

Q3 & 9M FY19 Results Presentation

February 2019



Sadhana Nitro Chem Ltd.

Disclaimer



Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Sadhana Nitro Chem Ltd. (SNCL) will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances

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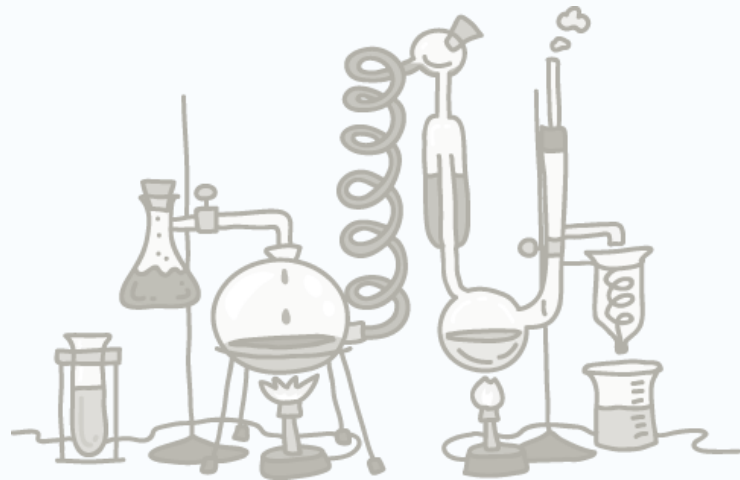
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Company Overview

Company Overview



Well-established manufacturer of speciality chemical intermediates

- Downstream, value-added derivatives of Nitrobenzene and other intermediates
- Developed diversified range of applications for key products across multiple verticals



Predominant focus on overseas markets

- 80% of revenues from exports with varied revenue contribution from several geographies
- Key markets include Japan, China, South Korea, Switzerland, Germany and USA



Long-standing/expanding relationships and strong reputation among marquee global customers

- 90% contribution from top 10 customers
- 60% revenue from relationships that extend over more than 10 years



Centralized manufacturing facility with focus on quality, technology and SHE standards

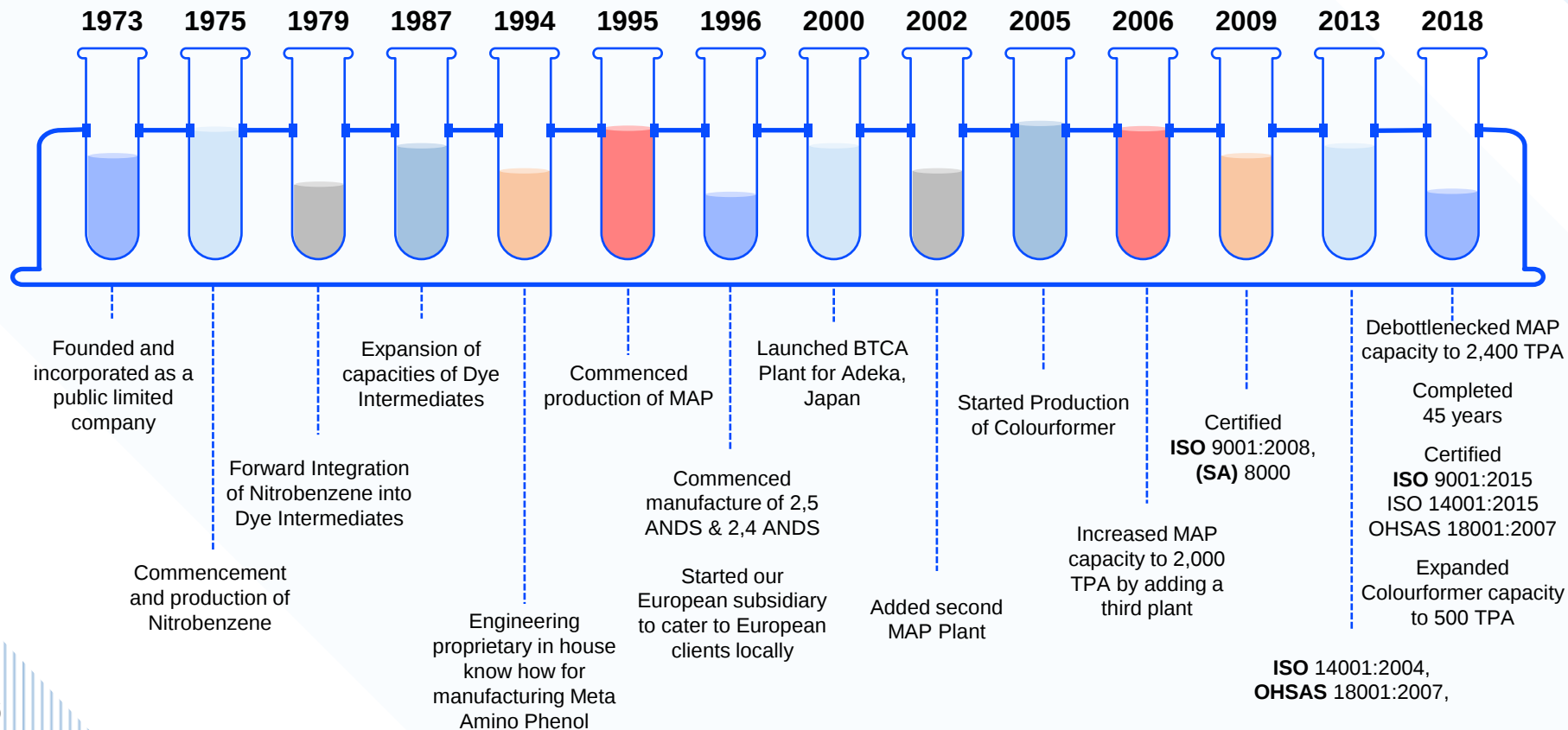
- Integrated facility with several plants located in Roha (Near Mumbai)
- Certified ISO-9001:2015, (SA) 8000; ISO 14001:2015 (environment management), OHSAS 18001:2007 (health and safety management)



