



# HIMADRI SPECIALITY CHEMICAL LTD

Result Update Presentation  
August 2016

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➤ **Quarterly Financial Performance**



➤ **Annual Financial Performance**



➤ **Company Overview**



## Quarterly Financial Highlights-Standalone

62%



**Gross Profit**

Rs 93.9 cr

217%



**EBITDA**

Rs 51.2 cr

159%



**PAT**

Rs 11.6 cr

1585 bps



**Gross Profit Margin**

36.8%

1423 bps



**EBITDA Margin**

20.1%

155%

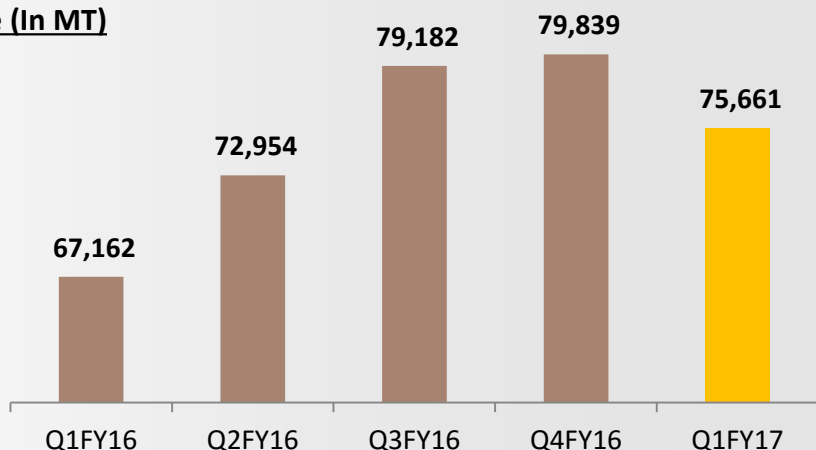


**EPS**

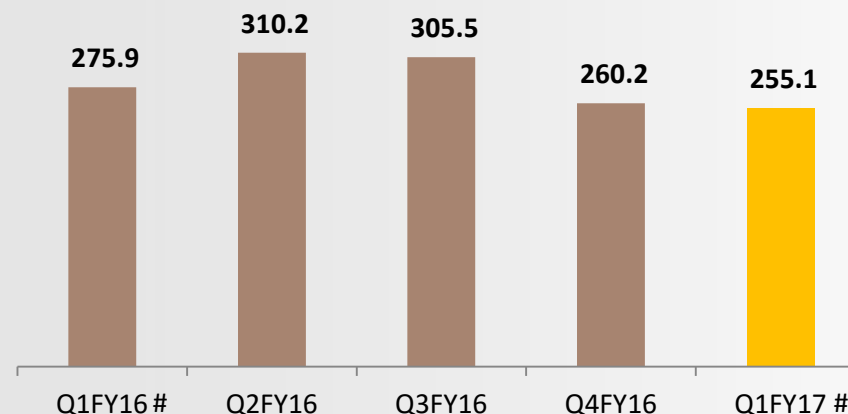
0.28 in Q1 FY17

# Quarterly Financial Highlights- Q1FY17

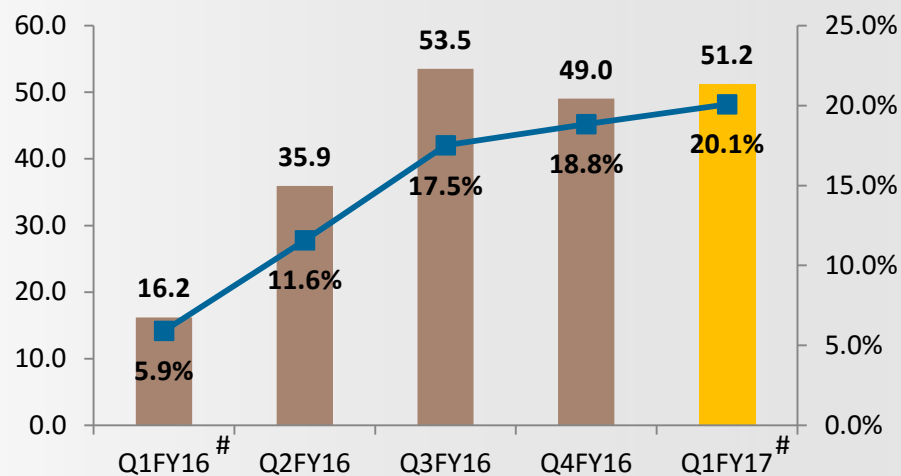
**Sales Volume (In MT)**



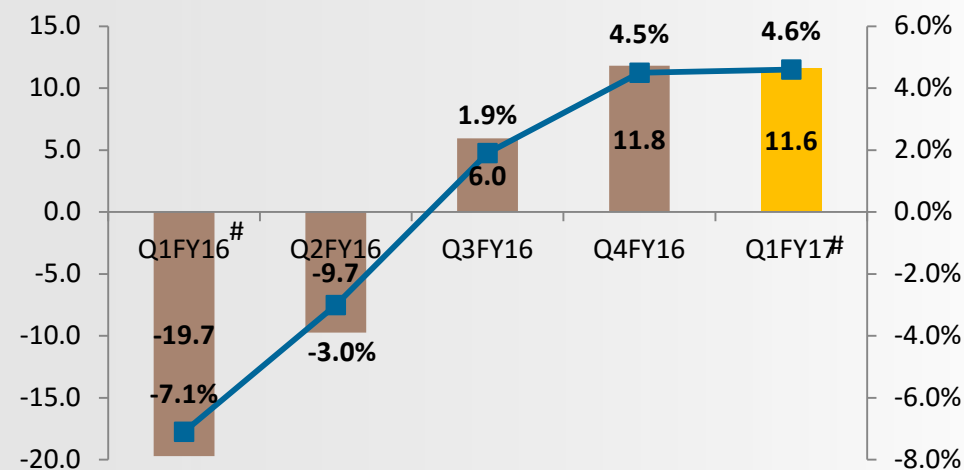
**Revenue from Operations (Rs. Crs)**



**EBITDA (Rs. Crs) / Margin (%)**



**PAT (Rs. Crs) / Margin (%)**



\*EBITDA is inclusive of other operating income, but excludes other income and Foreign exchange fluctuations

# Company adopted Indian Accounting Standards (Ind AS) from 01 April 2016. Figures for the quarter ended 30 June 2015 are also Ind AS compliant.



# Quarterly Profitability Highlights

Rs. Cr.	Q1 FY17 #	Q1 FY16 #	YoY %
<b>Revenue from Operations</b>	<b>255.1</b>	<b>275.8</b>	
