

# Kiri Industries Limited

Q1-FY20 | EARNINGS PRESENTATION

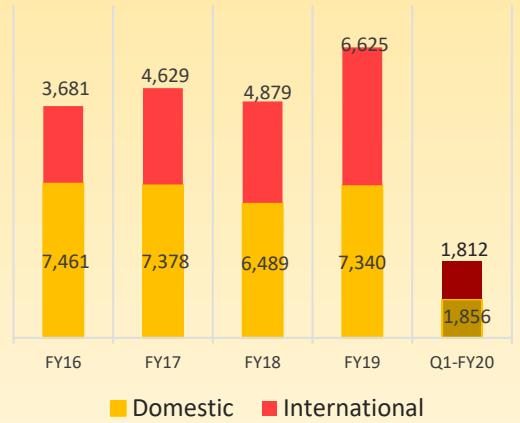
# Company Overview



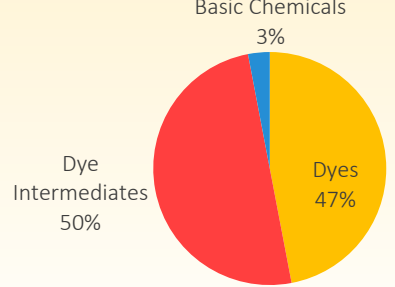
- Established in 1998, Kiri Industries Limited (KIL), is based out of Gujarat and has emerged as one of the largest manufacturers and exporters of a wide range of Dyes, Dyes Intermediates and Basic Chemicals from India with 'Zero Effluent'.
- KIL is an accredited and certified Key Business Partner with 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 – Q1-FY20

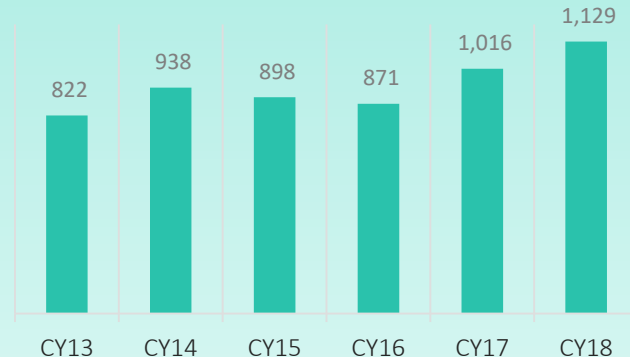




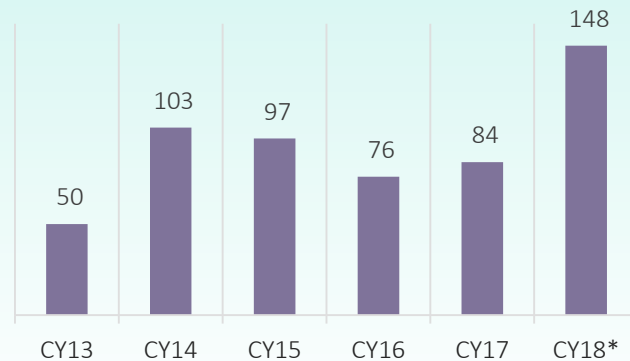
KIL acquired DyStar in 2010, along with Zhenjiang Longsheng holding 37.57% presently

- 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.

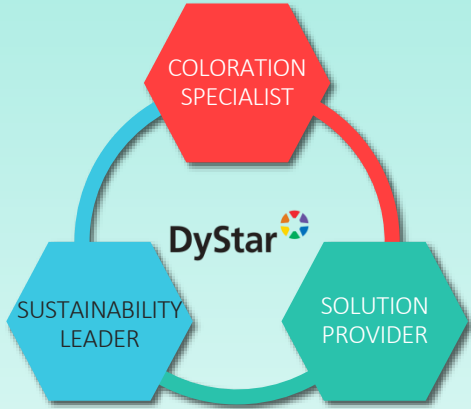
Total Revenue (USD Mn)



