



HIMADRI SPECIALITY CHEMICAL LTD

Q2 & H1 FY17 Result Update Presentation

November 2016

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➤ **Quarterly & Half Yearly Financial Performance**



➤ **Annual Financial Performance**



➤ **Company Overview**



Quarterly Financial Highlights-Standalone

10% ↑

Net Revenue

Rs 341.8cr

58% ↑

EBITDA

Rs 55.7cr

293% ↑

PAT

Rs 19.0cr

273% ↑

EPS

Rs 0.45 in Q2 FY17

490bps ↑

EBITDA Margin

16.3%

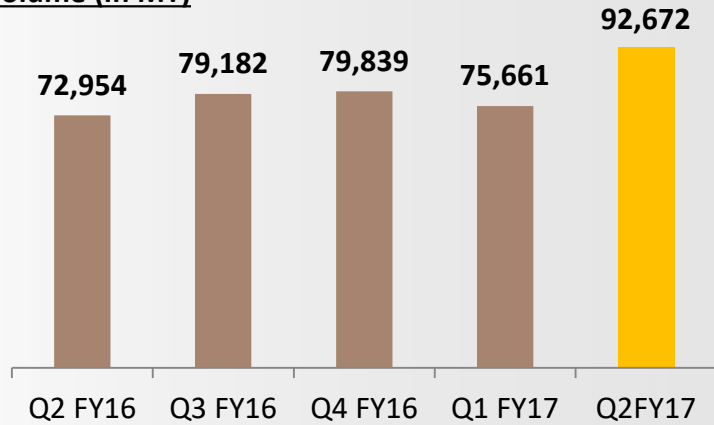
875bps ↑

PAT Margin

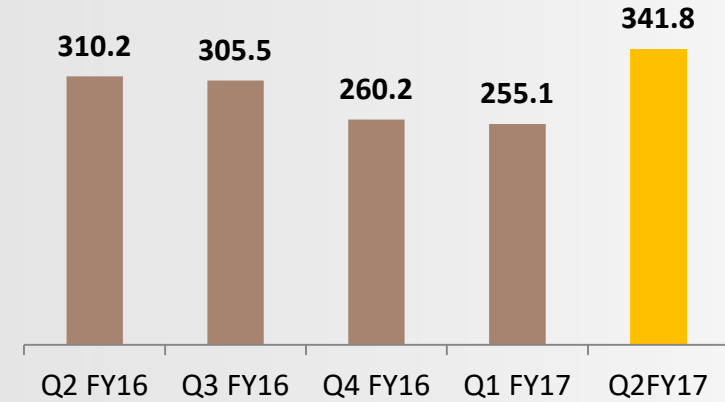
5.6%

Quarterly Financial Highlights- Q2 FY17

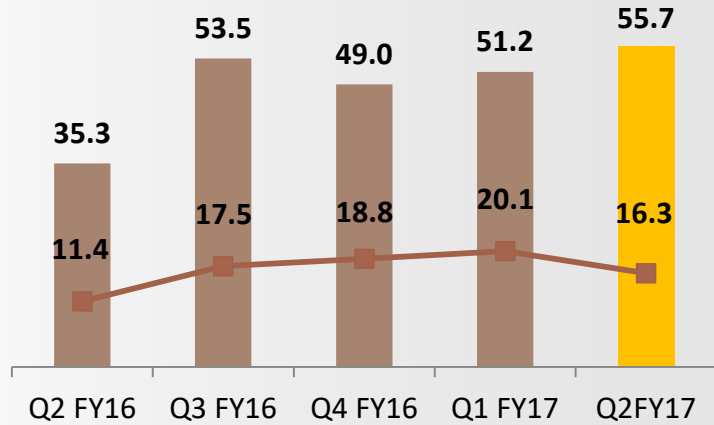
Sales Volume (In MT)



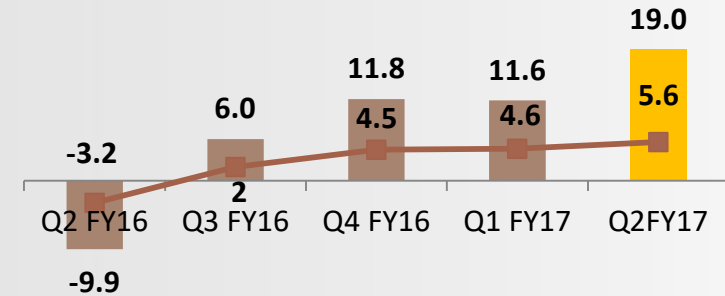
Revenue from Operations (Rs. Crs)



EBITDA (Rs. Crs) / Margin (%)



PAT (Rs. Crs) / Margin (%)



*EBITDA is inclusive of other operating income, but excludes other income and Foreign exchange fluctuations

Company adopted Indian Accounting Standards (Ind AS) from 01 April 2016. Figures for the previous quarters are also Ind AS compliant.

