

7th November, 2021

VCL/SE/55/2021-22

To
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001

Scrip Code: 516072
Through: BSE Listing Center

To
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051

NSE Symbol: VISHNU
Through: NEAPS

Sub: Investor Presentation on Q2 F22 Financial Results – Regulation 30 of SEBI LODR Regulations, 2015

Dear Sir,

Please find the attached Investor Presentation on the financial results of the Company for the quarter & half year ended September 30, 2021.

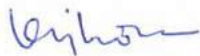
A copy of this disclosure is being uploaded on the website of the Company www.vishnuchemicals.com

Kindly take the same on record and disseminate on your website.

Thanking You.

Yours faithfully,

For Vishnu Chemicals Limited



Kishore Kathri
Company Secretary & AGM - Legal

Vishnu Chemicals Limited

Corporate Presentation

November 2021



High performance speciality chemicals

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VISHNU
CHEMICALS LTD



30+ years

Track record



Deep Process

Knowledge



Efficient & Evolved

Reliable Product Quality



Global

Reach & Opportunity



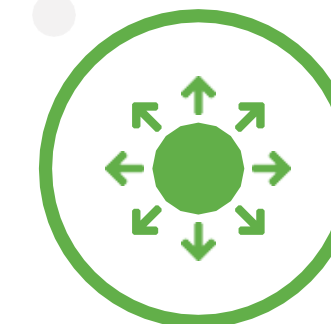
Greater

Portfolio Coherence



Flexible

Product Mix



Diversified

Applications



Value accretive

Growth

Introduction

Overview

- Established in 1989, Vishnu Chemicals Limited is a market leader in manufacturing and sales of Chromium chemicals and Barium compounds across the world.
- From its modest origins more than three decades ago, the company is built on the tenets of production, customer centric approach, reliability and world class manufacturing infrastructure that adhere to best practices, serving 12+ industries across 50+ countries globally.

Business & Capacity

Chromium Chemicals

- ~85% revenues (FY21)
- Leading manufacturer in India as well as South Asia.
- Diversified product mix.
- FY21 Domestic: Export Sales Mix: 51:49
- 3 manufacturing units.

Barium Chemicals

- ~15% revenues (FY21)
- Leading manufacturer in India.
- FY21 Domestic: Export Sales Mix: 45:55
- 1 manufacturing unit.

Global Reach

- Consolidated export turnover grew by over 100% in last 5 years as a result of diversified product mix and improved quality meeting export requirements.
- Long standing relationships with domestic and overseas marquee customers.

Management and Quality Standards

Management Team

- Management team led by Mr. Ch. Krishna Murthy (CMD) and Mr. Ch. Siddartha (JMD).
- Dedicated and experienced professional team headquartered in Hyderabad.

Board

- Well-diversified board including specialists in the areas of Chemistry, Industrials, Banking and Finance.

