mn)



PAT (INR Mn)

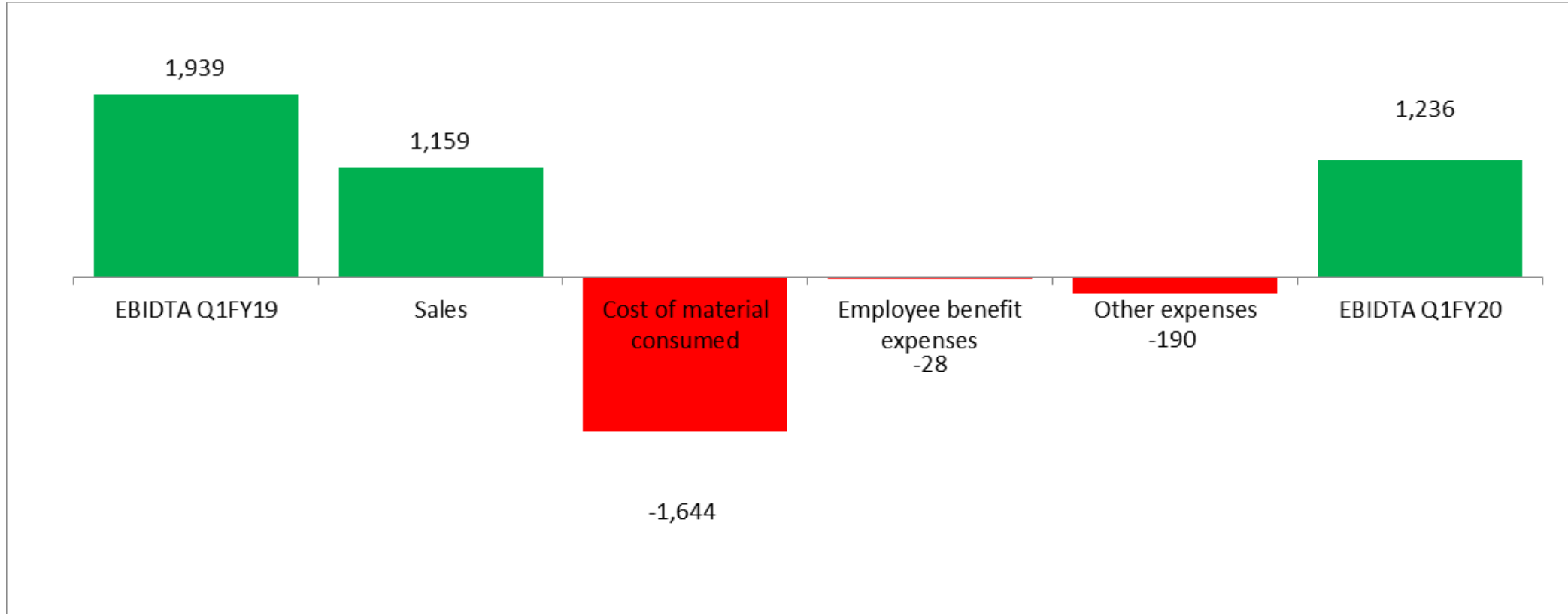
* Including inter segment transfer

Profit & Loss Account – Q1FY20

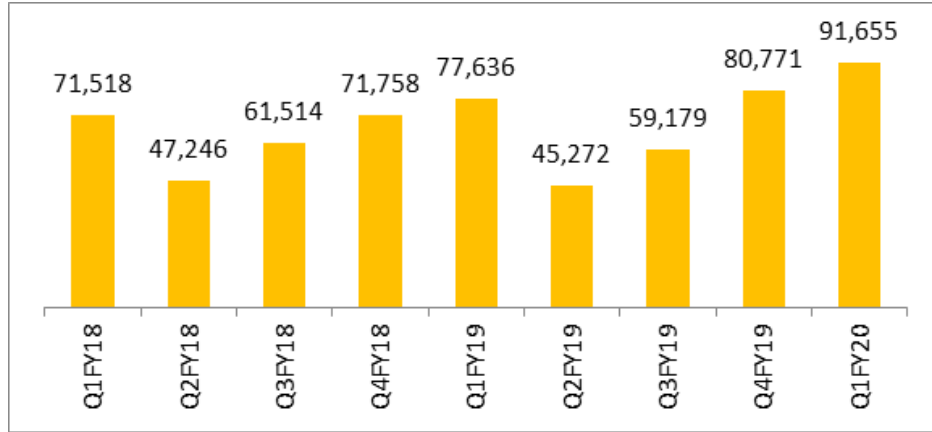
Particulars (INR Mn)	Q1FY20	Q1FY19	Inc / Dec (%)
Total Income from operations	9,438	8,279	14.0%
EBIDTA	1,236	1,939	-36.3%
<i>EBIDTA margin (%)</i>	<i>13.1%</i>	<i>23.4%</i>	
Depreciation	168	162	
EBIT	1,068	1,777	-39.9%
<i>EBIT %</i>	<i>11.3%</i>	<i>21.5%</i>	
