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Himadri Chemicals & Industries Limited
(NSE: HCIL, BSE: 500184)

Earnings Presentation
Q3 FY2016

February 12, 2016



Important Notice

This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Himadri Chemical and Industries Limited (“HCIL” or the Company) future business developments and economic performance.

While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

HCIL undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances

Conference Dial-In Numbers: February 17, 2016 (Wednesday) at 4.00 PM IST	
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Financial Highlights

Highlights – Q3 FY2016 vs Q3 FY2015

- Net Sales of Rs. 3,052 million
- EBITDA of Rs. 532 million, up 88.0%; Margins of 17.4%
- Adjusted EBITDA of Rs. 702 million, an increase of 82.2%; Margins of 23.0%
- PAT of Rs. 60 million vs loss of Rs. (95) million in Q3 FY2015
- Net Debt of Rs. 10,014 million; Net Debt/Equity ratio of 1.23x

Commenting on the results and performance, Mr. Anurag Choudhary, CEO of HCIL said:



“Amidst a prolonged slowdown in the steel and aluminium industries, I am pleased to announce third quarter results of Himadri, which speak of our resilience. Although our topline declined by 6.4% y-o-y to Rs. 3,052 million, EBITDA expanded by 88% to Rs. 532 million and EBITDA margins grew by 875 bps to 17.4% y-o-y. Quarterly sales volumes in both the Coal Tar Pitch and Carbon Black segments improved year on year as well as sequentially.

EBITDA, adjusted for inventory write downs of Rs. 169.8 million, increased by 82.2% to Rs. 702 million. Net profit of Rs. 60 million, which includes the effect of unfavorable movement in the domestic currency, compares to a loss in both the previous quarter and the same quarter of last year.

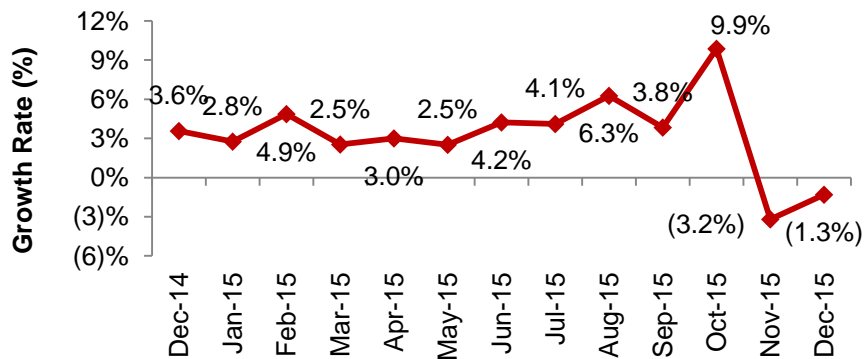
The slowdown in the commodity sector is widely expected to bottom out this year and start to recover only in 2017. However, any sustained increase in demand in the domestic automobile and infrastructure sectors this year should lead to improved sales of our core products. Himadri continues to stay focused on keeping a tight control on costs in these challenging times, to conserve the value it has created for its shareholders over the last many years.”



