




**Chemcon Speciality Chemicals Limited  
Investor Presentation – August 2023**



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# Q1 FY24 Performance Highlights



# Q1 FY24 Performance Highlights



*“For the Q1FY24, company has registered the total revenue of Rs 79 crores aided by better performance from Inorganic chemicals. Company continue to experience a slowdown in the Organic chemicals due to a host of challenges such as market volatility, pricing pressures and slow pickup from pharma players. Inorganic chemical business has been steady for the quarter on the back of healthy demand and better sourcing of key raw materials. Newly launched Organic chemical has witnessed some volatility due to destocking from agrochemical manufacturers which has further reflected on the product prices for last few months. Resurgence of major Pharma and Agrochemical players will revive the demand of our key products in coming quarters.*

*We expect a new product to commercialize in the coming quarters which will further onboard new clients and diversify our product basket. We will plan to commercialize the P10 unit by end of FY24 and P11 unit by FY25 which will add other few organic chemicals. To drive future growth, we will steer our focus and investments towards increasing our production capacities and expansion of product portfolio. We also aim to invest and strengthen the marketing team to expand the client base. Our company is strategically positioned to capitalise on the upcoming prospects and is fully dedicated to providing long-term value add to our esteem clients.”*

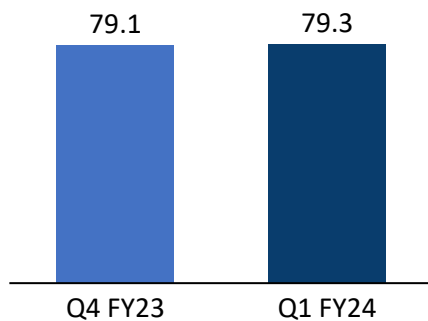
**Mr. Kamal Aggarwal,**

**Chairman & Managing Director**

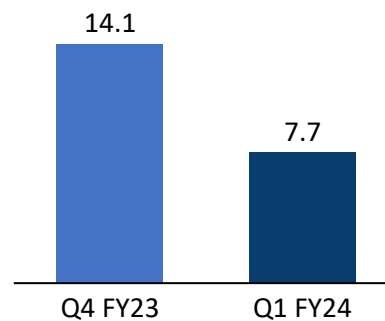
# Financial Highlights



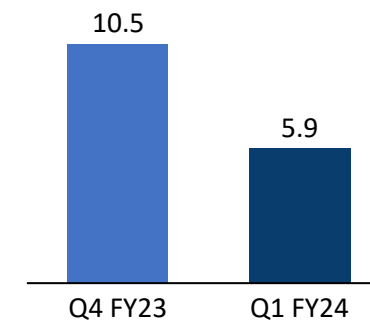
Total Revenue (Rs. Cr)



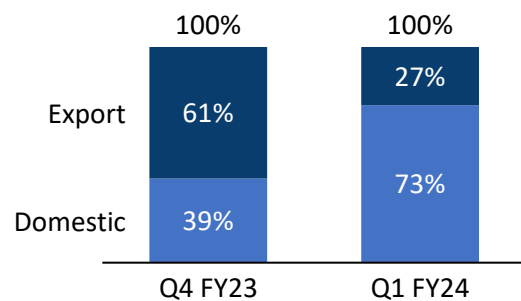
EBITDA (Rs. Cr)



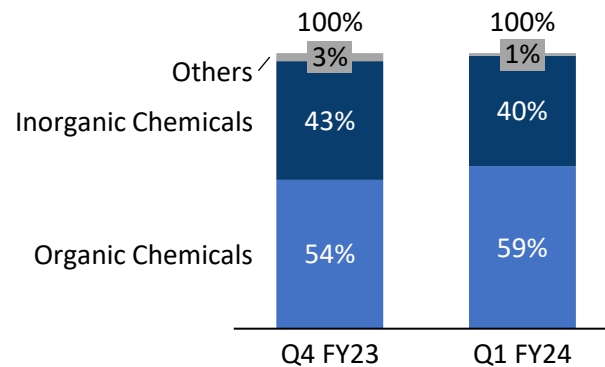
PAT (Rs. Cr)



