



# CHEMCON SPECIALITY CHEMICALS LIMITED

## Issue highlights

- Incorporated on December 15, 1988, **Chemcon Speciality Chemicals Ltd** (“Chemcon”) is a manufacturer of specialised chemicals, such as Hexamethyldisilazane/Hexamethyldisilane (“HMDS”) and Chloromethyl Isopropyl Carbonate (“CMIC”) which are predominantly used in the pharmaceuticals industry (the “Pharmaceutical Chemicals”), and inorganic bromides, namely Calcium Bromide, Zinc Bromide and Sodium Bromide, which are predominantly used as completion fluids in the oilfields industry (the “Oilwell Completion Chemicals”).
- Chemcon is the only manufacturer of HMDS in India and was the 3<sup>rd</sup> largest manufacturer of HMDS worldwide** in terms of production in the calendar year 2019 and has an opportunity to grow at a CAGR of 15-20% between 2019 and 2023 including great opportunity for exports.
- Chemcon is the largest manufacturer of CMIC in India and the 2<sup>nd</sup> largest manufacturer of CMIC worldwide**, in terms of production and capacity in calendar year 2019 and has an opportunity to grow at a CAGR of more than 25% between 2019 and 2023.
- Their manufacturing facility is located at Manjusar near Vadodara in Gujarat and currently has 7 operational plants.
- As on March 31, 2020, their total borrowing was ₹ 44.51 crore, while the debt to equity ratio was 0.31 and the interest coverage ratio was 14.01.

## Brief Financial Details\*

(₹ In Cr)

Particulars	As at March 31,		
	2020	2019	2018
Equity Share Capital	31.78	31.78	7.94
Reserves as stated	114.59	65.25	45.68
Net worth as stated	142.71	95.77	53.62
Long Term Borrowings	14.60	2.47	2.50
Short Term Borrowings	28.68	29.74	13.61
Revenue from Operations	262.05	303.34	157.64
Revenue Growth (%)	(13.61)%	92.43%	-
EBITDA as stated	70.26	66.08	45.09
EBITDA Margin (%) as stated	26.81%	21.79%	28.61%
Profit Before Tax	64.92	61.20	40.55
Net Profit	48.85	43.04	26.38
Profit as % to Revenue	18.64%	14.19%	16.73%
EPS (₹)	15.37	13.54	8.30
RONW(%)	34.23	44.94%	49.20%
Net Asset Value (₹)	44.91	30.14	16.87
ROCE	37.92%	53.90%	62.06%
ROE	34.23%	44.94%	49.20%

Source: RHP, \* Restated Summary,

## Issue Details

Fresh Issue of Equity shares aggregating upto ₹ 165 Cr and Offer for sale of upto 4,500,000 Equity Shares.

## Issue highlights

Issue size: ₹ 317 Cr – 318 Cr

No. of shares: 9,381,655–9,352,940 Shares

Face value: ₹ 10

## Issue summary

Price band: ₹ 338 - 340

Bid Lot: 44 Shares and in multiple thereof

## Post Issue Implied Market Cap:

₹ 1,239 Cr – 1,245 Cr

**BRLMs:** Intensive Fiscal Services, Ambit Capital

**Registrar:** Link Intime India Pvt. Ltd.

**Issue opens on:** Monday, 21<sup>st</sup> Sep’2020

**Issue closes on:** Wednesday, 23<sup>rd</sup> Sep’2020

## Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	28-09-2020
Refunds/Unblocking ASBA Fund	29-09-2020
Credit of equity shares to DP A/c	30-09-2020
Trading commences	01-10-2020

## Listing : BSE and NSE

## Issue break-up

Category	No. of Shares ('000)	₹ In Cr	% of Issue
QIB*	4,691-4,676	158.55-159.00	50%
NIB	1,407-1,403	47.56-47.70	15%
Retail	3,284-3,274	110.98-110.30	35%
<b>Total</b>	<b>9,382-9,353</b>	<b>317.10-318.00</b>	<b>100%</b>

\* Company may allocate up to 60% Shares of the QIB Portion to Anchor Investors.

