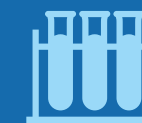




Chemcon Speciality Chemicals Limited Investor Presentation – October 2021



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Q2 & H1 FY22 Highlights



Business Highlights



“We are pleased to share that we have delivered another quarter of positive performance as all our key products witnessed robust demand. We have clocked a total operating revenue of Rs 61.2 cr for the quarter. After the backward integration of P7 and P8 unit completed, the HMDS business began operating at full capacity and reported a notable figure for the quarter. On the other hand, Bromide & CMIC business continued to maintain its business momentum.

During the quarter, we were obstructed with an unfortunate external incident. Due to this external incident, GPCB had issued a closure notice which led to production loss. Although, we had 15-20 days of finish goods inventory which had been dispatched to clients on prerequisite schedule and the impact in Q2FY22 was insignificant. The same has been revoked last week and currently, all our facilities are running at full capacity. We are a Zero liquid discharge company and adhere to all best practices require as per global standard. We are a renowned and well-qualified supplier to all major pharmaceutical MNCs. Our operations have continued to operate efficiently and compliantly within the framework for the past two decades.

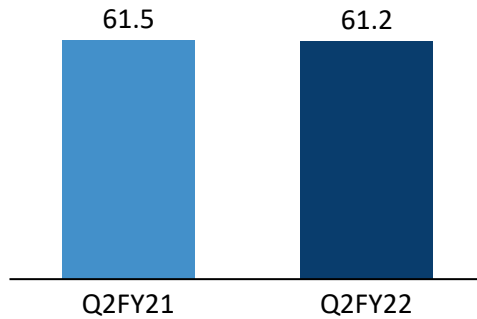
Expansion of P8 & P9 facilities has been completed and will be ready for a trial run from next week onwards. We expect these units to fully commercialize from Jan-22. We are also delighted to announce that we have initiated the expansion of P10 unit at the same location for other few pharma intermediate products. We are targeting this facility to come onstream by FY23. Our goal is to add more value-added solutions that will help us sustain our business while also allowing us to take new steps forward. We are well positioned to benefit from India's structural position as a leading supplier of chemical products to global MNCs. ”

**Mr. Kamal Aggarwal,
Chairman & Managing Director**

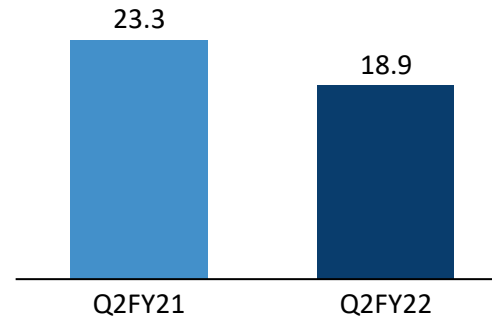
Quarterly Highlights



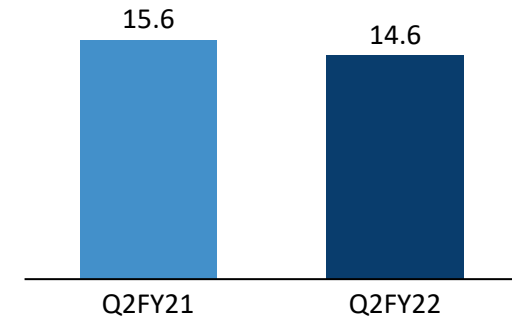
Total Revenue (Rs. Cr)



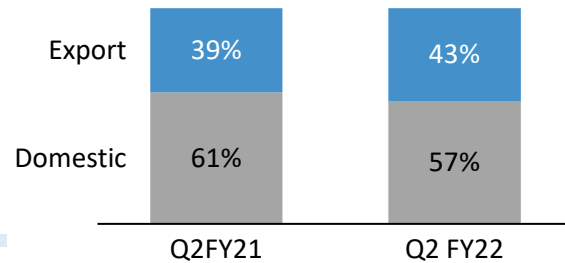
EBITDA (Rs. Cr)



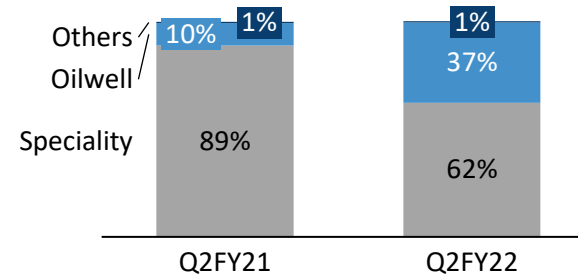
PAT (Rs. Cr)



