



FINOLEX INDUSTRIES LIMITED

# Q2 FY20 RESULTS



# Q2FY20 vs Q2FY19 – Business Performance Highlights

## Revenue

- Revenue registered a y-o-y growth of 6.3% to Rs. 5,767 mn

## Volume

- PVC Resin volume registered a y-o-y decrease of 4.7% to 41,422 MT.
- Pipe and Fittings volume registered a y-o-y growth of 6.1% to 48,024 MT.

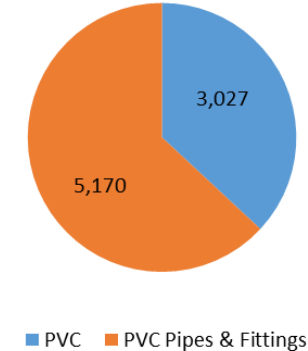
## Operating Performance (EBIT)

- EBIT margins at 10.9% as compared to 20.0%.
- PVC Resin EBIT margin at 14.9% as compared to 28.1%.
- PVC Pipes and Fittings EBIT margin at 4.6% as compared to 3.9%.

## PAT

- PAT higher by 34.4% at Rs.1,027mn as against Rs 764 mn in Q2FY19.

Segment Revenue Rs. In mn



In PVC segment, lower PVC/EDC delta due to lower PVC price and higher EDC price has reduced the margin on y-o-y basis, while on q-o-q basis, the margin has improved. In Pipes segment, the volume growth is only 6% due to heavy rains during this monsoon quarter. In spite of lower EBIT, PAT is higher due to revision in tax provisions in line with Taxation Laws Amendment Ordinance 2019.

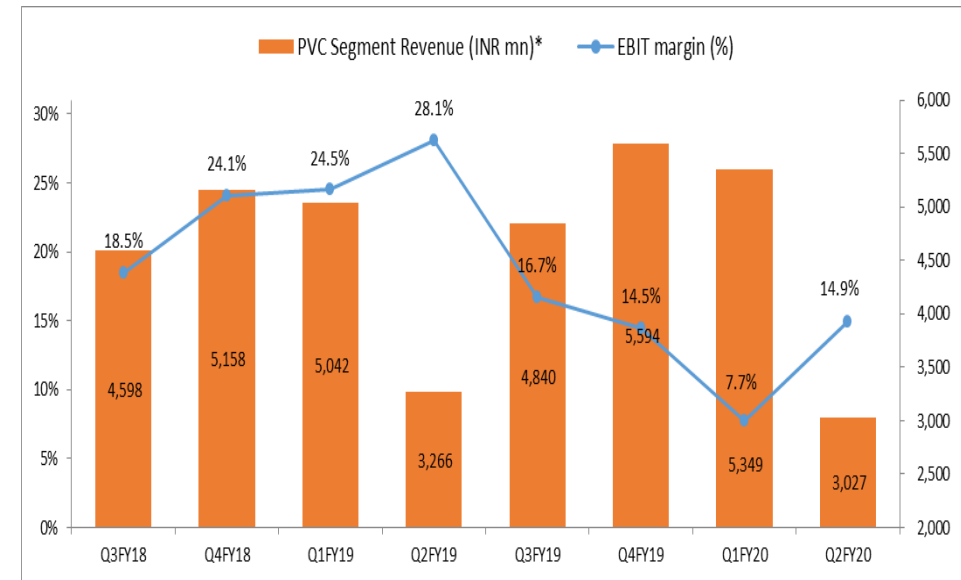
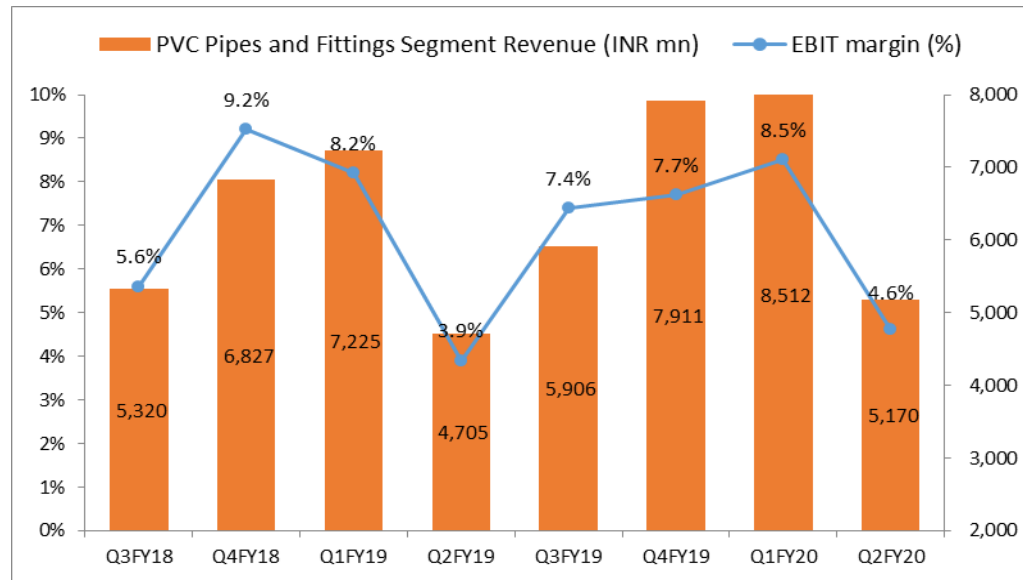
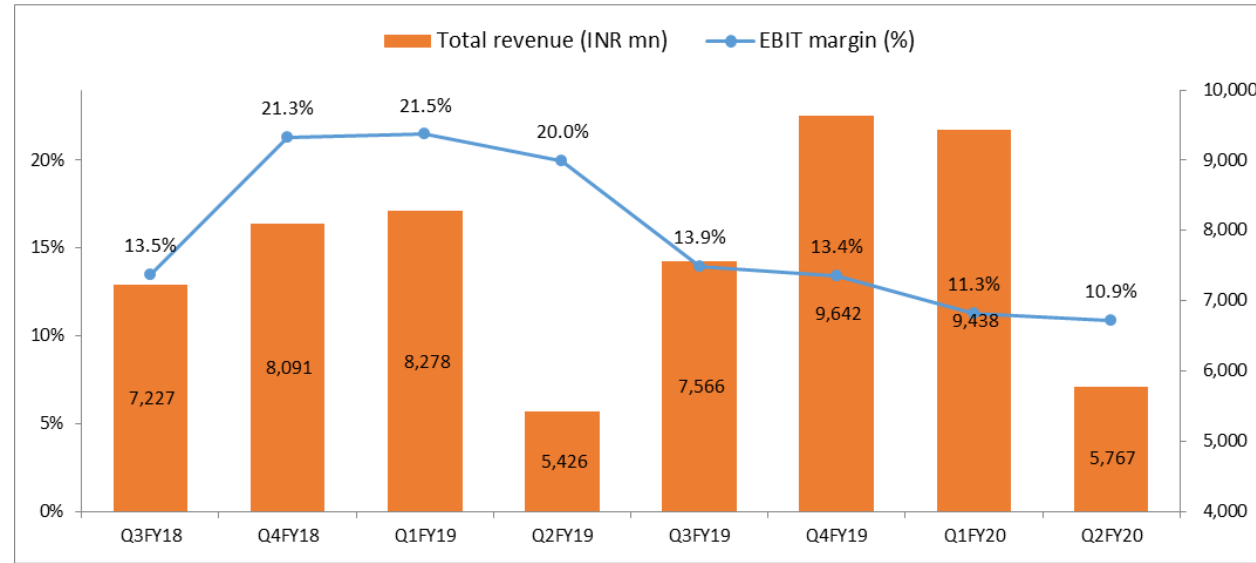
# Profit & Loss Account – Q2FY20