Strong financial parameters – profitable growth, capacity expansion from internal accruals

- In 9MFY19, Revenue increased by 272% and PAT increased by 724%
- Strong cash generation used to achieve debt free status and fund capacity expansion

Company's journey



Products used across several industries



Products have multiple usages across a spectrum of applications

- Ranging from agro chemicals, aerospace, military applications, pharmaceuticals, hair colors, dyes, specialized resins and several others
- Enables reasonable disassociation with any slowdown in specific sectors or industries



Built in-house Processes



Transitioned from a Nitrobenzene manufacturer to developing products across the value chain, benefitting from integration across the entire production process

- 🧪 SNCL facilities are fully vertically integrated thereby reducing dependency on sourcing intermediates from other manufacturers
- 🧪 Relatively stable costs of Benzene and other raw materials which are all locally sourced



Fully Vertically Integrated Player

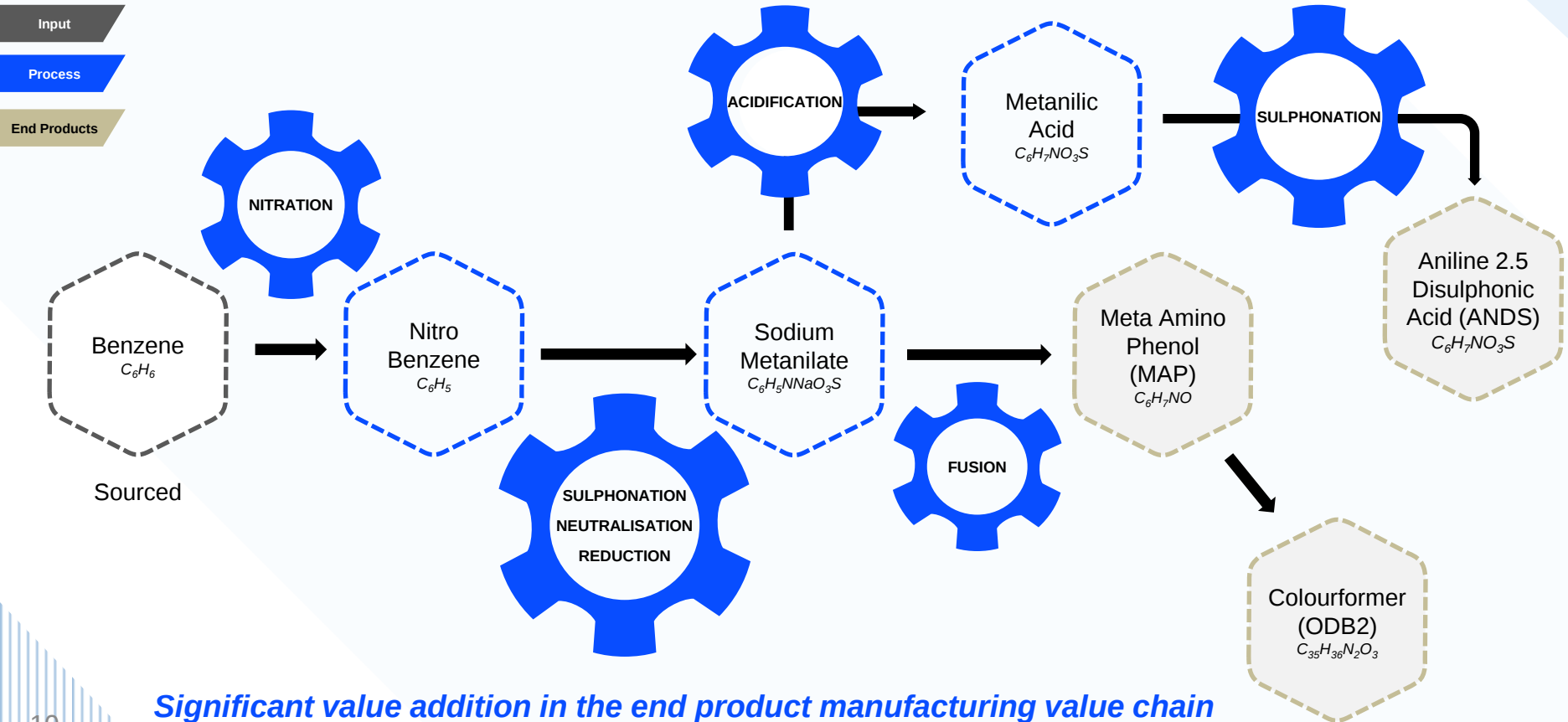


-  The Company starts at the base of the value chain by acquiring Benzene and manufacturing its own Nitrobenzene
-  SNCL has always worked towards strengthening its product offering through vertical integration
-  From here SNCL, through multiple stages internally manufactures its own MAP and Aniline 2,5 Disulphonic acid
-  From MAP it manufactures its own Keto Acid*, which is used for captive consumption to manufacture Colourformer (ODB2)

** Commenced production in January 2019*

SNCL is not dependent on intermediate manufactures and insulated from stoppages and major price fluctuations created during shortages in the intermediate suppliers space

