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Fax No.022-26598237/38

SRR/SEC-A/3& A/4

April 8, 2014

**Subject : Interaction with Institutional Investors**

Dear Sir,

In compliance with the Listing Agreement please find attached herewith information to be shared with certain institutional investors at Mumbai on 9 & 10, April, 2014.

This is for your information and records.

Thanking you,

Yours faithfully,  
For **SRF LIMITED**

  
**ANOOP K. JOSHI**  
**PRESIDENT & COMPANY SECRETARY**

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# Interaction with Institutional Investors

# Disclaimer

Statements in this presentation describing the company's performance are based on current expectations and assumptions which are subject to risks and uncertainties. Actual results could differ materially from those expressed or implied. We do not undertake any duty to update any forward-looking statement.



# Who interacts

**Mr. Ashish Bharat Ram, Managing Director, SRF plans to interact with some of the investors in presence of Mr. Rajendra Prasad, CFO, SRF and Mr. Mukund Trivedy, Head of Corporate Communications, SRF.**



# Agenda



Introduction of SRF

Market Overview

Business Outlook

Key expansion update



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# SRF Introduction

## Business Profile

### Technical Textiles

- tyre cord fabrics (nylon & polyester)
- belting fabrics
- coated fabrics
- laminated fabrics
- industrial yarn

### Chemicals & Polymers

#### Fluorochemicals

- refrigerants
- chlorinated solvents

#### Specialty Chemicals

- organic intermediates

#### Engineering Plastics

- polyamides
- poly butylenethalate
- poly carbonates

### Packaging Films

- polyester films (BOPET & BOPP)



# Going forward

## Business Strategy

- To reduce dependence on Technical Textiles by growing other segments
- To become predominantly a company which is known and respected for its R&D capabilities





- India a deficit market - about 25,000 TPA imported
- Commodity product, yet stickiness with customers due to stringent and prolonged approval process
- Two key suppliers
- Flat growth industry - 0-0.5%p.a, yet an essential product
- High entry barrier due to high economic plant size and high project costs; long lead time due to approval from customers - min. plant size 10,000 MTPA @ about US\$5 per tonne i.e. Rs. 300 crore

## Nylon Tyre Cord Fabrics (NTCF)

### Business Outlook



- Nylon to stay in spite of radialisation of bus & truck tyres
- Max radialisation expected upto ~50% in next 7-10 years
- Growth in demand for two wheeler and off the road (OTR) tyres likely to offset reduced demand due to radialisation in B&T segment
- Secondary / replacement market demand (~70%) from vehicles on the road provides an assured demand in addition to OEM demand
- Depreciation will reduce every year as older assets move out of depreciable block
- Business viewed as a cash generating business
- No further major investments expected

# Technical Textiles Business

## Polyester Tyre Cord Fabrics (PTCF) & Regular Yarn

### Business Outlook



- Capacity is 6000 MTPA in HMLS yarn and 8,400 in regular yarn
- Two PTCF machines converted to regular yarn; can be converted back if need arises
- PTCF has not performed upto expectations while regular yarn sells
- Regular yarn is a low margin product but machines utilised and overheads are met



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- SRF, world's no. 2 manufacturer of Belting Fabrics
- Industry is fragmented - big players are ~ Euro 50-75M
- SRF capacity 11,500 MTPA
- Business has a good upside if mining, manufacturing and infrastructure pick up in India
- SRF's performance improved in this segment

# Technical Textiles Business

## Coated Fabrics

### Business Outlook



- Capacities - 18 lac sqm per month
- Economic slow down has had an impact; low utilisation
- Products are world class; quality issues have been resolved yet new plant has not yielded expected results
- Coated Fabrics (CF) along with Laminated Fabrics (LF) are two products of SRF which are seen to the naked eye of end consumer
- CF & LF are the closest B2C products amongst SRF's range of products; marketing is a challenge



# Technical Textiles Business

## Laminated Fabrics

### Business Outlook



- Economic slowdown and downturn in advertising spends has cost the business
- Low entry barrier and new entrants in the business leading to increased competition
- Capacities :
  - Cold lamination - 60 lac sqm per month
  - Hot lamination- 15 lac sqm per month
- Low utilisation of existing capacity



# Packaging Films Business

## BOPET & BOPP

### Market Overview



- A life style product related to the growth of the retail industry
- Growth industry both globally (~4-6% pa) and domestically (~12-15%pa)
- Industry towards the latter half of its down cycle; industry at around 78% utilisation
- Historically industry does well above 80% utilisation
- Excess capacity expected to be consumed in the next 12-15 month period leading to uptick in profitability
- No new manufacturing lines on the horizon; lead time for setting up plant is about 18-24 months



