



FINOLEX INDUSTRIES LIMITED

INVESTOR PRESENTATION

February 2016

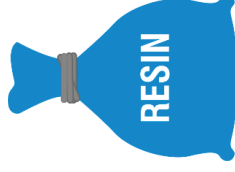
Overview



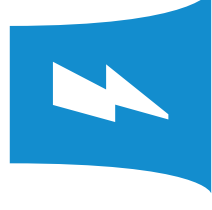
Leading brand in
Indian PVC pipe
and fittings



Largest backward
integrated pipe and
fittings manufacturer
in India with
250,000 MT p.a.
production capacity



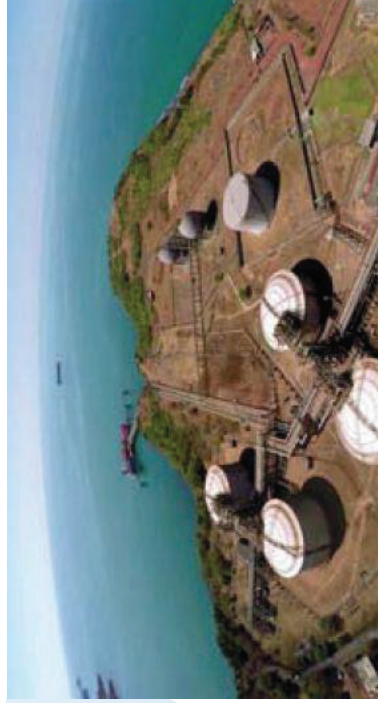
One of the largest PVC
resin manufacturer
in India with
272,000 MT p.a.
production capacity



43 MW power plant
for captive
consumption in
Ratnagiri

Pan India distribution network through wide network of dealers, sub-dealers and retail outlets – 16,000+ touch points

Company at a glance



Storage tanks for raw material



PVC resin Plant at Ratnagiri



Extruder lines



PVC resin storage section

Company at a glance

PVC pipe
plant,
Masar,
Gujarat



Extruders
at the
plant



Storage
area for
PVC
fittings

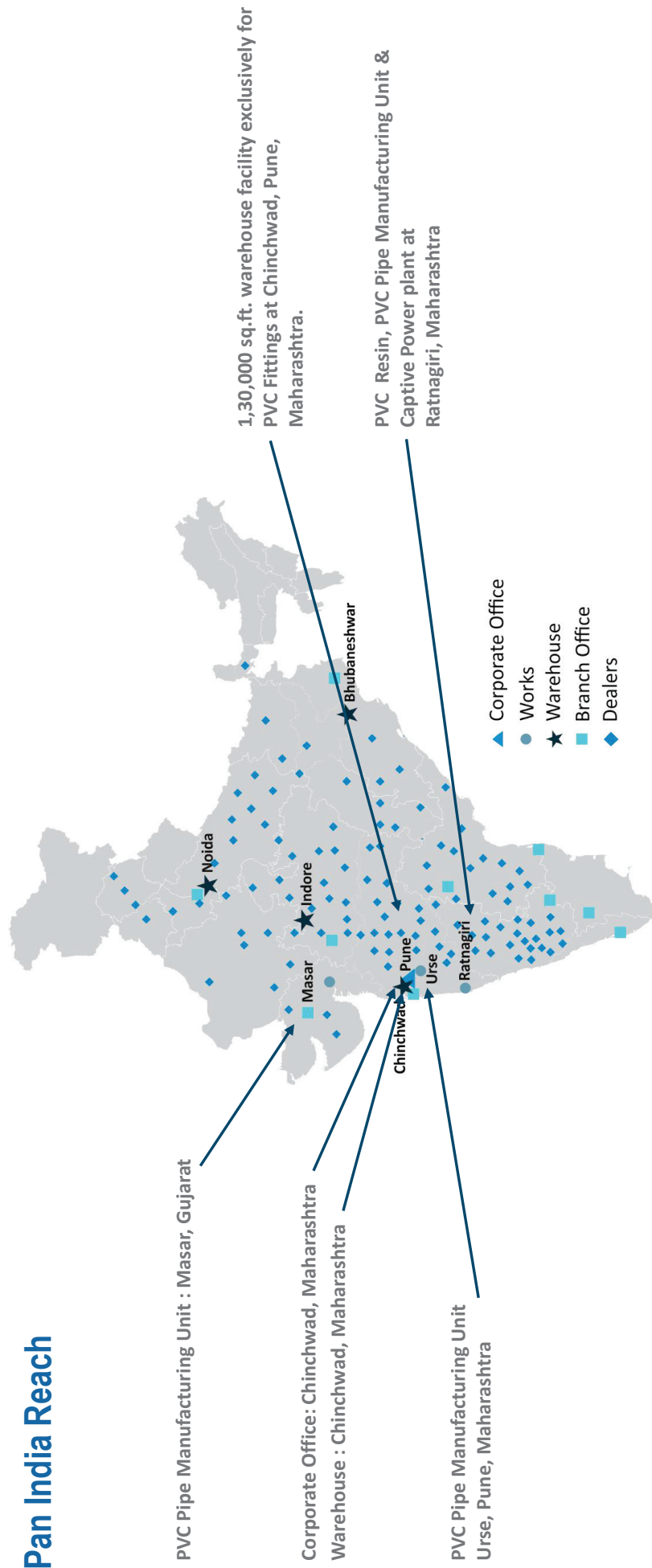


Storage
area for
PVC
fittings





Pan India Reach



Over 600 dealers and 16,000+ retail touch points across the length and breadth of the India

Business Model

Key revenue driver – mainly PVC pipes and fittings segment, with steadily increasing in-house consumption of the PVC resin