Particulars (INR Mn)	Q2FY20	Q2FY19	Inc / Dec (%)
Total Income from operations	5,767	5,426	6.3%
EBIDTA	820	1,250	-34.4%
<b>EBIDTA margin (%)</b>	<b>14.2%</b>	<b>23.0%</b>	
Depreciation	194	166	
EBIT	626	1,084	-42.3%
<b>EBIT %</b>	<b>10.9%</b>	<b>20.0%</b>	
Other Income	174	123	
Finance costs	2	30	
Profit before exceptional items	798	1,177	
<b>PBT %</b>	<b>13.8%</b>	<b>21.7%</b>	
Exceptional items	-	-	
Profit after exceptional items	798	1,177	-32.2%
<b>PBT %</b>	<b>13.8%</b>	<b>21.7%</b>	
Tax	(229)	413	
PAT	1,027	764	34.4%
<b>PAT %</b>	<b>17.8%</b>	<b>14.1%</b>	

## Profit & Loss Account – H1FY20

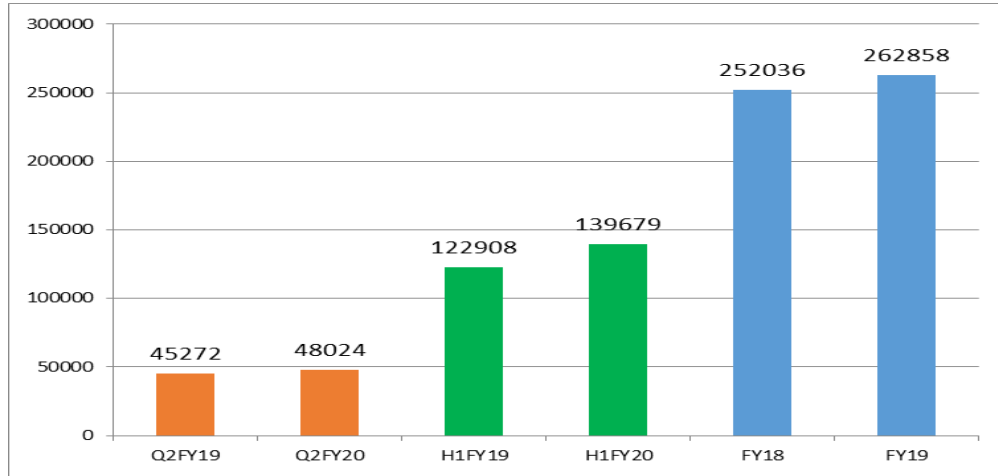
Particulars (INR Mn)	H1FY20	H1FY19	Inc / Dec (%)
Total Income from operations	15,205	13,705	10.9%
EBIDTA	2,056	2,910	-29.3%
<b>EBIDTA margin (%)</b>	<b>13.5%</b>	<b>21.2%</b>	
Depreciation	362	328	
EBIT	1,694	2,582	-34.4%
<b>EBIT %</b>	<b>11.1%</b>	<b>18.8%</b>	
Other Income	231	260	
Finance costs	11	82	
Profit before exceptional items	1,914	3,039	-37.0%
<b>PBT %</b>	<b>12.6%</b>	<b>22.2%</b>	
Exceptional items	-	279	
Profit after exceptional items	1,914	2,760	
Tax	163	963	
PAT	1,752	1,797	-2.5%
<b>PAT %</b>	<b>11.5%</b>	<b>13.1%</b>	

