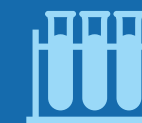




Chemcon Speciality Chemicals Limited Investor Presentation – February 2021



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Company Overview



Company Snapshot

Incorporated in 1988

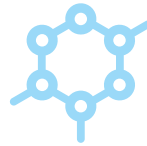
Manufacturer of Speciality Chemicals

An ISO 9001:2015 and ISO 14001:2015 Certified Company

Business Vertical: Pharmaceuticals & Oilwell Completion Chemicals

Manufacturing Facilities near Manjusar, Vadodara, Gujarat

7 Operational Plants & 3 Warehouses



Only Manufacturer of HMDS in India



3rd Largest Manufacturer of HMDS Worldwide



Largest Manufacturer of CMIC in India



2nd Largest Manufacturer of CMIC worldwide



Only Manufacturer of Zinc Bromide in India



Largest Manufacturer of Calcium Bromide in India

Evolution

FY89

- » Company incorporated as Gujarat Quinone Private Limited

FY95-98

- » First sale of few chemical products
 - Pyridine Hydrobromide
 - Para Nitro Benzyl Bromide
 - Methyl Iodide
 - GA-1

FY01-03

- » Commenced **HMDS** Business in 2001
- » Discontinued few products due to lower demand

FY05

- » First export shipment of **HMDS**
- » Amalgamation of Chemcon Engineers Private Limited with Gujarat Quinone Private Limited; name changed to "Chemcon Speciality Chemicals Private Limited"

FY14

- » First sale of **CMIC**

FY15

- » First sale of **Calcium Bromide** (Solution)

FY16

- » First sale of **Zinc Bromide** (Solution)

FY17

- » First sale of **Calcium Bromide** (Powder)
- » First sale of **Sodium Bromide** Solution

FY18

- » Increase in annual installed production capacity for
 - **CMIC** from 600 to 1,200 MTPA;
 - **Oilwell Completion Chemicals** from 7,200 to 14,400 MTPA

FY19

- » Increase in annual installed production capacity for **CMIC** from 1,200 MTPA to 1,800 MTPA

FY20

- » **Increase in HMDS Capacity** by commissioning of plant P7

FY21

- » **Plant P2 commissioned** with a capacity to manufacture upto 600 MTPA of Hi-Purity HMDS
- » Product development of **New Chemicals 4 CBC and 2,5DHT completed**
- » Commercial supplies of 4CBC started



Global Presence

FY20 Export
Contribution*:
~40%

FY18-FY20
CAGR:
~17%

~40%

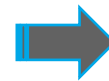
~17%

Key Countries

- » United States of America
- » Italy
- » South Korea
- » Germany
- » People's Republic of China
- » Japan
- » United Arab Emirates
- » Serbia
- » Russia
- » Spain
- » Thailand
- » Malaysia

Over Two Decades of Experience in Chemicals

- Manufacturing
- Exports



Well Equipped to Seize Upcoming Opportunities

Entry Barriers

Complex Chemistry

- » The involvement of complex chemistry in the manufacture of the Products, which is difficult to commercialize on a large scale

Stringent Impurity Measure

- » Our processes and products are subject to, and measured against, high quality standards and stringent impurity specifications

Long Gestation Period

- » Customer acquisition involves a long gestation period, resulting in a very few players being involved in manufacturing of the products

Entry Barriers

Technical Know-how

- » Handling chemicals requires a high degree of technical skill and expertise and operations involving such hazardous chemicals ought to be undertaken only by personnel who are well trained to handle such chemicals

Regulatory Norms

- » To comply all regulatory norms and filings with various agencies

High Replacement Cost

- » Any change in the vendor of the product may require significant time and cost for the customer