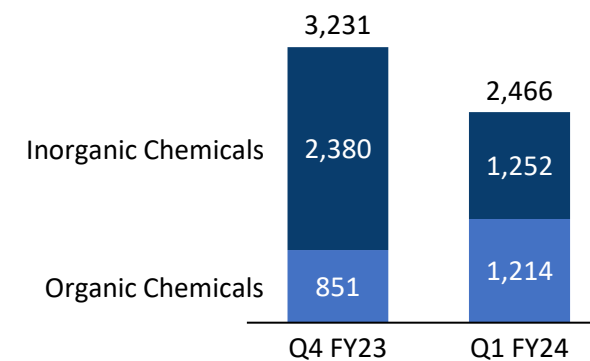
Geographic-Wise (%)



Business-wise (%)



Sales Volume (MT)



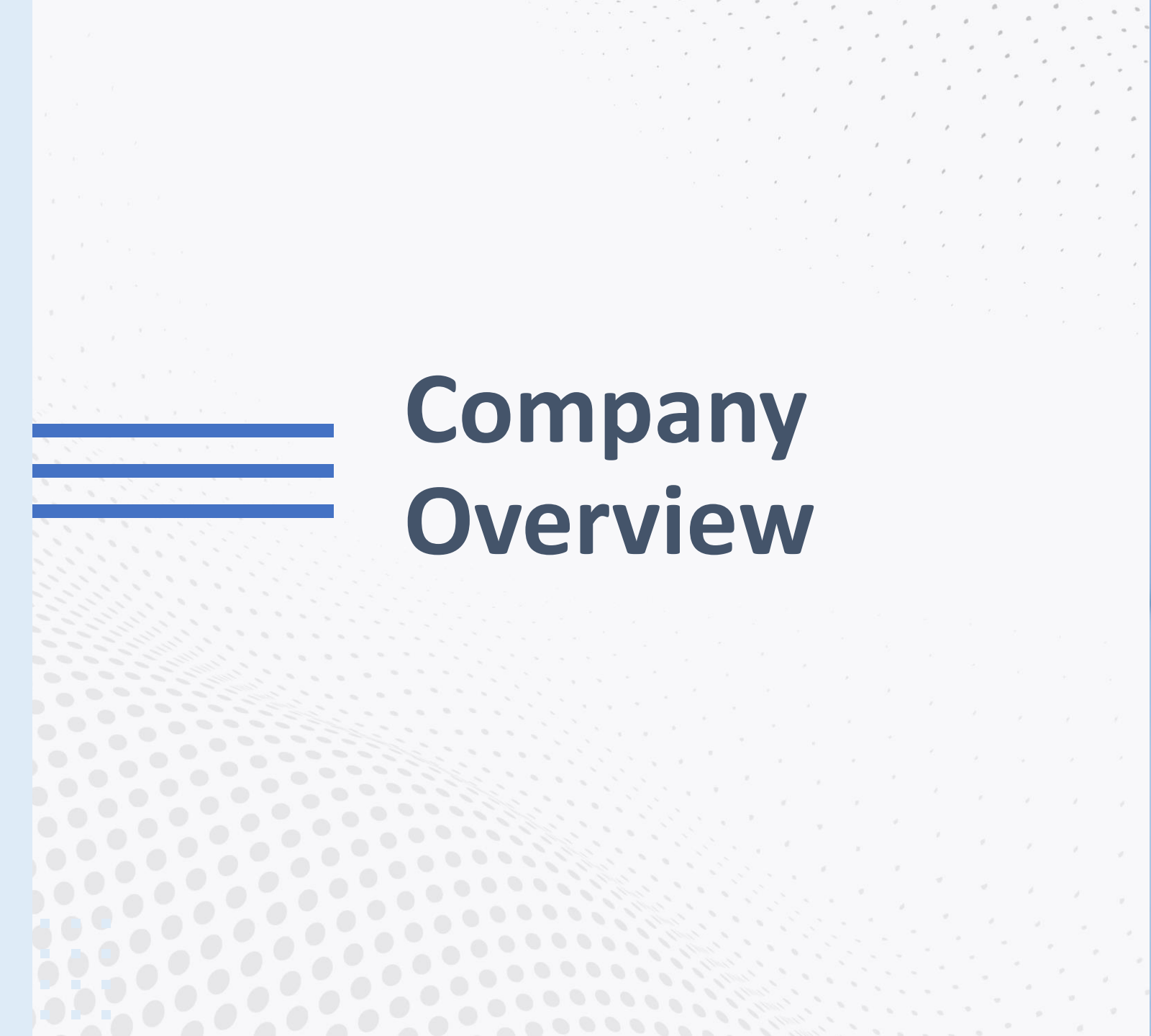
Organic chemicals refers to HMDS, CMIC and Bromobenzene whereas Inorganic chemicals refer to Bromides