Quarterly Profitability Highlights

Rs. Cr.	Q2 FY17 [#]	Q2 FY16 [#]	YoY %	Q1 FY17 [#]	QoQ%
Gross Revenue	382.3	345.8	10.6%	282.3	35.4%
Excise Duty	40.6	35.9		27.3	
Revenue from Operations	341.7	309.9	10.3%	255.1	34.0%
Other Operating Income	0.0	0.3		0.0	
Total Income	341.8	310.2	10.2%	255.1	34.0%
Raw Material & other direct costs	238.7	231.3		161.2	
Employee Cost	9.2	7.1		8.1	
Other costs	38.2	36.5		34.5	
EBIDTA	55.7	35.3	57.5%	51.2	8.7%
EBITDA Margin (%)	16.3%	11.4%	490bps	20.1%	(379)bps
Other Income	0.3	(1.8)		(2.2)	
Depreciation	7.8	16.0		7.8	
Interest	18.9	32.3		23.6	
Profit Before Tax	29.3	(14.8)		17.7	
Tax	10.3	(4.9)		6.1	
Profit After Tax	19.0	(9.9)	292.9%	11.6	63.7%
PAT Margin %	5.6%	(3.2)	875bps	4.6%	101bps
Other Comprehensive Income (net of tax)	13.9	(8.5)		27.8	
Total Comprehensive Income/ (Loss)	32.9	(18.4)		39.4	
EPS	0.45	(0.26)		0.28	

- **Revenue from operations** at Rs 382 crore, mainly on account of increase in demand; **volumes have grown 27% YoY**
- **Exports 15.5 %** of revenue
- EBITDA at Rs 55.7 crore, **YoY increase of 57.5%**
- EBITDA margin of 16.3%, **increase of over 490 bps**, on account of increase in capacity utilization
- **PAT of Rs 19.0 crore** as compared to loss of Rs 9.9 crore

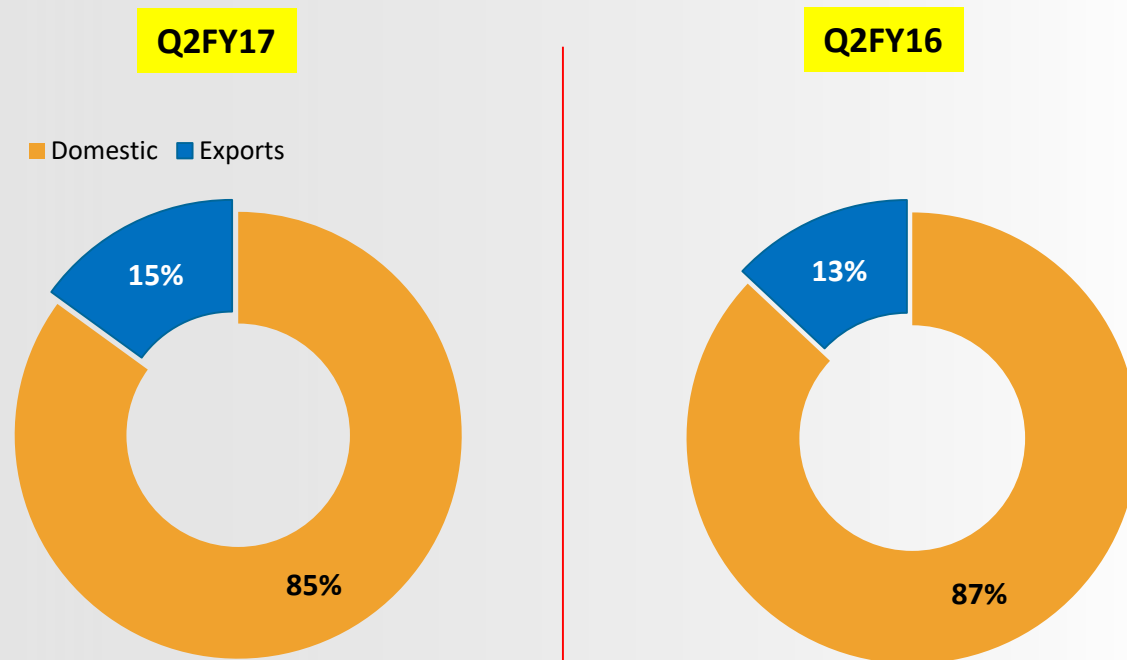
*EBITDA is inclusive of other operating income, but excludes other income and Foreign exchange fluctuations