Key Long-Term Relationships

Pharmaceutical Chemicals

Oilwell Completion Chemicals

HMDS

CMIC

Inorganic Bromides



Shree Radha Overseas

CC Gran Limited Liability Company

Longstanding Clients

Strong Base

New Product Development

New Customer Reach

Top 5 customers contributes >55%

Top 10 customers contributes >70%

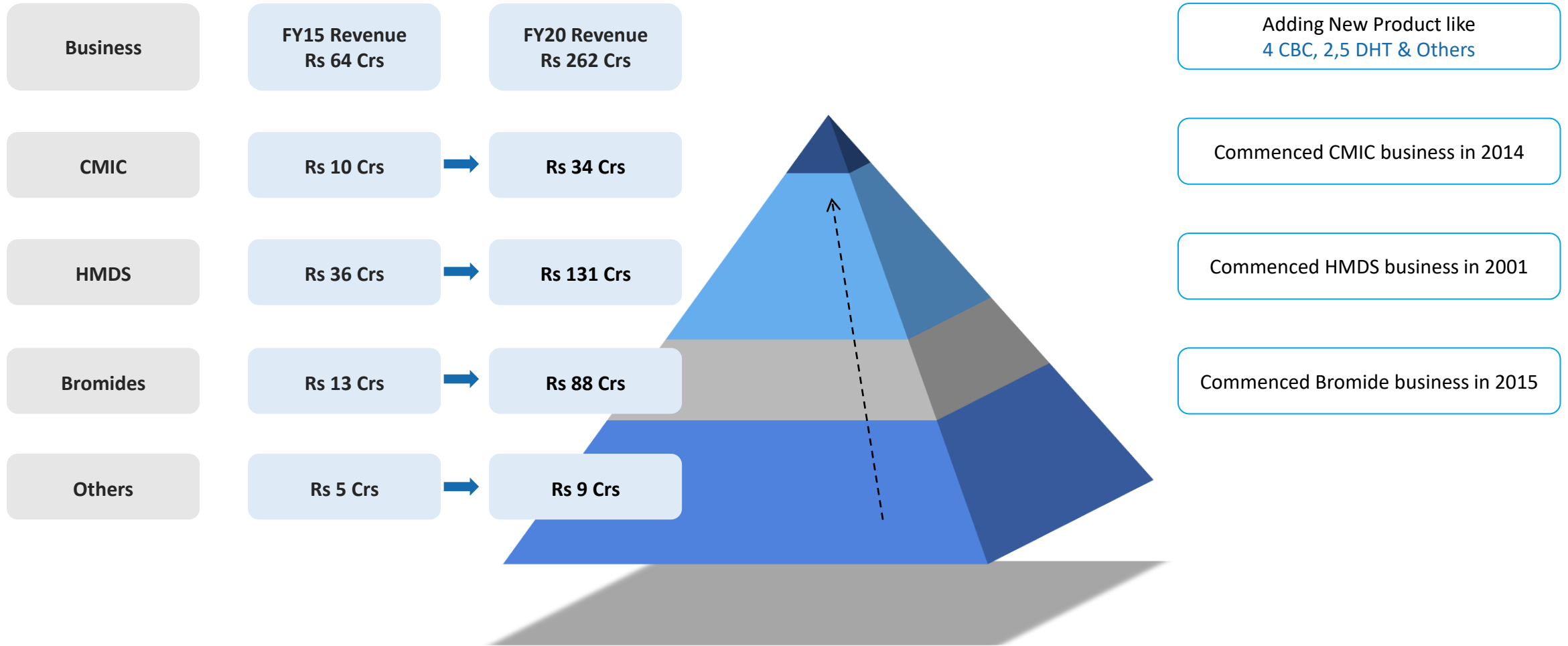
Few customers age more than 2 decades with us

Top 7 customers has been with us for more than 4 years

Well equipped to retain market presence

Leading to increase in new product base and reach out to new customers

Moving up the Value chain



Board of Directors : Experienced Team



Kamalkumar Rajendra Aggarwal

Chairman and Managing Director

- » Holds Diploma in Petrochemical Technology (Plastic Technology) from the Maharaja Sayajirao University of Baroda, Gujarat
- » He has more than 23 years of experience in the specialized chemicals industry. He has been on our Board since January 19, 2004



Navdeep Naresh Goyal

Deputy Managing Director

- » He is currently associated with SILPL in the capacity of director (operations)
- » He has more than 10 years of experience in operations. He has been on the Board since April 1, 2015



Rajesh Chimanlal Gandhi

Whole-time Director and Chief Financial Officer

- » Holds a Bachelor's Degree in Commerce from Gujarat University
- » He has more than 20 years of experience in finance & accounts and related operations. He has been on our Board since May 1, 2012



Himanshu Purohit

Whole-time Director

- » He holds a Master's Degree in Science in Inorganic Chemistry from the Sardar Patel University, Gujarat
- » He has more than 20 years of experience in production related operations. He has been on our Board since May 1, 2012



Rajveer Aggarwal

Whole-time Director

- » He holds a bachelor's degree in chemical engineering from the Gujarat Technological University, Gujarat
- » He is currently associated with Medicap Healthcare Limited in the capacity of director (operations). He has more than five years of experience in operations. He has been on the Board since Oct 2017

Board of Directors : Independent Directors



Lalit Chaudhary

Independent Director

- » He holds a bachelors' degree in commerce from the Sardar Patel University, Gujarat
- » He has been associated with Chaudhary Crains Private Limited as a director since 1993. He has more than 20 years of experience as an entrepreneur. He has been on the Board since April 29, 2019



Devendra Rajkumar Mangla

Independent Director

- » He holds a bachelor's degree in commerce from the University of Delhi. He is currently a partner in "Baroda Freight Carrier" and has been associated as partner since 1979
- » He has over 15 years of experience in logistics. He has been on the Board since April 29, 2019



Neelu Shah

Independent Director

- » She holds a bachelor's degree in science from Kanpur University, UP and a master's degree in business administration from the Jiwaji University, Gwalior
- » She has been engaged by "Dageena-the Jewellery Shoppe" since the year 2014, as a sales manager. She has 5 years of experience in sales. She has been on the Board since April 29, 2019



Bharat Shah

Independent Director

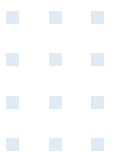
- » He holds a bachelor's degree in science from the Maharaja Sayajirao University of Baroda, Gujarat. In the past, he has been associated with Bank of Baroda in various roles
- » He has more than 37 years of experience in the financial services sector. He has been on the Board since April 29, 2019



