



SRF Limited

Investor Presentation May 2015

Diversity. Innovation. Performance





Disclaimer

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. SRF Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances.

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Overview



Our legacy since 1889

Known as one of India's respected business houses

Winner of Deming Prize



2004: Tyre Cord Business

2012: Chemicals Business



Group known for philanthropic work

Run and manage some of the premiere academic institutions of India

SRF is

- A multi-business manufacturing entity
- An Indian multinational
- Engaged in the manufacture of chemical based industrial intermediates

9 plants in India

4 plants abroad



SRF has been one of the early players in India to enter:

**EARLY
ENTRANTS
IN
INDIA**

Nylon tyre
cord fabrics

Belting
fabrics

Coated
fabrics

Specialty chemicals

Refrigerants

Engineering
plastics

**ONLY
COMPANY
IN
INDIA**

- First and the only company in India so far to have developed technology to manufacture **HFC-134a**, an ozone friendly refrigerant
- The only Indian company supplying **HFC 134a Pharma**
- The only manufacturer of **polyester tyre cord fabrics** in India



Global No. 2

Belting fabrics

Nylon 6 tyre cord fabrics

Domestic Market Leader

Tyre cords

Belting fabrics

Fishnet twine

Refrigerants

Engineering plastics

Specialty chemicals

Domestic No. 2

Packaging films



4,540 CR

Revenues

537 CR

EBIT

3

No of Business Segments

5,500

Global Workforce

13/3

Manufacturing locations
/No. of Countries

75

No. of Countries Exporting
to

Technical Textiles

- Tyre cord fabrics (nylon & polyester)
- Belting fabrics
- Coated fabrics
- Laminated fabrics
- Industrial yarns

Chemicals & Polymers

Fluorochemicals

- Refrigerants
- Pharma grade propellant
- Chlorinated solvents

Specialty Chemicals

- Organic intermediates

Engineering Plastics

- Polymer compounds

Packaging Films

Films for Flexible Packaging

- Bi-axially Oriented Polyethylene Terephthalate (BOPET)
- Bi-axially Oriented Polypropylene (BOPP)

Revenue	2,032
Operating Profit	195.7
Number of Plant Locations	7

Revenue	1,263.4
Operating Profit	298.3
Number of Plant Locations	4

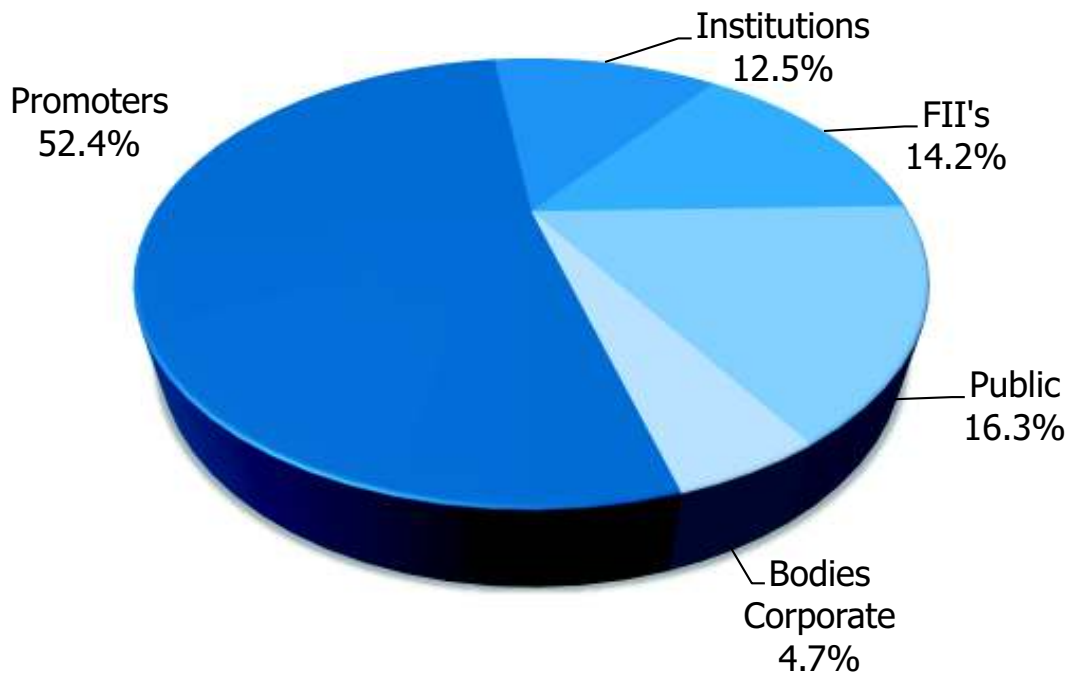
Revenue	1,244.6
Operating Profit	63.6
Number of Plant Locations	4

Overview

Shareholding Pattern



Shareholding Pattern (31st March '15)

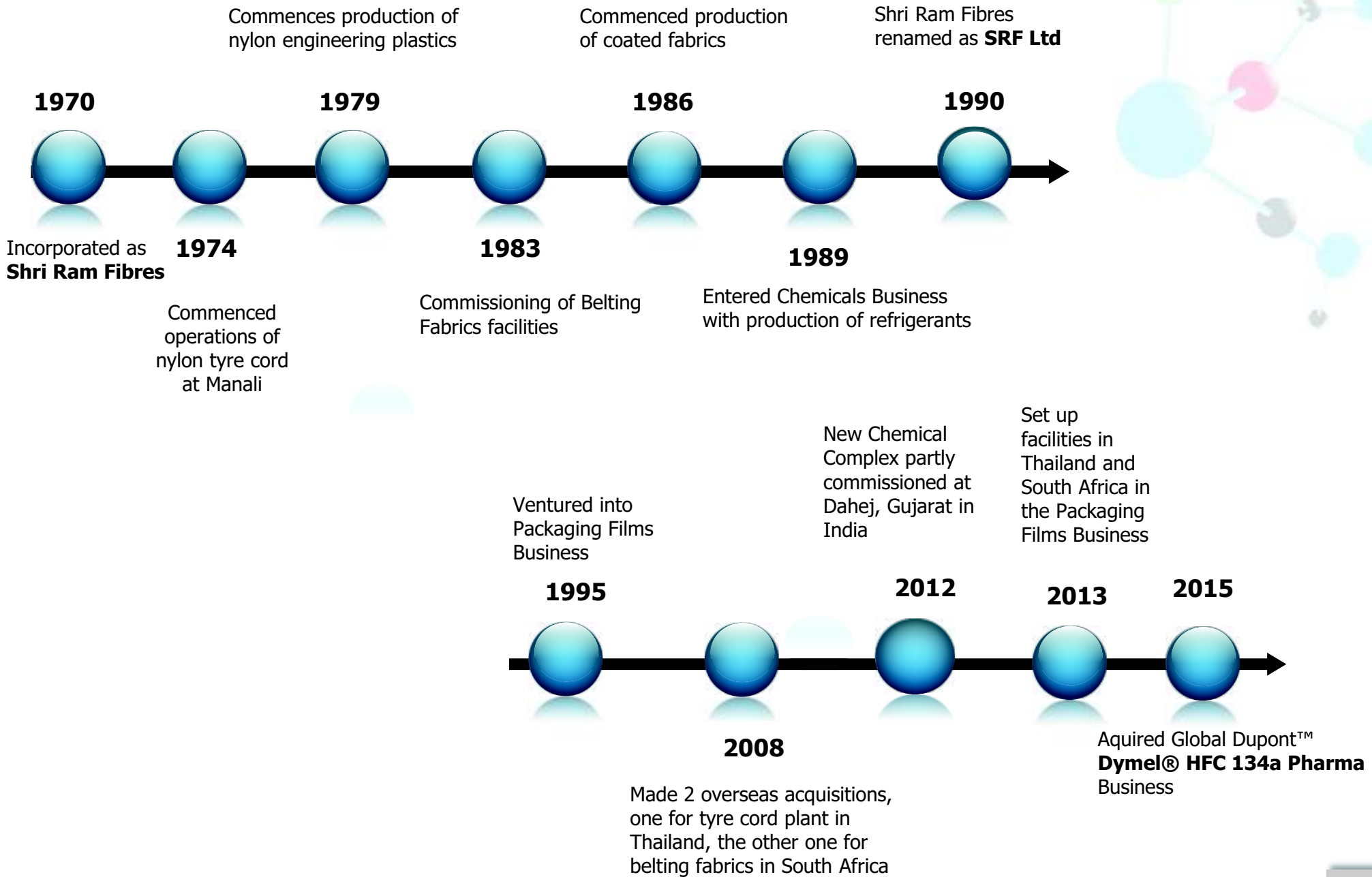


Prominent Shareholders	% of total capital
Amansa Capital	4.13
DSP Mutual Fund	3.29
Sundaram Mutual Fund	3.01
Goldman Sachs	1.92
Government Pension Fund Global	1.82
UTI Mutual Fund	1.24