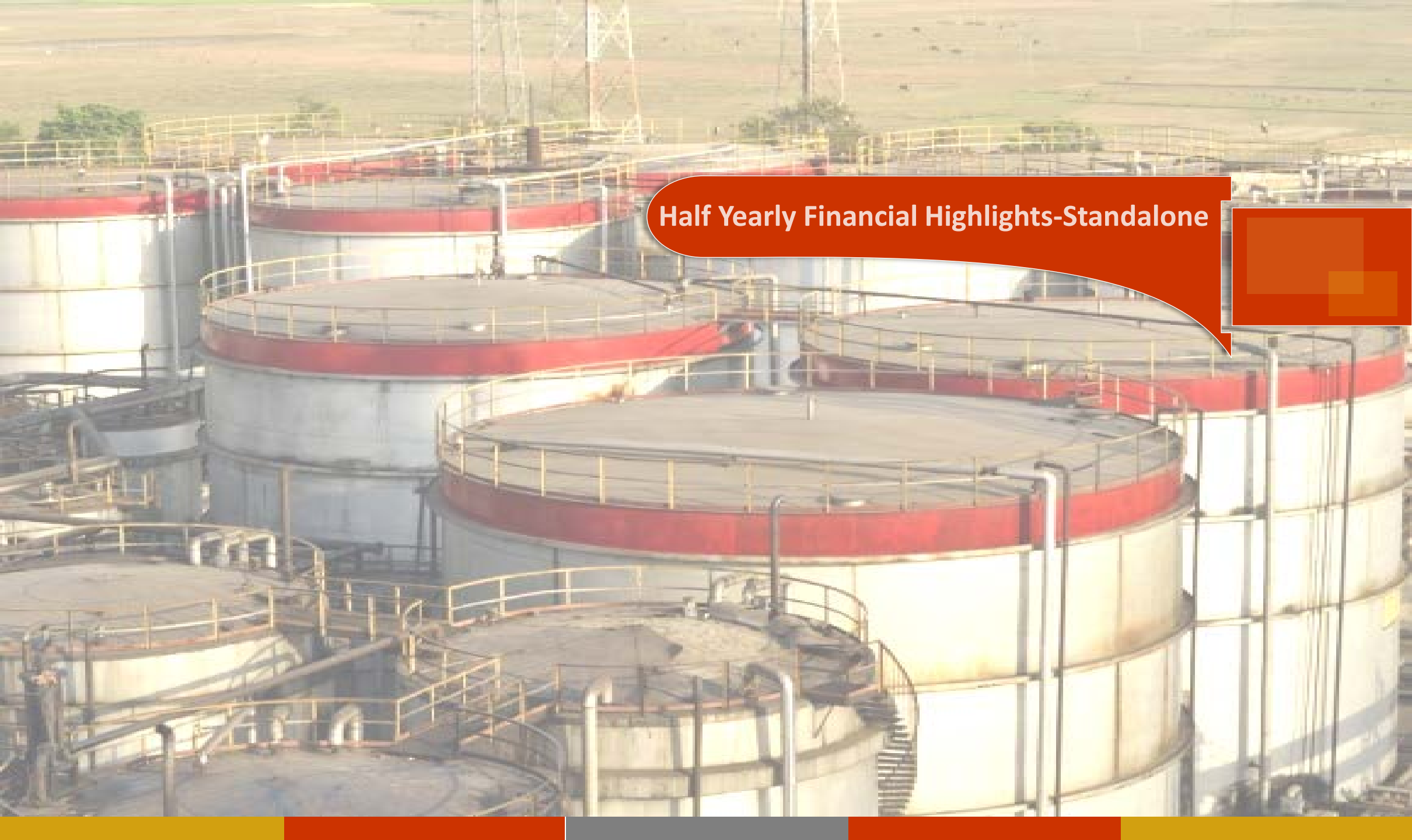
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Quarterly Highlights- Standalone