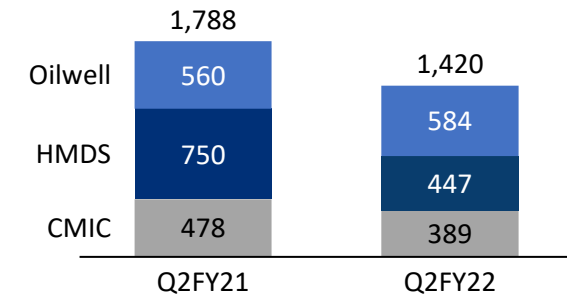
Geographic-Wise (%)



Business-wise (%)



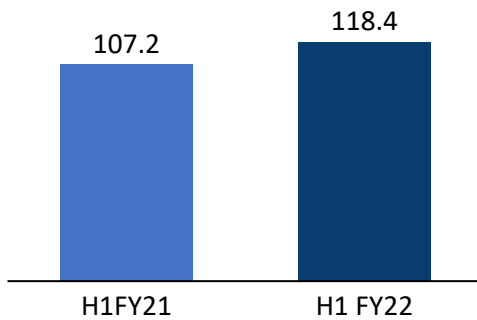
Production Volume (MT)



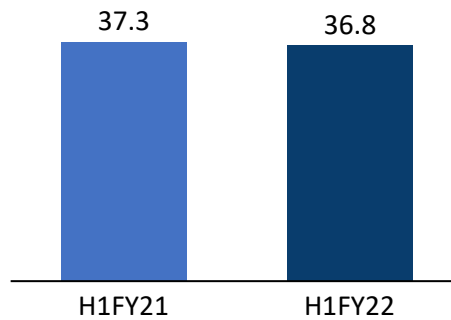
Half Yearly Highlights



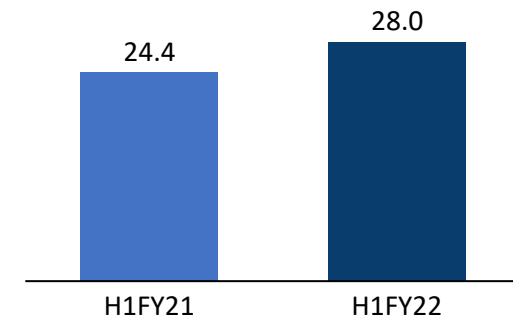
Total Revenue (Rs. Cr)



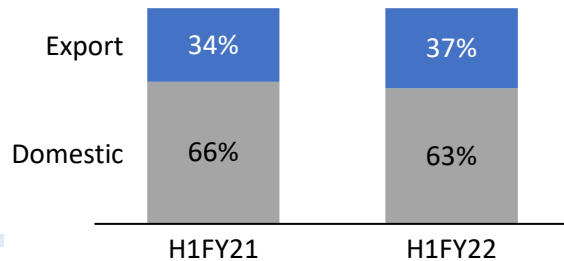
EBITDA (Rs. Cr)



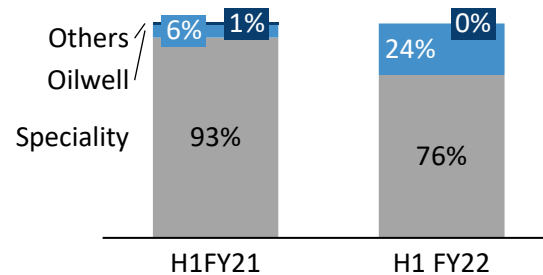
PAT (Rs. Cr)



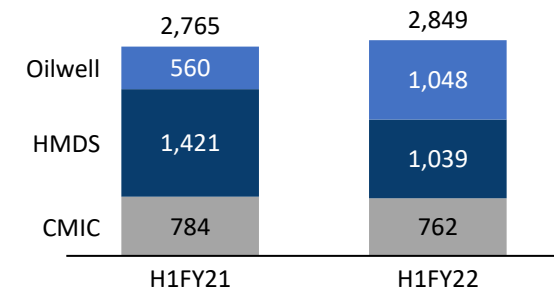
Geographic-Wise (%)



Business-wise (%)



Production Volume (MT)



