

Kiri Industries Limited

9M / Q3-FY19 | EARNINGS PRESENTATION

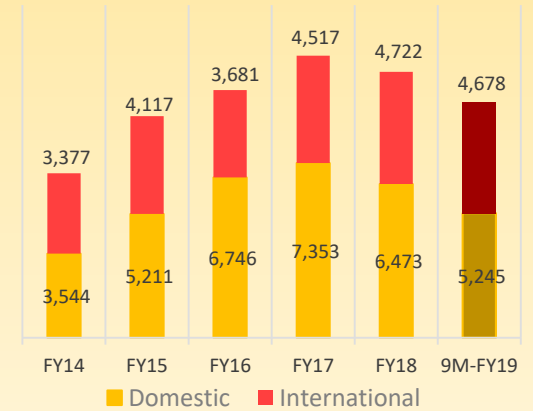
Company Overview



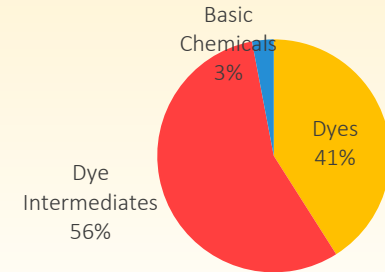
- Established in 1998, Kiri Industries Limited (KIL), is based out of Gujarat and has emerged as one of the largest manufacturers and exporters of a wide range of Dyes, Dyes Intermediates and Basic Chemicals from India with 'Zero Effluent'.
- KIL is an accredited and certified Key Business Partner with 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 (9M-FY19)



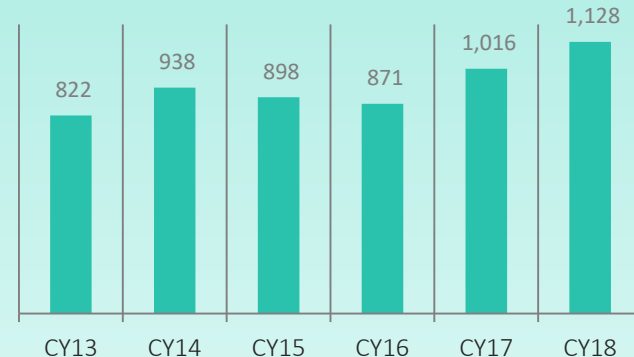
About DyStar



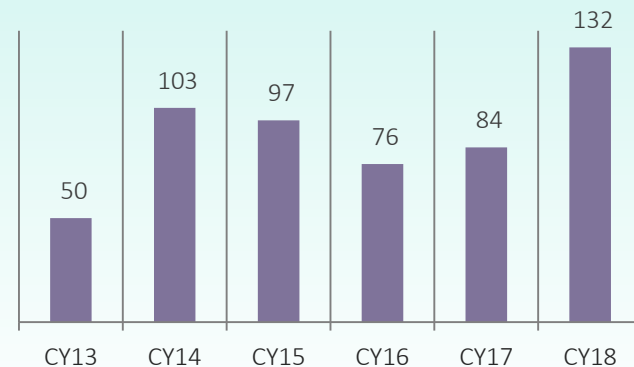
KIL acquired DyStar in 2010, along with Zhenjiang Longsheng holding 37.57% presently

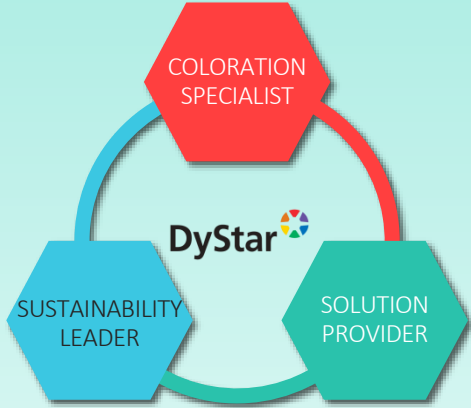
- The DyStar Group is a leading dyestuff and chemical manufacturer and solution provider, offering a broad portfolio of colorants, specialty chemicals, and services to customers across the globe.
- With a heritage of more than a century in product development and innovation for the textile industry, 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.