Overview

Path of Progress

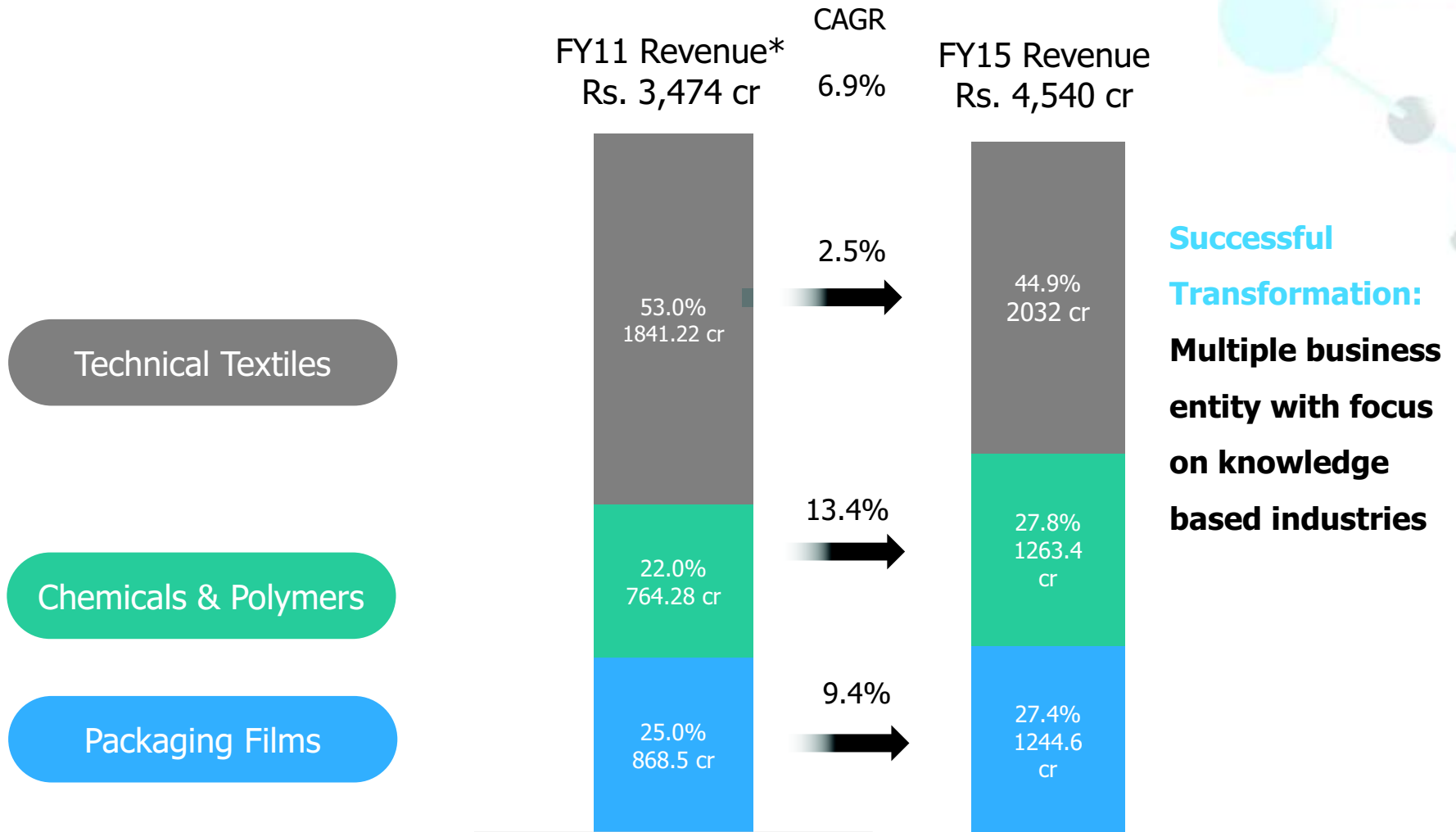


Overview

Business Evolution



Relative Composition (in %) of Businesses



*FY11 : Chemicals & Polymers revenues include Rs.136.8 crore from CER's
All the above figures are on consolidated basis

Focus on building leadership businesses

Build and maintain market leadership in business segments

Continue to build new competencies in the chemical technology space

Build a Company known and respected for its R&D capabilities

Nurture innovation through R&D

Reposition portfolio towards knowledge based products

De-risk from Technical Textiles Business

Focus on building knowledge based value-added products

Drive growth in new businesses



Mr. Arun Bharat Ram
Chairman



Mr. Ashish Bharat Ram
Managing Director



Mr. Kartik Bharat Ram
Dy Managing Director



Mr. Rajdeep Anand
President (CTG)



Mr. Sushil Kapoor
President & CEO (TTB)



Mr. Rajendra Prasad
President & CFO



Mr. Prashant Yadav
President & CEO (FCB & EP)



Mr. Prashant Mehra
President & CEO (PFB)



Mr. Anurag Jain
President & CEO (SCB)



Mr. Sanjay Chatrath
President & CEO (TCF)



Mr. Ajay Chowdhury
President & CHRO



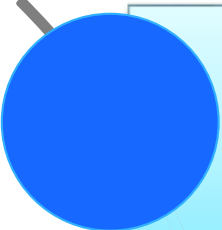
Technical Textiles

Chemicals & Polymers

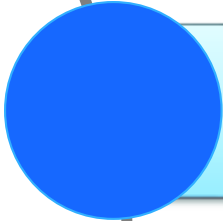
Packaging Films

Business Segments

Nylon Tyre Cord Fabrics



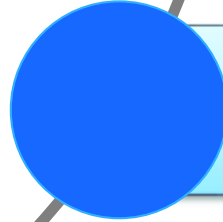
Despite increase in radialisation of bus & truck tyre segment, the demand for NTCF is expected to remain stable on account of growth in Tractor, 2 wheeler and OTR tyre segments



Continues to be the domestic market leader and ranked world Number 2 in Nylon 6



Free cash flow generating business, no major investments anticipated



Four facilities located in India and one in Thailand with a total capacity of nearly 50 KTPA Nylon 6 yarn and around 60 KTPA conversion



**Polyester Tyre
Cord Fabrics**



Global surplus in PTCF leading to lower realisations; yarn developed for alternate applications

The only manufacturer of polyester tyre cord fabrics in India

Belting Fabrics

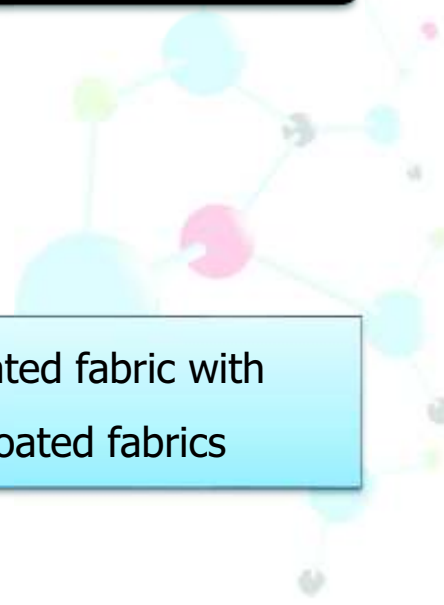


Largest manufacturer of belting fabrics in India and second largest in the world; domestic market share ~60%

Segment reporting healthy performance; anticipated improvement in infrastructure sector to provide further boost

Facilities located in India and South Africa

Coated Fabrics



State-of-the-art coating line offers PVC coated fabric with Acrylic / PVDF finishes and polyurethane coated fabrics

Integrated manufacturing facility from polyester yarn to fabricated articles

Economic slowdown has impacted performance – operating at low utilisation levels



Laminated Fabrics



Laminated fabric is a combination of a polyester fabric with a film (PVC or another) on either or both sides

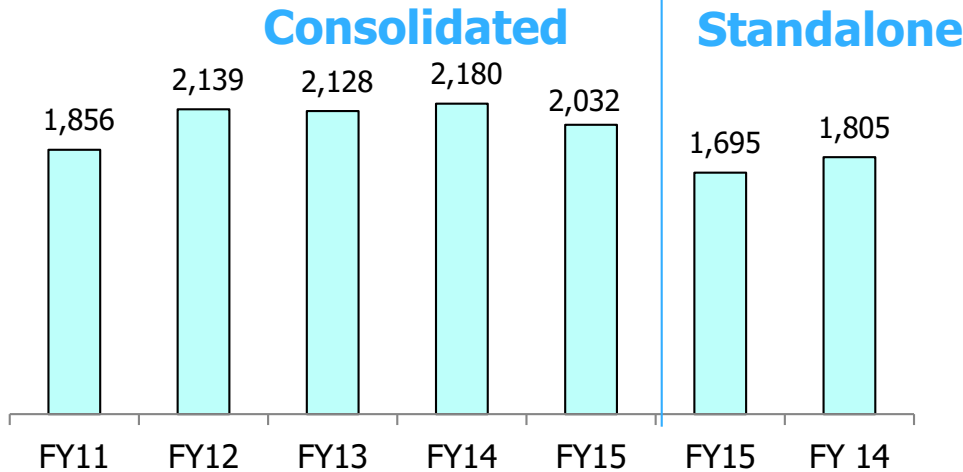
Lower advertising spends on account of slowdown has led to subdued demand

