



Himadri Speciality Chemical Ltd

(Formerly known as Himadri Chemicals & Industries Limited)

CIN: L27106WB1987PLC042756

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

Purpose and Objective of the Programmes

- To provide insights into the Company to enable the Independent Directors to understand the Company's business in depth that would facilitate their active participation in managing the Company

Familiarization and Continuing Education Process

- The Company through its Managing Director / Executive Director / Key Managerial Personnel conducts programmes/ presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company.
- Such programmes /presentations provide an opportunity to the Independent Directors to interact with the Senior Management of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.
- The programmes/presentations also familiarizes the Independent Directors with their roles, rights and responsibilities.

The details of familiarization programs given to the Independent Directors cover the following areas:-

- Roles & Responsibilities of the Independent Directors as per Companies Act, 2013 and SEBI (LODR) Regulations, 2015
- Business Overview
- Strategic Outlook
- Safety, Health & Environment (SHE)

The details of the familiarization programs given to the Independent Directors on the areas as mentioned above during the Financial Year 2018-19 are as follows:

Sl. No	Name	Total (in hours)	No of Programme attended
1	Mr. Sakti Kumar Banerjee	5	2
2	Mr. Hardip Singh Mann	5	2
3	Mr. Hanuman Mal Choraria	5	2
4	Mr. Santimoy Dey	5	2
5	Mr. Santosh Kumar Agrawala	5	2
6	Mr. Suryakant B Mainak	5	2



FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS





Safe Harbor

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Business Updates

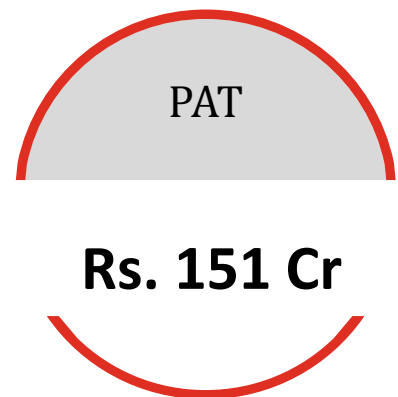
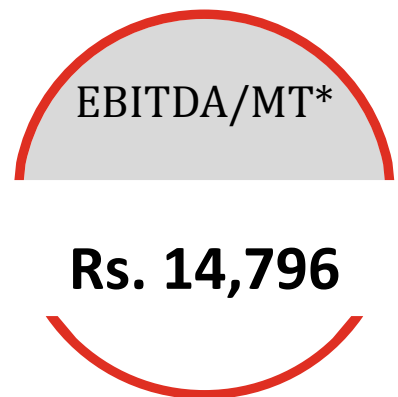
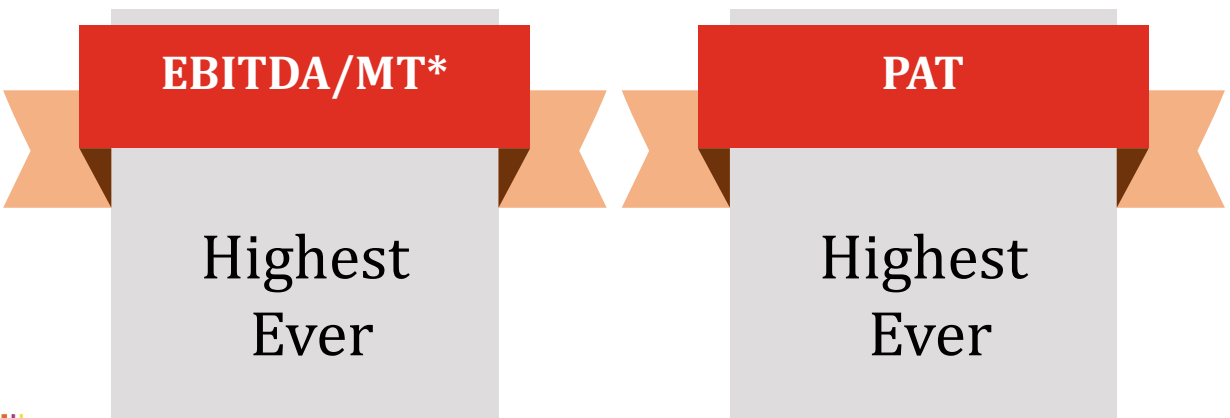
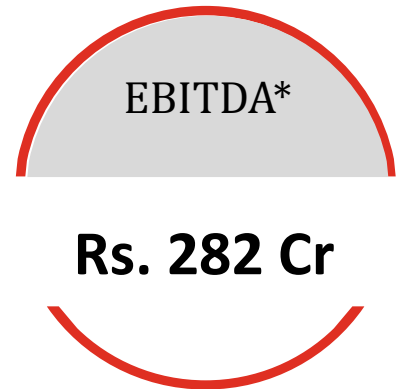
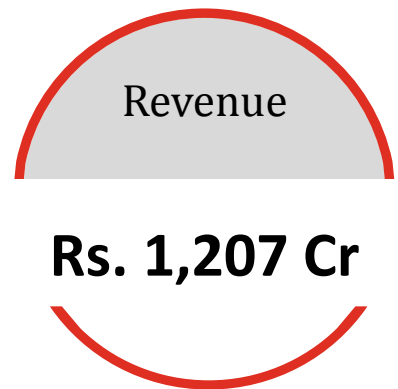
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Performance Highlights for Q2 and H1FY19





