

Kiri Industries Limited

H1/Q2-FY19 | EARNINGS PRESENTATION

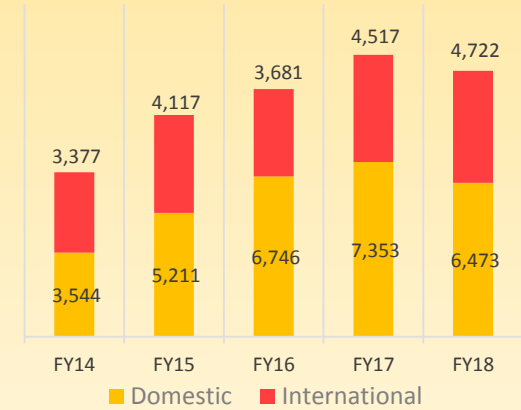
Company Overview



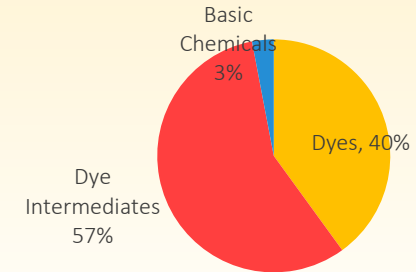
- Established in 1998, Kiri Industries Limited (KIL), is based out of Gujarat and has emerged as one of the largest manufacturers and exporters of a wide range of Dyes, Dyes Intermediates and Basic Chemicals from India with 'Zero Effluent'.
- KIL is an accredited and certified Key Business Partner with world's top Dyestuff majors across Asia-Pacific, the EU and America.

- It provides products and services across the whole value chain in numerous industrial sectors (apparel, hosiery, automotive, carpets, leather, paper, home upholstery, industrial fabrics, etc.)
- In the 20 years of the Company's corporate journey, KIL has been focusing on providing products of high quality standards, executing collaborations and strategic acquisitions, implementing environmentally aligned R&D, finding innovative solution centric and all-encompassing customer care
- All initiatives taken by KIL has enabled it to set its footprints in over 50 countries across 7 continents.
- The Company has sizeable manufacturing facility of Dyes Intermediates and Basic chemicals at Padra (Baroda, Gujarat) and to strengthen its competitive edge in dyes vertical, KIL formed a joint venture with Longsheng (China) and set up a manufacturing facility for dyes.

Consolidated Revenue Break-up (INR Mn)



Revenue Breakup



About DyStar



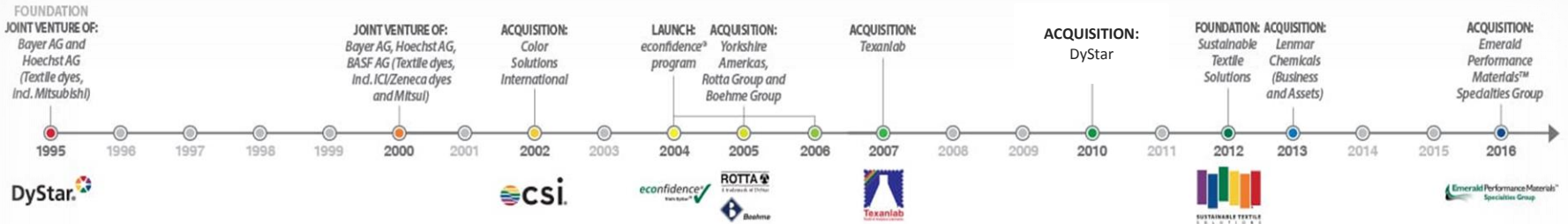
KIL had acquired DyStar in 2010 along with Zhenjiang Longsheng presently holding 37.57%.

- The DyStar Group is a leading dyestuff and chemical manufacturer and solution provider, offering a broad portfolio of colorants, specialty chemicals, and services to customers across the globe.
- With a heritage of more than a century in product development and innovation for the textile industry, DyStar also caters to multiple sectors including paints, coatings, paper and packaging industries. Its expansion into food and beverages and personal care sectors reinforces the company's position as a specialty chemical manufacturer.
- DyStar's global presence offers customers reliable access to experts from offices, competence centres, agencies and production plants spanning over 50 countries.
- DyStar has 16 manufacturing plants with a combined production capacity of 176,000 TPA. It is a market leader in global dyes market with a market share of over ~21%.
- It has expertise in dyes, dyes solutions, leather solutions, performance chemicals, and custom manufacturing of special dyes/ pigments.