Modern facility in Uttarakhand, India which can do Hot lamination



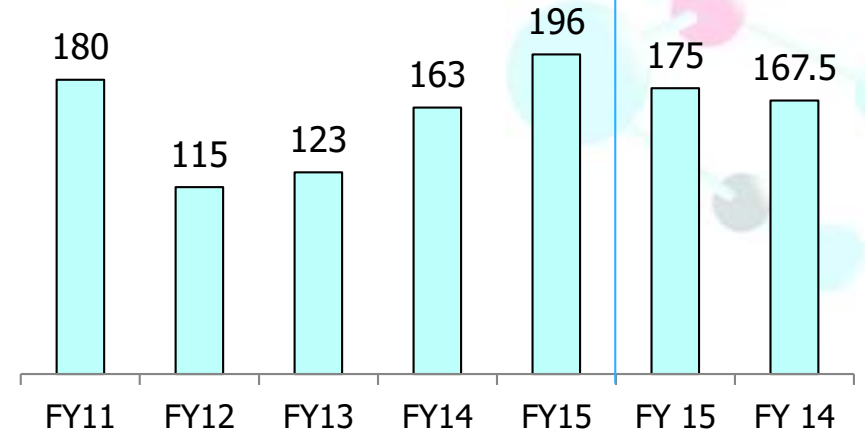
Key Highlights

Revenue



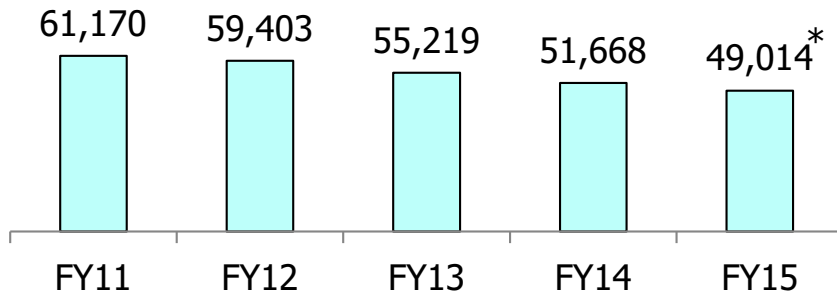
Rs. Crore (External Sales)

Operating Profits Consolidated Standalone



Rs. Crore (EBIT)

Tyre Cord Sales Trend (in MTs)



- Free cash flow generating business with stable contribution to overall revenues and profitability
- Capex of Rs. 66 cr for modernisation at Gwalior plant has been recently announced
- Future Investments for modernisation & technology up-gradation.



Technical Textiles

Chemicals & Polymers

Packaging Films

Business Segments



Technical Textiles

Chemicals & Polymers

Packaging Films

Fluorochemicals Business



Refrigerant portfolio consists of R-22, R-134a and HFC blends: R-410A, R-404A and R-407C

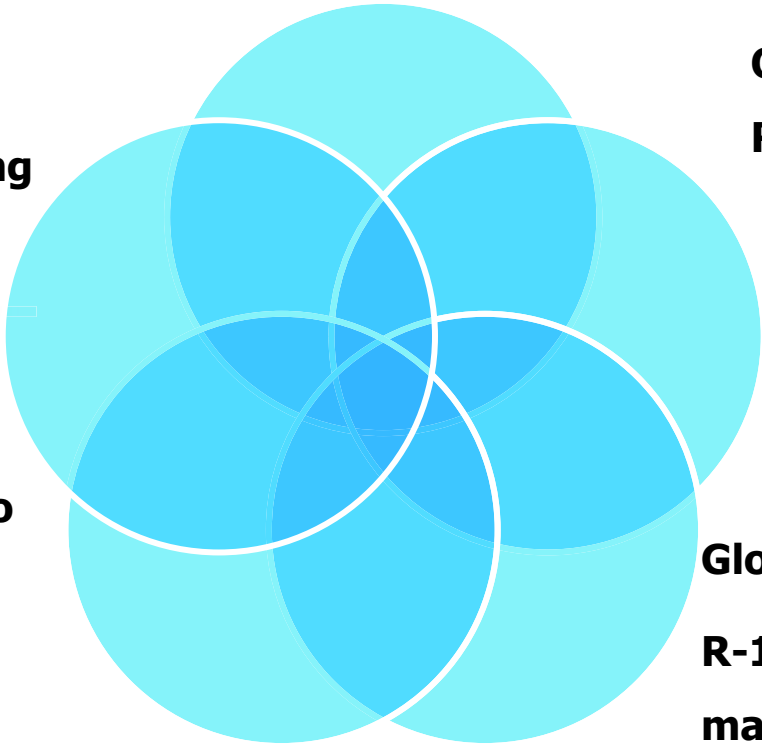


Over 40% share of the Indian market besides being well accepted worldwide

Only manufacturer of R-134a in India

Global distribution network, well positioned to service the international market, witnessing favorable industry dynamics

Global size capacity for R-134a with two manufacturing facilities in India





Technical Textiles

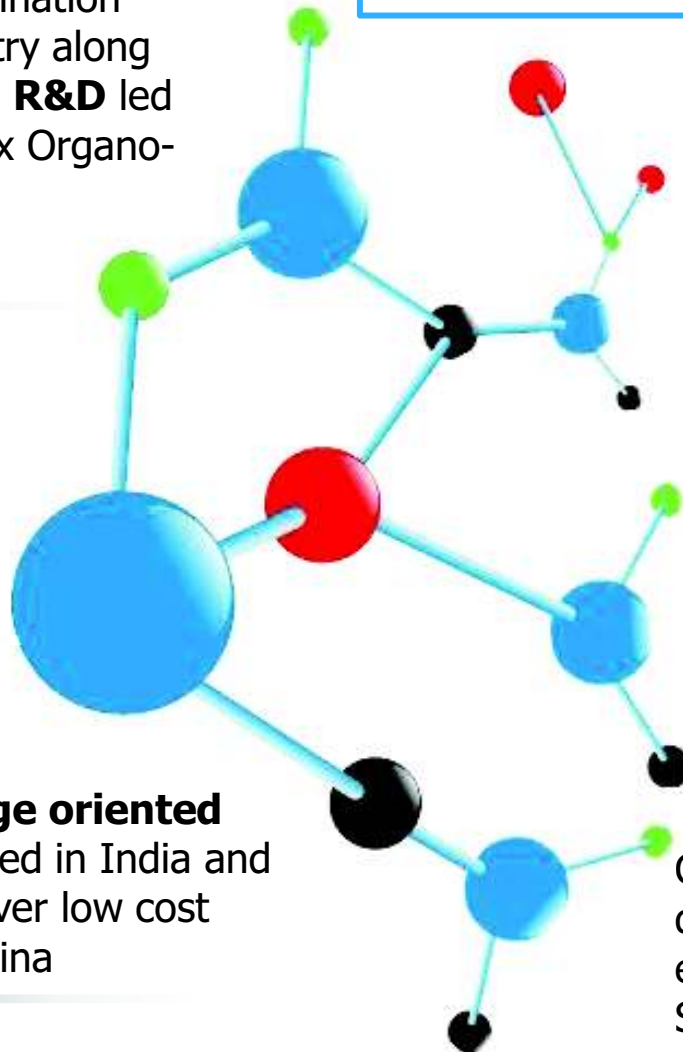
Chemicals & Polymers

Packaging Films

Specialty Chemicals Business

Strong knowledge of Fluorination and other halogen chemistry along with **concerted focus on R&D** led to development of complex Organo-fluorine compounds

More than **25 years of experience** handling fluorine molecules; one of the most hazardous chemicals



Aimed at meeting demands of **Pharma and Agrochemical** industry

Team of over **200 employees** covering R&D, pilot projects and engineering design

Success in commercialisation of over 20 molecules; over **70 molecules** at various stages of development

IPR and knowledge oriented business; unmatched in India and unique advantage over low cost manufacturers in China

Customer requirements drive process development through in-house R&D and engineering design; IPR of the process with SRF for in-house developed processes

Multi Product

:

Multi Customer

:

Multi Application

Cross-selling amongst existing and new customers

Driving Innovation through R&D



- **Developing internal competencies and capabilities to create breakthrough process innovations**
- **Equipped with state-of-the-art R&D facilities and an ingenious team of scientists and technologists**
- **2 R&D centres in India**
- **Focus on developing new processes and technologies**
- **54 patents filed till 31st Mar'15, out of which 4 have been granted**

Chemical Complex at Dahej

- **Presently developing 126 acres out of 293 acres in Phase I**
- **Facilities to produce multiple products with focus on fluorochemicals and specialty chemicals**
- **Gross value of Fixed Assets as on 31st March'15 aggregating to around 1700 Crores.**
 - Net value of assets as on 31st Mar'15 capitalisation of around 1565 Cr.
 - Capex includes investments in 2 plants for Specialty Chemicals approved in FY 15
 - 140 Cr for MPP2, Phase 1 capitalised at 116 cr.
 - 113 Cr- for P17, Phase I capitalised at 63 cr.
 - Capex worth 48.6 cr has been approved in the board meeting on 11th May'15 to manufacture existing range of specialty chemicals at Dahej.