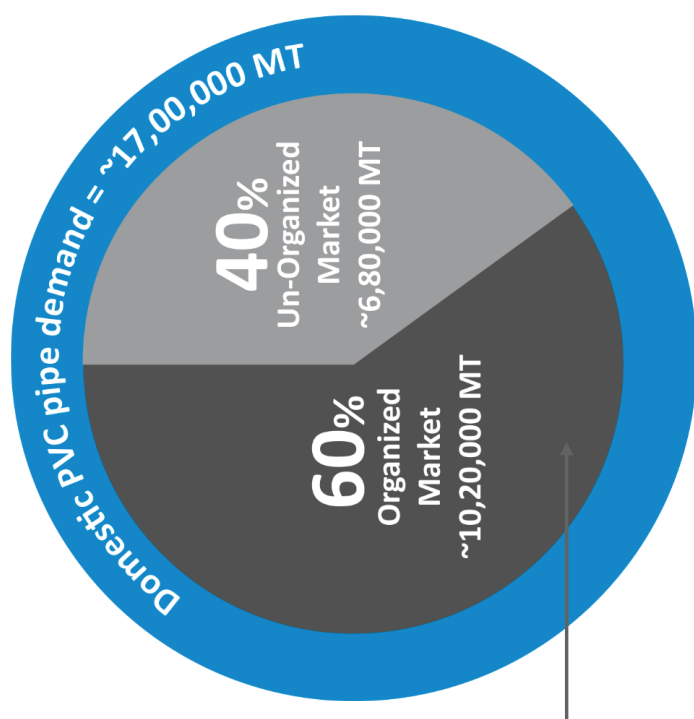
Key cost components - EDC, Ethylene and VCM are key raw materials for PVC production – mainly imported from middle east

Market wise sales are distributed between Agriculture (70%) and Non-agriculture (30%). Non-agriculture is mainly construction

Margins improvement initiatives are underway, however, raw material prices movement does impact operating margins in PVC resin segment

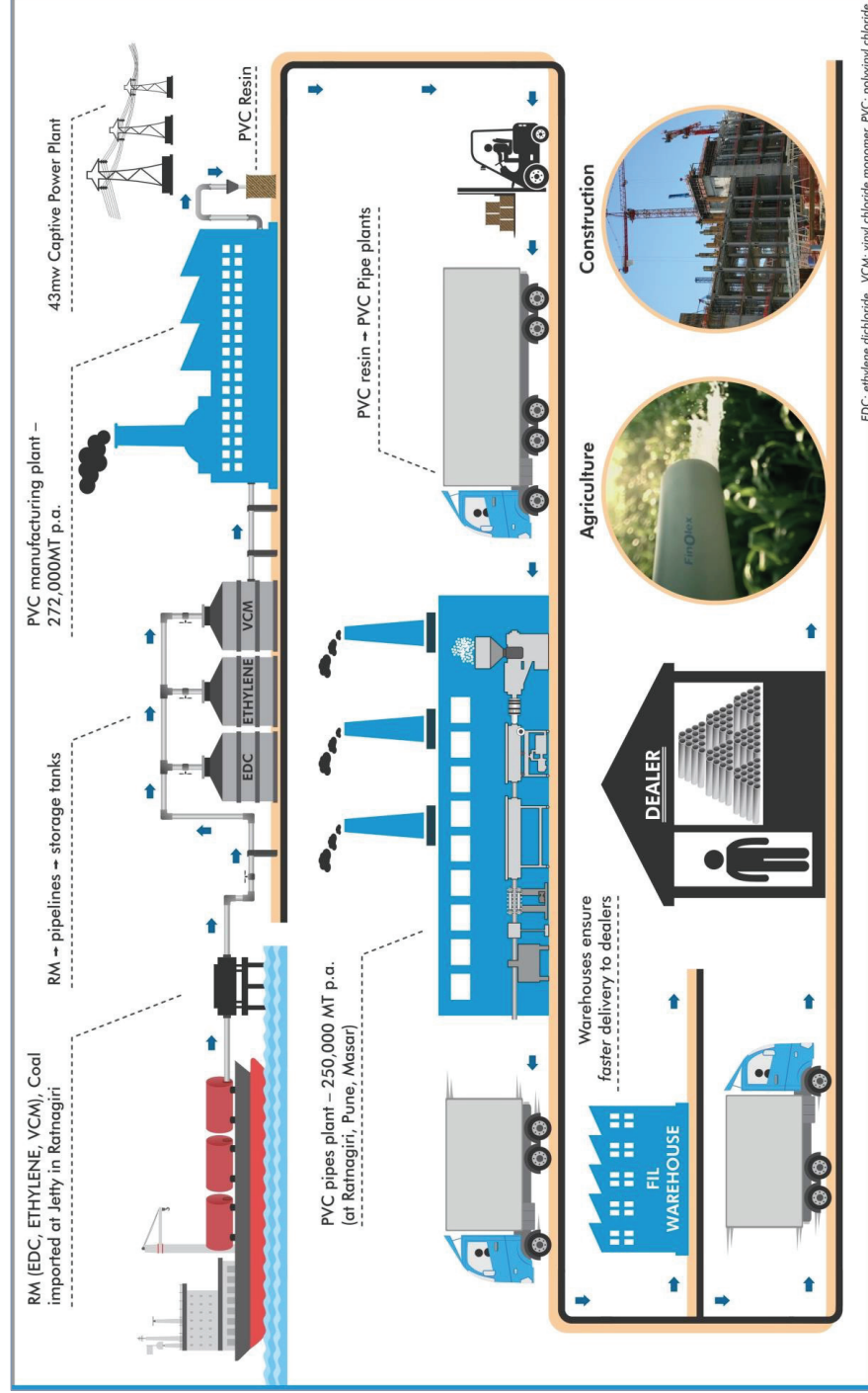
Operating under cash-n-carry model

PVC Pipe – Addressable Market



FIL – 250,000 MT p.a.
25% share in organised market

Value chain



Key Strategies

MARGIN IMPROVEMENT

Increase sales of higher margin products viz. fittings, column pipes, etc. Scale up share of fittings in sales mix to over 10%