DyStar was founded in 1995 as a joint venture between Hoechst AG and Bayer Textile Dyes. In 2000, the textile dyes business from BASF was integrated. In February 2010, DyStar Group was acquired by Kiri Industries Limited (KIL)



Value Unlocking in DyStar

Successfully turning around the operations of DyStar.

- The turn around plan was successfully executed by replacing high cost German manufacturing base with low cost manufacturing in India, China and Indonesia etc
- KIL is entitled to profit share of INR 826 Mn, INR 1,976 Mn, INR 1,700 Mn and INR 1,561 Mn over the 4 fiscal years from FY14 to FY17.

Likely favourable judgement securing the receivables at a fair market value.

- Although DyStar made substantial profits, KIL was neither paid dividend nor was allowed to get benefits to the operations of DyStar. KIL suffered and intense minority operations conducted by Longsheng along with DyStar management. Hence, KIL initiated legal proceedings against Longsheng Sub Senda and DyStar in the Singapore High Court. Later on the suit was transferred to Singapore International Commercial Court (SICC).A proceeding of trial was completed in March 2018,and judgement was announced on July 3 2018.
- As per Court judgement Senda has to buyout KIL stake at fair market value.
- If KIL's shares in DyStar is bought out then the valuation would probably be as per the profit earning capacity of the business. On this basis, KIL would receive substantially higher amount at a fair market value to be decided under the direction of the Hounrable Court.



Q2-FY19 Financial Highlights (Standalone)

- Total Revenue: **INR 2,833 Mn**
- EBITDA: **INR 492 Mn**
- EBITDA Margin: **17.37%**
- Net Profit: **INR 409 Mn**
- PAT Margin: **INR 14.44%**
- Diluted EPS: **INR 7.89**

H1-FY19 Financial Highlights (Standalone)

- Total Revenue: **INR 5,241 Mn**
- EBITDA: **INR 916 Mn**
- EBITDA Margin: **17.48%**
- Net Profit: **INR 760 Mn**
- PAT Margin: **14.5%**
- Diluted EPS: **INR 14.66**

Q2-FY19 Financial Highlights (Consolidated)

- Total Revenue: **INR 3,734 Mn**
- EBITDA: **INR 733 Mn**
- EBITDA Margin: **19.63%**
- Net Profit: **INR 539 Mn**
- PAT Margin: **14.43%**
- Diluted EPS: **INR 21.65**

H1-FY19 Financial Highlights (Consolidated)

- Total Revenue: **INR 7,072 Mn**
- EBITDA: **INR 1,413 Mn**
- EBITDA Margin: **19.98%**
- Net Profit: **INR 1,045 Mn**
- PAT Margin: **INR 14.78%**
- Diluted EPS: **INR 38.29**

- In Q2-FY19, at the consolidated level, the company reported a top line of INR 3730 Mn, up 39% Y-o-Y and up 12% Q-o-Q, driven by a strong 24% Y-o-Y sales growth at the standalone level coupled with strong sales reported by its joint venture and subsidiary company.
- Sales at standalone level were up 24% Y-o-Y and up 18% Q-o-Q, driven by strong exports of dyes.
- The Reported Consolidated EBIDTA (Excluding DyStar) margin came in at 19.6%, up 136 basis points Y-o-Y. At the Standalone level, the EBIDTA margin at 17.4% was consistent with previous quarter and was up 40 basis points Q-o-Q.
- H Acid prices, which stood at an average price of INR 424/kg in Q1-FY19 went up to an average price INR 470/kg in Q2-FY19 and they are presently hovering in the INR 420-430/kg price range. Vinyl Sulphone prices which stood at an average of about INR 248/kg in Q1-FY19 has shot up to INR 274/kg in Q2-FY19. Currently, VS prices hover at around INR 250-260/kg. Barring unforeseen circumstances, management is of the view that these prices should remain stable for the foreseeable future.
- The Standalone PAT was up 36% Y-o-Y and 17% Q-o-Q.
- The Consolidated PAT at INR 539 Mn (Excluding DyStar), was up 53% Y-o-Y and up 6.5% Q-o-Q.
- The company has commenced disperse dyes production and sale in the reported quarter, so revenue is higher in this quarter as compared to previous quarter. The full effect of this expansion will become visible over the coming quarters.

