

# Omkar Speciality Chemicals Limited

## Q4 FY16 Earnings Presentation

May 25, 2016

# Safe Harbor

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## Director's Message



Mr. Omkar Herlerkar,  
Wholetime Director,

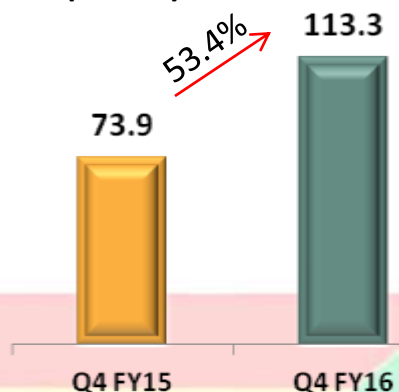
*"We have demonstrated strong growth across all our different business segments driven by increased demand for specialty chemicals from India. Our focus on higher operating efficiencies, productivity, innovation and process excellence has started to yield results as you can see in our fourth quarter numbers.*

*Going forward, we plan to bring business growth through a leased model of contract manufacturing in our specialty chemicals business. This will not only take care of higher capacity requirement but also make us more efficient.*

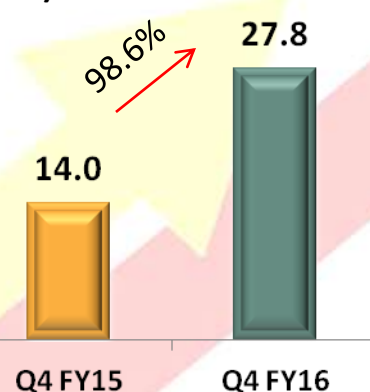
*With new capacity in place in the Vet API business combined with plans to add new products this year and enter new markets, we are confident that this business will demonstrate a higher double digit growth over the next 2-3 years."*

## Financial Highlights (Q4 FY16 v/s Q4 FY15)

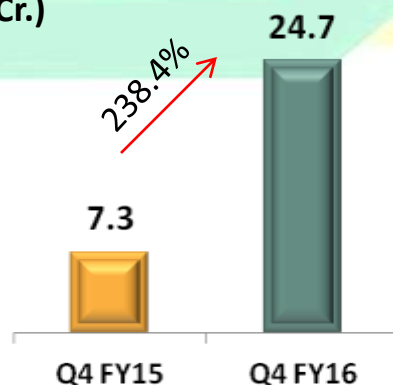
Total Income (Rs. Cr.)



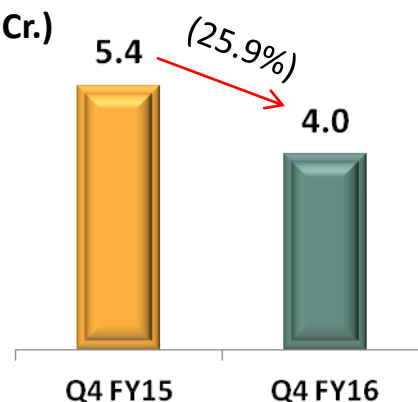
EBITDA (Rs. Cr.)



EBIT (Rs. Cr.)



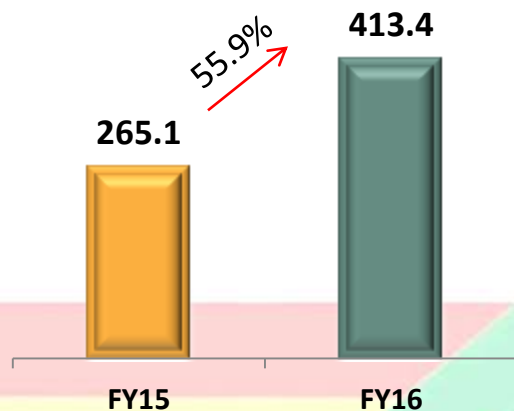
PAT (Rs. Cr.)