Certifications

- ISO 9001:2015
- ISO 14001:2008
- REACH Quality Certification

Consolidated P&L Summary

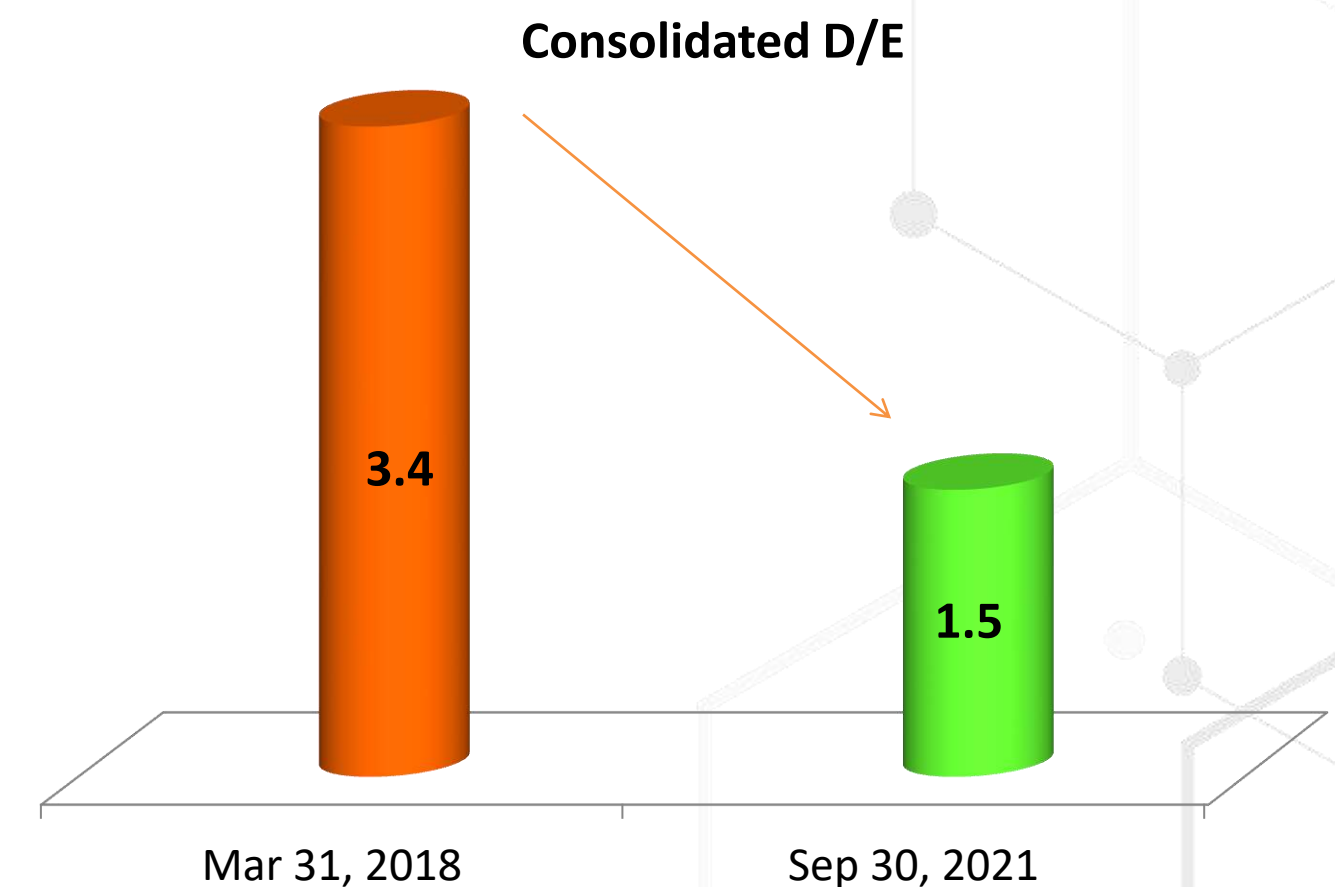
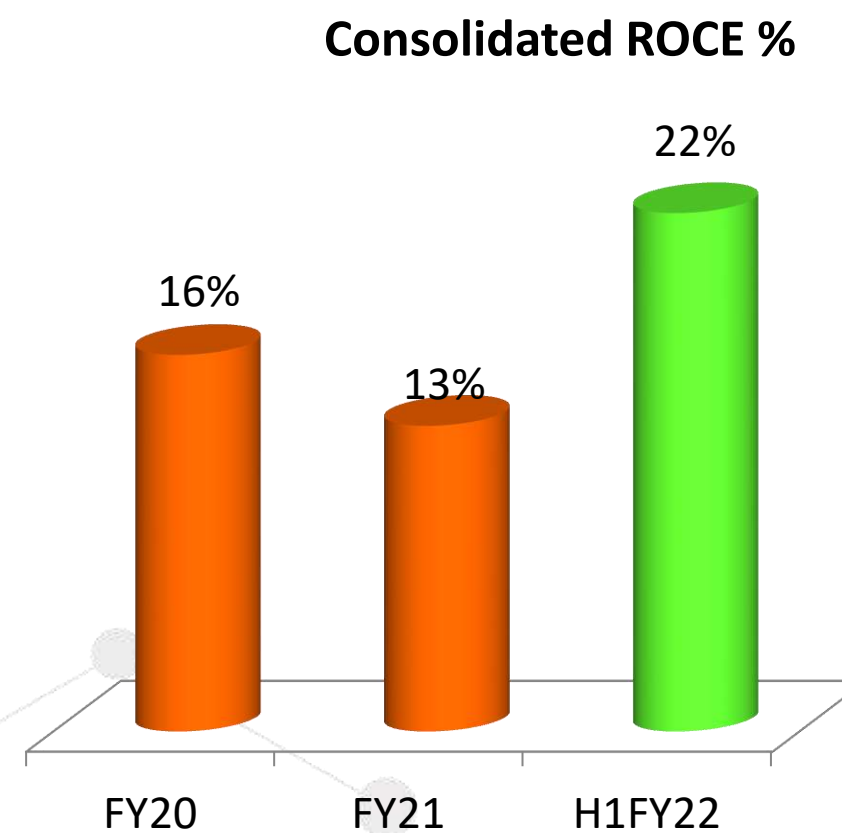
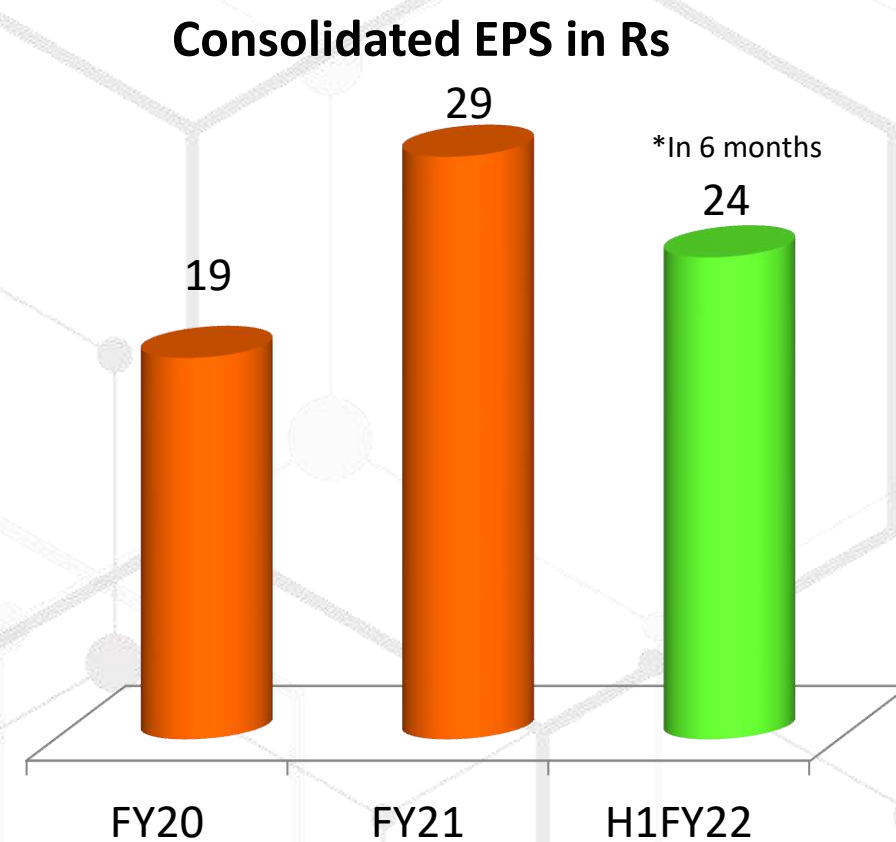
In Rs Cr	FY20	FY21	H1FY22
Income	680.8	681.5	439.7
EBITDA	86.2	80.2	62.2
EBITDA Margin	12.6%	11.7%	14.2%
PAT	22.2	34.4	28.2
PAT Margin	3.2%	5.0%	6.4%
ROE	14%	18%	25%
ROCE	16%	13%	22%

