



KEMISTAR CORPORATION LTD.

CIN No. : L24233GJ1994PLCO22845

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Gujarat, India. **Ph** : 079-26923570 / 26923587 **Email** : kemistarbse@gmail.com

December 14, 2020

To,
Department of Corporate affairs
Bombay Stock Exchange Limited,
P.J Dalal Street,
Mumbai-400001

Dear Sir,

Subject: Investor Presentation for Q2 FY 2020-21 Result

Scrip code: 531163
Security ID: KEMISTAR

We are attaching herewith, the Investor Presentation prepared on Unaudited Financial Result of the 2nd quarter ended on 30.09.2020 for information of members.

Kindly take same on records.

Thanking you

Yours faithfully,

For, Kemistar Corporation Limited


Sheeja Mohan
Company Secretary





Kemistar Corporation Limited

INVESTOR PRESENTATION Q2 FY 2021 RESULTS





Disclaimer

This presentation has been prepared by Kemistar Corporation Limited (the “Company”/“we”/“our”) and is general background information about the Company’s activities at the date of this presentation. This is solely for information purpose and do not constitute any advice or a recommendation to investors or potential investors in respect of the holding, purchasing or selling of securities or other financial instruments and does not take into account any investor’s particular objectives.

The document contains certain words and statements which create an expressions that are “forward-looking statements” like hope, believe, future growth etc. These statements are not guarantees of future performance and undue reliance should not be placed on them. Actual results may differ materially from any projections of future performance or result expressed or implied by such forward-looking statements due to certain risks or uncertainties, changes in the market, policy changes, volatility of income etc. As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated.

The Company may, make additional written and oral forward-looking statements, including statements contained in the Company’s filings with SEBI and the Stock Exchanges and reports to shareholders as and when required. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company, to reflect events or circumstances after the date thereof.



Company Profile

The company is into the business of Colors, Agro Chemicals and Speciality Chemicals since last 25 years.

The company is promoted by Mr. Parshottambhai Patel and Mr. Ketankumar Patel.

Initially started with the business of Colors and pigments, gradually the company also entered into the businesses of speciality chemicals, agro chemicals and chemical intermediaries.

The company has its business across the globe having clients from South Africa, Turkey, etc.

The Company has its state of Art Facility including lab, manufacturing unit in Ahmedabad as well as Dahej in the state of Gujarat.



Company Overview

- ❑ The company currently has its registered office at Ahmedabad.
- ❑ The company vide its subsidiary company K.P. INTERNATIONAL PRIVATE LIMITED is having an industrial project at **GIDC Dahej**.
- ❑ The promoters, in order to expand its manufacturing capacities and thereby grow the business beyond the existing limits, have proposed to set up a **manufacturing plant** at the said place.
- ❑ Promoters are highly hopeful of this project, as the said plant/facility shall have the potential to increase the outcome/ turnover of the company by manifolds.
- ❑ Foreseeing the said project, the company has also acquired various **licenses** and **environmental clearances** for various chemical intermediates, pigments etc, proposed to be manufactured over the said facility.
- ❑ The commercial production of Phase-I has started from **August 2020**.





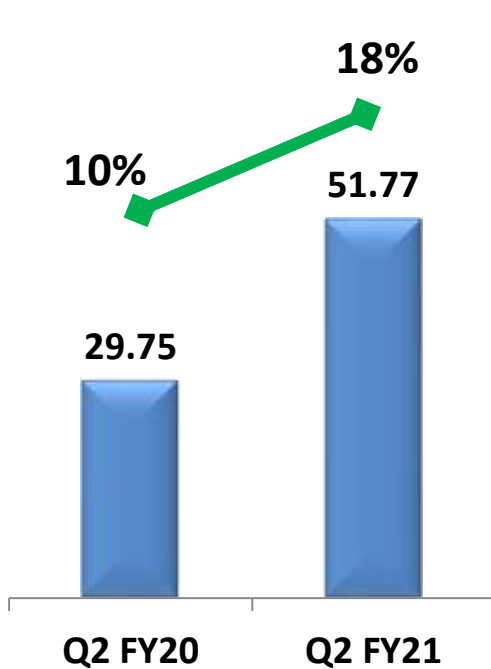
Q2 Highlights of Consolidated Financials

(Amt in Lakhs)