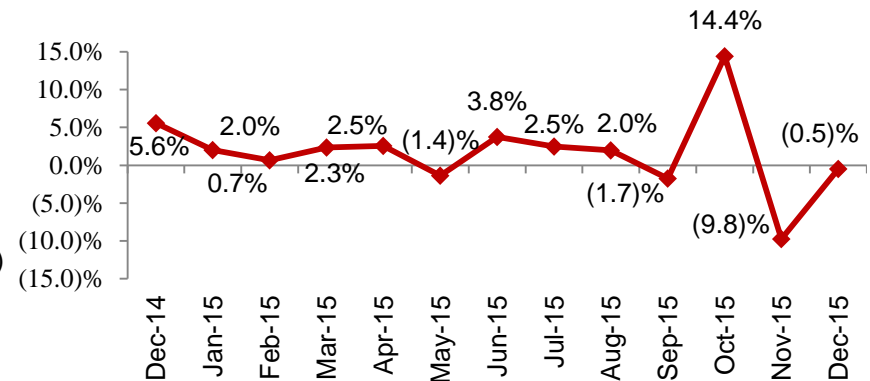
Economic Environment

- Index of Industrial Production (IIP) contracted by (1.3)% in December after decreasing by (3.2)% in November. The decline was mainly due to subdued performance of the manufacturing sector
- The Wholesale Price Index (WPI) remained negative for the fourteenth consecutive month at (0.73)% in December 2015. The CPI was recorded at 5.6% in December
- World crude steel production declined by (4.5)% y-o-y to 386 million MT in Q4 CY2015. The overall global production of steel decreased by (2.8)% for full year 2015. China's steel production fell by (2.3)% in 2015 and by (3.3)% in the quarter ending December
- On a quarterly average basis, in Q3 FY2016, aluminium prices were down (24.1)% y-o-y and (6.3)% q-o-q and stood at \$1,494/tonne. Overcapacities in China due to a weakening economy and lower domestic demand & prices continue to hurt the margins of aluminium producers
- The total domestic auto production grew by 1.4% y-o-y in the quarter led by medium commercial vehicles which grew by 21.9% y-o-y. The import of cheap tyres in India and falling exports continue to affect the domestic tyre production

Index of Industrial Production



Automotive Production Growth Y-o-Y (%)





Industry Outlook

- The Indian economy is likely to witness a gradual cyclical recovery, mainly driven by consumption led demand and as per Citigroup, is likely to clock a GDP growth of 7.7% in FY 2017. According to data of the Central Statistics Office (CSO), the economy is expected to grow at a five-year high of 7.6% in the current fiscal.
- The World Steel Association has predicted that the world steel demand is projected to rise by 0.7% this year. India's production has fared relatively better than global peers, with India being the only country in top 10 steel producers to register a positive growth. India is now ranked as the third largest producer of steel globally. The near term demand is expected to stay under pressure due to low cost imports from China and subdued domestic demand.
- The aluminium prices have fallen but are comparatively steady as compared to other commodities. The aluminium prices will be driven mainly by developments in the Chinese economy, which has been exporting the metal at much lower prices to India and by the strength of the rupee against the US dollar.
- According to India Ratings & Research, the passenger vehicle segment is expected to post domestic volume growth of 6-9% y-o-y in FY2017, driven primarily by an 8-10% sales volume growth in the car segment and an expected 2-5% growth in utility vehicles.
- As per ICRA, the domestic tyre demand is estimated to grow by 0-2% during the current fiscal on the back of a 2-2.5% growth in the OEM demand and 1-1.25% growth in the replacement segment. However, the domestic tyre industry is likely to do better in the coming three years, when demand is expected to grow in the range of 4-6%.



Performance Overview

Standalone Financial Highlights

(Rs. Million)	Q3	Q3	y-o-y	Q2	q-o-q	Nine Months Ended		y-o-y
	FY2016	FY2015	Growth (%)	FY2016	Growth (%)	FY2016	FY2015	Growth (%)
Net Sales	3,052	3,262	(6.4)%	3,099	(1.5)%	8,909	10,347	(13.9)%
Adjusted EBITDA ¹	702	385	82.2%	367	91.3%	1,305	1,120	16.5%
Adj EBITDA Margin (%)	23.0%	11.8%		11.8%		14.7%	10.8%	
EBITDA	532	283	88.0%	357	49.1%	1,054	1,154	(8.6)%
EBITDA Margin (%)	17.4%	8.7%		11.5%		11.8%	11.1%	
Profit After Tax (PAT)	60	(95)	nm	(97)	nm	(239)	16	nm
Adjusted PAT ²	105	(11)	nm	(10)	nm	(33)	92	nm
Adj PAT Margin (%)	3.4%	nm		nm		nm	0.9%	
Basic EPS (Rs.)	0.15	(0.25)		(0.25)	nm	(0.62)	0.04	

Note:

- Adjusted for write down in inventory valuation by Rs. 169.8 million in Q3 FY2016, 9.3 million in Q2 FY2016 and 61.3 million in Q3 FY2015, and on account of expenses related to previous year by 41.1 million in Q3 FY2015 and 1.0 million in Q2 FY2016
- Adjusted for foreign currency gain / (loss) and other income of Rs. (45.6) million in Q3 FY2016; Rs. (87.7) million in Q2 FY2016 and Rs. (83.6) million in Q3 FY2015



