

Himadri Speciality Chemical Ltd

INVESTOR PRESENTATION

May - 2019

Safe Harbor



This presentation and the accompanying slides (the “Presentation”), which have been prepared by Himadri Speciality Chemical Ltd (the “Company”), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment what so ever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company’s ability to successfully implement its strategy, the Company’s future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company’s market preferences and its exposure to market risks, as well as other risks. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.

Ready for the next phase...



Next Phase of Innovation and R&D



Next Phase of High-Value Products



Next Phase of Earnings



Next Phase of Growth



Next Phase of Innovation and R&D



12

New grades introduced & commercialised in Speciality Carbon Black

7%

Reduction in energy consumption in certain processes

11%

Increased productivity of certain grades through debottlenecking

Next Phase of High Value Products

Coal Tar



Advance Carbon
Material

Carbon Black



Specialty Carbon
Black

Naphthalene



Sulphonated
Naphthalene
Formaldehyde

*Global well-diversified Product portfolio with Strong
Competitive*



Most Integrated

Speciality Carbon Corporation Globally

Expansion in High-Value Products

Specialty Carbon Black

Focus on Speciality Carbon with High Value-additions & Performance

Set-up of Specialty Carbon Black at West Bengal with an annual capacity of 60,000 MTPA

Increase in demand for specialised applications

Commissioning is expected to be in H1FY20

Advance Carbon Material

Advance Carbon Materials project of 20,000 MTPA is progressing well

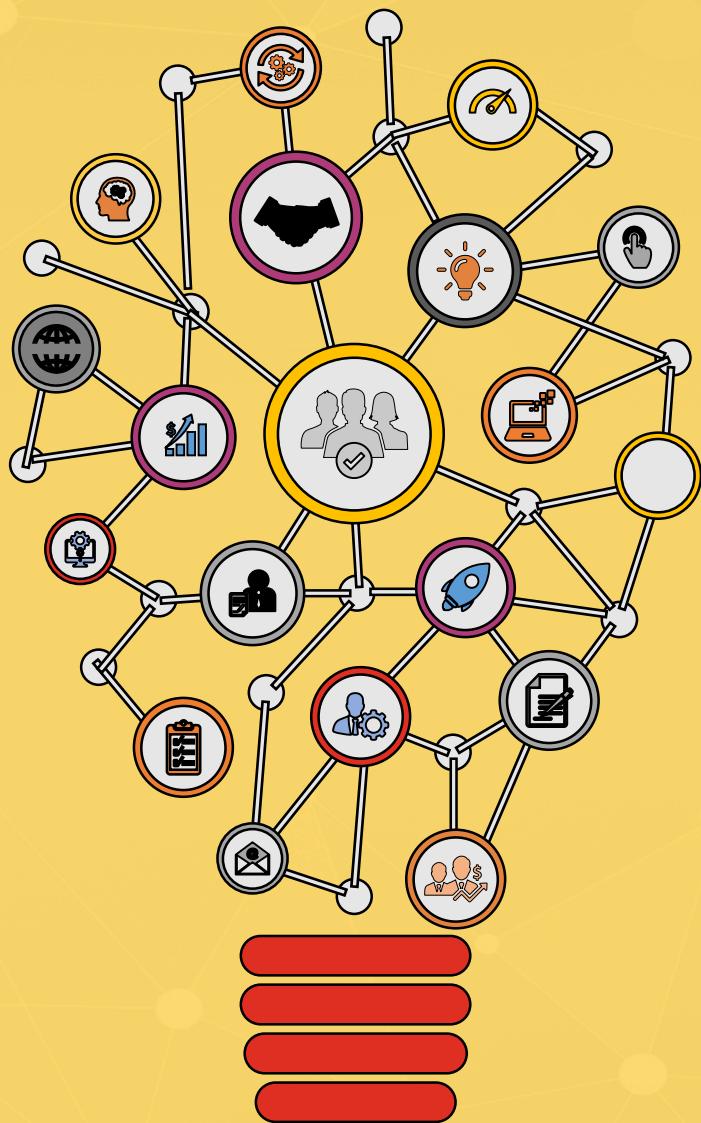
Commissioning is expected to be in phases starting from H1FY20 over the next 12 months thereon

