

NGL Fine-Chem Limited

INVESTOR PRESENTATION



Q2FY23

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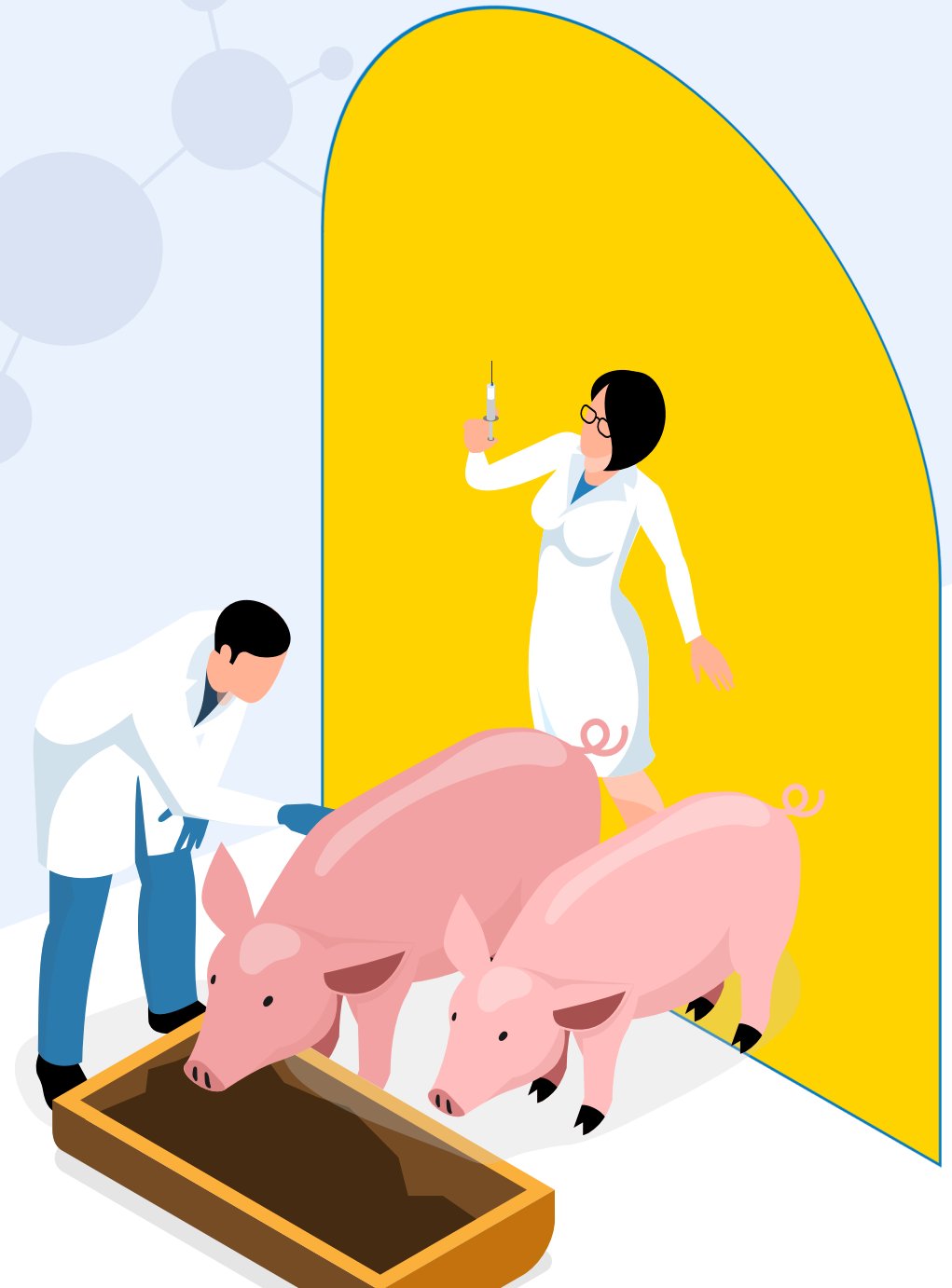
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Q2FY23 Highlights

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OPERATIONAL METRICS



MANAGEMENT COMMENTARY



Rahul Nachane
MANAGING DIRECTOR

I am pleased to be reporting to you on our performance in Q2FY23. While the overall operating environment continued to remain challenging, we delivered a performance in line with our earlier stated guidance in the previous quarter. The ongoing crisis in Europe, high inflation in US and lockdown in China have resulted in a highly uncertain economic environment which has resulted in muted demand. Furthermore, adverse movements in currencies have impacted the purchasing power of various regions, which is negatively impacting the demand.

We are witnessing de-stocking of inventories across regions. Which has resulted in a significant drop in volumes and the resultant decline in financial performance on a Y-o-Y basis. The logistics cost have come down from their highs and the availability of containers has eased but, the costs still remain significantly high from the pre-covid levels.