Performance driven earnings with strong Balance Sheet as focus

1

Entering the new decade with a **flexible** product mix and **scale** to emerge as one of leading producers of high performance speciality chemicals globally.

And now the focus is on consistently delivering performance which will strengthen return metrics as well as balance sheet.



Chromium Chemicals

Key product	Sodium Dichromate (SDC): Na ₂ Cr ₂ O ₇
Derivative products	Basic Chrome Sulphate, Chrome Oxide Green, Chromic Acid, Potassium Dichromate, White Sodium Sulphate.
Industry Overview	<ul style="list-style-type: none"> ➤ 700,000 MTPA is the global demand for Chromium chemicals growing at 6% p.a. ➤ India demand would be around 60,000 MTPA. This includes SDC and its derivatives. ➤ Leading market position in India. ➤ Peers: Turkey, USA, South Africa.
Industry demand drivers	<ul style="list-style-type: none"> ➤ High demand can be attributed to the growing need for metallurgical applications. Additionally, it finds usage in multiple industries like automotive, pigment & dyes, even wood preservation. ➤ The usage of chromium chemicals in several industries is boosting the market growth due to the benefits of untarnished, uniform and corrosion-resistant properties.
Applications	Pharmaceuticals, Leather tanning, Pigments and Dyes, Plastic masterbatches, Ceramic glazes, tiles, Electroplating, Automotives, Refractories, Wood Preservative, Paper pulping and others.
Manufacturing Units	3 units across Andhra Pradesh, Telangana and Chhattisgarh.
Installed Capacity	70,000 MTPA
Geography wise Turnover	Domestic – 51%, Export – 49%
Export Markets	<ul style="list-style-type: none"> ▪ Asia 22% ▪ South America 45% ▪ North America 11% ▪ Europe 15% ▪ Africa 4% ▪ Australia 2% ▪ Others 1%
Key raw materials	Chrome ore Sodium carbonate

