

Kiri Industries Limited

COMPANY BACKGROUND.....

- Kiri Industries Limited (KIL) is one of the largest manufacturers and exporters of a wide range of Dyes, Dyes Intermediates and Basic Chemicals from India.
- It is also considered amongst the fastest growing companies in the Dyestuffs & Dyes Intermediates space in the country.
- 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.).
- The SICC on June 21, 2021 has awarded final valuation in excess of US\$ 481.60 Mn for Kiri's 37.57% stake in DyStar. The judgement of court of appeal is awaited.
- The Company has manufacturing facility of Dyes Intermediates and Basic chemicals at, Padra (Vadodara, Gujarat) with a capacity of around 53,200 MTA and 1,82,650 MTA respectively.
- In 2007, KIL formed a joint venture with Longsheng (China) and set up a manufacturing facility for dyes at Padra with a capacity of 50,000 MTA.

BUSINESS MIX (as on FY22).....

- **DYE INTERMEDIATES (63%)** - Dyes intermediates are the main raw materials used for manufacturing dyestuffs. Major dyes intermediates include H acid, Vinyl Sulphone and other speciality intermediates.
- **DYESTUFF (32%)** - Dyestuff are organic and inorganic substances which can absorb light as well as reflect some light to show colour. Major dyestuff manufactured are : Reactive dyes, Acid dyes, Direct dyes and Disperse dyes.
- **BASIC CHEMICALS (5%)** - As part of strategic backward integration, the Company has set up Basic Chemical facility to manufacture: Sulphuric Acid, Oleum, Chloro Sulphonic Acid and Thionyl Chloride.

KEY STRENGTHS.....

- One of the largest manufacturers of Reactive Dyes, Dye Intermediates and Basic Chemicals with support of backward integration.
- High entry barriers due to a stringent process of acquiring new permissions.
- Strict implementation of environmental and pollution norms
- Ability to integrate and offer value added products.
- The team continuously interacts with consumers to obtain feedback on its existing as well as new products to complement its product development activities.
- Their facility is versatile and has the flexibility to produce Reactive Dyes, acid/metal complex dyes and wool reactive dyes.
- The Company has the ability to pass on price increases.

FINANCIAL HIGHLIGHTS (CONSOLIDATED).....

(INR Mn)	Operational Income	EBITDA	EBITDA%	PAT	PAT%	EPS
FY20	13,054	1,861	14.26%	1,157	8.86%	72.34
FY21	9,570	826	8.63%	218	2.28%	48.69
FY22	14,969	1,213	8.10%	529	3.53%	74.94
H1-FY23	5,188	(156)	NA	(526)	NA	22.03

Key Data

BSE Code	532967
NSE Code	KIRIINDUS
Reuters	KIRI.BO
Bloomberg	KIRI:IN

Market Data (INR) as on 30th September, 2022

Face Value	10.0
CMP	503.2
52 Week H/L	569.0/421.0
MCAP (Mn)	26,077.8
Shares O/S (Mn)	51.8
1 Yr Avg. Vol. ('000)	195.5

Performance as on 30th September, 2022

	3M	6M	12M
KIL	2.75%	9.11%	(0.69)%
SENSEX	8.63%	(1.89)%	(2.48)%
BSE MIDCAP	(14.76)%	0.50%	1.36%

Shareholding Pattern as on 30th September, 2022

Promoters	26.72%
FPI/FII/Banks	48.40%
Public	24.99%

BUSINESS SEGMENTS.....

DYE INTERMEDIATES: Dyes intermediates are the main raw materials used for manufacturing dyestuffs.

- **H Acid:** It is one of the leading dyes intermediates in the world, used in the manufacture of black dyes. The Company has a capacity of 7,200 MTPA and the capacity utilization is 90%.
- **Vinyl Sulphone Acid:** It is an industrial chemical used as a key raw material for manufacturing reactive dyes, having application mainly in textiles. It is manufactured from aniline. The Company has a capacity of 18,000 MTPA and the capacity utilization is 90%.

DYESTUFF:

- A dye is a coloured compound, normally used in soluble form, which is capable of being fixed to a fabric/ application substrates.
- KIL caters to mainly Reactive dyes, Acid dyes and Direct dyes. It has just entered into Disperse dyes.

BASIC CHEMICALS:

- As part of strategic backward integration, the Company has set up Basic Chemical facility to manufacture: Sulphuric Acid, Oleum, Chloro Sulphonic Acid and Thionyl Chloride.
- KIL produces basic chemicals for its own consumption and also for sale in domestic market.
- Application Industries: Chemicals, Pharmaceuticals, Fertilizers, Automobile batteries, Paper bleaching, Sugar bleaching, Water treatment, Sulfonation agents, Cellulose fibers, Steel manufacturing, Coloring agents, Regeneration of ion exchange resins, etc.

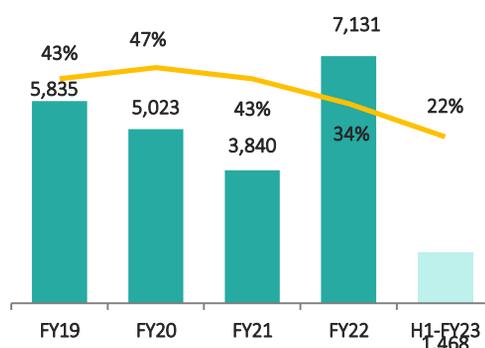
KEY GROWTH DRIVERS.....