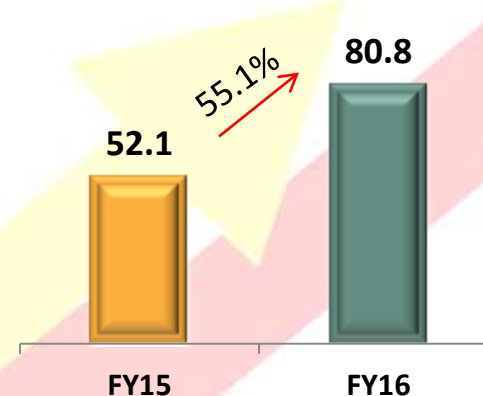
- Change in **Product Mix** and **higher capacity utilisation** led to **550 bps YoY increase in EBITDA margin at 24.60 %**
- **Tax** - Paid Rs. 12cr Tax in Q4FY16 as against Tax Write back of Rs. 2 cr in Q4FY15

## Financial Highlights (FY2016 v/s FY2015)

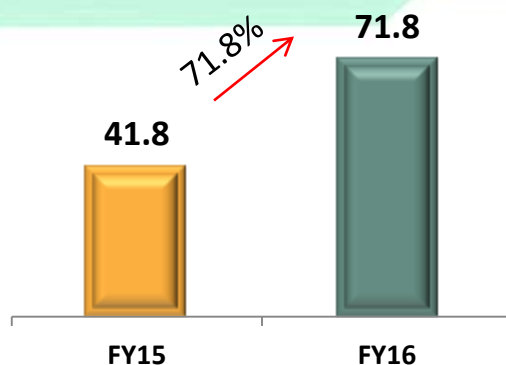
Total Income (Rs. Cr.)



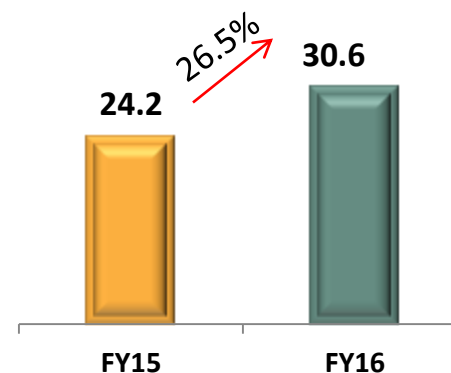
EBITDA (Rs. Cr.)



EBIT (Rs. Cr.)



PAT (Rs. Cr.)



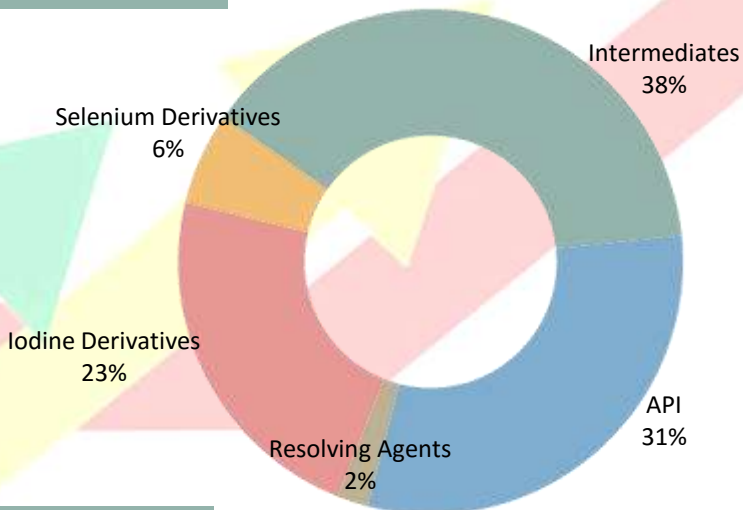
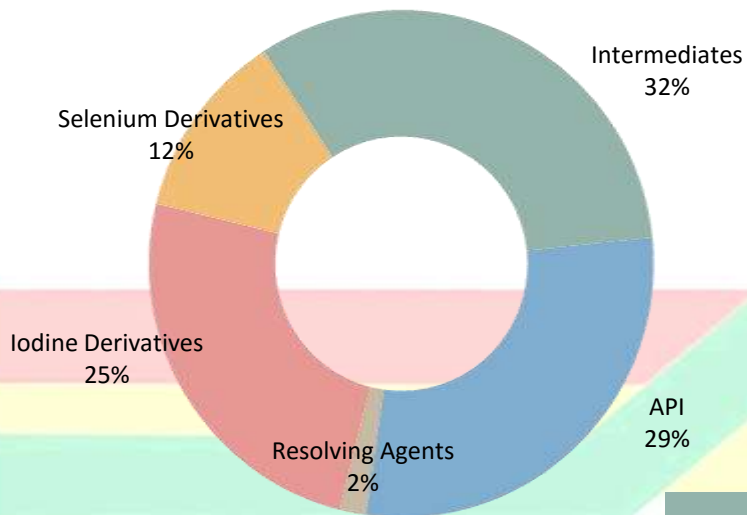
- EBITDA Margin stood flat at 19.6% while **EBIT Margin improved by over 150 basis points at 17.7%**
- Higher tax rate on account of higher Deferred Tax Liability (Rs. 11 Cr in FY16 vs Rs. 1 Cr in FY15)