Key Product Processes



Significant value addition in the end product manufacturing value chain

Catering to Global Clientele



- One of the few Indian player to build long-term business relationships with global clients
 - 90% contribution from top 10 customers
 - 60% revenue from relationships that extend over more than 10 years



Mitsui Chemicals

L'ORÉAL

TEIJIN



HUNTSMAN



Bayer CropScience



APPVION



IHARA CHEMICAL INDUSTRY CO., LTD.



Exporting to Major Developed Markets

- 80% of overall revenues are exported to developed markets
 - Sales are to developed markets such as Japan, China, Europe, and the Americas



Focus on R&D and Pollution Control Measures

Built a notable edge over other manufacturers in terms of stringent quality standards and pollution control measures

- 🧪 Focus on Research & Development, to set up integrated manufacturing competencies which have been leveraged to produce 10 intermediates currently
- 🧪 Received ISO 9001:2015, ISO 14001:20015 and OHSAS B.S. 18001:2007 certifications
- 🧪 Focus on waste management across products
 - Liquid effluent generated in the factory goes through primary secondary and tertiary treatment before discharge. The resultant solid waste from the internal ETP plant is sent to the approved government waste management site
 - All other solid waste is used as raw material to several other nearby industries such as Steel and Cement, Paper and Paver Block manufacturers





Financial Performance

Message from Managing Director



Commenting on the Q3 & 9MFY19 results, Mr. Abhishek Javeri, Managing Director, Sadhana Nitro Chem Ltd.