Performance Overview

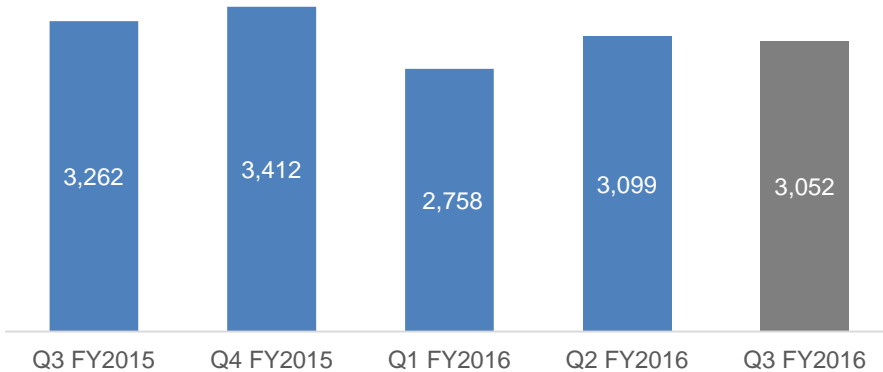
Highlights – Q3 FY2016 vs. Q3 FY2015 (Standalone)

- **Net Sales:** Net Sales were Rs.3,052 million, a decrease of (6.4)% as compared to Q3 FY2015. The revenues from CTP segment decreased y-o-y in spite of increase in volume because of reduction in sales price
- **EBITDA:** EBITDA stood at Rs. 532 million for Q3 FY2016, an increase of 88.0% compared to the same period of last year. EBITDA margin was at 17.4% vs 8.7% in Q3 FY2015. EBITDA for the current quarter improved because of improved realisations
- The Adjusted EBITDA was Rs. 702 million with margins of 23.0%. This is adjusted for write down in inventory valuation by Rs. 169.8 million
- **Profit After Tax (PAT):** The Company had a net profit of Rs. 60 million as compared to a loss of Rs. (95) million in Q3 FY2015
- Q3 FY2016 adjusted PAT stood at Rs. 105 million. The PAT was adjusted PAT for foreign currency gain/(loss) and other income of Rs. (45.6) million

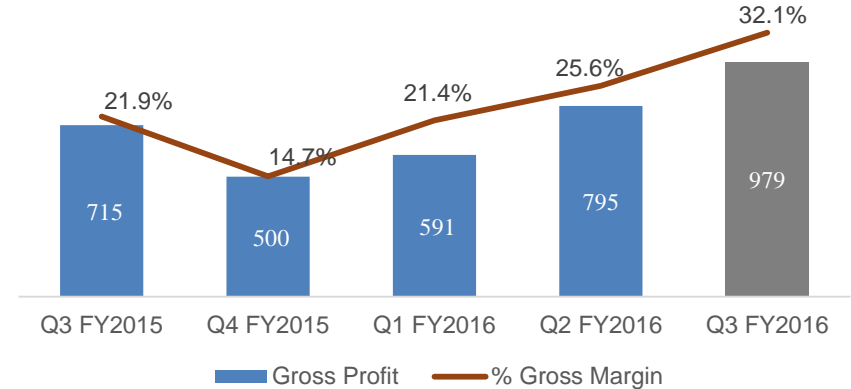


Performance Overview

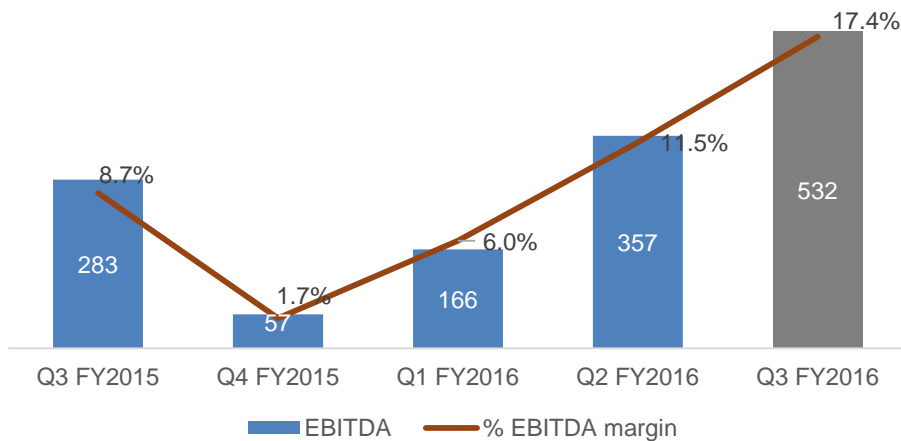
Revenue (Rs. Million)