# Business Performance – Q2FY20

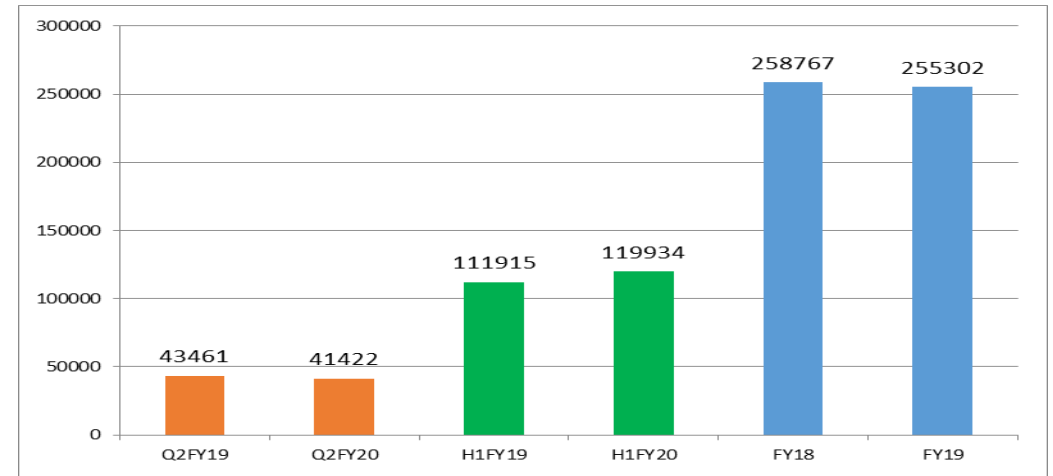


\* Including inter segment transfer

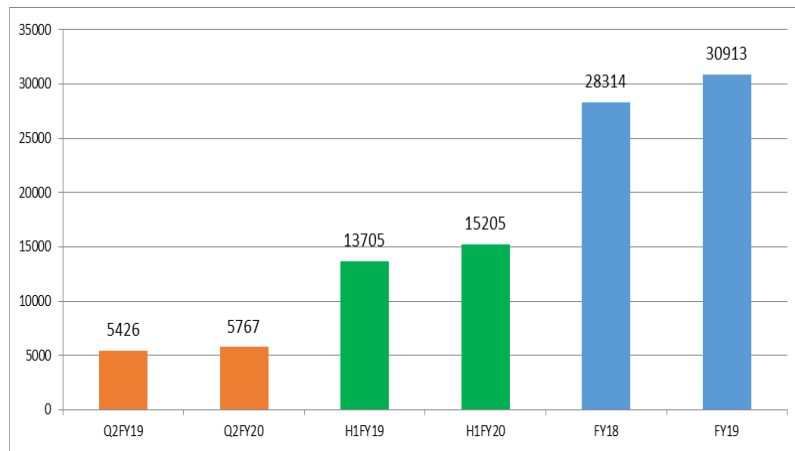
# Q2FY20 Results Summary



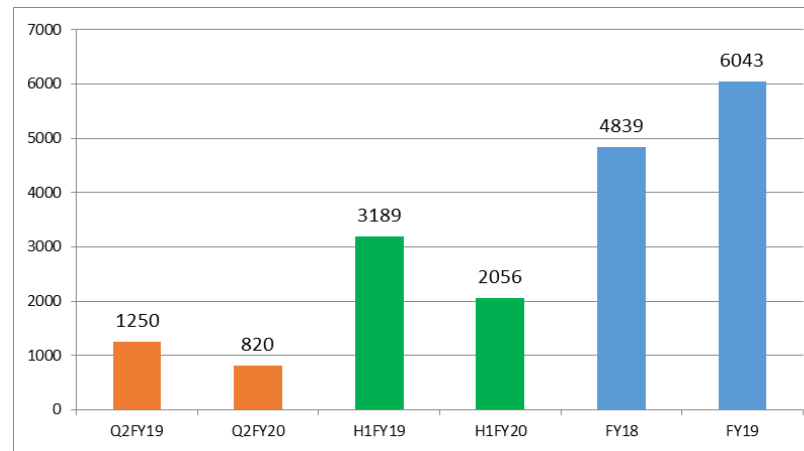
Volumes (MT) Pipes & Fittings



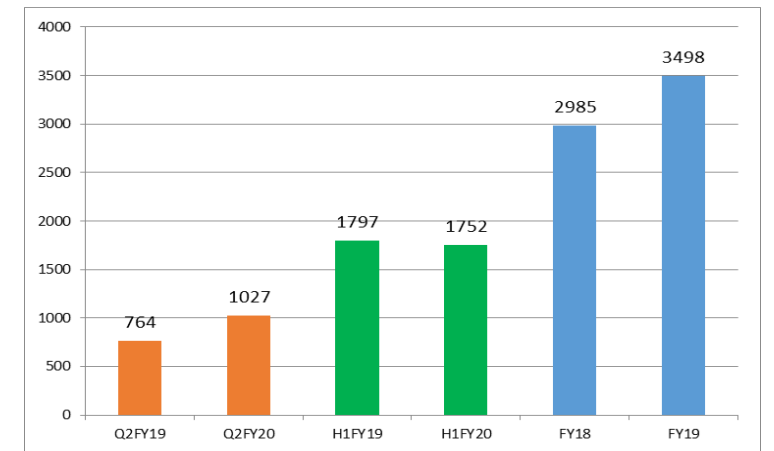
Volumes (MT) PVC Resin \*



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



EBITDA (INR Mn)

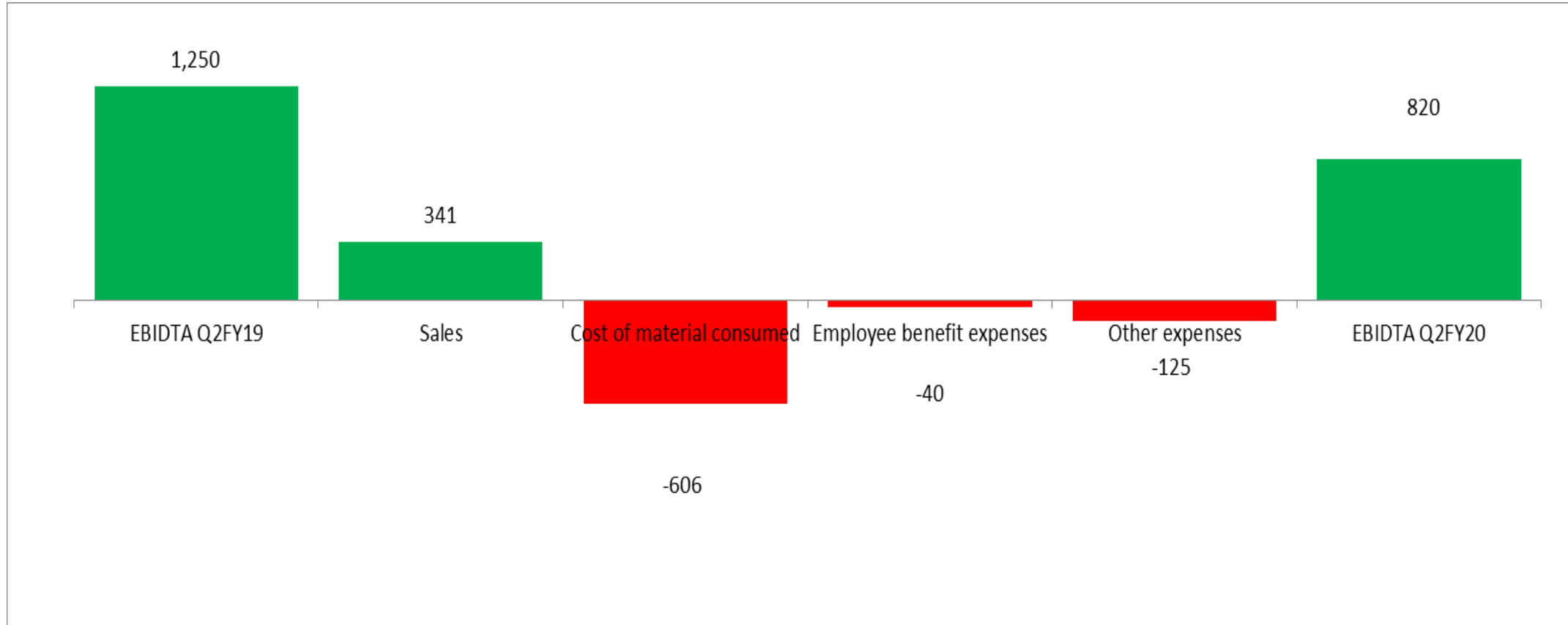


PAT (INR Mn)