Export data are inclusive of Deemed Exports

# Profit & Loss Statement



Particulars (Rs. Crs)	Q1 FY24	Q4 FY23	Q-o-Q	FY23
<b>Revenue from Operations</b>	<b>79.3</b>	<b>79.1</b>	<b>0.3%</b>	<b>302.9</b>
Cost of Goods Sold	59.9	53.6		175.7
Employee Cost	4.0	5.0		20.5
Other Expenses	7.7	6.4		35.9
<b>EBITDA</b>	<b>7.7</b>	<b>14.1</b>	<b>-45.2%</b>	<b>70.7</b>
<b>EBITDA Margin</b>	<b>9.7%</b>	<b>17.8%</b>		<b>23.3%</b>
Other Income	3.6	2.9		13.3
Depreciation	2.6	2.3		8.4
<b>EBIT</b>	<b>8.7</b>	<b>14.7</b>	<b>-40.9%</b>	<b>75.6</b>
Finance Cost	0.7	0.5		1.5
<b>Profit before Tax</b>	<b>8.0</b>	<b>14.2</b>	<b>-43.7%</b>	<b>74.2</b>
Tax	2.1	3.7		19.0
<b>PAT</b>	<b>5.9</b>	<b>10.5</b>	<b>-43.6%</b>	<b>55.1</b>
<b>PAT Margin %</b>	<b>7.4%</b>	<b>13.2%</b>		<b>18.2%</b>
Basic EPS	1.61	2.86		15.04



# Company Overview



# Company Snapshot

Incorporated in 1988

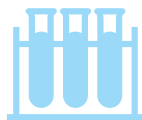
Manufacturer of Speciality  
Chemicals

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

Business Verticals: Organic  
Chemicals and Inorganic Chemicals

Manufacturing Facilities near  
Manjusar, Vadodara, Gujarat

9 Operational Plants, 6 Owned and 1  
lease Warehouses



**Only Manufacturer** of HMDS in India



**3rd Largest** Manufacturer of HMDS  
Worldwide



**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**

**FY15-16**

- » First sale of **Calcium Bromide** (Solution)
- » 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 ancillary product of HMDS

**FY22 -23**

- » **Increase in CMIC & TMCS** Capacity by commissioning of plant P8
- » Increase in bromobenzene capacity by commissioning plant P-9



## Global Presence

FY23 Export  
Contribution\*:

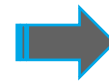
**~59%**

## 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



## Organic Chemicals

## Inorganic Chemicals



Shree Radha Overseas

CC Gran Limited Liability Company

Longstanding Clients

Strong Base

New Product Development

New Customer Reach

Top 5 customers contribute ~40%

Top 10 customers contribute ~58%

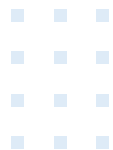
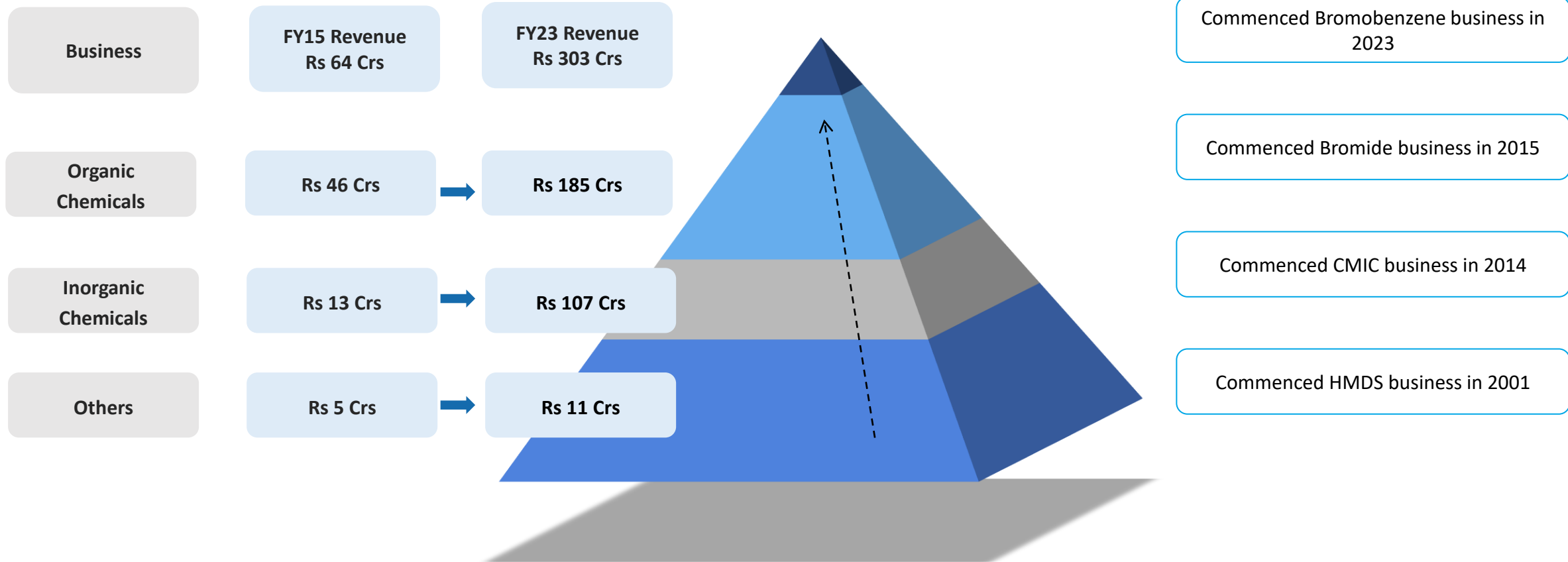
Few customers age more than 2 decades with us

Major customers have been with us for more than 5 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



## 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



# Product Portfolio



## Organic Chemicals

### HMDS

- 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

Pharmaceuticals & Others

### CMIC

- CMIC is an antiviral drug intermediate product, which is a key intermediate for anti-AIDS and anti-hepatitis B drug Tenofovir
- The downstream product of CMIC, Tenofovir is a nucleotide antiviral drug developed by Gilead Corporation of the United States.

Pharmaceuticals

### Bromobenzene

- Bromobenzene, is a clear, colourless or pale-yellow liquid. It is manufactured through bromination of benzene in presence of iron and has form of heavy, mobile, colorless liquid having a pungent odor.

Agrochemicals

## Inorganic Chemicals

### Bromides

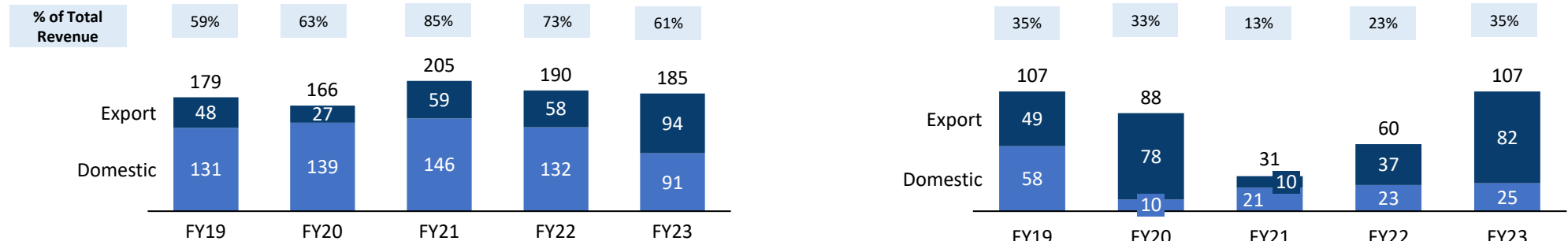
- Oilwell Completion Chemicals are used to complete the well and is normally a salty solution made up of chlorides or bromides
- Company manufacture a range of inorganic bromides, namely: Calcium Bromide (solution and powder), Zinc Bromide (solution) & Sodium Bromide (solution and powder)

Oil Drilling & Fluids

## Key Products

## End User Industry

## Business Performance (Rs in cr)



Export data are inclusive of Deemed Exports



# Manufacturing Facilities



Sr No	Product categories	Key Products	Installed Capacity (MTPA)
1	Organic Chemicals	HMDS, CMIC, Bromobenzene and other ancillary products	10,800
2		Proposed P-10 Capacity	FY24e
3		Proposed P-11 Capacity	FY25e
4	Inorganic Chemicals	Range of Inorganic Bromides	15,000