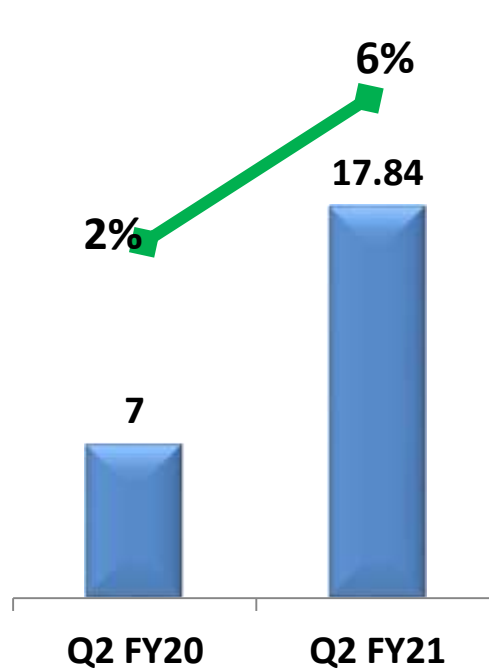
| | 2nd Quarter (2020-21) | 2nd Quarter (2019-20) | YoY % | Year to date (2020-21) | Year to date (2019-20) | YoY % |
|----------|--------------------------|--------------------------|--------|---------------------------|---------------------------|--------|
| Turnover | 281.03 | 287.24 | -2.16 | 498.94 | 647.84 | -22.98 |
| EBITDA | 17.84 | 7 | 154.86 | 44.27 | 19.26 | 129.85 |
| PAT | 14.68 | 3.13 | 369.01 | 38.91 | 14.73 | 164.15 |
| EPS | 0.14 | 0.03 | 366.67 | 0.36 | 0.14 | 157.14 |

Q2 FY 2020-21 Highlights (Consolidated)

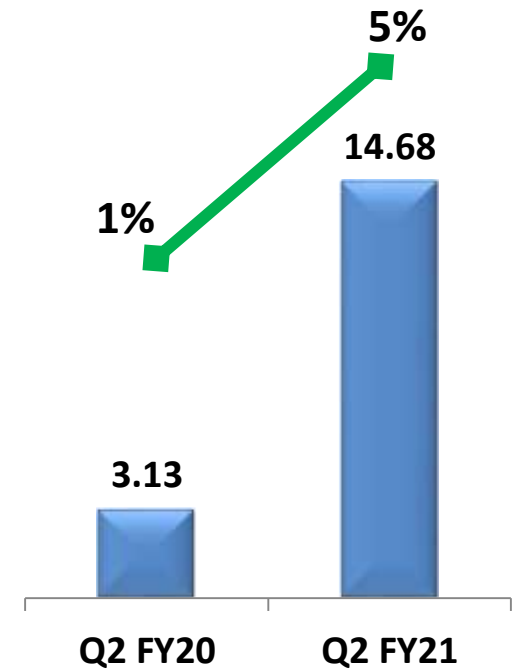
Revenue & Gross Margin



EBITDA Margin



PAT Margin



Consolidated Financial Statement

(Amt in Lakhs)

| Particulars | Quarter Ended | | | Half Year Ended | | |
|-------------------------|---------------|------------|--------|-----------------|------------|--------|
| | 30.09.2020 | 30.09.2019 | YoY | 30.09.2020 | 30.09.2019 | YoY |
| Revenue from Operations | 281.03 | 287.24 | -2.16 | 498.94 | 647.84 | -22.98 |
| Other Income | 2.19 | 10.46 | -79.06 | 4.60 | 23.74 | -80.62 |
| COGS | 229.26 | 257.49 | -10.96 | 388.42 | 581.06 | -33.15 |
| Expenses | 36.13 | 33.21 | 8.79 | 70.84 | 71.24 | -0.56 |
| EBITDA | 17.84 | 7 | 154.85 | 44.28 | 19.28 | 129.66 |
| EBITDA Margin | 6.29 | 2.35 | | 8.85 | 2.98 | |
| Depreciation | 2.17 | 3.63 | 40.22 | 4.33 | 4.29 | 0.93 |
| EBIT | 15.67 | 3.37 | 364.98 | 39.95 | 14.99 | 166.51 |
| Taxes | 1 | 0.25 | 390 | 1.03 | 0.25 | 390 |
| PAT | 14.68 | 3.13 | 369 | 38.91 | 14.73 | 164.15 |
| PAT Margin | 5.18 | 1.05 | | 7.73 | 2.19 | |