Other Operating Income	0.0	0.1	
<b>Total Income</b>	<b>255.1</b>	<b>275.9</b>	<b>(7.6%)</b>
Raw Material & other direct costs	161.2	218.1	
Employee Cost	8.1	7.0	
Other costs	34.5	34.7	
Total Expenditure	203.8	259.8	
<b>EBIDTA</b>	<b>51.2</b>	<b>16.2</b>	<b>217.2%</b>
<b>EBITDA Margin (%)</b>	<b>20.1%</b>	<b>5.9%</b>	<b>1,423 bps</b>
Other Income	(2.2)	(0.7)	
Depreciation	7.8	15.8	
Interest	23.6	29.3	
Profit Before Tax	17.7	(29.6)	
Tax	6.1	(9.9)	
<b>Profit After Tax</b>	<b>11.6</b>	<b>(19.7)</b>	<b>159.1%</b>
<b>PAT Margin %</b>	<b>4.6%</b>	<b>(7.1%)</b>	<b>1,170 bps</b>
Other Comprehensive Income (net of tax)	27.8	(4.2)	
<b>Total Comprehensive Income/ (Loss)</b>	<b>39.4</b>	<b>(23.9)</b>	
<b>Paid-up equity share capital</b>	<b>41.84</b>	<b>38.57</b>	
<b>EPS</b>	<b>0.28</b>	<b>(0.51)</b>	

- **Revenue from operations** at Rs 255 crore, mainly on account of decrease in price realisations; **volumes have grown 13% YoY**

- **Average Capacity utilisation at 86% vs 62% in corresponding quarter**

- **Exports – 16.3%** of revenues

- **EBITDA at Rs 51.2 crore, YoY increase of 217%**

- **EBITDA margin of 20%, increase of over 1423 bps**

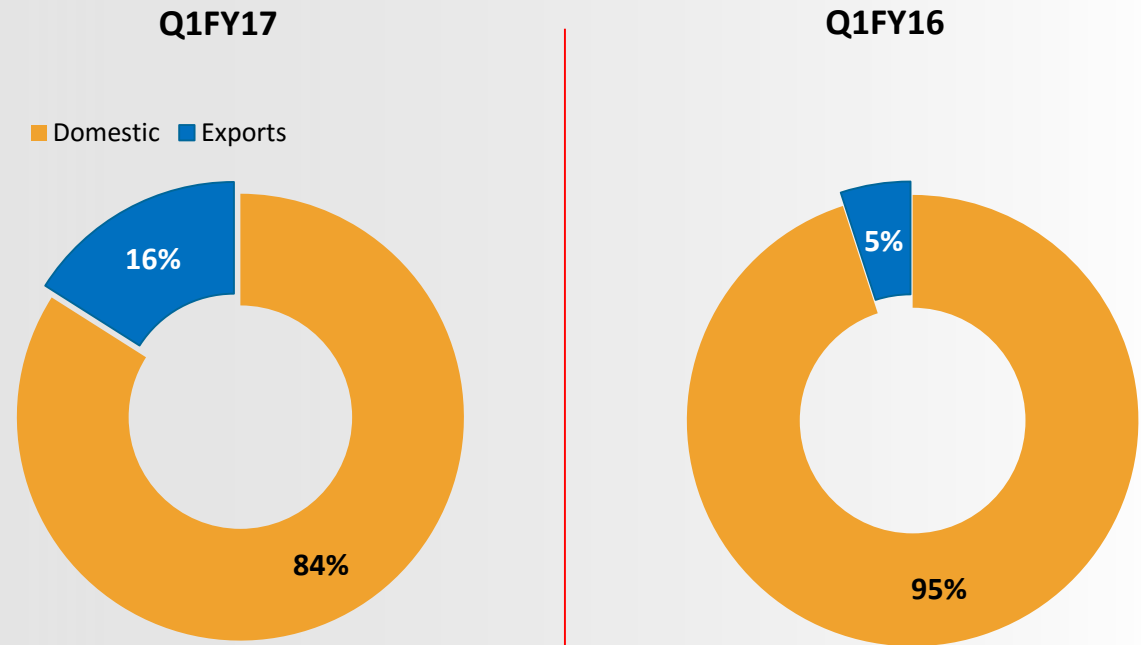
- **PAT of 11.6 crore as compared to loss of 19.7 crore**