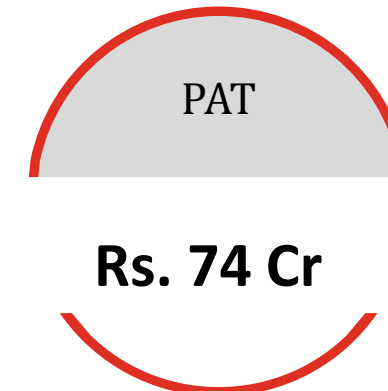
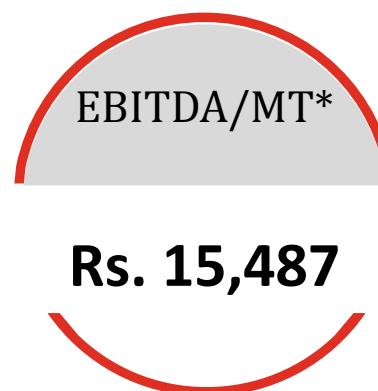
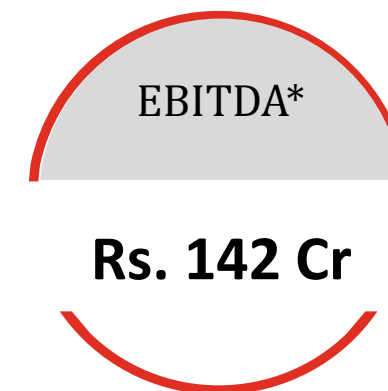
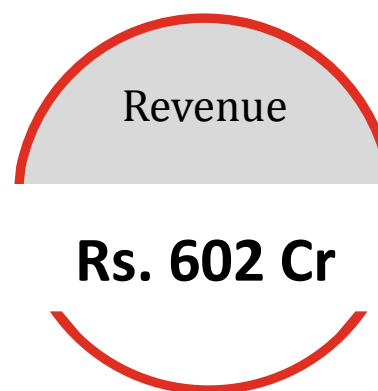
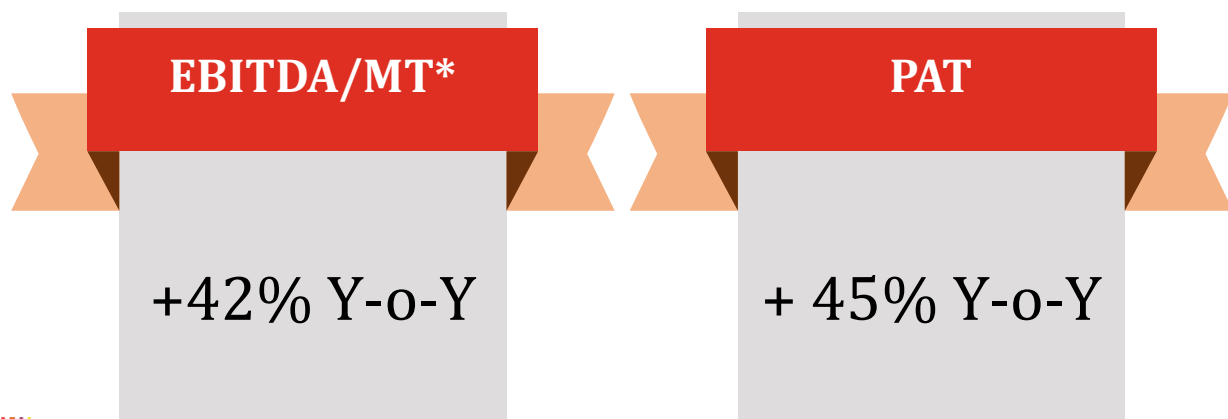
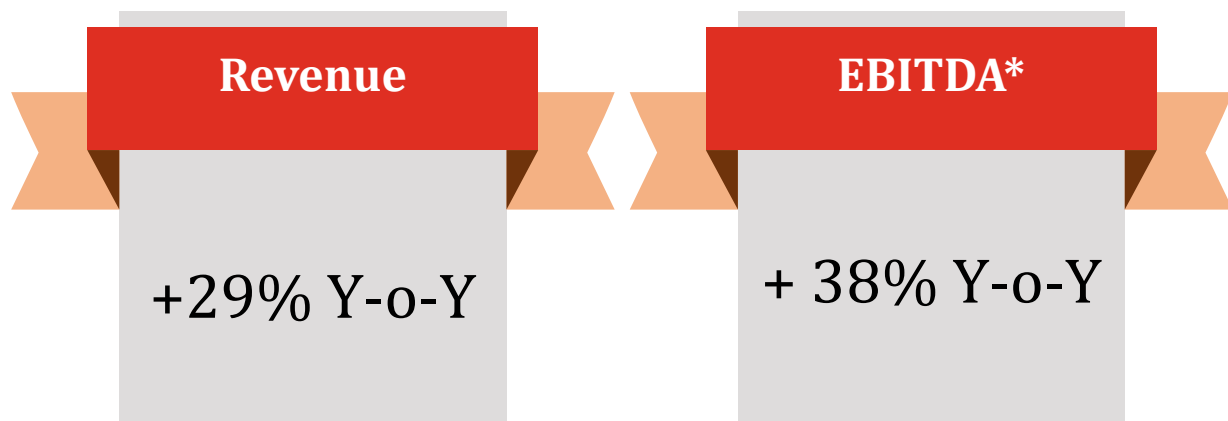
Another New Record Half Yearly Performance



