



Himadri Speciality Chemical Ltd

(Formerly known as Himadri Chemicals & Industries Ltd.)

**INVESTOR
PRESENTATION**
January - 2018

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Capacity Expansion in High Margin Products

Advance Carbon Material

» Set-up of manufacturing facility of Advance Carbon material (HSCP) at West Bengal with annual capacity of 20,000 MT



Carbon Black

» Expansion of carbon black at West Bengal with an annual capacity of 60,000 MT



Project Cost

» Total Project cost for the combined capacity of Advance Carbon Material (HSCP) and Carbon Black is approximately Rs. 780 Crores

The Expansion will take Himadri to next level of Growth

Key Financial Highlights



Y-o-Y Growth

9MFY18 vs. 9MFY17

85%



EBITDA

74%



EBITDA / MT

237%



PAT

3MFY18 vs. 3MFY17

78%



EBITDA

84%



EBITDA / MT

249%



PAT

Improving EBITDA/MT with Sustainable Volumes

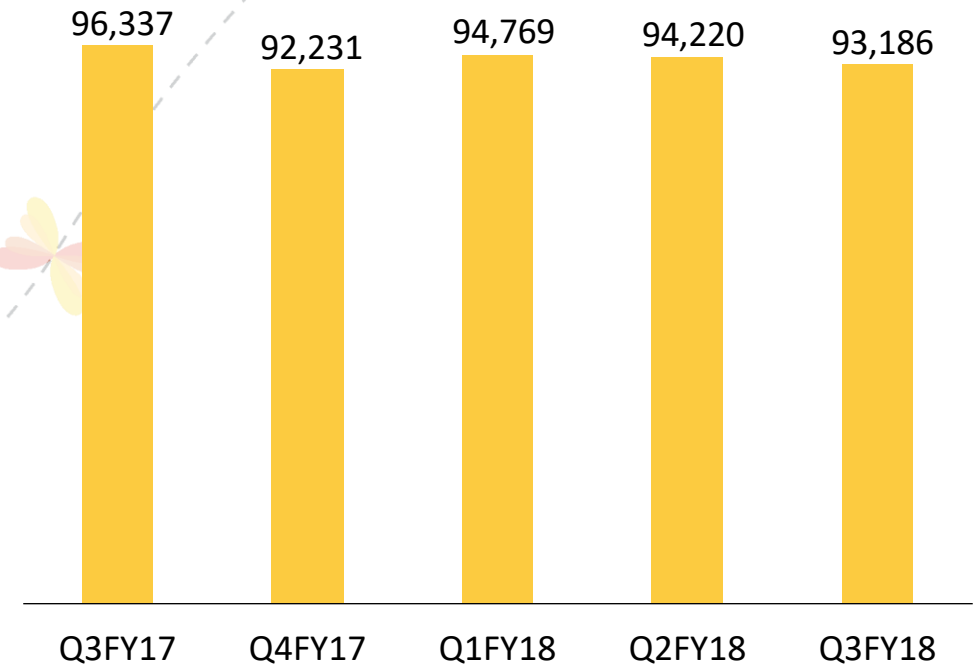
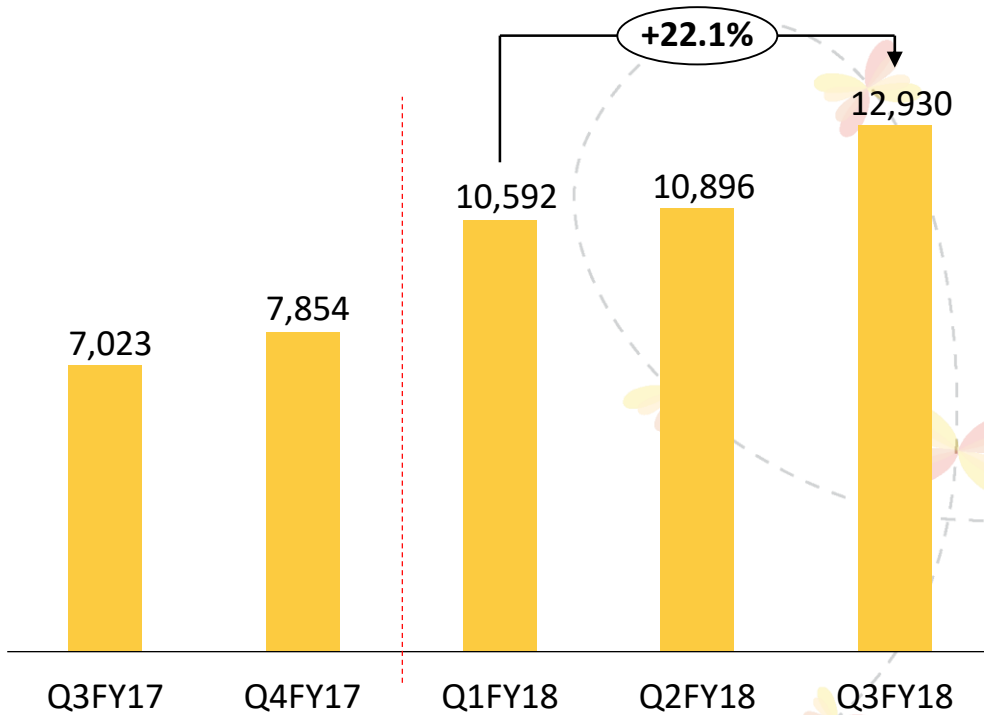


EBITDA/MT (In Rs.)

Improving Sequentially

Volumes (MT)

Sustainable Volumes



Standalone Profit & Loss



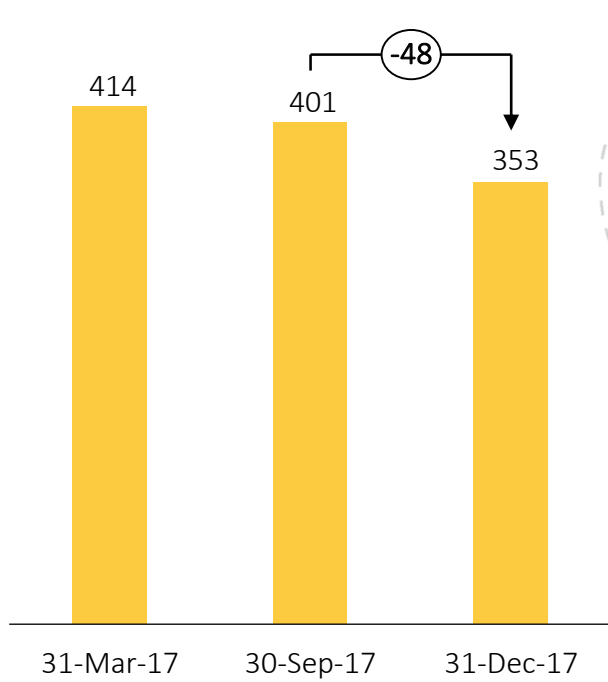
Particulars (In Rs. Crs)	Q3 FY18	Q3 FY17	Y-o-Y (%)	9M FY18	9M FY17	Y-o-Y (%)
Revenue from Operations	500.1	391.3		1,470.8	1,056.0	
Excise Duty	-	39.5		50.4	107.4	
Net Revenue From Operations	500.1	351.8	42.2%	1,420.4	948.6	49.7%
Cost of materials consumed	327.1	234.7		962.8	634.6	
Gross Profit	173.0	117.1		457.6	314.0	
Employee benefits expense	11.5	9.0		32.9	26.3	
Other expenses	41.0	40.4		101.2	113.2	
EBITDA	120.5	67.7	78.1%	323.5	174.6	85.4%
Other Income	1.7	2.0		4.8	5.9	
Foreign exchange fluctuation (net)	3.0	(7.0)		2.4	(12.8)	
Depreciation and amortization expense	7.9	7.7		23.7	23.2	
EBIT	117.3	55.0	113.4%	307.0	144.4	112.6%
Finance costs	12.1	24.2		51.5	66.6	
Profit / (Loss) before tax	105.2	30.7		255.5	77.8	
Tax expenses	35.1	10.6		84.2	27.0	
Profit / (Loss) for the year	70.1	20.1	248.8%	171.3	50.8	237.4%