## Shareholding (No. of Shares)

	Pre issue	Post issue <sup>^</sup>	Post issue <sup>~</sup>
No of shares	31,777,760	36,659,417	36,630,701

<sup>^</sup>@ Upper price Band #@ Lower Price Band

## Shareholding (%)

	Pre-Issue	Post-Issue
Promoters & Promoters Gr	100.00%	74.470%
Public	-	25.53%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## BACKGROUND

The company was originally incorporated as Gujarat Quinone Private Limited (“Gujarat Quinone”) at Vadodara, Gujarat on December 15, 1988. Chemcon Engineers Private Limited (“CEPL”) was incorporated at Vadodara, Gujarat on April 30, 1996. CEPL, a company largely owned and promoted by the Promoters and Promoter Group of Gujarat Quinone, merged into Gujarat Quinone approving the Scheme of Amalgamation between CEPL and Gujarat Quinone. The name of the company was changed to “Chemcon Speciality Chemicals Private Limited” on July 27, 2004.

**Kamalkumar Rajendra Aggarwal** is the Promoter, Chairman and Managing Director of the company. In the past, he was associated with CEPL in the capacity of director. He has more than 23 years of experience in the specialised chemicals industry. He has been on the Board since January 19, 2004.

**Rajesh Chimanlal Gandhi** is the Whole-time Director and the Chief Financial Officer of the company. In the past, he was associated with CEPL in the capacity of Accounts & Finance Manager. He has more than 20 years of experience in finance & accounts and related operations. He has been on the Board since May 1, 2012.

**Himanshu Purohit** is the Whole-time Director of the company. In the past, he has been associated with CEPL in the capacity of production manager. He has more than 20 years of experience in production related operations. He has been on the Board since May 1, 2012.

**Navdeep Naresh Goyal** is the Promoter and Deputy Managing Director of the company. 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.

**Rajveer Aggarwal** is the Whole-time Director of the company. He is currently associated with Medicap Healthcare Limited in the capacity of director (operations). He has more than 5 years of experience in operations. He has been on the Board since October 1, 2017.

**Lalit Chaudhary, Bharat Shah, Neelu Shah, Devendra Rajkumar Mangla and Samir Chandrakant Patel** are the Independent Director of the company.

**Shahilkumar Maheshbhai Kapatel** is the Company Secretary and Compliance of the company

## OBJECTS OF THE ISSUE

Objects	(₹ In Cr)
Capital expenditure towards expansion of the Manufacturing Facility (i.e. to set up 2 new plants and 1 laboratory, at the existing Manufacturing Facility at Manjusar, Vadodara;	41.03
To meet working capital requirements;	90.00
To achieve the benefits of listing of the Equity Shares to enhance the visibility and brand image among the existing and potential customers;	-
General Corporate Purposes	[ • ]
<b>Total</b>	<b>[ • ]</b>

## OFFER DETAILS

The Offer	
Fresh Issue (₹ 165 Cr)	<b>Upto 4,881,657~ - 4,852,941^ Equity Shares</b>
	<i>(~ lower price band and ^ at upper price band)</i>
<b>* Offer for sale by Promoters</b>	<b>Upto 4,500,000 Equity Shares</b>
<i>Kamalkumar Rajendra Aqarwal - Promoter</i>	<i>Upto 2,250,000 Equity Shares</i>
<i>Naresh Vijaykumar Goyal - Promoter</i>	<i>Upto 2,250,000 Equity Shares</i>