\*EBITDA is inclusive of other operating income, but excludes other income and Foreign exchange fluctuations

# Company adopted Indian Accounting Standards (Ind AS) from 01 April 2016. Figures for the quarter ended 30 June 2015 are also Ind AS compliant.

Segmental (Rs. Cr.)	Q1 FY17	Q1 FY16	YoY %
<b>Carbon Materials &amp; Chemicals</b>			
Revenue	251.2	272.5	(7.8%)
EBIT	37.3	-5.0	
EBIT Margin	14.9%	-1.8%	
Capital Employed	1,696.6	1,827.7	
<b>Power</b>			
Revenue	7.5	6.6	12.2%
EBIT	6.1	5.3	15.0%
EBIT Margin	82.1%	80.1%	
Capital Employed	57.4	57.4	

## Geographical Breakup







## ***New Logo – A Butterfly; an aesthetically designed to illustrate the wings of growth***

- Depicts sense of life, growth and care that accurately represents values and journey of Group
- Himadri – a vibrant, ever-growing and environment-friendly Company like a butterfly
- Multiple wings emerging from same focal point, signify multiple lines of businesses, that maybe different but work with close association to each other
- Butterfly symbolizes tenderness and care which truly reflect Group's emphasis on sustainability of eco-system and its approach towards its employees and stakeholders
- Colors in the wings evokes -
  - Yellow – color of sunshine, hope and happiness
  - Orange – color of enthusiasm, fascination and determination
  - Mauve – associated with royalty, power and ambition
  - Red – associated with energy, strength and power

## ***Name Changed To “Himadri Speciality Chemical Ltd”***

- Name changed in line with business operations, products are primarily Speciality chemicals formulated for specific applications and used solely based on performance and applications
- Also all R&D efforts and activities aligned towards Speciality products and businesses



## Annual Financial Highlights

**565bps** ↑

**Gross Profit Margin**  
27.9%

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**26%** ↑

**EBITDA**  
Rs 155 cr

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**455bps** ↑

**EBITDA Margin**  
13.5%

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**0.98** ↓

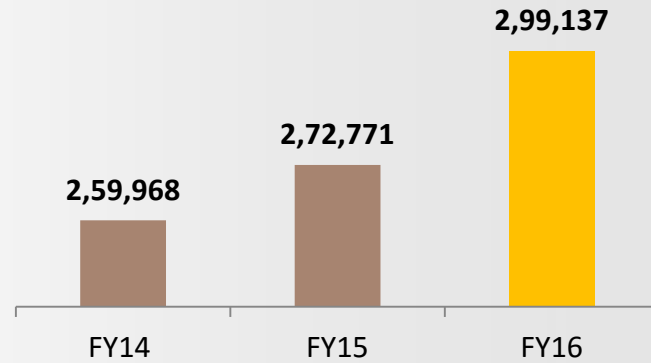
**Debt Equity Ratio**  
1.32 in FY15

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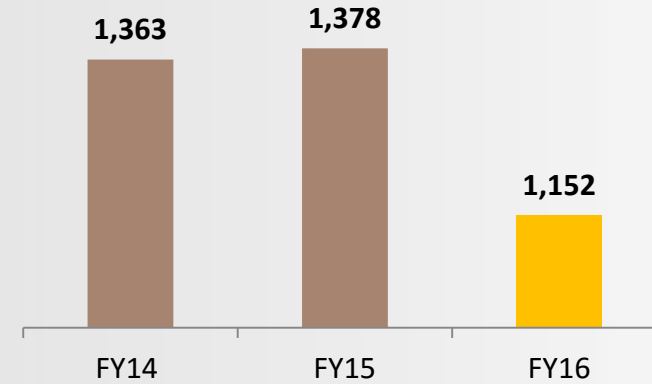
# Financial Highlights- Standalone