Other Income	57	137	
Finance costs	9	52	
Profit before exceptional items	1,116	1,862	
<i>PBT %</i>	<i>11.8%</i>	<i>22.5%</i>	
Exceptional items	-	279	
Profit after exceptional items	1,116	1,583	-29.5%
<i>PBT %</i>	<i>11.8%</i>	<i>19.1%</i>	
Tax	391	550	
PAT	725	1,033	-29.8%
<i>PAT %</i>	<i>7.7%</i>	<i>12.5%</i>	

EBIDTA Bridge Chart Q1FY20

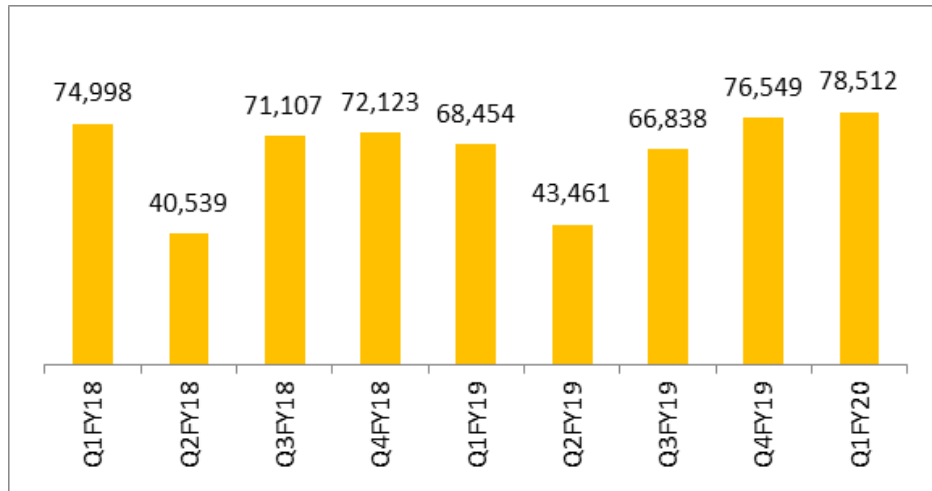
(INR Mn)