Debt Profile

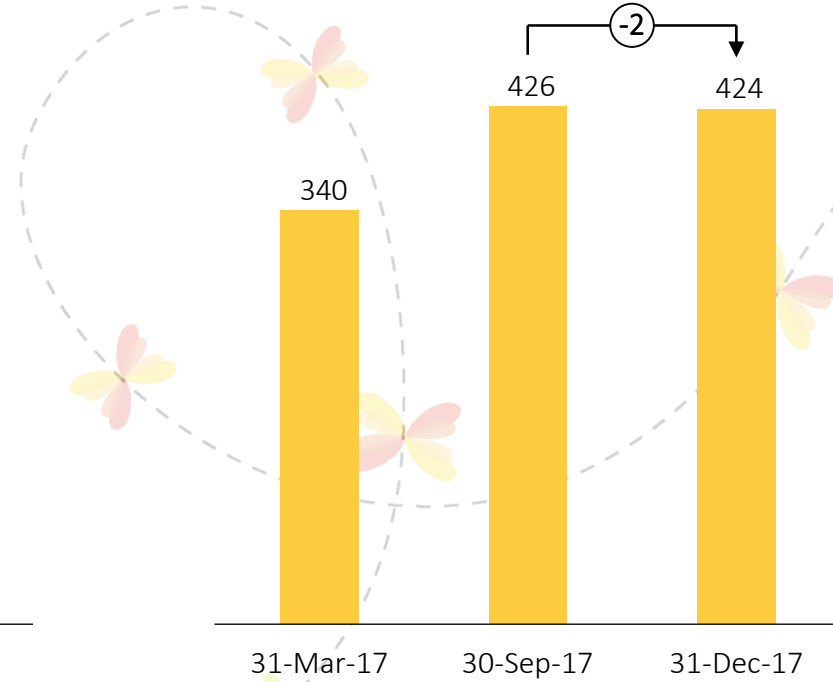


In Rs. Crores

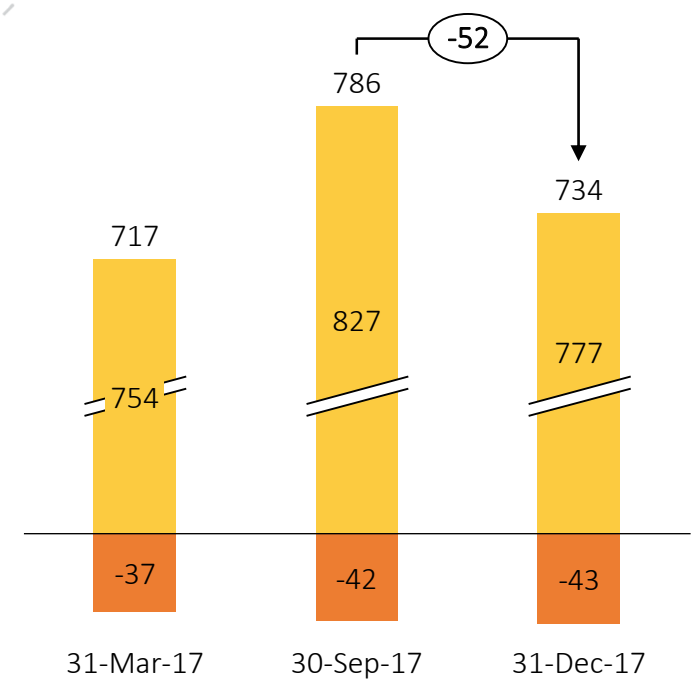
Long Term Debt



Working Capital Debt



Net Debt



Standalone Balance Sheet




Particulars (in Rs. Crs.)	Sep'17	Mar'17
ASSETS		
Non-current assets	1,651.5	1,421.8
Property, Plant and Equipment	1,091.3	1,103.00
Capital work-in-progress	22.9	9.4
Financial Assets	393.9	199.6
(i) Investments	340.3	166.6
(ii) Trade receivables	8.0	8
(iii) Loans	45.6	25
(iv) Other financial assets	0.0	0.1
Deferred tax assets	110.6	78.5
Non-current tax assets (net)	4.1	4.1
Other non-current assets	28.7	27.2
Current assets	871.3	752.5
Inventories	404.9	392.1
Financial Assets	352.9	266.7
(i) Investments	0.1	0.3
(ii) Trade receivables	294.2	215.6
(iii) Cash and cash equivalents	23.3	11.3
(iv) Other bank balances other than cash and cash equivalents	17.8	24.7
(v) Loans	3.3	4.2
(vi) Other financial assets	14.2	10.6
Other current assets	113.4	93.8
TOTAL	2,522.8	2,174.3

Particulars (in Rs. Crs.)	Sep'17	Mar'17
EQUITY AND LIABILITIES		
EQUITY	1,304.9	1,078.1
Equity Share capital	41.8	41.8
Other Equity	1,263.0	1,036.30
Non-current liabilities	532.8	487.6
Financial liabilities	346.1	396.1
(i) Borrowings	339.1	387.0
(ii) Trade Payables	0	0
(iii) Derivatives	6.7	8.8
(iv) Other financial liabilities	0.3	0.3
Provisions	1.6	1.8
Deferred tax liabilities (net)	185.2	89.7
Current liabilities	685.1	608.6
Financial liabilities	657.9	573.6
(i) Borrowings	425.5	338.7
(ii) Trade Payables	152.9	149.3
(iii) Derivatives	2.2	45.9
(iv) Other financial liabilities	77.4	39.7
Other current liabilities	27.2	34.8
Provisions	0.0	0.2
TOTAL	2,522.8	2,174.3



Himadri Speciality Chemical Ltd



Value Creation Journey
by way of
Vertical Integration

Fit for Future: Products &
its Potential

- Accelerating Core Business
- Finding next Core Business

Looking back at Three
Decades of Experience

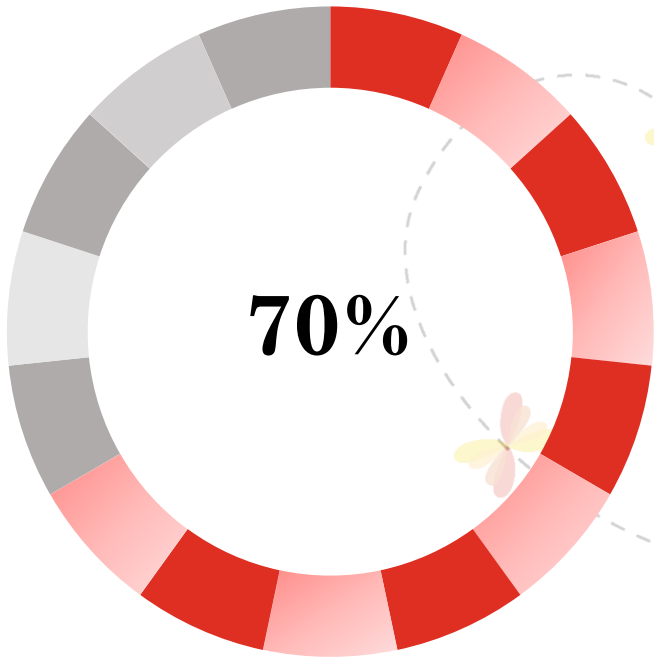
Financial Agenda

Looking Forward with
Confidence

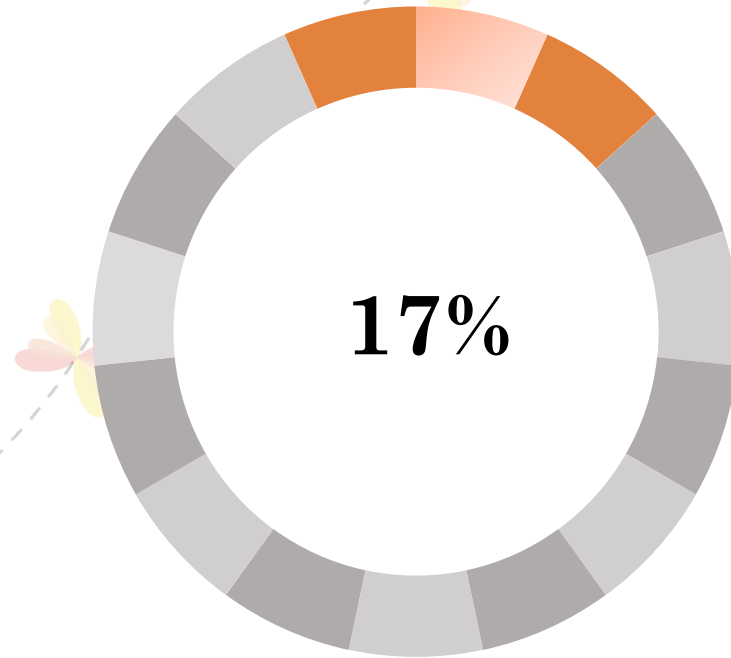
Leadership Position in our Products



Coal Tar Pitch



Carbon Black

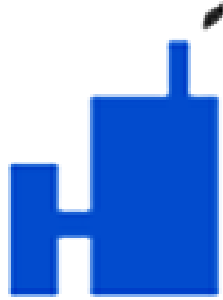


Market Leadership as % of Total Domestic Demand including Imports

Product Development was a Clear Focus



2010



- Coal tar pitch – Binder grade
- Coal tar pitch – Impregnating
- Carbon Black
- Advanced Carbon Material
- Naphthalene
- SNF
- C. B. Oil

2017



- Aluminium Grade Pitch
- Graphite Grade Binder Pitch
- Graphite Grade Zero QI (Quinoline Insoluble) coal tar impregnated pitch
- Anode Material for Lithium-ion Batteries
- Special Pitch
- Naphthalene
- Refined Naphthalene
- Light Creosote Oils
- Heavy Creosote Oils

- Anthracene Oil/Carbon Black Oil/ CT Oil
- SNF
- PCE
- Carbon Black
- Speciality Carbon Black
- Himcoat enamel
- Himcoat Primer-B
- Himtape
- Himwrap