# Segment & Geographical Revenue Split

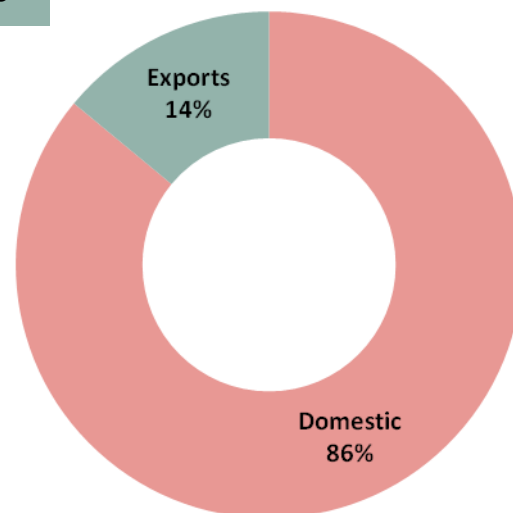
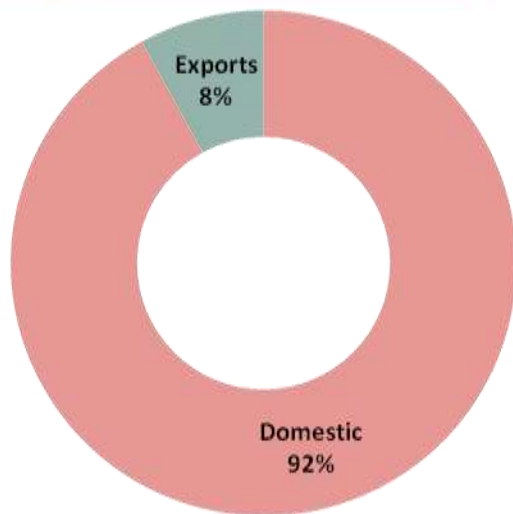
Q4 FY16