Commissioning is expected to be in Phases

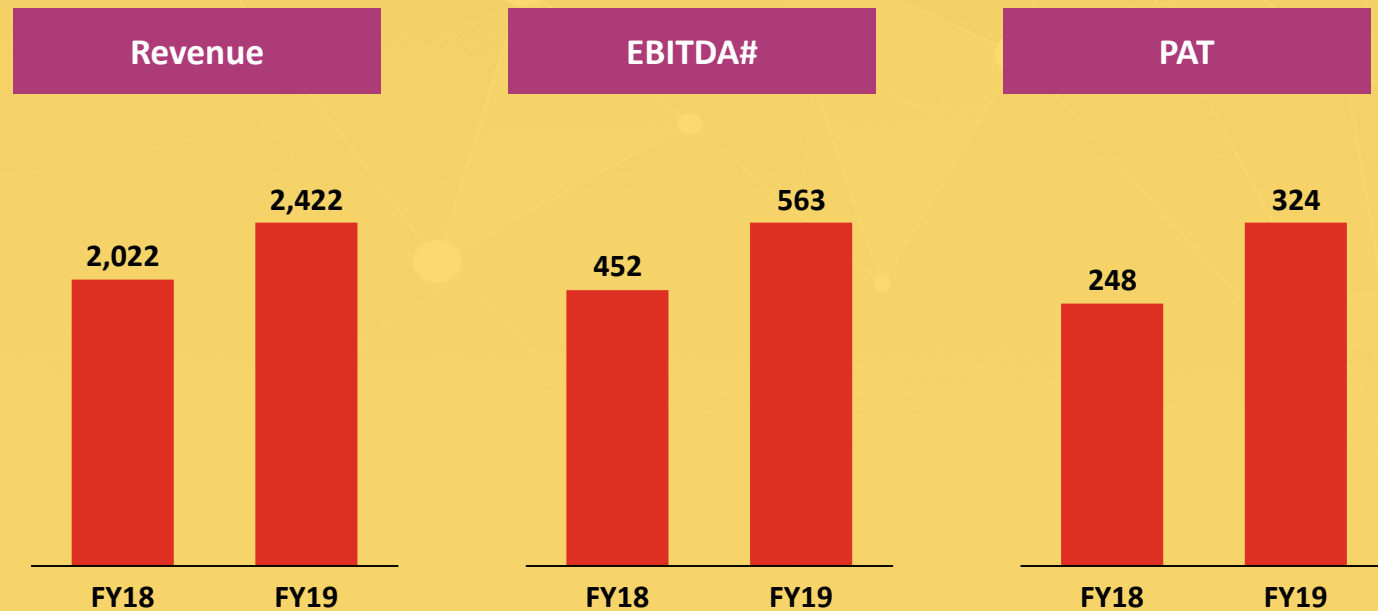
Increase application of lithium-ion batteries in the Sunrise Sectors like Electric Vehicles, Energy storage

Expansion of Advance Carbon Material Production Capacity

Next Phase of Earnings



Consolidated Performance Rs. In Crs



+20%
y-o-y growth

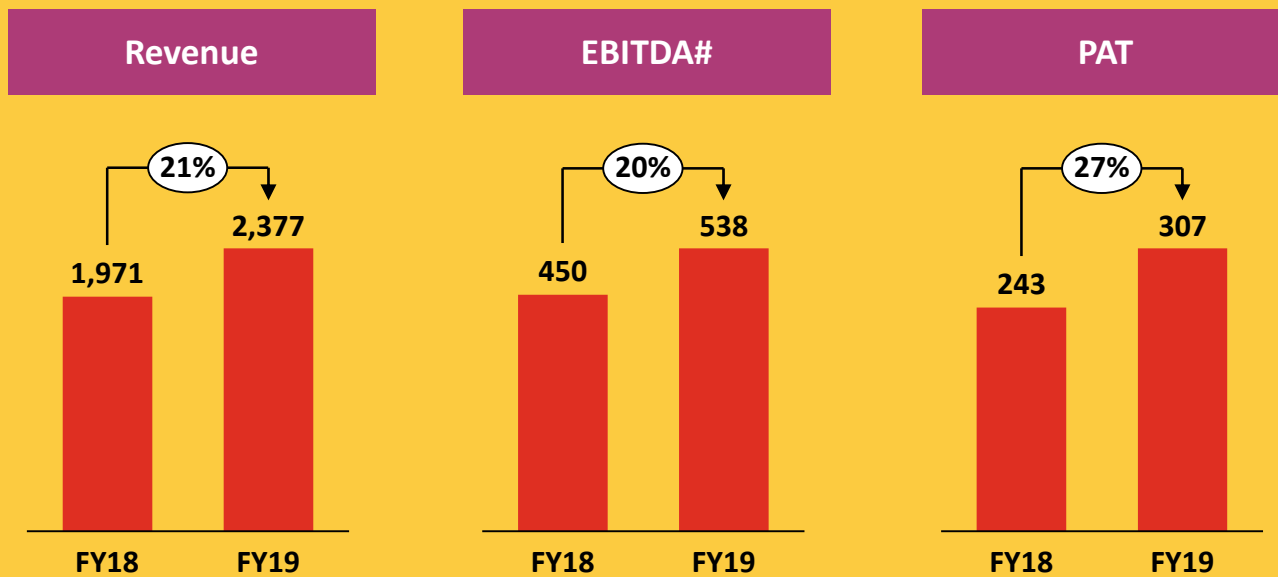
+24%
y-o-y growth

+31%
y-o-y growth

#EBITDA excludes FX Fluctuation loss / Gains

Next Phase of Earnings

Standalone Performance Rs. In Crs



Key Milestones

Revenue Crossed Rs. 2,000 Crores mark

EBITDA# Crossed Rs. 500 Crores mark

PAT Crossed Rs. 300 Crores mark

#EBITDA excludes FX Fluctuation loss / Gains

Priorities for Cash

NEW CAPACITIES ANNOUNCED



Focus on Speciality Carbon with High Value-additions & Performance

- » Set-up of Specialty Carbon Black at West Bengal with an annual capacity of 60,000 MTPA
- » Commissioning is expected to be in H1FY20