Evolving with Emerging Business Paradigms

To make an Impact on the End Markets



Aluminium



Graphite
Electrodes



Missiles



Lithium – Ion
Batteries



Anti Corrosive
Material



Rubber Industries



Paints, Plastic &
Fibre



Power



Infrastructure



Construction
Chemical



Wood Preservative
Oils



Specialized
Products

If You Can Be One Thing, Be Dependable



CTP Clientele



CB Clientele



Others Clientele



Rapid growth through R&D



- » R&D Centre recognised by the Department of Science and Technology and the Department of Scientific and Industrial Research - **Government of India**
- » R&D Centre is an NABL (**National Accreditation Board for Testing and Calibration Laboratories**) - accredited lab
- » Research activities of the Company have been published in **Research Journals across the world**



Innovation as a result of R&D

Coal Tar Pitch

- Developed zero QI pitch – one of the three global manufacturer
- Developed special pitch for use in long range warhead missile

Carbon Black

- Launched a series of application specific Speciality Blacks with superior performance parameters

SNF

- Developed next - generation product in PCE
- Developed application specific SNF for non-construction segment (Agro chemical/ gypsum/ latex)

Advanced Carbon Materials

- Only company in India with technology to manufacture anode material for Lithium-ion Batteries

Resulting in Faster Growth



Value Creation Journey
by way of
Vertical Integration

Fit for Future: Products &
its Potential

- Accelerating Core Business
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Looking back at Three
Decades of Experience

Financial Agenda

Looking Forward with
Confidence

» **Product Leadership – Accelerating Core Business**

- **Coal Tar Pitch**
- **Carbon Black**
- **Naphthalene**
- **Sulphonated Naphthalene Formaldehyde (SNF)**

Coal Tar Pitch



Used in Aluminium & Graphite Industry

Caters to more than **Two-Third** of demand for **Indian Graphite and Aluminium Industries**

Supplier of upto **95% of Coal Tar Pitch** requirements of certain Smelters

One amongst the **Few Global Manufacturers to Produce Zero QI (Quinolene Insoluble)** – coal tar impregnated pitch and Advanced Carbon Material

Critical Input in Downstream Industries



Anode Material

Used for
Li-ion batteries

Coal Tar Pitch

Graphite Grade Zero
QI Coal tar
Impregnating Pitch

In graphite electrode, nipple
impregnation and UHP grade electrode
manufacturing

Graphite Grade Binder Pitch

In Graphite Electrode
Manufacturing

Special Pitches

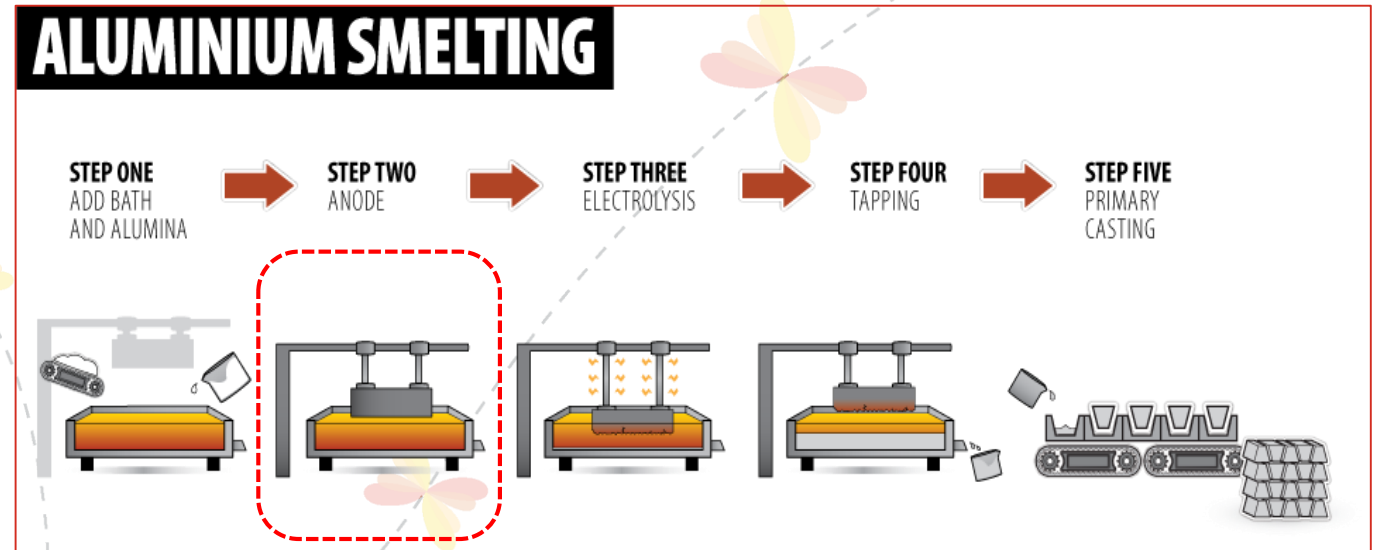
Used by DRDO in long range warhead
missiles. In carbon composites,
refractories, carbon paste, paints/ultra-
marine blue and water proofing among
others

Aluminium Grade Pitch

In pre-baked anode and soderberg in aluminium manufacturing

Inelastic & Growing Demand

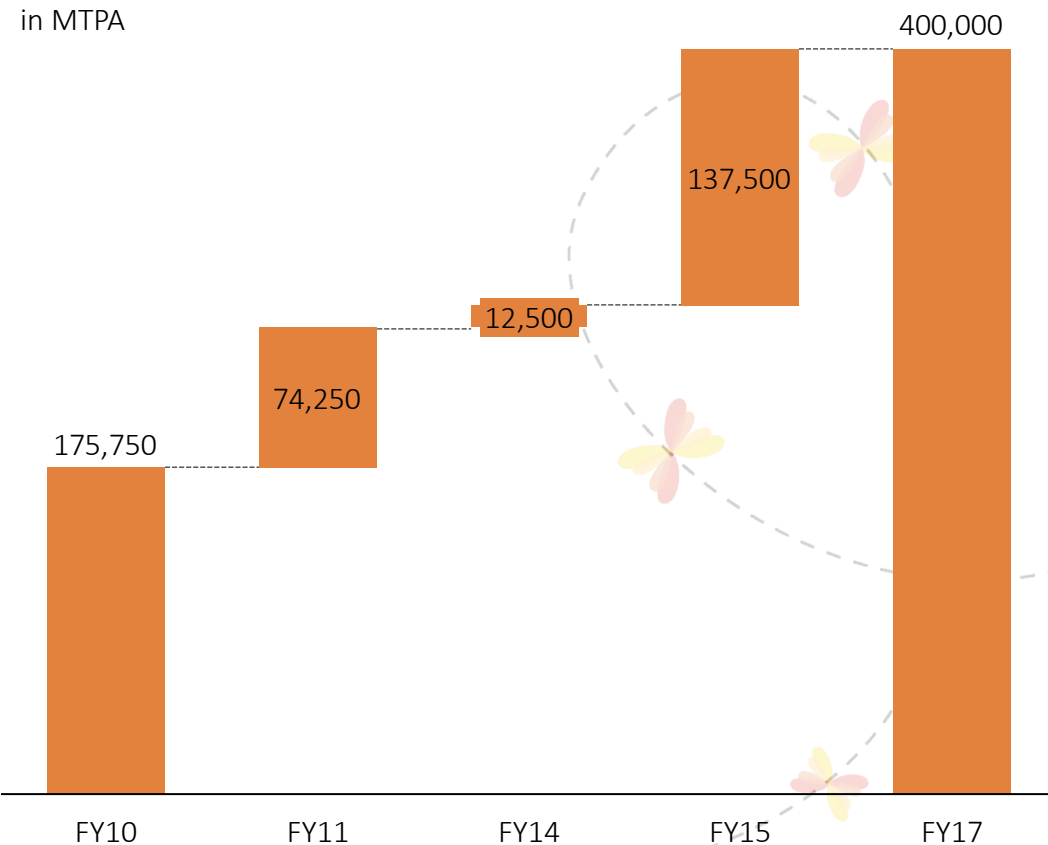
- » **Inelastic Demand** : Coal Tar Pitch is used in pre-baked anode in aluminium smelter to produce aluminium. Aluminium Smelting is a Continuous Process - Smelter cannot be stopped and restarted easily
- » **Complex Chemical** : Coal Tar Pitch is a Complex chemical with 22 Chemical and Physical Properties obtained through Coal Tar Distillation (CTD)
- » **High Barriers for Import** : Liquid Coal Tar Pitch needs to be handled and shipped at 250°C and requires special fleets
- » **Growing Demand** : 1MT of Aluminium requires 100 kgs of Coal Tar Pitch and 1MT of Graphite requires 440kgs of Coal Tar Pitch
- » **Aluminium Capacity Outlook**: India's aluminium production capacity expected to increase from 2.75 MTPA to 4 MTPA by end-FY19



Capacity Built Up to Support Growth



Distillation Capacity Built Up in India



» Raw Material Procurement:

- Largest Purchaser of Coal Tar in India from almost all domestic steel plants
- Strategically imports Coal Tar based on prevailing global demand supply dynamics

» Pricing:

- Value based pricing
- Increase in Raw Material and other costs passed on to Customers