Located at Manjusar near Vadodara, Gujarat

9 Operational Plants

2 Proposed Expansion Plant under process

In-House R&D Laboratory

6 Owned + 1 Lease Warehouses

Located at Manjusar near Vadodara, Gujarat



## Capacity Expansion

- » We plan to add additional manufacturing capacity P10 unit by end of FY24 and P11 unit by FY25. These additional capacity will manufacture organic chemicals

## Import Substitution

- » Aims to capitalize on the potential growth of Organic Chemicals in India and to substitute imports

## Exploring New Applications

- » Plan to expand the new products to have diversified product portfolio with diversified client base

## Cost Efficiencies

- » Ongoing improvement in cost-efficiencies in the production process through Process re-engineering for efficient raw material consumption and through economies of scale



# Way Forward

Moderate Growth in

Organic Chemicals



Healthy Growth in

Inorganic Chemicals



Exploring  
Opportunities in

New Products



Leading to Long Term Sustainable Growth

**New Products, New Clients, New Applications, New Opportunities**



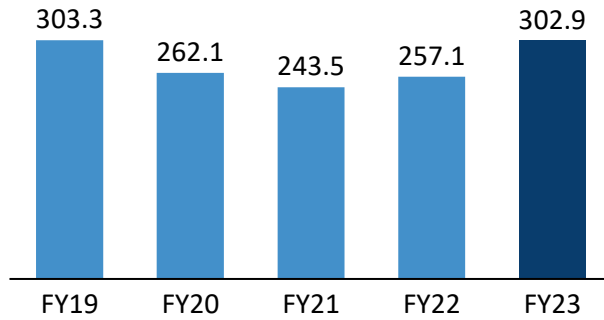
# Financial Highlights



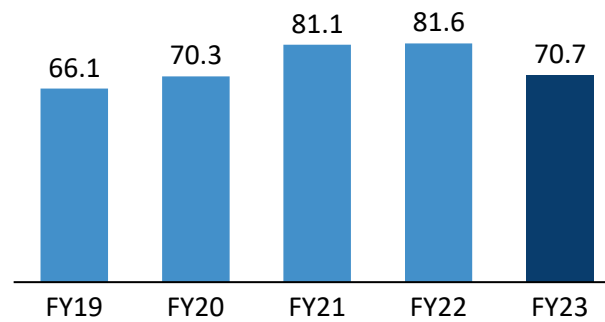
# Financial Trends



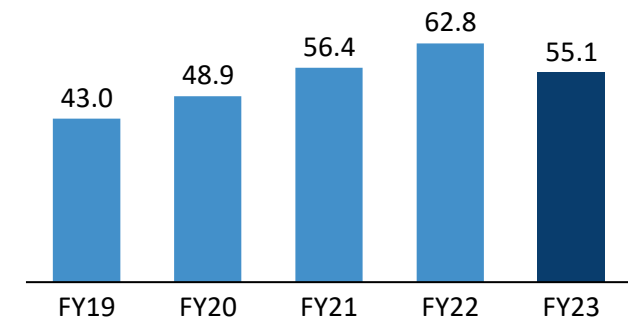
Total Revenue (Rs. Cr)



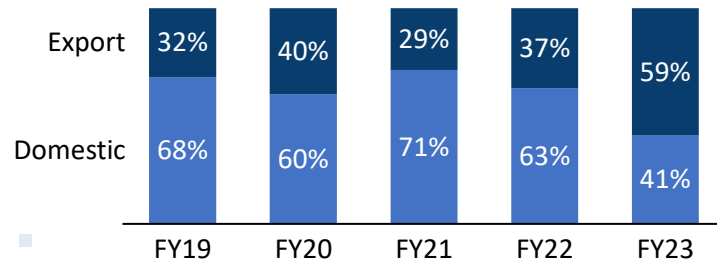
EBITDA (Rs. Cr)



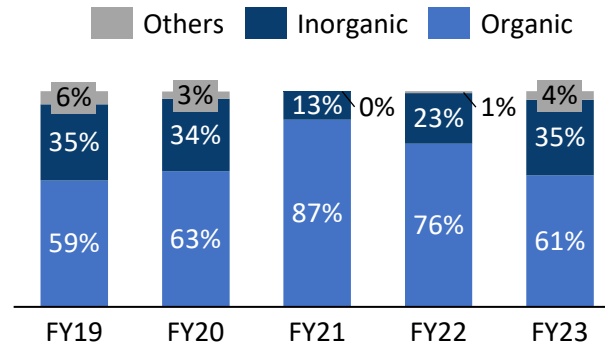
PAT (Rs. Cr)