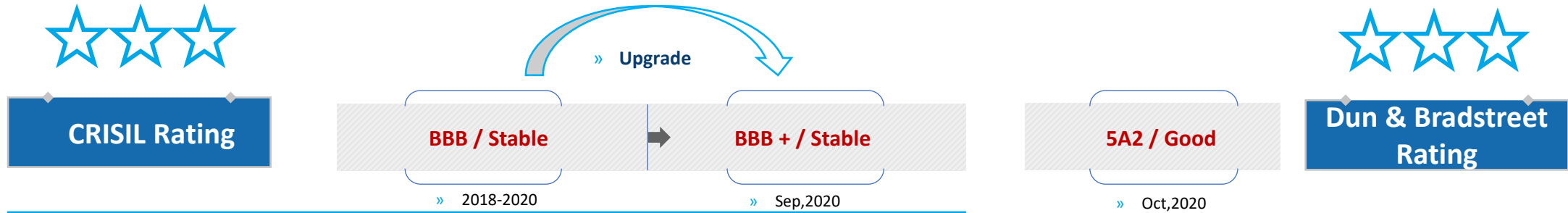
Samir Chandrakant Patel

Independent Director

- » He holds a master's degree in science from the Sardar Patel University, Gujarat. He has been associated with Samir Tech – Chem Private Limited as a director
- » He has more than 30 years of experience in manufacturing and trading of laboratory chemicals. He has been on the Board since April 29, 2019



Strong Rating Profile



The ratings process highlighted the following factors

- » Extensive experience of promoters in the industrial chemical industry, and robust financial risk profile
- » Established market position with large clientele, and track record of over three decades
- » Promoters are resourceful and have supported operations through infusion of unsecured loans in past
- » The operations were marginally affected by outbreak of COVID 19 and subsequent lockdown in Q1FY21
- » Financial risk profile is further supported by healthy debt protection measures as reflected in interest coverage ratio and net cash accruals in FY20
- » The reliance of CSCL on working capital bank borrowing is expected to remain lower post IPO and capital structure expected to strengthen over the medium term
- » These strengths are partially offset by moderate working capital intensive operations and exposure to foreign exchange volatility and to changes in government regulations

D&B Rating: 5A2

Condition: Good

- » D&B Indicative Risk Rating of '5A' implies that the Company has a tangible net worth between INR 645,950,000 and above as per latest available audited financial statements
- » Composite appraisal '2' indicates a 'Good' overall status of the Company

Key Certificates



R&D

In-house laboratory to test

- » Raw materials procured
- » New Products & Innovation
- » Final products testing at the various stages of the manufacturing process
- » Well equipped with new instruments & machinery



Environment

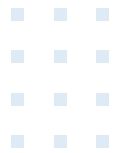
Complying All Environment Laws

- » The Environment (Protection) Act, 1986
- » Water Prevention and Control of Pollution Act
- » Air Prevention and Control of Pollution Act, 1981
- » We are a zero-discharge company





Product Overview



Market Overview



	HMDS	CMIC	Oilwell Completion Chemicals
Global Market Capacity	~35,700 MT	~6,880 MT	~362,000 MT
Global Market Production	~25,390 MT	~3,927 MT	~246,000 MT
Chemcon Production	2,649 MT	677 MT	6,039 MT
Chemcon Share in Global Market	> 10%	> 17%	> 2%
Domestic Import	~1,622 MT	~1,574 MT	-

We are well positioned to substitute import and maintain growth trajectory

Source: Frost & Sullivan
Above data are as per CY19

Hexamethyldisilazane / Hexamethyldisilane

- » HMDS, an organosilicon compound, is a reagent and a precursor to bases that are popular in organic synthesis and organometallic chemistry
- » HMDS is widely used in the pharmaceutical industry as a silylating agent in the process of manufacture of pharmaceutical drugs of the Penicillin group and may also be used in the semiconductor electronics industry and in vinyl silicone rubber to improve their tearing strength

Key Attributes*

Only Manufacturer in India

3rd Largest Manufacturer Worldwide

Capacity

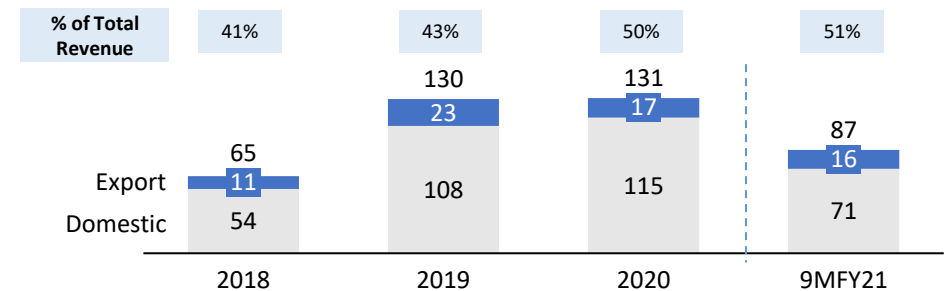
Product	Period	Capacity	Production	Utilisation
HMDS	9MFY21	4,200	2,221	71%^
Hi-Purity HMDS	9MFY21	600	Trial Run	-

^Annualized Basis

End Applications

- » **Pharmaceutical:** As a silylating agent in the process of manufacture of pharmaceutical drugs of the Penicillin group
- » **Semiconductor:** Surface treatment agent of diatomite, white carbon black, titanium and blond additives of photoresist
- » **Organic Synthesis:** Precursor to many bases common in organic synthesis and organometallic chemistry
- » **Others:** Photolithography, electron microscopy and pyrolysis gas chromatography-mass spectrometry

Business Performance (Rs in Cr)



Source: Frost & Sullivan *Above data are as per CY19
Export data are inclusive of Deemed Exports

Chloromethyl Isopropyl Carbonate

- » CMIC (chloromethyl isopropyl carbonate) is an antiviral drug intermediate product, which is a key intermediate for anti-AIDS and anti-hepatitis B drug Tenofovir
- » The downstream product of chloromethyl isopropyl carbonate, Tenofovir is a nucleotide antiviral drug developed by Gilead Corporation of the United States. Tenofovir and its combination preparations have become the largest sales of anti-AIDS drugs