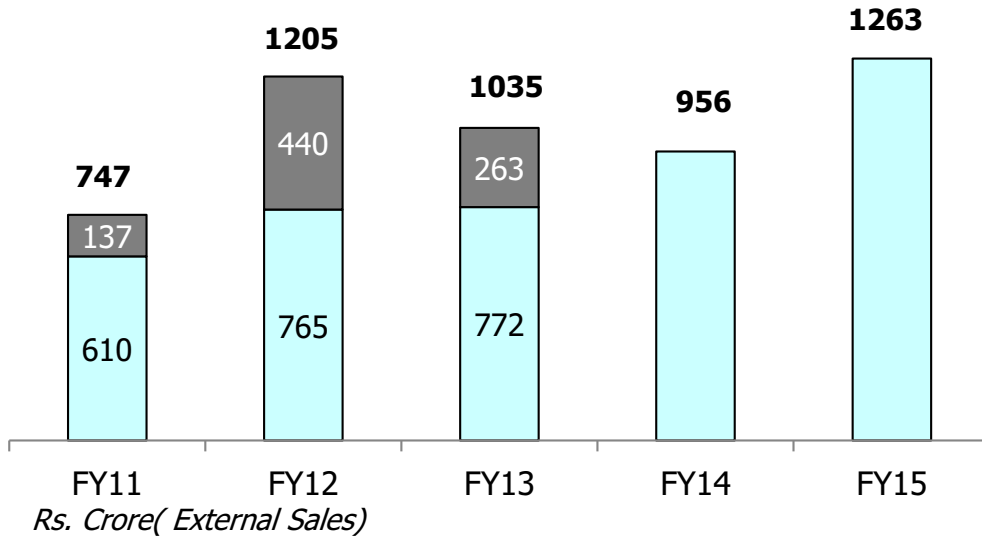
Operational Units

- Five Specialty Chemicals plants
- New Global Scale HFC 134a plant
- One Chlorinated Solvent Plant
- 15 MW Captive Power plant



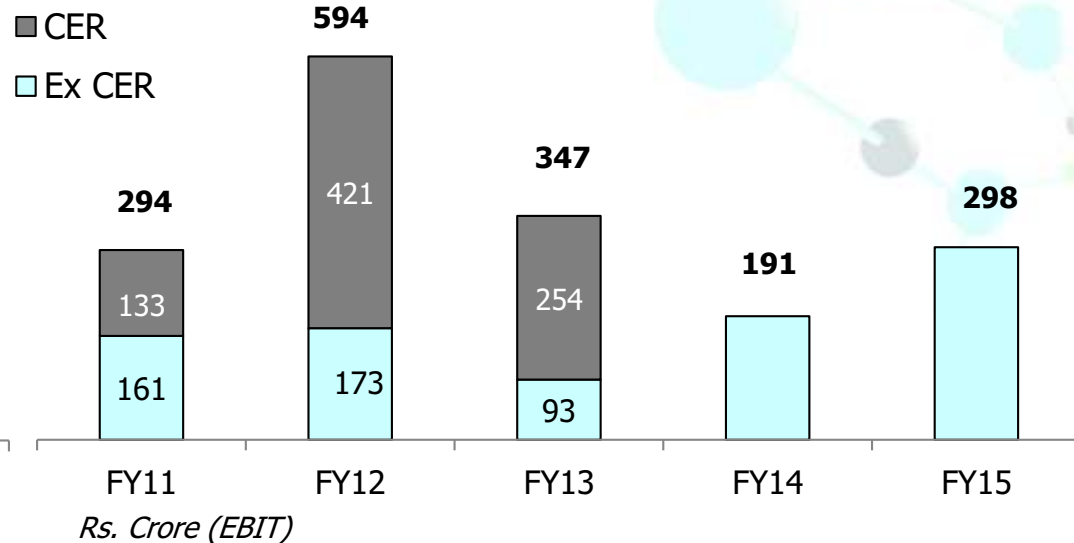
Revenues

Consolidated



Operating Profit

Consolidated



- **Outlook for Specialty Chemicals Business remains robust**
- **Expected higher volumes of HFC-134a**
- **Continued focus on Dahej, better utilization of past capexes.**
- **100% capacity utilisation of Engineering Plastic plants**



Technical Textiles

Chemicals & Polymers

Packaging Films

Business Segments



**Industry estimated to grow at
apprx 8% p.a. globally and apprx
10% p.a. domestically**

**Global demand-supply
mismatch; product is a pure
commodity and goes
through industry cycles;**



**Second-largest
manufacturer of thin
BOPET films in India**

**Strong focus on value-added
products**

**Global facilities in
Thailand and South Africa
had the 1st full year of
production.**





BOPP Plant at South Africa

- Set up a greenfield BOPP film plant and a vacuum metallisation plant in KwaZulu Natal, South Africa in 2013
- World class facility with 25,500 TPA capacity
- Demand-supply gap in South Africa with local demand exceeding the supply
- Domestic sales as a % of total sales are around 73%

BOPET Plant at Thailand

- Set up a greenfield BOPET film plant and a vacuum metallisation plant in Rayong, Thailand in 2013
- World class facility with 28,500 TPA capacity
- Products accepted in quality conscious markets like Japan and South Korea, with consistent demand from these regions
- In first full year of operations the unit has become the market leader in domestic Thailand market.



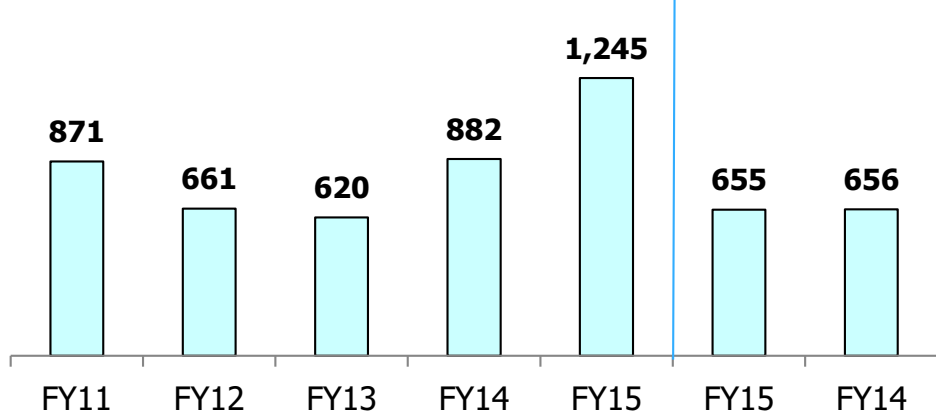
Technical Textiles

Chemicals & Polymers

Packaging Films

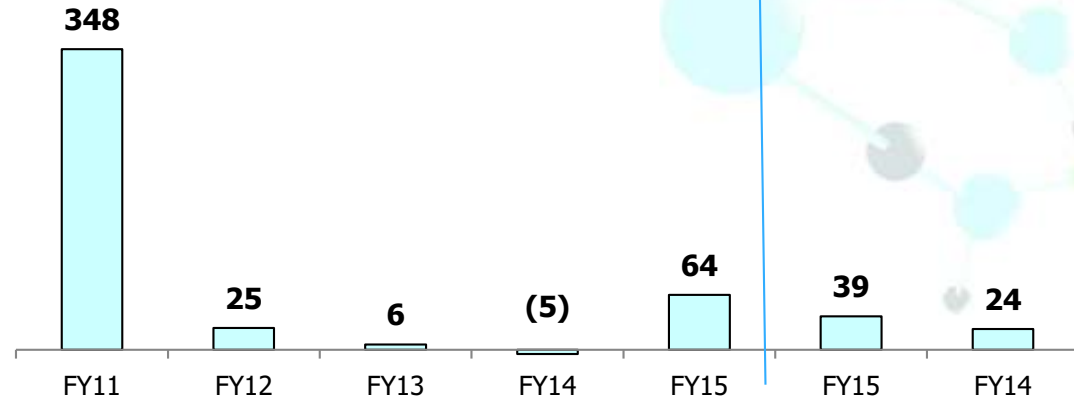
Key Highlights

Revenue Consolidated Standalone



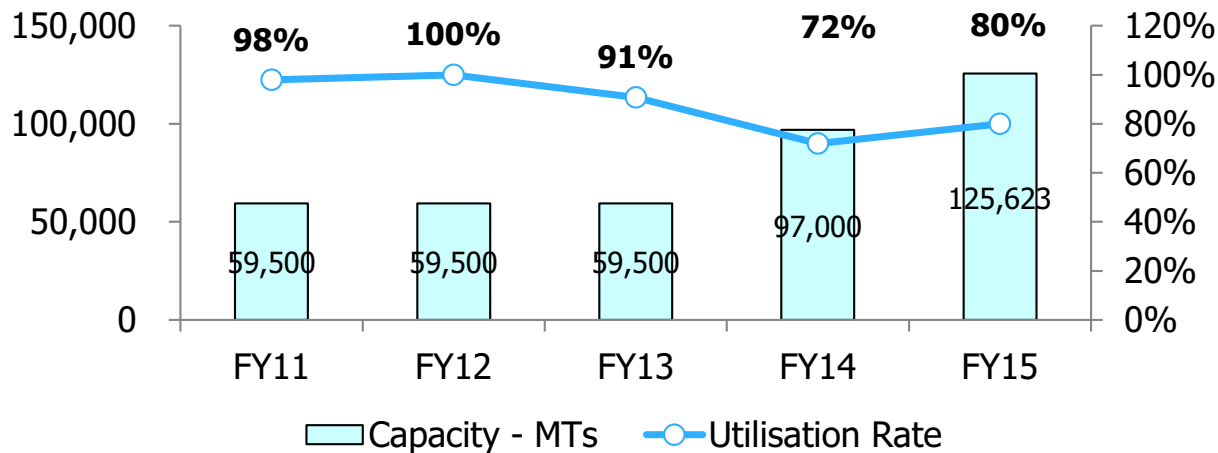
External Sales in Rs. Crore

Operating Profits Consolidated Standalone



Rs. Crore (EBIT)