Anything that is
manufactured Black
has
Carbon Black

Forward Integration to convert
Coal Tar Oil into Carbon Black

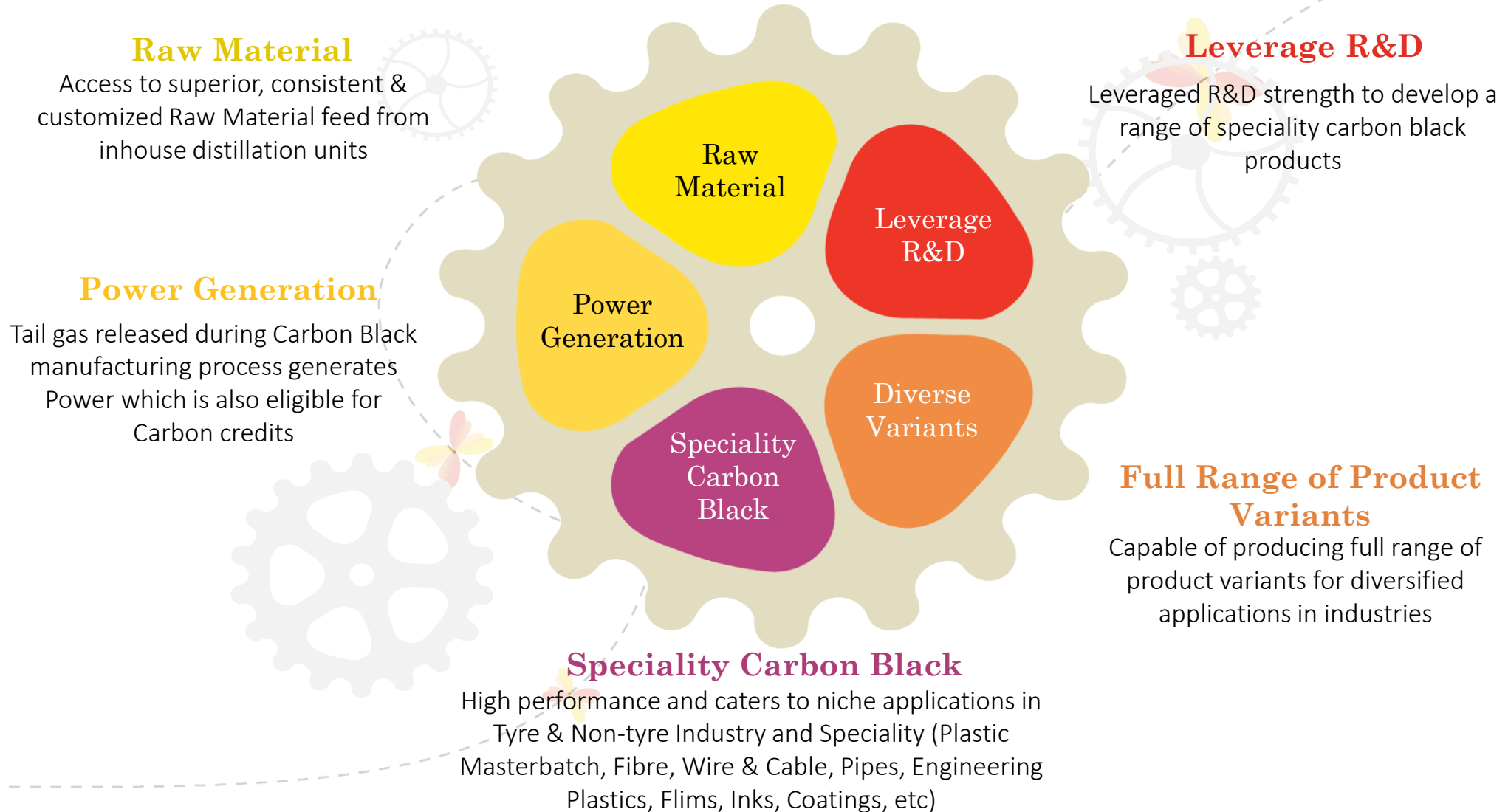
3rd Largest Carbon Black Producer in India
with

120,000 MTPA

With **Superior Inhouse Raw
Material & R&D**

Capabilities launching
Speciality Carbon Black
range with niche application

Benefits of Forward Integration

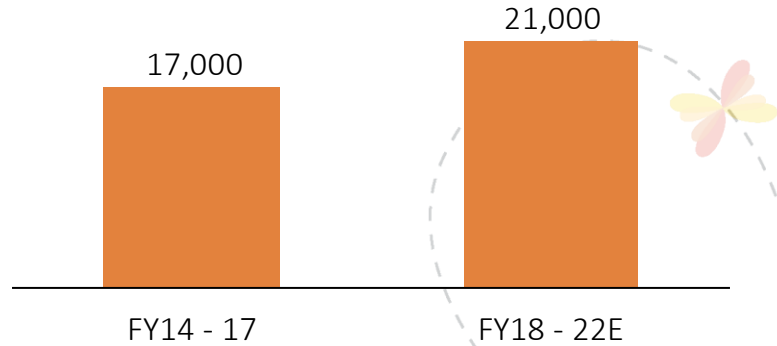


Large Market Potential



Indian Tyre - Commissioned Projects

Rs. Crore

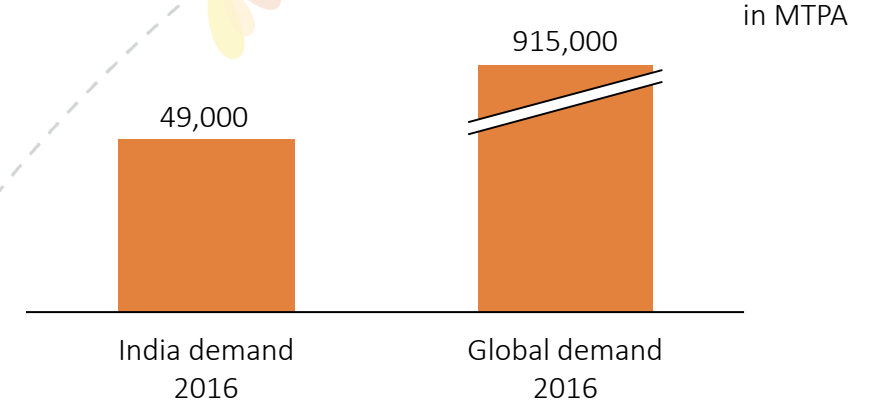


Indian Tyre Market is ~ **Rs. 500 Bn** in FY16

40% Carbon Black Revenue is generated from **Tyre Industry**

13 Distributors across India to focus on Sales to **Non-Tyre** Rubber Application

Speciality Carbon Black



Speciality black market in India is currently small at less than **5% of Total Volume** but growing rapidly

Globally, the speciality CB market is **10-12% of Total Volume**

Naphthalene



Value-additions through
**Refined
Naphthalene and
SNF**

**Capacity
Doubled** for
refined Naphthalene

Also formulate
Special Grade Naphthalene



Naphthalene Value Proposition



Special Grade Naphthalene

Special Grade Naphthalene is formulated to cater customer's niche requirements in dyestuff and dyes intermediates application



Naphthalene Moth Ball

Moth Balls is made by using superior grade chemical composition and leading-edge techniques in compliance with predefined quality standards for use in natural fragrances

Sulphonated Naphthalene Formaldehyde (SNF)

SNF is a water soluble Chemical admixtures, improves the concrete mix workability and compressive flexural strength. Mainly used in the construction/infrastructure industry



Sulphonated Naphthalene Formaldehyde (SNF)



SNF – Next Generation Product
for the Construction Chemical Industry (Admixture),
Agro chemicals, Latex, Gypsum

Largest Indian manufacturer of
SNF with an installed capacity of
68,000 MTPA

Highest Purity SNF manufactured from
In-house produced Naphthalene

Penetration of SNF admixture in concrete
in India is **less than 10% against a high
global average**

High Performance Construction Chemicals



- » **Sulphonated Naphthalene Formaldehyde (SNF)** is a speciality chemical condensate that helps improve concrete mixes by dispersing cement particles for extended workability and reinforcing compressive flexural strength
 - Naphthalene, one of the by product of Coal Tar Distillation is used in-house to manufacture SNF

- » Himadri has emerged as the largest Indian manufacturer of SNF with an installed capacity of **68,000 tonnes per annum**.
- » Although concrete finds mass usage across India, **the penetration of SNF** admixture in concrete is **less than 10%** against a high global average
- » Used in growing Industries like **Construction Chemical Industry (Admixture), Agro chemicals, Latex, Gypsum etc**