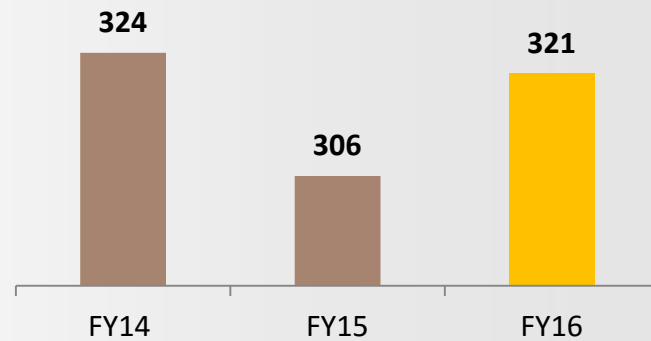
Sales Volume (In MT)



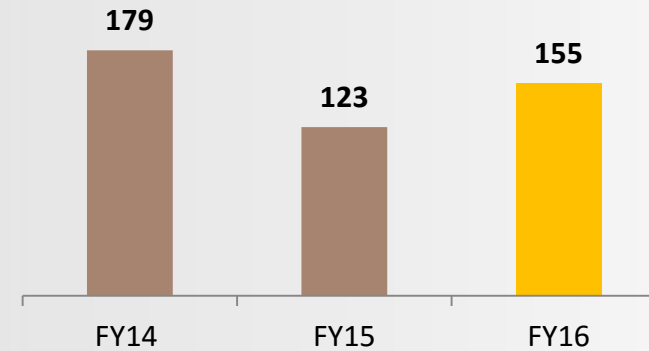
Revenue from Operations (Rs. Crs)



Gross Profit (Rs. Crs)



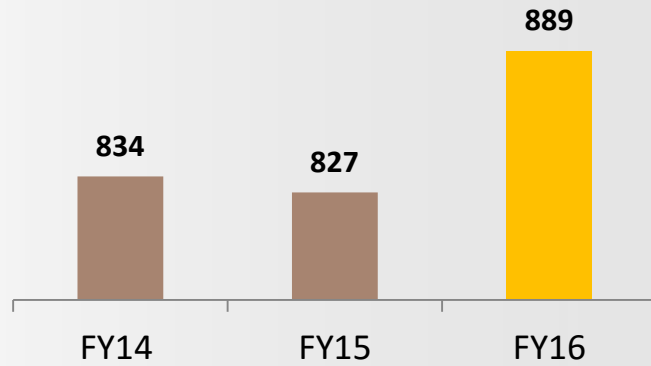
EBITDA\* (Rs. Crs)



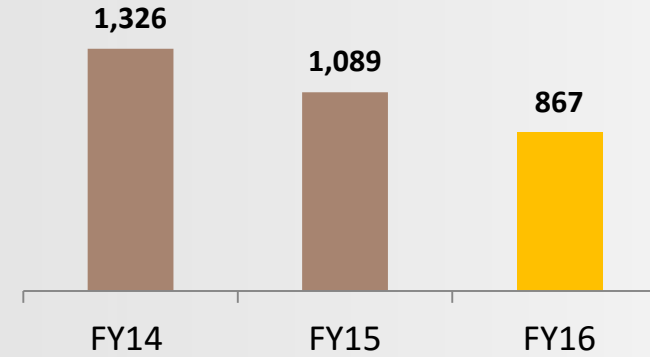
\*EBITDA is inclusive of other operating income, but excludes other income and Foreign exchange fluctuation. Provision for doubtful debts in FY14 only also excluded in EBITDA