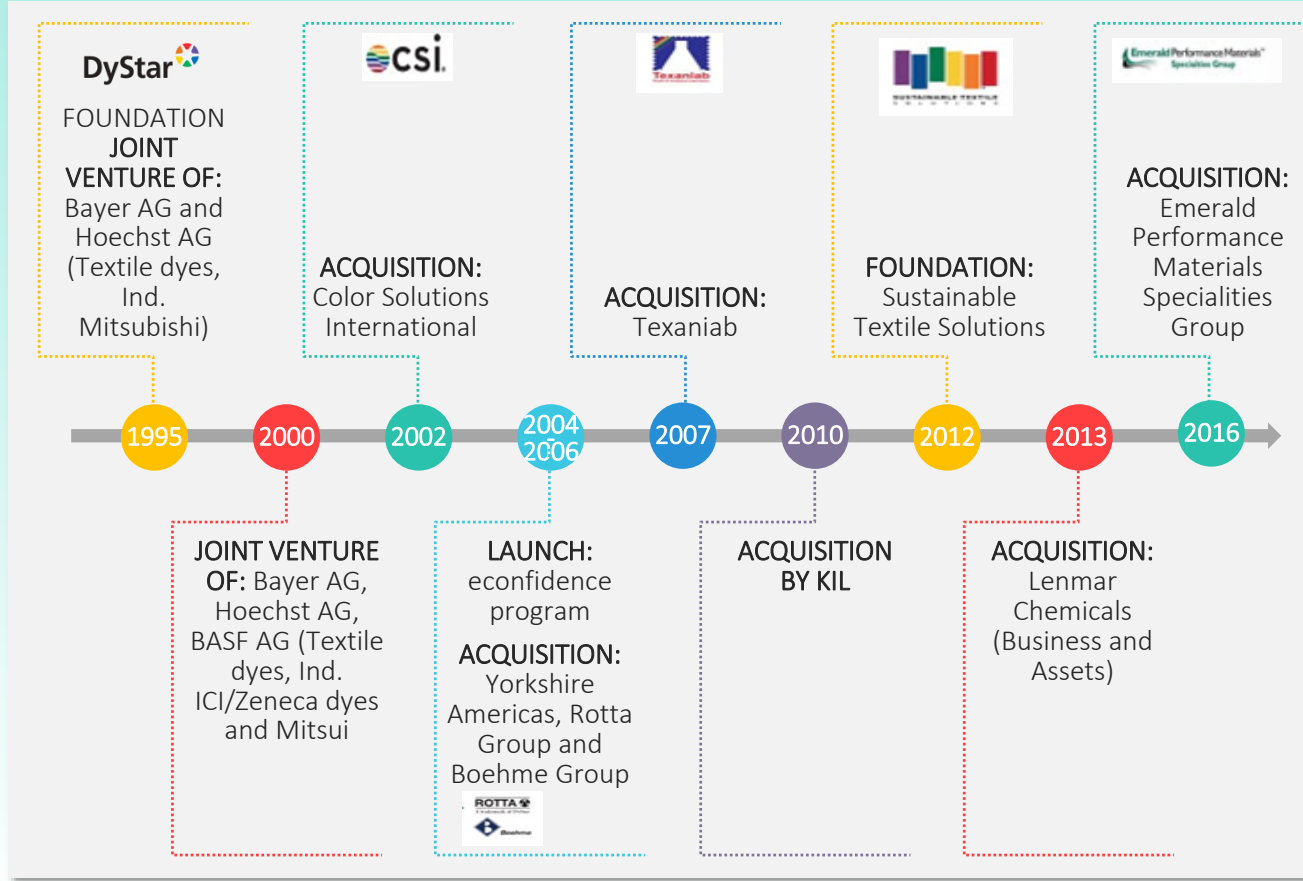
Profit after Tax (USD Mn)



\* Includes disputed provisions / write off of USD 113.02 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).



# 5 Q1-FY20 Financial Highlights

## Q1-FY20 Financial Highlights (Standalone)

- **Operational Revenue:** INR 2,782 Mn
- **EBITDA:** INR 380 Mn
- **EBITDA Margin:** 13.66%
- **Net Profit:** INR 259 Mn
- **PAT Margin:** 9.31%
- **Diluted EPS:** INR 5.00 per share

## Q1-FY20 Financial Highlights (Consolidated)

- **Operational Revenue:** INR 3,664 Mn
- **EBITDA:** INR 618 Mn
- **EBITDA Margin:** 16.87%
- **Net Profit:** INR 393 Mn
- **PAT Margin:** 10.73%
- **Diluted EPS\*:** INR 2.43 per share