Chromium Chemicals: Positive changes over the Years

EARLIER

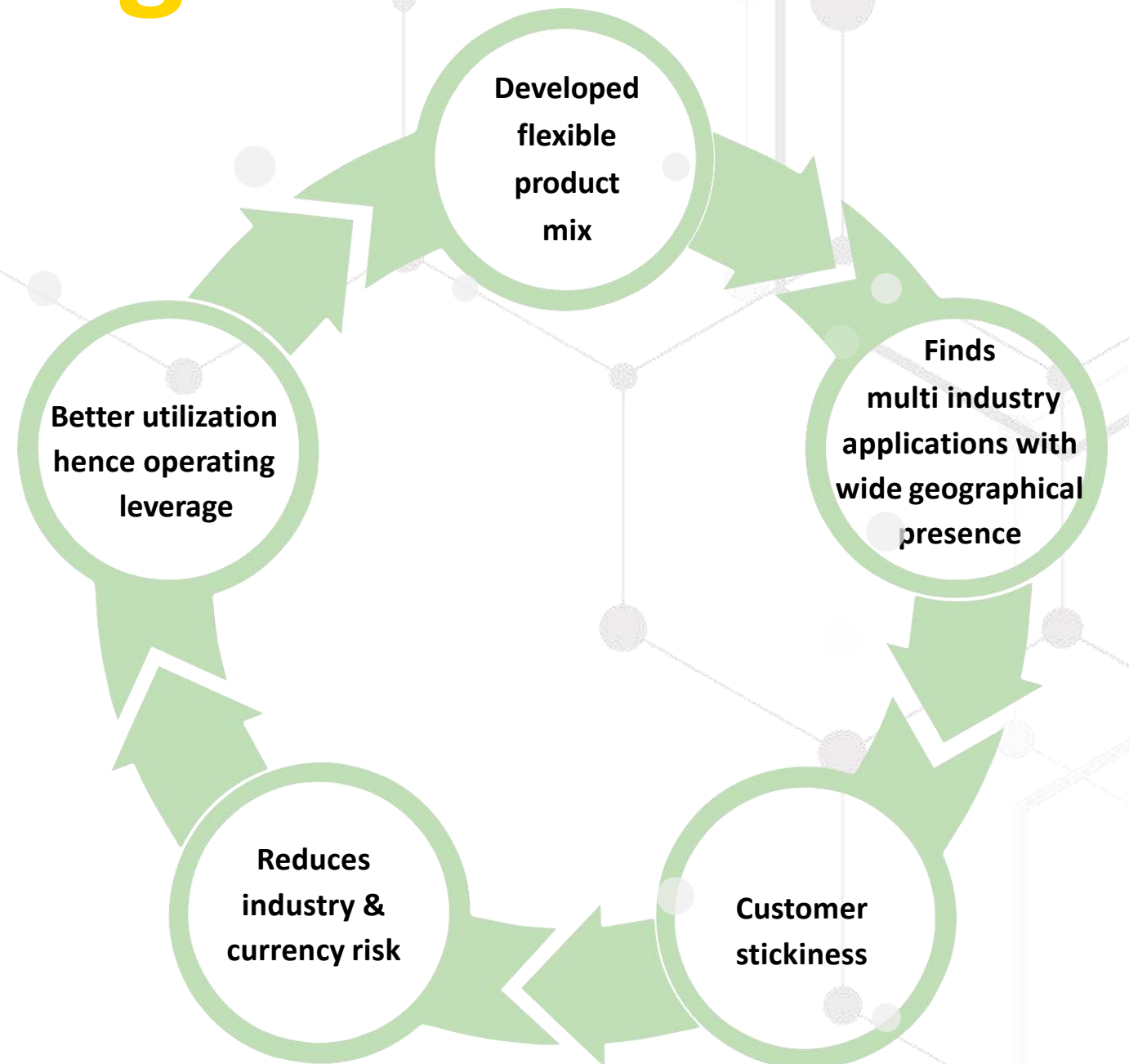
Concentrated portfolio of products in Chromium Chemicals led to low operating levels and exposed the business to multiple risks:

- Industry risk
- Currency risk
- Geography risk

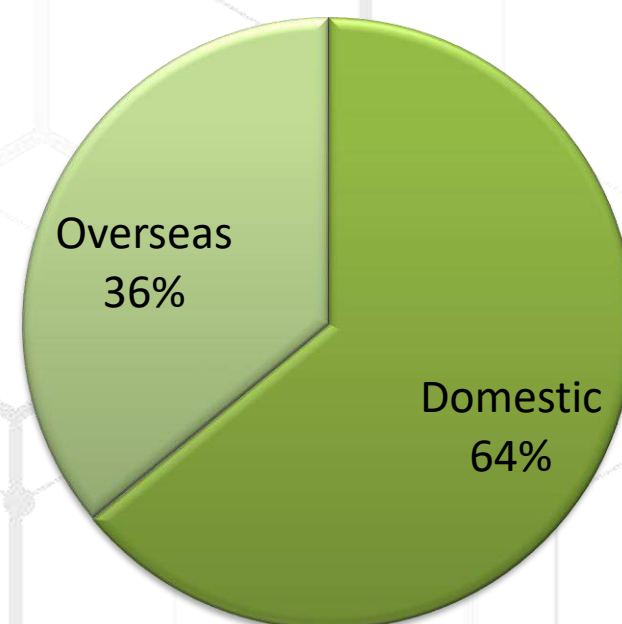
RESULT

Over the last few years, the company has diversified its Chromium revenue profile with presence in both domestic and export markets.

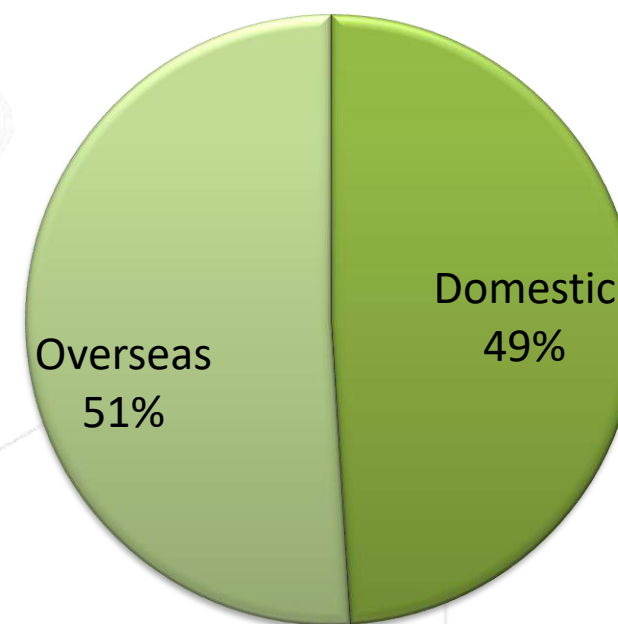
Solution implemented over the years



FY16



FY21



Chromium Chemicals - Highlights

Leading manufacturer in India & South Asia.