8 Q2-FY19 Operational Highlights

- The company is focused on generating shareholder value through non-dilutive growth and free cash generation at sustainable returns on capital.
- The Company won a landmark judgement in the SICC in its minority oppression suit against Longsheng Group, China, in July. The Honourable SICC is scheduled to rule on the valuation timeline and process on its hearing to be held on November.
- DyStar reported very strong topline growth of 13% in 9M-CY18 as compared to 9M-CY17.
- DyStar results for the quarter have several disputed, extraordinary and one-time items, which the company has challenged.
- Excluding the disputed items including impaired inventories, impaired plant & machinery, provision for bad and doubtful debts, administrative expenses and corporate guarantee fees, DyStar reported strong profit growth. Net Profit before these exceptional items amounts to USD 84.74 Mn For the quarter and USD 142.91 Mn For the 9 months of CY18.
- The company has incurred in this Quarter and Financial year (as well as preceding financial years), significant legal and related costs, pertaining to the company's suit against Longsheng Group in SICC Singapore. The profits reported in this quarter and financial year so far, are after charging these legal expenses.

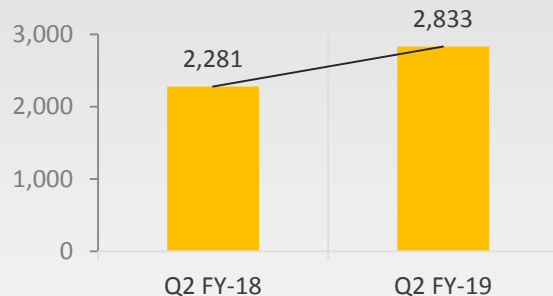
Q2-FY19 Standalone Income Statement

PARTICULARS (INR Mn)	Q2-FY19	Q2-FY18	Y-o-Y	Q1-FY19	Q-o-Q
Total Income*	2,833	2,281	24.2%	2,408	17.6%
Total Expenses	2,341	1,894	23.6%	1,983	18.1%
EBITDA	492	387	27.1%	425	15.8%
<i>EBITDA Margin</i>	17.37%	16.97%	40 Bps	17.65%	(28) Bps
Depreciation	66	59	11.9%	60	10.0%
Finance Cost	12	2	NA	9	33.3%
Exceptional Items	-	-	-	-	-
PBT	414	326	27.0%	356	16.3%
Tax	5	25	(80.0%)	5	-
Profit After Tax	409	301	35.9%	351	16.5%
<i>PAT Margin</i>	14.44%	13.20%	124 Bps	14.58%	(14) Bps
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	409	301	35.9%	351	16.5%
Diluted EPS (INR)	7.89	6.64	18.8%	6.76	16.7%

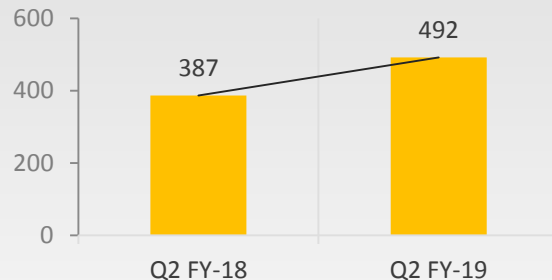
* Includes Other Income

Quarterly - Standalone Financial Highlights

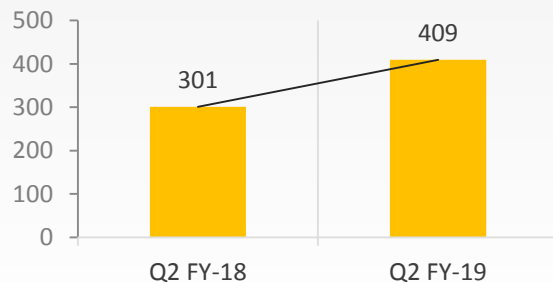
Total Revenue (INR Mn)



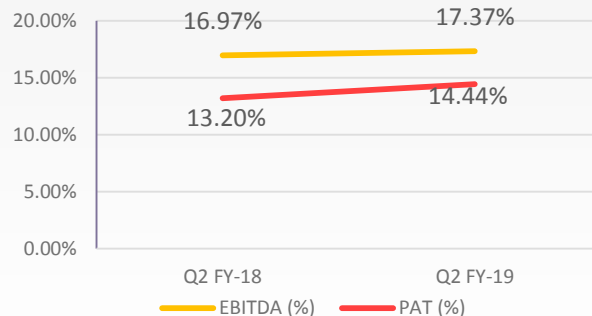
EBITDA (INR Mn)