## BUSINESS OVERVIEW

**Chemcon Speciality Chemicals Ltd** (“Chemcon”) is a manufacturer of specialised chemicals, such as Hexamethyldisilazane / Hexamethyldisilane (“HMDS”) and Chloromethyl Isopropyl Carbonate (“CMIC”) which are predominantly used in the pharmaceuticals industry (the “Pharmaceutical Chemicals”), and inorganic bromides, namely Calcium Bromide, Zinc Bromide and Sodium Bromide, which are predominantly used as completion fluids in the oilfields industry (the “Oilwell Completion Chemicals”). **Chemcon is the only manufacturer of HMDS in India and was the 3<sup>rd</sup> largest manufacturer of HMDS worldwide in terms of production in the calendar year 2019** (source: Frost & Sullivan Report). Chemcon is the largest manufacturer of CMIC in India and the 2<sup>nd</sup> largest manufacturer of CMIC worldwide, in terms of production and capacity in calendar year 2019 (source: Frost & Sullivan Report). Further, they were the only manufacturer of Zinc Bromide and the largest manufacturer of Calcium Bromide in India, in terms of production in calendar year 2019 (source: Frost & Sullivan Report).

Chemcon supply their products to domestic customers and also export their products to countries including United States of America, Italy, South Korea, Germany, China, Japan, United Arab Emirates, Serbia, Russia, Spain, Thailand and Malaysia.

In Fiscals 2020, 2019 and 2018, the revenue from exports (including Deemed Exports) contributed 39.78%, 31.99% and 47.84%, respectively of its revenue from operations. The revenues from exports (including Deemed Exports) have grown at a CAGR of 17.57% between Fiscals 2018 and 2020.

For Fiscals 2020, 2019 and 2018:

- The Revenue from Operations was ₹262.05 crore, ₹303.34 crore and ₹157.64 crore respectively, growing at a CAGR of 28.93% between Fiscal 2018 and Fiscal 2020.
- The EBITDA was ₹ 70.26 crore, ₹66.08 crore and ₹45.10 crore respectively, growing at a CAGR of 24.82% between Fiscal 2018 and Fiscal 2020,
- The Profit after Tax was ₹ 48.85 crore, ₹43.04 crore and ₹26.38 crore respectively, growing at a CAGR of 36.08% between Fiscal 2018 and Fiscal 2020.

In Fiscals 2020, 2019 and 2018, the Pharmaceutical Chemicals, contributed 63.75%, 63.14% and 62.18% of its Total Revenue from Operations respectively, while the Oilwell Completion Chemicals, contributed 33.47%, 35.30% and 35.63% respectively of its Total Revenue from Operations.

## MANUFACTURING UNITS

Chemcon is an ISO 9001:2015 certified company for the “Manufacture and supply of pharmaceutical intermediates, silanes and oilfield chemicals”. Their manufacturing facility is located at Manjusar near Vadodara in Gujarat. Currently they have 7 operational plants of which 2 plants are dedicated to the manufacturing of HMDS and ancillary products, (including 1 plant dedicated to the manufacturing of hi-purity HMDS), 1 multipurpose plant, currently being used for manufacturing of HMDS and other pharmaceutical chemicals, 2 plants are dedicated to the manufacturing of CMIC and 2 plants dedicated to the manufacturing of its Oilwell Completion Chemicals, along with 3 warehouses for the storage of its products and raw materials.

They also have an in-house laboratory at their Manufacturing Facility to test the raw materials procured, as well as their products at the various stages of the manufacturing process. Further, they have 5 leased warehouses located outside the Manufacturing Facility, in Manjusar, Vadodara.

Plant No.	Product categories	Product Manufactured	As on July 31, 2020	
			Installed Capacity (in MT p.a.)	Volumetric 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 & P-6		CMIC	1,800	121.75
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
<b>Total volumetric reactor capacity (in KL)</b>				<b>374.85</b>

Note: The plant "P-7" was commissioned on March 16, 2020 with a reactor capacity of 125.20 KL and an installed capacity of 1,800 MT p.a. Plant "P-7" is a multipurpose plant and besides HMDS, it can also be utilized for manufacturing other products including 4 CBC and 2,5 DHT; Plant P-2 was damaged in a fire in Fiscal 2018. It has been rebuilt and was commissioned on July 6, 2020 with reactor capacity of 13 KL and installed production capacity of 600 MT p.a; The plant "P-1" is solely used for converting Calcium Bromide (solution) to Calcium Bromide (powder). The installed capacity for Oilwell Completion Chemicals in the plant "P-5" as described above is for the production of the Oilwell Completion Chemicals in solution form.