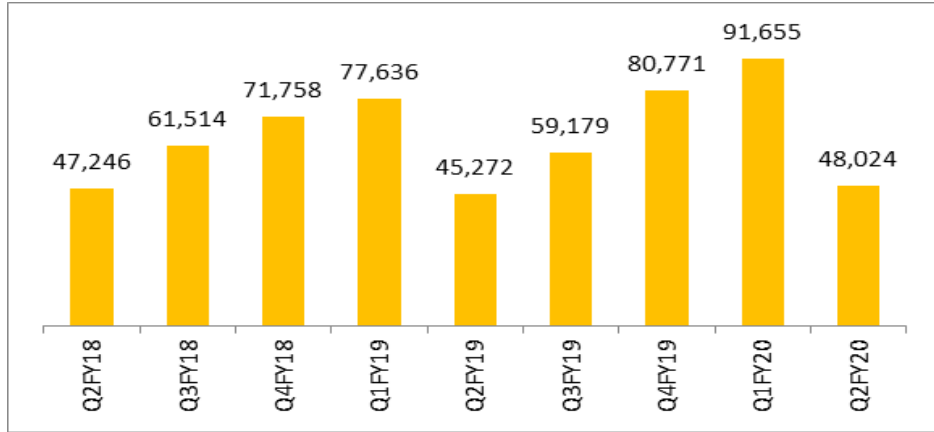
\* Including inter segment transfer

# EBIDTA Bridge Chart Q2FY20

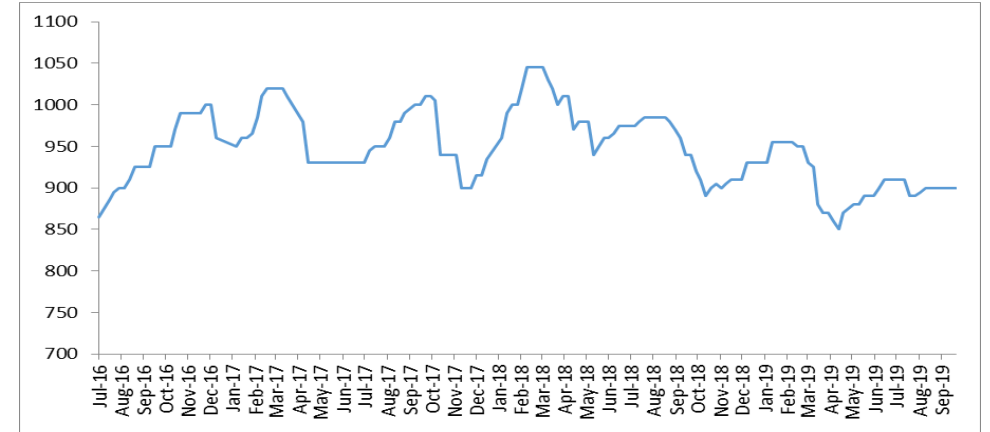
(INR Mn)