Segmental (Rs. Cr.)	Q2 FY17	Q2 FY16	YoY %
Carbon Materials & Chemicals			
Revenue	376.6	341.8	10.2%
EBIT	38.9	12.8	202.6%
EBIT Margin	10.3%	3.8%	
Capital Employed	1670.2	1,723.5	
Power			
Revenue	10.4	8.0	29.6%
EBIT	9.1	6.5	38.8%
EBIT Margin	87.1%	81.3%	
Capital Employed	58.7	57.9	

Geographical Breakup





Half Yearly Financial Highlights-Standalone



Half Yearly Financial Highlights- H1 FY17

2%



Net Revenue

Rs 596.8 cr

108%



EBITDA

Rs 106.9 cr

204%



PAT

Rs 30.7 cr

195%



EPS

Rs 0.73 in 6M FY17

913bps



EBITDA Margin

17.9%

1018bps



PAT Margin

5.1%

Half Yearly Profitability Highlights

Rs. Cr.	H1 FY17 [#]	H1 FY16 [#]	YoY %
Gross Revenue	664.6	658.0	1.0%
Excise Duty	67.8	72.3	
Revenue from Operations	596.8	585.7	1.9%
Other Operating Income	0.0	0.4	
Total Income	596.8	586.1	1.8%
Raw Material & other direct costs	399.9	449.4	
Employee Cost	17.3	14.1	
Other costs	72.8	71.1	
EBIDTA	106.9	51.5	107.6%
EBITDA Margin (%)	17.9%	8.8%	913bps
Other Income	(1.9)	(2.4)	
Depreciation	15.5	31.8	
Interest	42.4	61.6	
Profit Before Tax	47.0	(44.4)	
Tax	16.4	(14.8)	
Profit After Tax	30.7	(29.6)	203.8%
PAT Margin %	5.1%	(5.0%)	1018bps
Other Comprehensive Income (net of tax)	41.6	(12.7)	
Total Comprehensive Income/ (Loss)	72.3	(42.3)	
EPS	0.73	(0.77)	194.8%

- **Revenue from operations** at Rs 664.6 crore, mainly on account of increase in demand; **volumes have grown 20% YoY**
- EBITDA at Rs 106.9 crore, **YoY increase of 107.6%**
- EBITDA margin of 17.9%, **increase of over 913bps**
- PAT of Rs 30.7 crore as compared to loss of Rs 29.6 crore

*EBITDA is inclusive of other operating income, but excludes other income and Foreign exchange fluctuations

Company adopted Indian Accounting Standards (Ind AS) from 01 April 2016. Figures for the previous quarters are also Ind AS compliant.

Balance Sheet Highlights



Rs. Cr.	Sep - 16	Sep - 15
Shareholder's Funds		
Share capital	41.8	38.6
Reserves & Surplus	961.7	761.4
Minority Interest		
Non-current Liabilities		
Long term borrowings	403.1	458.2
Defer Tax liabilities	63.9	37.9
Other Long-Term liabilities	11.3	76.4
Long-Term Provisions	1.0	0.8
Current Liabilities		
Short Term Borrowings	423.4	457.7
Trade Payables	182.4	110.7
Other Current liabilities	118.5	193.8
Short-term provisions	0.9	0.6
Total Equities & Liabilities	2,208.0	2136.0

Rs. Cr.	Sep - 16	Sep - 15
Non-current Assets		
Fixed assets	1124.5	1142.9
Non-current Investments	153.8	82.0
Long-term loans & advances	118.2	117.4
Other non-current assets	8.0	8.2
Current Assets		
Current investments	9.3	21.0
Inventories	371.2	329.8
Trade receivables	281.3	280.2
Cash & Cash equivalents	32.2	43.7
Short-term loans & Advances	104.3	106.7
Other Current Assets	5.2	4.0
Total Assets	2,208.0	2136.0

Commencement of melting plant at Sambalpur, Odisha

- During the current quarter, Company has commenced operations of pitch melting plant at Sambalpur, Odisha.
- This plant will enable to strengthen the supply chain, resulting in higher and more efficient production of Coal Tar Pitch