“During Q3, we have seen increased sales contribution from Colorformer, which is a value-added downstream derivative manufactured from Meta Amino Phenol (MAP). This resulted in further expansion of operating and net margins over the preceding reporting periods. In addition, MAP realizations for long-term contracts as well as spot rates continue to be at higher levels. MAP has seen steady expansion of usage applications over the years, while sources of high quality production remain limited to a few suppliers, with SNCL establishing strong visibility with global customers.

We remain committed to using our strong cash flows to expand manufacturing capacities of some of our key products. We are also investing in increasing production capacities of some important intermediates that will allow greater integration/predictability in supplies to our customers. Going forward, we will continue to make judicious investments in expanding into new products that allow us to leverage existing client relationships while extending our presence in the current manufacturing value chains. We expect attractive payback timelines across our investments that allow re-deployment of operating cash flows to drive long-term value to all our stakeholders.”

Abridged P&L Statement



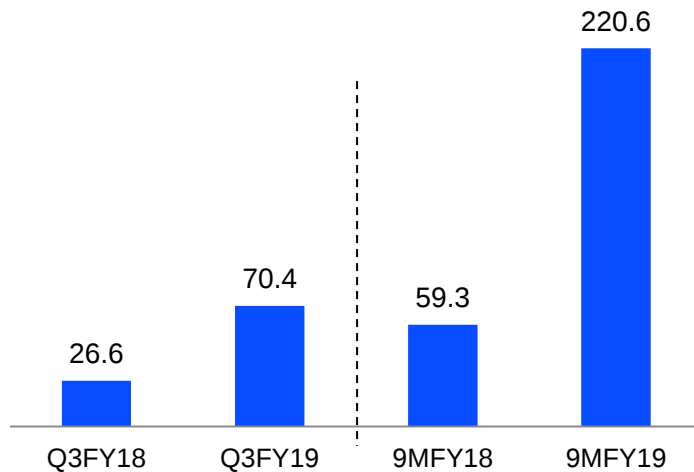
Particulars	Q3FY19	Q3FY18	Y-o-Y Change (%)	9MFY19	9MFY18	Y-o-Y Change (%)
Total Income	70.28	26.60	164%	220.23	57.56	283%
Raw Material Cost	22.25	10.35	115%	60.55	26.05	132%
Gross Profit	48.03	16.25	196%	159.68	31.51	407%
<i>Gross Margins</i>	68.34%	61.09%	4677 BPS	72.51%	54.74%	1652 BPS
EBITDA	33.53	10.67	214%	110.04	13.67	705%
<i>EBITDA Margins</i>	47.71%	40.11%	768 BPS	49.97%	23.75%	2413 BPS
Depreciation	0.74	0.48	54%	1.95	1.42	37%
Interest	0.85	1.15	-26%	10.02	3.47	189%
PAT	27.24	8.07	238%	78.05	9.46	725%
EPS (Diluted) in Rs.	29.25	8.77	234%	83.79	10.28	715%