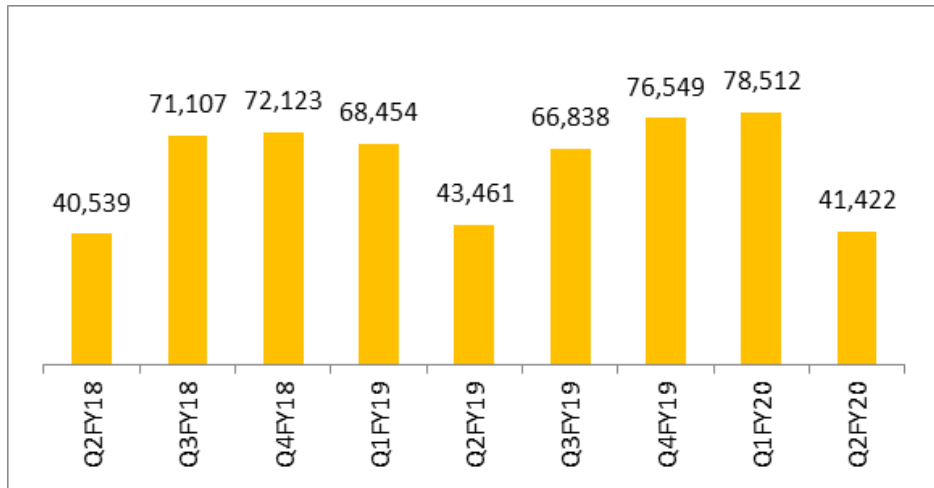
# Business Performance Trends



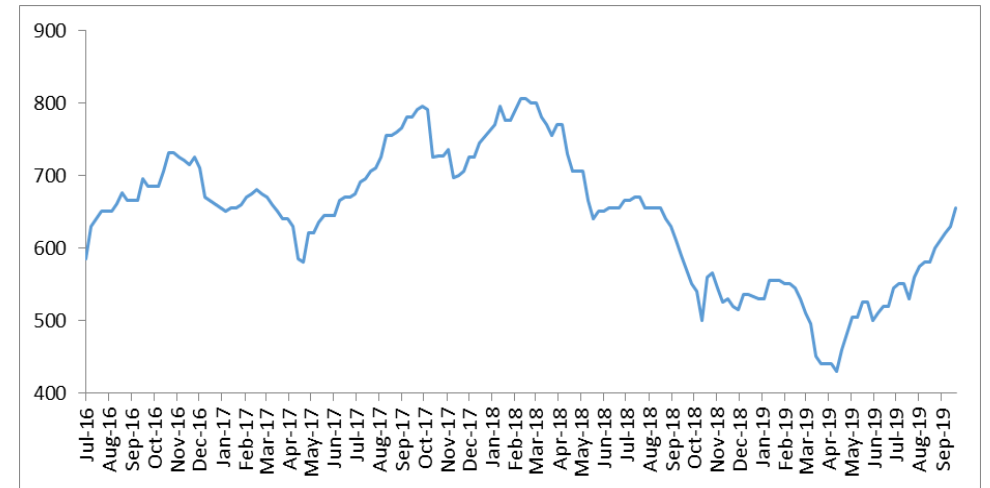
**Pipes & Fittings Volumes (MT)**



**PVC (USD/MT)**



**PVC Volumes (MT)**



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



## Quarterly - Profit & Loss

Particulars (INR Mn)	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20
Total income from operations *	4,753	7,227	8,091	8,278	5,426	7,566	9,642	9,438	5,767
EBIDTA	496	1,133	1,879	1,939	1,250	1,250	1,465	1,236	820
<i>EBIDTA margins (%)</i>	10.4%	15.7%	23.2%	23.4%	23.0%	16.5%	15.2%	13.1%	14.2%
Depreciation	151	154	156	162	166	196	177	168	194
Other Income	109	102	28	137	123	173	122	57	174
Finance costs	38	(4)	34	52	30	17	24	9	2
PBT before exceptional items	416	1,086	1,717	1,862	1,177	1,209	1,387	1,116	798
<i>PBT margins (%)</i>	8.8%	15.0%	21.2%	22.5%	21.7%	16.0%	14.4%	11.8%	13.8%
Exceptional items	-	-	-	279	-	-	-	-	-
PBT after exceptional items	416	1,086	1,717	1,583	1,177	1,209	1,387	1,116	798
Tax	133	390	508	550	413	422	473	391	(229)
PAT	283	695	1,209	1,033	764	787	914	725	1,027
EPS	2.3	5.6	9.8	8.3	6.2	6.3	7.4	5.8	8.3

\* excluding duties and taxes

## Quarterly segmental - Profit & Loss

Particulars (INR Mn)	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20
<b>Segmental revenues *</b>									
PVC	2,742	4,598	5,158	5,042	3,266	4,840	5,594	5,349	3,027
PVC pipes & fittings	4,250	5,320	6,827	7,225	4,705	5,906	7,911	8,512	5,170
<b>Segmental profits</b>									
PVC	371	870	1,242	1,236	918	809	810	413	451
<b>% of Revenues</b>	<b>13.5%</b>	<b>18.9%</b>	<b>24.1%</b>	<b>24.5%</b>	<b>28.1%</b>	<b>16.7%</b>	<b>14.5%</b>	<b>7.7%</b>	<b>14.9%</b>
PVC pipes & fittings	133	302	629	596	183	438	612	724	238
<b>% of Revenues</b>	<b>3.1%</b>	<b>5.7%</b>	<b>9.2%</b>	<b>8.2%</b>	<b>3.9%</b>	<b>7.4%</b>	<b>7.7%</b>	<b>8.5%</b>	<b>4.6%</b>
<b>Capital employed</b>									
PVC	5,461	5,515	6,821	7,292	5,872	6,457	6,046	6,063	5,247
PVC pipes & fittings	6,623	6,413	7,269	7,500	8,390	8,975	8,713	8,278	9,146

\*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)	FY13	FY14	FY15	FY16*	FY17*	FY18*	FY19*	H1FY20*
Revenue from Operations (excl. duties and taxes)	21,448	24,531	24,762	24,819	26,024	27,378	30,913	15,205
<b>Growth in sales (YoY %)</b>	<b>2.1%</b>	<b>14.4%</b>	<b>0.9%</b>	<b>0.2%</b>	<b>4.9%</b>	<b>5.2%</b>	<b>12.9%</b>	<b>10.9%</b>
EBIDTA before exceptional items	3,587	3,966	2,111	4,044	5,630	4,839	6,043	2,056
<b>EBIDTA margins before exceptional items (%)</b>	<b>16.7%</b>	<b>16.2%</b>	<b>8.5%</b>	<b>16.3%</b>	<b>21.6%</b>	<b>17.7%</b>	<b>19.6%</b>	<b>13.5%</b>
EBIDTA after exceptional items	2,627	3,268	1,896	4,289	5,630	4,839	5,764	2,056
PBT	1,902	2,419	808	3,733	5,170	4,388	5,356	1,914
<b>PBT Margin (%)</b>	<b>8.9%</b>	<b>9.9%</b>	<b>3.3%</b>	<b>15.0%</b>	<b>19.9%</b>	<b>16.0%</b>	<b>17.3%</b>	<b>12.6%</b>
PAT	1,361	1,701	478	2,544	3,522	2,985	3,498	1,752
<b>PAT Margin (%)</b>	<b>6.3%</b>	<b>6.9%</b>	<b>1.9%</b>	<b>10.3%</b>	<b>13.5%</b>	<b>10.9%</b>	<b>11.3%</b>	<b>11.5%</b>