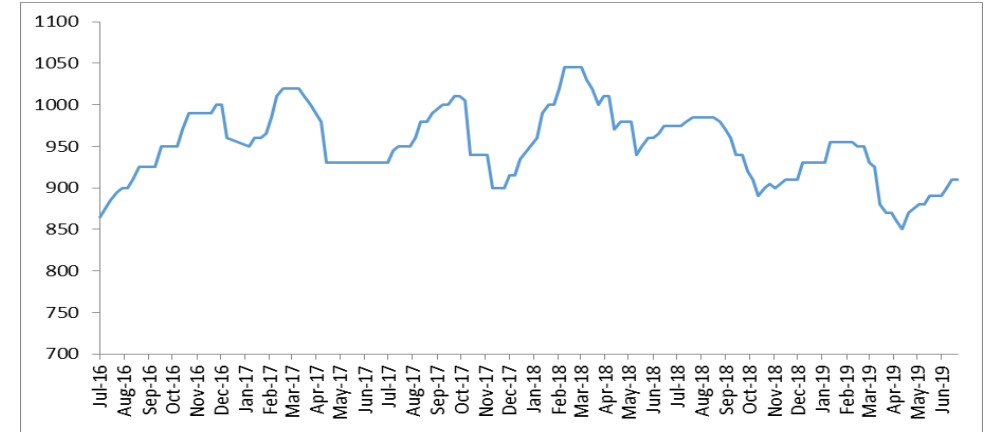
Business Performance Trends



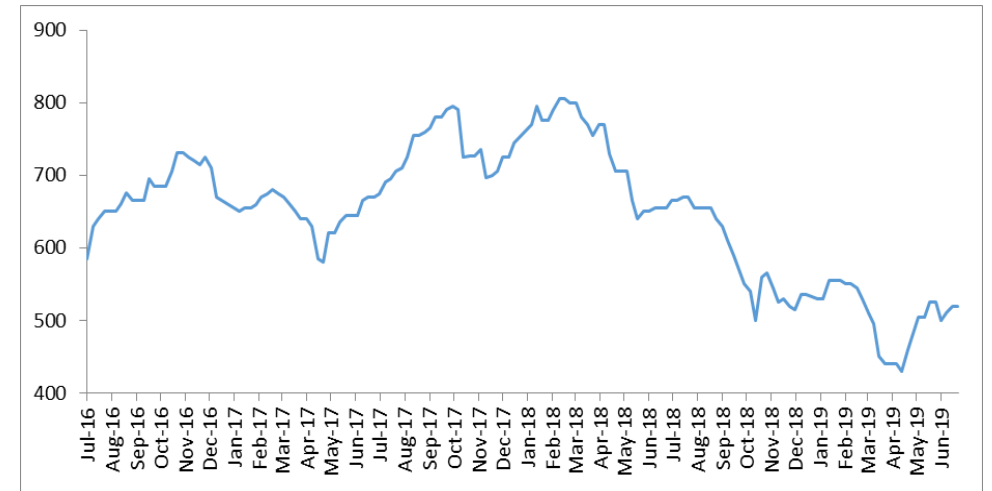
Pipes & Fittings Volumes (MT)



PVC Volumes (MT)



PVC (USD/MT)



PVC/EDC Delta (USD/MT) *

Quarterly - Profit & Loss

Particulars (INR Mn)	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20
Total income from operations *	7,307	4,753	7,227	8,091	8,278	5,426	7,566	9,642	9,438
EBIDTA	1,306	496	1,133	1,879	1,939	1,249	1,250	1,465	1,236
<i>EBIDTA margins (%)</i>	<i>17.9%</i>	<i>10.4%</i>	<i>15.7%</i>	<i>23.2%</i>	<i>23.4%</i>	<i>23.0%</i>	<i>16.5%</i>	<i>15.2%</i>	<i>13.1%</i>
Depreciation	145	151	154	156	162	166	196	177	168
Other Income	38	109	102	28	137	123	173	122	57
Finance costs	30	38	(4)	34	52	29	17	24	9
PBT before exceptional items	1,170	416	1,086	1,717	1,862	1,177	1,209	1,387	1,116
<i>PBT margins (%)</i>	<i>16.0%</i>	<i>8.8%</i>	<i>15.0%</i>	<i>21.2%</i>	<i>22.5%</i>	<i>21.7%</i>	<i>16.0%</i>	<i>14.4%</i>	<i>11.8%</i>
Exceptional items	-	-	-	-	279	-	-	-	-
PBT after exceptional items	1,170	416	1,086	1,717	1,583	1,177	1,209	1,387	1,116
Tax	372	133	390	508	550	413	422	473	391
PAT	798	283	695	1,209	1,033	764	787	914	725
EPS	6.4	2.3	5.6	9.8	8.3	6.2	6.3	7.4	5.8

* excluding duties and taxes

Quarterly segmental - Profit & Loss

Particulars (INR Mn)	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20
Segmental revenues *									
PVC	5,137	2,742	4,598	5,158	5,042	3,266	4,840	5,594	5,349
PVC pipes & fittings	6,104	4,250	5,320	6,827	7,225	4,705	5,906	7,911	8,512
Segmental profits									
PVC	1001	371	870	1,242	1,236	950	809	810	413
% of Revenues	19.5%	13.5%	18.9%	24.1%	24.5%	29.1%	16.7%	14.5%	7.7%
PVC pipes & fittings	301	133	302	629	596	237	438	612	724
% of Revenues	4.9%	3.1%	5.7%	9.2%	8.2%	5.0%	7.4%	7.7%	8.5%
Capital employed									
PVC	7,313	5,461	5,515	6,821	7,292	5,929	6,457	6,046	6,063
PVC pipes & fittings	5,891	6,623	6,413	7,269	7,500	8,333	8,975	8,713	8,278