# Annual Balance Sheet Highlights- Standalone

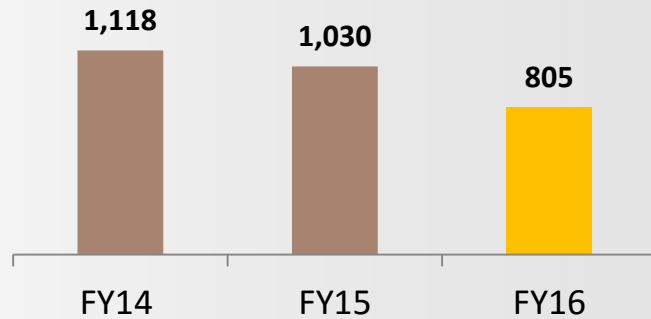
## Net worth



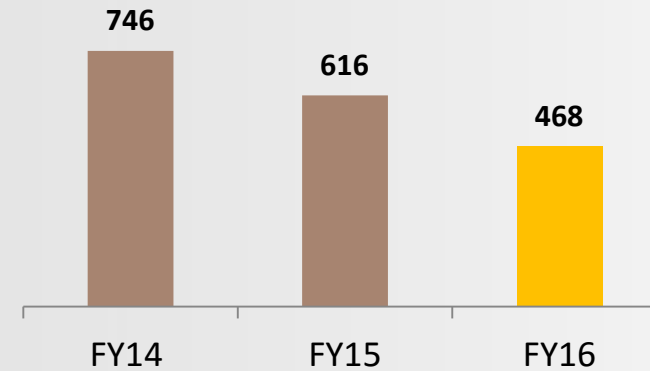
## Total Debt



## Net Debt (Rs. Crs)



## Net Working Capital (Rs. Crs)



# Consolidated Annual Profitability Highlights

Rs. Cr.	FY-16	FY-15	YoY
<b>Revenue from Operations</b>	<b>1,182.6</b>	<b>1,436.3</b>	<b>(18%)</b>
Other Operating Income	0.8	1.7	
<b>Total Income</b>	<b>1,183.4</b>	<b>1,438.0</b>	<b>(18%)</b>
Raw Material & other direct costs	845.0	1,097.3	(23%)
Employee Cost	32.0	32.6	(2%)
Other costs	146	177.0	(18%)
Total Expenditure	1,023.0	1,306.9	(22%)
<b>EBIDTA</b>	<b>160.4</b>	<b>131.0</b>	<b>22.4%</b>
<b>EBITDA Margin (%)</b>	<b>13.6%</b>	<b>9.1%</b>	<b>495 bps</b>
Other Income	-11.0	6.3	
Depreciation	67.1	59.2	13%
Interest	103.3	102.6	1%
Profit Before Tax	-21.0	-24.5	(14%)
Tax	4.4	-12.0	<b>(137%)</b>
<b>Profit After Tax</b>	<b>-16.6</b>	<b>-12.5</b>	<b>33%</b>
Less Minority/ Add Associates	-0.3	-0.1	
<b>Consolidated PAT</b>	<b>-16.2</b>	<b>-12.4</b>	
<b>PAT Margin %</b>	<b>-1.4%</b>	<b>-0.9%</b>	

- Revenue from operations at Rs 1,183 crore, mainly on account of decrease in price realisation; **volumes have grown 10% YoY**

- **Exports – 12% of revenues**

- EBITDA at Rs 160 crore, **YoY increase of 22%**

- EBITDA margin of 14%, **increase of over 400 bps**

- **Proposed Dividend of 5%**



# Consolidated Balance Sheet Highlights



Rs. Cr.	FY-16	FY-15
<b>Shareholder's Funds</b>	<b>846.9</b>	<b>788.5</b>
Share capital	41.8	38.6
Reserves & Surplus	805.0	749.9
Minority Interest	-	0.3
<b>Non-current Liabilities</b>	<b>475.3</b>	<b>654.9</b>
Long term borrowings	366.8	532.1
Defer Tax liabilities	47.8	52.2
Other Long-Term liabilities	59.7	69.8
Long-Term Provisions	1.0	0.8
<b>Current Liabilities</b>	<b>712.0</b>	<b>798.3</b>
Short Term Borrowings	411.9	526.3
Trade Payables	115.3	108.5
Other Current liabilities	181.6	162.7
Short-term provisions	3.2	0.8
<b>Total Equities &amp; Liabilities</b>	<b>2,034.2</b>	<b>2,242.1</b>

Rs. Cr.	FY-16	FY-15
<b>Non-current Assets</b>	<b>1,332.5</b>	<b>1,365.9</b>
Fixed assets	1,211.3	1,242.4
Non-current Investments	2.0	2.0
Long-term loans & advances	111.2	113.2
Other non-current assets	8.0	8.4
<b>Current Assets</b>	<b>701.7</b>	<b>876.1</b>
Current investments	21.0	21.0
Inventories	319.6	367.5
Trade receivables	204.0	321.3
Cash & Cash equivalents	46.6	41.3
Short-term loans & Advances	101.6	122.3
Other Current Assets	9.0	2.7
<b>Total Assets</b>	<b>2,034.2</b>	<b>2,242.1</b>