Segment break-up

FY16



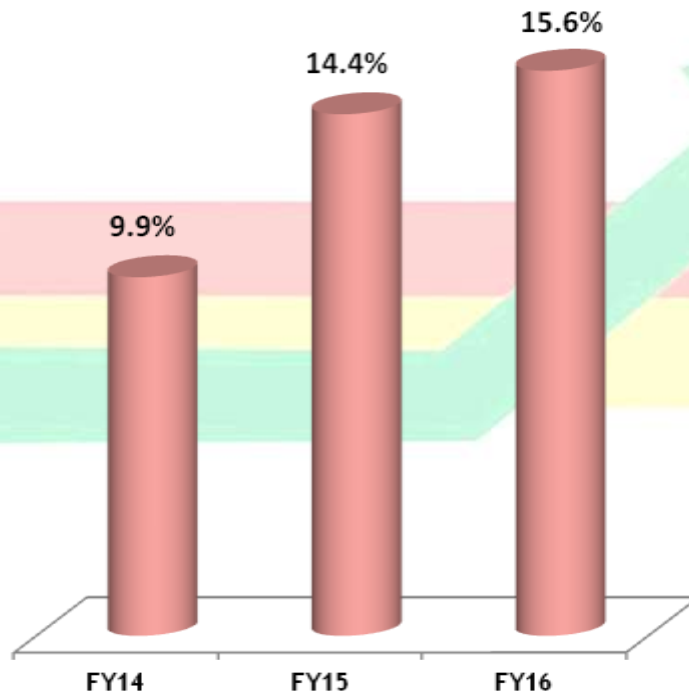
Geographical break-up



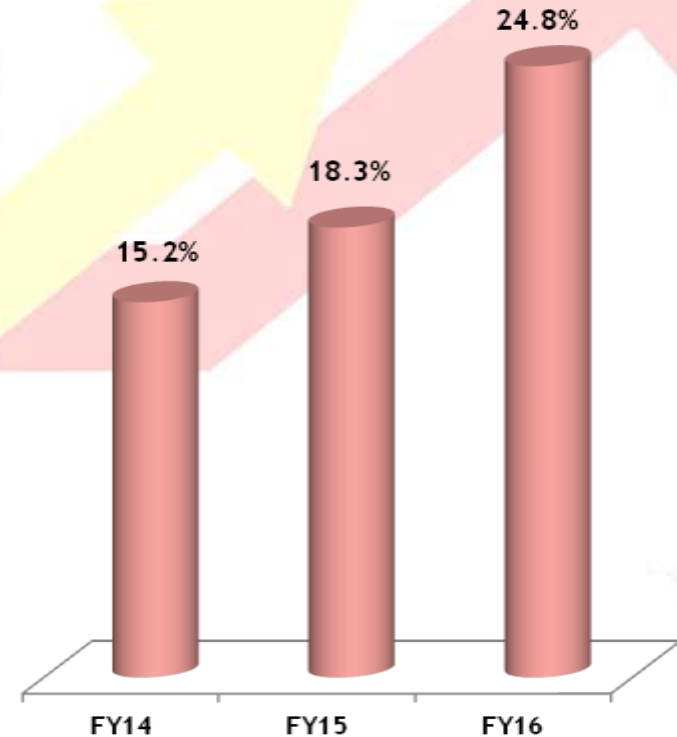


# Key Performance Indicators

## Return on Equity\*



## Return on Capital Employed\*

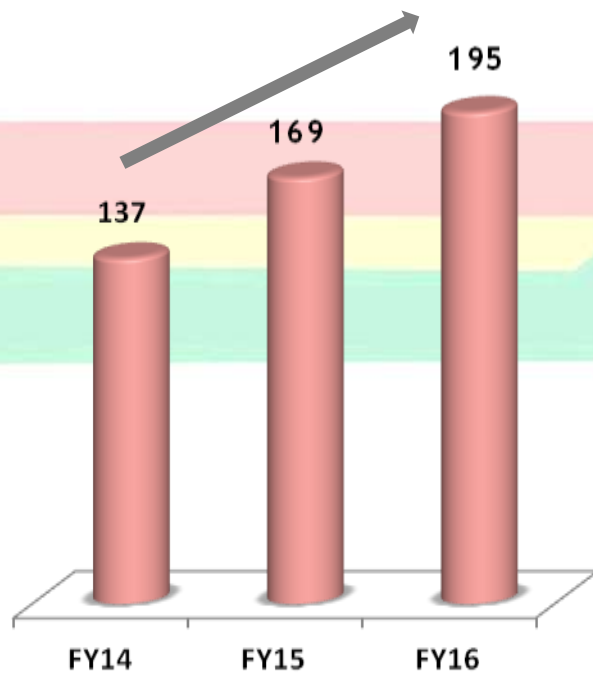


- Return Ratios improving steadily on account of change in product mix
- Company's endeavour is to focus on higher margin products