Expansion of Advance Carbon Material Production Capacity

- » Advance Carbon Materials project of 20,000 MTPA is progressing well
- » Commissioning is expected to be in phases starting from H1FY20 over the next 12 months thereon

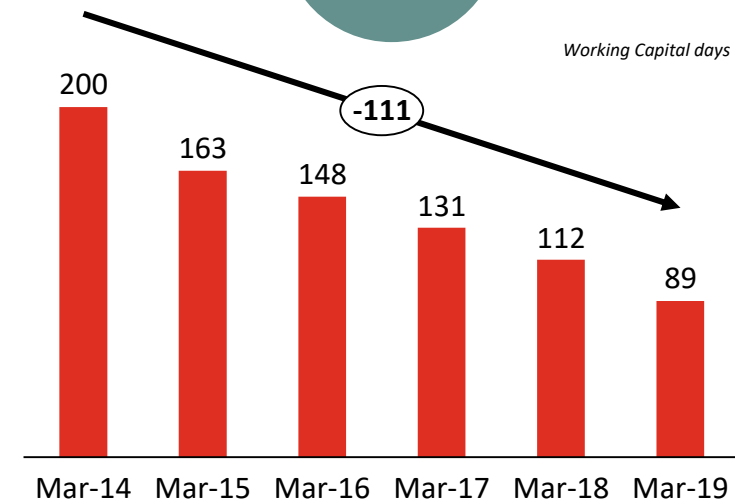
DEBT REDUCTION



- » Net Debt decreased by INR 688 Crores from INR 1,118 Crs. in FY14 to INR 430 Crs. in FY19 thus leveraging the Balance sheet
- » Net Debt to EBIDTA stands at 0.8x as compared to 6.25x in FY14
- » Net Debt to Equity is down to 0.26in FY19 from 1.34x in FY14

Provides an excellent platform to continue our Capital disciplined Growth journey

IMPROVED OPERATING EFFICIENCIES

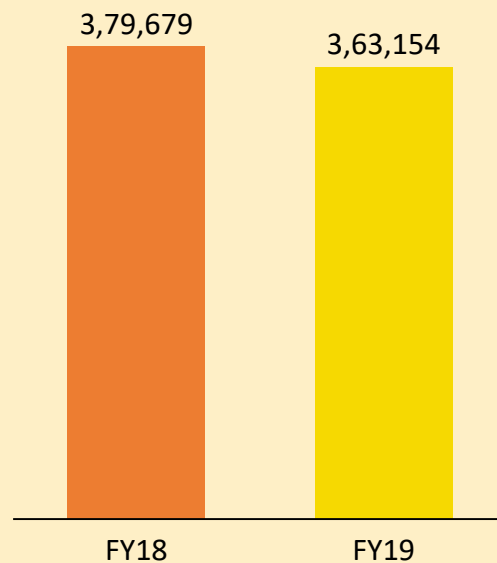


- » Cash generation through intense operational rigor and strict financial discipline led to an improved working capital management

Transformation – High Value & High Margin Strategy

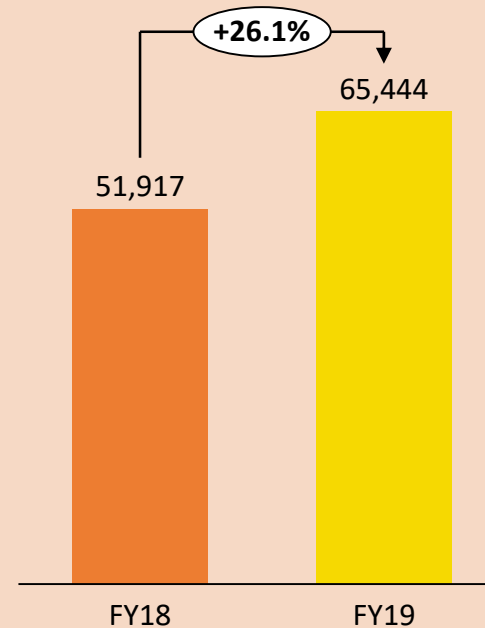
Sales Volume

Sales Rationalisation –
Focus on High-value
business



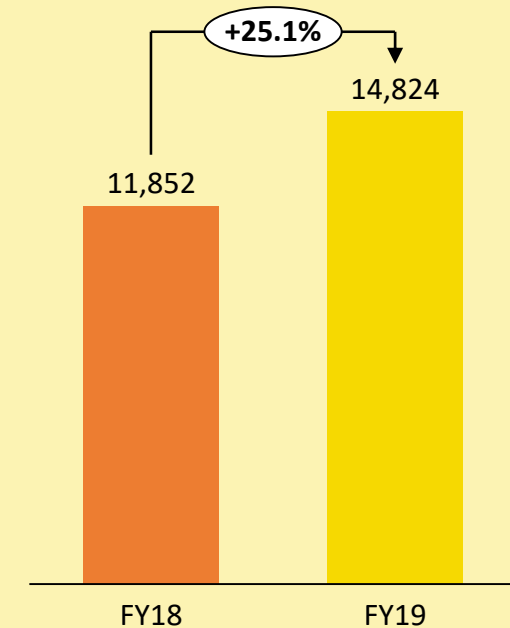
Realisation/MT

Better Product Mix – Sale
of High-value & High-
margin products



EBITDA/MT[#]