Total Revenue (USD Mn)

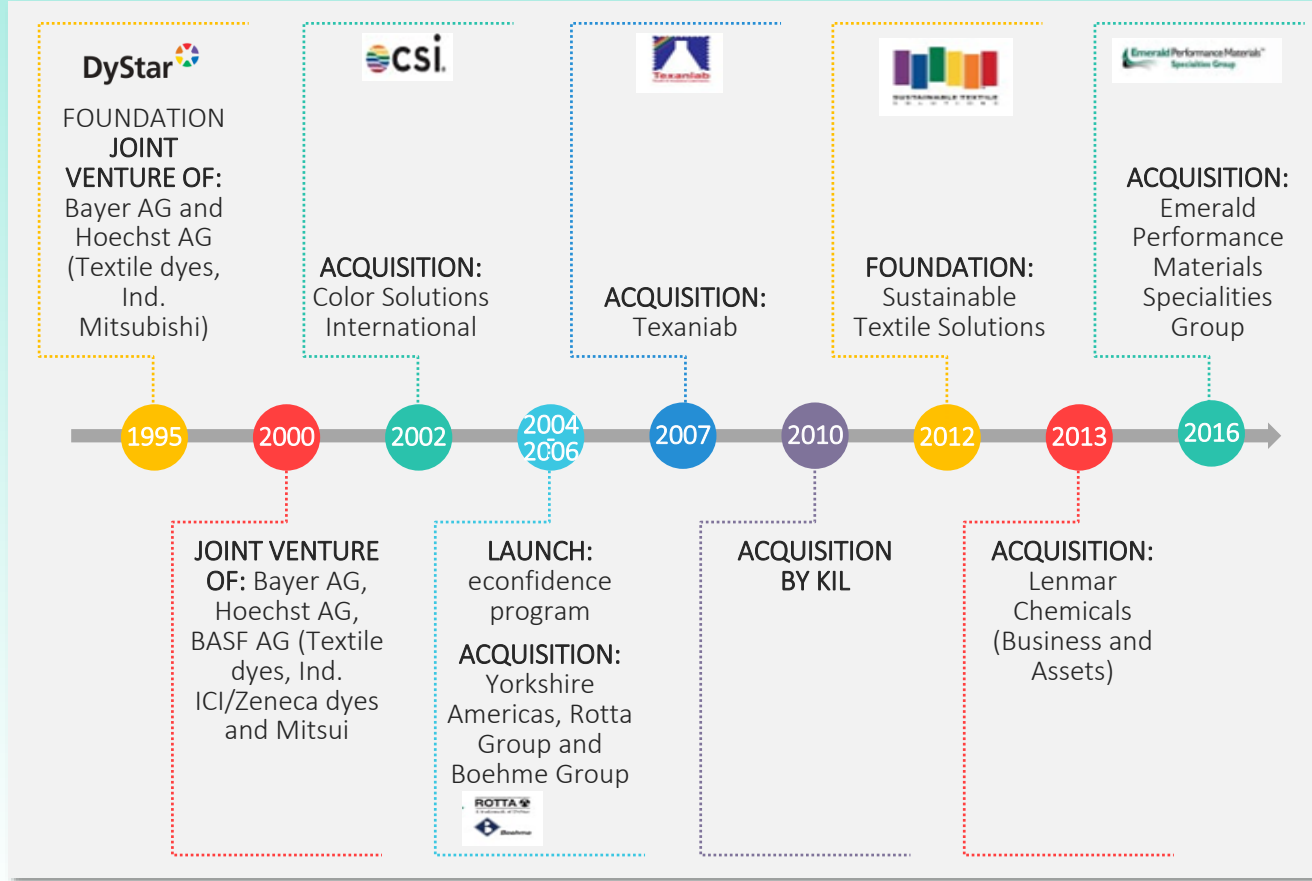


Profit after Tax (USD Mn)





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 2010, DyStar Group was acquired by Kiri Industries Limited (KIL).



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 shares of INR 826 Mn, INR 1,976 Mn, INR 1,700 Mn and INR 1,561 Mn over the 4 fiscals 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 because of the severe minority operations conducted by Longsheng along with DyStar's 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 trial proceeding was completed in March 2018 and the judgement was announced on 3rd July, 2018.
- As per the Court judgement, Senda has to buyout KIL stake at fair market value.
- Singapore International Commercial Court ("SICC") vide their judgement dated 8th January 2019 has directed for commencement of valuation process of DyStar including assessment of loss cause on account of various oppressive conducts by majority shareholder. As per direction of the SICC valuation process is going on according to timeframe stipulated by the Hon'ble SICC. Further as per direction of the court of appeal, appeal filed by Senda and DyStar against the order dated 3rd July, 2018 has fixed for hearing before the Court of Appeal for the sitting between dates from 25th March, 2019 to 12th April, 2019.