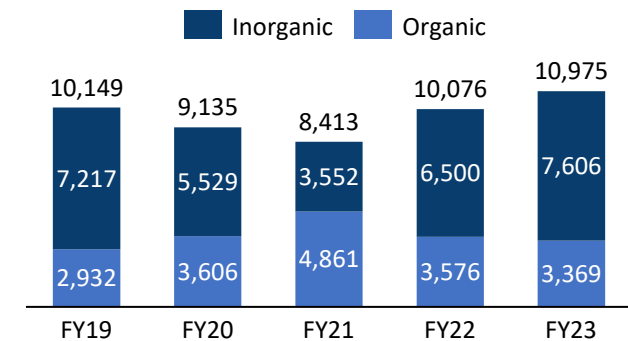
Geographic-Wise (%)



Business-wise (%)



Sales Volume (MT)

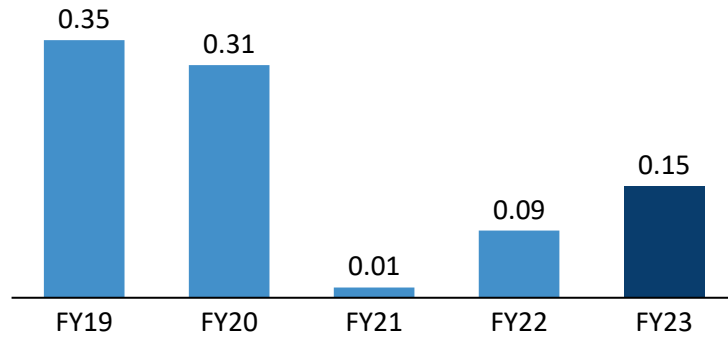


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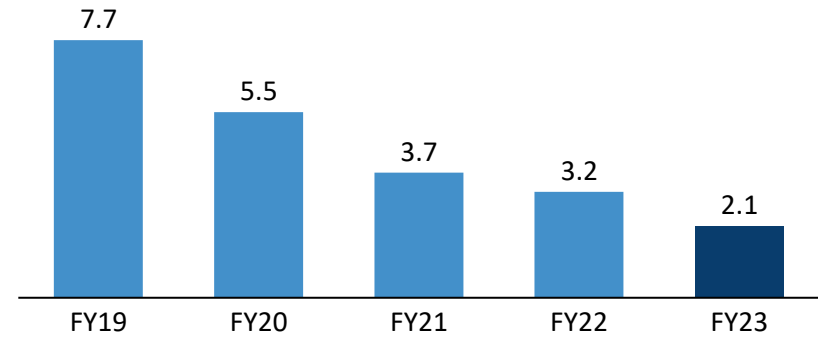
Export data are inclusive of Deemed Exports

# Key Ratios

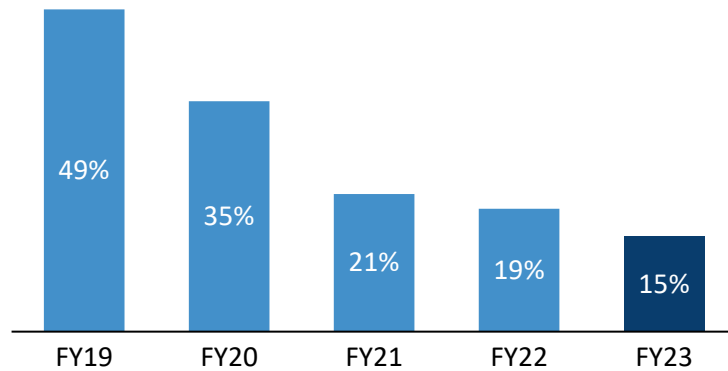
### Net Debt/ equity (x)