(Amt in Lakhs)

| ASSETS | 30.09.2020 | 31.03.2020 |
|---|-------------------|-------------------|
| Non-current Assets | | |
| Property, Plant and Equipment | 1,465.639 | 1,423.44 |
| Capital Work-in-Progress | 11.008 | 17.310 |
| Goodwill | - | - |
| Financial Assets | | |
| (i) Investments | - | - |
| (ii) Trade receivables | - | - |
| (iii) Loans | - | - |
| (iv) Others (to be specified) | | |
| (i) Deferred tax assets (net) | 6.08 | 6.08 |
| Other non-current assets | 53.809 | 39.51 |
| Sub Total Non-Current Assets | 1,536.54 | 1,486.34 |
| Current Assets | | |
| Inventories | 38.042 | 31.65 |
| Financial Assets | | |
| (i) Investments | 217.102 | 119.75 |
| (ii) Trade receivables | 376.907 | 510.01 |
| (iii) Cash and cash equivalents | 25.03 | 31.42 |
| (iv) Bank balances other than (iii) above | | - |
| (v) Loans | 13.01 | 156.88 |
| (vi) Others (to be specified) | - | - |
| Current Tax Assets (Net) | - | - |
| Other current assets | 7.49 | 29.34 |
| Sub Total Current Assets | 677.58 | 879.05 |
| TOTAL ASSETS | 2,214.12 | 2,365.39 |

(Amt in Lakhs)

| EQUITY AND LIABILITIES | 30.09.2020 | 31.03.2020 |
|---|-------------------|-------------------|
| Equity | | |
| Equity Share Capital | 1,075.94 | 1,075.94 |
| Other Equity | 510.53 | 470.61 |
| Total Equity | 1,586.47 | 1,546.55 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Financial Liabilities | | |
| (i) Borrowings | 213.716 | 370.860 |
| (ii) Trade payables | - | - |
| (iii) Other financial liabilities (other than those specified in item (b), to be specified) | - | - |
| Provisions | - | - |
| Deferred tax liabilities (Net) | 0.33 | 0.33 |
| Other non-current liabilities | - | - |
| Sub Total Non-Current Liabilities | 214.05 | 371.19 |
| Current liabilities | | |
| Financial Liabilities | | |
| (i) Borrowings | - | - |
| (ii) Trade payables | 391.82 | 410.18 |
| (iii) Other financial liabilities (other than those specified in item (c)) | - | - |
| Other current liabilities | 2.774 | 3.32 |
| Provisions | 19.003 | 34.18 |
| Current Tax Liabilities (Net) | - | - |
| Sub Total Current Liabilities | 413.59 | 447.68 |
| TOTAL EQUITY AND LIABILITIES | 2,214.12 | 2,365.42 |



Q2 Highlights Standalone Financials

(Amt in Lakhs)

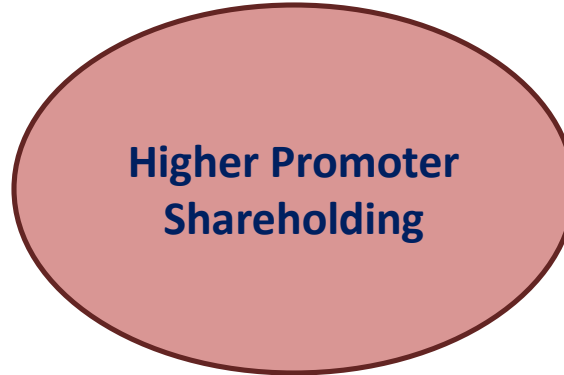
| | 2nd Quarter (2020-21) | 2nd Quarter (2019-20) | YoY % | Year to date (2020-21) | Year to date (2019-20) | YoY % |
|----------|--------------------------|--------------------------|--------|---------------------------|---------------------------|--------|
| Turnover | 158.12 | 29.67 | 432.93 | 216.86 | 167.02 | 29.84 |
| EBITDA | 5.07 | 1.27 | 299.21 | 6.32 | 11.94 | -47.07 |
| PAT | 2.99 | 0.36 | 730.55 | 3.13 | 10.37 | -69.82 |
| EPS | 0.03 | 0.00 | | 0.03 | 0.10 | |

Q2 Key Highlights

- Consolidated Revenues in Q3 FY21 decreased by 2.16% to Rs. 281.03 Lakhs. EBITDA surged by 154.86% to Rs. 17.84..
- PAT grew by 369.01% to Rs. 14.68 Lakh.
- Standalone Revenues in Q2 FY21 grew to Rs. 158.12, EBITDA grew to to Rs. 5.07.
- Cash & Bank balance was 25.03 Lakh as on September 2020. Long-Term Debt stood at Rs. 213.716 Lakhs. Debt-to-Equity ratio during H1 FY21 stood at 0.39:1 .