## Company Overview

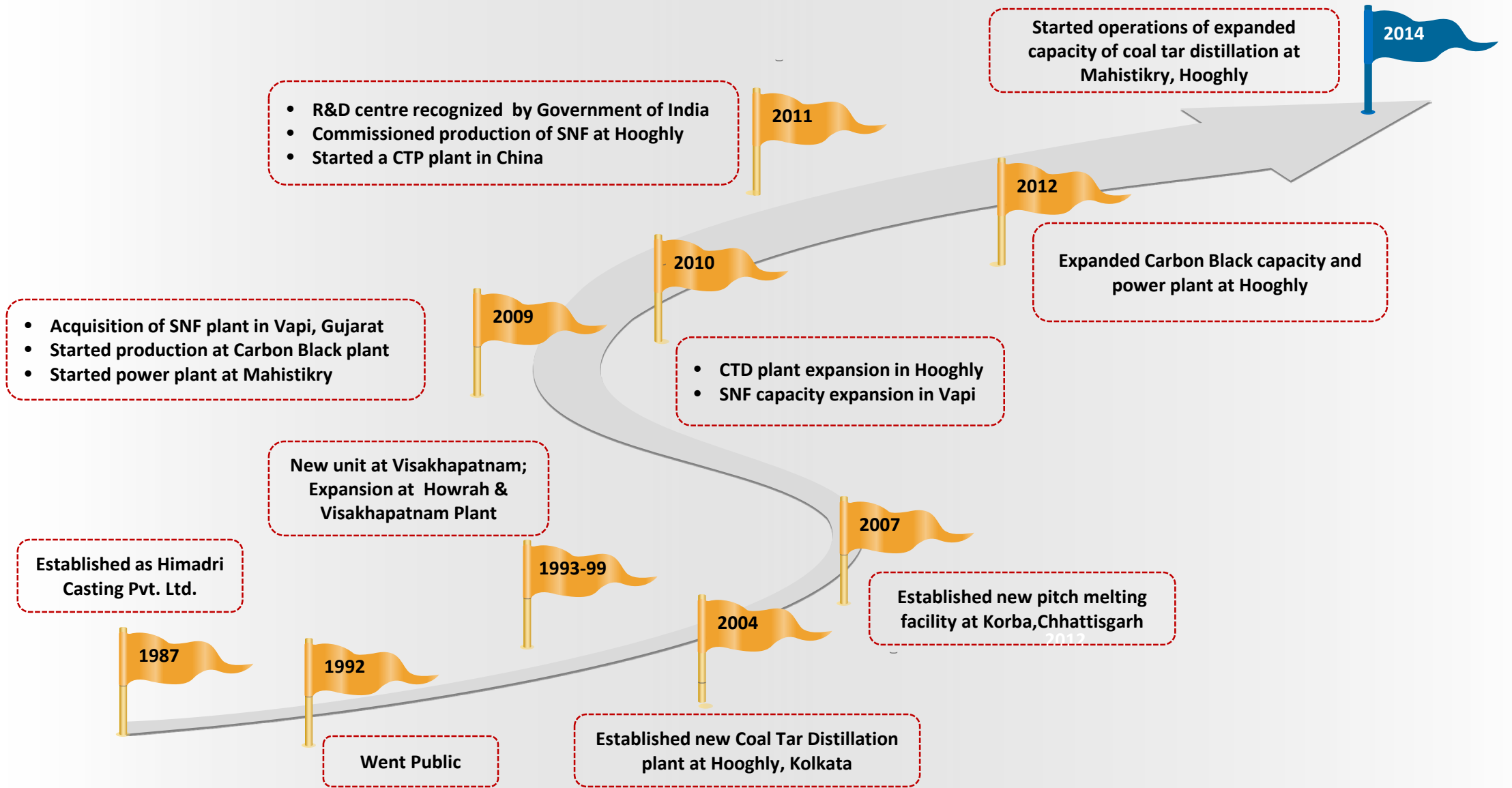


## Largest **Coal Tar Pitch** manufacturing company



- **One of few integrated Speciality Carbon Chemical** companies in the world with global leadership position
- **Largest producer of Coal Tar Pitch** in India with ~65% market share
- One of the **few global manufacturers** to produce **Zero Quinolene Insoluble (QI)** impregnating Coal Tar Pitch
- **Diversified Product Portfolio** with Presence across Carbon Value Chain & wide array of high demand specialized products
- **Seven 'zero discharge' strategically located manufacturing facilities** spread across India in **West Bengal, Gujarat, Andhra Pradesh and Chhattisgarh**

# Journey So Far





## Coal Tar Pitch

Complex speciality chemical with 22 chemical and physical properties obtained through coal tar distillation



## Carbon Black

One of most important industrial chemicals in world with applications in rubber, plastics, coating, inks and batteries

# Key Strengths

## Compelling Competitive Position

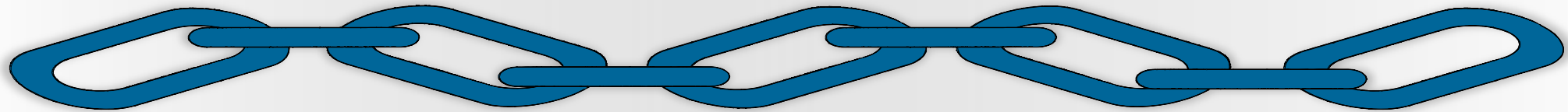
- Engaged in producing a wide range of carbon products - Coal Tar Pitch, Chemical oils, Carbon Black, Naphthalene, Corrosion protection, Sulfonated Naphthalene Formaldehyde (SNF) and clean green Power
- One of few global manufacturers to produce Zero Quinolene Insoluble (QI) impregnating Coal Tar Pitch

## Storage & Distribution

- Plants well-connected through various transportation modes (like railways and roads)
- Raw material storage capacity of around 1,00,000 MT
- Liquid Pitch Capability
- Largest dedicated fleet of specially-designed 125 tankers in India
- Only company in India having Liquid Pitch terminal for exports

## Strategic Sourcing Advantages

- Long-term relationships with all major Indian raw material suppliers
- Strategically imports raw materials based on prevalent global, economical and demand-supply dynamics, thereby optimizing costs
- Largest purchaser of Coal Tar in India
- Highest share of Coal Tar from nearly all domestic steel plants
- Capability to source Coal Tar globally to take advantage of global price movement