CASH-N-CARRY

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



CAPACITY EXPANSION

Increase installed capacities of PVC pipes and fittings by 30,000 MT p.a. till FY17E with a capex at INR 300 mn p.a

BRANDING

Growing brand and quality consciousness amongst consumer

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

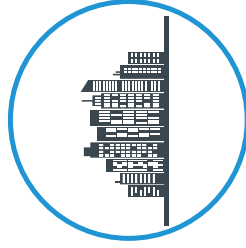
Measures like unified agricultural market, INR 8.5 tn target for farm loans and investment in rural infrastructure to benefit the company

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

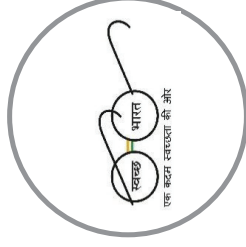
Government policy initiatives – Construction and Non Agriculture



'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 (IHL), cluster toilets and community toilets (especially via PPP mode)



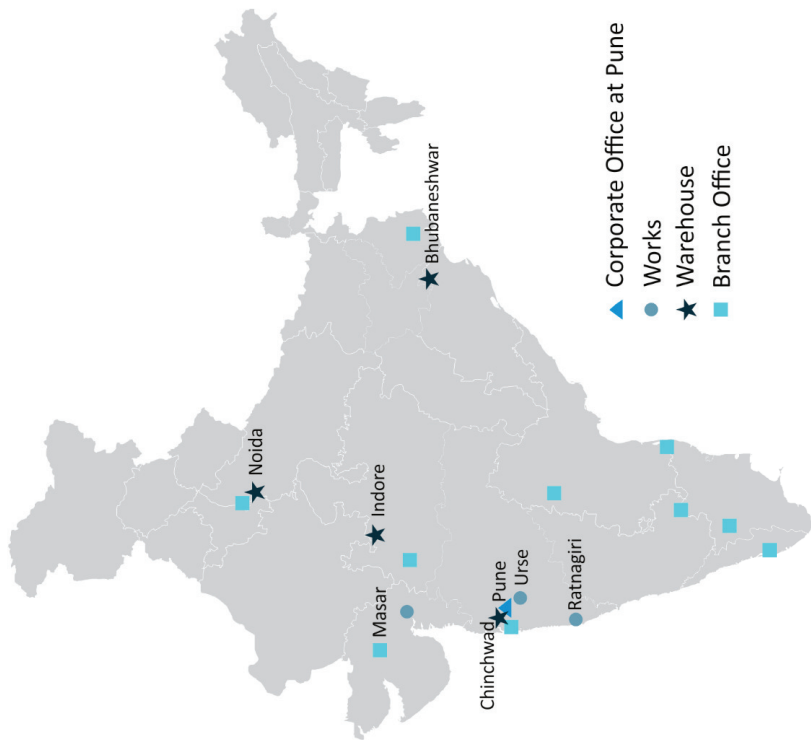
Atal Mission for Rejuvenation and Urban Transformation (AMRUT) targets 500 cities to raise water supply, sewerage, urban transport system

Distribution reach

- FIL is on track in terms of expanding its scale of operations not only by increasing production capacity, but also by setting up additional warehouses
- Recently commissioned warehouses at Indore (MP), Noida (UP) and Cuttack (Odisha) have ensured faster delivery and enhanced distribution reach

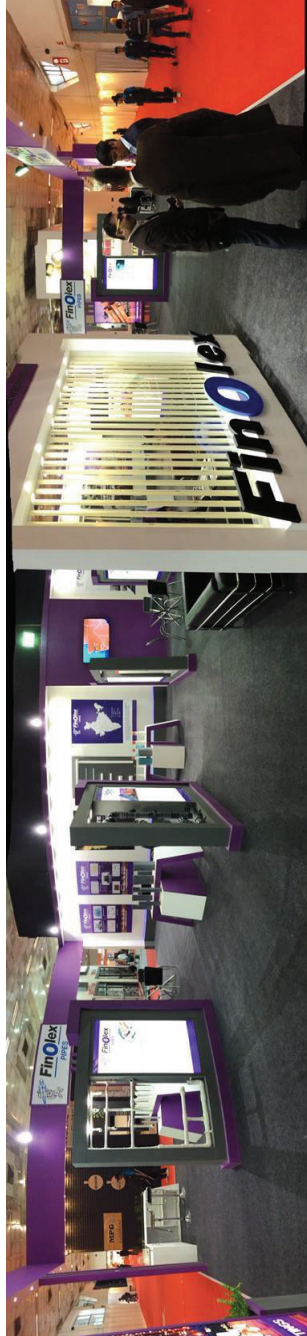


Plants and Warehouses





Branding & advertisements – exhibitions, events & social media



FinOlex PIPES
CORDIALLY INVITES YOU TO JOIN US AT

Green Field 2015

FINOLEX AT Hall: 28 Stall No: 273
Date: 16th - 20th December 2015
Venue: International Exhibition Ground, Mashi, Pune.

The BSAF is India's largest and oldest where agri professionals, policy makers, the financial institutions meet to share the latest and futuristic insights.

FinOlex PIPES
CORDIALLY INVITES YOU TO JOIN US AT

Constro 2016

FINOLEX AT Date: 16th - 17th January
Venue: Agriculture College Grounds, Shivajinagar, Pune.

CONSTRO is a major initiative created to inform the users & customers on the state of the art in construction. It is one of the biggest shows of building materials, methods & machinery under one roof.