* Excludes FX Fluctuation Loss / Gains



Q2 FY19 Performance



* Excludes FX Fluctuation Loss / Gains

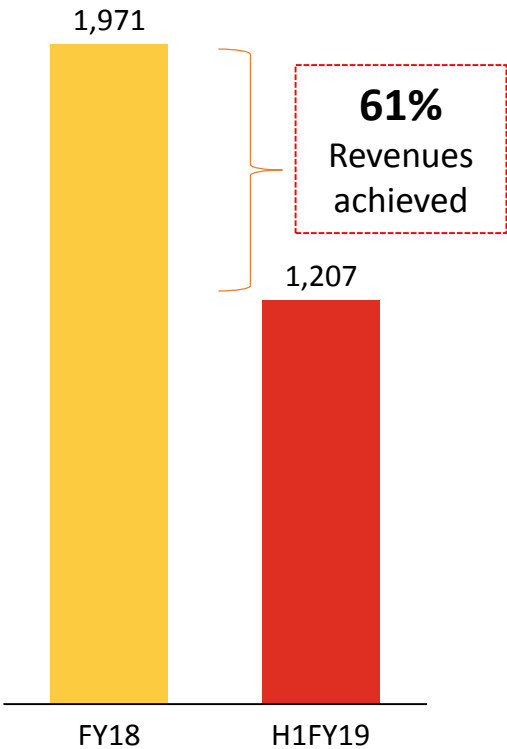




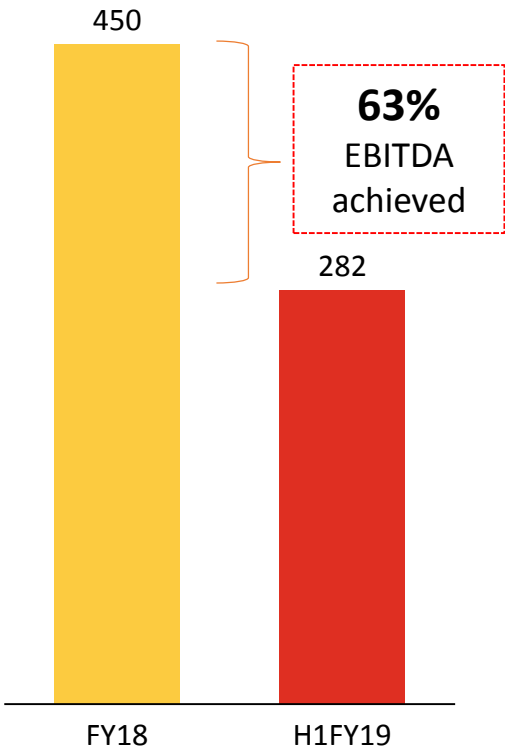
Strong Performance Continues

Rs. in Crores

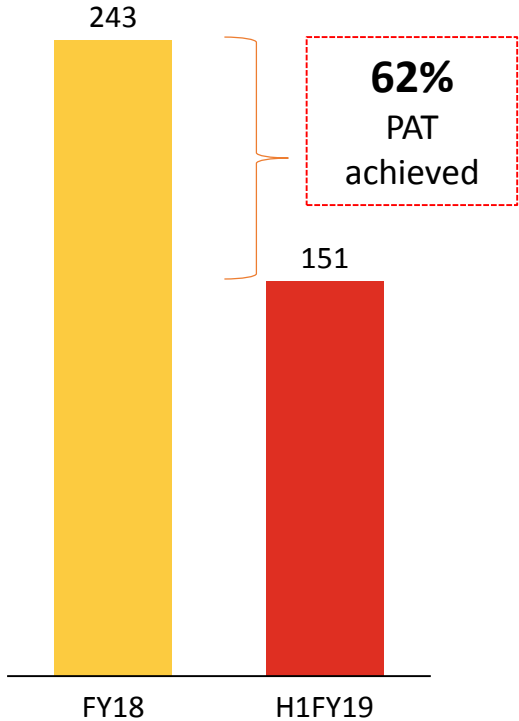
Revenue from Operations*



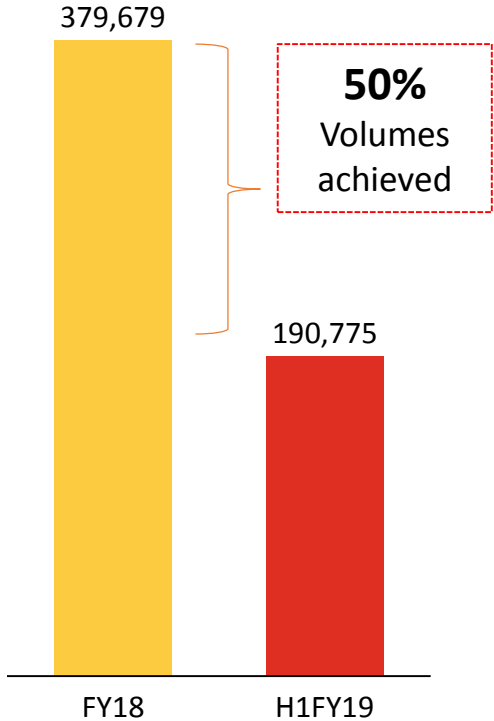
EBITDA#



PAT



Volumes (MT)*

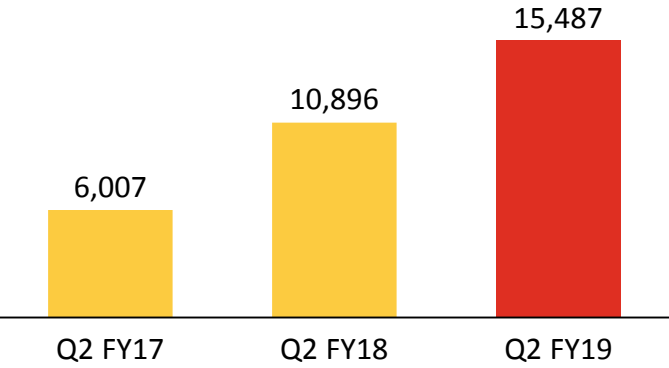


*Revenue from operations is net of GST/Excise duty
#EBITDA excludes FX Fluctuation loss / Gains

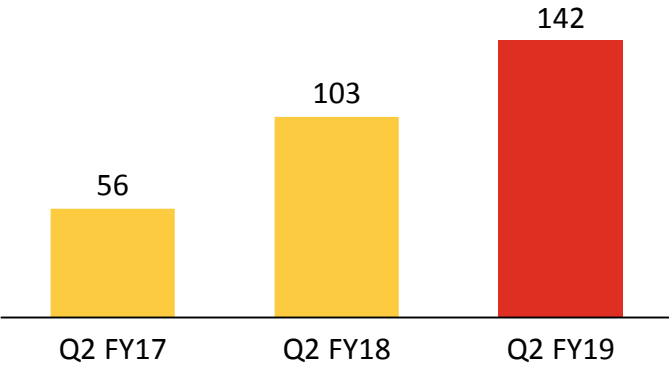


Increasing Profitability trend

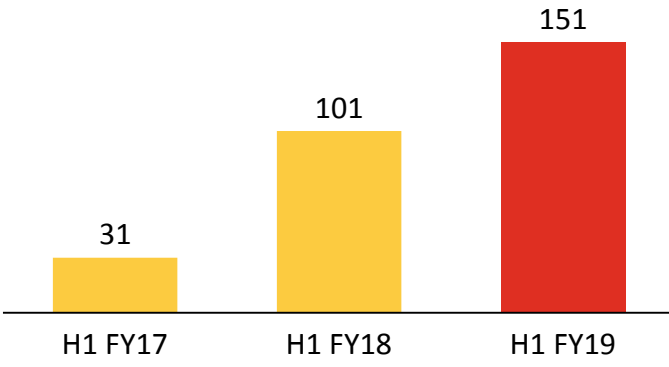
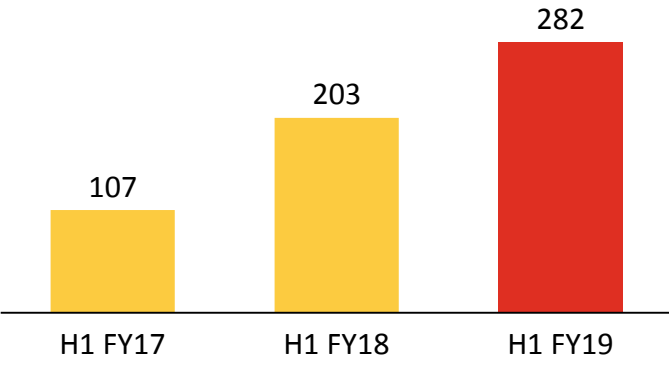
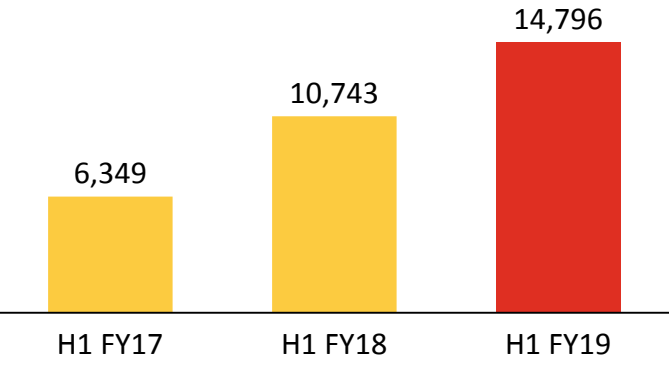
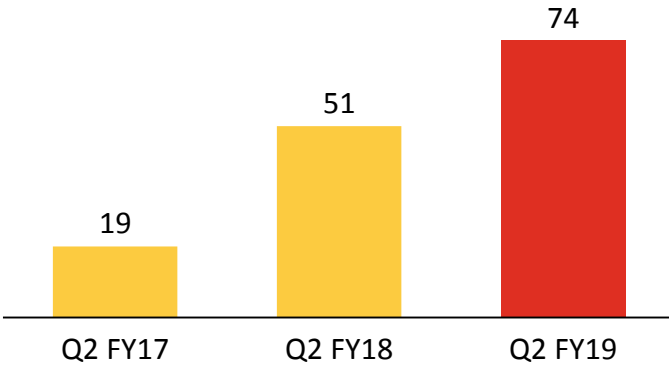
EBITDA / MT (in Rs.)