» Future Products – Finding Next Core Business

- Advance Carbon Material

Advance Carbon Material



Forward Integration

from Coal Tar to
Advance Carbon Material

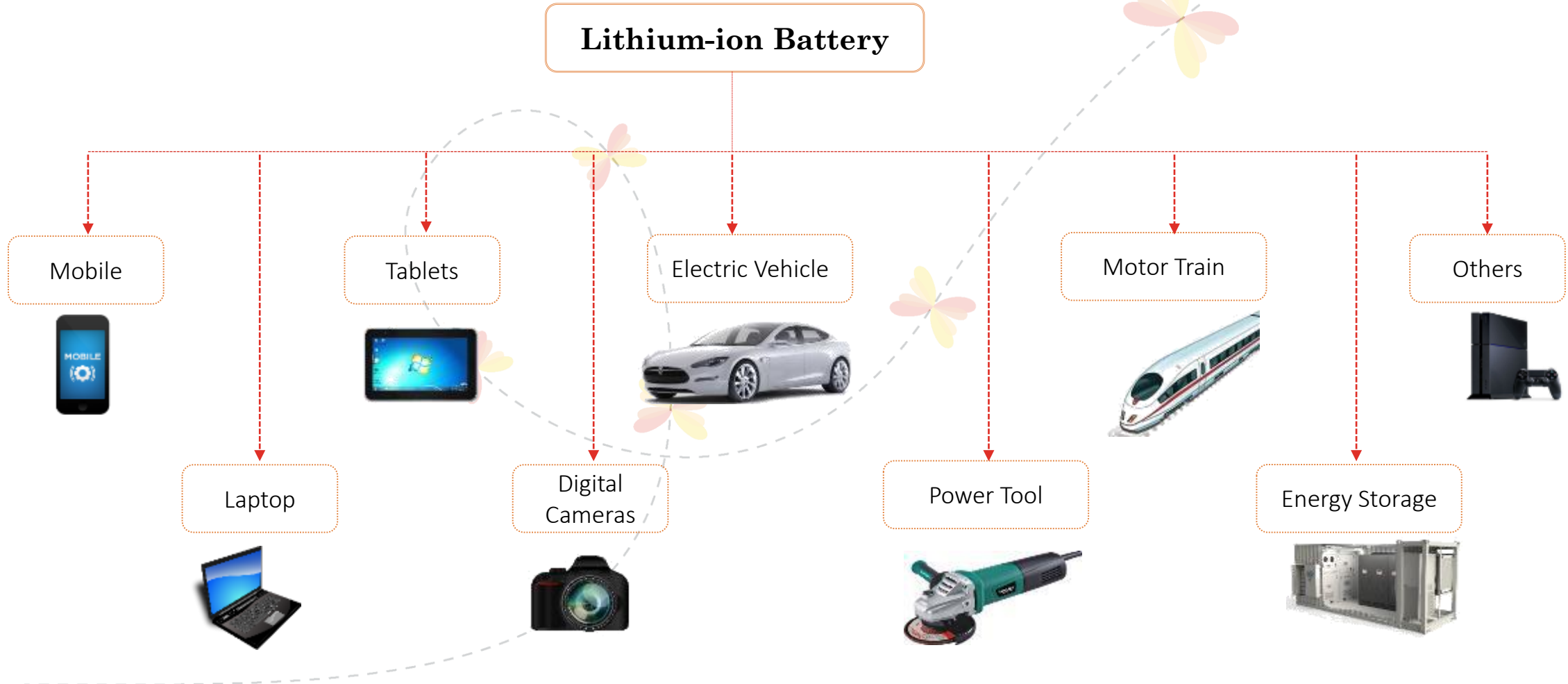
Anode Material used in
Lithium-ion Batteries

Only Producer
of Advance Carbon Material in India

Best in class

Proprietary Technology
With **Cost Leadership**

Application in Sunrise Sector



At early stage of Growth

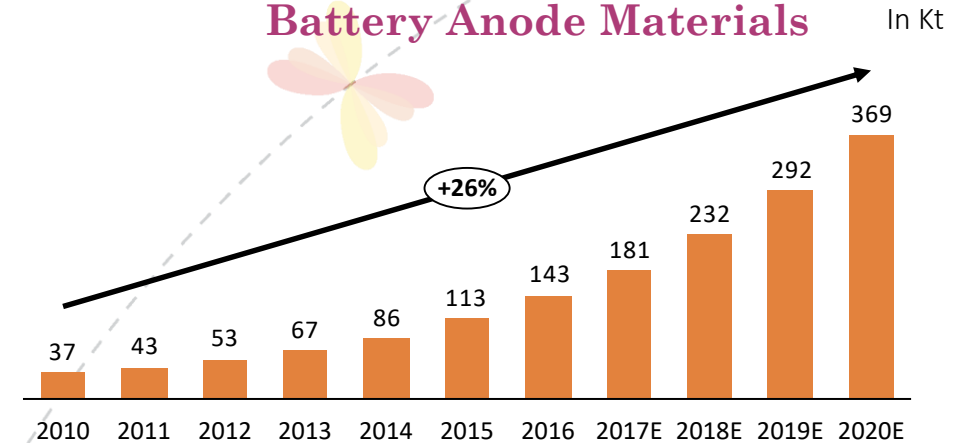


- » First Indian Company to develop **anode material** of both Synthetic and Natural varieties for **lithium-ion batteries**
 - **Best-in-class Proprietary technology** which involves Coal Tar treatment into Advance Carbon Material, carbonisation, classification and graphitisation
 - **Only few Japanese Companies manufacture anode material through Coal Tar route having superior performance**
 - **Cost Leadership :**
 - **In-house access to raw material**
 - ✓ High Quality Material
 - ✓ Captive Power

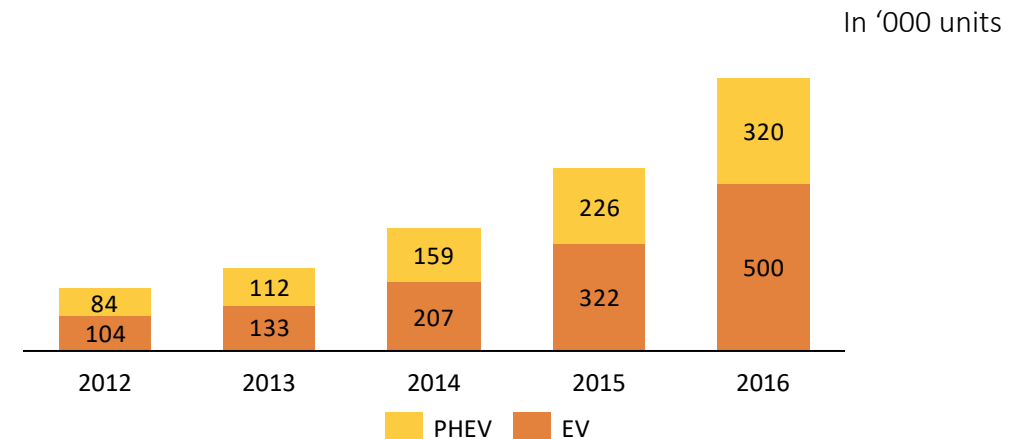
Capacity Expansion to Capitalize Growth

- » Advantage of its integrated manufacturing facility to reduce logistics and energy costs
- » To leverage cutting-edge product to develop next-generation materials

Global Shipments of Lithium-ion Battery Anode Materials



Global Electric Vehicles Sales





Value Creation Journey
by way of
Vertical Integration

Fit for Future: Products &
its Potential

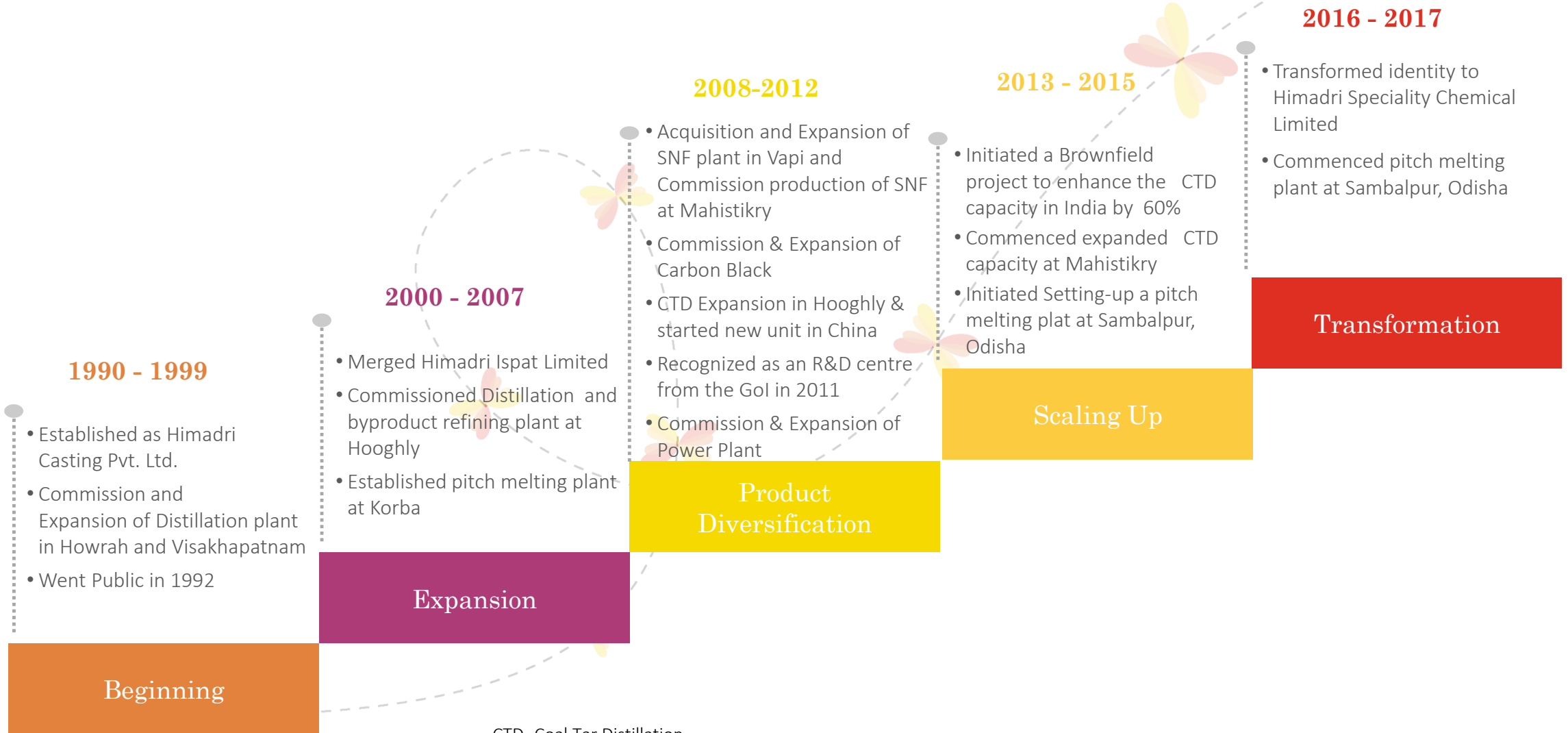
- Accelerating Core Business
- Finding next Core Business