\* After considering Share of Profit of Associates and disputed provisions of DyStar

- The product portfolio enabled the company to achieve incremental sales volume of dyes in the export market whereas speciality dyes Intermediates in the domestic market, which was enhanced over the last two years.
- Kiri's ongoing expansions of multipurpose speciality intermediates facility is on track and the expansion projects are continuing in phased manner, certain speciality intermediates production lines would be commercially operational, and would add on to the product portfolio in the subsequent quarters of the current fiscal.
- As it has been conveyed earlier, for this and future expansions, the company remains focused on generating non-dilutive growth, with improving return on equity and free cash generation, for its shareholders.

## Standalone

- Standalone Net Profit grew a healthy 18% sequentially to INR 25.92 Cr, despite higher depreciation relating to ongoing Capex.
- The company has strengthened its product mix improving margins with reduction in raw material prices by around 14% and tight control over operational expenses which were curtailed by around 1.3% in current quarter as compared to the preceding quarter.

## Consolidated

- The economic slowdown has impacted the consolidated revenue growth which reduced by around 5% sequentially which is mainly on account of lower price realization on sale(s) but compensated by reduction in raw material cost and higher sales volume.
- On a consolidated basis, results were healthy with Profit Before Tax from continuing operations growing 37.7% Q-o-Q to INR 50.4 Cr and Profit After Tax growing by 49.4% sequentially to INR 39.28 Cr.

# 7 Q1-FY20 Operational and Financial Highlights

- It is very important to note that these margins and EBITDA improvements have come despite substantial continuing legal expenses relating to the ongoing litigation and subsequent proceedings at Singapore.
- The results of DyStar, while containing several disputed charges, are, in fact, no longer relevant for the company because as per the ruling of Honorable SICC (and further confirmed by the Singapore Supreme Court vide its order dated 29 May 2019, the value of Kiri's stake in DyStar, has been frozen as per fundamentals of DyStar existing on the effective date of July 3, 2018. Any subsequent changes in DyStar's financials, have absolutely no bearing whatsoever for the valuation of Kiri's stake in DyStar. Senda Group is now obligated, as per the Order of Honorable SICC, to buy out the Kiri's stake in DyStar as per the valuation based on DyStar financials on the effective date of July 3, 2018. The process to determine the valuation is currently on, and valuation reports are expected to be submitted by Kiri on or around current month. The SICC shall then determine the appropriate valuation of DyStar and the resultant valuation of Kiri's stake, at which Senda has to buyout Kiri's stake in DyStar