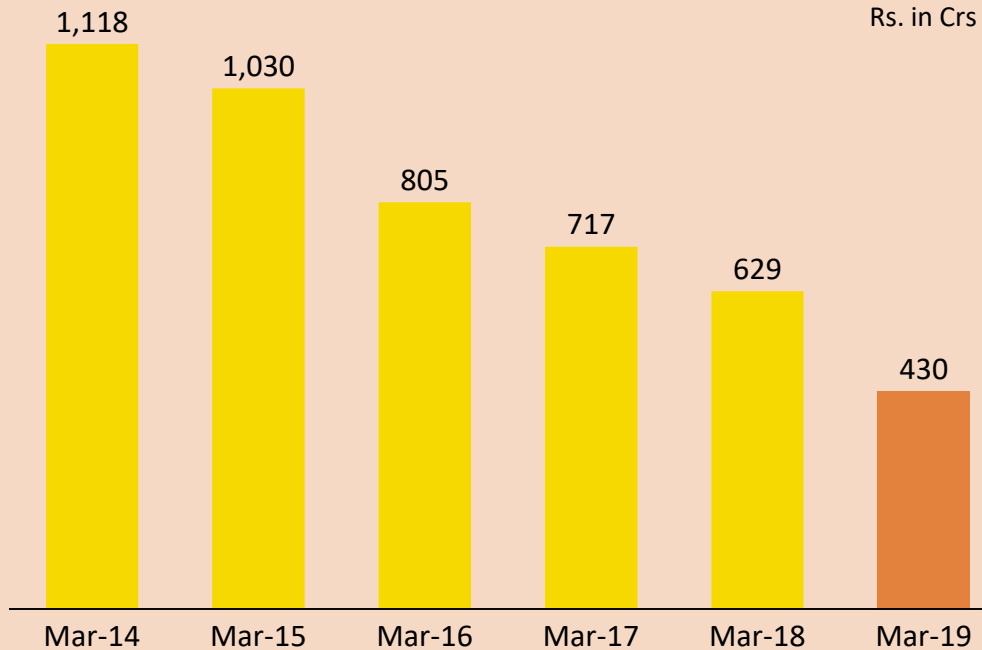
Focus on Value-addition
Strong growth in
profitability



Balance Sheet Strength & Financial Flexibility

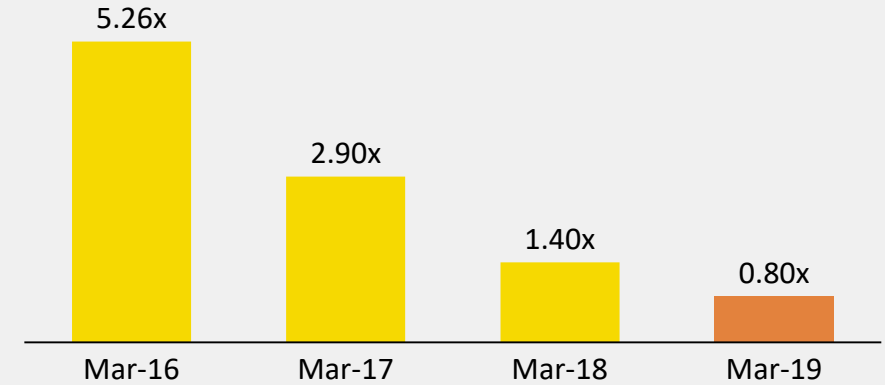
Net Debt

Strong Balance Sheet and Sufficient Financial flexibility...

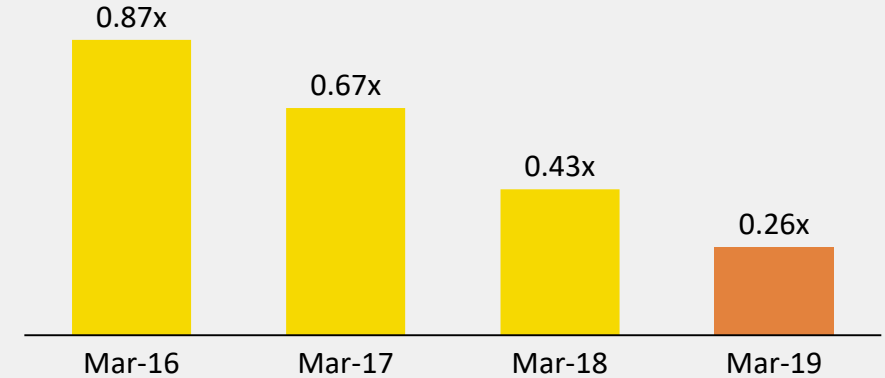


...provides an excellent platform to continue our Capital disciplined Growth journey