In addition to the Operational Plants, Chemcon is in process of setting up 2 additional plants ("P-8" and "P-9"), within the premises of the Manufacturing Facility (the "Additional Plants"). The Additional Plants are to be used for the manufacturing of chemicals used in the pharmaceutical industry.

Chemcon has 3 warehouses within the premises of the Manufacturing Facility for the storage of their products and raw materials along with 1 storage tank for the storage of HMDS and 5 external leased warehouses also situated in Manjusar.

## KEY CUSTOMERS

The key customers of the Pharmaceutical Chemicals and Oilwell Completion Chemicals

Pharmaceutical Chemicals	Oilwell Completion Chemicals
<ul style="list-style-type: none"> <li>Hetero Labs Limited</li> <li>Laurus Labs Limited</li> <li>Aurobindo Pharma Limited</li> <li>Sanjay Chemicals (India) Private Limited</li> <li>Lantech Pharmaceuticals Limited</li> <li>Ind-Swift Laboratories Limited,</li> <li>Vivin Drugs &amp; Pharmaceuticals Limited</li> <li>Macleods Pharmaceuticals Limited</li> </ul>	<ul style="list-style-type: none"> <li>Shree Radha Overseas</li> <li>Water Systems Specialty Chemical DMCC</li> <li>CC Gran Limited Liability Company</li> </ul>

## Summary of Revenue from Operations

Product	For the year ended 31 <sup>st</sup> March					
	2020		2019		2018	
	Total Income (₹ In Cr)	% of Total Income	Total Income (₹ In Cr)	% of Total Income	Total Income (₹ In Cr)	% of Total Income
<b>Sale of Products:</b>	<b>244.27</b>	<b>93.22%</b>	<b>293.72</b>	<b>96.83%</b>	<b>152.31</b>	<b>96.62%</b>
– Domestic	140.01		196.69		76.41	
– Export (including deemed export)	93.42		98.02		43.83	
– Deemed Export	10.83		31.14		31.58	
Add: Excise duty*			-		0.49	
<b>Revenue from Sale of Service</b>	<b>16.80</b>	<b>6.41%</b>	<b>8.83</b>	<b>2.91%</b>	<b>4.70</b>	<b>2.98%</b>
– Job Work	16.80		8.83		4.70	
<b>Other Operating Revenue</b>	<b>0.98</b>	<b>0.37%</b>	<b>0.63</b>	<b>0.21%</b>	<b>0.64</b>	<b>0.41%</b>
– Export Incentives	0.79		0.46		0.34	
– Lifting Charges received	0.05		0.02		0.22	
– Sales Commission received	0.14		0.11		0.05	
– Discount - Kasar	-		0.03		0.03	
<b>Other operating revenue</b>	<b>262.05</b>	<b>100.00%</b>	<b>303.34</b>	<b>100.00%</b>	<b>157.64</b>	<b>100.00%</b>

\* Excise duty collected on Domestic Sales

## BUSINESS UPDATE – COVID 19

- Since some of the chemicals manufactured by the company find application in the pharmaceuticals industry, its Pharmaceutical Chemicals were categorized as 'essential goods' and its Manufacturing Facility was only temporarily shut during the pandemic from March 24, 2020 till March 31, 2020.
- The company resumed manufacturing its Pharmaceutical Chemicals on April 1, 2020. They have implemented greater safety procedures and requirements at its Manufacturing Facility. Due to limited availability of labour, logistics and supply chain constraints, company's Manufacturing Facility was initially operating at sub-optimal capacity utilization in the current Fiscal.