# Q1-FY20 Financial Highlights

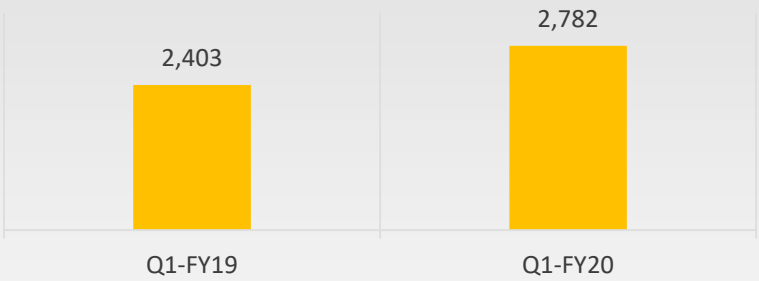


# Q1-FY20 Standalone Income Statement

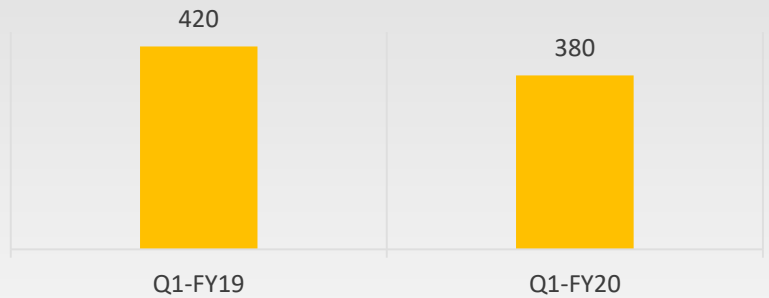
PARTICULARS (INR Mn)	Q1-FY20	Q1-FY19	Y-o-Y	Q4-FY19	Q-o-Q
Revenue from Operations	<b>2,782</b>	<b>2,403</b>	<b>15.8%</b>	<b>3,049</b>	<b>(8.8)%</b>
Total Expenses	2,402	1,983	21.1%	2,705	(11.2)%
EBITDA	<b>380</b>	<b>420</b>	<b>(9.5)%</b>	<b>344</b>	<b>10.5%</b>
<i>EBITDA Margin (%)</i>	<b>13.66%</b>	<b>17.48%</b>	<b>(382) Bps</b>	<b>11.28%</b>	<b>238 Bps</b>
Other Income	1	4	(75.0)%	16	(93.8)%
Depreciation	84	60	40.0%	83	1.2%
Finance Cost	11	9	22.2%	12	(8.3)%
PBT	<b>286</b>	<b>355</b>	<b>(19.4)%</b>	<b>265</b>	<b>7.9%</b>
Tax	27	4	NA	45	(40.0)%
Profit After Tax	<b>259</b>	<b>351</b>	<b>(26.2)%</b>	<b>220</b>	<b>17.72%</b>
<i>PAT Margin (%)</i>	<b>9.31%</b>	<b>14.61%</b>	<b>(530) Bps</b>	<b>7.22%</b>	<b>209 Bps</b>
Other Comprehensive Income	-	-	NA	(2)	NA
Total Comprehensive Income	<b>259</b>	<b>351</b>	<b>(26.2)%</b>	<b>218</b>	<b>18.8%</b>
Diluted EPS (INR)	5.00	6.76	(26.0)%	4.20	19.0%

# Q1-FY20 - Standalone Financial Highlights

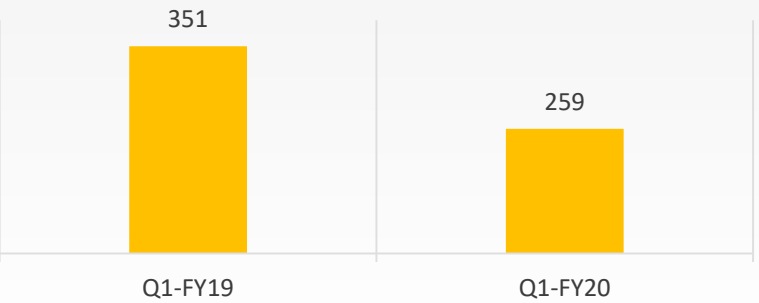
### Operational Revenue (INR Mn)



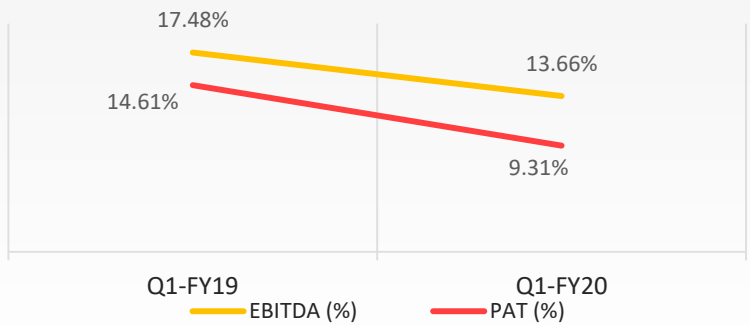
### EBITDA (INR Mn)