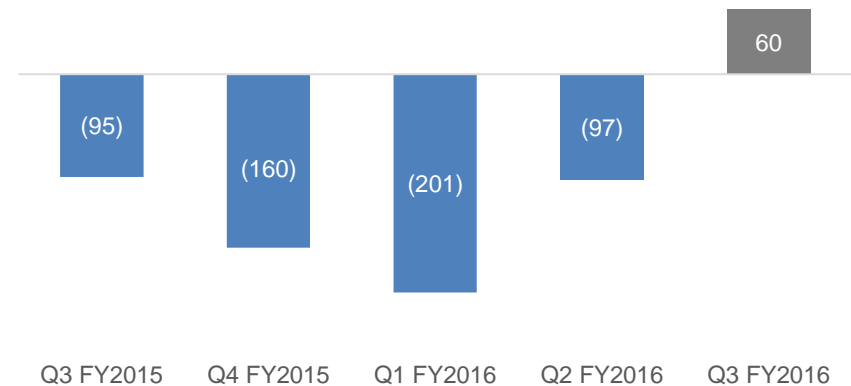
Gross Profit (Rs. Million) and Margin(%)



EBITDA (Rs. Million) and Margin (%)



PAT (Rs. Million)



*Standalone financials



Segment Analysis

Standalone Segment Analysis

(Rs. Million)	Q3		y-o-y	Q2	q-o-q	Nine Months Ended		y-o-y
	FY2016	FY2015	Growth (%)	FY2016	Growth (%)	FY2016	FY2015	Growth (%)
Sales								
Carbon Materials and Chemicals	3,002	3,260	(7.9)%	3,059	(1.9)%	8,785	10,320	(14.9)%
Power	99	32	212.3%	80	23.8%	246	108	127.5%
Total	3,101	3,292	(5.8)%	3,139	(1.2)%	9,031	10,428	(13.4)%
Less: Inter segment revenue	46	22	107.7%	37	24.6%	115	72	60.8%
Total	3,055	3,270		3,102		8,916	10,356	
Profit before Tax and Interest								
Carbon Materials and Chemicals	290	135	114.9%	134	115.9%	380	673	(43.6)%
Power	85	17	404.7%	65	30.8%	204	67	205.4%
Total	375	152		199		584	740	

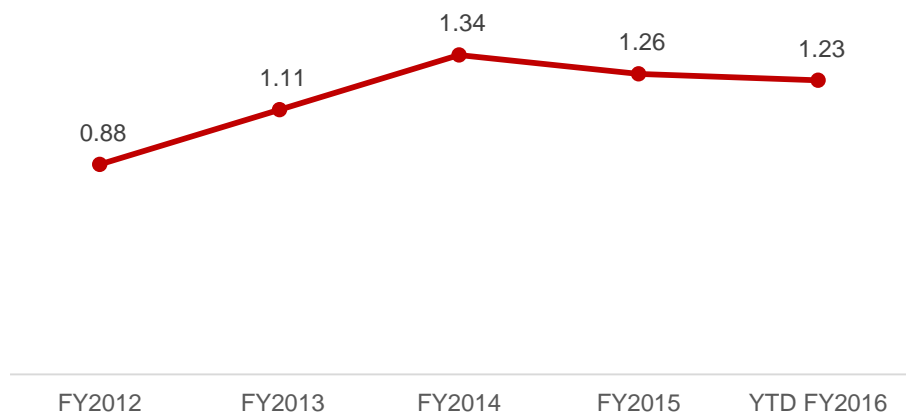


Capital Structure

Particulars (Rs. Million)	31 Dec 15	30 Sep 15
Total Debt	10,575	10,223
Less: Cash & Cash Equivalents	(561)	(659)
Net Debt / (Net Cash)	10,014	9,564
Net Worth	8,118	8,000
Net Debt / Equity (x)	1.23x	1.20x