Profit & Loss Statement



Particulars (Rs. Crs)	Q2FY22	Q2FY21	Y-o-Y	H1FY22	H1FY21	Y-o-Y
Revenue from Operations	61.2	61.5	-0.5%	118.4	107.2	10.5%
Cost of Goods Sold	30.5	25.7		58.0	50.5	
Employee Cost	4.8	3.7		9.0	6.9	
Other Expenses	7.0	8.8		14.6	12.3	
EBITDA	18.9	23.3	-18.8%	36.8	37.3	-1.6%
EBITDA Margin %	30.9%	37.9%		31.1%	34.9%	
Other Income	2.3	0.1		4.2	0.3	
Depreciation	1.5	1.4		3.0	2.7	
EBIT	19.7	22.1	-10.8%	38.0	35.0	8.3%
Finance Cost	0.2	1.2		0.4	2.3	
Profit before Tax	19.5	20.9	-6.5%	37.6	32.7	14.8%
Tax	5.0	5.3		9.6	8.3	
PAT	14.6	15.6	-6.5%	28.0	24.4	14.6%
PAT Margin %	23.8%	25.3%		23.6%	22.8%	
Basic EPS (in Rs.)	3.98	4.89		8.18	7.67	

Balance Sheet



ASSETS (Rs. Crs)	Sep-21	Mar-21
Non-Current Assets		
a) Property, Plant And Equipment	67.4	65.5
b) Capital Work in Progress	33.6	8.5
c) Right Of Use Asset	0.6	1.4
d) Intangible Assets	0.0	0.0
e) Other Financial Assets	40.4	40.3
f) Other Non-Current Assets	3.1	3.3
Sub-Total - Non-Current Assets	145.2	119.1
Current Assets		
a) Inventories	45.3	59.0
b) Financial Assets		
i) Trade Receivables	72.1	94.8
ii) Cash And Cash Equivalentents	68.1	24.4
iii) Bank Balances	129.1	97.5
iv) Other Financial Assets	7.7	4.0
c) Current Tax Assets	0.6	0.6
d) Other Current Assets	14.5	4.4
Sub-Total - Current Assets	337.5	284.5
Total - Assets	482.6	403.6

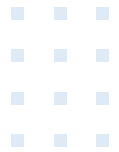
EQUITY AND LIABILITIES	Sep-21	Mar-21
EQUITY AND LIABILITIES		
Equity		
a) Equity Share Capital	36.6	36.6
b) Other Equity	344.9	317.1
Total Equity	381.5	353.7
Liabilities		
Non-Current Liabilities		
a) Financial Liabilities		
i) Borrowings	1.6	1.8
ii) Lease Liabilities	0.1	1.1
b) Non current Provisions	0.1	0.2
c) Deferred Tax Liabilities (Net)	1.8	1.7
Sub-Total - Non-Current Liabilities	3.6	4.7
Current Liabilities		
a) Financial Liabilities		
i) Borrowing	63.4	3.0
ia) Lease Liabilities	0.5	0.3
ii) Trade Payables	15.0	22.6
iii) Other Financial Liabilities	15.8	13.4
b) Other Current Liabilities	1.4	2.8
c) Short Term Provisions	0.0	0.0
Current Tax Liabilities	1.3	3.1
Sub-Total - Current Liabilities	97.5	45.2
Total - Equity And Liabilities	482.6	403.6

Cash Flow Statement

Particulars (Rs. Crs.)	Sep-21	Mar-21
Net Profit Before Tax	37.6	76.1
Adjustments for: Non Cash Items / Other Investment or Financial Items	(0.6)	6.4
Operating profit before working capital changes	37.0	82.4
Changes in working capital	15.8	(1.8)
Cash generated from Operations	52.8	80.6
Direct taxes paid (net of refund)	11.3	15.6
Net Cash from Operating Activities	41.5	65.0
Net Cash from Investing Activities	(57.4)	(152.5)
Net Cash from Financing Activities	59.7	110.7
Net Decrease in Cash and Cash equivalents	43.8	23.3
Add: Cash & Cash equivalents at the beginning of the period	24.4	1.1
Cash & Cash equivalents at the end of the period	68.1	24.4



Company Overview



Company Snapshot

Incorporated in 1988

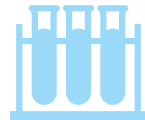
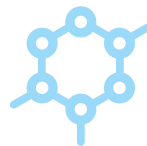
Manufacturer of Speciality Chemicals

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

Business Verticals: 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 was 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

FY21 Export Contribution*:

~29%

~50%

FY18-FY21 CAGR:

~17%

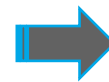
~11%

Key Countries

- » United States of America
- » Italy
- » South Korea
- » Germany
- » People's Republic of China
- » Japan
- » United Arab Emirates
- » 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 with 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 contribute < 55%