Q3-FY19 Financial Highlights (Standalone)

- **Total Revenue:** INR 2,341 Mn
- **EBITDA:** INR 317 Mn
- **EBITDA Margin:** 13.54%
- **Net Profit:** INR 221 Mn
- **PAT Margin:** INR 9.44%
- **Diluted EPS:** INR 4.26

9M-FY19 Financial Highlights (Standalone)

- **Total Revenue:** INR 7,582 Mn
- **EBITDA:** INR 1,232 Mn
- **EBITDA Margin:** 16.24%
- **Net Profit:** INR 981 Mn
- **PAT Margin:** 12.94%
- **Diluted EPS:** INR 18.92

Q3-FY19 Financial Highlights (Consolidated)

- **Total Revenue:** INR 3,020 Mn
- **EBITDA:** INR 440 Mn
- **EBITDA Margin:** 14.57%
- **Net Profit:** INR 267 Mn
- **PAT Margin:** INR 8.84%
- **Diluted EPS:** INR (1.67)*

9M-FY19 Financial Highlights (Consolidated)

- **Total Revenue:** INR 10,092 Mn
- **EBITDA:** INR 1,853 Mn
- **EBITDA Margin:** 18.36%
- **Net Profit:** INR 1,313 Mn
- **PAT Margin:** 13.01%
- **Diluted EPS:** INR 36.62

* After considering Share of Profits of Associates and Disputed Provision of Dystar

7 Q3-FY19 Operational Highlights

- Diversified portfolio of dyes, dyes intermediates and basic chemicals has been the key to achieve 30% business growth in Q3-FY19 Y-o-Y basis on standalone basis.
- The standalone revenue and EBITDA from operations have increased by 30% and 26% respectively on Y-o-Y basis. The operational expenses include the legal expenses for the litigation in minority oppression case which are non-recurrent in nature.
- The December quarter is a seasonally low quarter for the company, on account of routine annual plant maintenance, Diwali and Christmas festivals, etc. specifically, around three week(s) shutdown impacted the overall tone of the business in November 2018.
- The consolidated EBIDTA has increased by 5.5% Y-o-Y basis since capex plans are being implemented and some of the projects are now operational at KIL, depreciation amount has increased by 26% Y-o-Y basis, whereas the increase in finance cost is primarily on account of increase of banking transaction costs for KIL.
- The consolidated financial statements depict the Earnings inclusive of provisioning and write-offs in DyStar Global Holdings (Singapore) Pte Ltd, the associate company of KIL where it holds 37.57%. The operational profit of DyStar for the quarter is USD 22.77 Mn which has increased by 60% Y-o-Y basis. However DyStar Management has provided for certain exceptional charges to the statement of profit and loss of DyStar.
- During CY 2018, DyStar has earned remarkable profit of USD 132.15 Mn before considering exceptional provisioning and write offs of USD 86.35 Mn ,The profit of USD 132.15 Mn is the highest ever earned profits by DyStar since its inception. The Core Profitability of DyStar has strengthened over the last 9 years since its acquisition by KIL.
- The lower QoQ growth in LKCIL revenues were primarily due to seasonality reasons.
- KIL's global footprint and penetration has been increasing and its exports during the current quarter have increased by 133% Y-o-Y basis.

8 Q3-FY19 Operational Highlights

- In the recent past KIL has commenced production of certain types of Naphthalene and Aniline based intermediates which would add to its core profitability. In addition, increasing business of Disperse Dyes shall support the company to expand its foothold and further penetrate the market in coming two to three years.
- During the current year, in nine months company has utilized around Rs.90 Crore in capital expenditure and further envisages to spend Rs.20 Crore for its disperse dyes project and specialty intermediates project and debottlenecking project for existing plants in coming quarters.
- Supplies from China to the global market increased as compared to the previous quarter and hence prices for dyes, dyes intermediates and basic chemicals were on the lower side comparatively, which can be vouched from the fact that market prices of H-Acid which were at around INR 420 to INR 450 per kg during Q2 have reduced to around INR 400 to INR 410 per kg in Q3 and market prices of Vinyl Sulphone have reduced from INR 260 per kg to INR 240 to INR 250 per kg.