PAT (INR Mn)



EBITDA Margin & PAT Margin

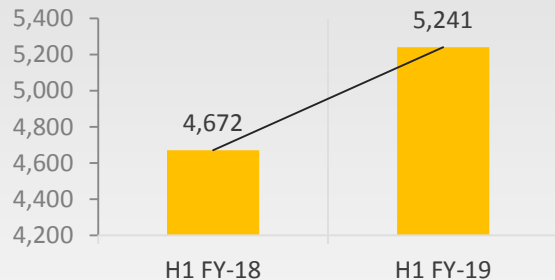


H1-FY19 - Standalone Income Statement

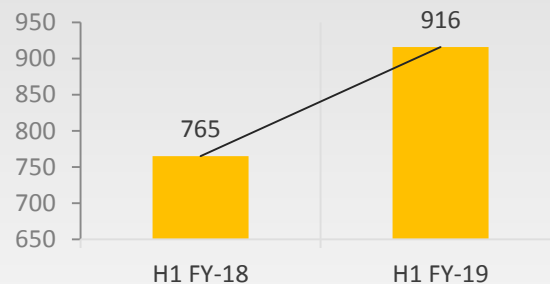
PARTICULARS (INR Mn)	H1-FY19	H1-FY18	Y-o-Y
Total Income*	5,241	4,672 **	12.2%
Total Expenses	4,325	3,907 **	10.7%
EBITDA	916	765	19.7%
<i>EBITDA Margin</i>	17.48%	16.37%	111 Bps
Depreciation	126	117	7.7%
Finance Cost	21	5	320.0%
PBT	769	643	19.6%
Tax	9	39	(76.9)%
Profit After Tax	760	604	25.8%
<i>PAT Margin</i>	14.50%	12.93%	157 Bps
Other Comprehensive Income	-	-	NA
Total Comprehensive Income	760	604	25.8%
Diluted EPS (INR)	14.66	13.34	9.9%

* Includes Other Income ** Includes Excise Duty

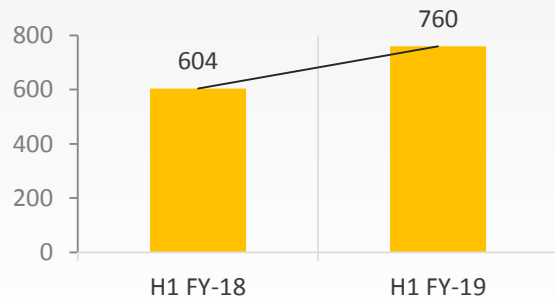
Total Revenue (INR Mn)



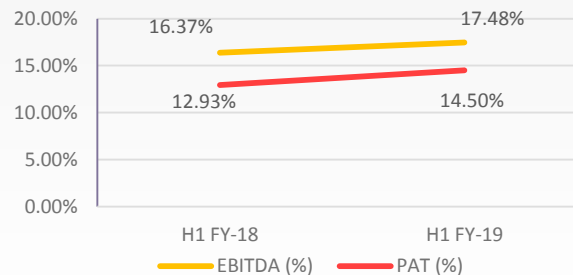
EBITDA (INR Mn)



PAT (INR Mn)