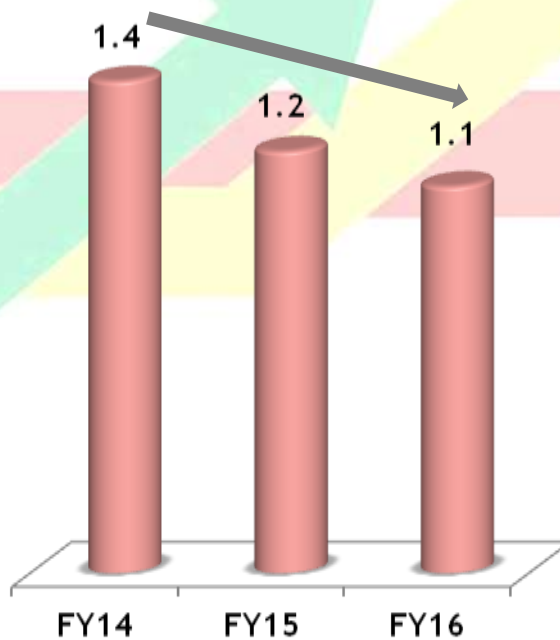


# Key Performance Indicators

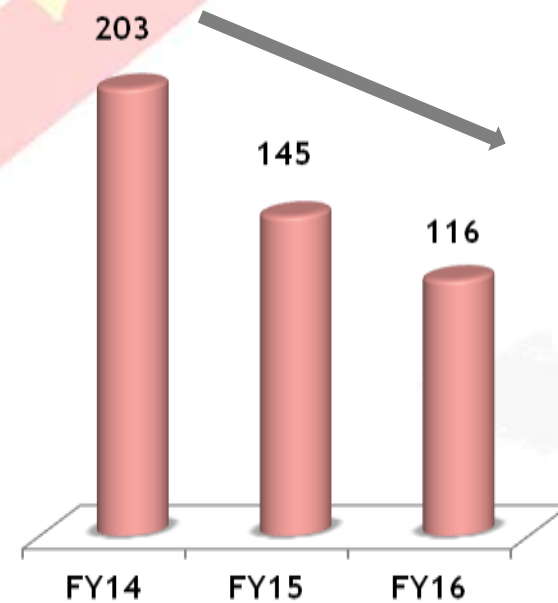
Networth (Rs Cr.)



Net Debt/Equity



Net Working Capital (Days)



## Quarterly Performance - P&L Statement

Particulars (Rs. Cr.)	Q4FY16	Q4FY15	Y-o-Y % Chg	Q3FY16	Q-o-Q % Chg
Revenue from Operations	<b>113.3</b>	<b>73.9</b>	<b>53.4</b>	<b>108.3</b>	<b>4.6</b>
Raw Material & Fuel costs	75.2	45.0	67.3	80.1	-6.1
Employee Cost	5.4	3.8	40.4	4.4	22.4
Other costs	4.9	11.1	-55.3	6.4	-22.3
Total Expenditure	85.5	59.8	42.9	90.8	-5.9
EBITDA	<b>27.8</b>	<b>14.0</b>	<b>98.1</b>	<b>17.5</b>	59.0
EBITDA Margin (%)	<b>24.6</b>	<b>19.0</b>		<b>16.2%</b>	
Depreciation	3.2	6.8	-53.0	2.0	58.1
Other Income	0.5	0.0	11.6	0.3	-83.8
Interest	8.2	4.0	107.4	4.0	104.3
Excep. Item	0.5	-	-	-	-
Profit Before Tax	<b>16.5</b>	<b>3.4</b>	<b>389.1</b>	<b>11.8</b>	39.8
Tax	12.4	-2.1	-703.8	2.4	422.6
Profit After Tax	<b>4.0</b>	<b>5.4</b>	<b>-25.6</b>	<b>9.4</b>	-57.1
PAT Margin (%)	<b>3.6</b>	<b>7.3</b>		<b>8.7%</b>	

## Annual Consolidated P&L Statement

Particulars (Rs. Cr.)	FY16	FY15	% Chg
Revenue from Operations	<b>413.4</b>	265.1	<b>55.9</b>
Raw Material & Fuel costs	290.0	167.7	<b>72.9</b>
Employee Cost	18.0	14.4	<b>24.7</b>
Other costs	24.6	30.9	<b>-20.4</b>
Total Expenditure	<b>332.6</b>	<b>213.0</b>	<b>56.1</b>
EBIDTA	<b>80.8</b>	<b>52.1</b>	<b>55.1</b>
EBITDA Margin (%)	<b>19.6%</b>	<b>19.7%</b>	
Depreciation	9.0	10.3	<b>-12.6</b>
Other Income	1.4	0.9	
Interest	20.4	14.5	<b>40.7</b>
Excep. Item	<b>0.5</b>	-	
Profit Before Tax	<b>52.4</b>	<b>28.2</b>	<b>85.8</b>
Tax	21.8	4.0	<b>443.8</b>
Profit After Tax	<b>30.6</b>	<b>24.2</b>	<b>26.5</b>
PAT Margin (%)	<b>7.4%</b>	<b>9.1%</b>	

## Annual Consolidated Balance Sheet Highlights

Rs crore	Mar-16	Mar-15
<b>Shareholder's Funds</b>	<b>195.5</b>	<b>169.0</b>
Share capital	20.6	21.0
Reserves & Surplus	174.9	148.0
Non-current liabilities	108.5	63.0
Long term borrowings	94.5	61.0
Defer Tax liabilities	11.3	1.0
Other Long-Term liabilities	-	-
Long-Term Provisions	2.8	2.0
<b>Current liabilities</b>	<b>278.9</b>	<b>248.0</b>
Short Term Borrowings	113.1	141.0
Trade Payables	98.2	61.0
Other Current liabilities	46.9	33.0
Short-term provisions	20.7	13.0
<b>Total Equities &amp; Liabilities</b>	<b>582.9</b>	<b>479.0</b>