In Rs. Crore

Q3 & 9M FY19 Financials Performance

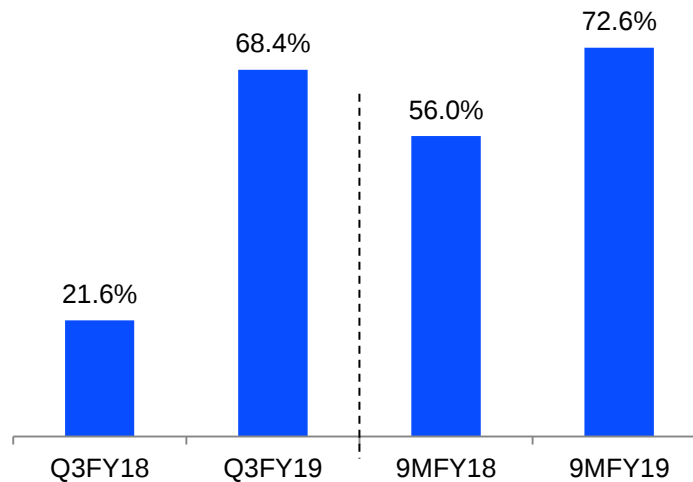


Total Income

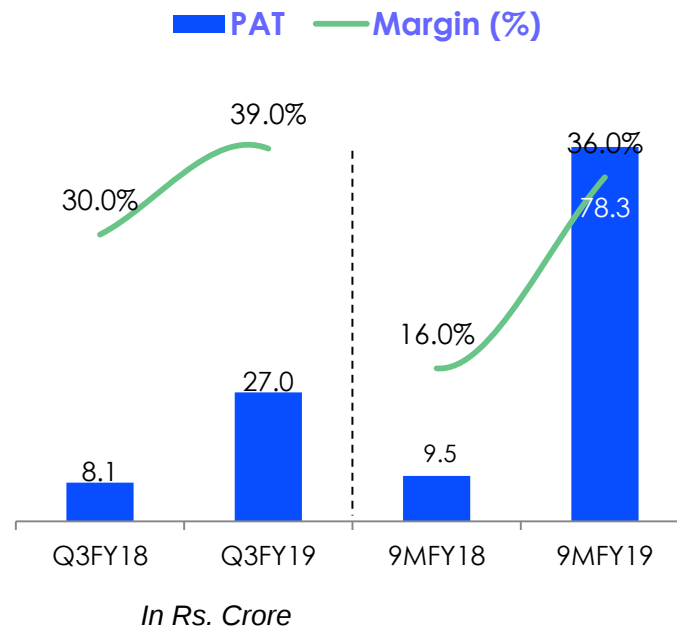
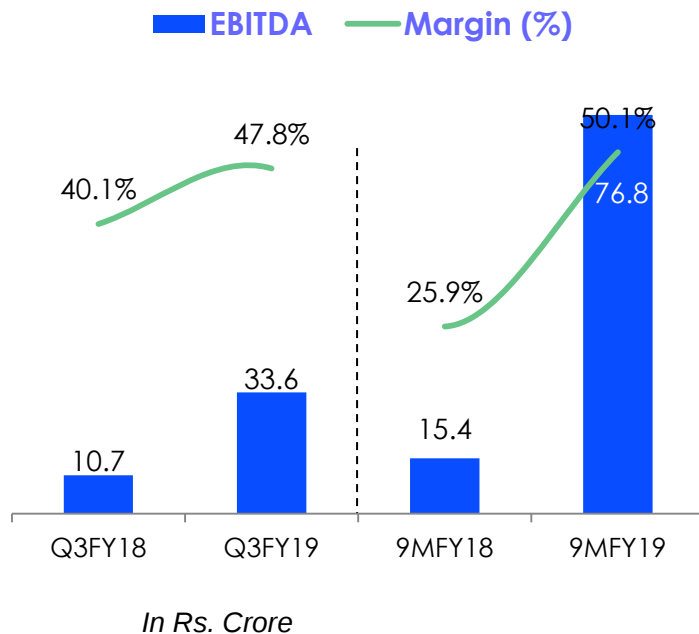


In Rs. Crore

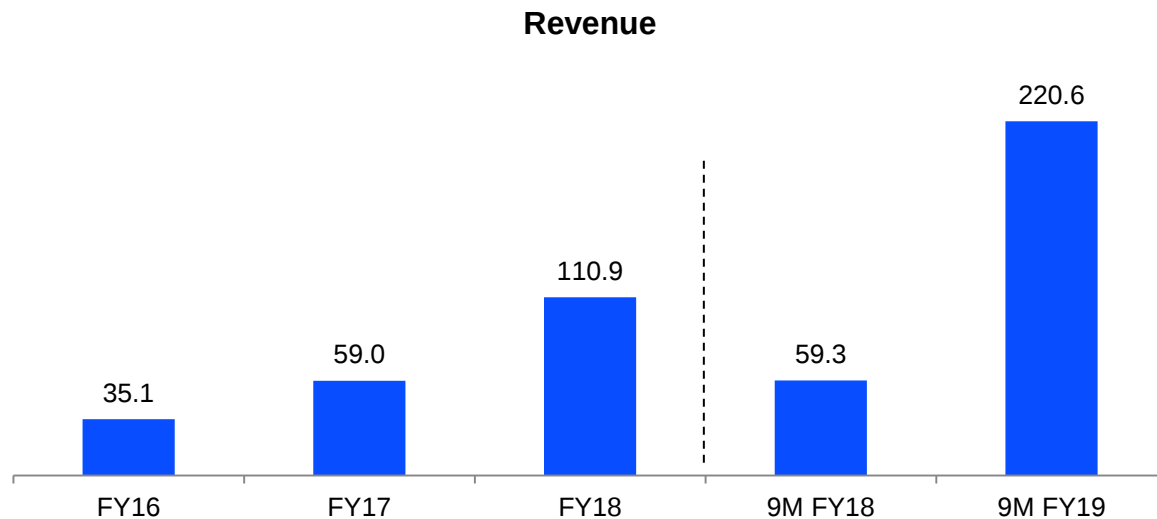
Gross Margin (%)