Key Attributes*

Largest Manufacturer in India

2nd Largest Manufacturer Worldwide

Capacity

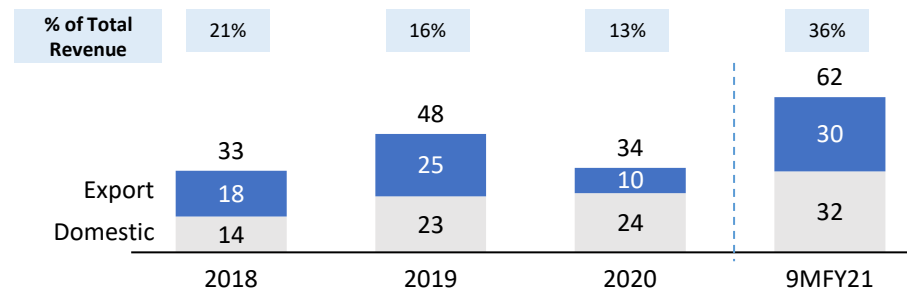
Product	Period	Capacity	Production	Utilisation
CMIC	9MFY21	1,800	1,322	98%^

^Annualized Basis

End Applications

- » CMIC is mainly used in pharmaceutical industry as a key intermediate for anti-AIDS anti-hepatitis B drug Tenofovir
- » CMIC can also be used in synthesis of other antiviral drugs

Business Performance (Rs in Cr)



Source: Frost & Sullivan *Above data are as per CY19
Export data are inclusive of Deemed Exports

Inorganic Bromides: Calcium Bromide, Zinc Bromide and Sodium Bromide

- » Oilwell Completion Chemicals are used to complete the well and is normally a salty solution made up of chlorides or bromides
- » In addition to cleaning the wellbore, after the drilling is finished, completion chemical is used to control the pressure down-hole, prior to and while well completion operations are in progress
- » We manufacture a range of inorganic bromides, namely: Calcium Bromide (solution and powder), Zinc Bromide (solution) & Sodium Bromide (solution and powder)

Key Attributes*

Only Manufacturer of Zinc Bromide in India

Largest Manufacturer of Calcium Bromide in India

Capacity

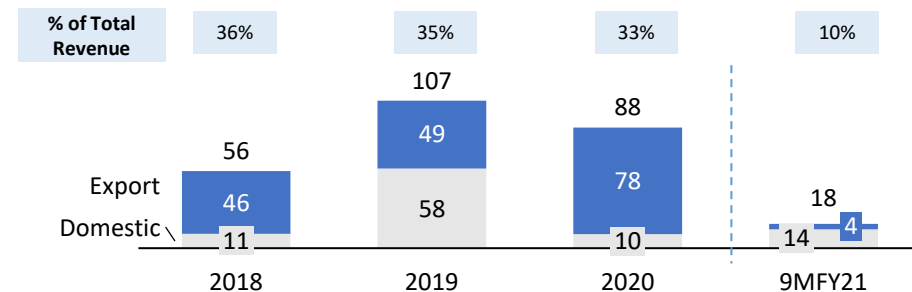
Product	Period	Capacity	Production	Utilisation
Bromides (Total)	9MFY21	15,000	1,343	~12%^

^Annualized Basis

End Applications

- » **Sodium Bromide (NaBr)** : Used alone or in a combination with sodium chloride or zinc bromide to form clear work-around and drilling fluids; useful when used in formations that are known to have sensitivity towards calcium
- » **Zinc Bromide (ZnBr₂)**: Clear, solid-free brine fluid; it can be used with other bromides and chlorides to prepare non-damaging liquids
- » **Calcium Bromide (CaBr₂)**: Used as a completion and work-over fluid to control wellbore pressures in upstream oil & gas operations

Business Performance (Rs in Cr)



Source: Frost & Sullivan *Above data are as per CY19 Export data are inclusive of Deemed Exports

Manufacturing Facilities



Dedicated Plants



Multipurpose Plants



In-house Laboratory



Warehouses



Improving
Efficiencies

Manufacturing Facilities



7 Operational Plants

3 Owned + 5 Lease Warehouses

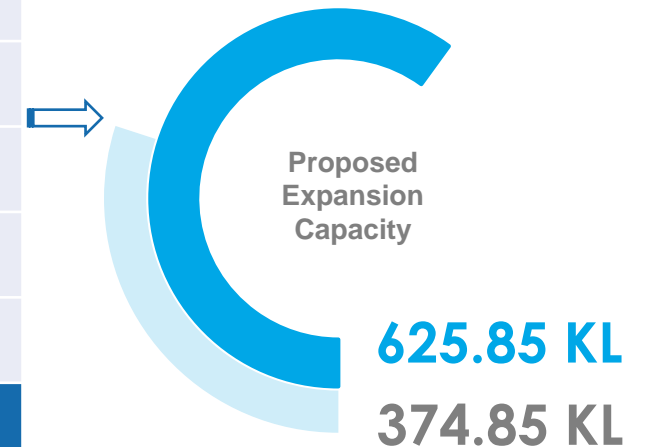
2 Proposed Expansion Plants under process