FinOlex Pipes Retweeted

Vipul Bhardwaj @bhardwajspeaks · Jan 12
Farmers are the backbone of our nation. They've always worked to ensure meals in our palate. @Finolexwater #FlyingWithFinOlex

Goodnight India and 2 others follow

Sagar Kumawat @sagar025 · Jan 12
@Finolexwater I must say that only Farmers are the persons on which whole India depends on. #FlyingWithFinOlex

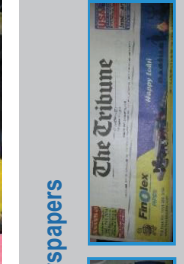
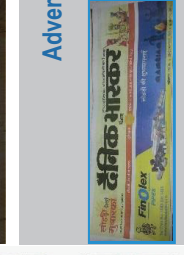
Contest Point @ContestPoint · Jan 12
#FlyingWithFinOlex Keep that head high You make us Indians proud @Finolexwater

HDFC ERGO GIC and 4 others follow

varshini @vrsyno · Jan 12
#FlyingWithFinOlex @Finolexwater They dont take selfies but do selfless service.Thank you Kisan

FinOlex PIPES

WISHES YOU A PROSPEROUS Farmer's Day



Advertisement in regional newspapers



Sponsoring agri awards on ABP Majha channel

#FlyingWithFinolex twitter campaign

Balance sheet – Key indicators

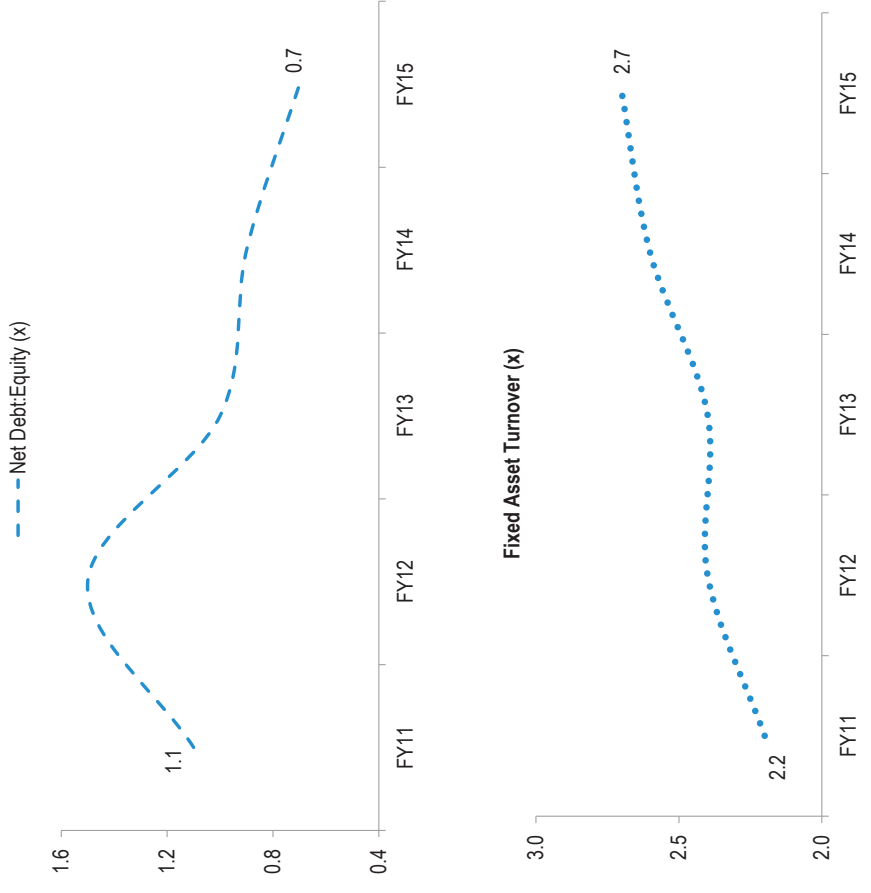
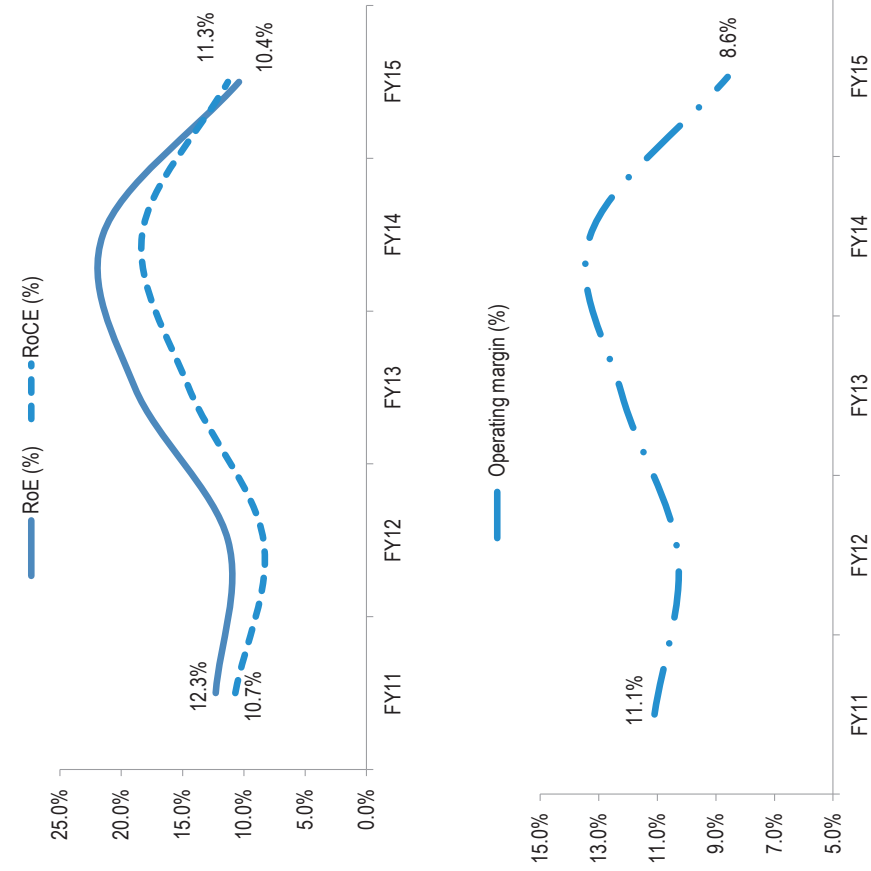
Balance Sheet (INR mn)	FY12	FY13	FY14	FY15	H1FY16
Equity and Liabilities					
Share capital	1,241	1,241	1,241	1,241	1,241
Reserves and surplus	5,381	5,971	6,656	6,633	8,497
Long term borrowings	1,896	1,397	2,322	1,837	1,545
Short term borrowings (incl. loans repayable in one year)	8,528	6,997	4,812	4,534	*2,396
Total borrowings	10,424	8,394	7,134	6,371	3,941
Assets					
Fixed assets (Net block)	7,840	8,795	9,052	8,678	8,497
Capital WIP	854	506	325	104	70
Non current investments	1,221	1,274	1,274	1,246	1,246
Current investments	3,711	2,322	941	551	301