Packaging Films Capacity and Utilisation Trend



- **BOPP and BOPET films being commodities, go through the industry cycles**
- **Global facilities in Thailand and South Africa contribute positively in FY2015**



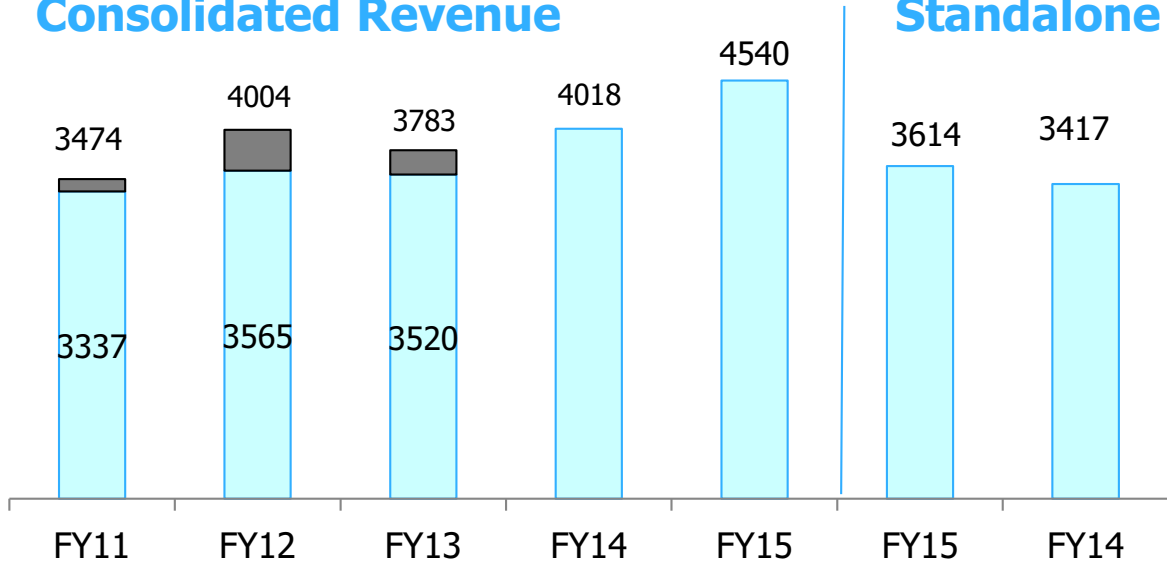
Consolidated Snapshots

Consolidated Snapshots

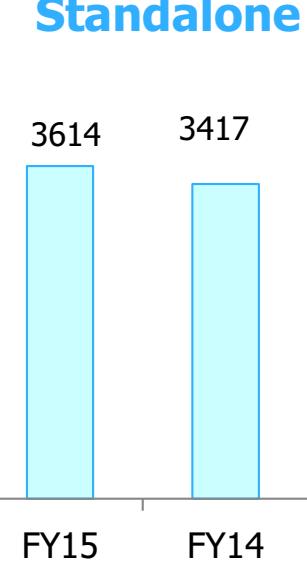
Financial Performance Trends



Consolidated Revenue



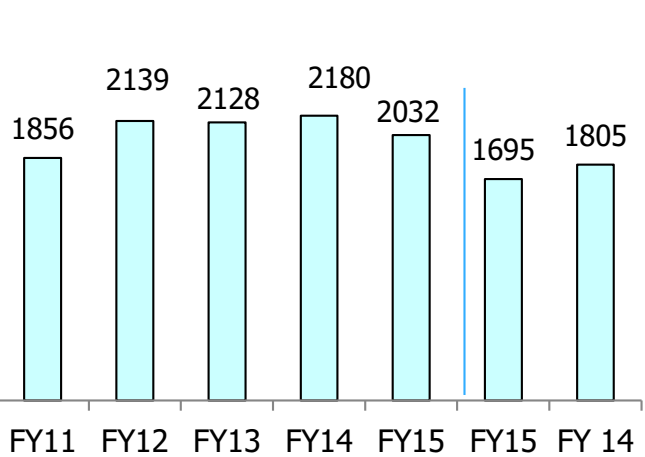
Standalone Revenue



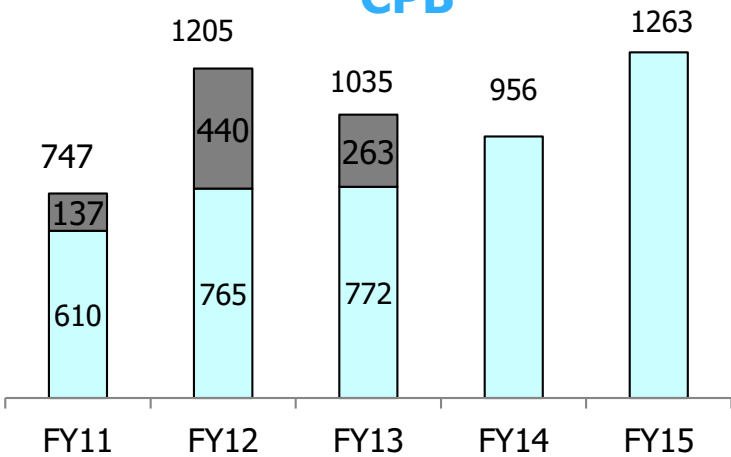
■ CER
■ Ex CER

Business Segments

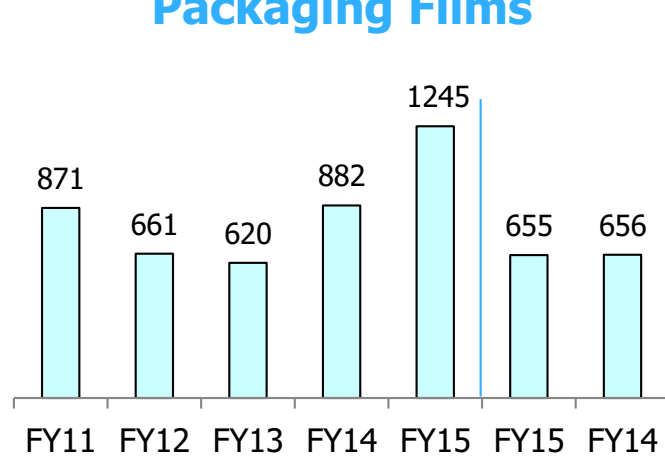
Technical Textiles



CPB



Packaging Films

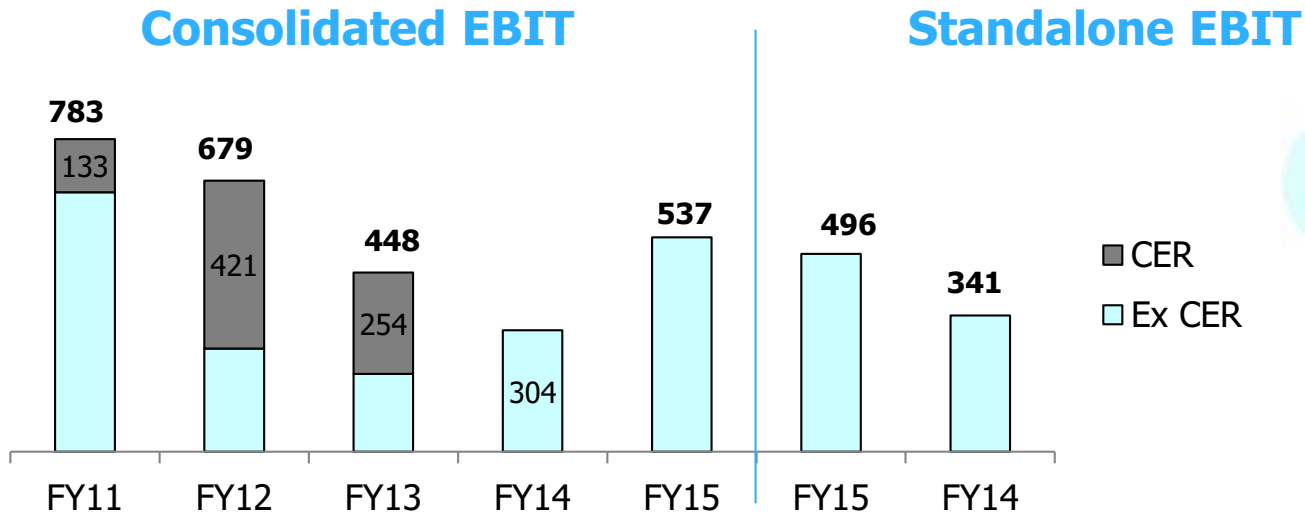


Figures in Rs. Crore