Top 10 customers contribute < 70%

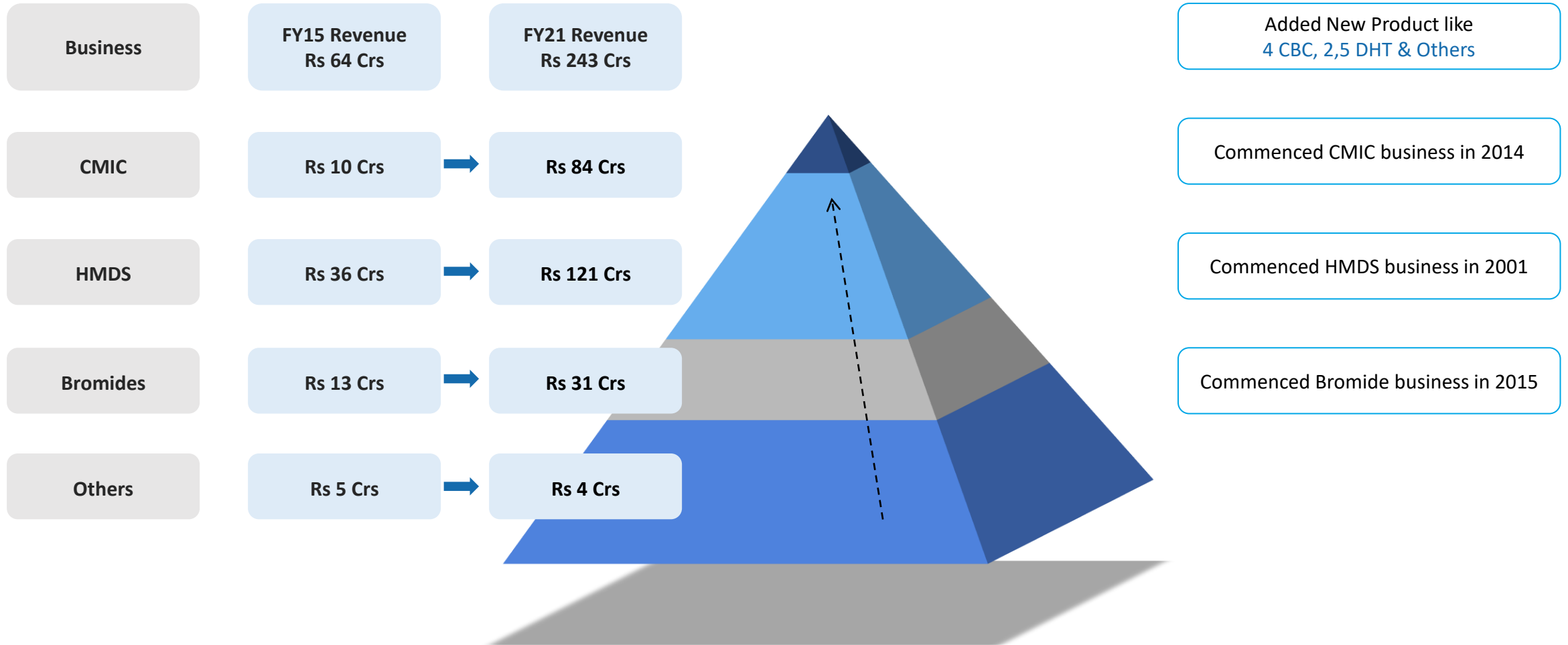
Few customers age more than 2 decades with us

Top 7 customers have 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 Super Industrial Lining Private Limited 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 B.Sc. from Kanpur University, UP and an MBA from the Jiwaji University, Gwalior
- » She has 5 years of experience in sales. She completed a programme on gold appraisal, organised by the MSME-Technology Development Centre, Agra, GoI. She has been on the Board since April 29, 2019



Bharat Shah

Independent Director

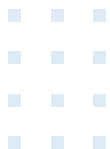
- » He holds a bachelor's degree in science from the Maharaja Sayajirao University of Baroda, Gujarat.
- » In the past, he has been associated with Bank of Baroda in various roles
- » He has more than 37 years of experience in the financial services sector. He has been on the Board since April 29, 2019



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



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 (CY19)	~35,700 MT	~6,880 MT	~362,000 MT
Global Market Production (CY19)	~25,390 MT	~3,927 MT	~246,000 MT
Chemcon Production (FY21)	3,033 MT	1,796 MT	2,011 MT
Chemcon Share in Global Market	> 10%	> 40%	~1%
Domestic Import (CY19)	~1,622 MT	~1,574 MT	-