Q3-FY19 Financial Highlights

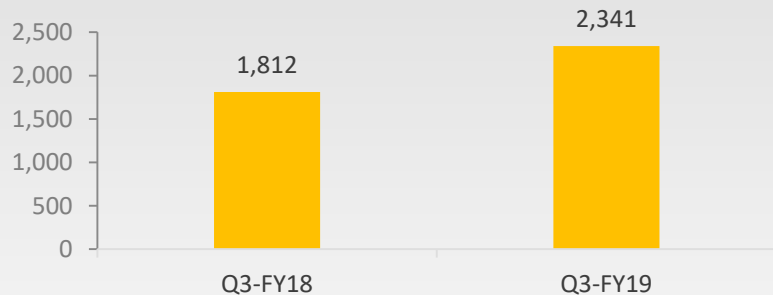
Q3-FY19 Standalone Income Statement

PARTICULARS (INR Mn)	Q3-FY19	Q3-FY18	Y-o-Y	Q2-FY19	Q-o-Q
Total Income*	2,341	1,812	29.2%	2,833	(17.4)%
Total Expenses	2,024	1,562	29.6%	2,341	(13.5)%
EBITDA	317	250	26.8%	492	(35.5)%
<i>EBITDA Margin</i>	13.54%	13.80%	(26) Bps	17.36%	(382) Bps
Depreciation	77	59	30.5%	66	16.7%
Finance Cost	11	2	450.0%	12	(8.3)%
PBT	229	189	21.2%	414	(44.7)%
Tax	8	14	(42.9)%	5	60.0%
Profit After Tax	221	175	26.3%	409	(46.0)%
<i>PAT Margin</i>	9.44%	9.66%	(22) Bps	14.44%	(500) Bps
Total Comprehensive Income	221	175	26.3%	409	(46.0)%
Diluted EPS (INR)	4.26	3.84	10.9%	7.89	(46.0)%

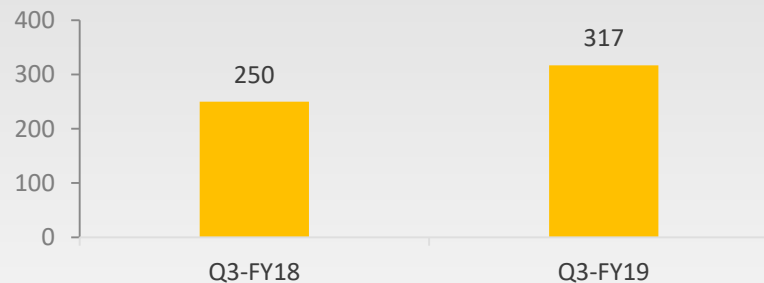
* Includes Other Income

Q3-FY19 - Standalone Financial Highlights

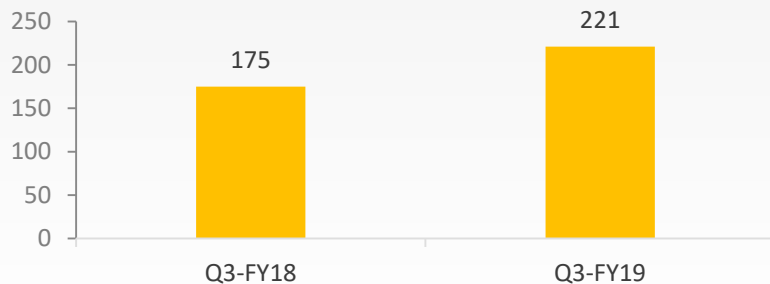
Total Revenue (INR Mn)



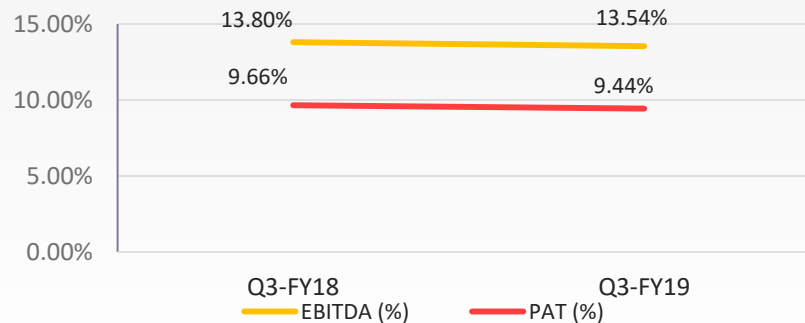
EBITDA (INR Mn)



PAT (INR Mn)