Located at Manjusar near Vadodra, Gujarat

Plant No	Product categories	Product Manufactured	Installed Capacity (MT P.A)	Volume Reactor Capacity (In KL)
P-3 & P-7	Pharmaceutical Chemicals	HMDS and ancillary products	4,200	177.80
P-2		HMDS (hi-purity)	600	13.00
P-4		CMIC	1,800	121.75
P-6		CMIC, 4 CBC, 2,5 DHT		
P-8		Proposed Multipurpose Capacity (Pharma Intermediate Chemicals)	FY21e	
P-9		Proposed Multipurpose Capacity (Pharma Intermediate Chemicals)	FY22e	
P-5	Oilwell Completion Chemicals	Calcium Bromide (solution), Zinc Bromide (solution) and Sodium Bromide (solution)	14,400	57.30
P-1		Calcium Bromide (powder)	600	5.00
Total Capacity (MTPA)			21,600	374.85

2 Marketing Offices in Mohali & Hyderabad on lease

In-House R&D Laboratory



- » eHMDS (also known as hi purity HMDS) capacity can be used for HMDS
- » CMIC capacity can be used for HMDS purpose
- » P7 has flexibility to manufacture CBC & DHT products

Recent Developments

Commissioning of new Plants P7 and P2

- » The company has commissioned 2 plants for manufacturing of HMDS with capacity of 1800 MTPA each
- » The plant P2 & P7 - P2 has flexibility to manufacture high purity HMDS and P7 has flexibility to manufacture CBC & DHT

Launch of new products 4 CBC and 2,5 DHT

- » 4 CBC: 4 CBC is widely used in the pharmaceutical and agrochemical industry in the preparation of Pyrazinamide, a medication used to treat tuberculosis. It is also used for weed control in maize and sugarcane. We executed first sale of 4 CBC in Fiscal 2021
- » 2,5 DHT: 2,5 DHT is predominately used in the pharmaceutical industry in the preparation of and synthesis of substituted tetrahydrothiophene derivatives 2-amino-3-(arylsulfonyl) thiophenes, potential antiviral and antitumor agents. Company is in the process of commencing the manufacturing of 2,5 DHT

Acquisition of land adjacent to the existing manufacturing facility

- » Company has acquired ~22,000 sqm of adjacent land to the existing manufacturing facility for the future expansion. Together with the existing land of ~29,000 sqm, the total land available with the Company increases to ~51,000 sqm

Approval to manufacture 44 products from Government Authorities

- » Company has successfully secured Environmental Clearance for manufacturing an aggregate of 44 products (including 9 current products) and increasing the quantity of products produced from 2,511 MT per month to 10,611 MT per month from State Level Environment Impact Assessment Authority, Government of Gujarat

Capacity Expansion

- » We intend to build two additional plants with a total volumetric reactor capacity of 251.00 KL. These additional plants shall be utilised for the manufacturing of chemicals which are principally used in pharmaceutical industry
- » With the completion of such expansion, the capacity at the manufacturing facility shall increase from 374.85 KL to 625.85 KL and will enable us to significantly benefit from economies of scale

Import Substitution

- » India is net importer of both HMDS and CMIC, with about 40% and 62% of India's current domestic demand being catered by imports for HMDS and CMIC respectively
- » We are the only manufacturer of HMDS in India and the largest manufacturer of CMIC in India in terms of production in calendar year 2019, aims to capitalize on the potential growth in the demand of CMIC and HMDS in India and to substitute imports

Exploring New Applications

- » Aim to expand the sale of our products to other industries where our products have application
- » For instance, for HMDS, we aim to market our products for end-use applications in other industries including the rubber and semiconductor manufacturing industry
- » Company has recently commissioned a new plant specifically to produce high purity HMDS which finds usage in semi-conductor industry

Cost Efficiencies

- » We intend to continue to be cost efficient in the production of our products. This efficiency is achieved through strategies like –
 - Having a large single location manufacturing facility
 - Dedicated plants for each product
 - Process re-engineering for efficient raw material consumption
 - being a sizeable player in the industry in each of our products



Way Forward

Strong Growth in

Pharma Industry



Moderate Recovery
in

Oil Industry



Exploring
Opportunities in

New Products

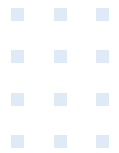


Leading to Long Term Sustainable Growth

New Products, New Clients, New Applications, New Opportunities



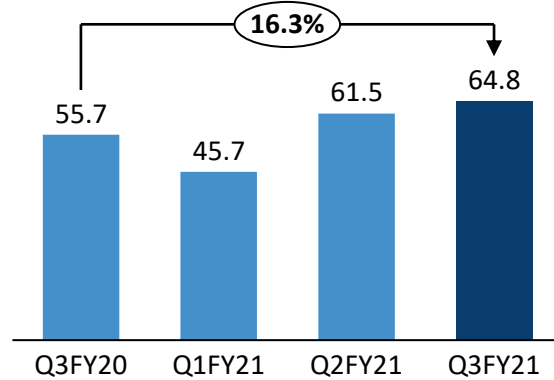
Financial Highlights



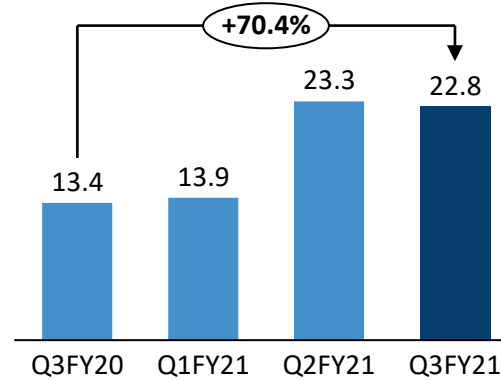
Quarterly Highlights



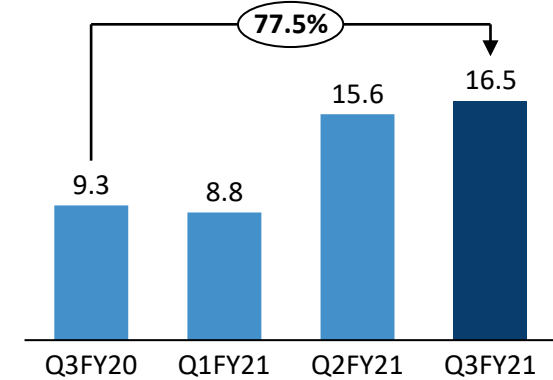
Total Revenue (Rs. Cr)