Q2 Key Highlights



CHEMICAL INTERMEDIATES

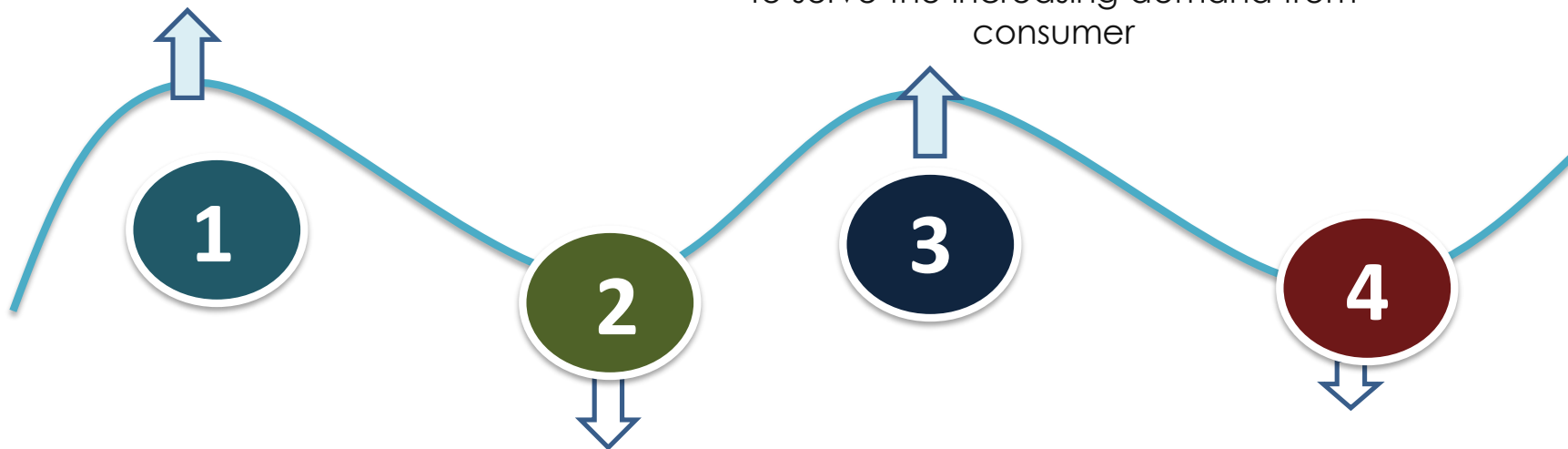
- Chemical intermediates are a part of petrochemicals, which are then processed further in order to derive chemicals of various kinds
- Intermediates are also referred to those molecules that are generated when a chemical substance is converted into a final product.
- These chemicals are used in various applications. For example, they are utilized in the manufacturing of detergents, coatings, plastics, dyes, fibers of elastic textile, and pharmaceutical & crop protections.
- The Growth of Chemical Intermediate Industry is directly proportional to the growth of its Supplementary industries such as pharmaceuticals, textiles etc.



BRIEF ON CHEMICAL INTERMEDIATES INDUSTRY

The Global Chemical Intermediate Market is expected to grow at healthy annual increment which is driven by demand from end use industries

The industry is increasingly shifting towards Asia Pacific region in line with the shift of its key consumer industries such as automotive, electronics to leverage higher manufacturing competitiveness of emerging economies and to serve the increasing demand from consumer



The Chemical intermediate industry in India provides several building blocks and raw materials for many industries, textiles, paper, paints, soap, detergents, pharmaceuticals and agrochemicals etc.

Over the past few years, Chemical Intermediate Market has witnessed healthy demand from end use industries such as pharmaceuticals textiles automobiles, paints, papers, soaps detergents.

INDIAN CHEMICAL INTERMEDIATE INDUSTRY

Indian Chemical Intermediate Market is estimated to grow above average annual growth rate of the world market

Several initiatives taken by Government of India will support the growth of chemical industry in India



Regionally, western India has been the dominant region contributing approx. 50% to the Gross Value Added (GVA) for the Chemical Intermediate sector.

India accounts for approximately 16% of the world production of dyestuff & dye intermediates, particularly for reactive acid & direct dyes



Growth Opportunities due to Make in India

GOVERNMENT INITIATIVES

Several initiatives taken by Government of India will support the growth of chemical industry in India. One of such initiative is 'Make in India'.

100% FDI is allowed in the Chemical Sector which is another benefit considering the intermediate sector.

STRONG R&D

The R&D investment and facility of Indian companies have been limited traditionally, but the situation is changing slowly with more and more companies looking at R&D as a key source of staying in competitive environment of Chemical Intermediate Market in India.

GROWING MARKET

The Chemical industry in India stands at USD 178 Bn as of 2019 which is expected to reach USD 304 Bn by 2024-25 (nearly double), at an annual growth rate of 9.3%. Further, at present the consumption of speciality chemicals is low compared to the world average, hence there is a enormous scope for growth in chemical intermediate products.