## Fungible & Strategically-located 'Zero discharge' Facilities

- Seven manufacturing facilities spread across India in West Bengal, Gujarat, Andhra Pradesh & Chhattisgarh
- Coal Tar Distillation, Carbon Black and SNF capacities of 400,000, 120,000 and 68,000 TPA, respectively
- Plants certified with ISO 9001:2008 and ISO 14001:2004
- Flexible manufacturing plants capable of switching between any type and quality of raw material

## Research and Development

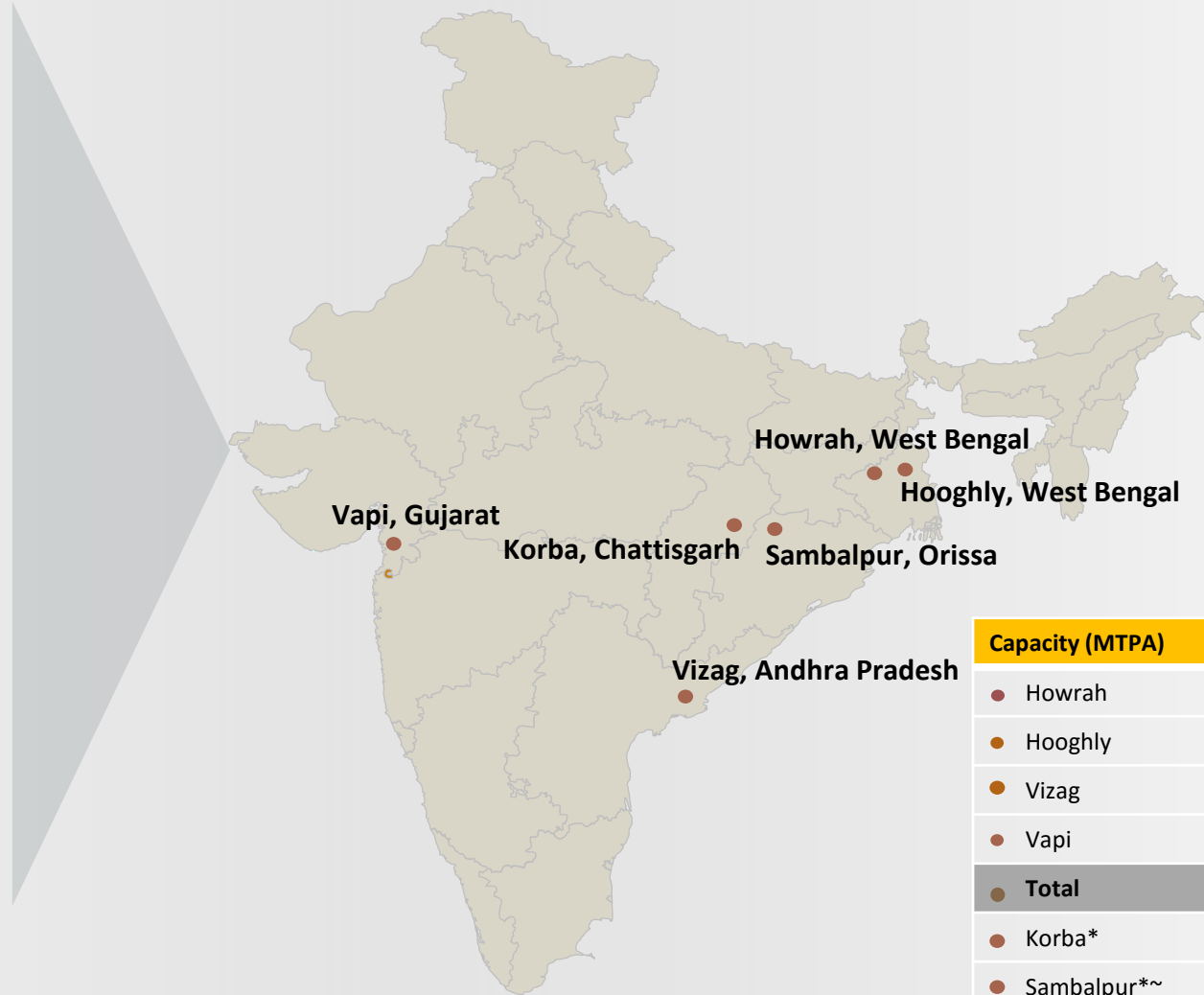
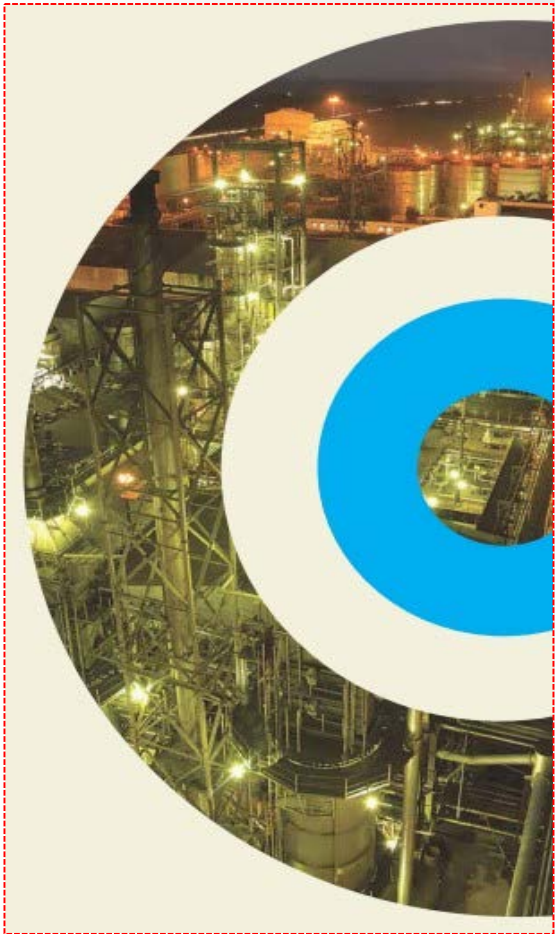
- R&D Centre at Mahistikry unit - recognized by the Government of India
- Experienced R&D team with international experts
- Introduction of new value added speciality chemicals, specialized testing of coal tar pitch and carbon black to maintain best in-class quality