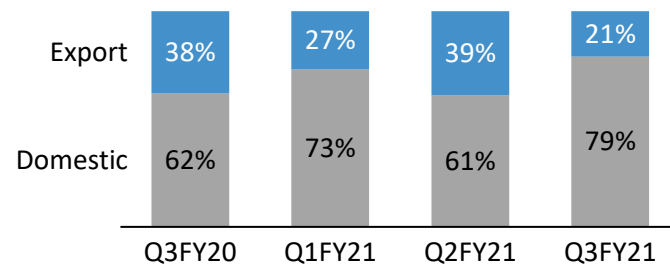
EBITDA (Rs. Cr)



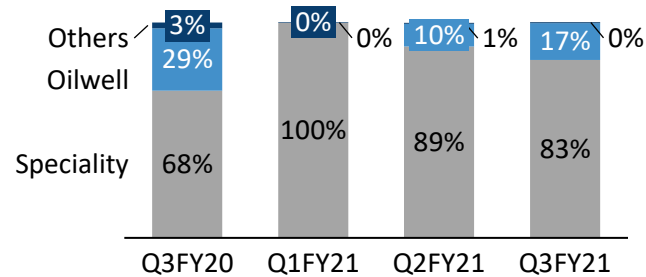
PAT (Rs. Cr)



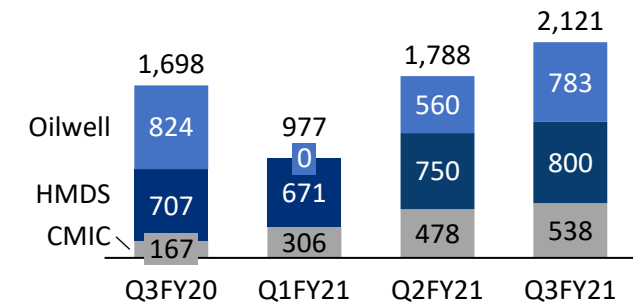
Geographic-Wise (%)



Business-wise (%)

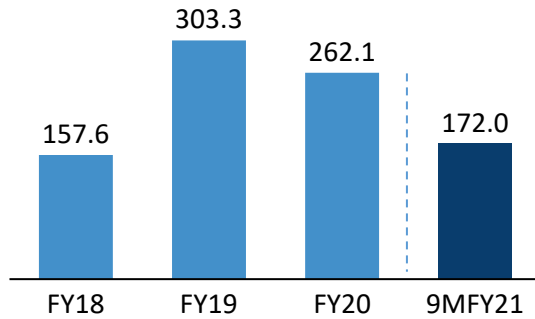


Segment Volume (MT)

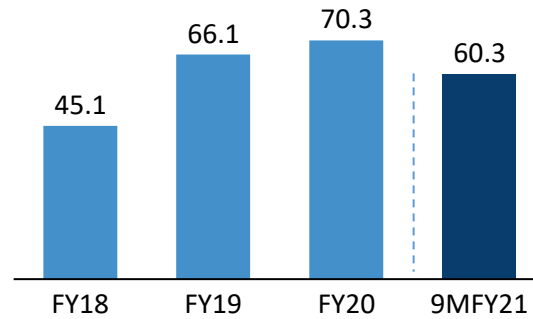


Financial Trend

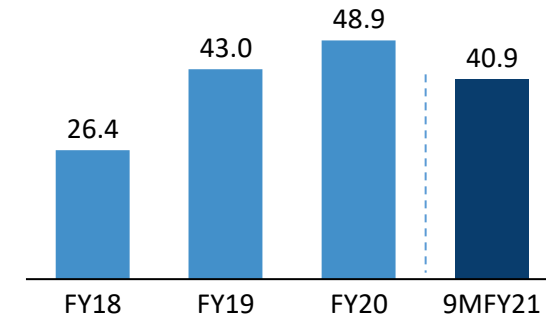
Total Revenue (Rs. Cr)



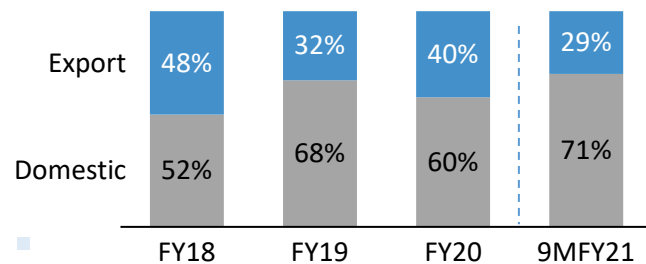
EBITDA (Rs. Cr)