EBITDA (in Rs. Crores)



PAT (in Rs. Crores)





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



Specialty Carbon Black

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

The Expansion will take Himadri to next level of Growth

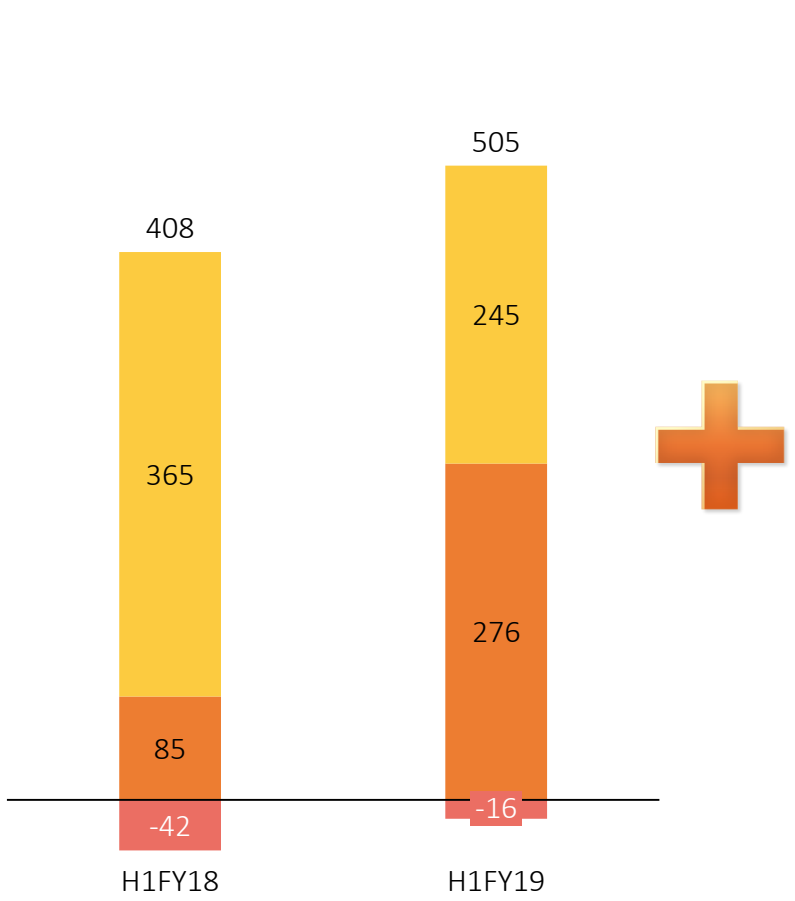




Debt Repayment of ~ Rs. 218 Crores

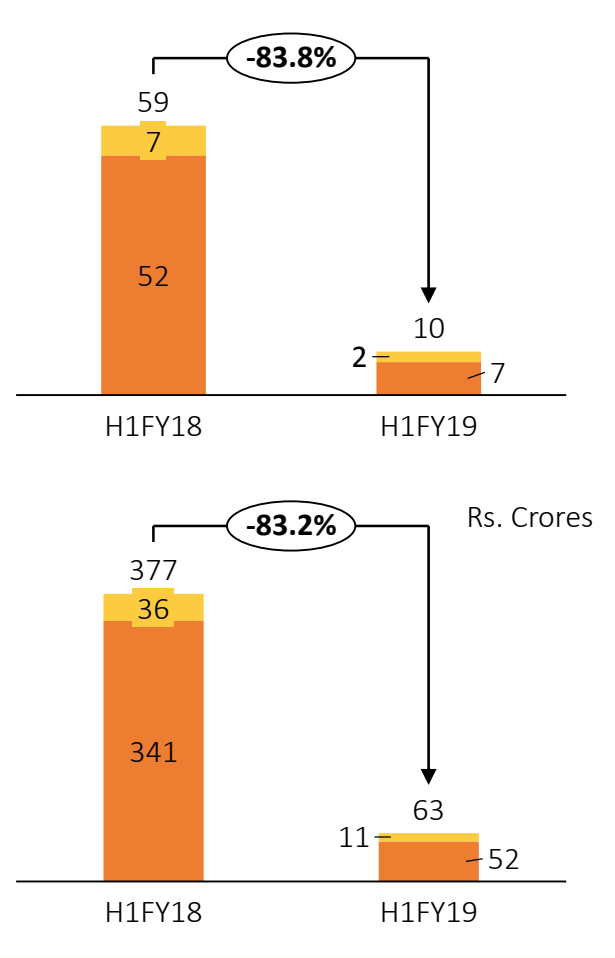
Rs. Crores

Rupee Debt



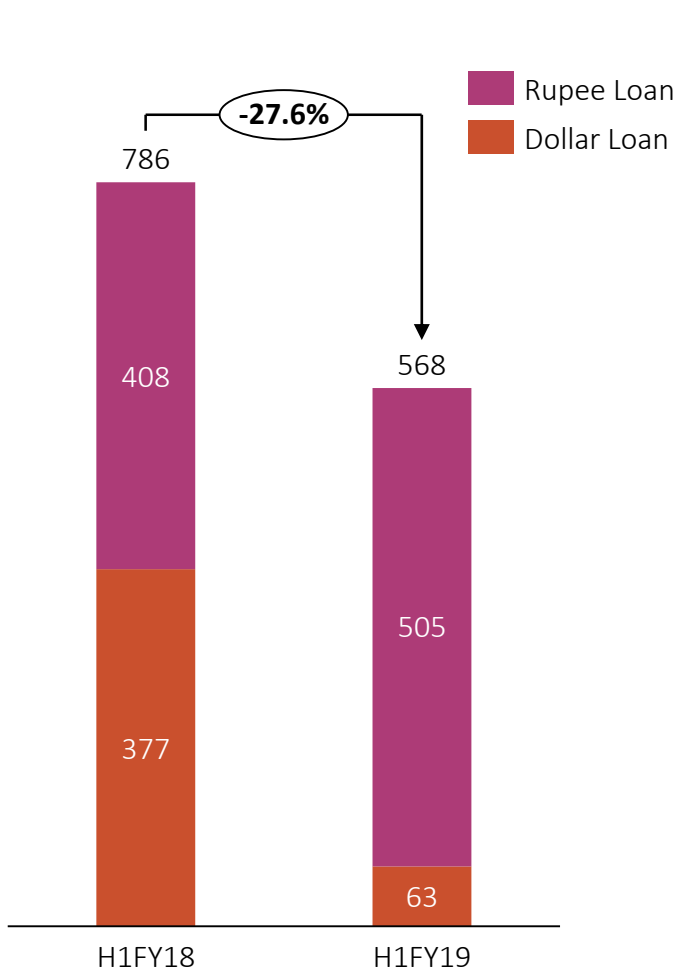
Dollar Debt

\$ million



Net Debt

Rs. Crores



■ Long Term Debt
 ■ Working Capital Loans
 ■ Cash/Bank Balance





Credit Rating Assigned



Credit Rating Assigned

» In September 2018, ICRA has assigned the Credit rating to company's credit facilities and instruments as mentioned:

Facilities	Amount (In Crores)	Rating Assigned
Non-Convertible Debenture	150	[ICRA] AA- (Stable)
Term Loan	100.51	
External Commercial Borrowing	JPY 172 Mn	
Fund Based Limits	621	
Non-Fund Based Limits	744	[ICRA] AA- (Stable)/A1+
Commercial Paper	300	[ICRA] A1+





Standalone Profit & Loss

Particulars (In Rs. Crores)	Q2 FY19	Q2 FY18	Y-o-Y (%)	Q1 FY19	Q-o-Q (%)	H1FY19	H1FY18	Y-o-Y (%)
Net Revenue From Operations	602	468	29%	605	0%	1,207	920	31%
Cost of Materials Consumed	404	315		407		811	636	
Gross Profit	198	153	29%	198	0%	396	285	39%
Employee Benefits Expense	13	12		14		27	21	
Other Expenses	43	39		43		87	60	
EBITDA	142	103	38%	140	1%	282	203	39%
Other Income	2	2		3		5	3	
Foreign Exchange Fluctuation Loss/(Gain)	12	0		5		17	1	
Depreciation and Amortization Expense	8	8		8		16	16	
EBIT	124	97	28%	131	-5%	254	190	34%
Finance Costs	18	21		19		36	39	
Profit / (Loss) Before Tax	106	76		112		218	150	
Tax Expenses	32	25		35		67	49	
Profit / (Loss) for the year	74	51	45%	77	-3%	151	101	49%

Foreign Exchange Fluctuation Loss / (Gain) has been separated from Other Expenses and Other Income
Forex Losses primarily on account of Trade Payables





Standalone Balance Sheet

ASSETS (in Rs. Crores)	Sept'18	Mar'18
Non-Current Assets	1,578	1,583
Property, Plant and Equipment	1,089	1,097
Capital work-in-progress	30	18
Intangible Assets	2	2
Financial Assets		
(i) Investments	295	353
(ii) Trade Receivables	8	8
(iii) Loans	50	47
(iv) Other Financial Assets	0	0
Non-Current Tax Assets (net)	5	5
Other Non-Current Assets	99	53
Current Assets	1,007	830
Inventories	524	415
Financial Assets		
(i) Trade Receivables	320	270
(ii) Cash and Cash Equivalents	11	17
(iii) Bank Balances other than cash and cash equivalents	5	14
(iv) Loans	3	3
(v) Other Financial Assets	8	8
Other Current Assets	136	102
TOTAL	2,584	2,413

EQUITY AND LIABILITIES (in Rs. Crores)	Sept'18	Mar'18
EQUITY	1,555	1,456
Equity Share Capital	42	42
Other Equity	1,513	1,414
Non-current liabilities	329	337
Financial Liabilities		
(i) Borrowings	211	231
(ii) Derivatives	8	6
(iii) Other Financial Liabilities	0	0
Provisions	3	3
Deferred Tax Liabilities (net)	107	97
Current liabilities	699	620
Financial liabilities		
(i) Borrowings	327	364
(ii) Trade Payables	244	118
(iii) Derivatives	2	2
(iv) Other Financial Liabilities	61	77
Other Current Liabilities	56	58
Provisions	1	0
Current Tax Liabilities (net)	9	1
TOTAL	2,584	2,413





Business Overview



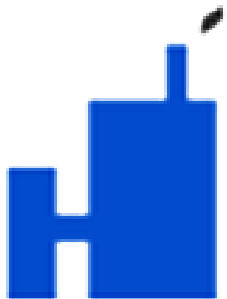
Value Creation Journey by way of Vertical Integration





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

2018



- | | |
|---|-------------------------|
| Aluminium Grade Pitch | Heavy Creosote Oils |
| Graphite Grade Binder Pitch | Anthracene Oil/Carbon |
| Graphite Grade Zero QI
(Quinolene Insoluble) coal tar
impregnated pitch | Black Oil/ CT Oil |
| Anode Material for Lithium-
ion Batteries | SNF |
| Special Pitch | PCE |
| Naphthalene | Carbon Black |
| Refined Naphthalene | Speciality Carbon Black |
| Light Creosote Oils | 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





Awards



Kolkata Best Brand Awards 2018

The awards seek to identify and celebrate outstanding brand building & marketing by organizations, individuals and teams