Rs crore	Mar-16	Mar-15
<b>Non-current assets</b>	<b>310.9</b>	<b>272.0</b>
Fixed assets	309.6	271.0
Non-current Investments	0.1	0.0
Long-term loans & advances	0.9	1.0
Other non-current assets	0.4	0.0
<b>Current assets</b>	<b>272.0</b>	<b>207.0</b>
Current investments	0.0	0.0
Inventories	99.9	89.0
Trade receivables	130.4	77.0
Cash & Cash equivalents	10.3	16.0
Short-term loans & Advances	30.5	3.0
Other Current Assets	1.0	24.0
<b>Total Assets</b>	<b>582.9</b>	<b>479.0</b>

## Developments during the Year

- **Received Environment Clearance for Chiplun facility**
  - ✓ Manufacturing of Vet API
  - ✓ Additional infrastructure being put in place to start operations
- **Board of Directors approved Merger-Demerger scheme of Company**
  - ✓ Merging four subsidiaries into one and demerging Vet API business into separate entity called Lasa Supergenerics Ltd. – to be listed on both exchanges
  - ✓ For every one share of Omkar Speciality held, the shareholders to get one share of Lasa Supergenerics.
  - ✓ New entity to be renamed as Lasa Laboratories Ltd.
  - ✓ Scheme given for SEBI approval and entire process likely to be completed by end of this calendar year



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## Performance Highlights

### For the quarter ended March 31, 2016:

- **Revenue from operations stands at Rs. 113 crore in Q4FY16**, as against Rs. 74 crore in the corresponding previous period, a **YoY growth of 53%**
- **Breakup of revenue as per business segments:**
  - **API segment** – 29% of total revenue
  - **Intermediates segment** – 32% of total revenue
  - **Iodine Derivatives segment** – 25% of total revenue
  - **Resolving Agents segment** – 2% of total revenue
  - **Selenium Derivatives segment** – 12% of total revenue
- **EBITDA stood at Rs. 28 crore in Q4FY16** as against Rs. 14 crore in the corresponding previous period and **grew by 99% YoY**, mainly on account of **better product mix and reduction in Other Expenses**.
- **EBITDA margin at 24.6%**, an improvement of **over 500 basis points YoY** mainly by increasing the production at our facilities and reducing the processing at outside units and freight management.
- **Profit After Tax stands at Rs. 4 crore in Q4FY16** as against Rs. 5.4 crore in Q4FY15, **YoY decline of 25.9%** due to provisioning of Rs. 698.33 lakhs towards Deferred Tax for earlier years.

### For the year ended March 31, 2016:

- **Revenue from operations is Rs. 413 crore in FY16**, as against Rs. 265 crore in FY15 period, a **growth of 56% over FY15**
- **Exports contributed to 14% of revenues**
- **Breakup of revenue as per business segments:**
  - **API segment** – 31% of total revenue
  - **Intermediates segment** – 38 of total revenue
  - **Iodine Derivatives segment** – 23% of total revenue
  - **Resolving Agents segment** – 2% of total revenue
  - **Selenium Derivatives segment** – 6% of total revenue
- **EBITDA at Rs. 81 crore in FY16** as against Rs. 52 crore last year, **grew by 55%**
- **EBITDA margin at 19.6%** remained flat on account of higher raw material costs, but managed to control other expenses to compensate the gap of higher cost
- **Profit After Tax stands at Rs. 31 crore in FY16** as against Rs. 24 crore last year, **grew by 26%**

For further information, please contact:

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**Company :**

Omkar Speciality Chemicals Ltd  
CIN: L24110MH2005PLC151589

Mr. Omkar Herlekar  
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[www.omkarchemicals.com](http://www.omkarchemicals.com)

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**Investor Relations Advisors :**

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## **Media Release**

**Strong Growth across all business segments**

**Revenues from operations at Rs.413 crore, YoY growth of 56%**

**EBITDA at Rs. 81 crore, YoY growth of 55%**

**EBIDTA margins at 19.6%**

**PAT at Rs. 30.6 crore, YoY growth of 26.6%**

**Mumbai, May 25, 2016:** Omkar Speciality Chemicals Limited (BSE: 533317, NSE: OMKARCHEM), a leading player involved in the manufacturing of Speciality Chemicals and Veterinary APIs, announced its results for the quarter and full year ended 31<sup>st</sup> March 2016.