*excluding duties and taxes

Captive Power Plant as a separate segment is no longer material compared to the Company's overall operations and the management does not analyse its performance separately. Therefore as per Ind AS 108 "Operating Segments", the Company has decided to disclose only two segments i.e. PVC resin and PVC pipes & fittings

Profit & Loss - Key Indicators

Profit & loss account (INR Mn)	FY14	FY15	FY16*	FY17*	FY18*	FY19*
Revenue from Operations (excl. excise duty)	24,531	24,762	24,819	26,024	27,378	30,913
Growth in sales (YoY %)	14.37%	0.94%	0.23%	4.85%	5.20%	12.91%
EBIDTA before exceptional items	3,966	2,111	4,044	5,630	4,839	6,043
EBIDTA margins before exceptional items (%)	16.17%	8.53%	16.29%	21.63%	17.67%	19.55%
EBIDTA after exceptional items	3,268	1,896	4,289	5,630	4,839	5,764
PBT	2,419	808	3,733	5,170	4,388	5,356
PBT Margin (%)	9.86%	3.26%	15.04%	19.87%	16.03%	17.32%
PAT	1,701	478	2,544	3,522	2,985	3,498
PAT Margin (%)	6.93%	1.93%	10.25%	13.53%	10.90%	11.32%

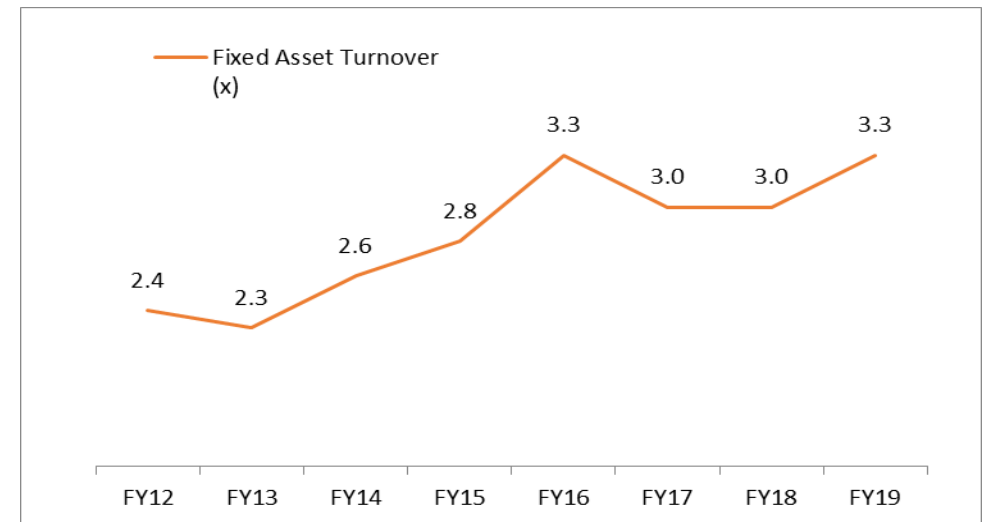
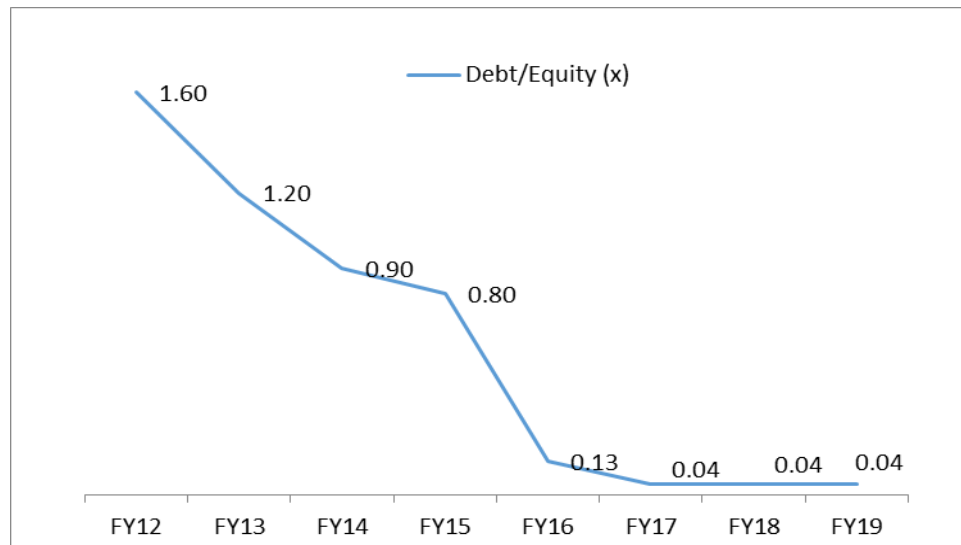
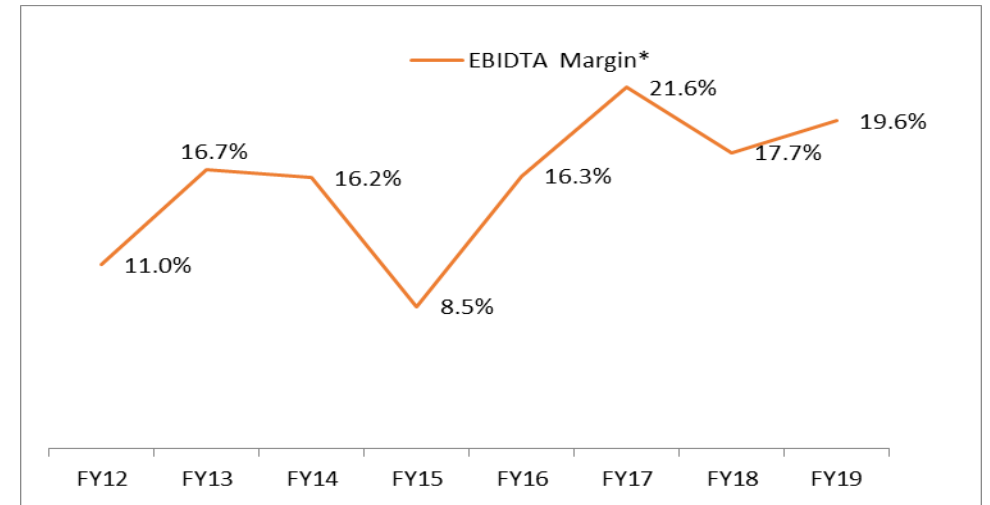
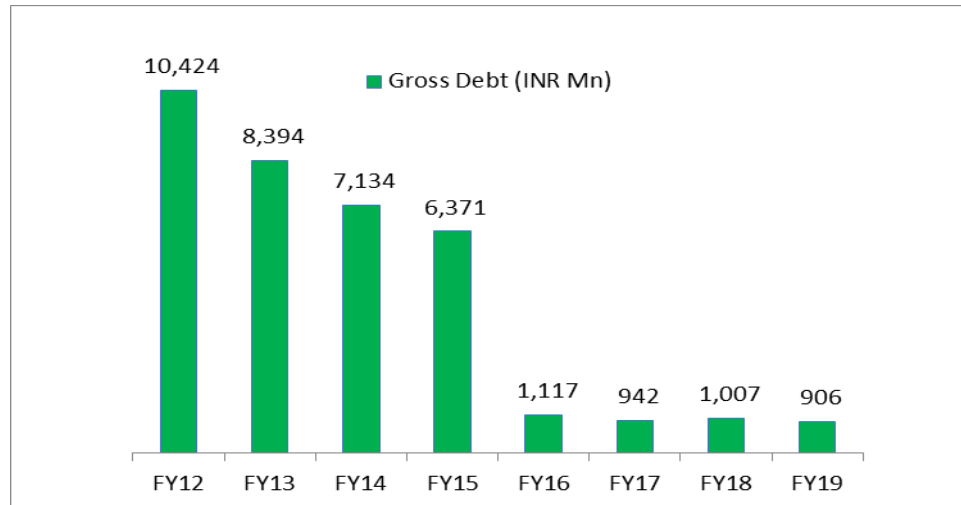
*Figures as per IndAS