Better product mix to drive volumes:

Till FY16, the company was pretty much focused on two products - Sodium Dichromate and Basic Chrome Sulphate. In the last few years, we have pivoted our strategy and invested and focused on derivatives to mitigate product and end use industry risk.

Operating leverage:

Most of the overheads or manpower addition are largely done considering this fiscal as a base.

Higher utilisations from existing capacity:

Major debottlenecking completed in Vizag unit in FY21 will lead to better throughput and efficiency.

Strengthened export market to help us increase market share

- Doubled export turnover since FY17.
- 50+ countries.

STANDALONE - CHROMIUM CHEMICALS

In Rs Cr	H1FY22	FY21
Income	361.0	577.1
EBITDA	45.4	64.1
EBITDA Margin	12.6%	11.1%
PBT	24.3	22.7
PAT	17.5	22.2
PAT Margin	4.8%	3.9%
EPS in Rs.	14.6	19.0

**FY21 results were impacted due to pandemic impact in Q1FY21 and essential maintenance of Vizag plant in Q3FY21.*

Chromium Chemicals - Backward Integration

Backward Integration:

Majority of the capital expenditure towards sodium carbonate is completed.

One of its kind and highly complex infrastructure.

Majority of our sodium carbonate's current requirement will be met through the process.

Significant cost reduction expected from upon being operational by Q4FY22E.

Environmental benefit:

The process collects flu gases from the equipments and recovers carbondioxide through the process, which is used as a raw material.

Benefits:

Reduce dependency, protection from inflation, consistent supply, low inventory.

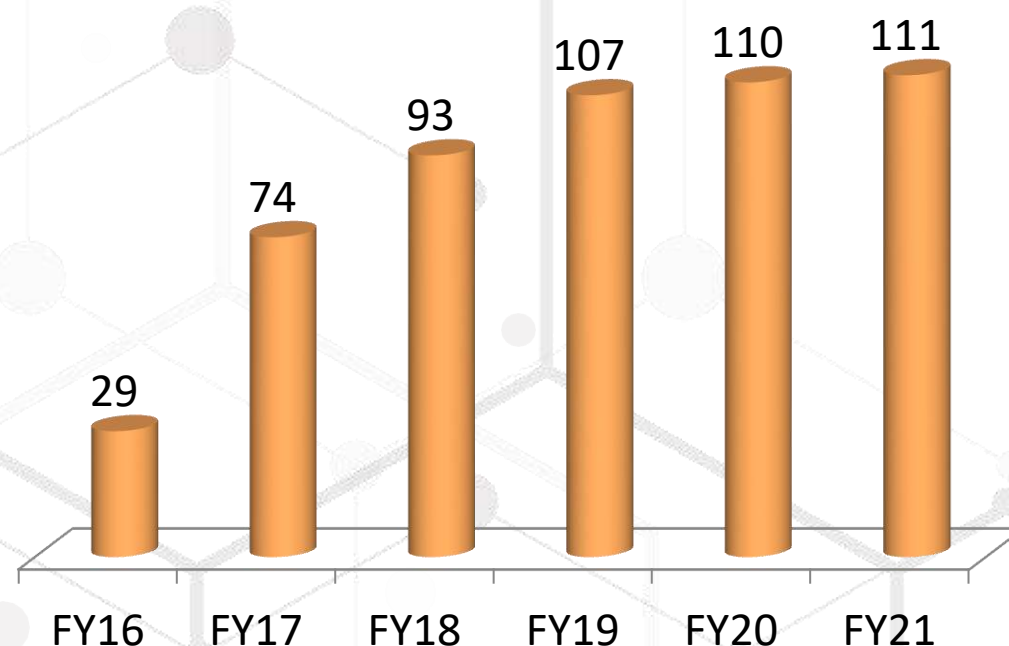
Barium Chemicals – Our Journey at a Glance

From being a loss making facility during the acquisition from Solvay in 2015, today the Barium subsidiary contributes to over 35% of consolidated profits.

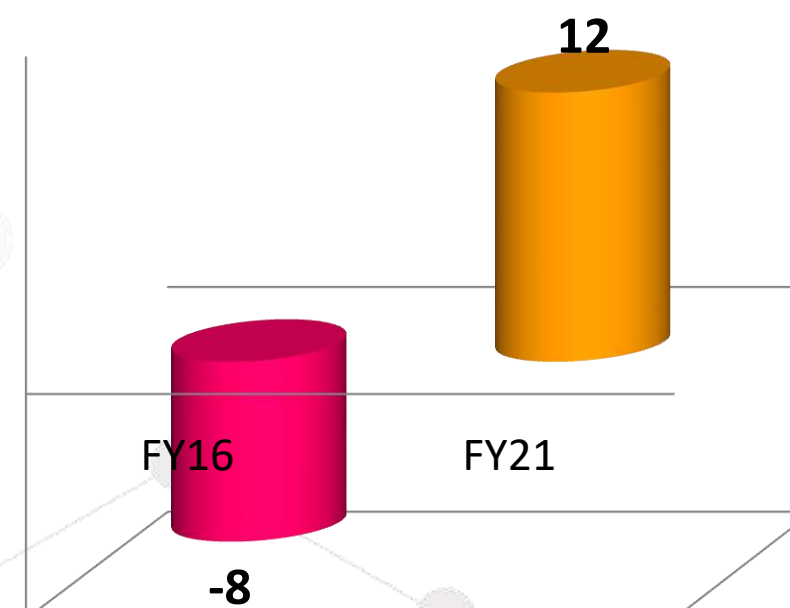
Led the growth from the front to emerge as one of the leading Barium Chemical manufacturing company globally.