### PAT (INR Mn)



### EBITDA Margin (%) & PAT Margin (%)

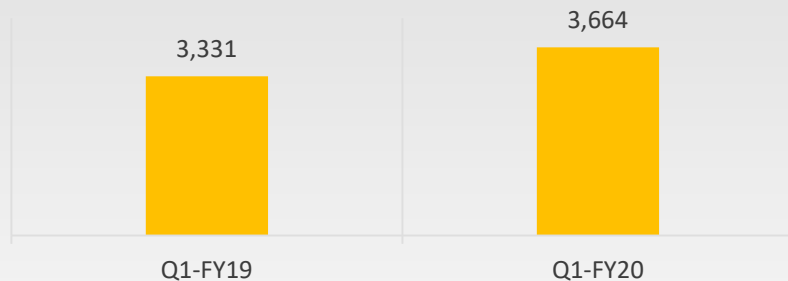


# Q1-FY20 - Consolidated Income Statement

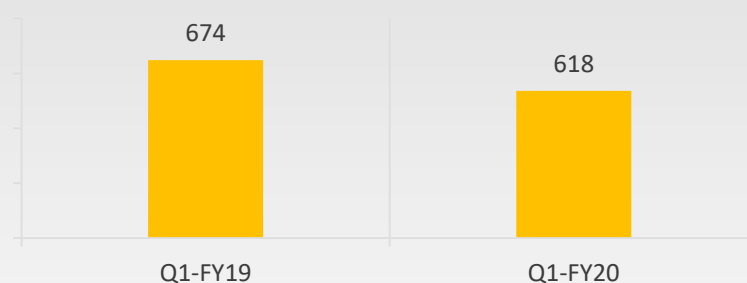
PARTICULARS (INR Mn)	Q1-FY20	Q1-FY19	Y-o-Y	Q4-FY19	Q-o-Q
Revenue from Operations	<b>3,664</b>	<b>3,331</b>	<b>10.0%</b>	<b>3,860</b>	<b>(5.1)%</b>
Total Expenses	3,046	2,657	14.6%	3,389	(10.1)%
EBITDA	<b>618</b>	<b>674</b>	<b>(8.3)%</b>	<b>471</b>	<b>31.2%</b>
<i>EBITDA Margin (%)</i>	<b>16.87%</b>	<b>20.23%</b>	<b>(336) Bps</b>	<b>12.20%</b>	<b>467 Bps</b>
Other Income	4	7	(42.9)%	13	(69.2)%
Depreciation	106	83	27.7%	107	(0.9)%
Finance Cost	12	12	NA	11	9.1%
PBT	<b>504</b>	<b>586</b>	<b>(14.0)%</b>	<b>366</b>	<b>37.7%</b>
Tax	111	80	38.8%	103	7.8%
Profit After Tax	<b>393</b>	<b>506</b>	<b>(22.3)%</b>	<b>263</b>	<b>49.4%</b>
<i>PAT Margin (%)</i>	<b>10.73%</b>	<b>15.19%</b>	<b>(446) Bps</b>	<b>6.81%</b>	<b>392 Bps</b>
Share of Profit of Associates	(267)	356	NA	(520)	NA
Other Comprehensive Income	-	-	NA	(2)	NA
<b>Total Comprehensive Income</b>	<b>126</b>	<b>862</b>	<b>(85.4)%</b>	<b>(259)</b>	<b>NA</b>
Dilutes EPS (INR)**	2.43	16.64	(85.4)%	(5.00)	NA

\*\* After considering share of profit of associates and disputed provisions of DyStar

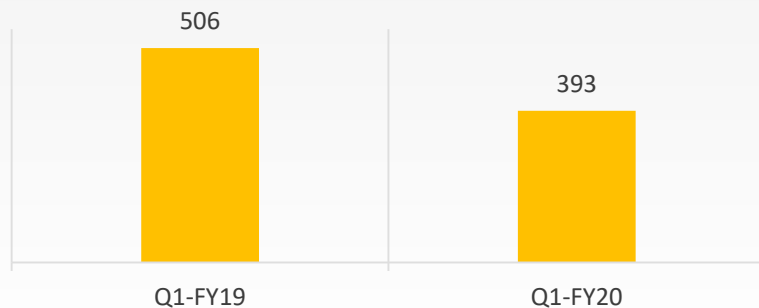
Operational Revenue (INR Mn)



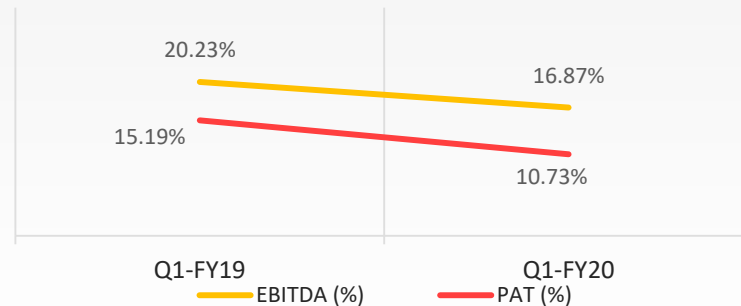
EBITDA (INR Mn)