Balance sheet - Key Indicators

Balance Sheet (INR Mn)	FY13	FY14	FY15	FY16*	FY17*	FY18*	FY19*
<i>Equity and liabilities</i>							
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	24,043
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	906
Total borrowings	8,394	7,134	6,371	1,117	942	1,007	906
<i>Assets</i>							
Fixed assets (Net block)	8,795	9,052	8,678	8,496	8,551	8,842	9,509
Capital WIP	506	325	104	66	217	903	902
Non current investments	1,274	1,274	1,246	6,485	11,656	14,896	10,769
Current investments	2,322	941	551	1,687	566	656	2,261

*Figures as per IndAS

Trend in Key Ratios



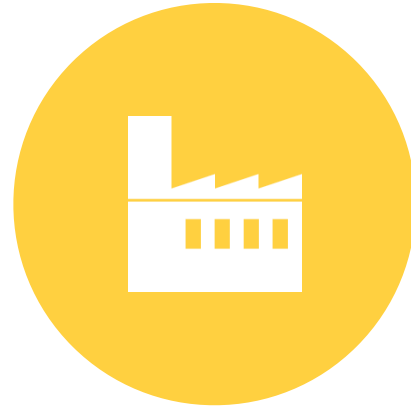
*Standalone EBITDA Margin (EBITDA before Exceptional item and other income)

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.



-Allocation for Agriculture stands at Rs.1,51,518 Crores, increase of 75% over interim budget

-"Gaon, gharib aur kisan" to be the main focus of the government.

-PM Kisan scheme aimed at providing structured incomes support to poor and rural farmers of Rs 6,000 per year for farmers with land holdings below two hectares

-Increased focus on agriculture infrastructure and zero-budget farming



-New Jal Shakti Mantralaya set up for management of water resources

-Main focus on management of water resources and water supply in an integrated and holistic manner

-Pradhan Mantri Krishi Sinchai Yojana has been allocated Rs.4115.56 Crores for irrigation purposes

-Addition of Rs 20,000 crores to the corpus of Long Term Irrigation Fund

-A dedicated Micro Irrigation Fund to be set up in NABARD to achieve the goal, 'per drop more crop'. The Fund will have an initial corpus of Rs 5,000 crores



-Ease of doing business and ease of living to apply to farmers. APMC-Agriculture Produce Marketing Cooperatives to play a crucial role in getting a fair price for farmer produce.

- Direct marketing of vegetables, fruits, dairy and fishery products through farmers' cooperative organizations to ensure that farmers earn better prices for their produce.

- 10,000 new farmer producer organizations (FPOs) to ensure economies of scale for farmers over the next five years.



-Allocations for interest rates subsidies for short term credit to farmers : 2% interest subsidy to be given to farmers involved in animal husbandry and farm allied activities via the kisan credit card scheme. An additional 3% subsidy has also been announced on timely payment of loans.

-Pradhan Mantri Fasal Bima Yojana: allocated Rs.14000 Crores

- Pension scheme for all farmers-Pradhan Mantri Maan Sammaan Yojana-focus is on risk management via crop insurance.

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



-Under the 'House for All by 2022' mission, the government aims to build 1.95 crore houses under the Pradhan Mantri Awaas Yojana (Gramin) scheme

-Further incentives to drive affordable housing. Government has proposed interest deduction up to Rs.3.5 lakh for affordable housing priced below ₹45 lakh as against ₹2 lakh earlier for loans availed until March 31, 2020.

-Total benefit of Rs.7 lakhs over a loan period of 15 years.

-This would benefit first-time middle class home owners providing a boost to the housing sector.

-Jal Jeevan Mission to achieve "Har Ghar Jal" by 2024



- The Company has 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 product has been highly appreciated and has brought renewed interest among the existing and new dealers.



- Swachh Bharat Mission (Gramin) has brought about enormous environmental and health benefits.

- 9.6 Crore public toilets have been constructed and more than 5.6 lakh villages have become open-defecation free (ODF).

- Swachh Bharat Mission expanded to undertake sustainable solid waste management in every village.