And now the focus is to increase market share with higher volumes which would lead to operating leverage and better profitability.

Revenues from operations Rs Cr



PAT Rs Cr



In Rs Cr	FY16	FY21	H1FY22
EBITDA Margin	-12%	16%	21%
PAT Margin	-28%	10%	12%
Debt to Equity ratio	3.2	0.3	0.3
Interest coverage	-3.0	4.6	15.1
ROCE	-38%	24%	40%
Gross Fixed asset turnover ratio	0.5	1.5	2.2

Barium Chemicals

Key product	Barium Carbonate: BaCO ₃
Industry Overview	<ul style="list-style-type: none"> ➤ Global Barium Carbonate market size is USD 350 M growing at 3.4% CAGR. ➤ India demand is about 35,000 MTPA. ➤ ~40% of market share in India. ➤ Peers: Belgium, China.
Industry demand drivers	The construction and real estate industries have witnessed significant growth in emerging economies. The rising preference for luxury living has increased the demand for ceramic tiles, which has fueled the demand for barium carbonate.
Applications	Ceramics, tiles, glazes, bricks, refractories and water purification chemical in caustic soda industry, speciality glass, Luminescent Compounds, etc.
Manufacturing Unit	Srikalahasti, Andhra Pradesh.
Installed Capacity	40,000 MTPA.
Geography wise Turnover	Domestic – 35%, Export – 65%
Export Markets	<ul style="list-style-type: none"> ▪ Europe: 80% ▪ Asia: 8% ▪ Africa: 3% ▪ North America: 3% ▪ South America: 5%
Key raw materials	Barytes

Barium Chemicals – Highlights

Leading manufacturer in India: Other players have less than 1/10th of Vishnu's current capacity.

Turned around ailing business segment post acquisition in 2015:

- Contributes to more than 35% of consolidated profits.

Highest quality of product: The company produces the best quality and specification of barium carbonate due to the technology it has (acquired from Solvay in 2015).

Strategic plant location:

- Raw material source is less than 100 kms from the unit.
- Three major ports within ~100 kms.

Strong presence in domestic and export markets:

- Exports contributes to 65% of sales compared to 15% in FY16.

SUBSIDIARY - BARIUM CHEMICALS

In Rs Cr	H1FY22	FY21
Income	84.5	113.4
EBITDA	17.5	18.1
EBITDA Margin	20.7%	16.0%
PBT	14.9	11.7
PAT	10.6	11.7
PAT Margin	12.6%	10.3%
EPS in Rs.	1.2	1.3

Barium Chemicals – Drivers

Incremental capacity of 20,000 TPA of Barium Carbonate expected to be operational by Q4FY22E.

Sustainability of higher realisations and margins: The realisations per tonne have increased in the current fiscal and are likely to sustain due to following reasons:

- ✓ China plus 1 strategy has made us a preferred vendor instead of being a second option for our customers.
- ✓ China's internal consumption of baryte has increased in drilling in their Oil & Gas industry. For example, China used to export USD 350 M of baryte in 2014 compared to USD 88 M in 2020.
- ✓ Barium Carbonate is manufactured in Central China and the distance to Shanghai port is nearly 1500 kms. This makes their margins unsustainable.
- ✓ Chinese currency continues to appreciate, which does not keep them competitive in export markets.

Our execution and developments will lead to better economies of scale and consolidate our position in global markets.

Summary

- Journey from modest origins. Production is our focus.
- Leading position in India, operating in a market with substantial barriers to entry.
- Turnaround of Barium chemicals (Vishnu Barium Private Limited).
- Product portfolio that is decisive to achieve and sustain competitive advantage.
- Efficient and evolved capabilities for reliable product quality and smoother supply.
- Diversified product mix serves multi-industry applications globally.
- Dedicated management and high standards of governance.
- **Timing capex to meet demand and result into significant economies of scale.**
 - ✓ Demand for chromium and barium compounds segment continues to remain buoyant.
 - ✓ With one of its kind foray in forward and backward integration, the company will derive core competence from better production volumes and significant cost reductions.