**Key Financials (Rs. In Crore) :**

Particulars	Q4FY16	Q4FY15	YoY%	FY16	FY15	YoY%
<b>Net Sales</b>	113.3	73.9	53.4	413.4	265.1	55.9
<b>EBITDA</b>	27.8	14.0	98.1	80.8	52.1	55.1
<b>PAT</b>	4.0	5.4	(25.7)	30.6	24.2	26.55

**Management Comments:**

Commenting on the results, Mr. Omkar Herlekar, Wholetime Director, Omkar Speciality Chemicals Ltd said: *"We have demonstrated strong growth across all our different business segments driven by increased demand for specialty chemicals from India. Our focus on higher operating efficiencies, productivity, innovation and process excellence has started to yield results as you can see in our fourth quarter numbers.*

*Going forward, we plan to bring business growth through a leased model of contract manufacturing in our specialty chemicals business. This will not only take care of higher capacity requirement but also make us more efficient.*

*With new capacity in place in the Vet API business combined with plans to add new products this year and enter new markets, we are confident that this business will demonstrate a higher double digit growth over the next 2-3 years."*



**Balance Sheet as on March 31, 2016:**

- The **Networth** stood at **Rs. 195 crore** as against Rs. 169crore as on March 31, 2015, **an increase of 16%**
- **Long Term Debts** are at **Rs. 90 crore** as against Rs. 60 crore as on March 31, 2015, on account a new corporate loan sanctioned by BOB to reduce the pressure on short term borrowings.
- **The Total debt** at **Rs. 206 crore** as against Rs. 202 crore as on March 31, 2015.
- Working Capital days have been brought down from 145 days in FY15 to 116 days in FY16 due to Company's efforts to reduce the inventory level and reduction in outstanding with Debtors.

**Developments during FY16**

- **Received Environment Clearance for it new facility at Chiplun.**
  - This facility is into manufacturing of Veterinary API
  - The Company has worked towards putting in place the additional infrastructure required to start operations
  - The operation is likely to commence in quarter three.
- **The Board of Directors approved the Merger-Demerger scheme**
  - The Company is merging its four subsidiaries into one and simultaneously demerging the Vet API business into a separate entity called Lasa Supergenerics Ltd. which will be listed on the exchanges
  - For every share of Omkar Speciality held, the shareholders will get one share of Lasa Supergenerics
  - The new entity will be renamed as Lasa Laboratories Ltd.
  - The Scheme has been filed with for SEBI approval and entire process likely to be completed by end of this calendar year



**Earnings Conference Call – Q4 FY16**

The conference call details are as under:

Date: 25<sup>th</sup> May 2016

Time: 16:00 hours

Dial-in Numbers: +91 22 6746 5969 / +91 22 3960 0860

**About Omkar Speciality Chemicals Limited:**

*Omkar Speciality Chemicals Limited is amongst the leading manufacturers of Specialty Chemicals and Intermediates for Chemical and Allied Industries. The Company has total 8 Units, of which 4 Units are located in Badlapur, and the other 3 units are located in Chiplun, Ratnagiri and in Mahad.*

*Omkar Speciality Chemicals Limited exports to over 38 countries across Europe, Canada, Asia, South America & Australia. The Company's association with leading organizations in India and abroad has expanded their business, across different product lines and develop new molecules as per the specific requirements of their valued customers.*

**For more details please visit:** [www.omkarchemicals.com](http://www.omkarchemicals.com)

**For any Investor Relations query, please contact:**

<b>Omkar Herlekar</b>	<b>Savli Mangle / Amit Sharma</b>
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<b>Omkar Speciality Chemicals Limited</b>	Phone: +91-22-26873003
Email: <a href="mailto:omkar@omkarchemicals.com">omkar@omkarchemicals.com</a>	Email: <a href="mailto:savli@bridge-ir.com">savli@bridge-ir.com</a> / <a href="mailto:amit@bridge-ir.com">amit@bridge-ir.com</a>

**Note:** *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. Further, past performance is not necessarily indicative of future results. Given these risks, uncertainties and other risk factors, viewers are cautioned not to place undue reliance on these forward looking statements. Omkar Speciality Chemicals Ltd 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.*