Annual Financial Highlights

565bps ↑

Gross Profit Margin
27.9%

26% ↑

EBITDA
Rs 155 cr

455bps ↑

EBITDA Margin
13.5%

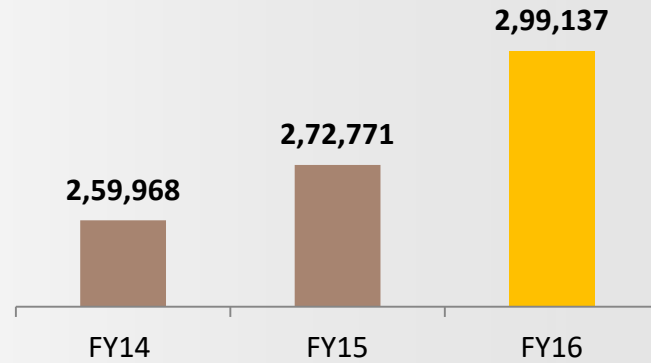
0.98 ↓

Debt Equity Ratio
1.32 in FY15

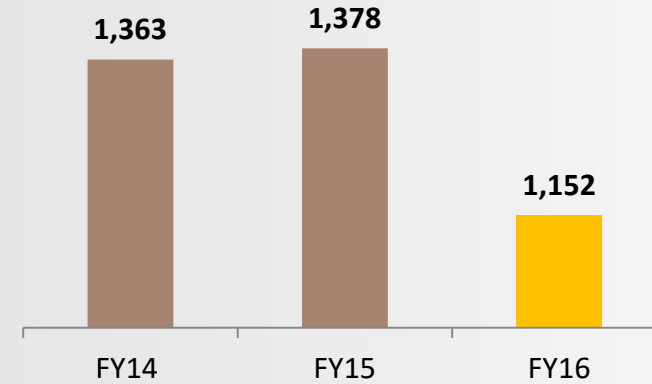
Financial Highlights- Standalone



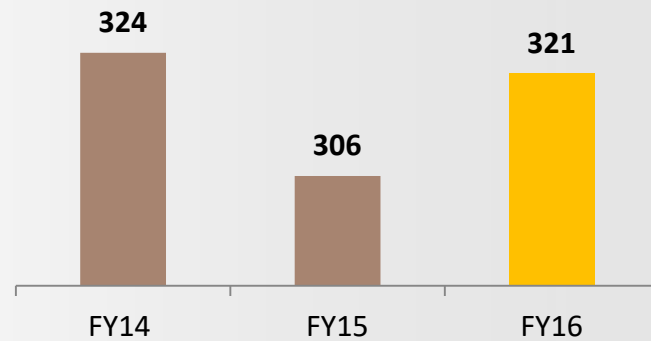
Sales Volume (In MT)



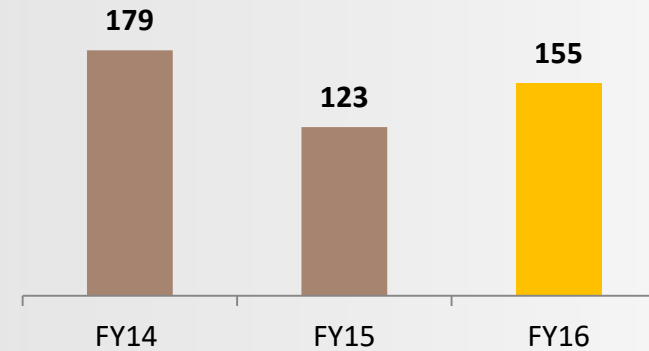
Revenue from Operations (Rs. Crs)



Gross Profit (Rs. Crs)



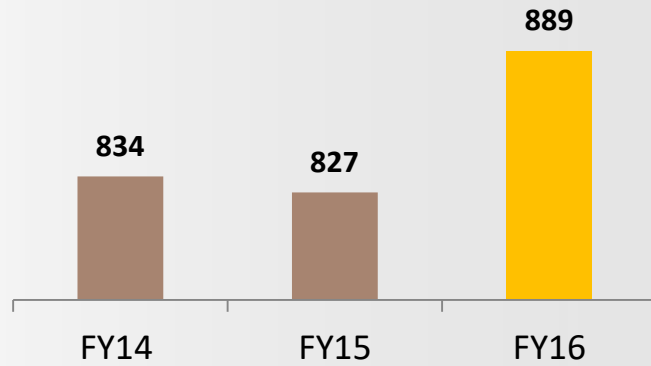
EBITDA* (Rs. Crs)



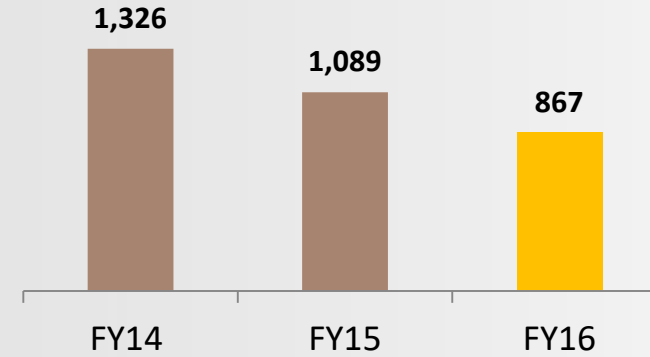
*EBITDA is inclusive of other operating income, but excludes other income and Foreign exchange fluctuation. Provision for doubtful debts in FY14 only also excluded in EBITDA