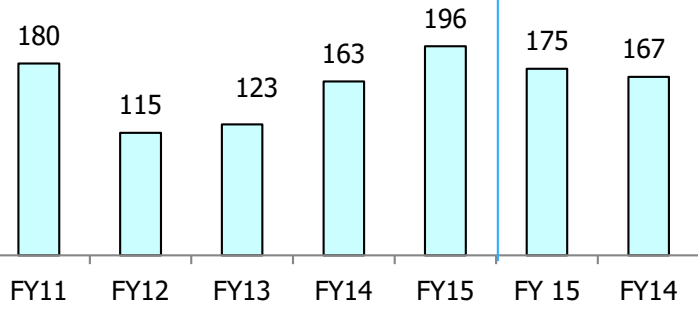
Consolidated Snapshots

Financial Performance Trends

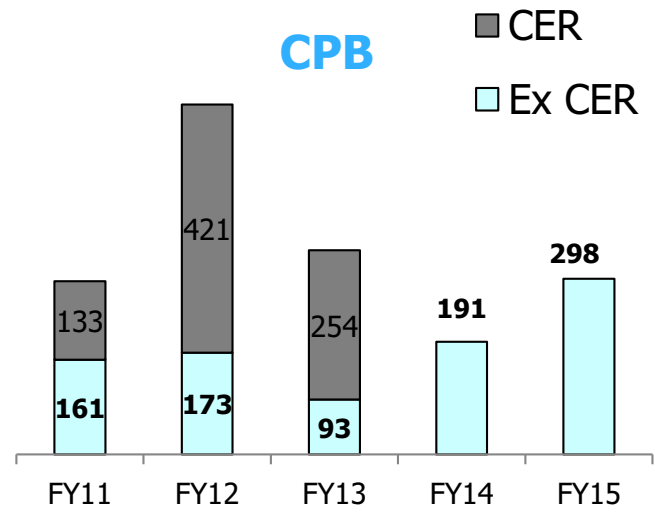


Business Segments

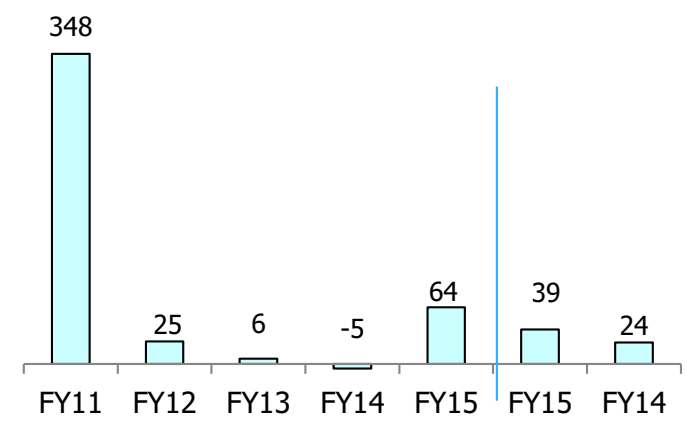
Technical Textiles



CPB



Packaging Films

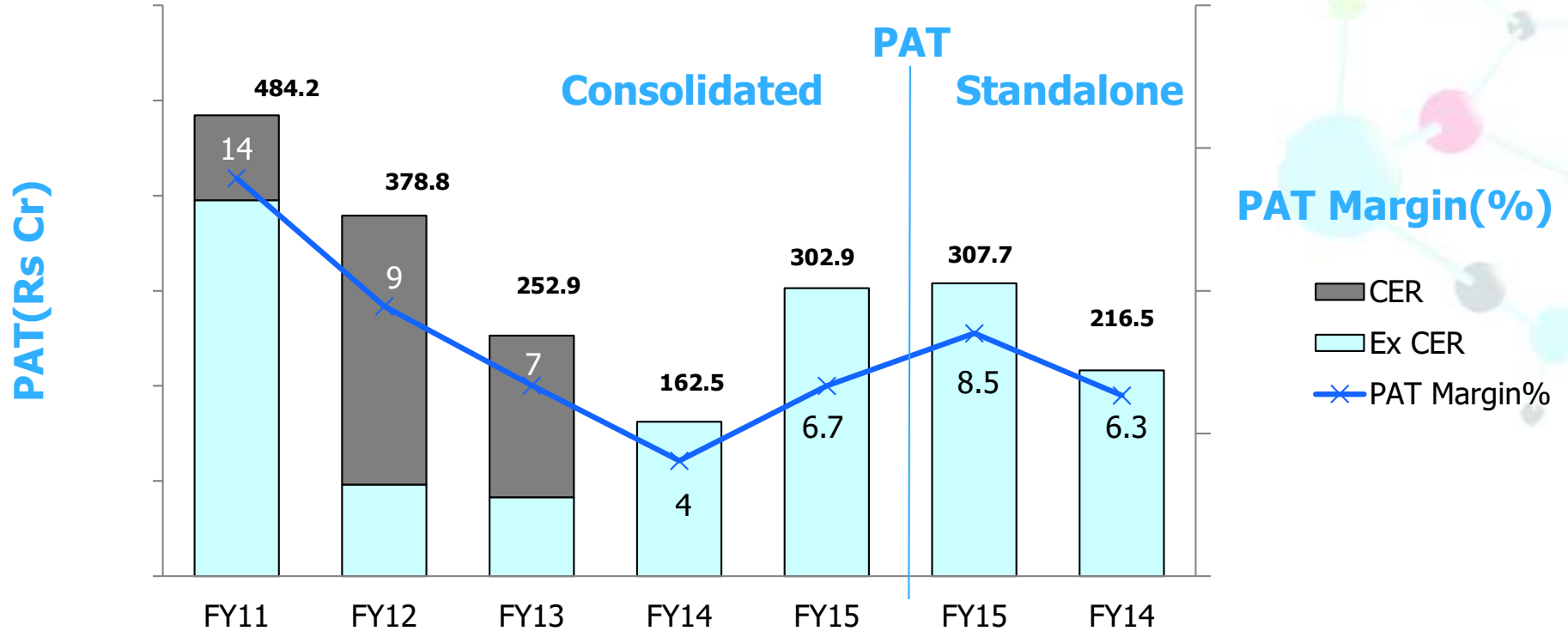


Figures in Rs. Crore

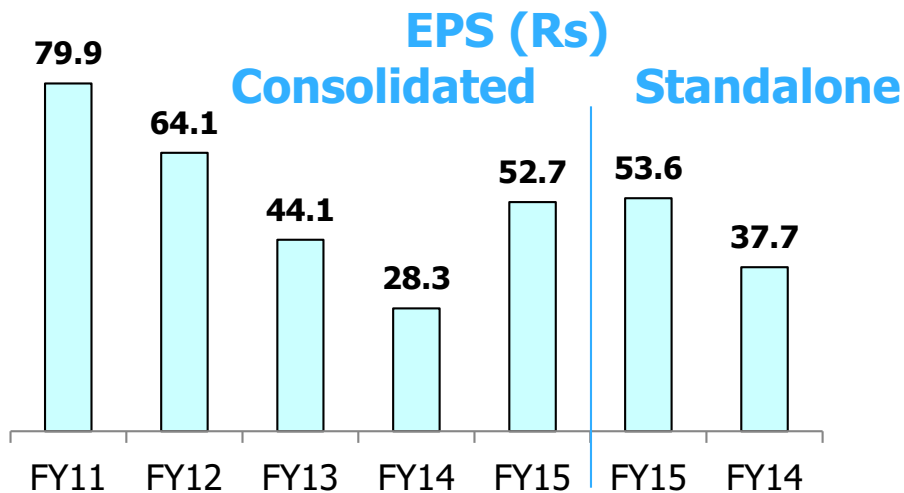
Note-Business Wise EBIT excludes unallocable expenses

Consolidated Snapshots

Financial Performance Trends



Rs. crore

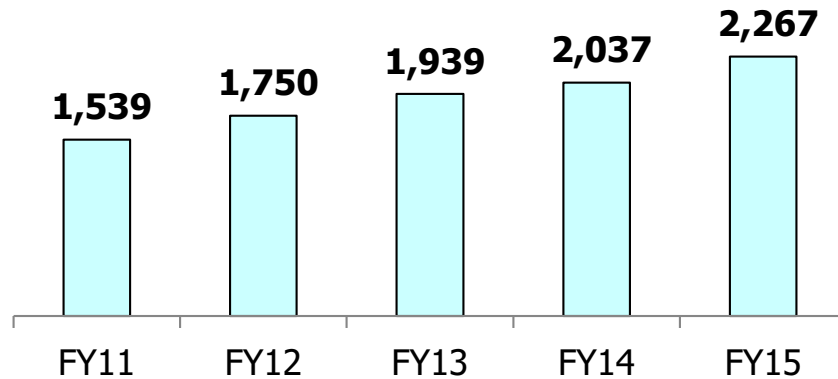


- Focus on investments in higher Margin business.
- Higher Capacity utilisation for the existing plants
- New capexes to further enhance the financial performance of the company.