Results & Highlights

Q2FY22 Consolidated Financial Overview

In Rs Cr	Q2FY22	Q2FY21	Y-o-Y change	Q1FY22	Q-o-Q change	H1FY22	H1FY21	Y-o-Y change	FY21
Income	241.8	182.6	32%	197.9	22%	439.7	334.6	31%	681.5
EBITDA	34.5	20.2	70%	27.7	24%	62.2	39.0	60%	80.2
EBITDA Margin	14.3%	11.0%		14.0%		14.2%	11.7%		11.8%
Depreciation	5.5	5.0		5.5		11.1	10.1		20.3
EBIT	28.9	15.1		22.2		51.1	28.9	77%	59.9
Finance costs	6.0	6.1		5.8		11.8	12.7		25.9
PBT	22.9	9.0	153%	16.3	40%	39.3	16.1	144%	34.0
Tax expenses	6.3	1.6		4.7		11.1	-3.8		-0.4
PAT	16.6	7.4	123%	11.5	44%	28.2	19.9	42%	34.5
PAT Margin	6.8%	4.0%		5.8%		6.4%	5.9%		5.0%
EPS in Rs.	13.9	6.2		9.7		23.6	16.7		28.9

Q2FY22

Revenues
rose by 32%
y-o-y

Q2FY22

EBITDA rose
by 70% y-o-y

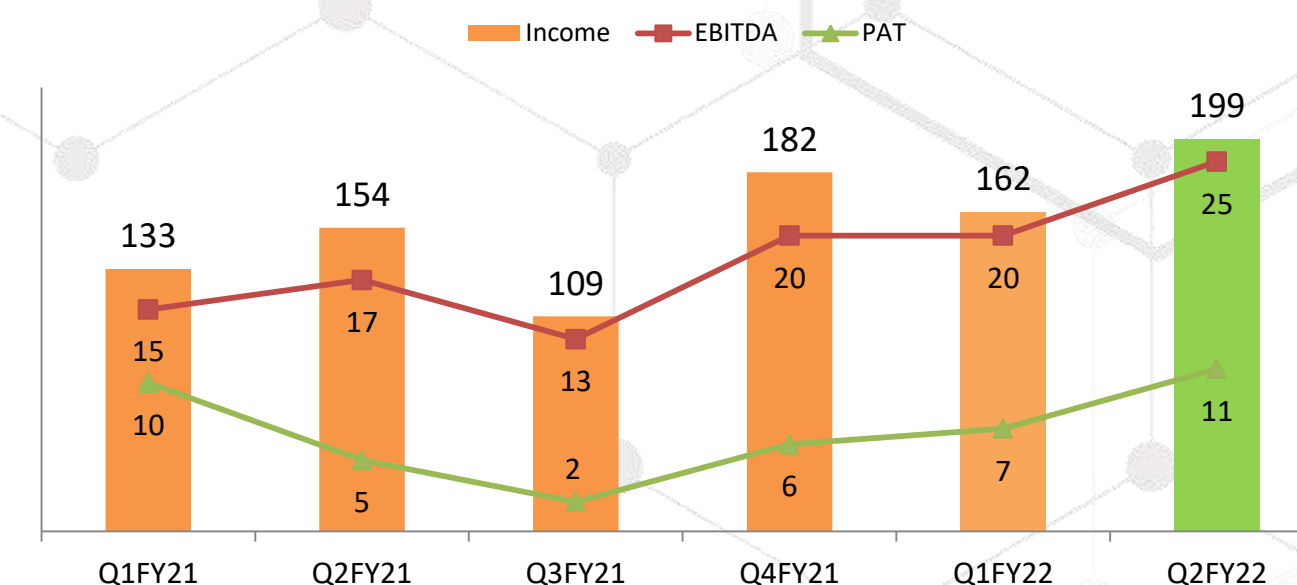
Q2FY22

PAT rose by
123% y-o-y

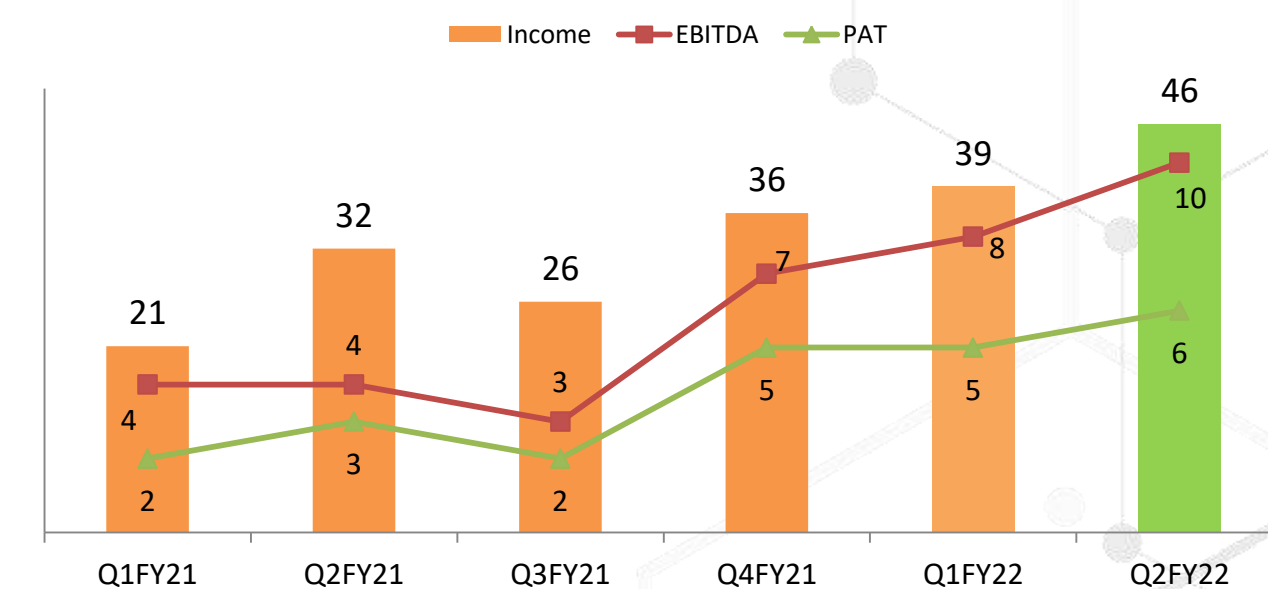
Results Highlights