EBITDA Margin & PAT Margin



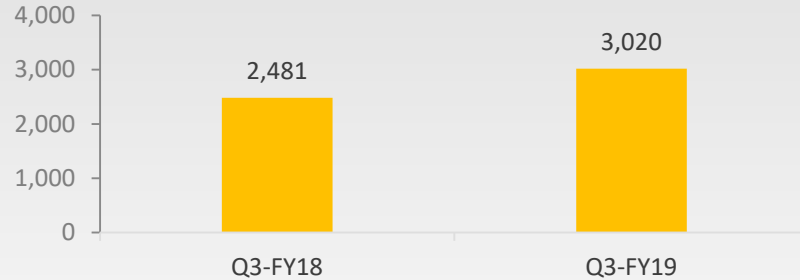
Q3-FY19 - Consolidated Income Statement

PARTICULARS (INR Mn)	Q3-FY19	Q3-FY18	Y-o-Y	Q2-FY19	Q-o-Q
Total Income*	3,020	2,481	21.7%	3,734	(19.1)%
Total Expenses	2,580	2,065	24.9%	3,002	(14.1)%
EBITDA	440	416	5.8%	732	(39.9)%
<i>EBITDA Margin</i>	14.57%	16.77%	(220) Bps	19.60%	(503)Bps
Depreciation	99	78	26.9%	87	13.8%
Finance Cost	14	5	180.0%	14	-
PBT	327	333	(1.8)%	631	(48.2)%
Tax	60	59	1.7%	92	(34.8)%
Profit After Tax	267	274	(2.5)%	539	(50.5)%
<i>PAT Margin</i>	8.84%	11.04%	(220) Bps	14.43%	(559)Bps
Share of Profit of Associates	(354)	143	NA	583	NA
Total Comprehensive Income	(87)	417	NA	1,122	NA
Dilutes EPS (INR)	(1.67)	9.13	NA	21.65	NA

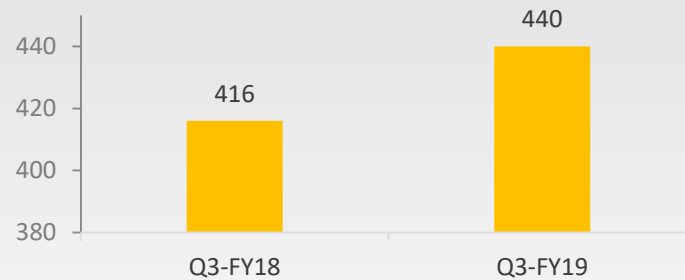
* Includes Other Income

Q3-FY19 - Consolidated Financial Highlights

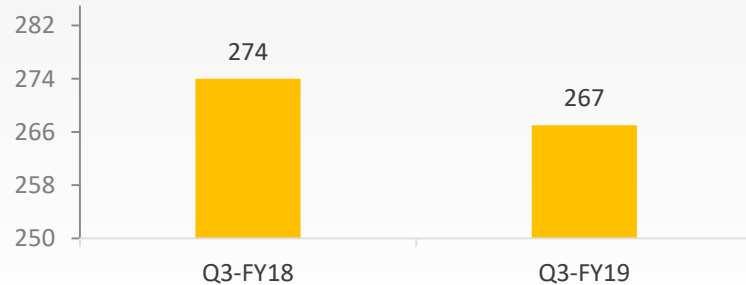
Total Revenue (INR Mn)



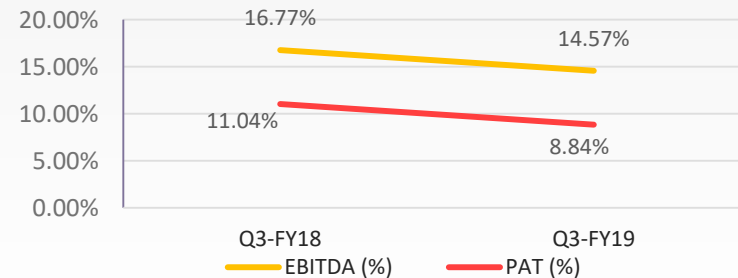
EBITDA (INR Mn)



PAT (INR Mn)