*Short term borrowings have reduced due to low inventory level during monsoon.

Profit & Loss – Key indicators

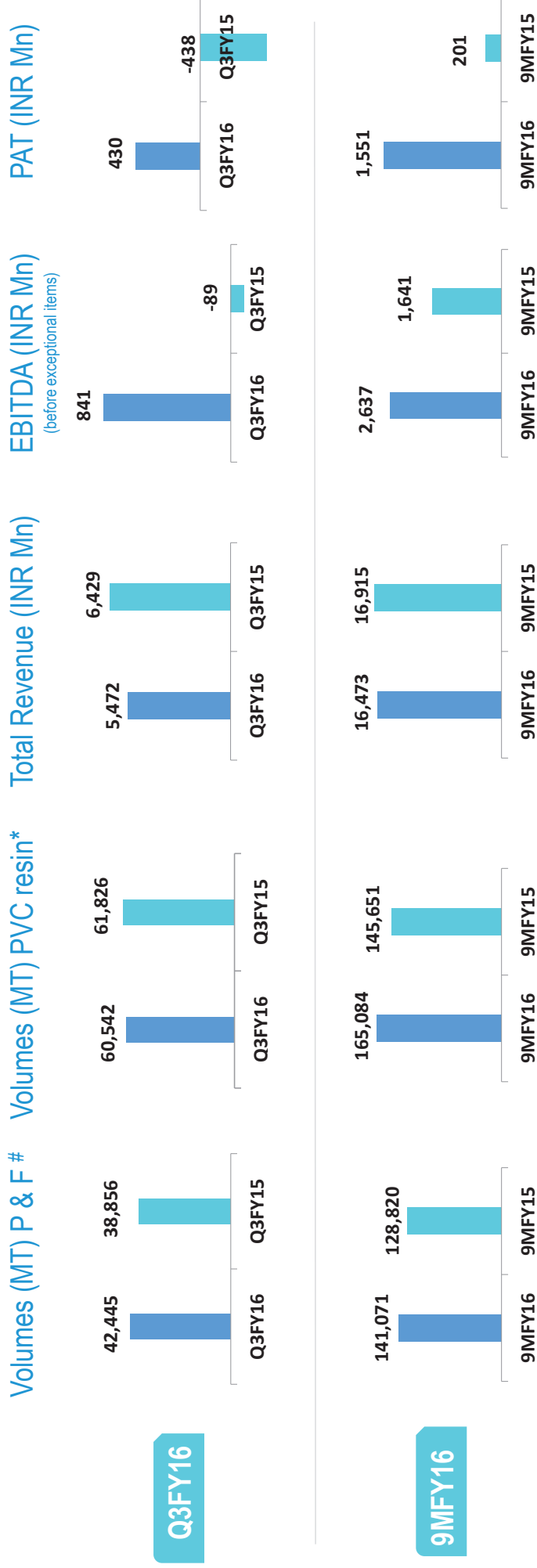
<i>Profit & loss account (INR mn)</i>	FY12	FY13	FY14	FY15	9MFY16
Net Income	20,998	21,448	24,530	24,761	16,473
Growth in sales (YoY %)	6.20%	2.10%	14.40%	0.94%	(2.61)
EBIDTA before exceptional items	2,313	3,587	3,966	2,111	2,637
EBIDTA margins before exceptional items (%)	11.02%	16.72%	16.17%	8.52%	16.01%
EBIDTA after exceptional items	2,168	2,626	3,268	1,896	2,882
PBT	967	1,902	2,419	808	2,305
PBT Margin (%)	4.60%	8.90%	9.90%	3.26%	13.99%
PAT	752	1,361	1,701	478	1,551
PAT Margin (%)	3.60%	6.30%	6.90%	1.93%	9.42%

Key performance indicators





Q3 & 9MFY16 Results Summary



Management Comment:

Demand for pipes and fittings continues to be good and we are confident that going forward growth in this segment would be very encouraging.