EBITDA Margin & PAT Margin

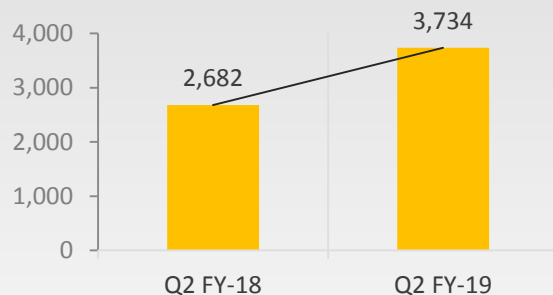


Q2-FY19 - Consolidated Income Statement

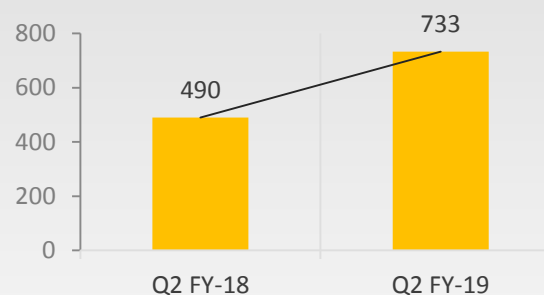
PARTICULARS (INR Mn)	Q2-FY19	Q2-FY18	Y-o-Y	Q1-FY19	Q-o-Q
Total Income*	3,734	2,682	39.2%	3,338	11.9%
Total Expenses	3,001	2,192	37.0%	2,657	12.9%
EBITDA	733	490	49.6%	681	7.6%
<i>EBITDA Margin</i>	19.63%	18.27%	136 Bps	20.40%	(77)Bps
Depreciation	88	78	12.8%	83	6.0%
Finance Cost	14	10	40.0%	12	16.7%
PBT	631	402	57.0%	586	7.7%
Tax	92	50	84.0%	80	15.0%
Profit After Tax	539	352	53.1%	506	6.5%
<i>PAT Margin</i>	14.43%	13.12%	131 Bps	15.16%	(73)Bps
Share of Profit of Associates	583	574	1.6%	356	63.8%
Total Comprehensive Income	1,122	926	21.2%	862	30.2%
Dilutes EPS (INR)	21.65	20.45	5.9%	16.64	30.1%

* Includes Other Income

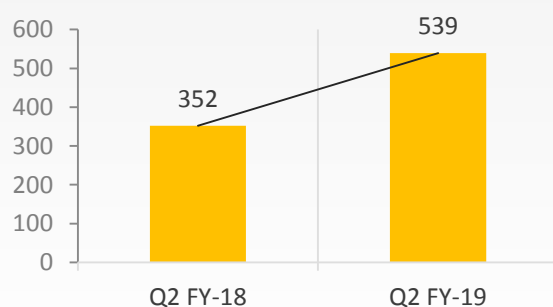
Total Revenue (INR Mn)



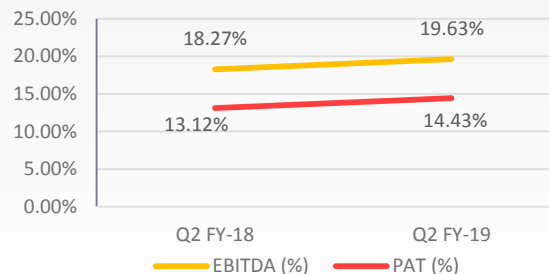
EBITDA (INR Mn)



PAT (INR Mn)



EBITDA Margin & PAT Margin



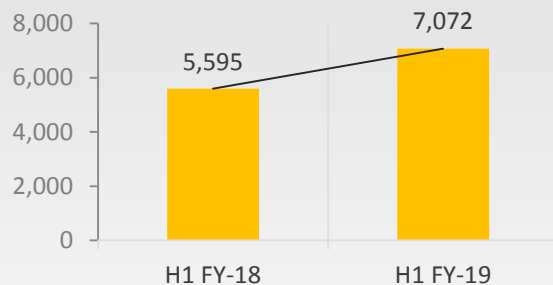
H1-FY19 - Consolidated Income Statement

PARTICULARS (INR Mn)	H1-FY19	H1-FY18	Y-o-Y
Total Income*	7,072	5,595 **	26.4%
Total Expenses	5,659	4,640 **	22.0%
EBITDA	1,413	955	48.0%
<i>EBITDA Margin</i>	19.98%	17.06%	292 Bps
Depreciation	170	155	9.7%
Finance Cost	26	20	30.0%
PBT	1,217	780	56.0%
Tax	172	83	107.2%
Profit After Tax	1,045	697	49.9%
<i>PAT Margin</i>	14.78%	12.46%	232 Bps
Other Comprehensive Income	940	1,266	(25.8)%
Total Comprehensive Income	1,985	1,963	1.1%
Diluted EPS (INR)	38.29	43.35	(11.7)%

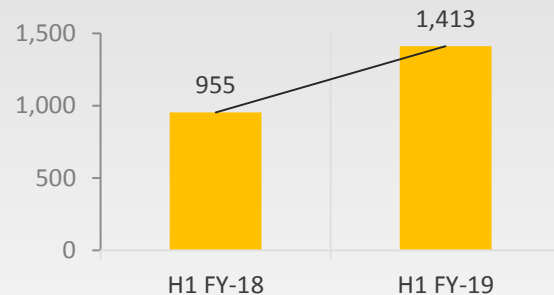
* Includes Other Income ** Includes Excise Duty