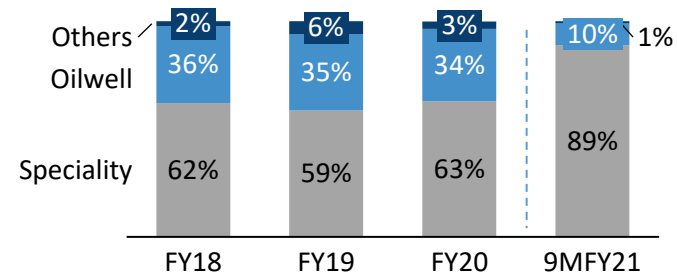
PAT (Rs. Cr)



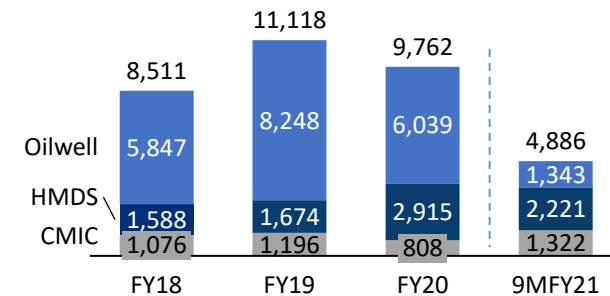
Geographic-Wise (%)



Business-wise (%)

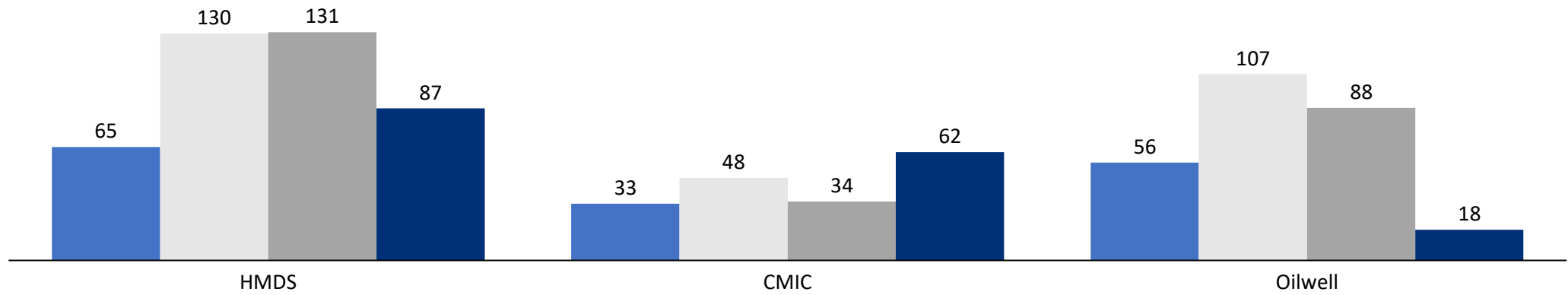


Segment Volume (MT)



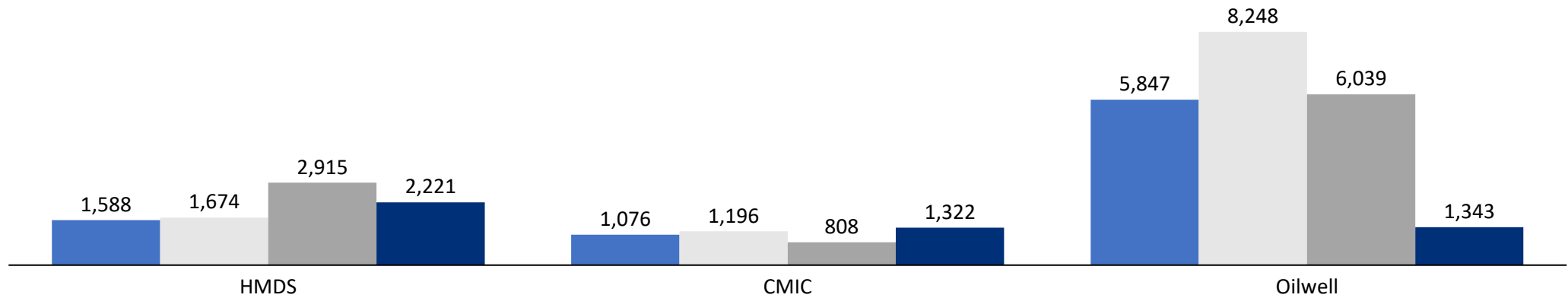
Segment Highlights

Total Revenue (Rs. Cr)



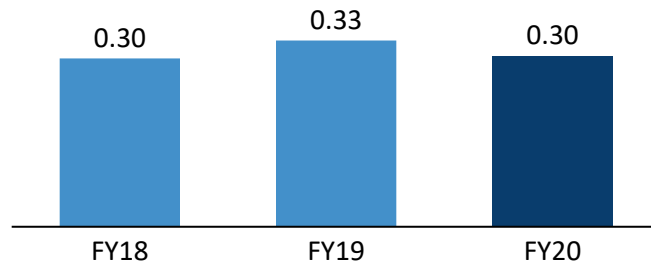
2018 2019 2020 9MFY21

Volume (MTPA)