- Focus on expanding the existing Disperse dyes and its intermediate facilities
- Set up manufacturing facilities of Specialty Intermediates
- Focus on setting up manufacturing facility of Commodity chemicals under 'Make In India' Initiative
- Inorganic and organic growth through merger and acquisition
- Focus on establishing joint ventures with leading MNCs for setting up manufacturing facilities in or outside India
- Focus on strengthening product mix to improve margins
- Focus on Free Cash Flow Generation and high sustainable RoE and RoCE
- As per the Court judgement, Senda has to buyout KIL stake at fair market value.

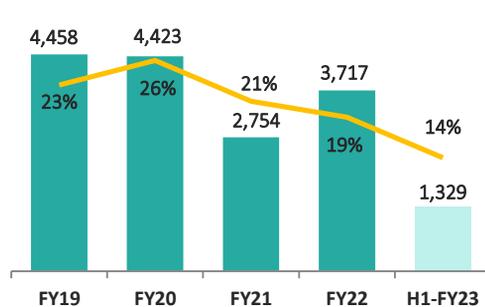
PEER COMPARISON (TRAILING 12 MONTHS) INR MN

Company	Total Operating Revenue	EBITDA	EBITDA%	Net Profit	PAT%	M Cap
Kiri Industries	13,652	578	4.23%	-453	NA	26,077
Sh. Pushkar	6,155	816	13.26%	559	9.08%	7,411
AksharChem	4,307	259	6.01%	104	2.41%	2,624
Bhageria	6,096	925	15.17%	486	7.97%	6,503
Atul Ltd.	57,149	8,772	15.34%	6,051	10.59%	24,665
Bodal	20,878	2,205	10.56%	950	4.55%	10,508

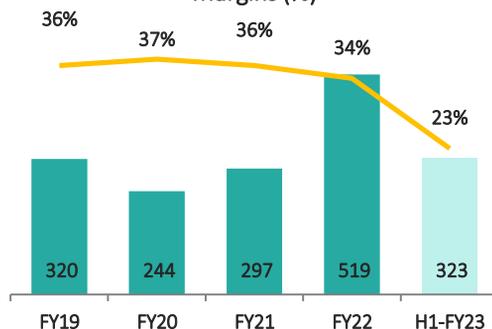
Dye Intermediates
Total Revenue (INR Mn) & Gross Margins (%)



Dyestuff
Total Revenue (INR Mn) & Gross Margins (%)



Basic Chemicals
Total Revenue (INR Mn) & Gross Margins (%)



INCOME STATEMENT (CONSOLIDATED)

PARTICULARS (INR Mn)	FY20	FY21	FY22	H1-FY23
Revenue from Operations	13,054	9,570	14,969	5,188
Total Expenses	11,193	8,744	13,756	5,344
EBITDA	1,861	826	1,213	(156)
<i>EBITDA Margins (%)</i>	<i>14.26%</i>	<i>8.63%</i>	<i>8.10%</i>	<i>NA</i>
Other Income	53	22	20	3
Depreciation	444	461	502	245
Finance Cost	49	40	48	46
PBT	1,421	347	683	(424)
Tax	264	129	154	203
Profit After Tax	1,157	218	529	(526)
<i>PAT Margins (%)</i>	<i>8.86%</i>	<i>2.28%</i>	<i>3.53</i>	<i>NA</i>
Income from Associate	2,598	2,307	3,359	1,688
Other Comprehensive Income	(5)	(1)	(3)	-
Total Comprehensive Income	3,750	2,524	3,885	1,142
Diluted EPS (INR per share)	72.34	48.69	74.94	22.03

BALANCE SHEET (CONSOLIDATED)

PARTICULARS (INR Mn)	FY21	FY22	H1-FY23	PARTICULARS (INR Mn)	FY21	FY22	H1-FY23
Equity	21,844	25,726	26,862	Non Current Assets	21,579	24,949	26,412
Equity Share Capital	336	518	518	a) Property, Plant and Equipment	5,591	5,430	5,264
Other Equity	21,508	25,208	26,344	b) Other Intangible assets	42	28	21
				c) Capital Work In Progress	584	629	630
Non Current Liabilities	1,125	351	485	d) Investment in Subsidiary/Associate	14,447	17,806	19,473
a) Financial Liabilities				e) Financial Assets			
(i) Borrowings	952	267	398	(i) Investments	1	-	-
(ii) Trade Payable	5	17	15	(ii) Trade Receivable	12	8	4
(iii) Other Financial Liabilities	12	13	13	(iii) Other financial assets	131	134	135
b) Provisions	156	54	60	f) Other Assets	699	781	739
c) Deferred Tax Liabilities (Net)	-	-	-	g) Deferred Tax Assets (Net)	72	133	146
d) Other Non Current Liabilities	-	-	-	Current Assets	5,420	5,793	5,345
				a) Inventories	1,690	2,451	2,001
Current Liabilities	4,031	4,665	4,410	b) Financial Assets			
a) Financial Liabilities				(i) Trade Receivables	3,293	2,887	2,615
(i) Borrowings	536	692	33	(ii) Cash and Cash Equivalents	74	132	127
(ii) Trade Payables	2,562	3,248	3,277	(iii) Bank balances other than above	30	54	360
(iii) Other Financial Liabilities	431	263	249	(iv) Loans	92	30	23
b) Other Current liabilities	478	425	776	(v) Other financial assets	44	21	10
c) Provisions	22	26	27	c) Current Tax Assets (Net)	5	15	32
d) Current Tax Liabilities (Net)	2	11	48	d) Other Current Assets	192	203	177
GRAND TOTAL - EQUITIES & LIABILITIES	27,000	30,742	31,757	GRAND TOTAL – ASSETS	27,000	30,742	31,757

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