Half Yearly - Consolidated Financial Highlights

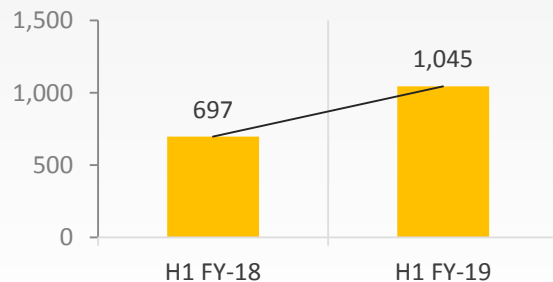
Total Revenue (INR Mn)



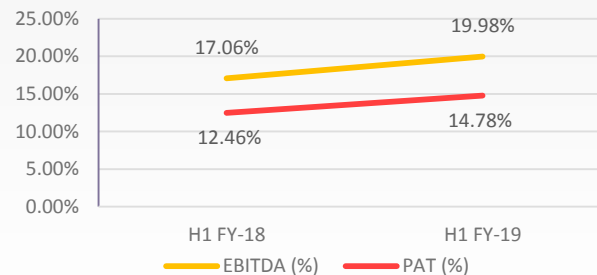
EBITDA (INR Mn)



PAT (INR Mn)



EBITDA Margin & PAT Margin



Standalone Income Statement

PARTICULARS (INR Mn)	FY14	FY15	FY16	FY17	FY18
Total Income*	5,839	7,826	8,967	10,355	9,046
Total Expenses	5,219	7,116	8,064	9,059	7,712
EBITDA	620	710	903	1,296	1,334
<i>EBITDA Margin</i>	<i>10.62%</i>	<i>9.07%</i>	<i>10.07%</i>	<i>12.52%</i>	<i>14.75%</i>
Depreciation	335	202	204	222	250
Finance Cost	773	844	672	80	17
Exceptional Items	(288)	-	47	-	-
PBT	(776)	(336)	74	994	1,067
Tax	(2)	32	(17)	51	42
Profit After Tax	(774)	(368)	91	943	1,025
<i>PAT Margin</i>	<i>(13.26)%</i>	<i>(4.70)%</i>	<i>1.01%</i>	<i>9.11%</i>	<i>11.33%</i>
Other Comprehensive Income	-	-	-	(1)	1
Total Comprehensive Income	(774)	(368)	91	942	1,026
EPS (INR per share)	(28.92)	(12.92)	2.87	25.82	22.33

* Includes Other Income

Standalone Balance sheet

PARTICULARS (INR Mn)	FY17	FY18	H1-FY19	PARTICULARS (INR Mn)	FY17	FY18	H1-FY19
Equity	3,941	5,109	5,868	Non Current Assets	5,289	5,424	5,778
Equity Share Capital	278	302	313	a) Property, Plant and Equipment	3,048	3,485	3,419
Other Equity	3,663	4,807	5,555	b) Other Intangible assets	1	1	1
				c) Capital Work In Progress	360	321	596
Non Current Liabilities	1,963	1,890	1,760	d) Investment in Subsidiary/Associate	1,650	1,460	1,460
a) Financial Liabilities	1,579	1,432	1,293	e) Financial Assets			
b) Provisions	90	122	122	(i) Investments	2	1	1
c) Deferred Tax Liabilities (Net)	294	336	345	(ii) Other financial assets	62	64	79
d) Other Non Current Liabilities	-	-	-	f) Other Assets	166	92	222
Current Liabilities	1,844	1,639	1,894	Current Assets	2,459	3,214	3,744
a) Financial Liabilities				a) Inventories	403	568	781
(i) Borrowings	145	131	206	b) Financial Assets			
(ii) Trade Payables	1,457	1,152	1,092	(i) Investments	32	222	160
(iii) Other Financial Liabilities	97	232	348	(ii) Trade Receivables	1,404	1,750	1,727
b) Other Current liabilities	135	110	231	(iii) Cash and Cash Equivalents	36	56	170
c) Provisions	10	14	17	(iv) Bank balances other than above	10	10	10
d) Current Tax Liabilities (Net)	-	-	-	(v) Loans	47	120	146
				(vi) Other financial assets	165	102	129
				c) Current Tax Assets (Net)	95	106	126
				d) Other Current Assets	267	280	495
GRAND TOTAL - EQUITIES & LIABILITES	7,748	8,638	9,522	GRAND TOTAL – ASSETS	7,748	8,638	9,522