Net Debt / EBITDA*



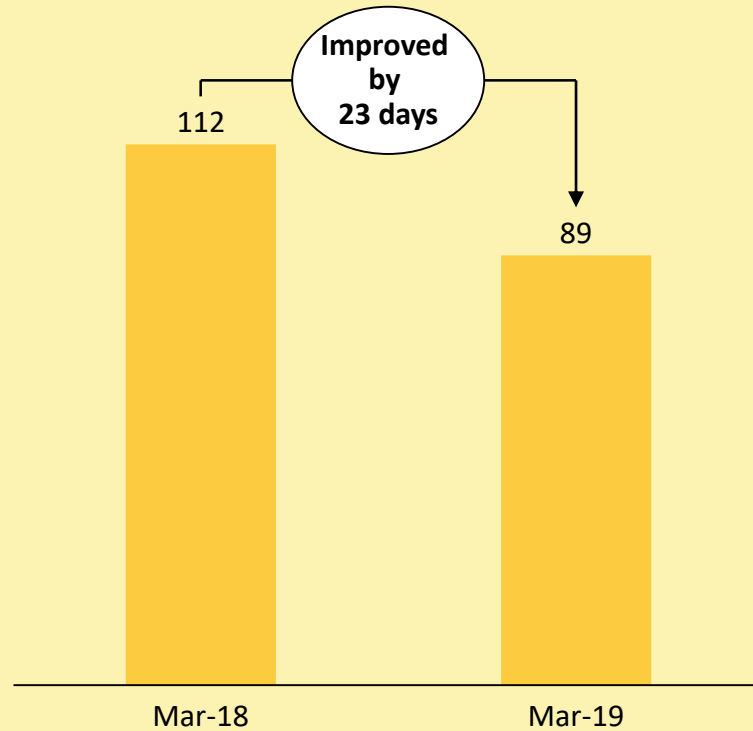
Net Debt / Equity



*EBITDA excluding FEF

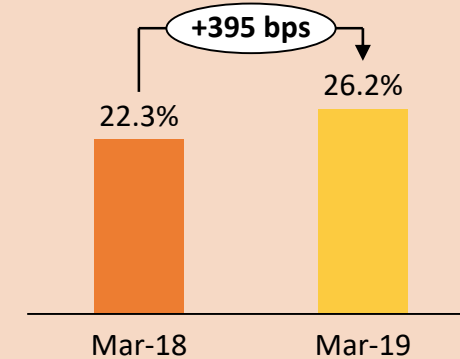
Operating Efficiency leading to Higher Returns

Working Capital (No. of days)



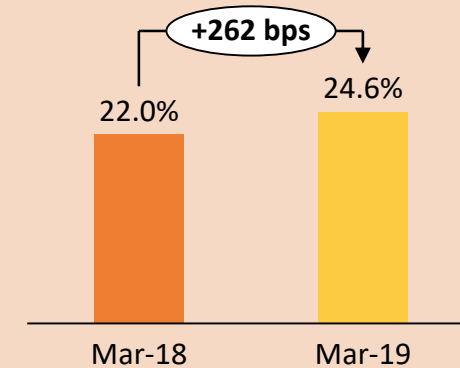
Cash generation through intense operational rigor and strict financial discipline led to an improved working capital management

ROCE (excl. CWIP) (%)