Fortune India The Next 500 Awards 2018

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



Fit for Future: Products & its Potential

Accelerating Core Business & Finding next Core Business





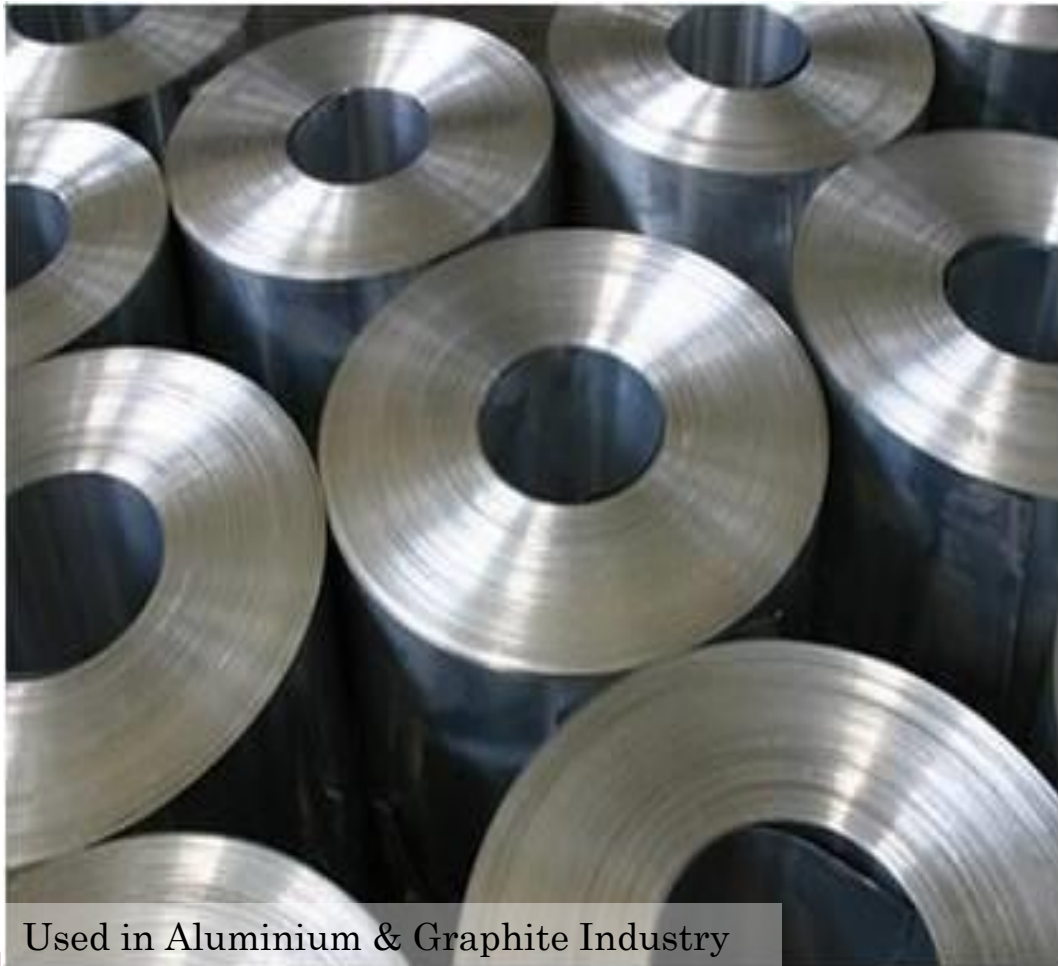
Product Leadership – Accelerating Core Business

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





Coal Tar Pitch



Used in Aluminium & Graphite Industry

Caters to around **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

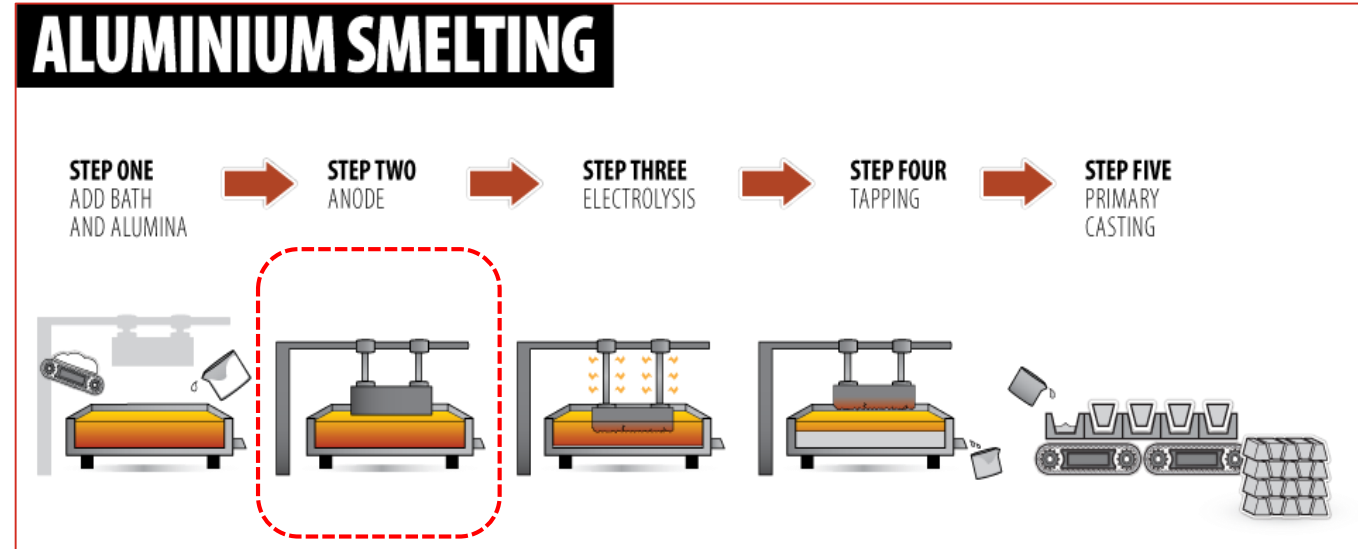
In pre-baked anode and soderberg in aluminium manufacturing





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-FY20





Carbon Black



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

Raw Material

Access to superior, consistent & customized Raw Material feed from inhouse distillation units



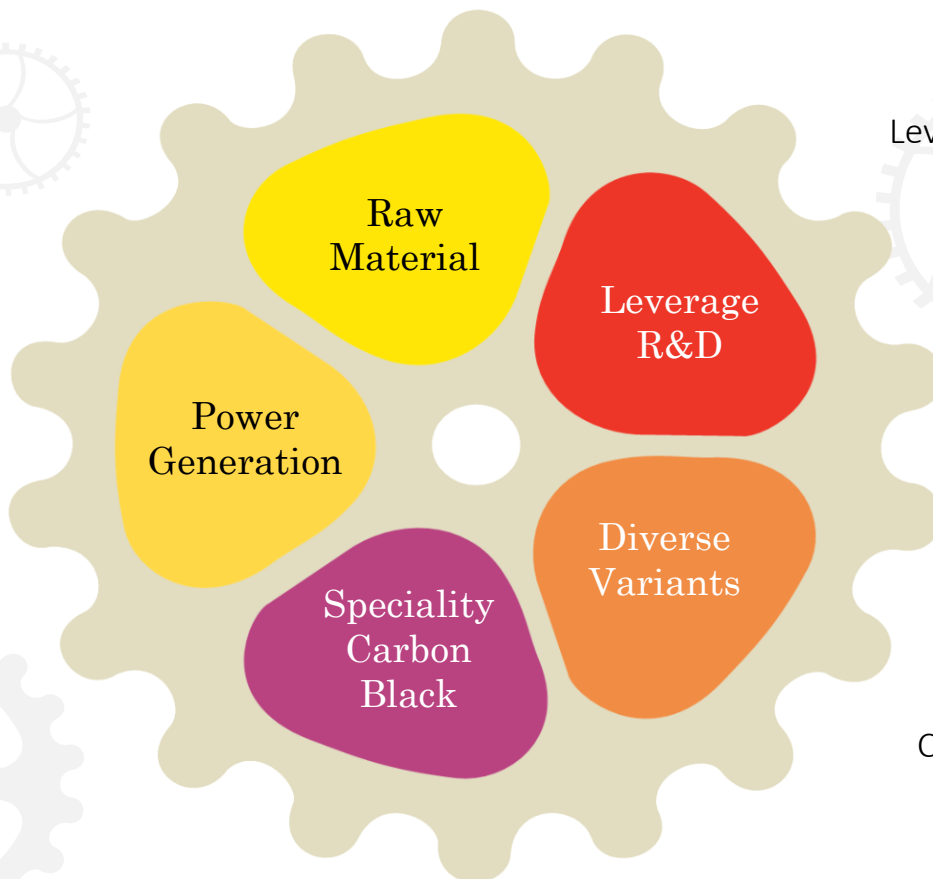
Leverage R&D

Leveraged R&D strength to develop a range of speciality carbon black products



Power Generation

Tail gas released during Carbon Black manufacturing process generates Power which is also eligible for Carbon credits