* Including inter segment transfer

P&F represents Pipes and Fittings



Profit & Loss Account

Particulars (INR mn)	Q3FY16	Q2FY16	Q3FY15	9MFY16	9MFY15
Net Sales	5,472	4,667	6,429	16,473	16,915
EBIDTA before exceptional items	841	522	(89)	2,637	1,641
EBIDTA margin (%)	15.37%	11.18%	-	16.01%	9.70%
Exceptional gains/(loss)	-	*245	(131)	*245	(296)
EBIDTA after exceptional items	841	767	(220)	2,882	1,345
Depreciation	127	126	146	379	444
EBIT before exceptional items	714	396	(236)	2,258	1,196
<i>EBIT margins</i>	13.05%	8.49%	-	13.71%	7.07%
Other Income	35	141	14	204	153
Finance costs	80	164	287	402	763
PBT	668	618	(639)	2,305	290
<i>PBT margins</i>	12.21%	13.24%	-	13.99%	1.71%
Tax	238	199	(201)	754	89
PAT	430	419	(438)	1,551	201
<i>PAT margins</i>	7.86%	8.98%	-	9.42%	1.19%

*Represents benefit by way of electricity duty exemption under package scheme of incentives for earlier periods.

Operating Highlights

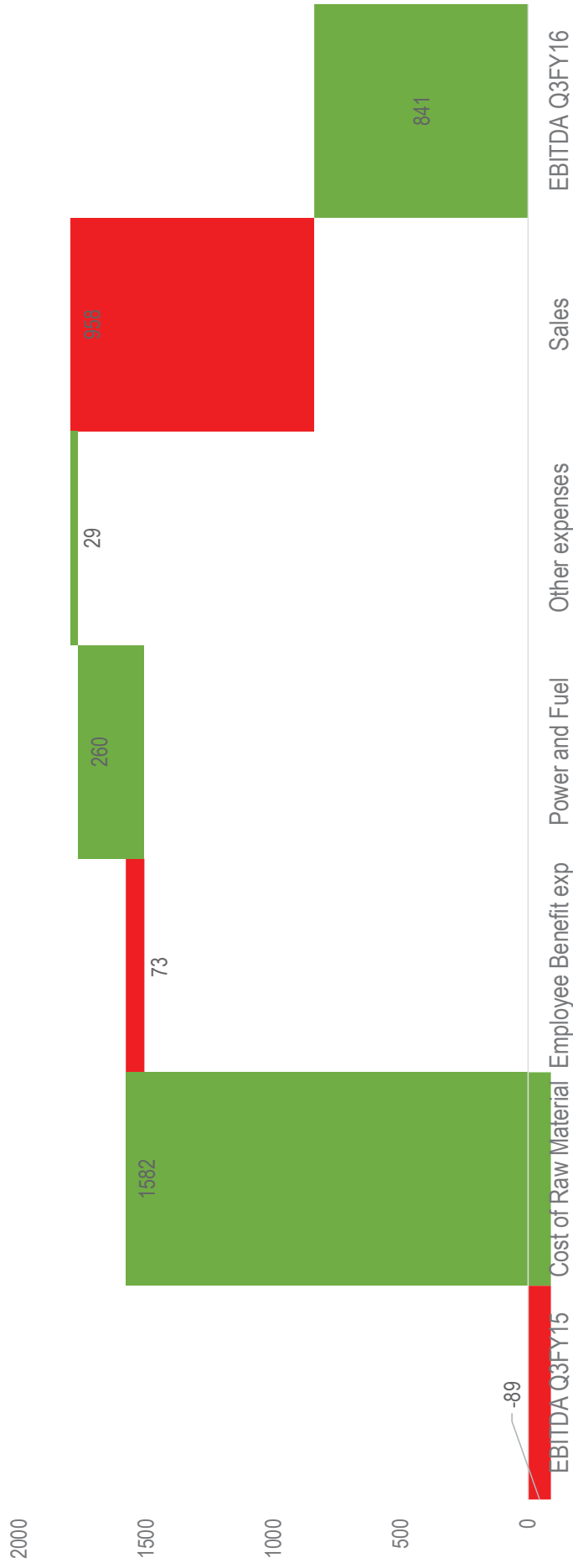
Particulars	Q3FY16		Q3FY15		Growth Y-o-Y	
	INR Mn.	MT	INR Mn.	MT	Value	Volume
Segmental Revenue						
PVC resin	3,567	60,542	3,664	61,826	(2.0%)	(2.1%)
PVC pipes & fittings	3,611	42,445	3,480	38,856	3.8%	9.2%
Power	357		175	11,418	104.0%	

Particulars	9MFY16		9MFY15		Growth Y-o-Y	
	INR Mn.	MT	INR Mn.	MT	Value	Volume
Segmental Revenue						
PVC resin	10,297	165,084	9,880	145,651	4.2%	13.3%
PVC pipes & fittings	12,236	141,072	12,076	128,820	1.3%	9.5%
Power	1,040		822		26.5%	