SWOT ANALYSIS



STRENGTHS & WEAKNESSES

- **STRENGTHS**

- Experienced Management
- Strong customer base in domestic market
- Presence in export market
- Manufacturing capacity
- Skilled work force
- Environmental clearances.
- High standards of environment, health and safety norms.

- **WEAKNESS**

- High R & D Costs
- Lack of quality raw materials in domestic market, hence incurring expenses on import of raw materials.



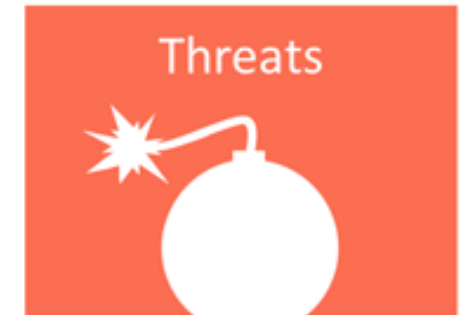
OPPORRTUNITIES & THREATS

- **OPPURTUNITIES**

- **Increased domestic demand** due to slow down in Chinese Market
- Shift of focus on India due to slow down in supply of chemical products in China due to new environmental policies.
- Competitive location of the manufacturing unit.

- **THREATS**

- Unstable market
- Increased fuel charges
- Prices of petrochemicals
- Probability of environmental issues that may come up in the near future.





KEY TO SUCCESS



Good reputation in the market



Own brand value within the industry



Skilled and experienced personnel



Consistent delivery of Quality Products



Export across the globe such as in US, Mexico, Columbia, Latin America, Turkey & South Africa.