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
- 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

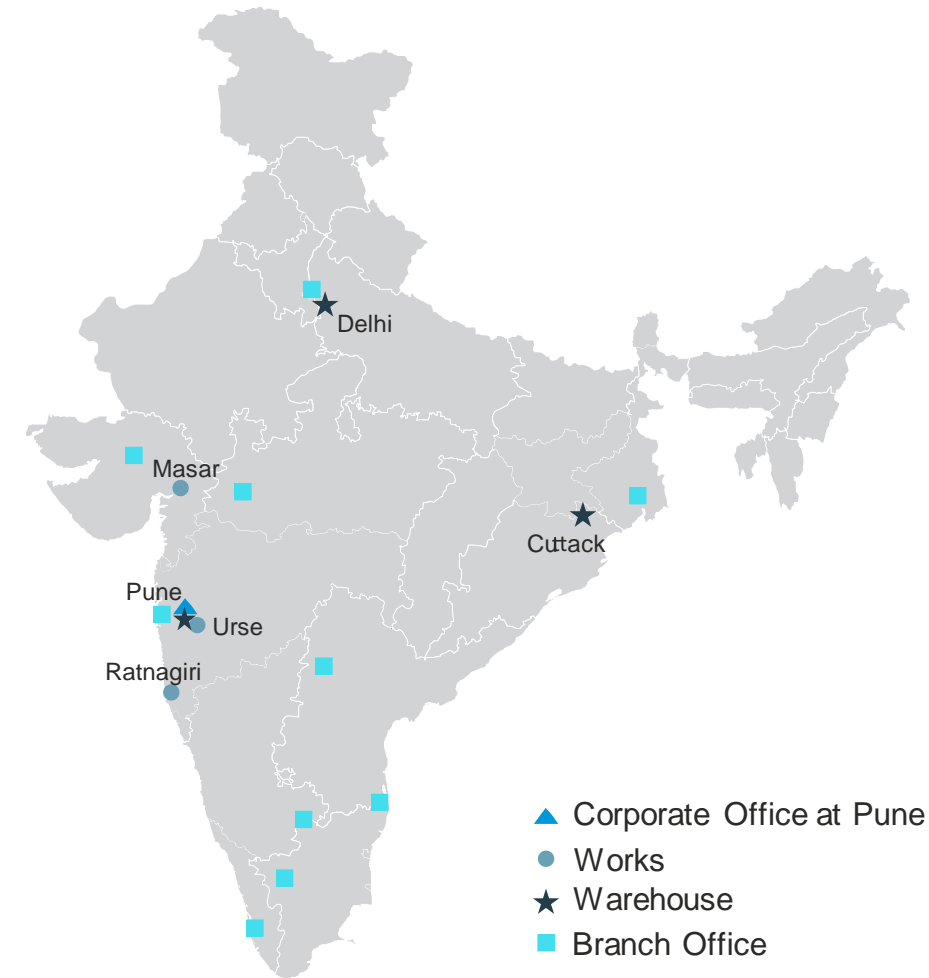
- 1.95 crore houses to be constructed under the flagship housing scheme Pradhan Mantri Awas Yojana
- PMAY has received an allocation of Rs.19,000 crore in the recent budget.
 - The government has allocated Rs 6,450 crore for the Smart Cities Mission for 2019-2020.
 - The government has allocated Rs 7,300 crore under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme that is targeted at upgrading urban infrastructure across 500 towns and cities.
- Swachh Bharat Mission has received an allocation of Rs. 12644 Crores.
- ‘Nal se Jal’ scheme to provide piped water connection to every household by 2024.

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



CSR activities in Q1FY20 – some snapshots



Life saving equipment worth Rs. 80 lakh donated to Sassoon hospital on the 2nd Anniversary of our association with them.



77 individual toilets equipped with solar lights inaugurated in the villages of Keltan , Sapane and Keralgaon dist in Maharashtra



Desilt and clean Masar village pond under Sujalam Sufalam Water conservation project by Govt. Of Gujarat



312 women farmers felicitated supported with Seeds and Training in Osmanabad district

CSR activities in Q1FY20 – some snapshots



Health Camp conducted at Yerwada jail where 265 women prisoners and 14 children underwent health check-up . 149 were identified with medical issues and prescribed medicines before being referred to local hospitals .