Full Range of Product Variants

Capable of producing full range of product variants for diversified applications in industries

Speciality Carbon Black

High performance and caters to niche applications in Tyre & Non-tyre Industry and Speciality (Plastic Masterbatch, Fibre, Wire & Cable, Pipes, Engineering Plastics, Flims, Inks, Coatings, etc)

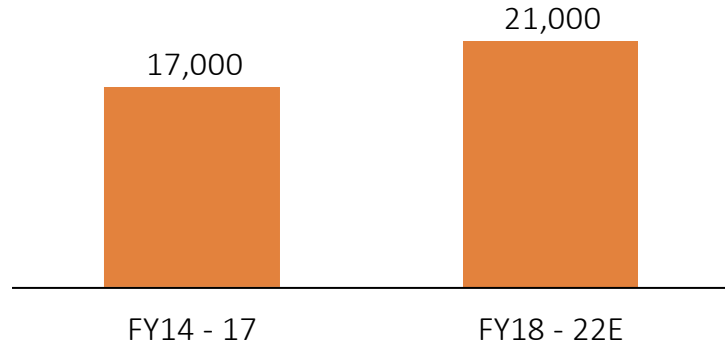




Large Market Potential

Indian Tyre - Commissioned Projects

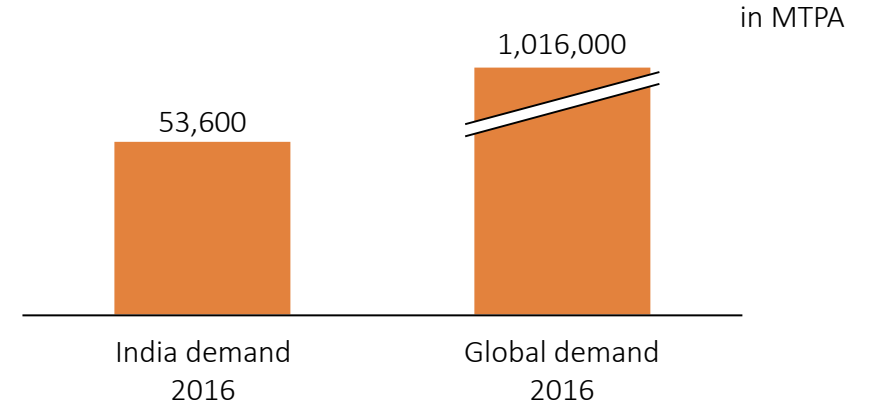
Rs. Crore



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

18 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

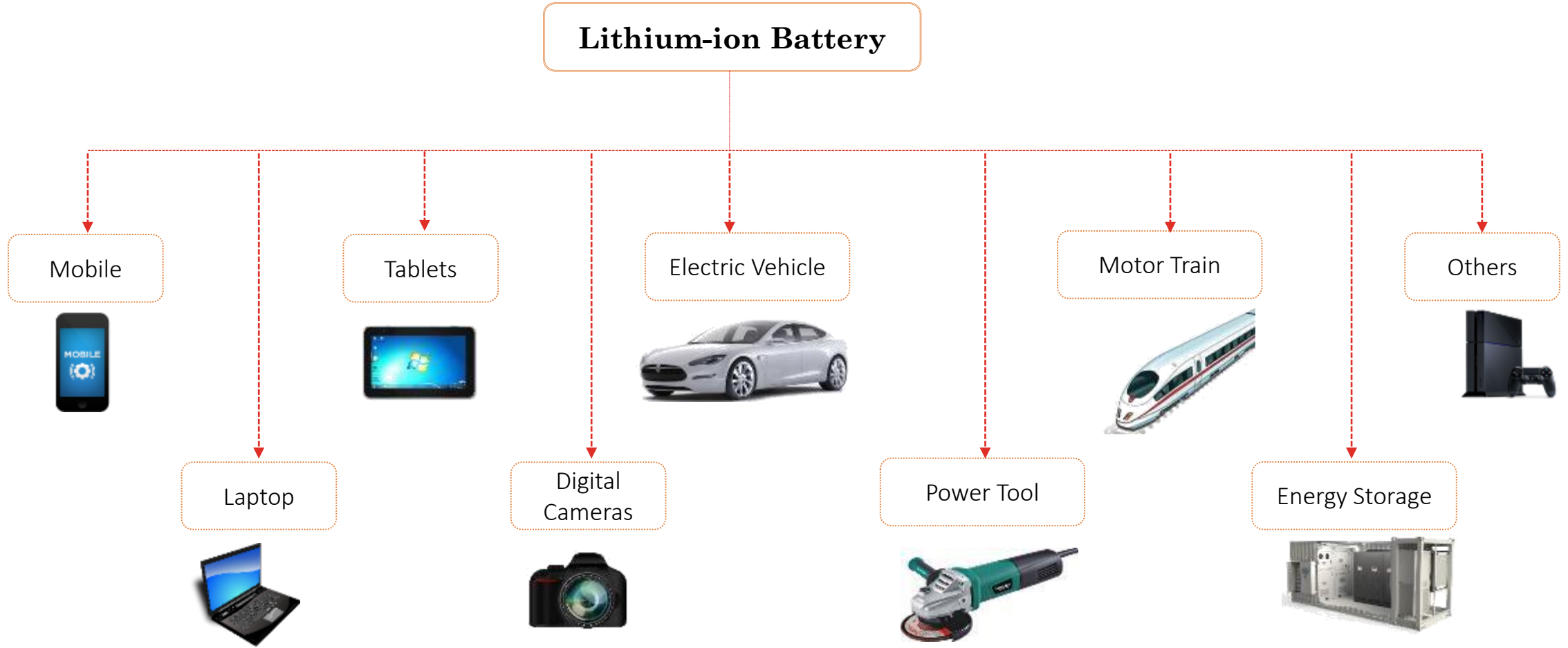
Best in class

Proprietary Technology
With **Cost Leadership**





Application in Sunrise Sector