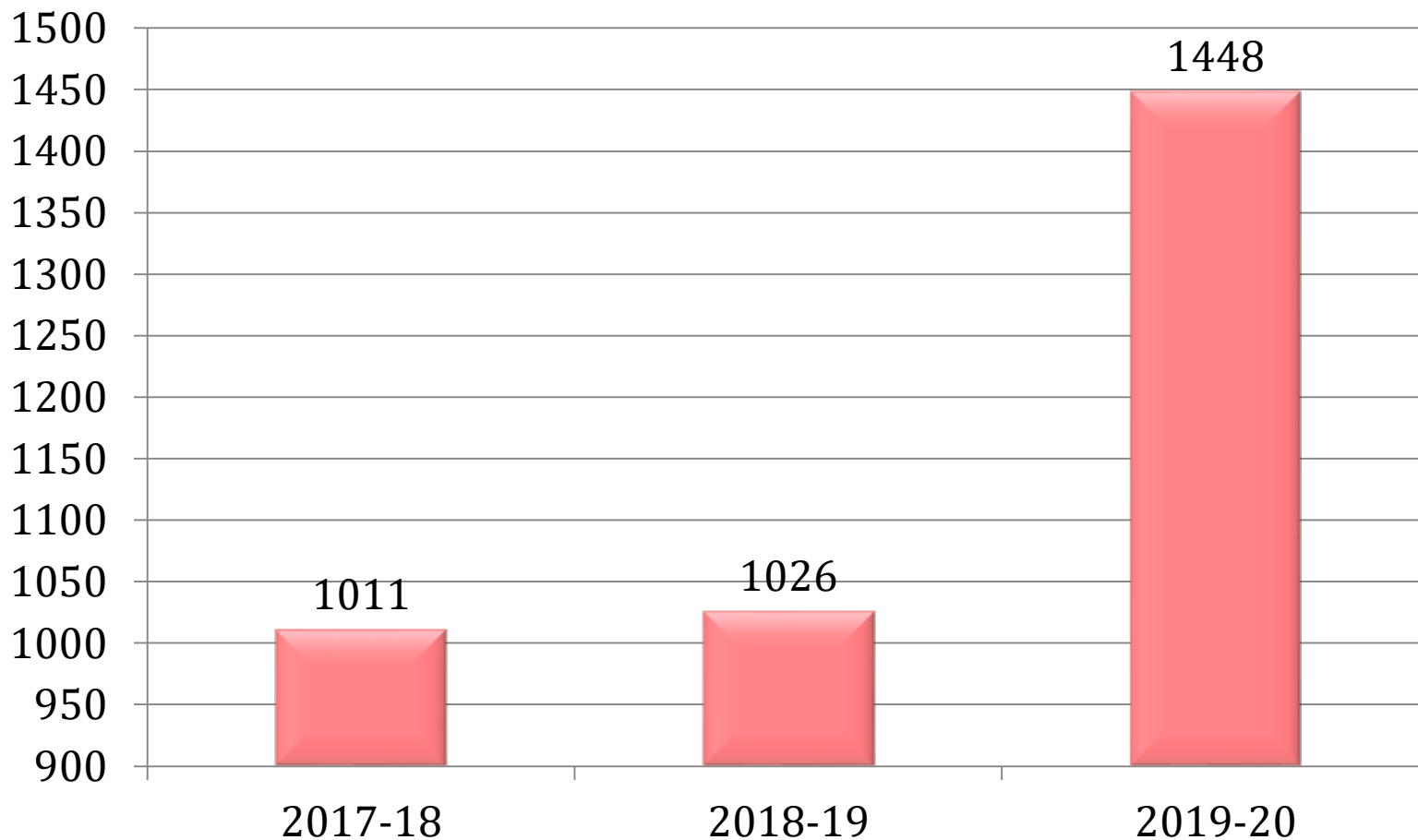
ONGOING PROJECT

- The Project is situated at Dahej, which is a state government promoted industrial area.
- The size of the acquired land is 27054 sq. mtrs.
- The benefit of having plant in such place is that, the units at Dahej Industrial Estate has exclusive rights to manufacture certain chemicals in the entire state of Gujarat, manufacturing of such chemicals are prohibited at any other place except Dahej in Gujarat.
- The company has acquired environmental clearances for approx. 70 products
- The company has received permissions to discharge around 600 KL of industrial waste water per day.
- Technical know how to undertake the operations at the plant of such size.