Q3 & 9M FY19 Financials Performance

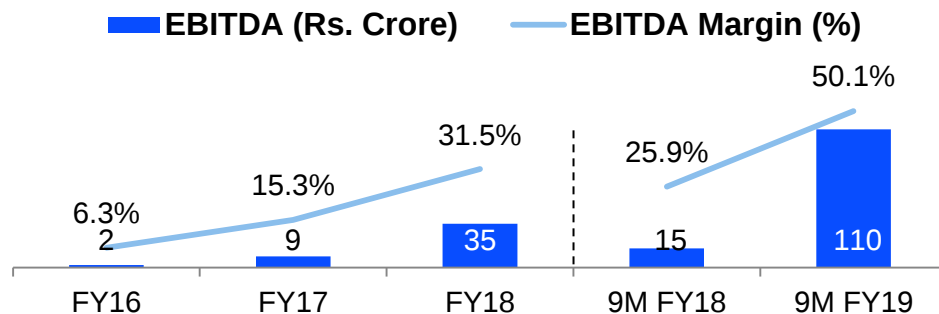
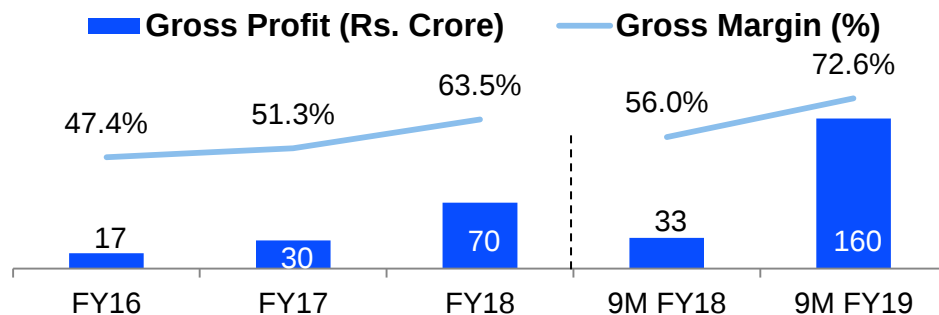