We are well positioned to substitute imports and maintain growth trajectory

Source: Frost & Sullivan

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

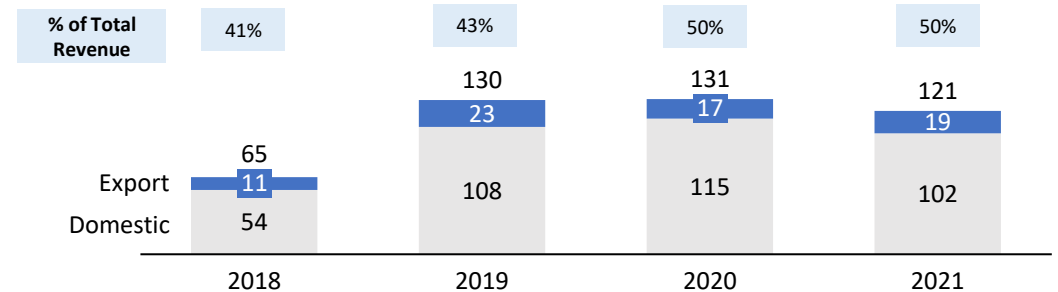
Product	Period	Capacity	Production
HMDS	FY21	4,200	3,033*
Hi-Purity HMDS	FY21	600	-

*Includes Outsource Capacity

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

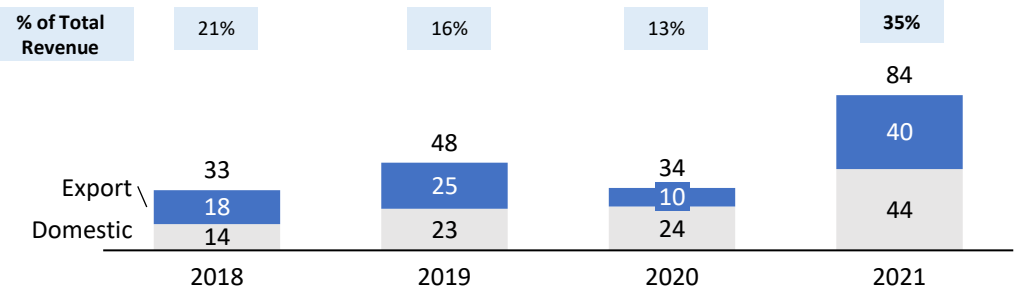
Capacity

Product	Period	Capacity	Production	Utilisation
CMIC	FY21	1,800	1,796	~100%

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

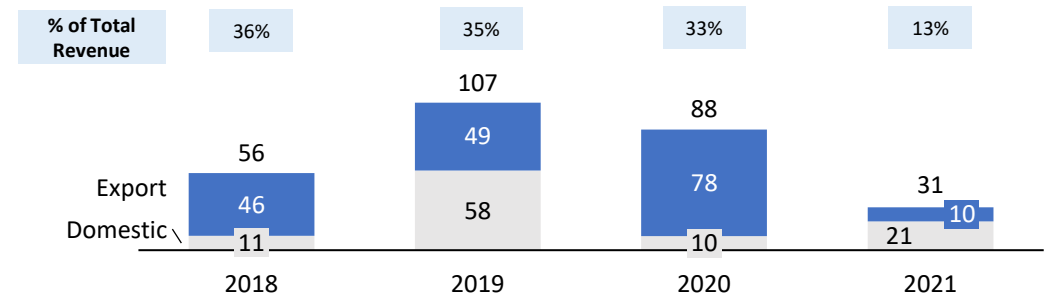
Capacity

Product	Period	Capacity	Production	Utilisation
Bromides (Total)	FY21	15,000	2,011	~13%

End Applications

- » **Sodium Bromide (NaBr)** : Used alone or in a combination with sodium chloride or zinc bromide to form clear workarround 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

6 Owned + 3 Lease Warehouses

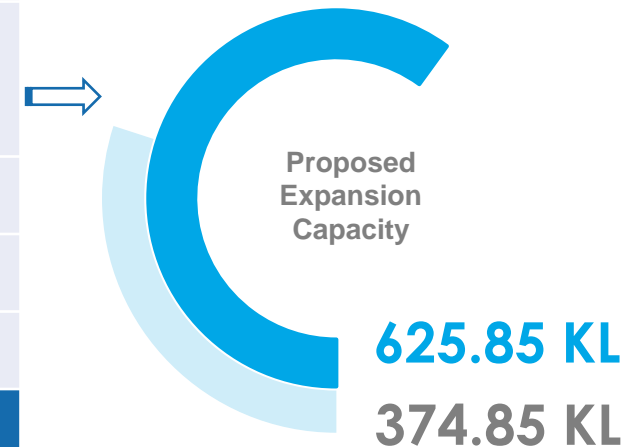
3 Proposed Expansion Plants under process