- They have resumed operations in a phased manner as per the GoI and state government's directives. Company's plant utilization has improved, raw material suppliers have resumed operations and supply and logistics have become more regular. They have not terminated any lease deed or laid-off any employees and have not withheld any payments to employees as a consequence of the COVID-19. They have continued to source raw materials from its suppliers and have been able to continue to supply its Pharmaceutical Chemicals to its customers.
- The reduced demand for oil and gas in Fiscal 2021 has resulted in a reduced demand for its Oilwell Completion Chemicals. Accordingly, they are yet to resume manufacturing new batches of Oilwell Completion Chemicals since the country-wide lockdown was lifted.

## COMPETITIVE STRENGTHS

- **Leading manufacturer globally of the Pharmaceutical Chemicals and leading manufacturer in India of the Oilwell Completion Chemicals**

India is currently a net importer of HMDS, with about 40% of India's current domestic demand being catered by imports majorly from China and Germany. India is expected to witness a demand growth for HMDS of 10.6% CAGR between calendar year 2019 and calendar year 2023 (*source: Frost & Sullivan Report*). Chemcon is the only manufacturer of HMDS in India and well positioned to capitalise on the potential growth of the HMDS market. Frost & Sullivan further estimates that by substituting imports and catering to India's HMDS market, Chemcon has the opportunity to grow at a CAGR of 15-20% between 2019 and 2023 including great opportunity for exports.

India and China are the only countries that produce CMIC. Company's share in the global CMIC manufacturing capacity has increased from 7.07% in calendar year 2014 to 26.16% in calendar year 2019. India is a net importer of CMIC, with about 62% of India's current domestic demand being catered to by imports from China. India, a major CMIC consumer market, is expected to witness a demand growth at a CAGR of 11% between 2019 and 2023. Frost & Sullivan further estimates that Chemcon is well positioned to substitute the imports from China and hence, has an opportunity to grow at a CAGR of more than 25% between 2019 and 2023.

Chemcon is the only manufacture of Zinc Bromide and the largest manufacturer of Calcium Bromide in India, in terms of production in calendar year 2019. Further, while they commenced the sales of their Oilwell Completion Chemicals in calendar year 2014, their share in the global production of the Oilwell Completion Chemicals has grown to 2.65% in calendar year 2019 (*source: Frost & Sullivan Report*).

- **Diversified customer base coupled with long standing relationships**

Chemcon supply their products to customers in India and also export their products to countries including United States of America, Germany, Italy, South Korea, China, Japan, United Arab Emirates, Serbia, Russia, Spain, Thailand and Malaysia. In Fiscals 2020, 2019 and 2018, their exports (including Deemed Exports) contributed 39.78%, 31.99% and 47.84% respectively of their total revenue from operations. The revenue from exports (including Deemed Exports) has grown at a CAGR of 17.57% between Fiscals 2018 and 2020.

Chemcon is expanding its customer base, which has resulted in a decrease in their customer concentration, year on year. Their top 5 customers and their top 10 customers contributed 59.35% and 72.26%, respectively of their total revenue from operations in Fiscal 2020, as compared to 45.94% and 67.56%, respectively of the total revenue from operations in Fiscal 2019, and 60.01% and 75.67%, respectively of the total revenue from operations in Fiscal 2018.

Chemcon has established long-lasting relationships with their key customers. For instance, they conduct business with Aurobindo Pharma Ltd on the basis of purchase orders and they have been chemcon's client for over 20 years. 68.61% of their total revenue from operations in Fiscal 2020 was contributed by customers who have been consistently purchasing Chemcon's products over the last 5 years. Their top 6 customers for Fiscal 2020 have been their customers for over 4 years.

- **The specialty chemicals industry has high entry barriers**

The specialty chemicals industry in which Chemcon operate has high entry barriers due to *inter alia*: (a) the involvement of complex chemistry in the manufacture of their Products, which is difficult to commercialize on a large scale and; (b) a long gestation period to be enlisted as a supplier with the customers, particularly with the customers of their Pharmaceutical Chemicals.