Credit Ratings (CARE)		
Instrument	Rating	Comment
Short-term Debts	CARE A2+	Considered to have very strong degree of safety regarding timely payment of financial obligations
Long-term Facilities	CARE A-	Considered to have adequate degree of safety regarding timely servicing of financial obligations
Non-Convertible Debentures	CARE A-	

Net Debt / Equity (x)



*does not include Letter of Credit (Discounted)



Company Factsheet

- Himadri Chemicals is the largest producer of Coal Tar Pitch in India with ~65% market share, catering to around two-thirds requirements of the Indian Graphite and Aluminium industries; only Indian company using advanced technology for coal tar distillation
- HCIL specializes in carbon, developing coal tar by-products and derivatives (advanced carbon material, carbon black, corrosion protection and naphthalene)
- HCIL has seven manufacturing facilities spread across India in West Bengal, Gujarat, Andhra Pradesh and Chhattisgarh
- The Company caters to ~65% of the Indian aluminium and the graphite electrode industry's requirement of coal tar pitch
- One of the few global manufacturers of zero quinolene insoluble (QI) pitch, a critical input of graphite electrodes manufacture

Product Portfolio

Coal Tar Pitch

A complex chemical with 22 chemical and physical properties obtained through coal tar distillation



Carbon Black

One of the most important industrial chemicals in the world used in rubber, plastics, coating, inks and batteries



Advanced Carbon

Used in the manufacture of lithium ion batteries



Power

Value-added product derived from Naphthalene. Used in ready mix concrete



SNF

Commissioned its captive power plant running on carbon black off-gas and connected to the grid



Statutory Financials



Unaudited Results for the quarter ended 31st Dec 2015

PART I		(Rs. in Crores)					
Statement of Standalone Unaudited Financial Results for the quarter and nine months ended 31 December 2015							
Sl No.	Particulars	Three months ended 31.12.2015	Preceding Three months ended 30.09.2015	Corresponding Three months ended in the previous year 31.12.2014	Year to date figures for the current period ended 31.12.2015	Year to date figures for the previous period ended 31.12.2014	Previous year ended 31.03.2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income from Operations						
	(a) Net Sales/Income from Operations (Net of excise duty)	305.19	309.91	326.22	890.91	1,034.67	1,375.82
	(b) Other Operating Income	0.32	0.27	0.73	0.70	0.97	1.68
	Total Income from Operations (net)	305.51	310.18	326.95	891.61	1,035.64	1,377.50
2	Expenses						
	(a) Cost of materials consumed	197.09	232.92	284.48	627.72	846.87	1,134.05
	(b) Changes in inventories of finished goods and work-in-progress	12.24	(1.64)	(31.86)	31.01	(48.48)	(62.49)
	(c) Employee benefits expense	7.69	7.12	7.19	21.79	21.29	29.37
	(d) Depreciation	16.00	15.98	14.27	47.78	42.36	55.36
	(e) Other expenses	34.99	35.86	38.13	104.96	99.63	153.77
	Total expenses	268.01	290.24	312.21	833.26	961.67	1,310.06
3	Profit from operations before other income, finance costs and exceptional items (1-2)	37.50	19.94	14.74	58.35	73.97	67.44
4	Other Income:						
	Miscellaneous Income	1.59	1.52	1.25	4.63	13.34	14.96
	Foreign exchange gain/(loss)	(3.71)	(5.24)	(0.11)	(13.87)	(4.48)	(7.25)
	Total other income	(2.12)	(3.72)	1.14	(9.24)	8.86	7.71
5	Profit/(Loss) from ordinary activities before finance costs and exceptional items(3+4)	35.38	16.22	15.88	49.11	82.83	75.15
6	Finance costs	25.42	30.37	30.34	83.29	85.29	101.51

Statutory Financials



Unaudited Results for the quarter ended 31st Dec 2015

(Rs. in Crores)