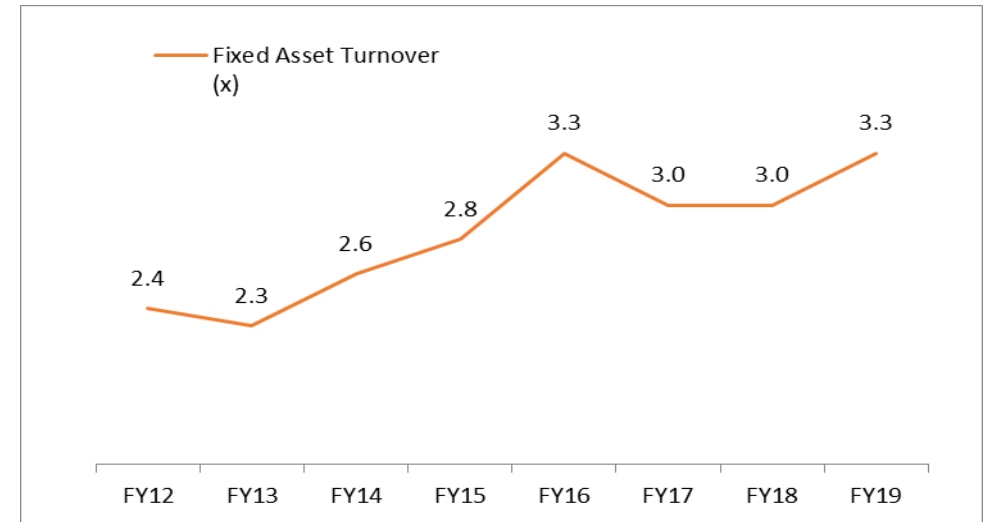
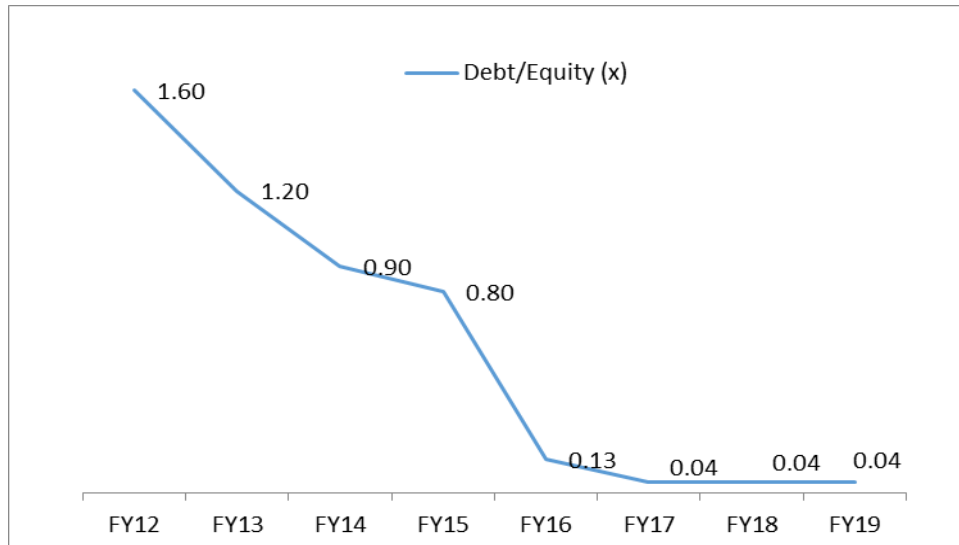
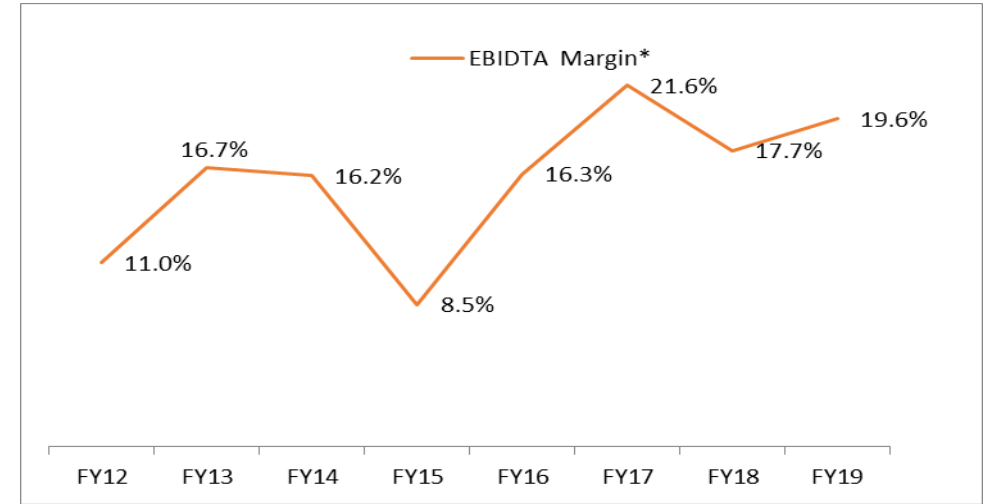
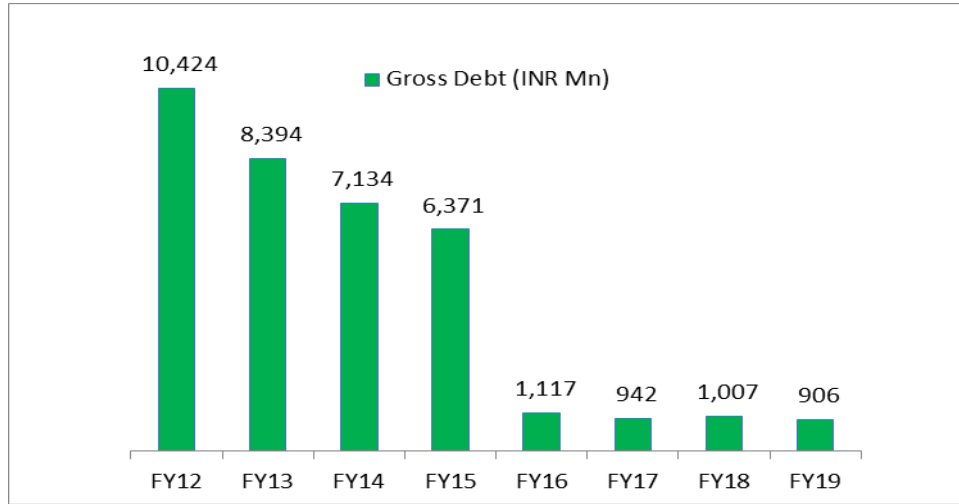
\*Figures as per IndAS

## Balance sheet - Key Indicators

Balance Sheet (INR Mn)	FY13	FY14	FY15	FY16*	FY17*	FY18*	FY19*	H1FY20*
<b>Equity and liabilities</b>								
Share capital	1,241	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	22,497
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	12
<b>Total borrowings</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>906</b>	<b>12</b>
<b>Assets</b>								
Fixed assets (Net block)	8,795	9,052	8,678	8,496	8,551	8,842	9,509	10,205
Capital WIP	506	325	104	66	217	903	902	136
Non current investments	1,274	1,274	1,246	6,485	11,656	14,896	10,769	8,732
Current investments	2,322	941	551	1,687	566	656	2,261	1,918

\*Figures as per IndAS

# Trend in Key Ratios



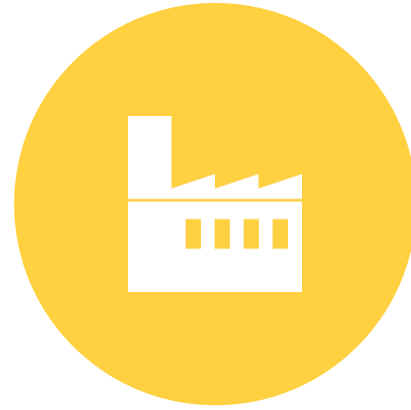
\*Standalone EBITDA Margin (EBITDA before Exceptional item and other income)