Annual Balance Sheet Highlights- Standalone

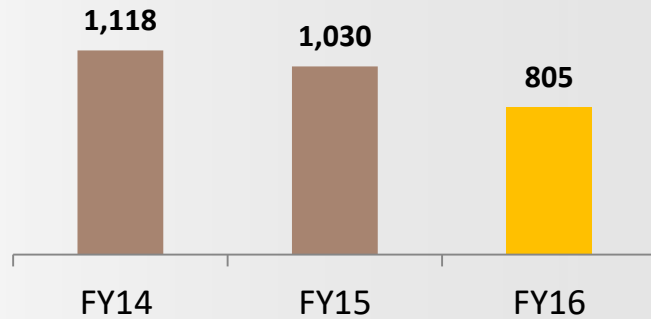
Net worth



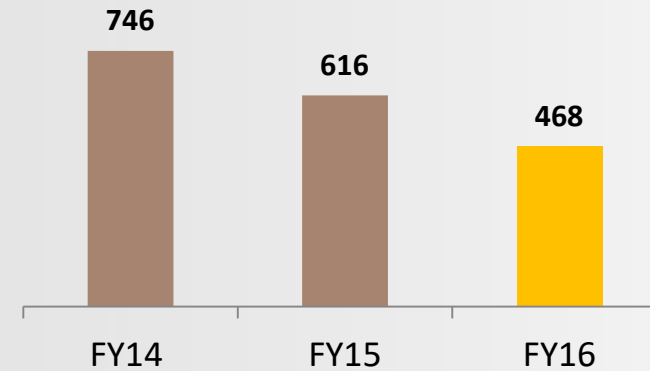
Total Debt



Net Debt (Rs. Crs)



Net Working Capital (Rs. Crs)



Consolidated Annual Profitability Highlights

Rs. Cr.	FY-16	FY-15	YoY
Revenue from Operations	1,182.6	1,436.3	(18%)
Other Operating Income	0.8	1.7	
Total Income	1,183.4	1,438.0	(18%)
Raw Material & other direct costs	845.0	1,097.3	(23%)
Employee Cost	32.0	32.6	(2%)
Other costs	146	177.0	(18%)
Total Expenditure	1,023.0	1,306.9	(22%)
EBIDTA	160.4	131.0	22.4%
EBITDA Margin (%)	13.6%	9.1%	495 bps
Other Income	-11.0	6.3	
Depreciation	67.1	59.2	13%
Interest	103.3	102.6	1%
Profit Before Tax	-21.0	-24.5	(14%)
Tax	4.4	-12.0	(137%)
Profit After Tax	-16.6	-12.5	33%
Less Minority/ Add Associates	-0.3	-0.1	
Consolidated PAT	-16.2	-12.4	
PAT Margin %	-1.4%	-0.9%	

- Revenue from operations at Rs 1,183 crore, mainly on account of decrease in price realisation; **volumes have grown 10% YoY**

- **Exports – 12% of revenues**

- EBITDA at Rs 160 crore, **YoY increase of 22%**

- EBITDA margin of 14%, **increase of over 400 bps**

- **Proposed Dividend of 5%**

Consolidated Balance Sheet Highlights



Rs. Cr.	FY-16	FY-15
Shareholder's Funds	846.9	788.5
Share capital	41.8	38.6
Reserves & Surplus	805.0	749.9
Minority Interest	-	0.3
Non-current Liabilities	475.3	654.9
Long term borrowings	366.8	532.1
Defer Tax liabilities	47.8	52.2
Other Long-Term liabilities	59.7	69.8
Long-Term Provisions	1.0	0.8
Current Liabilities	712.0	798.3
Short Term Borrowings	411.9	526.3
Trade Payables	115.3	108.5
Other Current liabilities	181.6	162.7
Short-term provisions	3.2	0.8
Total Equities & Liabilities	2,034.2	2,242.1