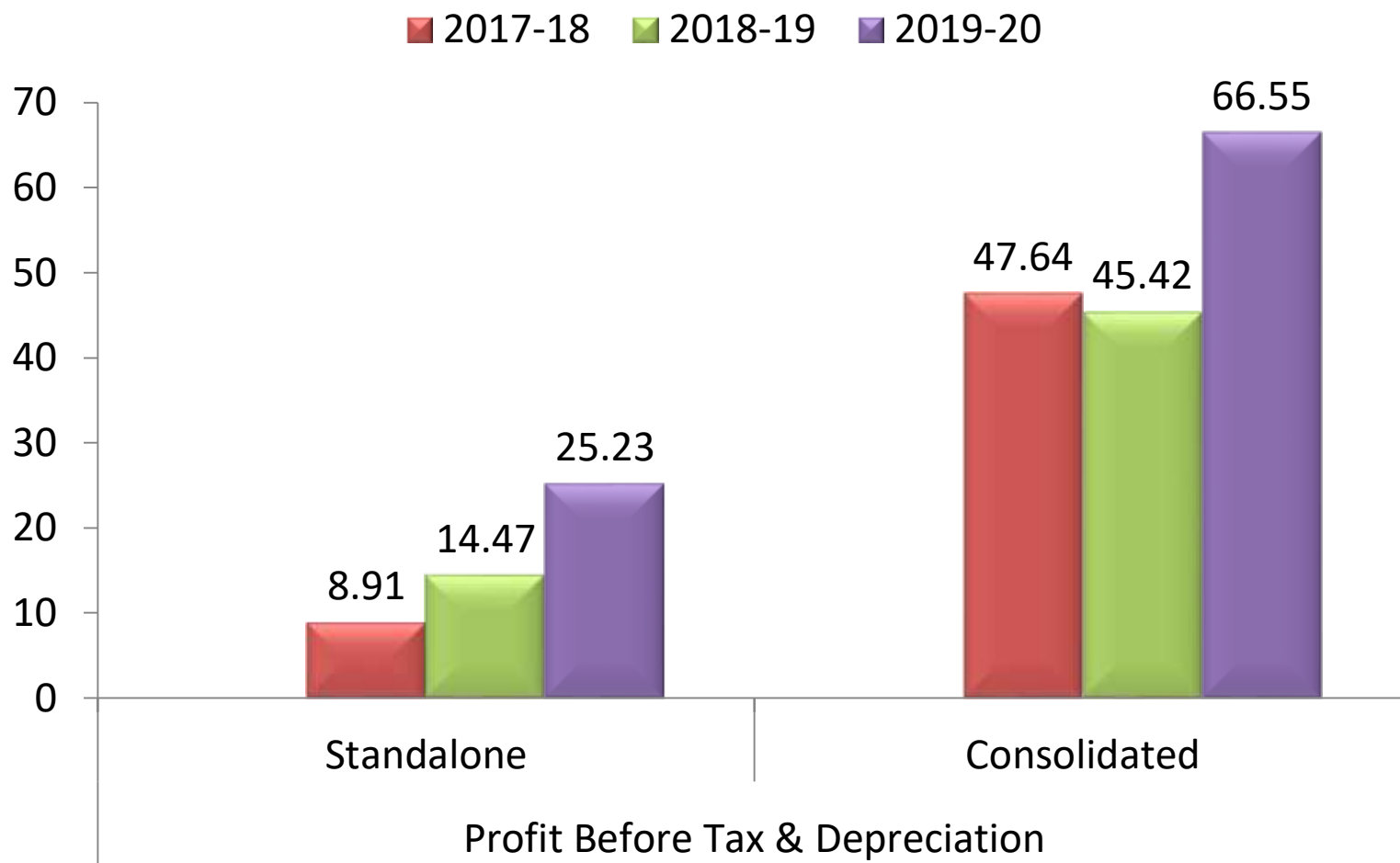


Total Revenue (in Lakhs) – Last 3 Financial Years (Consolidated)



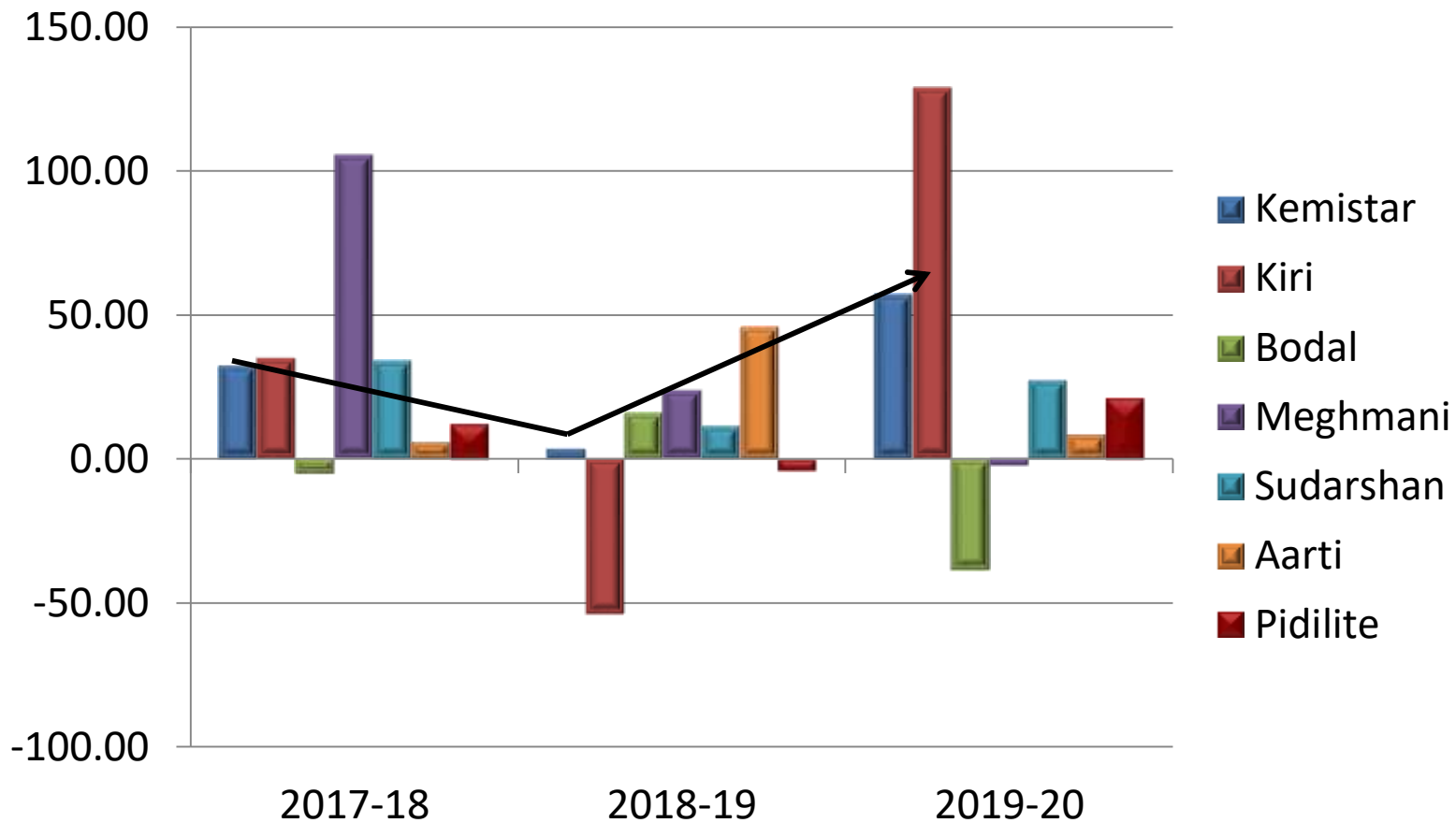


PROFIT BEFORE TAX & DEPRECIATION (In Lakhs)