PAT (INR Mn)



EBITDA Margin (%) &amp; PAT Margin (%)



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# HISTORICAL FINANCIALS

# Standalone Income Statement

PARTICULARS (INR Mn)	FY16**	FY17**	FY18**	FY-19	Q1-FY20
Revenue from Operations	9,557	10,335	9,013	10,619	2,782
Total Expenses	8,733	9,059	7,712	9,055	2,402
EBITDA	824	1,276	1,301	1,564	380
<i>EBITDA Margin</i>	<b>8.62%</b>	<b>12.35%</b>	<b>14.43%</b>	<b>14.73%</b>	<b>13.66%</b>
Other Income	79	20	33	28	1
Depreciation	204	222	250	285	84
Finance Cost	672	80	17	44	11
Extraordinary Items	(47)	-	-	-	-
PBT	74	994	1,067	1,263	286
Tax	(17)	51	42	63	27
Profit After Tax	91	943	1,025	1,200	259
<i>PAT Margin</i>	<b>1.02%</b>	<b>9.12%</b>	<b>11.37%</b>	<b>11.30%</b>	<b>9.31%</b>
Other Comprehensive Income	-	(1)	1	(2)	-
Total Comprehensive Income	91	942	1,026	1,198	259
Diluted EPS (INR per share)	2.87	25.82	22.33	23.12	5.00

\*\* Includes Excise Duty

# Standalone Balance sheet

PARTICULARS (INR Mn)	FY18	FY19	PARTICULARS (INR Mn)	FY18	FY19
<b>Equity</b>	<b>5,109</b>	<b>6,307</b>	<b>Non Current Assets</b>	<b>5,554</b>	<b>6,922</b>
Equity Share Capital	302	313	a) Property, Plant and Equipment	3,485	4,290
Other Equity	4,807	5,994	b) Other Intangible assets	1	1
			c) Capital Work In Progress	321	377
<b>Non Current Liabilities</b>	<b>1,987</b>	<b>1,662</b>	d) Investment in Subsidiary/Associate	1,460	1,402
a) Financial Liabilities			e) Financial Assets		
(i) Borrowings	1,564	1,488	(i) Investments	1	1
(ii) Trade Payables	-	36	(ii) Trade Recievable	-	36
(iii) Other Financial Liabilities	6	8	(ii) Other financial assets	64	90
b) Provisions	122	127	f) Other Assets	222	725
c) Deferred Tax Liabilities (Net)	295	3			
d) Other Non Current Liabilities	-	-	<b>Current Assets</b>	<b>3,049</b>	<b>3,721</b>
			a) Inventories	568	1,083
<b>Current Liabilities</b>	<b>1,507</b>	<b>2,674</b>	b) Financial Assets		
a) Financial Liabilities			(i) Investments	222	-
(i) Borrowings	6	6	(ii) Trade Receivables	1,810	2,085
(ii) Trade Payables	1,152	1,602	(iii) Cash and Cash Equivalentents	56	94
(iii) Other Financial Liabilities	226	349	(iv) Bank balances other than above	10	12
b) Other Current liabilities	109	517	(v) Loans	117	181
c) Provisions	14	16	(vi) Other financial assets	50	51
d) Current Tax Liabilities (Net)	-	184	c) Current Tax Assets (Net)	41	11
			d) Other Current Assets	175	204
<b>GRAND TOTAL - EQUITIES &amp; LIABILITES</b>	<b>8,603</b>	<b>10,643</b>	<b>GRAND TOTAL – ASSETS</b>	<b>8,603</b>	<b>10,643</b>