Looking back at Three
Decades of Experience

Financial Agenda

Looking Forward with
Confidence

Evolving...



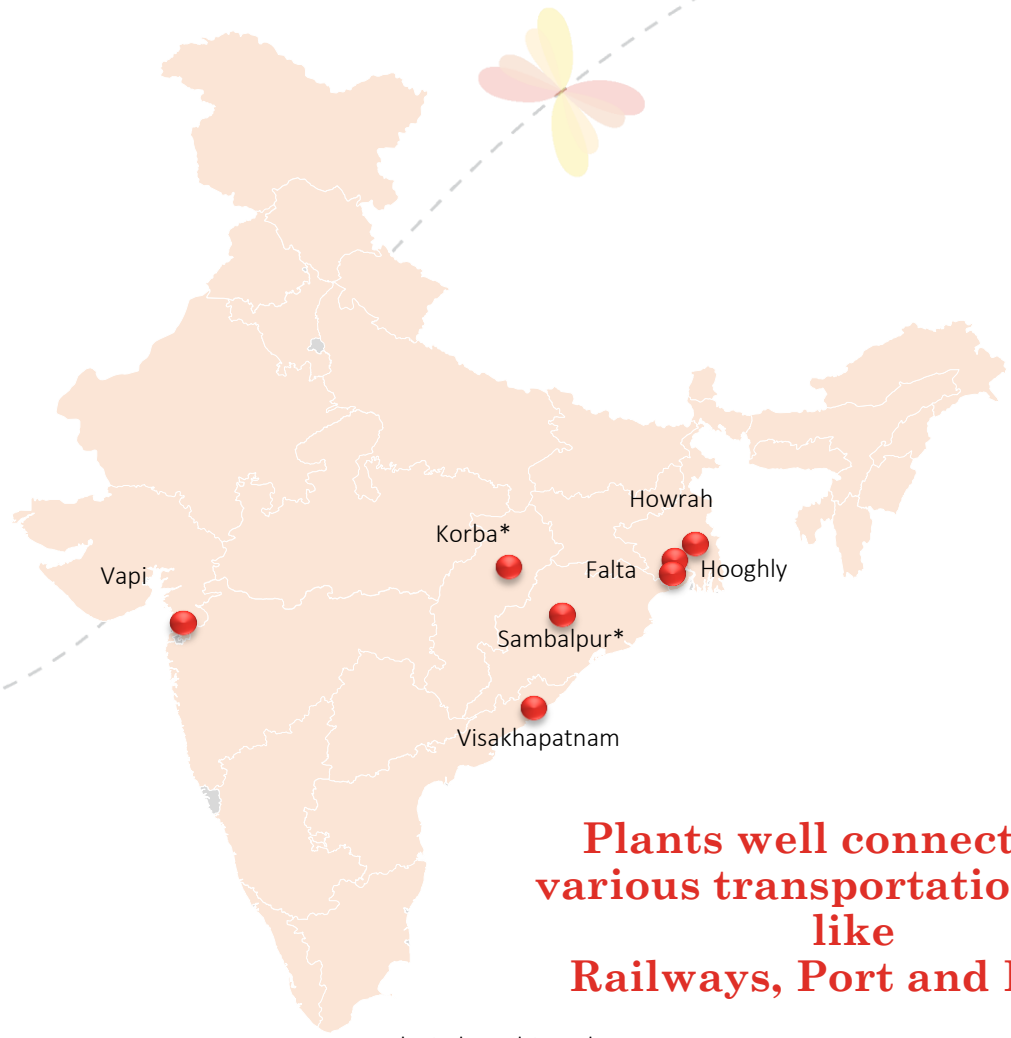
CTD- Coal Tar Distillation

...with Presence at Strategic Locations in India...

Product Capacity

Plant	Existing Capacity
Coal Tar Distillation Capacity	400,000
Carbon Black – MTPA	120,000
Power Plant (Co. generation) – MW	20
SNF - MTPA	68,000

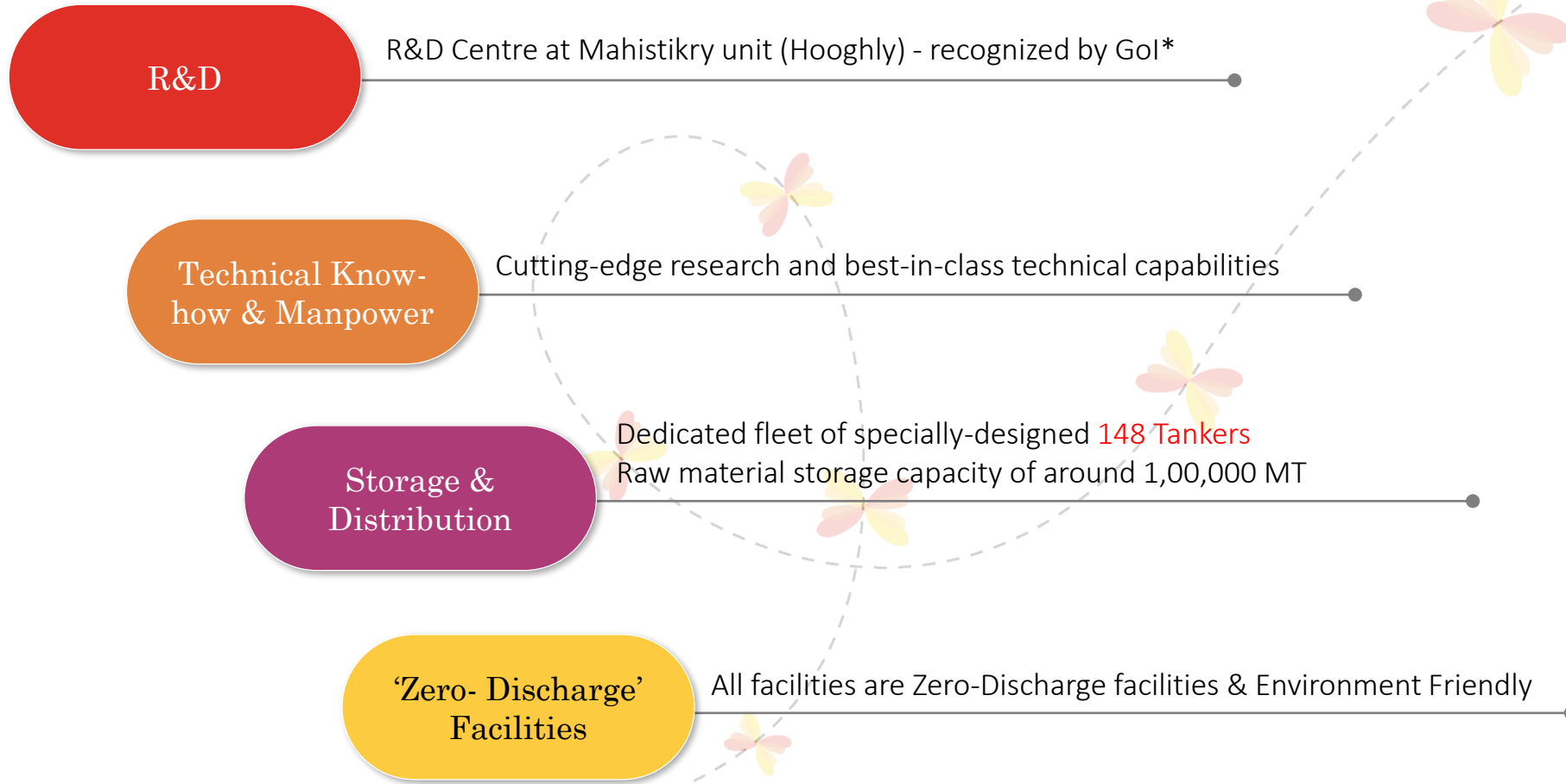
All our facilities are Zero-Discharge Facilities



Plants well connected to various transportation mode like Railways, Port and Roads

* Pitch Melting Plant

...supported by Key Elements in Business Model...