Consolidated Income Statement

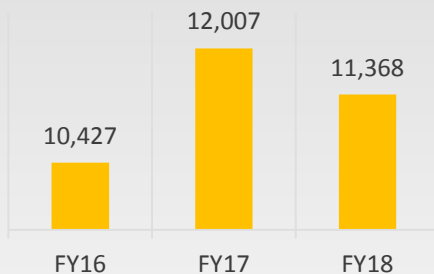
PARTICULARS (INR Mn)	FY14	FY15	FY16	FY17	FY18
Total Income*	6,921	9,328	10,427	12,007	11,368
Total Expenses	6,186	8,313	9,173	10,393	9,542
EBITDA	735	1,015	1,254	1,614	1,826
<i>EBITDA Margin</i>	<i>10.62%</i>	<i>10.88%</i>	<i>12.03%</i>	<i>13.44%</i>	<i>16.06%</i>
Depreciation	366	284	269	291	341
Finance Cost	802	863	738	91	35
Exceptional Items	(288)	-	48	-	-
Income from Associate	826	1,976	1,700	1,561	2,313
PBT	105	1,844	1,995	2,793	3,763
Tax	6	29	38	137	183
Profit After Tax	99	1,815	1,957	2,656	3,580
<i>PAT Margin</i>	<i>1.43%</i>	<i>19.46%</i>	<i>18.77%</i>	<i>22.12%</i>	<i>31.49%</i>
Other Comprehensive Income	-	-	-	-	1
Total Comprehensive Income	99	1,815	1,957	2,656	3,581
EPS (INR per share)	3.7	63.63	61.88	72.84	77.93

Consolidated Balance sheet

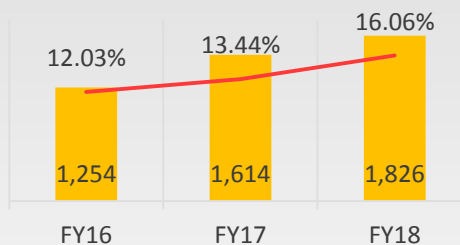
PARTICULARS (INR Mn)	FY17	FY18	H1-FY19	PARTICULARS (INR Mn)	FY17	FY18	H1-FY19
Equity	10,324	14,047	16,018	Non Current Assets	11,615	14,156	15,391
Equity Share Capital	278	302	313	a) Property, Plant and Equipment	3,668	4,033	3,934
Other Equity	10,046	13,745	15,705	b) Other Intangible assets	96	85	77
				c) Capital Work In Progress	360	321	596
				d) Investment in Subsidiary/Associate	7,163	9,477	10,416
Non Current Liabilities	2,025	1,945	1,813	e) Financial Assets			
a) Financial Liabilities				(i) Investments	2	1	1
(i) Borrowings	1,579	1,432	1,293	(ii) Other financial assets	71	74	89
b) Provisions	96	128	128	f) Other Assets	255	165	278
c) Deferred Tax Liabilities (Net)	350	385	392				
d) Other Non Current Liabilities	-	-	-				
				Current Assets	3,115	4,123	5,092
Current Liabilities	2,381	2,287	2,652	a) Inventories	825	1,191	1,332
a) Financial Liabilities				b) Financial Assets			
(i) Borrowings	235	157	190	(i) Trade Receivables	1,475	2,093	2,381
(ii) Trade Payables	1,840	1,681	1,631	(ii) Cash and Cash Equivalents	122	125	324
				(iii) Bank balances other than above	34	32	38
(iii) Other Financial Liabilities	113	249	416	(iv) Loans	45	118	145
b) Other Current liabilities	141	114	232	(v) Other financial assets	177	91	112
c) Provisions	10	14	17	c) Current Tax Assets (Net)	95	106	126
d) Current Tax Liabilities (Net)	42	72	166	d) Other Current Assets	342	367	634
GRAND TOTAL - EQUITIES & LIABILITES	14,730	18,279	20,483	GRAND TOTAL – ASSETS	14,730	18,279	20,483

Consolidated Financial Highlights

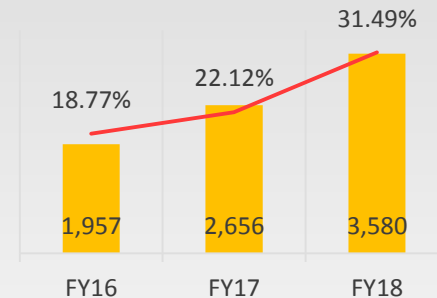
Total Revenue (INR Mn)