## Premier Global Customer Base

- Serves aluminium and graphite, lithium-ion battery, tyre and rubber and infrastructure industries
- Strong clientele including BALCO, Hindalco, Nalco, Vedanta, Graphite India, HEG and SGL Carbon SA and other aluminium and graphite players
- Strong relationships and supply contracts with customers globally



# Strategically Located Manufacturing Facilities



Capacity (MTPA)	CTD	CB	SNF
● Howrah	48,000		
● Hooghly	3,22,000	1,20,000	50,000
● Vizag	30,000		
● Vapi			18,000
● Total	4,00,000	1,20,000	68,000
● Korba*	60,000		
● Sambalpur*~	40,000		

\*Melting Facility | ~Under Construction

# Professional Management Team

<p><b>Anurag Choudhary</b> CEO</p>		<ul style="list-style-type: none"> <li>➤ More than two decades of experience in finance and overall operations of Company</li> <li>➤ Under his leadership company gained reputation in international markets, undertook expansion projects, raised capital through prominent investors viz; CVC &amp; Bain Capital(US)</li> </ul>
<p><b>Dr. Soumen Chakraborty</b> President</p>		<ul style="list-style-type: none"> <li>➤ PhD, B.Tch, M.Tech, IIT Bombay</li> <li>➤ 37 years experience in the carbon chemicals and allied industries</li> </ul>
<p><b>Manual Cimas Gonzalez</b> Head International Business Development</p>		<ul style="list-style-type: none"> <li>➤ Spanish National, Ex MD of I.Q.Nalon</li> <li>➤ 34 years experience in carbon chemicals</li> <li>➤ Expert on CTP and anode production</li> </ul>
<p><b>Monojit Mukherjee</b> Business Head, Carbon Black</p>		<ul style="list-style-type: none"> <li>➤ B. Sc, B.Tech, PGDM, IIM Ahmedabad</li> <li>➤ 25 years+ experience in the carbon black industry</li> <li>➤ Leadership roles across Profit Centres, Marketing and New Initiatives</li> </ul>
<p><b>Tapas Bhaumik</b> Business Head, SNF</p>		<ul style="list-style-type: none"> <li>➤ B.Tech with 30 years+ experience in the chemical and specialty chemical industry</li> <li>➤ Leadership roles across Profit Centres and Supply Chain</li> </ul>
<p><b>Somesh Satnalika</b> Head Strategy</p>		<ul style="list-style-type: none"> <li>➤ MBA (ISB, Hyderabad) and Chartered Accountant</li> <li>➤ 12 years+ experience across Management Consulting and FMCG</li> </ul>
<p><b>Rene Genin</b> Head Technical</p>		<ul style="list-style-type: none"> <li>➤ A French national with 37 years experience in CT distillation</li> <li>➤ Pioneer in development of process technology in CT distillation</li> </ul>
<p><b>Kamlesh Agarwal</b> CFO</p>		<ul style="list-style-type: none"> <li>➤ Chartered Accountant and Company Secretary</li> <li>➤ 21 years+ experience in Finance function with last 10 years in leadership role</li> </ul>

## Key Growth Drivers

- Maintaining domestic leadership in Coal Tar Pitch
- Leverage significant demand for Carbon Black in tyre and speciality segments
- Expand product basket for construction chemicals and admixtures
- Prudent selection of products and focus on end-user industry
- Focus on value-added products and develop appropriate products and markets
- Growth to be supported by greenfield and brownfield aluminium smelters

## Strategic Objectives

- Be amongst top three producers of Coal Tar products globally
- Become lowest cost producer of Coal Tar products in the world
- Adequate capacities provide flexibility & opportunity to capture expected demand growth
- Create strong customer base and serve niche speciality market for carbon black
- Improve operational efficiency, strengthening order book & win businesses from existing & new clients
- Setting up of integrated speciality carbon chemical complex

Bombay Stock Exchange Limited  
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