# Packaging Films Business

## BOPET & BOPP

### Business Outlook



- Value-added products being developed; will result in better margins
- Combined capacity: domestic ~60,000MTPA and overseas ~60,000MTPA
- Both Thailand and South Africa plants commissioned at a total investment of US\$ 125 million
- Working capital facilities in both overseas plants are in place



# Packaging Films Business

## BOPP Plant at South Africa



### An Update



- Plant ramp up was smooth
- World class plant
- Huge demand-supply gap for BOPP in South Africa; SRF fills the gap
- Demand for BOPP clearly visible; approvals being obtained at rapid rate
- Plant became EBIDTA neutral in 3 months
- High employee energy and morale



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# Packaging Films Business

## BOPET Plant at Thailand

### An Update



- Plant ramp up was smooth; World class plant
- Demand scenario follows BOPET characteristics
- SRF is able to sell what it manufactures ~ 2,000 MTPM which is almost to capacity
- Achieved breakthroughs in Japanese market which is a big positive because the market is most quality conscious, but consistent in demand
- Value-added products developed in India are also being sold from Thailand plant with great success
- Thailand plant became EBIDTA neutral in 3 months and is now cash neutral



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# Fluorochemicals Business

## Refrigerants & Chlorinated Solvents

### Business Outlook



- Refrigerant portfolio comprises R22, R410A and R134a; the only manufacturer of R134a in India
- R22 is facing a gradual phasing out, but SRF would continue to produce the gas to use as feedstock for downstream products which is permitted.
- R134a phase out is still sometime away as Montreal Protocol negotiations are yet to start
- Capacity - existing 4,500 MTPA at Bhiwadi + new plant of 12,500 MTPA at Dahej



# Specialty Chemicals Business

## Organic Intermediates

### Our Strength



- Our ability to handle fluorine molecules
- Huge R&D team with 10 years of experience: Over 200 employees engaged in these processes
- Supplying range of products to various global agro and pharma majors
- With increasing number of products available, cross selling amongst existing and new customers would increase share of wallet
- Barring 2013, in prior years growth achieved from single site alone through introduction of new molecules and higher sales of molecules
- New facility at Dahej to contribute increasingly to the growth of this segment



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# Specialty Chemicals Business

## Chemical Complex Dahej

### An Update



- Company has announced investment of ~Rs.1400 crore at Dahej
- Dahej expected to be a 291 acre chemical complex: 100 acre being presently developed
- Plants make multiple products
- Continues to be self sufficient in power generation with the commissioning of the 2nd phase of power plant



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# Specialty Chemicals Business

## Chemical Complex Dahej

### Business Outlook



- Products can have multiple uses - sold as products or feedstock for downstream products
- No material competition in India
- China not as much a threat since this is IPR oriented
- Business enjoys confidence and faith of customers - designated as strategic supplier by important customers



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# Specialty Chemicals Business

## Chemical Complex Dahej

### Future Scenario



Revenue and income mix of Dahej expected to change in the coming years since

- Future investments in Dahej centred around productive plants
- Lower investment required in supporting infrastructure
- New plants expected in Specialty Chemicals segment



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# Specialty Chemicals Business

## R&D Capability

### Our Strength



- R&D foundation of SRF well recognised
- Research, development, engineering design, project management and execution done internally
- Income tax recognises R&D labs at Bhiwadi and Chennai
- 39 patents filed till date



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# SRF: a family owned professionally managed company

History & Heritage	Professional Outlook	Regulatory Compliance
<ul style="list-style-type: none"><li>• Belongs to North India's premier industrial house</li><li>• Legacy of more than 100 years</li><li>• Promoter family known for philanthropy and pioneering work in education</li><li>• Recipients of CII-Sustainability &amp; FICCI CSR awards</li></ul>	<ul style="list-style-type: none"><li>• Two of its businesses are recipients of Deming Prize</li><li>• Well defined and conservative treasury policies</li><li>• High degree of independence to professionals</li><li>• Current global workforce: 5500</li></ul>	<ul style="list-style-type: none"><li>• Board comprises experienced professionals from varied industry segments</li><li>• Reputed statutory auditors: Deloitte</li><li>• Focus on high standards of internal control and corporate governance</li></ul>





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Thank You

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