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	3,200	121.75
P-6		Multipurpose Capacity - CMIC, 4 CBC & 2,5 DHT		
P-8		Proposed Multipurpose Capacity (Pharma Intermediate Chemicals)	Q3FY22e	
P-9		Proposed Multipurpose Capacity (Pharma Intermediate Chemicals)	Q3FY22e	
P-10		Proposed Multipurpose Capacity (Pharma Intermediate Chemicals)	FY23e	
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)			23,000	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

Capacity Expansion

- » We intend to build two additional plants with a total volumetric reactor capacity of 251.00 KL at P8 & P9 unit. 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

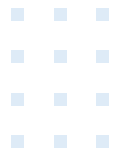


Leading to Long Term Sustainable Growth

New Products, New Clients, New Applications, New Opportunities



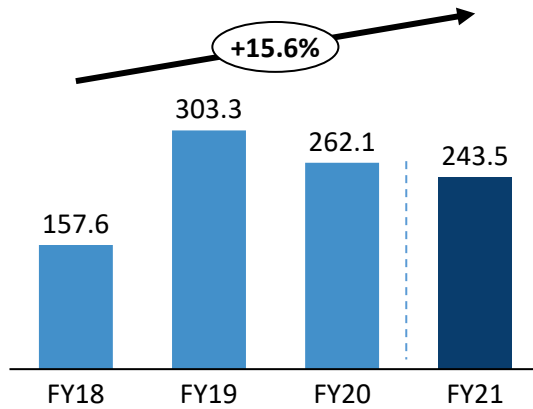
Financial Highlights



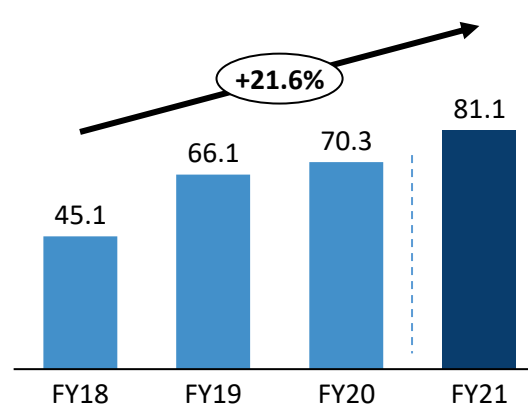
Financial Trends



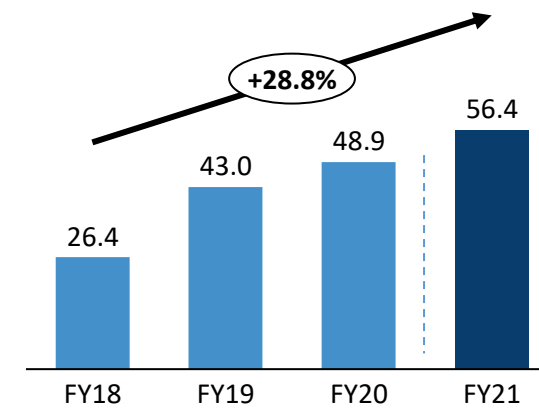
Total Revenue (Rs. Cr)



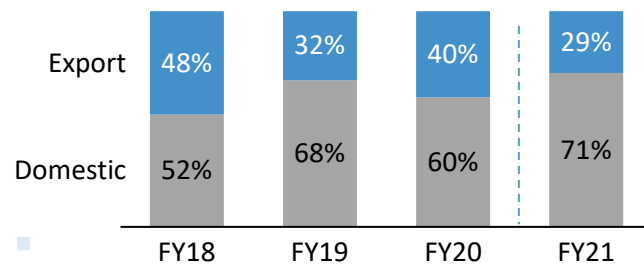
EBITDA (Rs. Cr)



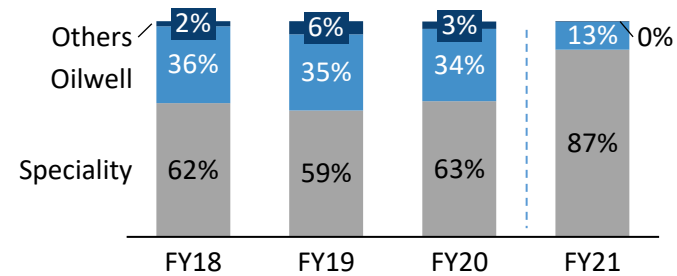
PAT (Rs. Cr)