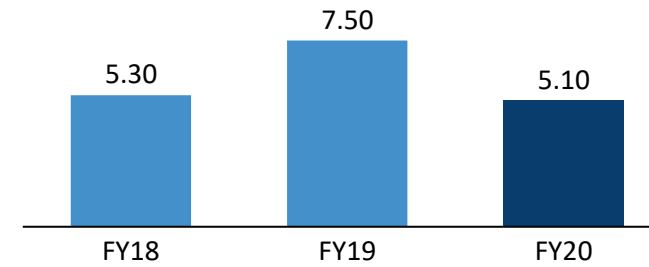


Key Ratios

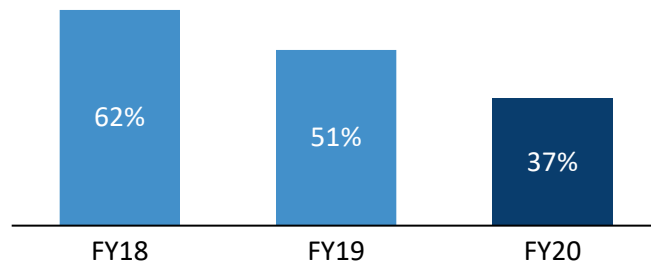
Debt/ equity (x)



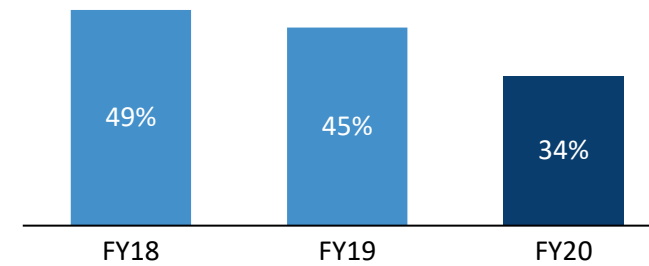
Fixed Asset Turnover(x)



ROCE (%)



ROE (%)



Profit & Loss Statement

Particulars (Rs. Crs)	Q3FY21	Q3FY20	YoY%	9MFY21	9MFY20	YoY%
Revenue from Operations	64.8	55.7	16.3%	172.0	210.2	-18.2%
Cost of Goods Sold	31.1	31.8		81.6	120.8	
Employee Cost	4.6	3.1		11.6	10.8	
Other Expenses	6.2	7.4		18.5	22.0	
EBITDA	22.8	13.4	70.4%	60.3	56.7	6.3%
EBITDA Margin	35.2%	24.0%		35.1%	27.0%	
Other Income	1.2	0.8		1.5	2.0	
Depreciation	1.4	1.1		4.1	3.3	
EBIT	22.6	13.1	72.8%	57.7	55.4	4.1%
Finance Cost	0.6	0.9		2.9	3.5	
Profit before Tax	22.0	12.2	80.4%	54.8	51.9	5.5%
Tax	5.5	2.9		13.9	12.8	
PAT	16.5	9.3	77.5%	40.9	39.1	4.7%
PAT Margin %	25.4%	16.7%		23.8%	18.6%	
Basic EPS	4.81	2.92		12.23	12.29	

Balance Sheet

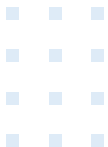
ASSETS (Rs. Crs)	Sep-20	Mar-20
Non-Current Assets		
a) Property, Plant And Equipment	62.3	47.4
b) Capital Work in Progress	2.2	3.7
c) Right Of Use Asset	1.7	1.3
d) Intangible Assets	0.0	0.0
e) Other Financial Assets	0.5	0.5
f) Other Non-Current Assets	0.3	0.2
Sub-Total - Non-Current Assets	67.0	53.2
Current Assets		
a) Inventories	55.3	48.1
b) Financial Assets		
i) Trade Receivables	110.7	88.9
ii) Cash And Cash Equivalents	113.1	1.1
iii) Bank Balances	216.3	13.0
iv) Other Financial Assets	18.8	1.4
c) Other Current Assets	21.6	20.0
Sub-Total - Current Assets	535.9	172.6
Total - Assets	602.9	225.8

EQUITY AND LIABILITIES	Sep-20	Mar-20
EQUITY AND LIABILITIES		
Equity		
a) Equity Share Capital	36.6	31.8
b) Other Equity	287.4	114.6
Total Equity	324.0	146.4
Liabilities		
Non-Current Liabilities		
a) Financial Liabilities		
i) Borrowings	14.3	14.6
ii) Lease Liabilities	1.2	0.8
b) Non current Provisions	0.1	0.1
c) Deferred Tax Liabilities (Net)	1.7	2.3
Sub-Total - Non-Current Liabilities	17.3	17.7
Current Liabilities		
a) Financial Liabilities		
i) Borrowing	42.5	28.7
ii) Trade Payables	19.6	25.7
iii) Other Financial Liabilities	192.5	4.5
iv) Lease Liabilities	0.4	0.4
b) Other Current Liabilities	4.7	2.4
c) Short Term Provisions	1.8	0.0
Sub-Total - Current Liabilities	261.5	61.7
Total - Equity And Liabilities	602.9	225.8

Utilisation of the Net IPO Proceeds

Particulars	Original Cost (as per Prospectus)	Revised Cost	Utilisation Upto 31-12-2020	Unutilisation Amounts as on 31-12-2020
Capital expenditure towards expansion of Manufacturing Facility	41.0	41.0	4.3	36.7
Incremental working capital requirement	90.0	90.0	40.0	50.0
General corporate purposes*	18.8	19.2	8.5	10.8
Total	149.8	150.3	52.7	97.5

*The revision in general corporate purposes expense is on account of reduction in offer expense as compared to estimated.
IPO Proceeds which were unutilised as of December 31, 2020 were temporarily invested in deposits with scheduled commercial bank.



Thank You



Chemcon Speciality Chemicals Ltd.

CIN – U24231GJ1988PLC011652

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SGA Strategic Growth Advisors

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