*Government of India

...with validation through Awards & Recognition



**'Best Large Corporate' of WB
in INR 1,000+ Cr Category**



**'Highest Job Creator' of WB
in INR 1,000+ Cr Category**





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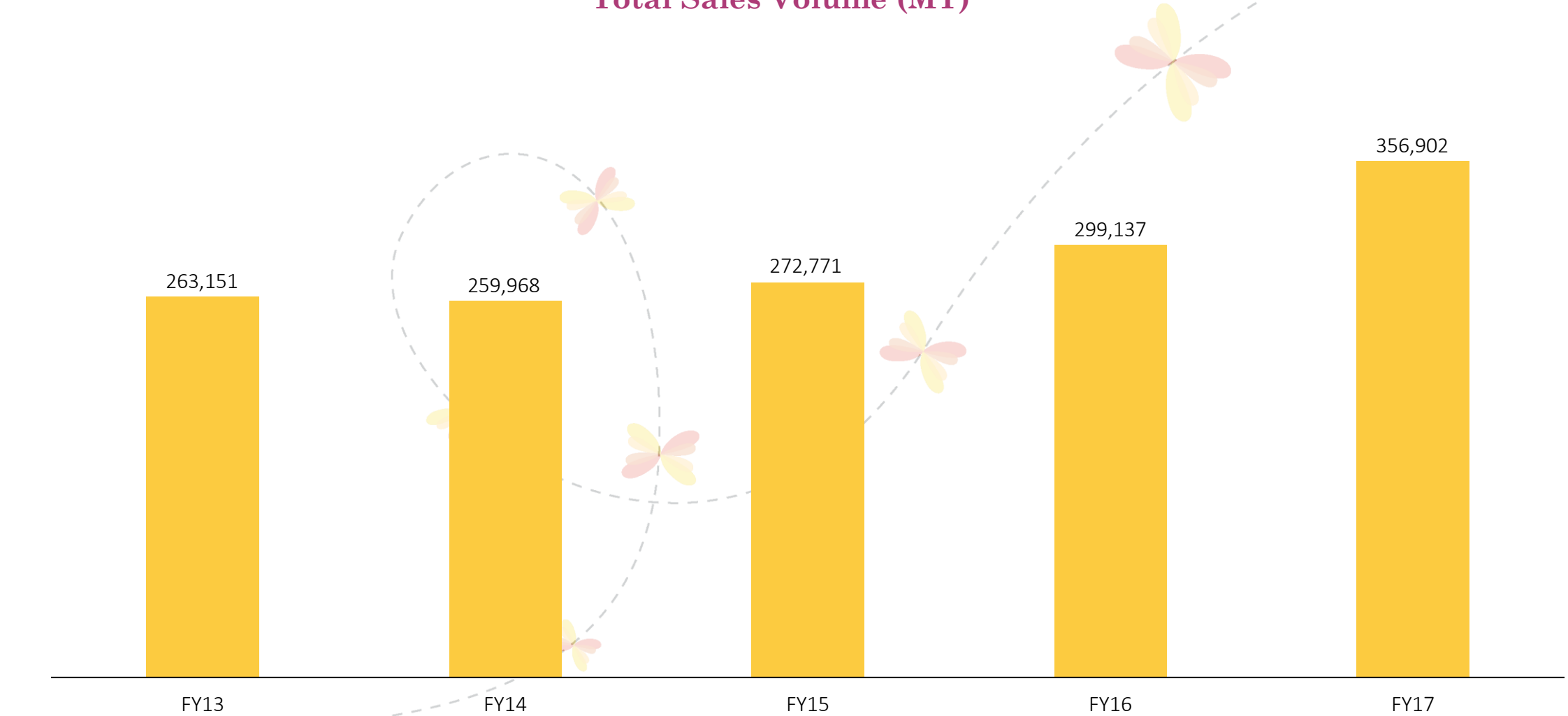
Financial Agenda

Looking Forward with
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Key Performance Indicator



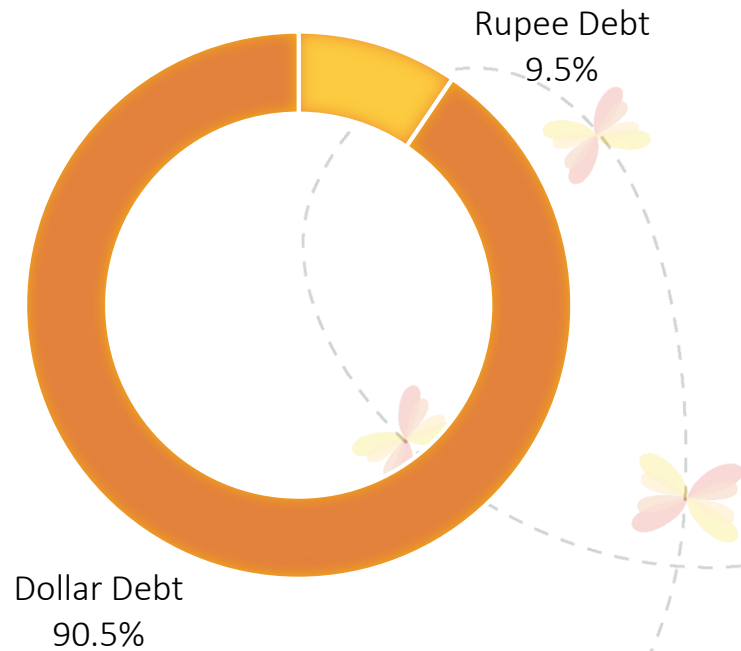
Total Sales Volume (MT)



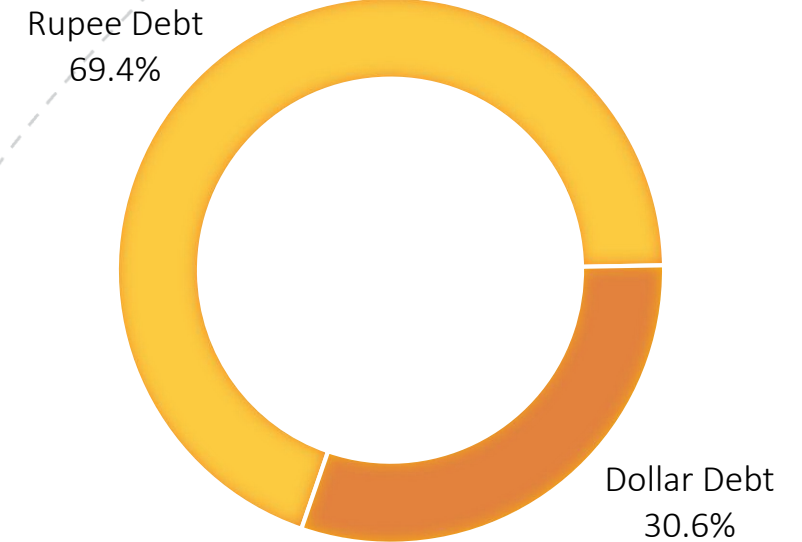
Change in the Debt Composition



Total Debt Profile FY12



Total Debt Profile FY17



Change in **Debt Composition** from **~91%** of Foreign Currency Loans to **~31%** in FY17