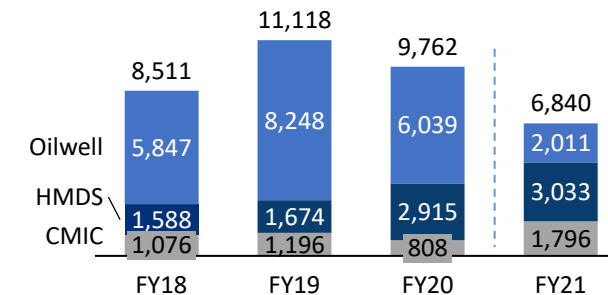
Geographic-Wise (%)



Business-wise (%)



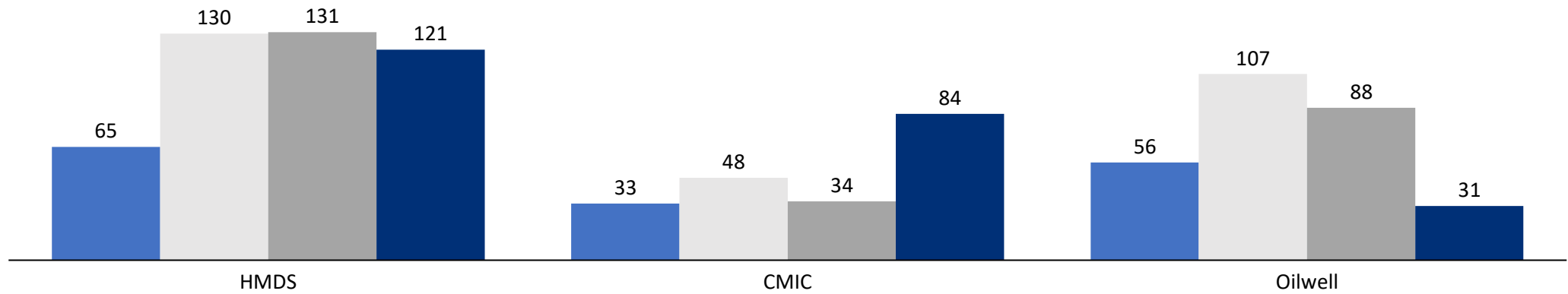
Production Volume (MT)



Performance Highlights

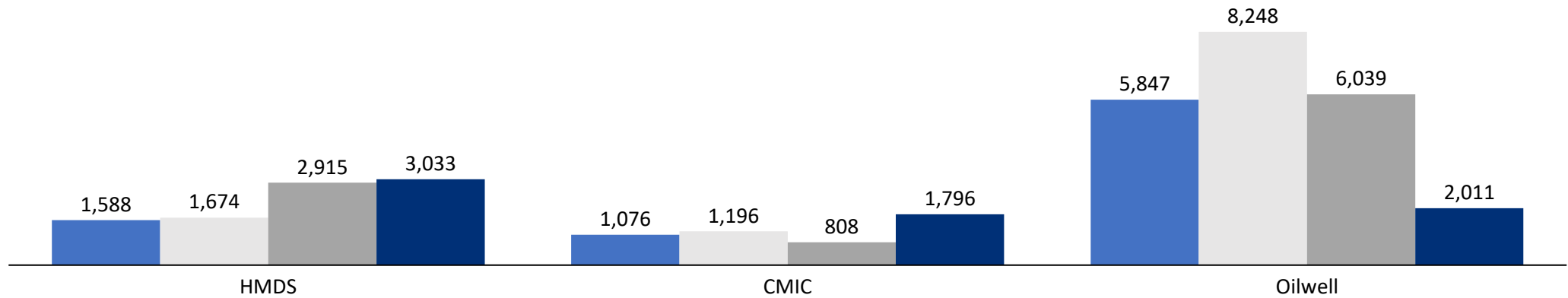


Total Revenue (Rs. Cr)



2018 2019 2020 FY21

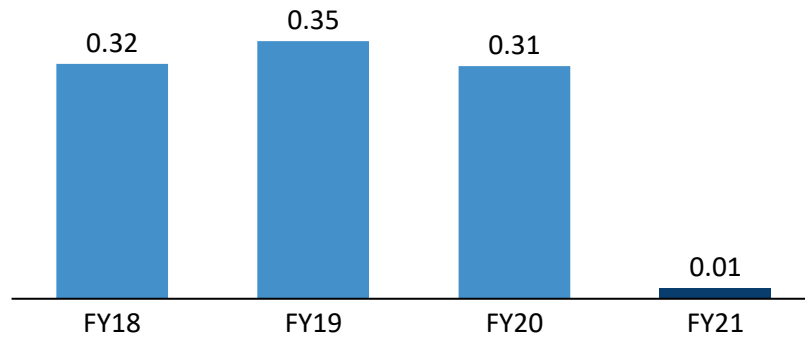
Production Volume (MTPA)