# 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

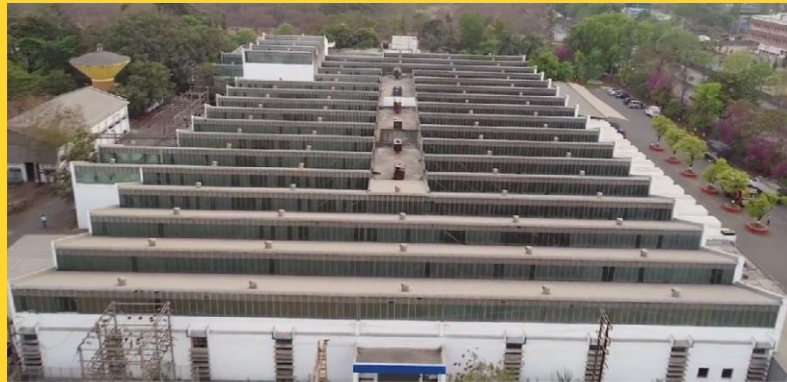
- National Rural Drinking Water Mission - allocation increased by 49% Y-o-Y for FY20 at Rs 8,201 Crs
- Pradhan Mantri Kisan Sampada Yojana - budgetary allocation of Rs 1,101 Cr for FY20
- Under Pradhan Mantri Kisan Samman Nidhi, direct income support of INR 6000 pa to 120mn farmers with land holdings 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

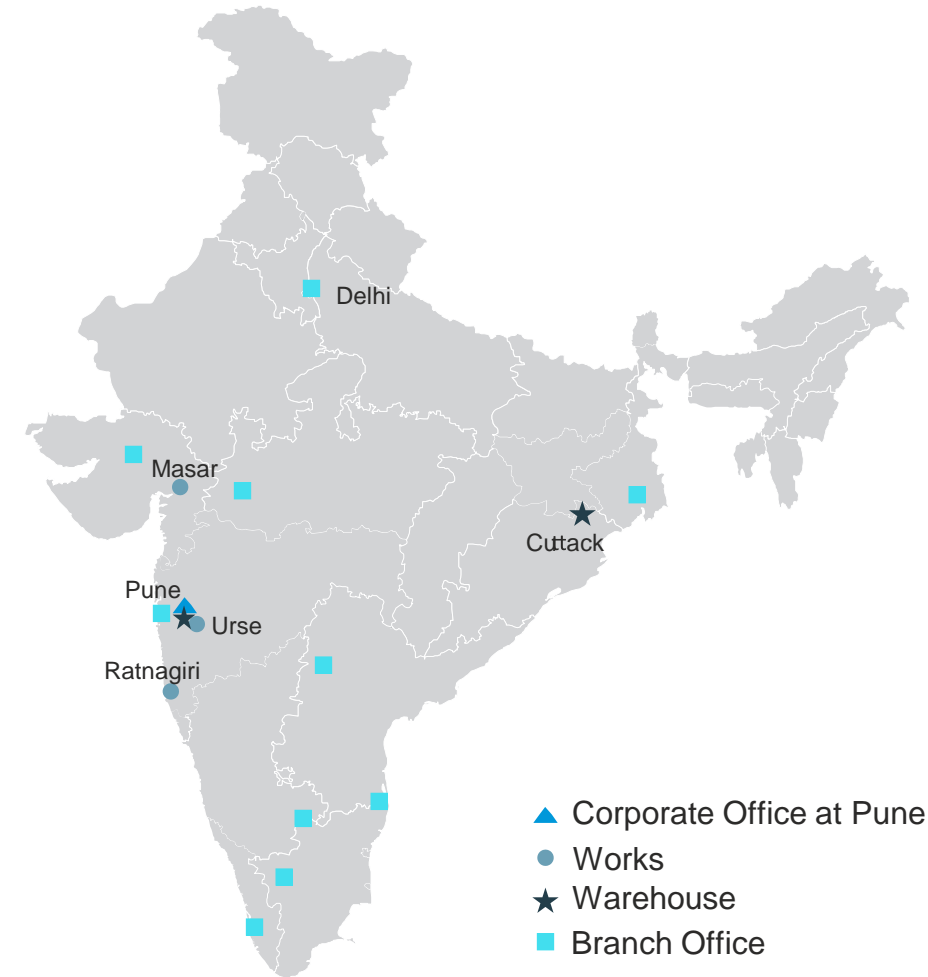
- 1.95 crore houses to be constructed under the flagship housing scheme Pradhan Mantri Awas Yojana
- PMAY has received an allocation of Rs.19,000 crore in the recent budget.
- The government has allocated Rs 6,450 crore for the Smart Cities Mission for 2019-2020.
- The government has allocated Rs 7,300 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 Q2 FY19-20 – some snapshots



Employees of Finolex planted more than 1000 trees in Pune as part of the initiative to create oxygen hubs .  
Students from MMV were invited by the Gram Panchayat of Phansop in Ratnagiri for tree plantation .

A toilet unit was inaugurated at Sri Ramakrishna Mission catering to 400 students.  
Earlier this school was supported with construction of the first floor of the girls hostel

Our Trustees had an opportunity to meet with Barando's Children Charity in the United Kingdom and explore opportunities to work in collaboration as MMF UK.  
Ms. Gayatri Chhabria also received an opportunity to  
Speak to the London Parliament about MMF's support to Widows.

# CSR activities in Q2 FY19-20 – some snapshots



1060 ASHA and ANM nurses were felicitated for their remarkable contribution in transforming lives of patients. Each were awarded with a cash voucher of Rs. 1000/- each.



Finolex Industries and Mukul Madhav Foundation signed an MOU with BAIF institute for sustainable livelihood and Development (BISLD) for the 'Empower Women Farmers as Changemakers in Agriculture' project proposed to closely work with women farmers to develop their capacities on improved agriculture practices.



## Flood Relief activities undertaken in Pune and Sangli

- 9 locations of Pune city: - Khadaki, Bopodi, Aundh, Patil estate-Shivaji Nagar, Shanti Nagar, Indiranagar, Bharatnagar, Vishrantwadi.
- 10 villages of Sangali district: - Burli, Amanpur, Vitthalwadi, Dudhundi, Tupari, Dhangaon, Ankalkhop, Palus, Redewadi, Suregaon.