Debt Repayment of over Rs. 500 Crores



Rupee Debt

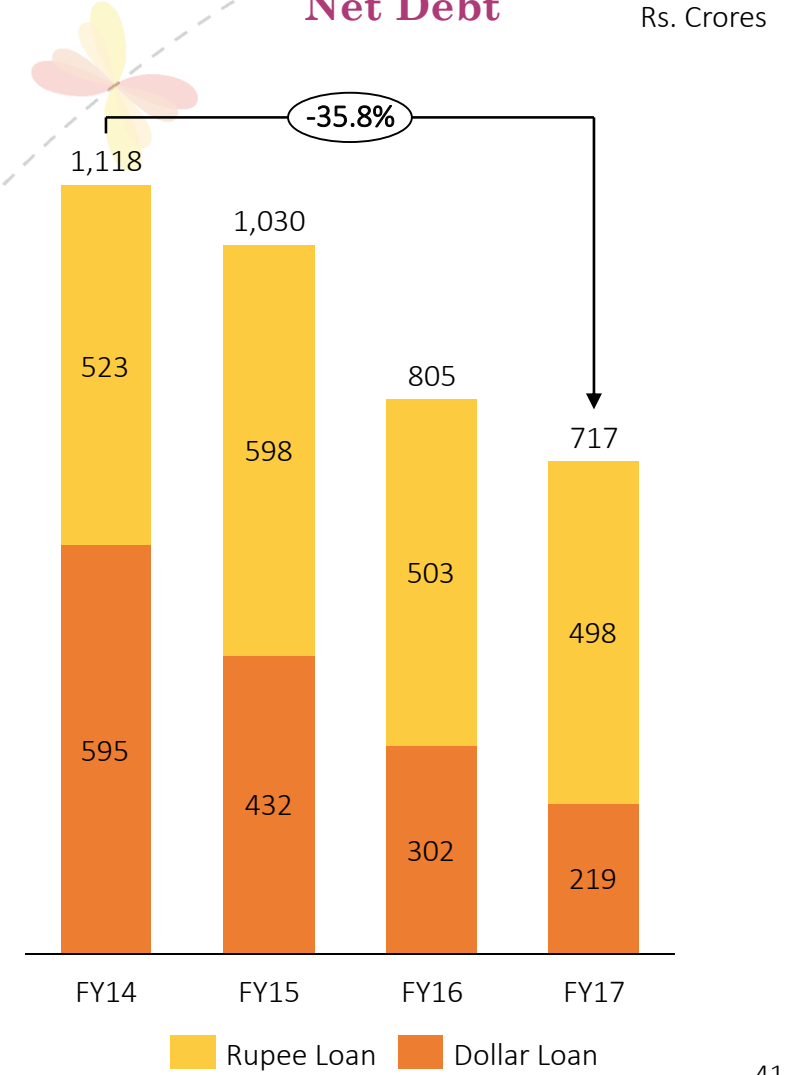
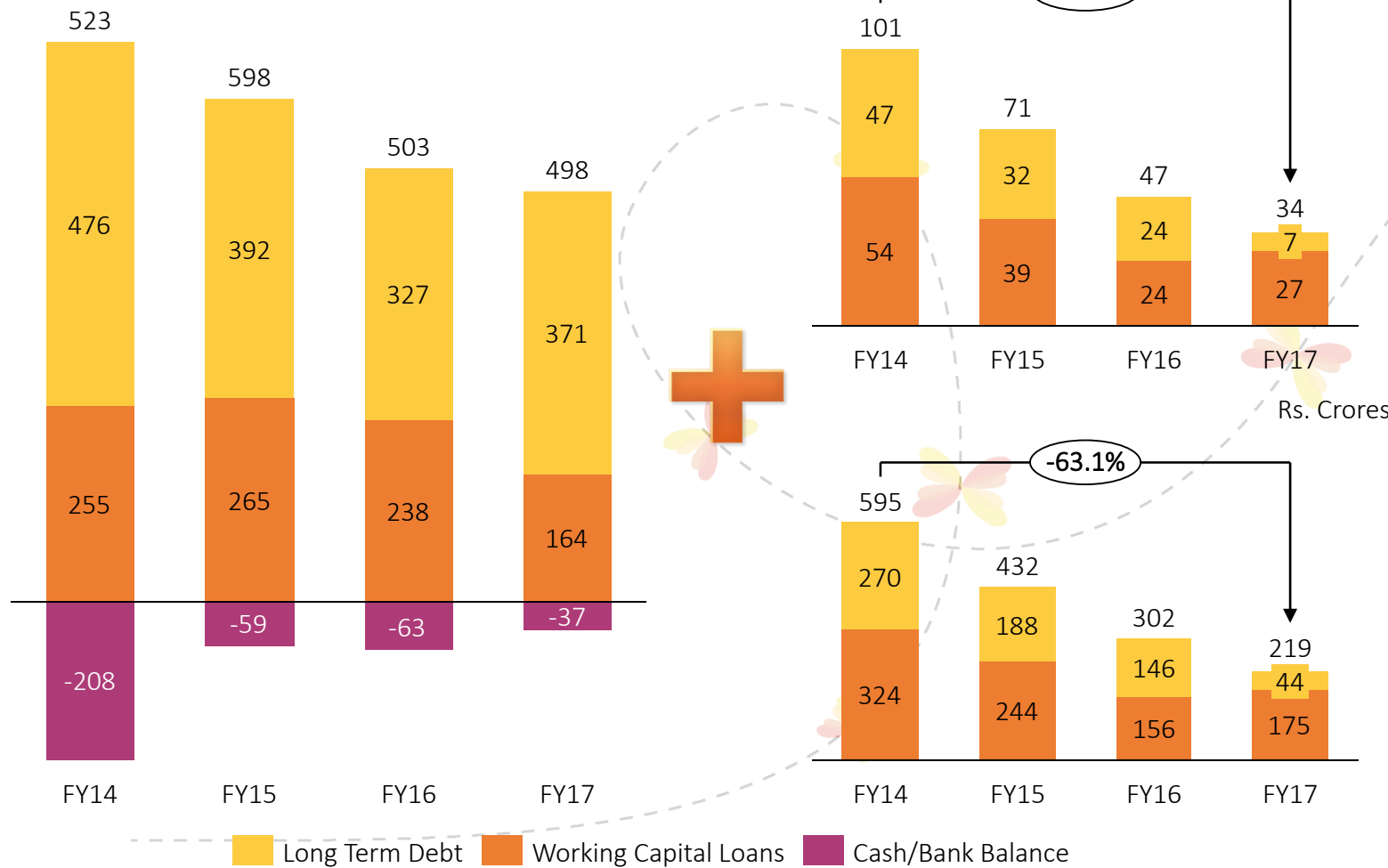
Dollar Debt

Net Debt

Rs. Crores

\$ million

Rs. Crores





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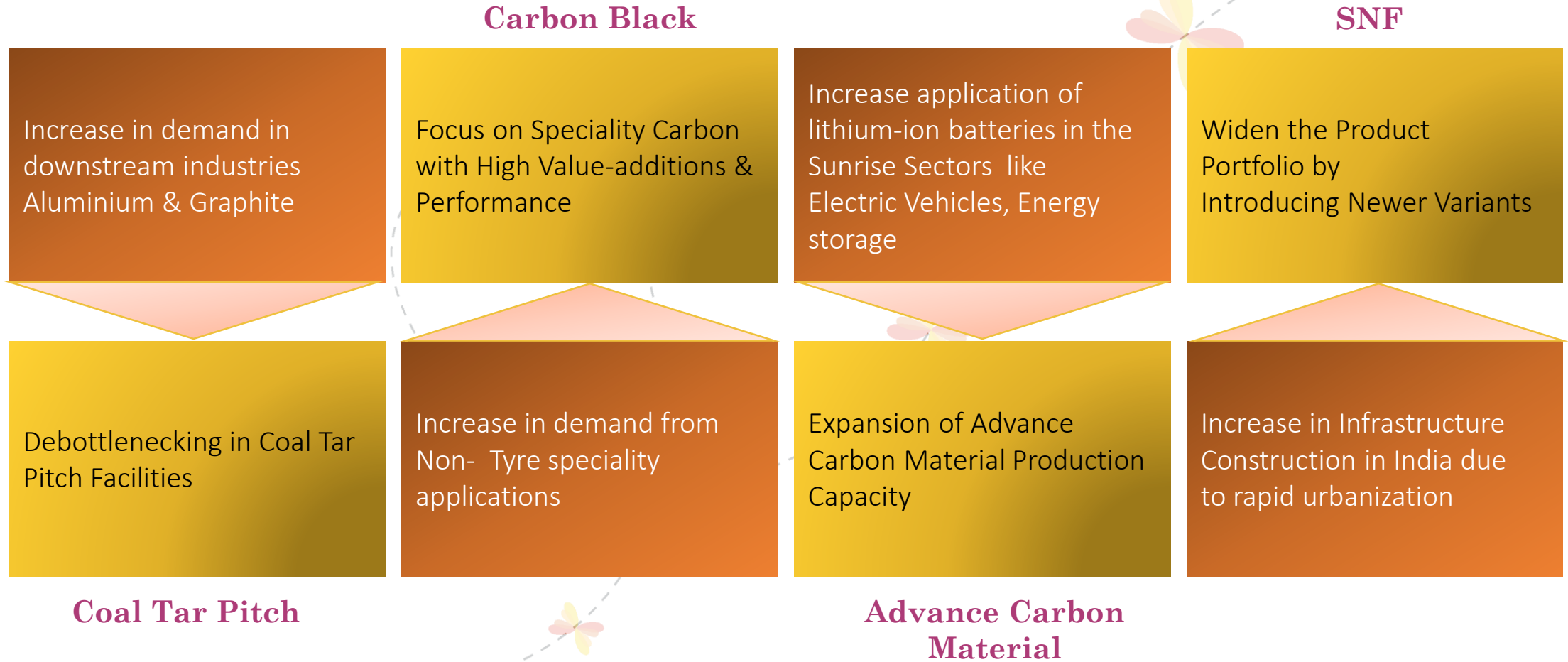
Financial Agenda

Looking Forward with
Confidence

Strongly positioned to capture Growing Markets



Strategic Growth Priorities



Coal Tar Pitch

Advance Carbon Material

For further information, please contact:



Company :

Himadri Speciality Chemical Ltd

CIN: L27106WB1987PLC042756

Mr. Somesh Satnalika
VP Strategy & Business Development

Email: ssatnalika@himadri.com

www.himadri.com

Investor Relations Advisors :

SGA Strategic Growth Advisors

CIN: U74140MH2010PTC204285

Ms. Payal Dave / Mr. Pankaj Chhaochharia
+91 9819916314/ +91 7977090417

Email: Payal.Dave@sgapl.net / Pankaj.c@sgapl.net

www.sgapl.net