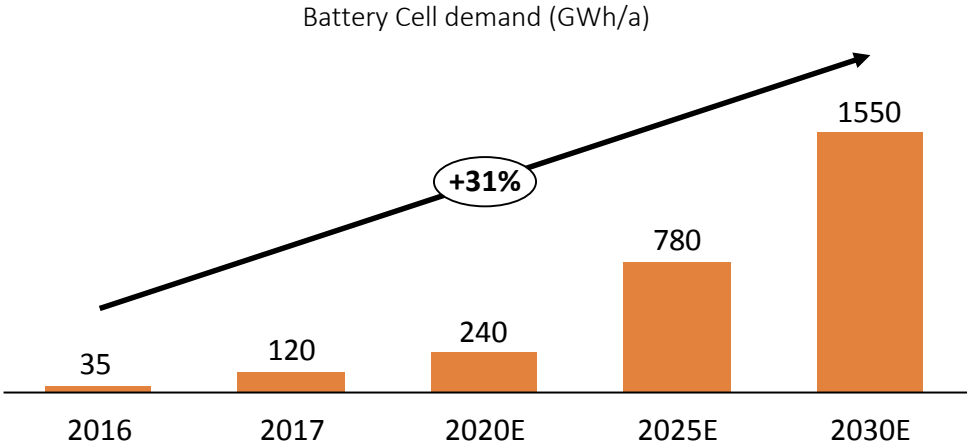




At early stage of Growth

- » First Indian Company to develop **anode material** of both Synthetic and Natural varieties for **lithium-ion batteries**
- **Best-in-class Proprietary technology to process Coal Tar to Advance Carbon Material**
- **Cost Leadership :**
 - **In-house access to raw material**
 - ✓ High Quality Material
 - ✓ Captive Power

Global Lithium-ion Battery Demand Projection

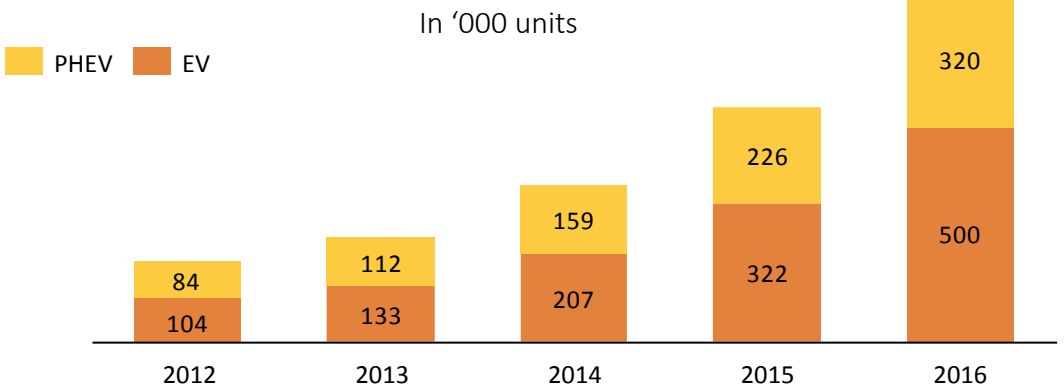


Source- Avicenne, Roland berger 2018 Presentations

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 Electric Vehicles Sales



Source- ResearchInChina

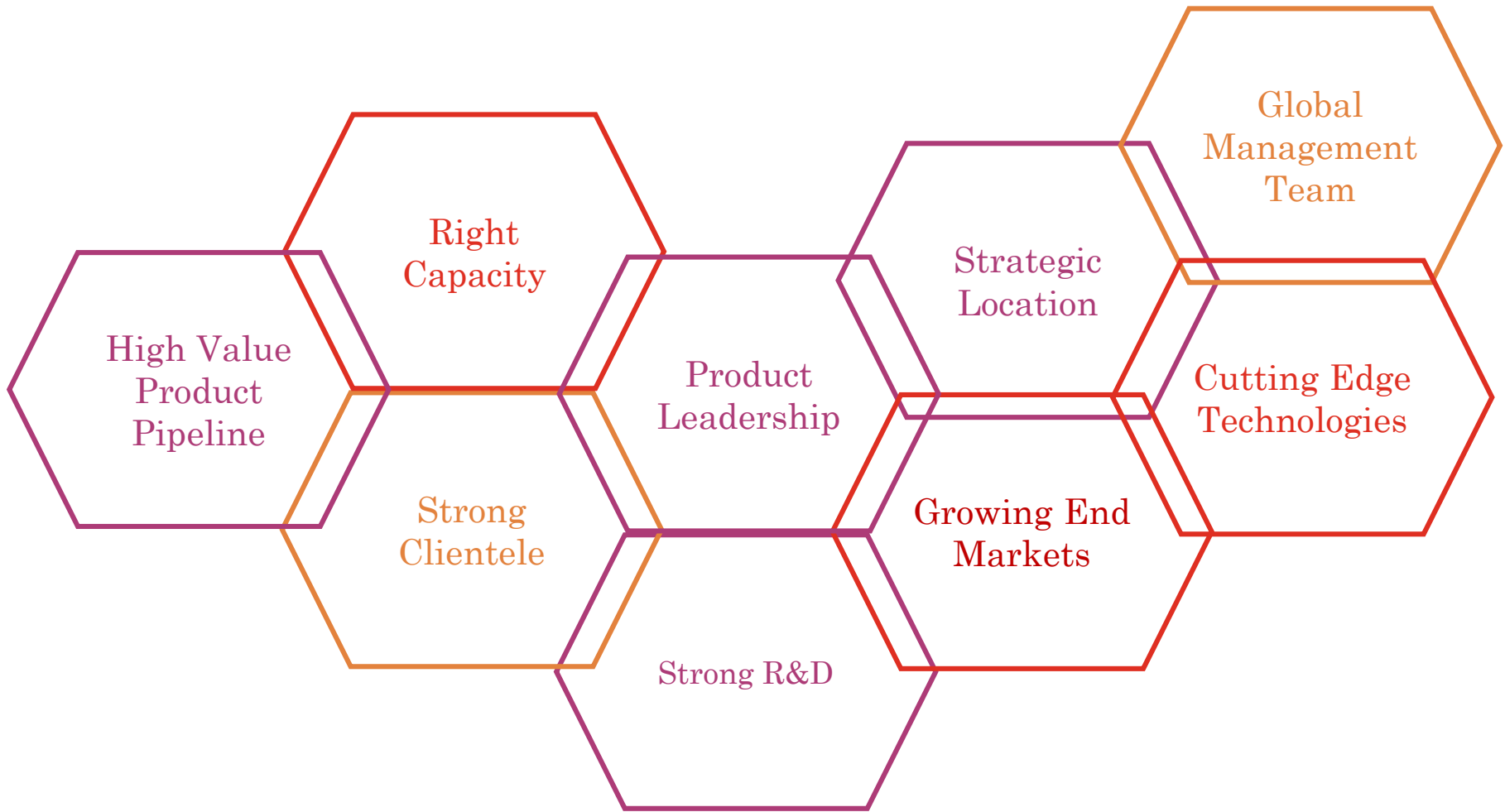


Looking Forward with Confidence





Strongly positioned to capture Growing Markets





Strategic Growth Priorities