# Consolidated Income Statement

PARTICULARS (INR Mn)	FY16**	FY17**	FY18**	FY19	Q1-FY20
Revenue from Operations	11,119	11,983	11,352	13,938	3,664
Total Expenses	9,880	10,393	9,542	11,628	3,046
EBITDA	1,239	1,590	1,810	2,310	618
<i>EBITDA Margin (%)</i>	<b>11.14%</b>	<b>13.27%</b>	<b>15.94%</b>	<b>16.57%</b>	<b>16.87%</b>
Other Income	13	24	16	27	4
Depreciation	269	291	341	376	106
Finance Cost	735	91	35	51	12
Extraordinary Item	(47)	-	-	-	-
PBT	295	1,232	1,450	1,910	504
Tax	38	137	183	334	111
Profit After Tax	257	1,095	1,267	1,576	393
<i>PAT Margin (%)</i>	<b>2.49%</b>	<b>9.14%</b>	<b>11.16%</b>	<b>11.31%</b>	<b>10.73%</b>
Income from Associate	1,700	1,561	2,313	65	(267)
Other Comprehensive Income	-	-	1	(2)	-
Total Comprehensive Income	1,957	2,656	3,581	1,639	126
EPS (INR per share)	61.88	72.84	77.93 <sup>#</sup>	31.62 <sup>#</sup>	2.43 <sup>#</sup>

\*\* Includes Excise Duty

<sup>#</sup> After considering share of profit of associates and disputed provisions of DyStar

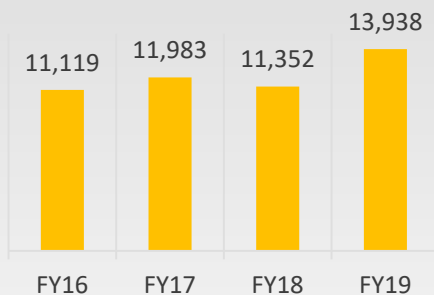


# Consolidated Balance sheet

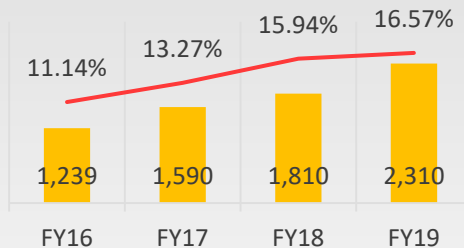
PARTICULARS (INR Mn)	FY18	FY19	PARTICULARS (INR Mn)	FY18	FY19
<b>Equity</b>	<b>14,047</b>	<b>15,673</b>	<b>Non Current Assets</b>	<b>14,286</b>	<b>15,673</b>
Equity Share Capital	302	313	a) Property, Plant and Equipment	4,033	4,769
Other Equity	13,745	15,360	b) Other Intangible assets	84	70
			c) Capital Work In Progress	321	377
<b>Non Current Liabilities</b>	<b>2,041</b>	<b>1,725</b>	d) Investment in Subsidiary/Associate	9,477	9,542
a) Financial Liabilities			e) Financial Assets		
(i) Borrowings	1,564	1,488	(i) Investments	1	1
(ii) Trade Payable	-	36	(ii) Trade Receivable	-	36
(iii) Other Financial Liabilities	5	8	(iii) Other financial assets	74	99
b) Provisions	128	134	f) Other Assets	296	779
c) Deferred Tax Liabilities (Net)	344	59			
d) Other Non Current Liabilities	-	-	<b>Current Assets</b>	<b>3,958</b>	<b>4,910</b>
			a) Inventories	1,191	1,685
<b>Current Liabilities</b>	<b>2,156</b>	<b>3,185</b>	b) Financial Assets		
a) Financial Liabilities			(i) Trade Receivables	2,154	2,536
(i) Borrowings	32	6	(ii) Cash and Cash Equivalents	125	190
(ii) Trade Payables	1,681	1,976	(iii) Bank balances other than above	32	36
(iii) Other Financial Liabilities	243	358	(iv) Loans	115	180
b) Other Current liabilities	114	528	(v) Other financial assets	39	50
c) Provisions	14	17	c) Current Tax Assets (Net)	41	11
d) Current Tax Liabilities (Net)	72	300	d) Other Current Assets	261	222
<b>GRAND TOTAL - EQUITIES &amp; LIABILITES</b>	<b>18,244</b>	<b>20,583</b>	<b>GRAND TOTAL – ASSETS</b>	<b>18,244</b>	<b>20,583</b>

# Consolidated Financial Highlights

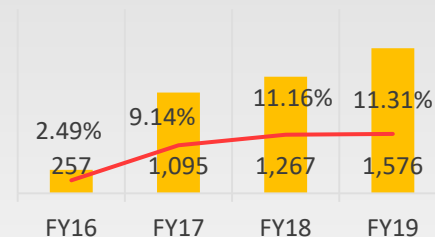
### Total Revenue (INR Mn)