The specialty chemicals industry is highly knowledge intensive. Their products have application in the pharmaceutical, oil-well drilling, semi-conductor and electronic-chemical industries where they are used to manufacture high value proprietary and specialised products. Given the nature of the application of company's

products, their processes and products are subject to, and measured against, high quality standards and stringent impurity specifications. Further, end products manufactured by the customers, where company's products are used, and where such use has been formally recognised in filings with regulatory agencies, any change in the vendor of the product may require significant time and cost for the customer. Hence, customer acquisition involves a long gestation period, resulting in a very few players being involved in manufacturing of the products.

Moreover, some of the raw materials that Chemcon use such as bromine, MCF and TMCS are highly corrosive and toxic chemicals. Therefore, handling these 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.

- **Consistent financial performance with a strong financial position**

Chemcon has a track record of operations of over 2 decades and has a strong balance sheet with stable cash flows. They have experienced sustained growth in various financial indicators including their revenue and PAT, as well as a consistent improvement in the balance sheet position in the last 3 Fiscals, wherein they have seen an increase in their net worth.

Some of the key financial indicators:

(₹ in Cr, except %)

Particulars	Fiscal		
	2020	2019	2018
Revenue from operations	262.05	303.34	157.64
EBITDA	70.26	66.08	45.10
EBITDA/revenue from operations (in %)	26.81%	21.79%	28.61%
Profit after tax ("PAT")	48.85	43.04	26.38
PAT/revenue from operations (in %)	18.64%	14.19%	16.73%
Earnings per share (basic and diluted)	15.37	13.54	8.30
Return on Capital Employed (%)	37.92%	53.90%	62.06%
Return on Equity (%)	34.23%	44.94%	49.20%

Further, because of their strong business performance, Chemcon has maintained a low debt position. **As on March 31, 2020, their total borrowing was ₹ 44.51 crore, while the debt to equity ratio was 0.31 and the interest coverage ratio was 14.01.**

- **Manufacturing facility with dedicated plants for each of their products**

Chemcon is an ISO 9001:2015 and ISO 14001:2015 certified company for the manufacture and supply of pharmaceutical intermediates, silanes and oilfield chemicals. Their Manufacturing Facility is located in Manjusar, near Vadodara in Gujarat.

Within their Manufacturing Facility, they have seven operational plants of which 2 plants are dedicated to the manufacturing of HMDS and ancillary products (including 1 plant dedicated to the manufacturing of hi-purity HMDS), 1 multipurpose plant, currently being used for manufacturing of HMDS and other pharmaceutical chemicals, 2 plants are dedicated to manufacturing of CMIC and 2 plants are dedicated to manufacturing of its Oilwell Completion Chemicals, along with 3 warehouses for the storage of its products and raw materials.

- **Experienced senior management**

Chemcon has a strong and experienced management team which has positioned their business well for continued growth and development. The management team has significant experience in the areas of finance, manufacturing, quality control, strategy, raw material sourcing, process re-engineering and business development. Two of their Wholtime Directors (who are not members of the Promoter Group) have been associated with Chemcon for over 20 years and have played a key role in developing their business and Chemcon benefited from their significant experience in their respective areas of expertise. The knowledge and experience of their management team provides Chemcon with a significant competitive advantage as they seek to grow in their existing markets and enter new segments and geographies.

## KEY BUSINESS STRATEGIES

- **Expansion of the total installed production capacity**

Chemcon aims to expand their manufacturing operations and production capacity. They have 7 operational individual plants for the production of their Products, within the Manufacturing Facility. The total volumetric reactor capacity as on July 31, 2020 was 374.85 KL.

Chemcon intends to build 2 additional plants with a total volumetric reactor capacity of 251 KL. These additional plants shall be utilised for the manufacturing of chemicals which are principally used pharmaceutical industry.