EBITDA Bridge Chart

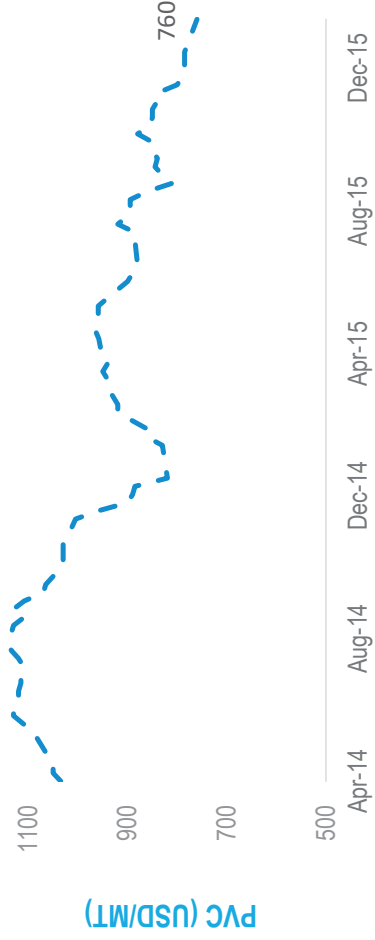
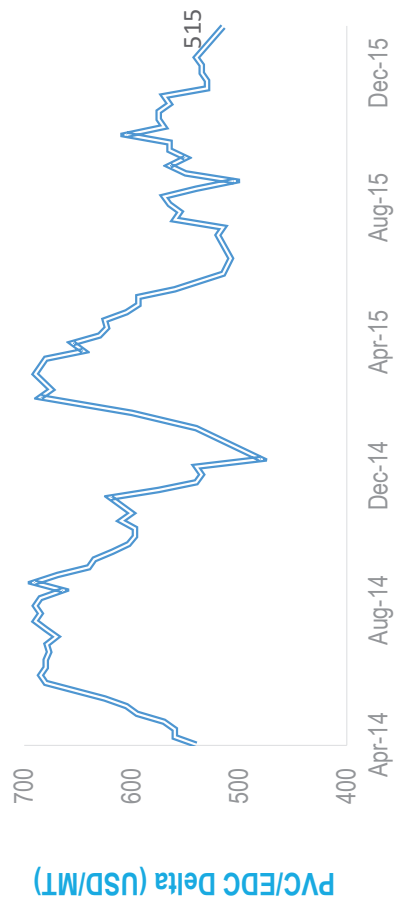
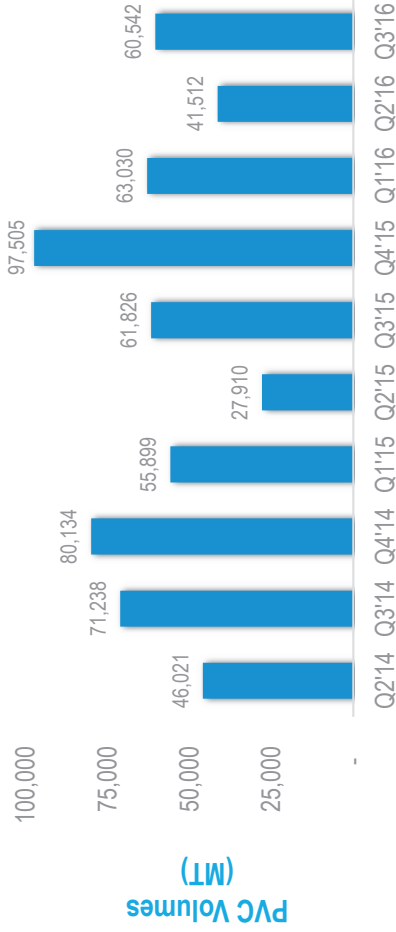
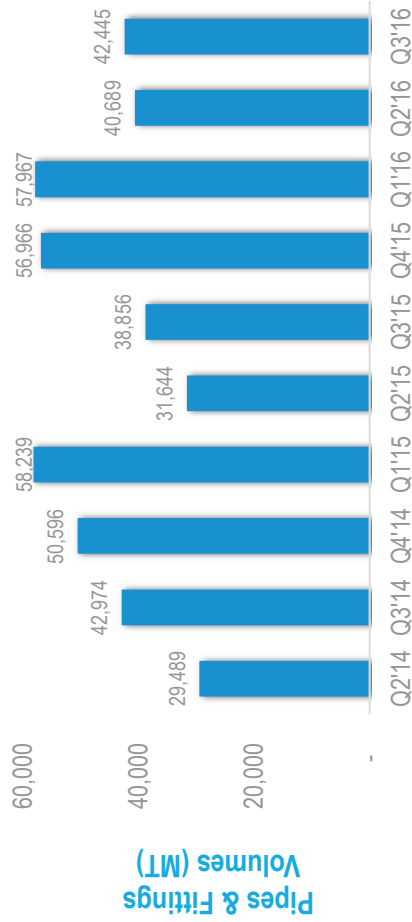
(INR mn)



-500



Business Scenario



Source: Platts Polymerscan weekly reports



Quarterly – Profit & Loss

Particulars (INR mn)	Q4FY14	Q1FY15	Q2FY15	Q3FY15	Q4FY15	Q1FY16	Q2FY16	Q3FY16
Net Sales	8,397	6,627	3,859	6,429	7,846	6,334	4667	5,472
EBIDTA before exceptional items	1,025	1,258	471	(89)	683	1,274	522	841
<i>EBIDTA margins (%)</i>	12.21%	18.98%	12.21%	-	8.71%	20.11%	11.18%	15.37%
Exceptional items	71	-165	-	(131)	31	-	245	-
Depreciation	151	149	149	146	143	125	126	127
Other Income	62	52	86	14	50	27	141	35
Finance costs	217	282	194	287	104	158	164	80
PBT	790	715	215	(639)	517	1,019	618	668
<i>PBT margins (%)</i>	9.41%	10.79%	5.57%	-	6.59%	16.09%	13.24%	12.21%
Tax	228	213	77	(201)	241	316	199	238
PAT	562	502	137	(438)	277	703	419	430
EPS	4.5	4.5	1.1	(3.5)	2.2	5.7	3.4	3.5

Quarterly segmental – Profit & Loss

Particulars (INR mn)	Q4FY14	Q1FY15	Q2FY15	Q3FY15	Q4FY15	Q1FY16	Q2FY16	Q3FY16
Segmental revenues								
PVC	5,347	4,139	2,076	3,664	5,721	4,149	2,581	3,567
PVC pipes & fittings	4,686	5,438	3,158	3,480	4,862	5,100	3,525	3,611
Power	443	353	293	175	486	385	299	357
Segmental profits								
PVC	494	597	124	(456)	216	692	198	462
% of Revenues	9.24%	14.42%	6.00%	(12.45%)	3.78%	16.68%	7.67%	12.95%
PVC pipes & fittings	389	520	242	254	321	492	297	315
% of Revenues	8.31%	9.56%	7.70%	7.30%	6.60%	9.65%	7.91%	8.72%
Power	113	62	9	(41)	145	81	42	61
% of Revenues	25.54%	17.56%	2.90%	(23.43%)	29.84%	21.04%	14.05%	17.09%
Capital employed								
PVC	7,775	8,480	7,277	7,221	6,060	7,167	5,660	5,649
PVC pipes & fittings	3,393	3,063	3,899	4,789	4,649	4,302	4,337	4,730
Power	3,131	3,098	2,512	2,650	2,552	2,772	2,527	2,500
Other segments	1,715	1,381	3,051	3,413	2,096	3,577	2,289	1,941

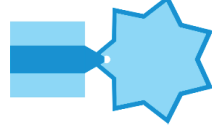
Green initiatives by FIL



Internationally acclaimed Environment management system under ISO 14001, in place at the Ratnagiri plant.