Financials Performance Trends

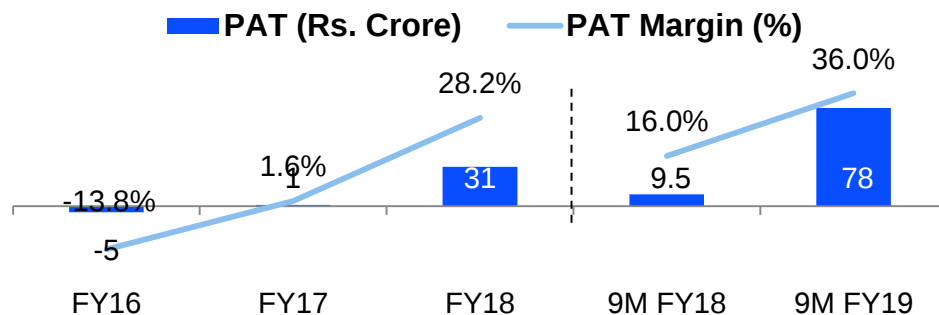


In Rs. Crore

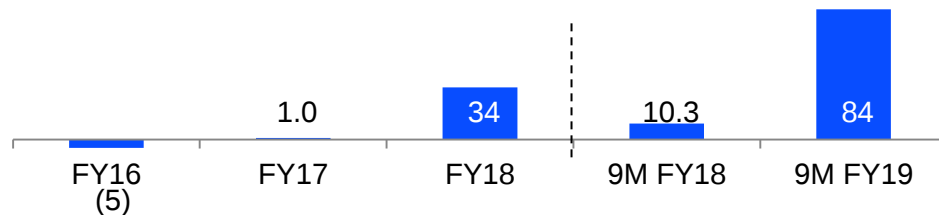
Financials Performance Trends



Financials Performance Trends



EPS (Rs.)



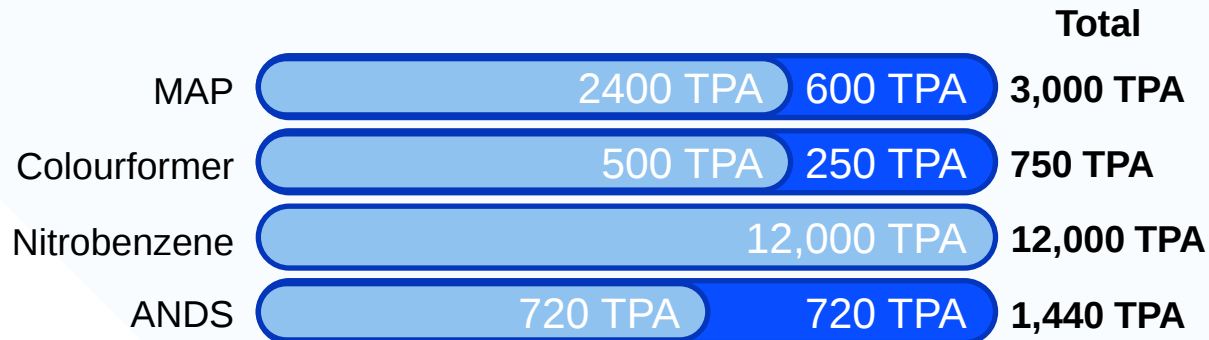
Ongoing Initiatives



Planned Capex of Rs. 65 crore in FY19 to expand capacities of key products

- 🧪 To expand MAP capacity from 2,400 tonnes to 3,000 tonnes
- 🧪 To expand Colourformer capacity from 500 tonnes to 750 tonnes by Q4FY19
- 🧪 Increasing the capacity of several intermediates that go into making MAP and Colourformer

Capital expenditure is being funded through our internal accruals



Expansion initiatives



Annexure

Mission And Values



- 🧪 To offer and maintain the highest quality standards of our products, in order to create long term and sustainable business relationships with our clients
- 🧪 Continuously improving our products by updating technologies through customer feedback
- 🧪 To become a benchmark for ethical and moral business dealings with our customers, vendors and all other business partners



Corporate Social Responsibility



- 🧴 The Promoter family has set up several charitable institutions dating back over a hundred years.
- 🧴 The objectives of the trusts vary from Medical & Healthcare, Education & Women Reform and are primarily for the low income and underprivileged,
- 🧴 Several tens of thousands of individuals have benefitted through these institutions

Women's Reform Ashram
Mumbai Central, Mumbai



Student's Hostel
Mumbai Central, Mumbai



Healthcare Dharamshala
CP Tank Mumbai



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About Us:

Sadhana Nitro Chem Ltd. (SNCL) is a 45 year BSE listed company, based out of Mumbai with manufacturing facilities at Roha, Maharashtra. Over the years the Company has transformed into a globally cost-competitive manufacturer with focus on R&D and quality processes. The Company produces Speciality Chemical intermediates, predominantly for overseas markets. SNCL manufactures 10 products intermediates, including Nitrobenzene, Meta Amino Phenol (MAP) and Colourformers. SNCL's product portfolio caters to the distinctive needs of a marquee list of clients, many being companies of global repute. Most of its products are exported to developed markets such as Japan, China, Switzerland, USA, Germany among others.