EBITDA Margin & PAT Margin





9M-FY19 Financial Highlights

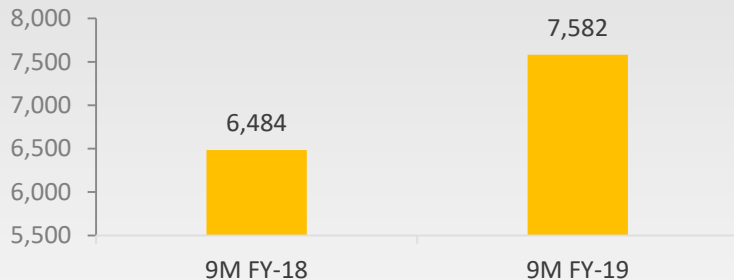
9M-FY19 - Standalone Income Statement

PARTICULARS (INR Mn)	9M-FY19	9M-FY18**	Y-o-Y
Total Income*	7,582	6,484	16.9%
Total Expenses	6,350	5,469	16.1%
EBITDA	1,232	1,015	21.4%
<i>EBITDA Margin</i>	16.24%	15.65%	59 Bps
Depreciation	202	177	14.1%
Finance Cost	32	6	433.3%
PBT	998	832	20.0%
Tax	17	53	(67.9)%
Profit After Tax	981	779	25.9%
<i>PAT Margin</i>	12.94%	12.01%	93 Bps
Total Comprehensive Income	981	780	25.8%
Diluted EPS (INR)	18.92	16.83	12.4%

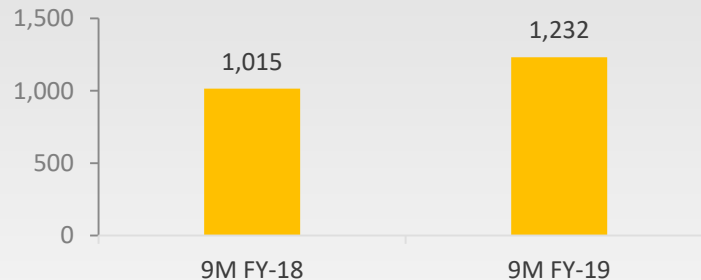
* Includes Other Income ** Includes Excise Duty

9M-FY19- Standalone Financial Highlights

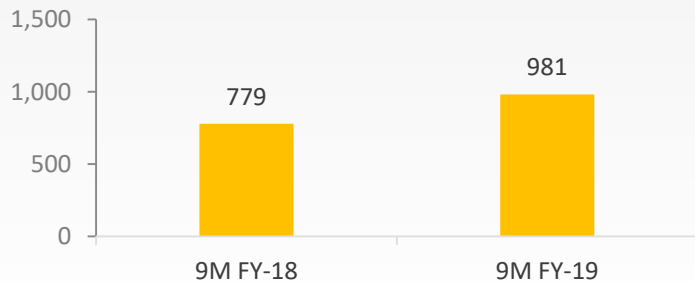
Total Revenue (INR Mn)



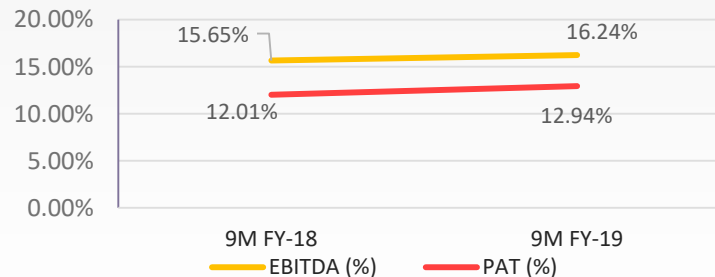
EBITDA (INR Mn)



PAT (INR Mn)



EBITDA Margin & PAT Margin



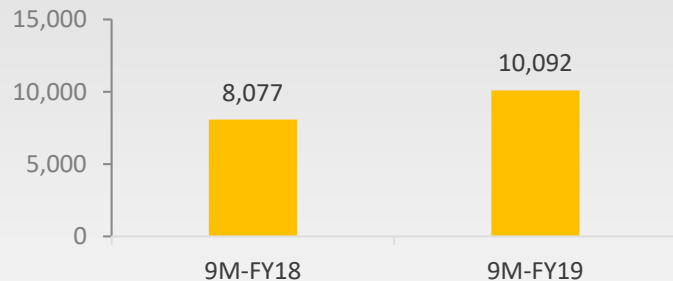
9M-FY19 - Consolidated Income Statement

PARTICULARS (INR Mn)	9M-FY19	9M-FY18**	Y-o-Y
Total Income*	10,092	8,077	24.9%
Total Expenses	8,239	6,705	22.9%
EBITDA	1,853	1,372	35.1%
<i>EBITDA Margin</i>	18.36%	16.98%	138 Bps
Depreciation	269	233	15.5%
Finance Cost	40	25	60.0%
PBT	1,544	1,114	38.6%
Tax	231	143	61.5%
Profit After Tax	1,313	971	35.2%
<i>PAT Margin</i>	13.01%	12.02%	99 Bps
Share of profit of Associates	585	1,409	(58.5)%
Total Comprehensive Income	1,898	2,380	(20.3)%
Diluted EPS (INR)	36.62	52.06	(29.7)%