Rs. Cr.	FY-16	FY-15
Non-current Assets	1,332.5	1,365.9
Fixed assets	1,211.3	1,242.4
Non-current Investments	2.0	2.0
Long-term loans & advances	111.2	113.2
Other non-current assets	8.0	8.4
Current Assets	701.7	876.1
Current investments	21.0	21.0
Inventories	319.6	367.5
Trade receivables	204.0	321.3
Cash & Cash equivalents	46.6	41.3
Short-term loans & Advances	101.6	122.3
Other Current Assets	9.0	2.7
Total Assets	2,034.2	2,242.1

A photograph of an industrial facility, likely a refinery or chemical plant, featuring several large, cylindrical storage tanks. The tanks are painted white with a prominent red horizontal band around their upper sections. They are surrounded by a network of metal walkways and railings. In the background, there are tall distillation columns and other industrial structures under a clear sky. A red, arrow-shaped graphic overlay is positioned in the upper right quadrant of the image, containing the text 'Company Overview'.

Company Overview

Largest **Coal Tar Pitch** manufacturing company



- **One of few integrated Speciality Carbon Chemical** companies in the world with global leadership position

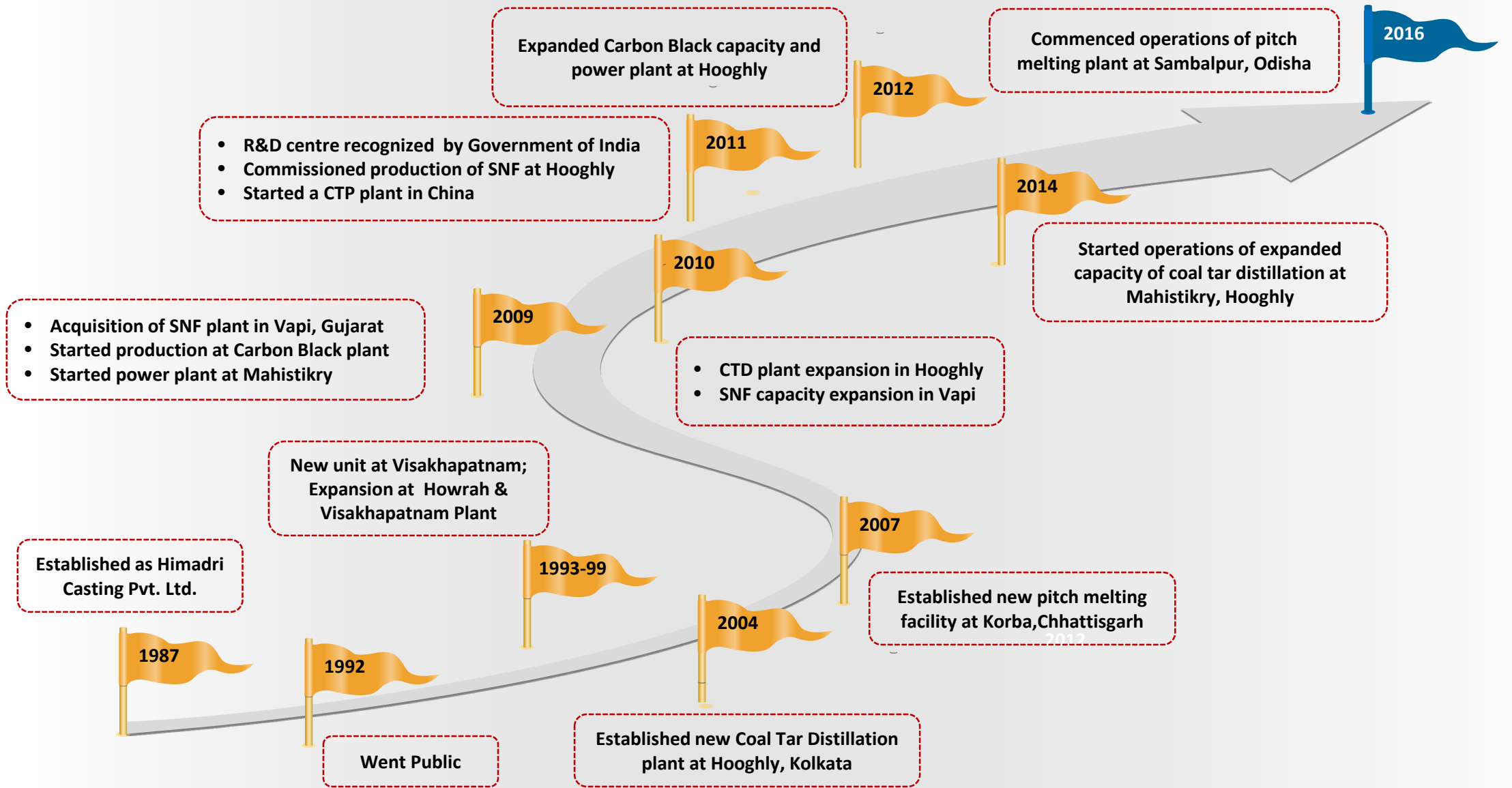
- **Largest producer of Coal Tar Pitch** in India with ~70% market share