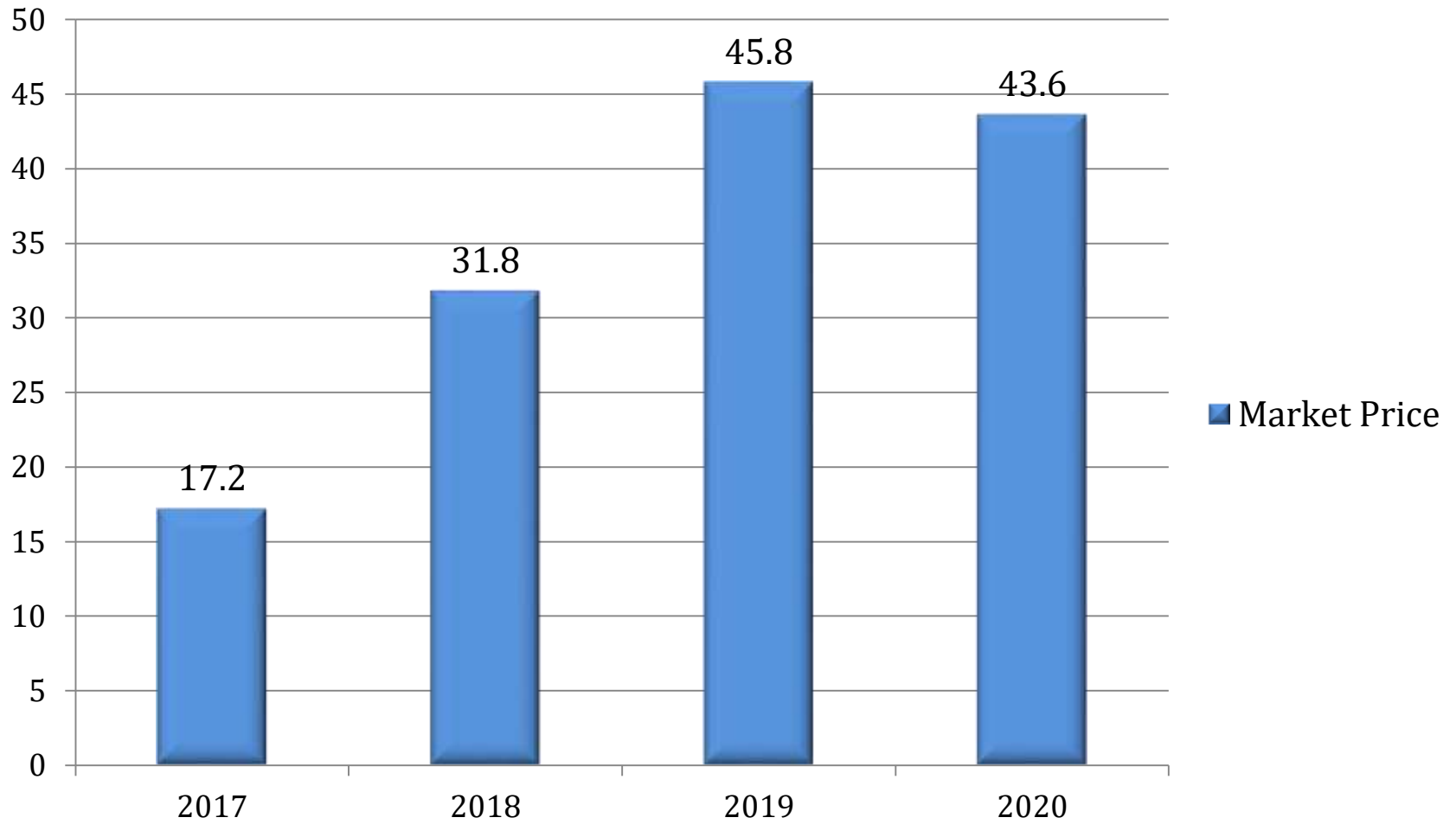




Profit After Tax - Growth Rate



Share Price of KCL





Outlook

- The Company is hopeful to surpass the current profitability.
- The plant in Dahej has started its production, which will result into generation of revenue in increasing trend. The initial cost of operation will also rise proportionately.
- Continue to focus on increasing domestic presence and capture market share
- Company is expecting to improve quarter after quarter revenue growth to reach pre-covid levels.

Thank You



Kemistar Corporation Limited