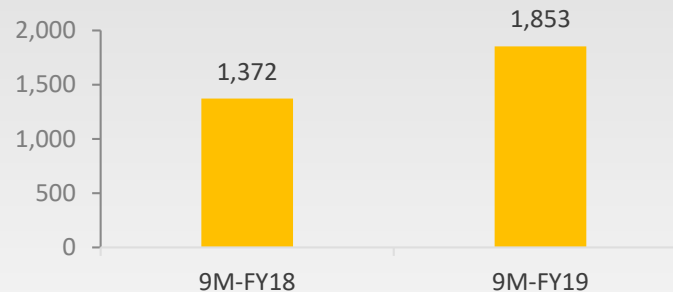
* Includes Other Income ** Includes Excise Duty

9M-FY19- Consolidated Financial Highlights

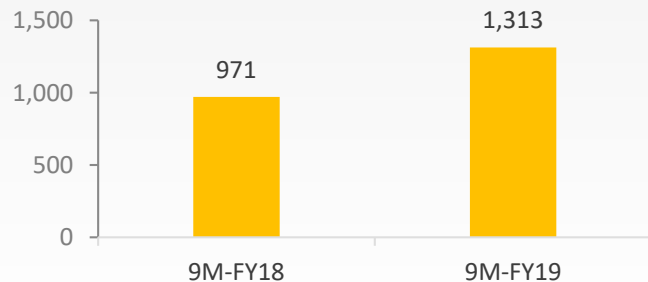
Total Revenue (INR Mn)



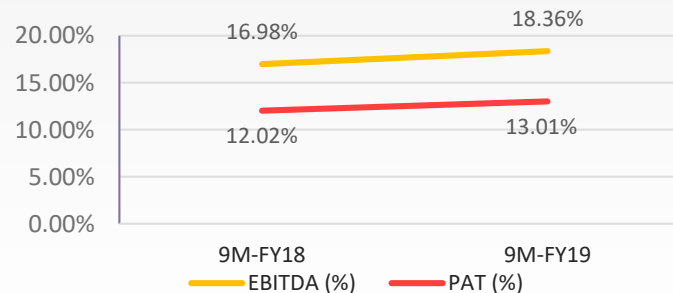
EBITDA (INR Mn)



PAT (INR Mn)



EBITDA Margin & PAT Margin



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 "HISTORICAL FINANCIALS" in a blue, sans-serif font. The hexagonal pattern consists of white outlines of hexagons, some of which are filled with the background colors, creating a layered, geometric effect.

HISTORICAL FINANCIALS

Standalone Income Statement

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

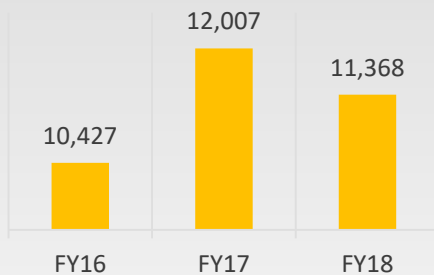
PARTICULARS (INR Mn)	FY15	FY16	FY17	FY18
Total Income*	9,328	10,427	12,007	11,368
Total Expenses	8,313	9,173	10,393	9,542
EBITDA	1,015	1,254	1,614	1,826
<i>EBITDA Margin</i>	<i>10.88%</i>	<i>12.03%</i>	<i>13.44%</i>	<i>16.06%</i>
Depreciation	284	269	291	341
Finance Cost	863	738	91	35
Exceptional Items	-	(48)	-	-
PBT	132	295	1,232	1,450
Tax	29	38	137	183
Profit After Tax	103	257	1,095	1,267
<i>PAT Margin</i>	<i>1.10%</i>	<i>2.46%</i>	<i>9.12%</i>	<i>11.15%</i>
Income from Associate	1,976	1,700	1,561	2,313
Other Comprehensive Income	-	-	-	1
Total Comprehensive Income	1,815	1,957	2,656	3,581
EPS (INR per share)	63.63	61.88	72.84	77.93

Consolidated Balance sheet

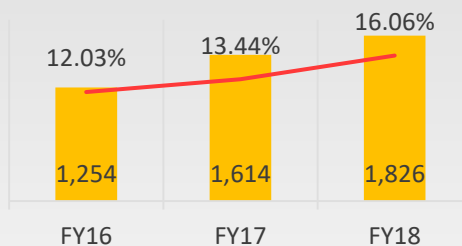
PARTICULARS (INR Mn)	FY17	FY18	H1-FY19	PARTICULARS (INR Mn)	FY17	FY18	H1-FY19
Equity	10,324	14,047	16,018	Non Current Assets	11,615	14,156	15,391
Equity Share Capital	278	302	313	a) Property, Plant and Equipment	3,668	4,033	3,934
Other Equity	10,046	13,745	15,705	b) Other Intangible assets	96	85	77
				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