0 Effluent Discharge

Achieved the goal of Zero effluent discharge at the Ratnagiri plant



Awarded with “Certificate of Merit – believers Category” by “Frost and Sullivan’s Green Manufacturing Excellence Award 2014” for Golap, Ratnagiri plant



Won Bronze trophy in the National Safety Council Awards Competition 2013 for the PVC manufacturing plant at Ratnagiri



Corporate Social Responsibility (CSR)

2
Municipal Schools
Adopted

25
Hospitals
Supported

20k Sq.Ft
Size of our School
at Ratnagiri

Mukul Madhav

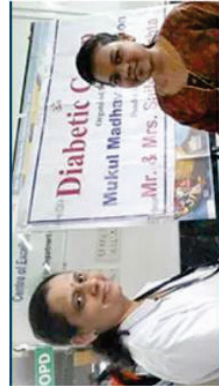
— Foundation —
Established 1999

2000
Scholarships
Given

12k+
Patients
Treated

1
Educational
Tie Up

1000s
of Lives
Transformed



Health Care



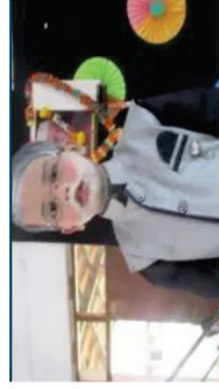
Education



Environment & Safety
Initiatives



Community
Development



Cultural & Other
Activities



Accolades and awards



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



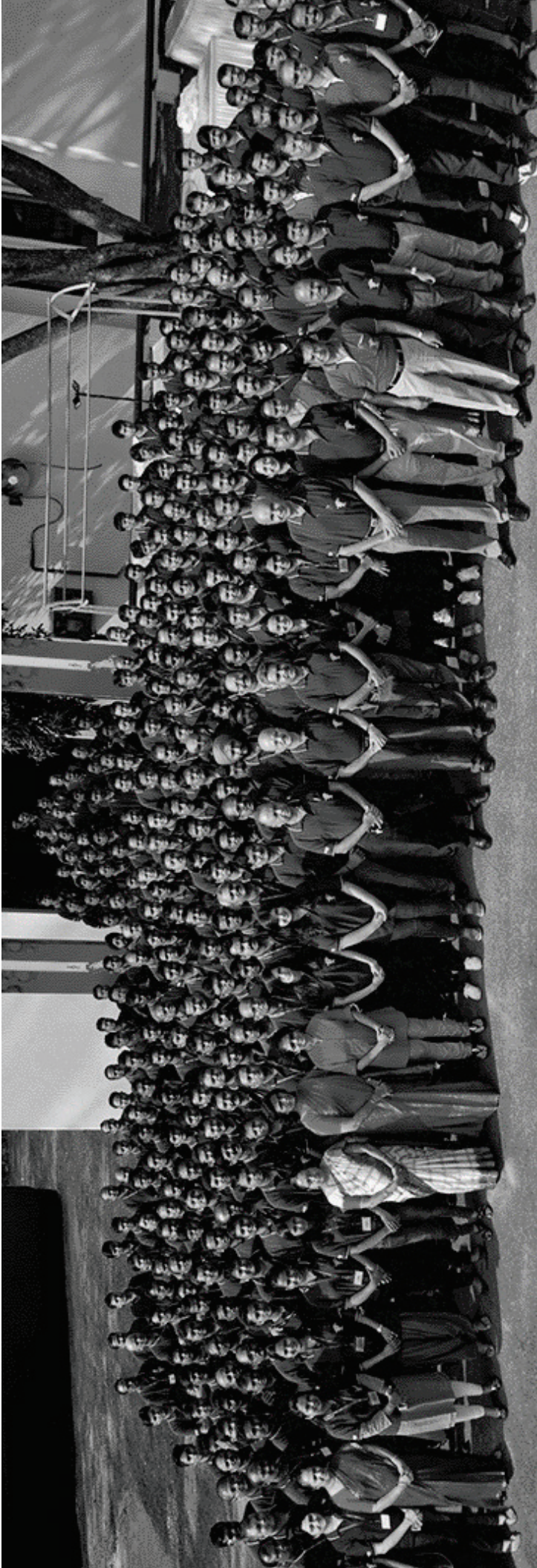
'Excellence in CSR' award by Amity Global School



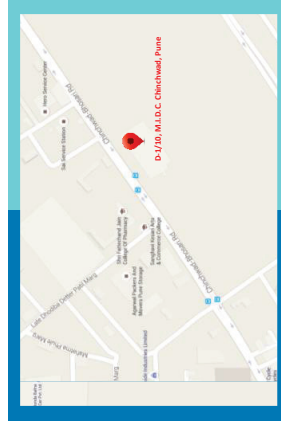
"Best Safety Practices Award – 2015" by National Safety council Maharashtra Chapter & Directorate of Industrial Safety & Health, Maharashtra State



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



FINOLEX INDUSTRIES LIMITED



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