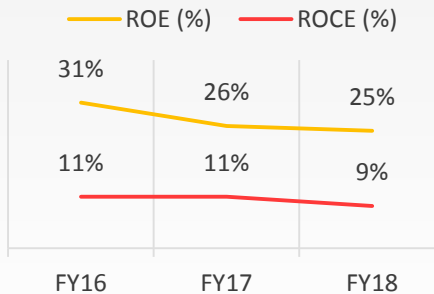
EBITDA (INR Mn) & EBITDA Margins



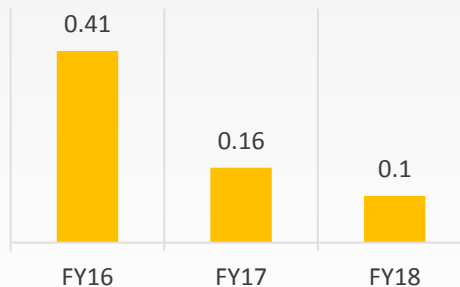
PAT (INR Mn) & PAT Margins



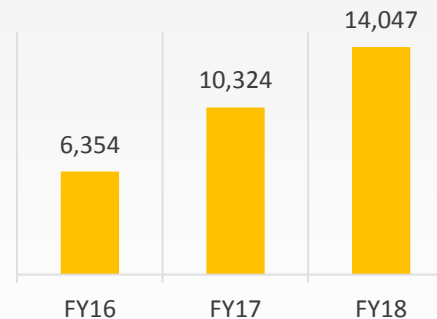
RoE and RoCE



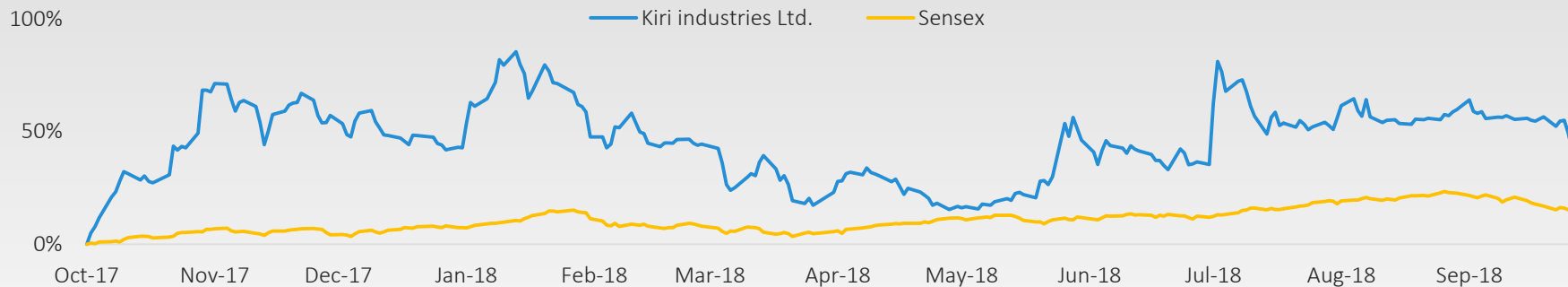
Net Debt : Equity



Net Worth (INR Mn)

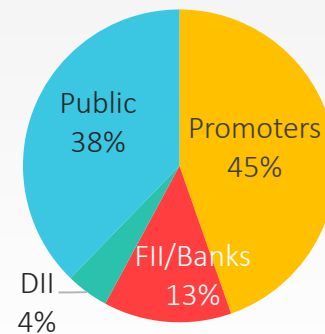


Share Price Data as on 30th Sept, 2018



Price Data (30 th Sept, 2018)	INR
Face Value	10.00
Market Price	503.15
52 Week H/L	684.00/ 351.95
Market Cap (Mn)	1577.07
Equity Shares Outstanding (Mn)	31.34
1 Year Avg Trading Volume ('000)	438.72

Shareholding Pattern as on 30th Sept, 2018



Kiri Industries Limited Disclaimer:

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The image features a vibrant, multi-colored background with a repeating hexagonal pattern. The colors transition from purple and pink at the top to blue, green, and yellow at the bottom. A white horizontal banner is centered across the middle of the image, containing the text "THANK YOU" in a blue, sans-serif font.

THANK YOU