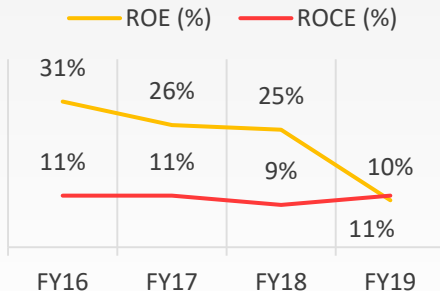
### EBITDA (INR Mn) & EBITDA Margins (%)



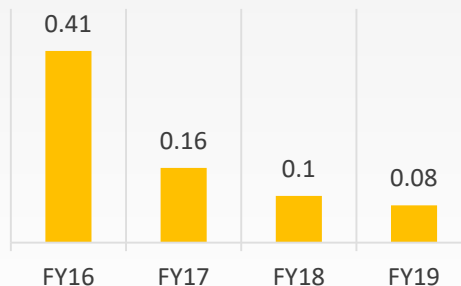
### PAT (INR Mn) & PAT Margins (%)



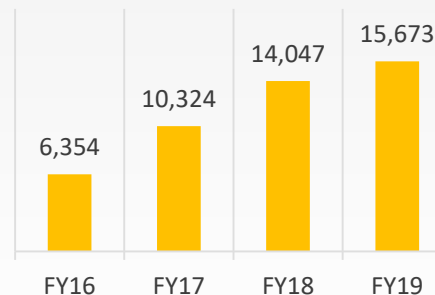
### RoE# and RoCE#



### Net Debt : Equity

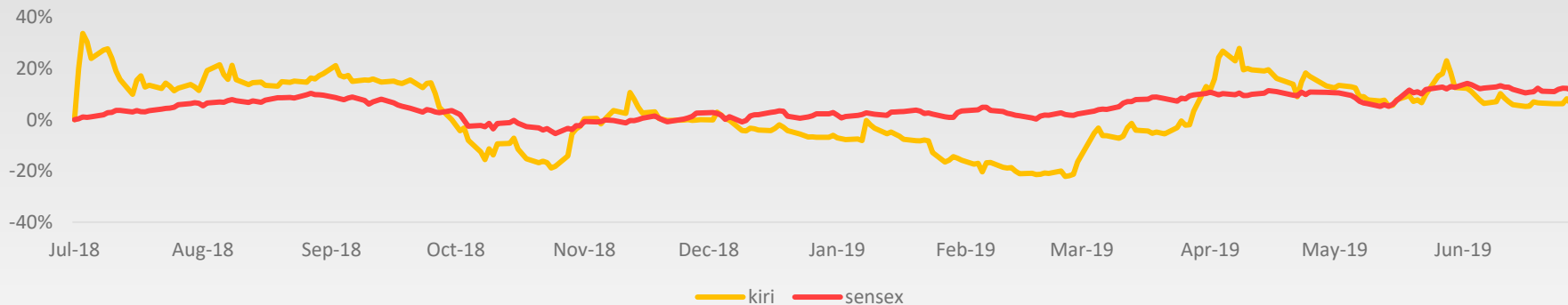


### Net Worth (INR Mn)



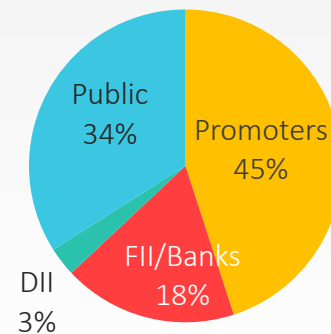
# After considering share of profit of associates and disputed provisions of DyStar

## Share Price Data as on 30<sup>th</sup> June 2019



Price Data (30 <sup>th</sup> June, 2019)	INR
Face Value	10.00
Market Price	510.75
52 Week H/L	684/372
Market Cap (Mn)	16,008.0
Equity Shares Outstanding (Mn)	31.34
1 Year Avg Trading Volume ('000)	164.86

## Shareholding Pattern as on 30<sup>th</sup> June, 2019



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**For further details, please feel free to contact our Investor Relations Representatives:**

Mr. Anuj Sonpal

Valorem Advisors

Tel: +91-22-3006-7521 / 22 / 23 / 24

Email: [kiri@valoremadvisors.com](mailto: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