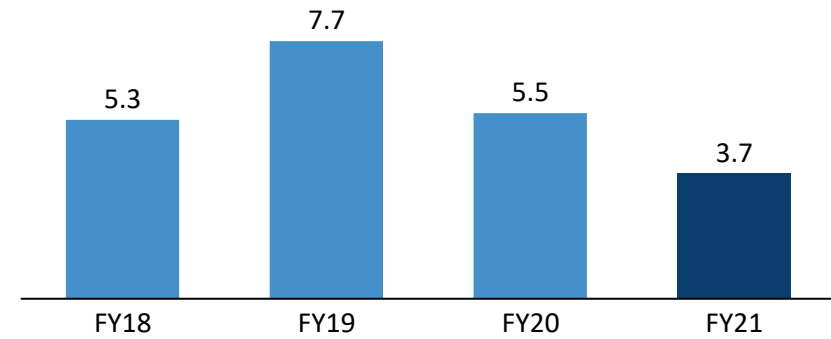
Key Ratios



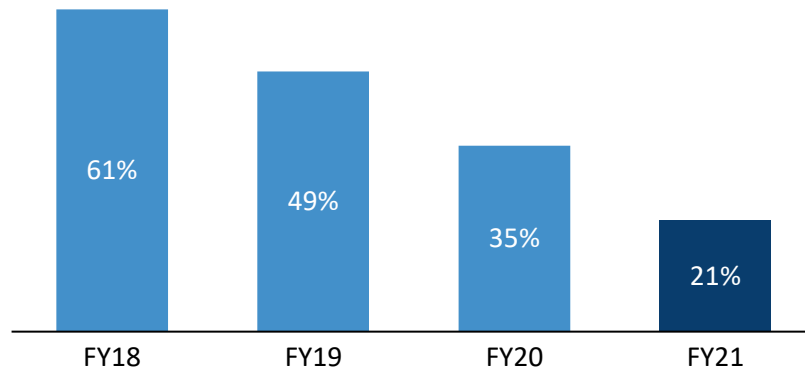
Debt/ equity (x)



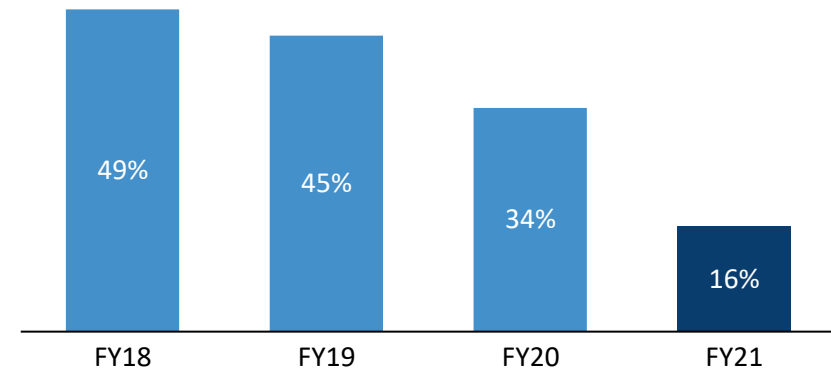
Fixed Asset Turnover(x)



ROCE (%)



ROE (%)

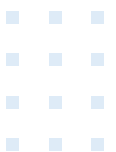


Utilisation of the Net IPO Proceeds



Particulars	Original Cost (as per Prospectus)	Revised Cost	Utilisation Upto 30-09-2021	Unutilisation Amounts as on 30-09-2021
Capital expenditure towards expansion of Manufacturing Facility	41.0	41.0	33.4	7.6
Incremental working capital requirement	90.0	90.0	40.0	50.0
General corporate purposes*	18.8	19.3	13.5	5.9
Total	149.8	150.3	86.9	63.4

*The revision in general corporate purposes expense is on account of reduction in offer expense as compared to estimated.
 IPO Proceeds which were unutilized as of September 30th, 2021 were temporarily invested in deposits with scheduled commercial bank.



Thank You



Chemcon Speciality Chemicals Ltd.

CIN – L24231GJ1988PLC011652

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SGA Strategic Growth Advisors

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