- Across the world, our customers are looking at pricing from the point of view of end user demand, consistent supply and to mitigate shipping delays.
- Company demonstrated ability to pass the rise in input prices and freight costs.
- Demand across most sectors showing positive trend.
- All of our plants are operating and we are continuing to meet our customer needs.
- Expect to continue this positive trend in the second half of this fiscal assuming pandemic stays under control globally.
- The company takes a lot of learnings and confidence from its performance and is positive about execution in the second half of this fiscal.

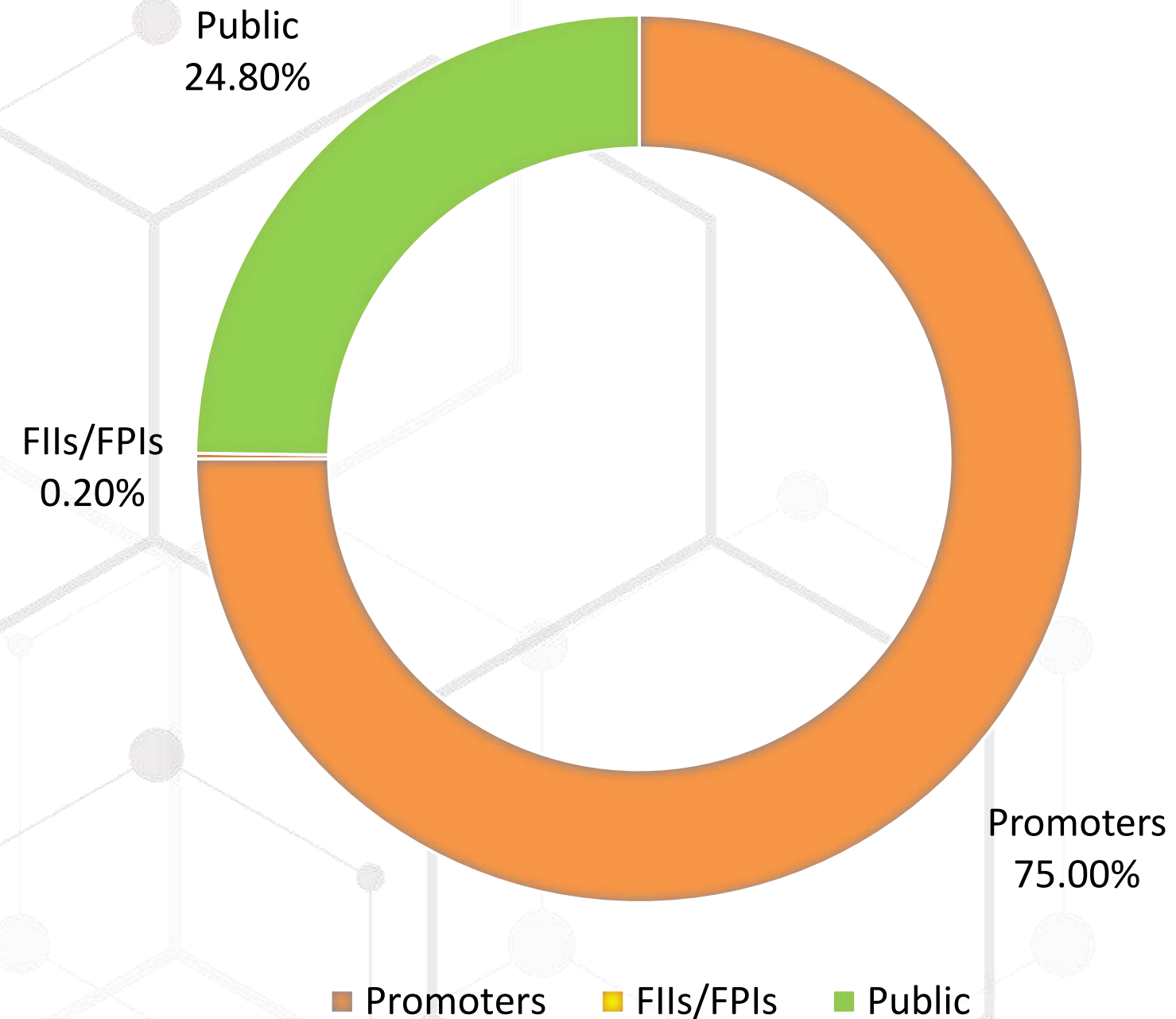
VCL Chromium Chemicals Particulars



VBPL Barium Chemicals Particulars



Investor Information



Consistent Dividend Track Record

2018



2019



2020



2021



*Brokerages covering Vishnu

HDFC Retail

Arihant Capital

**In order of coverage initiated*

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