- **Augmenting growth in the current geographic markets and expanding into new geographic markets**

Chemcon, 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 capitalise on the potential growth of the HMDS and CMIC market in India by expanding their manufacturing and sales of HMDS and CMIC. India is a net importer of CMIC and HMDS (*source: Frost & Sullivan Report*) and Chemcon aims to expand their manufacturing and sales operations of CMIC and HMDS to substitute such imports.

Chemcon currently supply the Oilwell Completion Chemicals largely to customers in India, the Middle East, Serbia and Russia. They aim to expand the sales of the Oilwell Completion Chemicals in existing and new geographies including Nigeria, Malaysia, China and Ghana. In the recent past, Chemcon had participated in trade exhibitions, including CPHI Worldwide 2019 (in Frankfurt, Germany), CPHI India 2018, Adipex 2018 (in Abu Dhabi, United Arab Emirates), CPHI Japan 2019 and CPHI & ICSE China 2019.

- **Exploring newer applications of the existing products as well as focusing on new products that are in synergy with the current operations**

Chemcon currently supply HMDS largely to the pharmaceuticals industry, they aim to market their products for end-use applications in other industries including the rubber and semiconductor manufacturing industry. Further, they seek to identify additional products which they can venture into. They aim to undertake the development and manufacture of newer products, largely focusing on chemicals used in the pharmaceuticals, semiconductors and rubber industries.

- **Continue to strive for cost efficiency**

Chemcon intends to continue to be cost efficient in the production of their products. This efficiency is achieved through strategies like having a large single location manufacturing facility, dedicated plants for each product, process reengineering for efficient raw material consumption and being a sizeable player in the industry in each of their products. Economies of scale will also enable them to continuously improve their operational efficiencies.

## COMPETITION

HMDS	CMIC	Oilwell Completion Chemicals
<ul style="list-style-type: none"> <li>• Xinyaqiang Silicon Chemistry Limited Liability Company</li> <li>• The Dow Chemical Company,</li> <li>• Shin-Etsu Chemical Co., Ltd,</li> <li>• Wacker Chemie AG,</li> <li>• Evonik Industries AG,</li> <li>• Zhejiang Sorbo Chemical Co., Ltd. and</li> <li>• Jiangxi Bluestar Xinghuo Silicones Company Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Shanghai Twisun Bio-Pharm Co., Ltd,</li> <li>• Inner Mongolia Saintchem Chemicals Co., Ltd.,</li> <li>• Anshul Specialty Molecules Private Limited,</li> <li>• Huangshi Fuertai Pharmaceutical Tech Co., Ltd and</li> <li>• Paushak Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Agrocel and OC Specialties Private Limited,</li> <li>• Israel Chemicals Ltd.,</li> <li>• Albemarle Corporation,</li> <li>• LanxessAG,</li> <li>• TETRA Technologies, Inc and</li> <li>• Potasse et Produits Chimiques SAS</li> </ul>

## COMPARISON WITH LISTED INDUSTRY PEER (AS ON 31<sup>ST</sup> MARCH 2020)

Name of the company	Standalone/ Consolidated	Revenue from Operations (₹ in Cr)	Face Value	EPS (Basic)	NAV	P/E	RoNW (%)
Chemcon Speciality Chemicals Ltd	Standalone	262.05	10	15.37	44.91	[ • ]	34.23%
<b>Peer Group#</b>							
Aarti Industries Ltd	Consolidated	3,994.41	5	30.04	166.55	32.96	18.04%
Vinati Organics Ltd	Standalone	1,028.87	1	32.48	124.48	30.11	26.09%
Sudarshan Chemical Industries	Consolidated	1,518.27	2	21.50	91.37	19.04	23.51%
Atul Limited	Consolidated	3,905.66	10	215.82	1,035.13	23.39	20.85%
Paushak Ltd	Standalone	137.91	10	113.27	737.29	31.23	15.36%
Fine Organic Industries	Consolidated	1,026.22	5	54.31	205.73	38.67	26.40%
Neogen Chemicals Ltd	Consolidated	306.12	10	12.33	67.17	43.71	18.36%

Source: RHP)

### AXIS CAPITAL LIMITED

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