Consolidated Snapshots

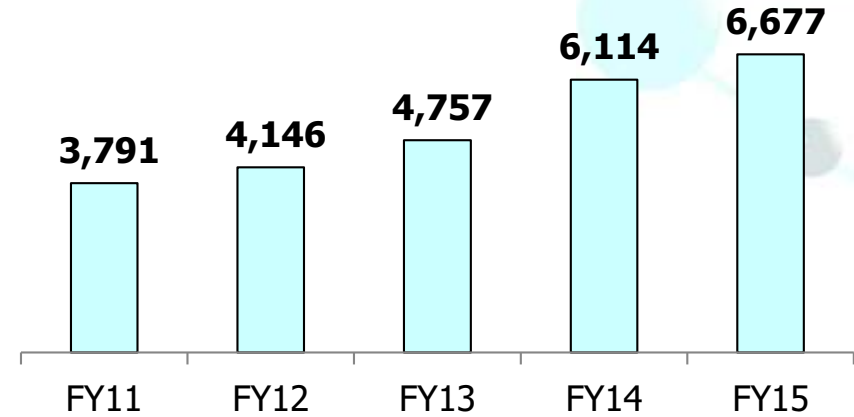
Financial Performance Trends

Net Worth



Rs. Crore

Gross Block



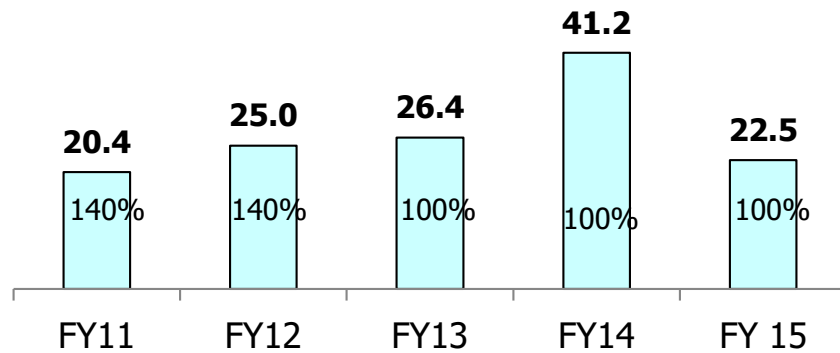
Rs. Crore

- **Dahej facility to produce multiple products with focus on specialty chemicals and fluorochemicals**
- **Return ratios are anticipated to improve as capex incurred leads to growth and profitability**

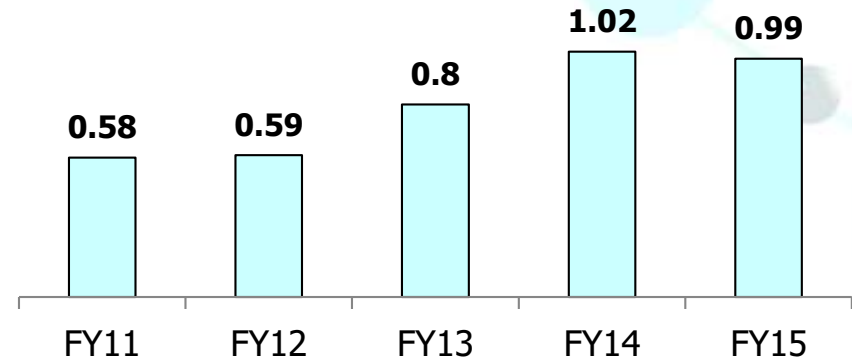
Consolidated Snapshots

Financial Performance Trends

Dividend Payout* (%)

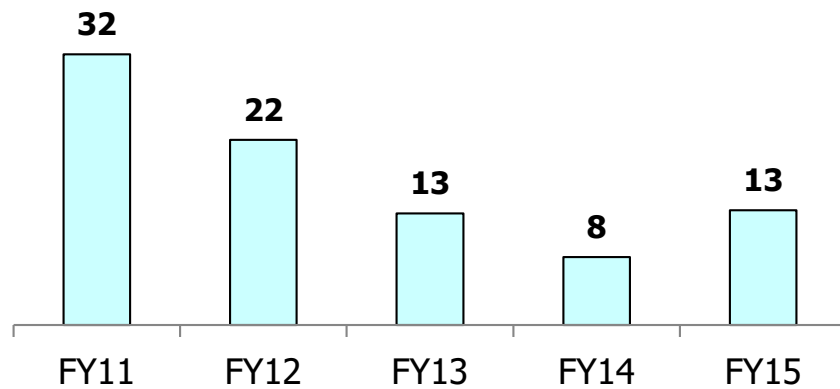


Net Debt: Equity (x)

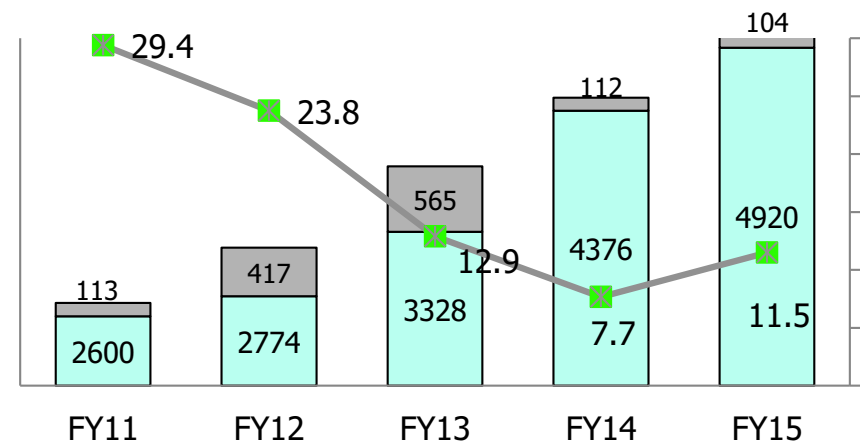


* Including Corporate Dividend Tax

RONW (%)