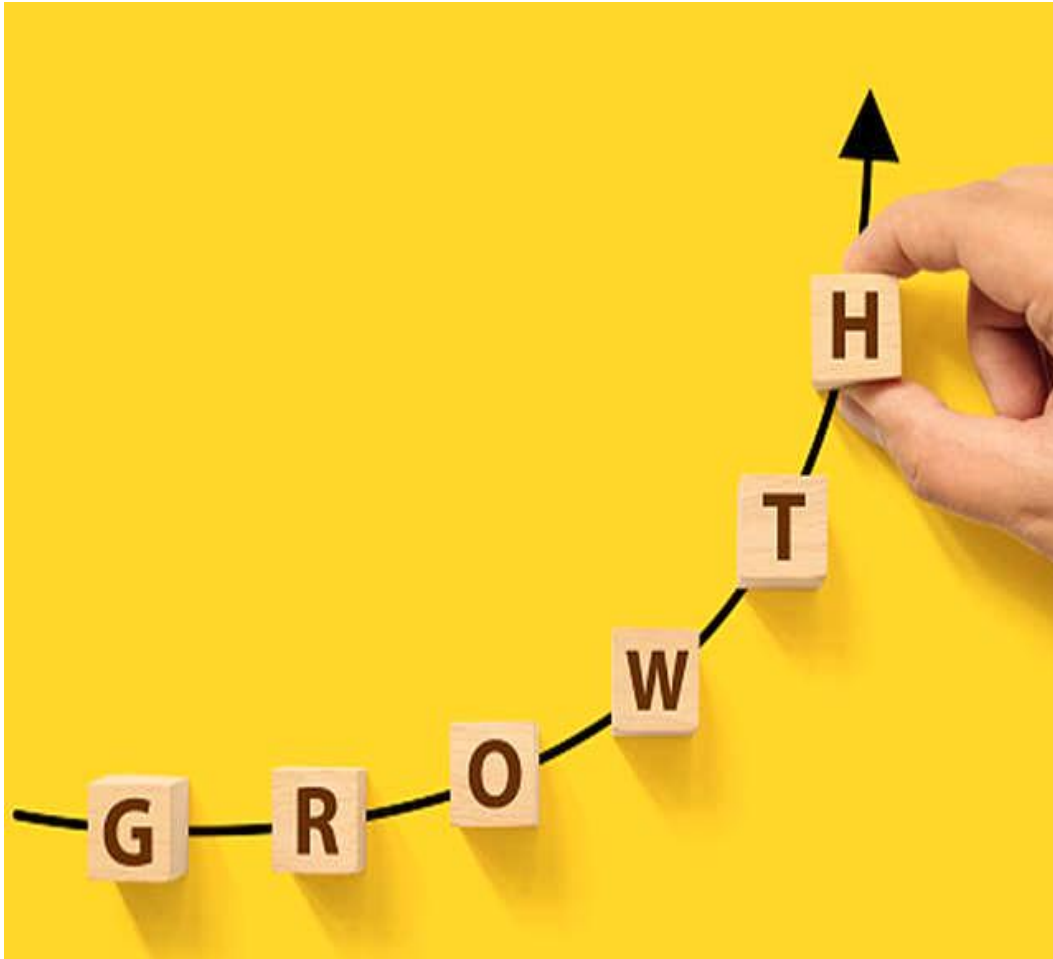
ROCE (excl. CWIP) = EBIT / (Equity + Total Debt - Cash & Cash Equivalents - CWIP)

ROCE (%)



ROCE = EBIT / (Equity + Total Debt - Cash & Cash Equivalents)

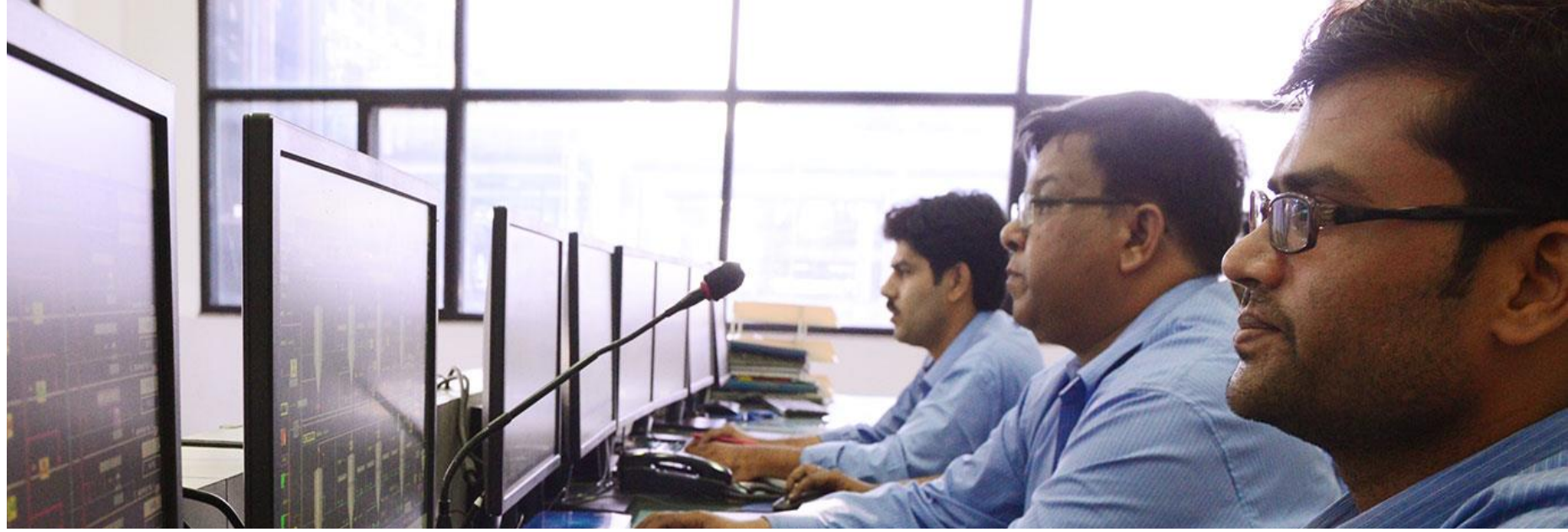
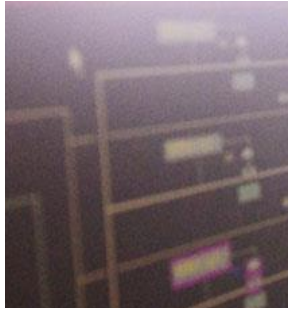
Next Phase of Growth