Awards



FIL and CSR partner MMF received the Economic Times Rotary CSR award for distinguished service to the society at the hands of Shri Girish Bapat and Dr. PaLekar

Branding Activities

CNBC NSE FinWiz

Bengali Movie “Durgeshgorer Guptodhon”
Integration and Screening - West Bengal



Employee Interaction done between FIL Ratnagiri
employees and the Financial experts



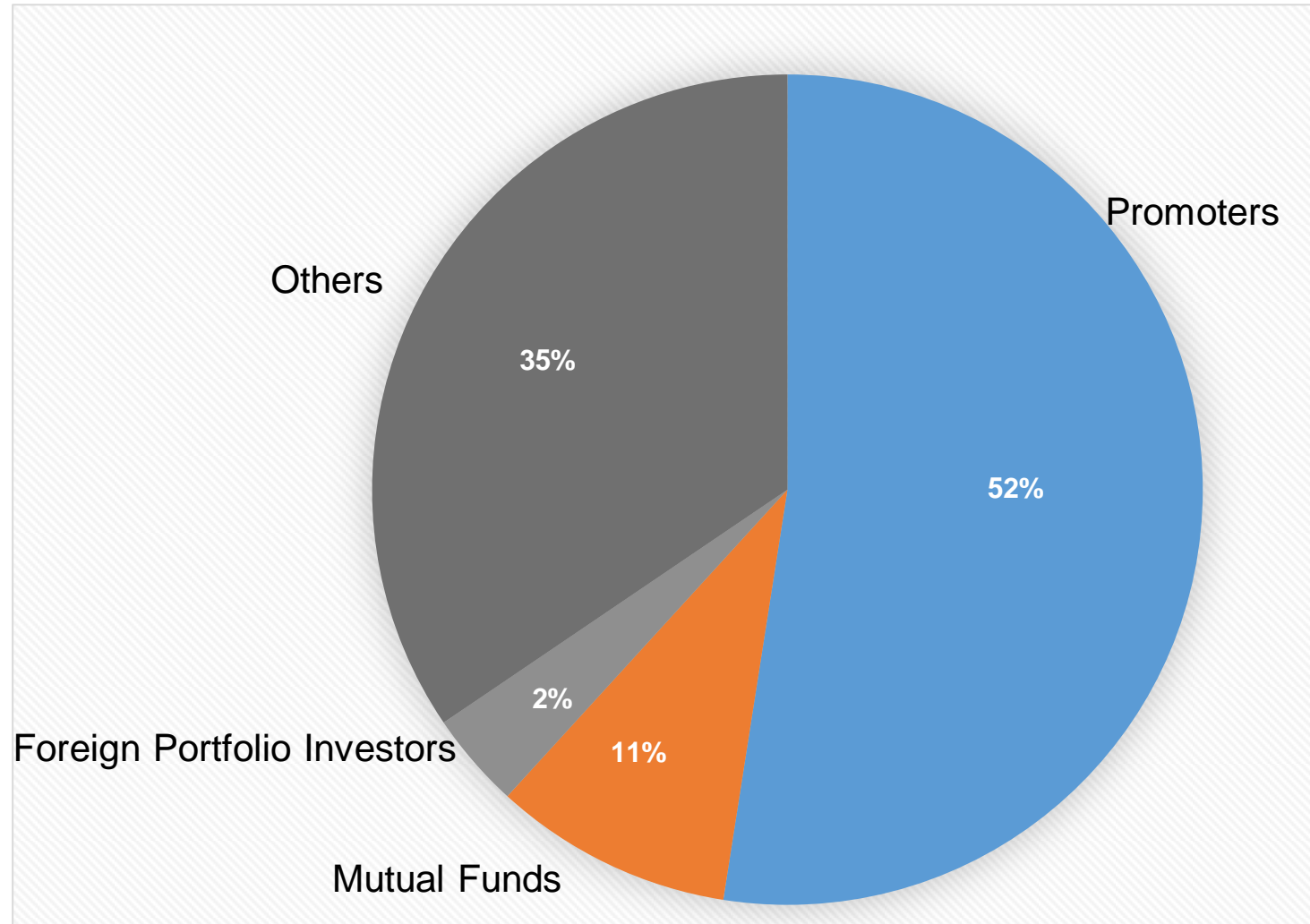
Pandharpur Wari 2019



Distribution to warkaris –
PP bags – 2 Lakh
Hari Path - 1 Lakh.
Kunchi – 25,000.
Gandhi Caps- 10,000.



Shareholding Pattern as on June 30, 2019





Agri Pipes and Fittings



Column Pipes



Casing Pipes



ASTM Pipes and Fittings



CPVC Pipes and Fittings




Sewerage Pipes



Solvent Cement


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