ROCE



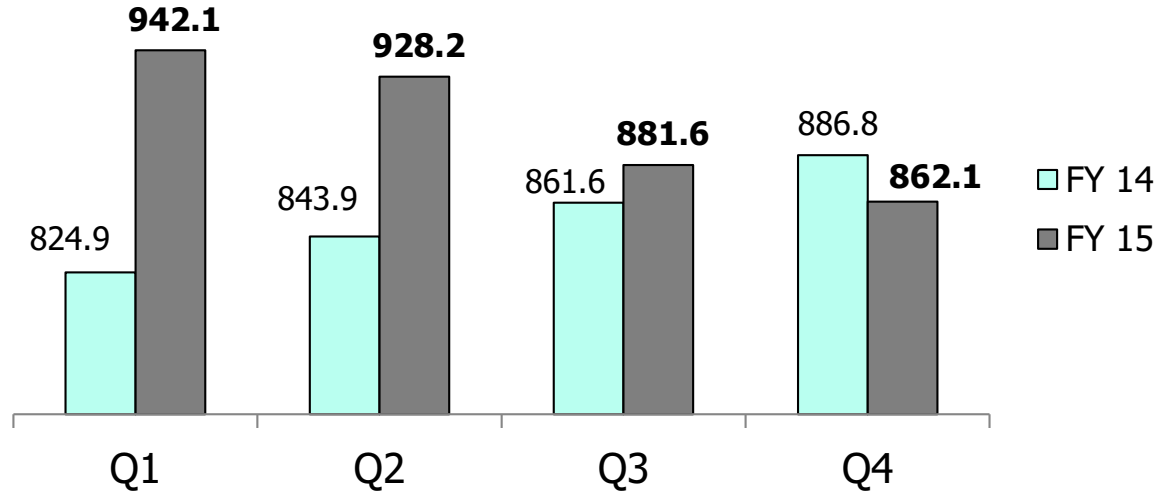


Consolidated Snapshots

Quarterly Revenue Performance Trends

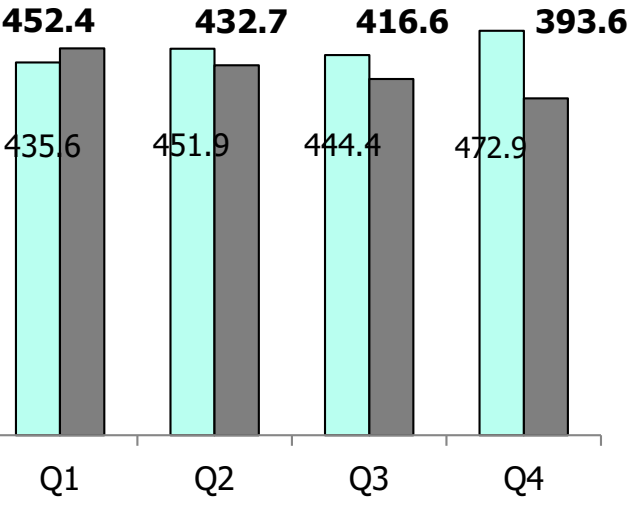


SRF-Standalone

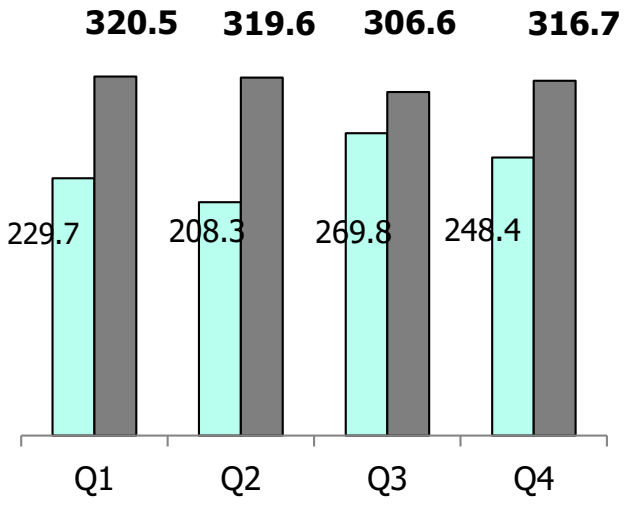


Business Segments

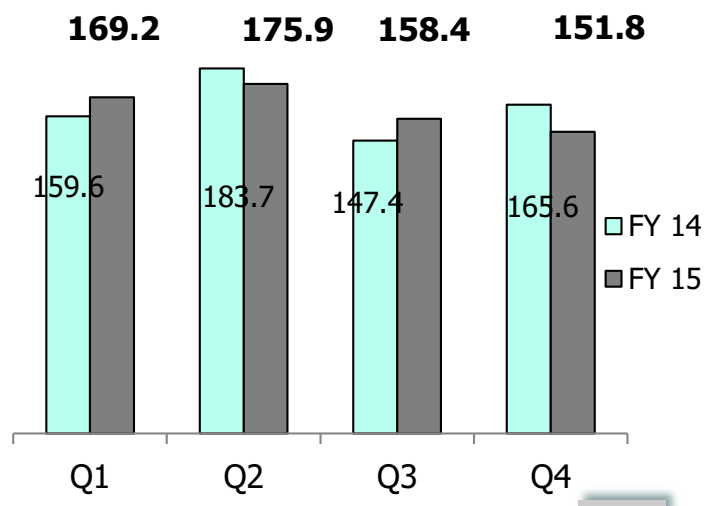
TTB



CPB



PFB

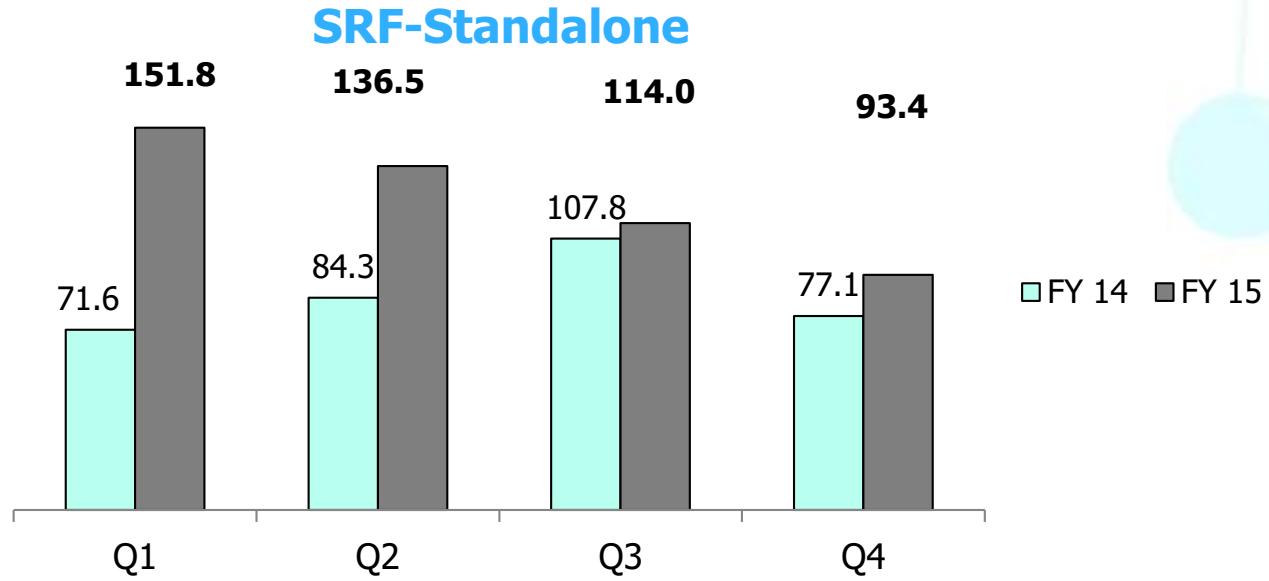


* All figures are external sales in Rs Crores



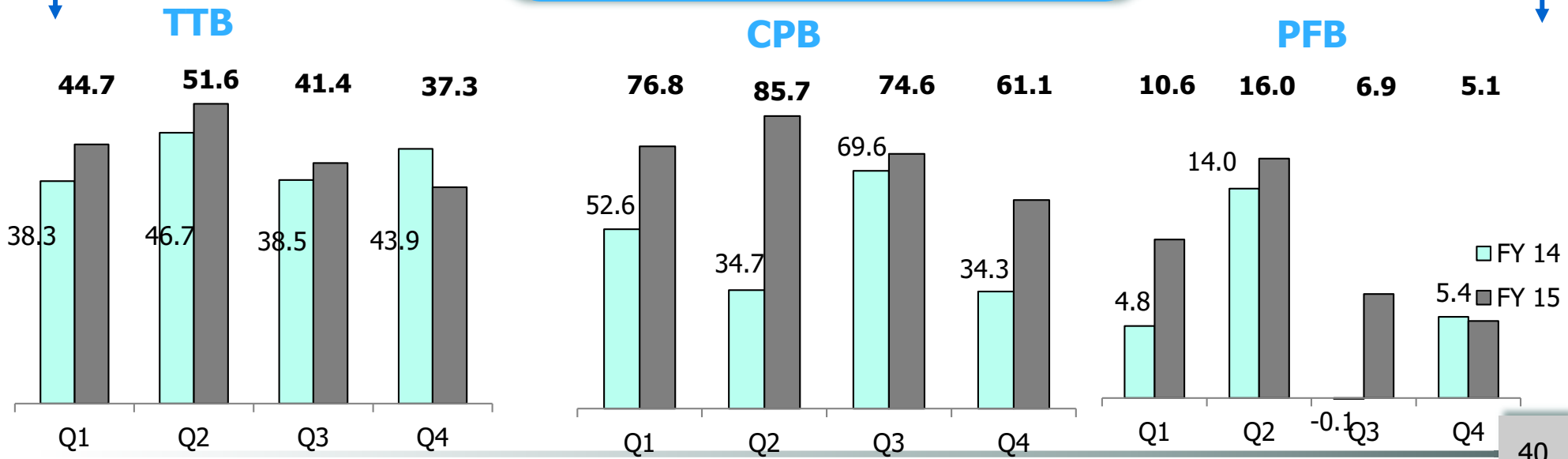
Consolidated Snapshots

Quarterly EBIT Performance Trends



* All figures above are net of "Other Unallocable Expenses Net of Income" & net of ECF

Business Segments





Outlook

- NTCF is expected to remain a key business in the segment and a generator of steady cash flow
- Demand for NTCF to mirror Indian GDP growth as it is closely linked to the transportation sector
- Improving macroeconomic environment to have a positive impact on laminated, coated and belting fabric segments going forward





- Expanded R-134a capacities to assist sales improvement in the domestic and export markets
- Loss of R-22 markets due to phase down for emissive use will be compensated by increasing feedstock use by the Specialty Chemicals segment
- Future potential and prospects of the Specialty Chemicals Business remain robust
- Focus on expanding range of specialty products and moving towards higher value-added products in the agrochemical and pharmaceutical sectors
- Ongoing investments in R&D leading to a healthy pipeline of new products: two new dedicated plants commissioned at Dahej driving revenues and profitability



- Robust domestic FMCG demand and fast urbanisation leading to healthy growth in demand: industry being cyclical, the situation is expected to turnaround in the near future
- Focus on full utilisation of assets and incorporating more value-added products in the portfolio
- First full year contribution from international operations in FY 2015; expected to positively impact overall performance



Other Milestones

Other Milestones

Awards & Recognitions

Winner of Deming Prizes for 2 businesses

**Chemicals Business
2012**



**Tyre Cord Business
2004**



SRF in Forbes' 'Best Under a Billion List' 2011



CII-ITC Sustainability Awards

2008 Strong Commitment

2009, 2010 & 2011 Significant Achievement

2013 Sustainability Prize



CSR Awards

2012 Businessworld FICCI
CSR Award

2013 Aaj Tak Care Awards

2013 Greentech CSR Award

Best CFO Award



2012: 'Best CFO' presented by a leading
Indian business magazine **BusinessWorld**



Other Milestones

Concern for Community



Education

Undertakes up-gradation of government schools under '**Quality Education for All**' programme, covering 90 primary and middle schools across 60 villages; impacting more than **25,000 children** spread across 6 states in India



Vocational Skills

Undertakes several initiatives to improve the employability of people especially the younger generation from the disadvantaged communities by way of **providing vocational skills**



Natural Resource Management

Continues to reach out to poor families in Alwar district in India to improve their livelihood; **impacting 6,500 families spread over 38 villages**



Health

Continues to **organise various health camps** ranging from medical awareness, diabetes, eye check-ups, blood donation, etc, besides **ongoing HIV/ AIDS Awareness events and HIV Testing programmes** in all plant locations



Thank you