Sl No.	Particulars	Three months ended 31.12.2015	Preceding Three months ended 30.09.2015	Corresponding Three months ended in the previous year 31.12.2014	Year to date figures for the current period ended 31.12.2015	Year to date figures for the previous period ended 31.12.2014	Previous year ended 31.03.2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
7	Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)	9.96	(14.15)	(14.46)	(34.18)	(2.46)	(26.36)
8	Exceptional items	-	-	-	-	-	-
9	Profit/(Loss) from ordinary activities before tax (7+8)	9.96	(14.15)	(14.46)	(34.18)	(2.46)	(26.36)
10	Tax expense	4.01	(4.42)	(5.00)	(10.34)	(4.01)	(11.96)
11	Net Profit/(Loss) from ordinary activities after tax (9-10)	5.95	(9.73)	(9.46)	(23.84)	1.55	(14.40)
12	Extraordinary items (net of tax expense Rs. Nil)	-	-	-	-	-	-
13	Net Profit/(Loss) for the period (11-12)	5.95	(9.73)	(9.46)	(23.84)	1.55	(14.40)
14	Paid-up equity share capital (Face Value Re. 1 each)	38.57	38.57	38.57	38.57	38.57	38.57
15	Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting year						788.57
16	Earnings per share (before and after extraordinary items) (of Re. 1 each) (not annualised) :						
	a) Basic (Re.)	0.15	(0.25)	(0.25)	(0.62)	0.04	(0.37)
	b) Diluted (Re.)	0.15	(0.25)	(0.25)	(0.62)	0.04	(0.37)

Statutory Financials



Unaudited Results for the quarter ended 31st Dec 2015

Segment wise Revenue, Results and Capital Employed						
Particulars	Three months ended 31.12.2015	Preceding Three months ended 30.09.2015	Corresponding Three months ended in the previous year 31.12.2014	Year to date figures for the current period ended 31.12.2015	Year to date figures for the previous period ended 31.12.2014	Previous year ended 31.03.2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment revenue						
a. Carbon materials and chemicals	300.19	305.86	325.99	878.52	1,031.98	1,371.77
b. Power	9.93	8.02	3.18	24.59	10.81	15.43
Total	310.12	313.88	329.17	903.11	1,042.79	1,387.20
Less: Inter segment revenue	4.61	3.70	2.22	11.50	7.15	9.70
Total income from operations (net)	305.51	310.18	326.95	891.61	1,035.64	1,377.50
2. Segment results						
a. Carbon materials and chemicals	28.97	13.42	13.48	37.98	67.30	57.84
b. Power	8.53	6.52	1.69	20.37	6.67	9.60
Total	37.50	19.94	15.17	58.35	73.97	67.44
Less : i) Interest expenses	25.42	30.37	30.34	83.29	85.29	101.51
ii) Unallocable expenditure (net of unallocable income)	2.12	3.72	(0.71)	9.24	(8.86)	(7.71)
Total profit/(loss) before tax	9.96	(14.15)	(14.46)	(34.18)	(2.46)	(26.36)
3. Capital employed (Segment assets - Segment liabilities)						
a. Carbon materials and chemicals	1,747.14	1,725.75	1,871.24	1,747.14	1,871.24	1,834.40
b. Power	58.95	57.91	56.98	58.95	56.98	56.50
c. Unallocable	(994.54)	(983.65)	(1,089.18)	(994.54)	(1,089.18)	(1,063.76)
Total Capital employed	811.55	800.01	839.04	811.55	839.04	827.14



Unaudited Results for the quarter ended 31st Dec 2015

NOTES :-

- 1) The above results have been reviewed by the Audit Committee and approved at the meeting of the Board of Directors of the Company held on 12 February 2016.
- 2) Tax expense is net of minimum alternate tax(MAT) credit reversal and deferred tax credit.
- 3) The limited review of the unaudited results have been carried out by the Joint Statutory Auditors' of the Company who have issued an unqualified report.
- 4) The figures of the previous year / periods have been regrouped/ reclassified, wherever necessary to conform to the classification for the quarter and nine months ended 31 December 2015.

On behalf of the Board of Directors

Place: Kolkata

Date: 12 February 2016

Bankey Lal Choudhary

Managing Director

DIN : 00173792



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