## CSR activities in Q2 FY19-20 – some snapshots



Dr. Bader and Mrs. Shoris from Israel trained nurses and doctors of Sassoon general Hospital NICU giving importance of how to control infections in ICU, birth asphyxia, pediatric surgery, radiation and antibiotic policy.

Finolex Industries and Mukul Madhav Foundation have been facilitating workshops and trainings for nurses and doctors in government Hospitals by inviting faculty from overseas.

Health camp was organized for B T Sahani School where 375 students were screened. Teams of doctors were taken from H V Desai, Sassoon General Hospital and Bharti Hospital. Children diagnosed with issues have been referred to hospitals for further treatment.

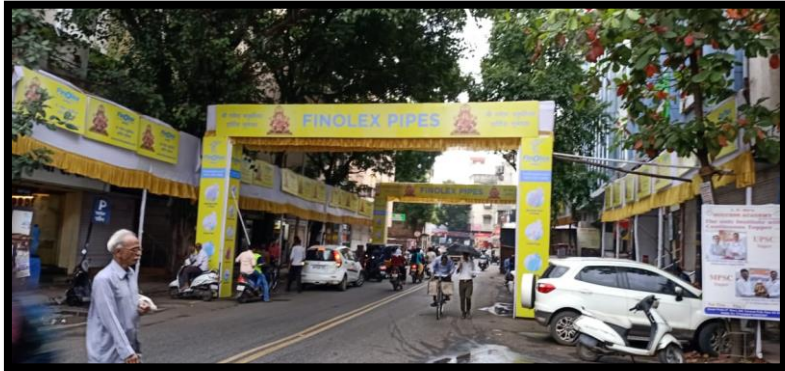
RO and Water cooler was donated at Sadra Primary School. School authorities and parents attended the program .

FIL/MMF has donated RO and Water cooler to 32 schools of Padra Taluka till date.

# Branding Activity - Rath Yatra – East, Delhi, Punjab, Rajasthan, Chattisgarh, Gujarat.



# Branding at Ganpati Festival - Pune, Gujarat & Karnataka.



**Kanwar Yatra - Haridwar, Uttarakhand.**

**Ambaji Padayatra, Gujarat.**





## Mehuli Ghosh Meet & Greet





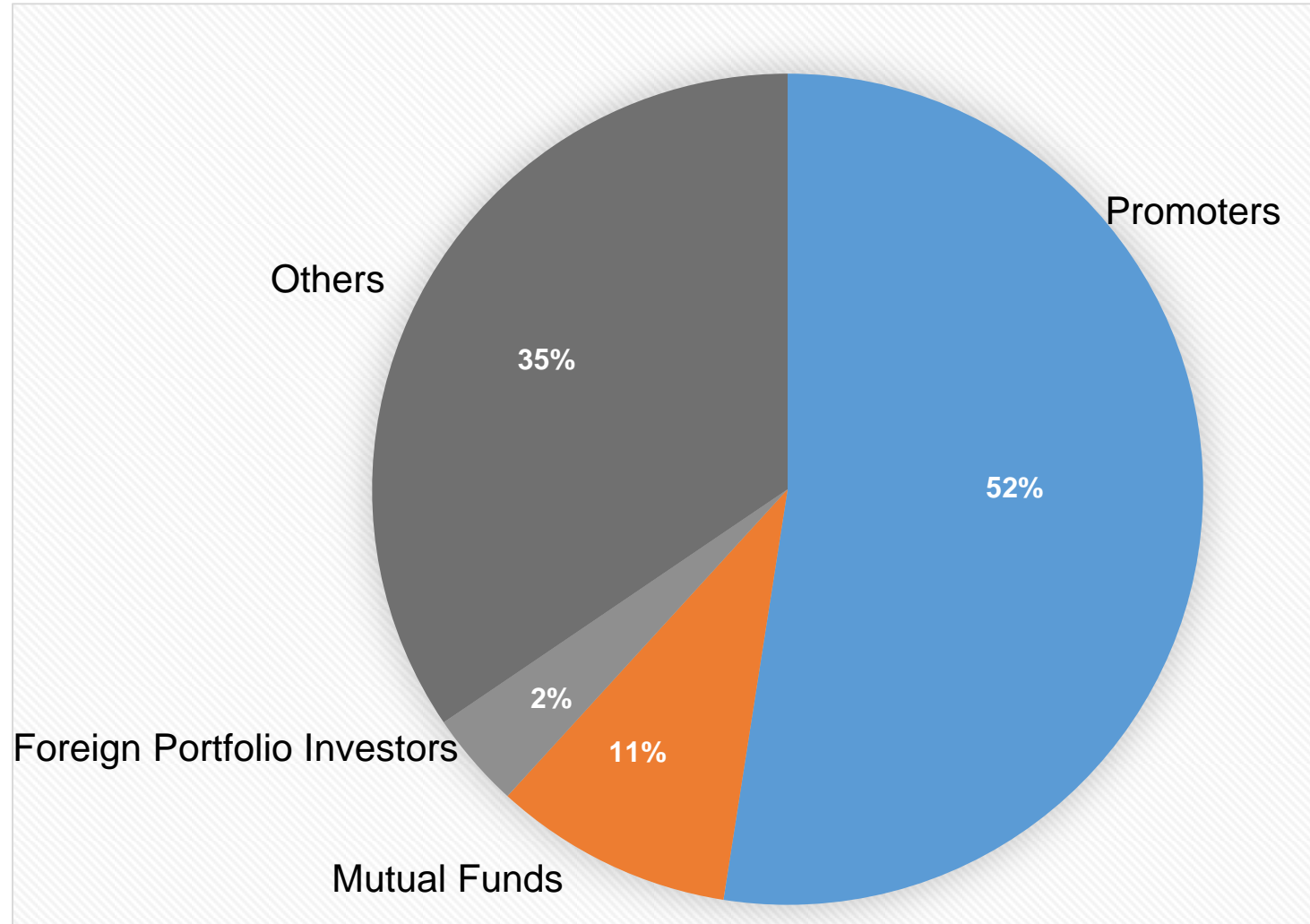
# Regional Movie Integration Punjabi Movie | Singham



# Retail Branding



# Shareholding Pattern as on September 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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## FINOLEX INDUSTRIES LIMITED

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

 [sk@finolexind.com](mailto:sk@finolexind.com)

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

 020 2740 8200 | 1-800-2003466

 [www.finolexwater.com](http://www.finolexwater.com)