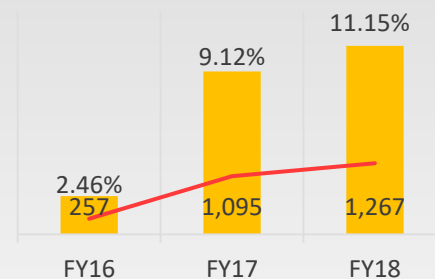
Total Revenue (INR Mn)



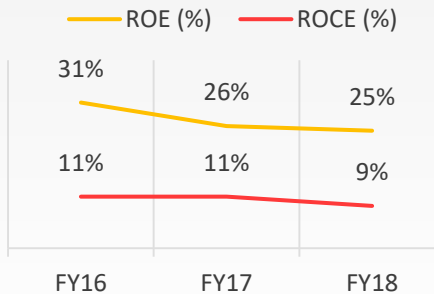
EBITDA (INR Mn) & EBITDA Margins



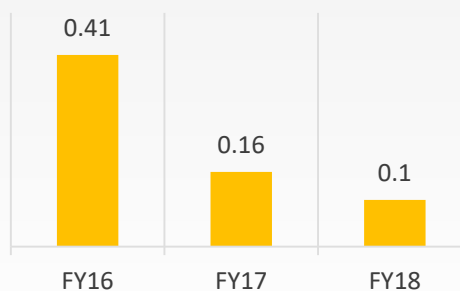
PAT (INR Mn) & PAT Margins



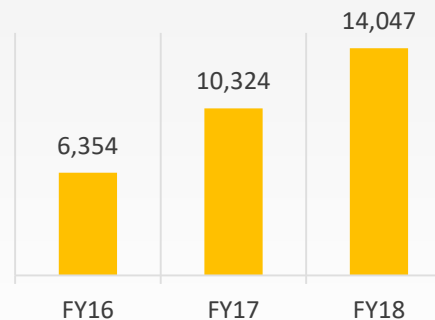
RoE and RoCE



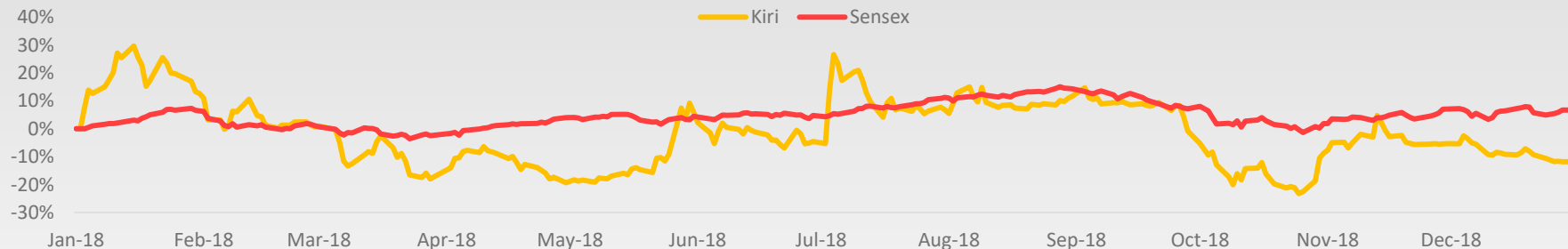
Net Debt : Equity



Net Worth (INR Mn)

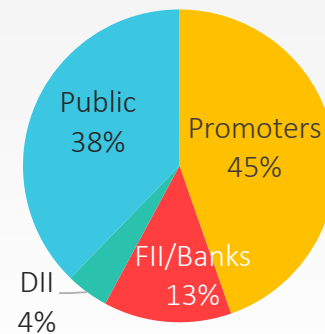


Share Price Data as on 31st Dec , 2018



Price Data (31 st Dec, 2018)	INR
Face Value	10.00
Market Price	447.10
52 Week H/L	684.00/ 384.05
Market Cap (Mn)	14013.9
Equity Shares Outstanding (Mn)	31.34
1 Year Avg Trading Volume ('000)	281.72

Shareholding Pattern as on 31st Dec, 2018



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Email: kiri@valoremadvisors.com

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