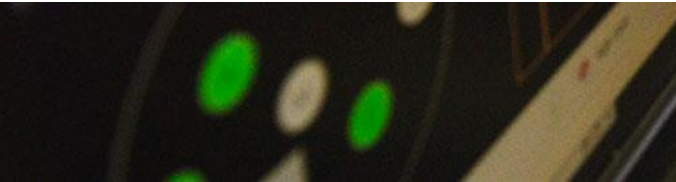
High Value Product Pipeline	Right Capacity	Strong Clientele
Product Leadership	Strong R&D	Strategic Location
Diversified End Markets	Global Management Team	Cutting Edge Technologies

Strategic Growth Priorities

Coal Tar Pitch	Carbon Black	Advance Carbon Material	SNF
Serving core sectors of economy through Aluminium & Graphite Electrode industries	Focus on Speciality Carbon with High Value-additions & Performance	Increase application of lithium-ion batteries in the Sunrise Sectors like Electric Vehicles, Energy storage	Widen the Product Portfolio by Introducing Newer Variants
Debottlenecking in Coal Tar Distillation Facilities	Increase in demand from Non- Tyre speciality applications	Expansion of Advance Carbon Material Production Capacity	Increase in Infrastructure Construction in India due to rapid urbanization



Financial Performance



Standalone Profit & Loss

Particulars (In Rs. Crs)	Q4 FY19	Q4 FY18	Y-o-Y (%)	FY19	FY18	Y-o-Y (%)
Net Revenue From Operations	583	551	6%	2,377	1,971	21%
Cost of Materials Consumed	388	362		1,588	1,325	
Gross Profit	196	189	4%	789	646	22%
Employee Benefits Expense	16	14		58	47	
Other Expenses	56	49		192	150	
EBITDA	123	126	-3%	538	450	20%
Other Income	3	3		11	7	
Foreign Exchange Fluctuation (Loss)/Gain	3	(2)		(1)	0	
Depreciation and Amortization Expense	8	8		33	31	
EBIT	122	119	2%	516	426	21%
Finance Costs	17	19		71	70	
Profit / (Loss) Before Tax	105	100		445	356	
Tax Expenses	33	29		138	113	
Profit / (Loss) for the year	72	71	1%	307	243	27%

Standalone Balance Sheet

Particulars (in Rs. Crs.)	Mar'19	Mar'18
ASSETS		
Non-Current Assets	1,664	1,583
Property, Plant and Equipment	1,090	1,097
Capital work-in-progress	126	18
Intangible Assets	2	2
Financial Assets		
(i) Investments	259	353
(ii) Trade Receivables	8	8
(iii) Loans	52	47
(iv) Other Financial Assets	0	0
Deferred Tax Assets	-	-
Non-Current Tax Assets (net)	2	5
Other Non-Current Assets	124	53
Current Assets	1,122	830
Inventories	539	415
Financial Assets		
(i) Investments	-	-
(ii) Trade Receivables	366	270
(iii) Cash and Cash Equivalents	10	17
(iv) Bank Balances other than cash and cash equivalents	37	14
(v) Loans	2	3
(vi) Other Financial Assets	14	8
Other Current Assets	155	102
TOTAL	2,786	2,413

Particulars (in Rs. Crs.)	Mar'19	Mar'18
EQUITY AND LIABILITIES		
EQUITY	1,677	1,456
Equity Share Capital	42	42
Other Equity	1,635	1,414
Non-current liabilities	323	337
Financial Liabilities		
(i) Borrowings	188	231
(ii) Derivatives	4	6
(iii) Other Financial Liabilities	0	0
Provisions	3	3
Deferred Tax Liabilities (net)	128	97
Current liabilities	786	620
Financial liabilities		
(i) Borrowings	242	364
(ii) Trade Payables	411	118
(iii) Derivatives	2	2
(iv) Other Financial Liabilities	68	77
Other Current Liabilities	60	58
Provisions	1	0
Current Tax Liabilities (net)	2	1
TOTAL	2,786	2,413

Consolidated Profit & Loss



Particulars (In Rs. Crs)	FY19	FY18	Y-o-Y (%)
Net Revenue From Operations	2,422	2,022	20%
Cost of Materials Consumed	1,600	1,365	
Gross Profit	822	656	25%
Employee Benefits Expense	60	48	
Other Expenses	200	155	
EBITDA	563	452	24%
Other Income	8	5	
Foreign Exchange Fluctuation (Loss)/Gain	(3)	7	
Depreciation and Amortization Expense	34	33	
EBIT	533	431	24%
Finance Costs	71	70	
Profit / (Loss) Before Tax	462	361	
Tax Expenses	138	113	
Profit / (Loss) for the year	324	248	31%