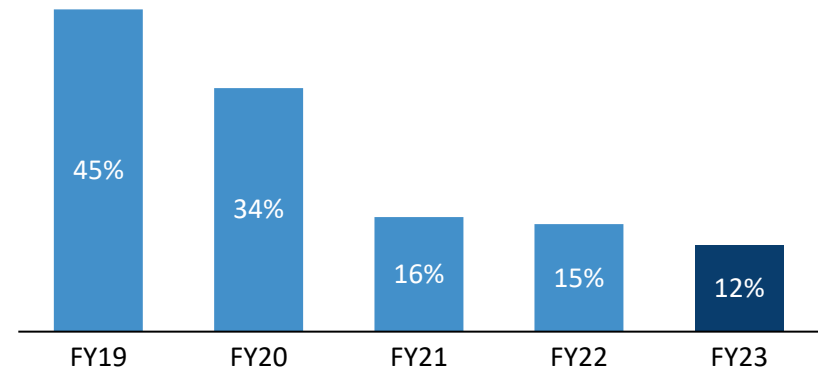
### Fixed Asset Turnover(x)



### ROCE (%)



### ROE (%)



# Balance Sheet



ASSETS (Rs. Crs)	Mar-23	Mar-22
<b>Non-Current Assets</b>		
a) Property, Plant And Equipment	141.4	81.7
b) Capital Work in Progress	13.6	34.0
c) Right Of Use Asset	0.0	0.5
d) Intangible Assets	0.0	0.0
e) Other Financial Assets	84.0	0.9
f) Other Non-Current Assets	2.9	5.1
<b>Sub-Total - Non-Current Assets</b>	<b>242.0</b>	<b>122.3</b>
<b>Current Assets</b>		
a) Inventories	79.0	34.6
b) Financial Assets		
i) Trade Receivables	67.6	102.5
ii) Cash And Cash Equivalents	44.4	35.9
iii) Bank Balances	86.4	188.2
iv) Other Financial Assets	4.3	5.5
c) Other Current Assets	24.4	8.3
d) Current tax assets	5.1	0.7
<b>Sub-Total - Current Assets</b>	<b>311.4</b>	<b>375.7</b>
<b>Total - Assets</b>	<b>553.4</b>	<b>498.0</b>

EQUITY AND LIABILITIES	Mar-23	Mar-22
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
a) Equity Share Capital	36.6	36.6
b) Other Equity	420.7	380.6
<b>Total Equity</b>	<b>457.4</b>	<b>417.2</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
a) Financial Liabilities		
i) Borrowings	0.7	0.6
ii) Lease Liabilities	0.0	0.2
iii) Other financial liabilities	0.8	2.1
b) Non current Provisions	0.1	0.1
c) Deferred Tax Liabilities (Net)	3.1	0.3
<b>Sub-Total - Non-Current Liabilities</b>	<b>4.7</b>	<b>3.2</b>
<b>Current Liabilities</b>		
a) Financial Liabilities		
i) Borrowing	63.2	34.9
ii) Trade Payables	21.4	23.9
iii) Other Financial Liabilities	4.1	7.1
iv) Lease Liabilities	0.0	0.3
b) Other Current Liabilities	2.4	9.8
c) Short Term Provisions	0.0	0.0
Current tax assets	0.0	1.5
<b>Sub-Total - Current Liabilities</b>	<b>91.3</b>	<b>77.6</b>
<b>Total - Equity And Liabilities</b>	<b>553.4</b>	<b>498.0</b>



# Cash Flow Statement



Particulars (Rs. Crs.)	Mar-23	Mar-22
<b>Net Profit Before Tax</b>	<b>74.2</b>	<b>84.0</b>
Adjustments for: Non Cash Items / Other Investment or Financial Items	0.8	1.4
<b>Operating profit before working capital changes</b>	<b>73.3</b>	<b>82.6</b>
Changes in working capital	-38.5	14.6
<b>Cash generated from Operations</b>	<b>34.9</b>	<b>97.2</b>
Direct taxes paid (net of refund)	22.1	23.1
<b>Net Cash from Operating Activities</b>	<b>12.7</b>	<b>74.1</b>
<b>Net Cash from Investing Activities</b>	<b>-16.3</b>	<b>-92.5</b>
<b>Net Cash from Financing Activities</b>	<b>12.0</b>	<b>29.8</b>
<b>Net Decrease in Cash and Cash equivalents</b>	<b>8.4</b>	<b>11.4</b>
Add: Cash & Cash equivalents at the beginning of the period	36.0	24.5
<b>Cash &amp; Cash equivalents at the end of the period</b>	<b>44.4</b>	<b>35.9</b>

# Thank You



**Chemcon Speciality Chemicals Ltd.**

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**Strategic Growth Advisors Pvt. Ltd.**

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