- One of the **few global manufacturers** to produce **Zero Quinolene Insoluble (QI)** impregnating Coal Tar Pitch

- **Diversified Product Portfolio** with Presence across Carbon Value Chain & wide array of high demand specialized products

- **Eight 'zero discharge' strategically located manufacturing facilities** spread across India in **West Bengal, Gujarat, Odhisa, Andhra Pradesh and Chhattisgarh**

Journey So Far





Coal Tar Pitch

Complex speciality chemical with 22 chemical and physical properties obtained through coal tar distillation



Carbon Black

One of most important industrial chemicals in world with applications in rubber, plastics, coating, inks and batteries

Key Strengths

Compelling Competitive Position

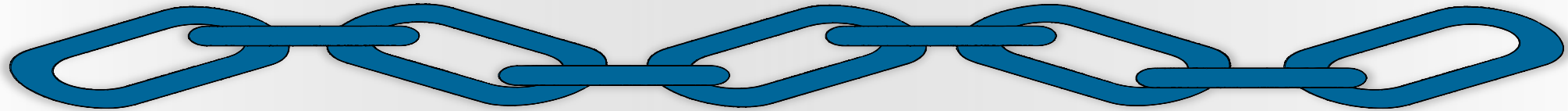
- Engaged in producing a wide range of carbon products - Coal Tar Pitch, Chemical oils, Carbon Black, Naphthalene, Corrosion protection, Sulfonated Naphthalene Formaldehyde (SNF) and clean green Power
- One of few global manufacturers to produce Zero Quinolene Insoluble (QI) impregnating Coal Tar Pitch

Storage & Distribution

- Plants well-connected through various transportation modes (like railways and roads)
- Raw material storage capacity of around 1,00,000 MT
- Liquid Pitch Capability
- Largest dedicated fleet of specially-designed 125 tankers in India
- Only company in India having Liquid Pitch terminal for exports

Strategic Sourcing Advantages

- Long-term relationships with all major Indian raw material suppliers
- Strategically imports raw materials based on prevalent global, economical and demand-supply dynamics, thereby optimizing costs
- Largest purchaser of Coal Tar in India
- Highest share of Coal Tar from nearly all domestic steel plants
- Capability to source Coal Tar globally to take advantage of global price movement



Fungible & Strategically-located 'Zero discharge' Facilities

- Eight manufacturing facilities spread across India in West Bengal, Gujarat, Odhisa Andhra Pradesh & Chhattisgarh
- Coal Tar Distillation, Carbon Black and SNF capacities of 400,000, 120,000 and 68,000 TPA, respectively
- Plants certified with ISO 9001:2008 and ISO 14001:2004
- Flexible manufacturing plants capable of switching between any type and quality of raw material

Research and Development

- R&D Centre at Mahistikry unit - recognized by the Government of India
- Experienced R&D team with international experts
- Introduction of new value added speciality chemicals, specialized testing of coal tar pitch and carbon black to maintain best in-class quality

Premier Global Customer Base

- Serves aluminium and graphite, lithium-ion battery, tyre and rubber and infrastructure industries
- Strong clientele including BALCO, Hindalco, Nalco, Vedanta, Graphite India, HEG and SGL Carbon SA and other aluminium and graphite players
- Strong relationships and supply contracts with customers globally

Key Growth Drivers

- Maintaining domestic leadership in Coal Tar Pitch
- Leverage significant demand for Carbon Black in tyre and speciality segments
- Expand product basket for construction chemicals and admixtures
- Prudent selection of products and focus on end-user industry
- Focus on value-added products and develop appropriate products and markets
- Growth to be supported by greenfield and brownfield aluminium smelters

Strategic Objectives

- Be amongst top three producers of Coal Tar products globally
- Become lowest cost producer of Coal Tar products in the world
- Adequate capacities provide flexibility & opportunity to capture expected demand growth
- Create strong customer base and serve niche speciality market for carbon black
- Improve operational efficiency, strengthening order book & win businesses from existing & new clients
- Setting up of integrated speciality carbon chemical complex

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 **REUTERS**  HMCH.NS



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