Consolidated Balance Sheet

Particulars (in Rs. Crs.)	Mar'19	Mar'18
ASSETS		
Non-Current Assets	1,637	1,556
Property, Plant and Equipment	1,168	1,175
Capital work-in-progress	133	22
Intangible Assets	2	2
Financial Assets		
(i) Investments	180	273
(ii) Trade Receivables	8	8
(iii) Loans	20	17
(iv) Other Financial Assets	0	0
Deferred Tax Assets	-	-
Non-Current Tax Assets (net)	2	5
Other Non-Current Assets	125	53
Current Assets	1,151	860
Inventories	543	420
Financial Assets		
(i) Investments	0	0
(ii) Trade Receivables	366	272
(iii) Cash and Cash Equivalents	14	20
(iv) Bank Balances other than cash and cash equivalents	37	14
(v) Loans	2	3
(vi) Other Financial Assets	10	8
Other Current Assets	178	123
TOTAL	2,788	2,416

Particulars (in Rs. Crs.)	Mar'19	Mar'18
EQUITY AND LIABILITIES		
EQUITY	1,631	1,414
Equity Share Capital	42	42
Other Equity	1,590	1,373
Total Equity attributable to the equity holders of the Company	1,632	1,415
Non-Controlling Interest	0	0
Non-current liabilities	322	337
Financial Liabilities		
(i) Borrowings	188	231
(ii) Derivatives	4	6
(iii) Other Financial Liabilities	0	0
Provisions	3	3
Deferred Tax Liabilities (net)	127	97
Current liabilities	834	665
Financial liabilities		
(i) Borrowings	242	364
(ii) Trade Payables	441	146
(iii) Derivatives	2	2
(iv) Other Financial Liabilities	68	77
Other Current Liabilities	78	75
Provisions	1	0
Current Tax Liabilities (net)	3	1
TOTAL	2,788	2,416

Validation through Awards & Recognition 2018

CII Water Management Award

Winner in Within the Fence Category in CII's Water Management National Competition for Excellence



Greentech Safety Award

Bestowed with Gold Award for best performance nationally in Chemical sector



Fortune India The Next 500 Awards 2018

Recognised as 1 among 25 Companies for the Top Wealth Creators over the last three years



World's 100 Greatest Brands

Received at the Fourth edition of India-UAE Business and Social Forum

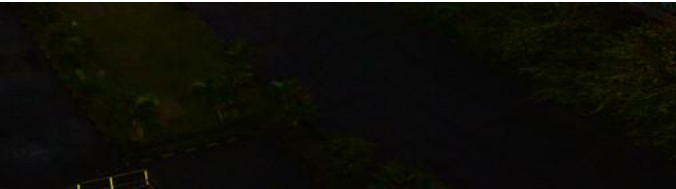
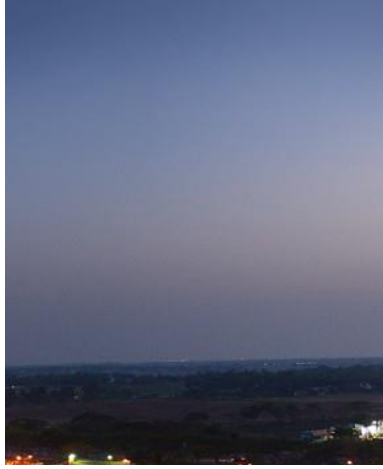
Asia Pacific Entrepreneurship Award (APEA)

Received the prestigious (APEA) India under the category of Chemical & Plastics Industry by General Vijay Kumar Singh, MOS, External Affairs in New Delhi

Annual Report Award

Received Gold Award & among Top 100 in International Annual Report Competition by League of American Communications Professionals LLC (LACP)

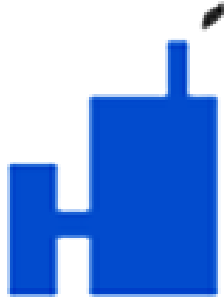




Business Overview

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

2019



- » Aluminium Grade Pitch
- » Graphite Grade Binder Pitch
- » Graphite Grade Zero QI (Quinolene 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

Coal Tar Pitch : 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

Specialty Carbon Black : Niche Applications



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



Tyre Specialty



Moulded Rubber Goods



Plastic



Fibre



Wires & Cables



Inks & Coatings

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



SNF : Next Generation products



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**



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**

Applications across Industries



Paints, Plastic & Fibre



Graphite Electrodes



Anti Corrosive Material



Missiles



Construction Chemical



Aluminium



Lithium – Ion Batteries



Infrastructure



Rubber Industries



Wood Preservative Oils



Power



Specialized Products

If You Can Be One Thing, Be Dependable

CTP Clientele



CB Clientele



Others Clientele



For further information, please contact:



Investor Relations Advisors :

Company :

SGA Strategic Growth Advisors

Himadri Speciality Chemical Ltd

CIN: U74140MH2010PTC204285

CIN: L27106WB1987PLC042756

Ms. Payal Dave / Ms. Neha Shroff

Mr. Somesh Satnalika

VP Strategy & Business Development

+91 9819916314/ +91 7738073466

Email: payal.Dave@sgapl.net / neha.shroff@sgapl.net

Email: ssatnalika@himadri.com

www.sgapl.net

www.himadri.com