However, I am pleased to report that we have tackled the situation well and are now witnessing promising early signs of demand reviving back. On the product development front, we should complete the ongoing pilot trials for two products in Q3FY23 and will start the stability tests from Q4FY23.

Albeit, the temporary macro headwinds, we remain confident about the long-term industry dynamics and are accordingly progressing well with our capacity expansion plans. By 30th September 2022, we have invested ₹ 15.09 crores out of the estimated planned CAPEX of ₹ 140 crores, all through internal accruals.

Our robust financials, long-term client relationships, R&D capabilities, and growth investments should enable us to deliver long-term value to our stakeholders.

Operational Metrics

SEGMENTAL REVENUE MIX

PARTICULARS (₹ IN CRORES)	Q2FY22	Q1FY23	Q2FY23
ANIMAL API	84%	88%	82%
HUMAN API	7%	4%	8%
INTERMEDIATES	7%	3%	6%
FORMULATIONS	2%	5%	4%

GEOGRAPHIC MIX

PARTICULARS (₹ IN CRORES)	Q2FY22	Q1FY23	Q2FY23
ASIA	29%	35%	30%
EUROPE	27%	24%	25%
INDIA	27%	26%	23%
ROW	13%	15%	14%
USA	4%	0%	8%

PRODUCT CONCENTRATION

PARTICULARS (₹ IN CRORES)	Q2FY22	Q1FY23	Q2FY23
TOP 3 PRODUCTS	37%	34%	27%
TOP 5 PRODUCTS	54%	51%	41%
TOP 10 PRODUCTS	80%	75%	72%

CUSTOMER CONCENTRATION

PARTICULARS (₹ IN CRORES)	Q2FY22	Q1FY23	Q2FY23
TOP 3 CUSTOMERS	15%	18%	21%
TOP 5 CUSTOMERS	22%	25%	32%
TOP 10 CUSTOMERS	36%	39%	47%

Summary of Profit and Loss Statement

₹ IN CRORES

PARTICULARS	Q2FY22	Q1FY23	Q2FY23	Q-o-Q	Y-o-Y	H1FY22	H1FY23	Y-o-Y
REVENUE FROM OPERATIONS	78.37	64.61	67.72	4.81%	(13.59%)	154.23	132.33	(14.20%)
OTHER INCOME	4.39	3.14	0.47	(85.03%)	(89.29%)	8.94	3.61	(59.62%)
TOTAL REVENUE	82.76	67.75	68.19	0.65%	(17.61%)	163.17	135.94	(16.69%)
TOTAL OPERATING EXPENSES	61.20	63.11	58.56	(7.21%)	(4.31%)	113.49	121.67	7.21%
EBITDA	17.17	1.50	9.16	510.67%	(46.65%)	40.74	10.66	(73.83%)
EBITDA MARGIN (%)	21.91%	2.32%	13.53%	1,121 bps	(838 bps)	26.42%	8.06%	(1,836 bps)
FINANCE COST	0.40	0.50	0.12	(76.00%)	(70.00%)	0.77	0.62	(19.48%)
DEPRECIATION AND AMORTISATION EXPENSES	2.20	3.60	3.25	(9.72%)	47.73%	4.38	6.85	56.39%
PROFIT BEFORE TAX	18.96	0.54	6.26	1,059.26%	(66.98%)	44.53	6.80	(84.73%)
PROFIT AFTER TAX	13.91	0.51	4.67	815.69%	(66.43%)	33.04	5.19	(84.29%)

Summary of Balance Sheet

₹ IN CRORES

PARTICULARS

SHAREHOLDERS FUND

FY22

H1FY23

203.22

206.85

NON CURRENT LIABILITIES

8.06

6.31

LONG TERM BORROWINGS

3.44

2.34

CURRENT LIABILITIES

65.65

60.92

SHORT TERM BORROWINGS

23.43

24.39

TOTAL EQUITY AND LIABILITIES

276.93

274.07

NON CURRENT ASSETS

103.44

113.80

NET BLOCK

88.31

88.50

CURRENT ASSETS

173.49

160.28

INVENTORIES

56.01

42.24

TRADE RECEIVABLES

63.98

53.23

CASH & BANK BALANCES

0.83

12.22

TOTAL ASSETS

276.93

274.07

Summary of Cash Flow Statement

₹ IN CRORES

PARTICULARS

CASH FLOW FROM OPERATING ACTIVITIES

FY22
13.83

H1FY23
26.33

CASH FLOW FROM INVESTING ACTIVITIES

(14.21)

(16.61)

CASH FLOW FROM FINANCING ACTIVITIES

(1.08)

(1.08)

NET CASH FLOW

(1.46)

8.64

CASH AT THE BEGINNING OF YEAR

2.10

0.64

CASH AT THE END OF YEAR

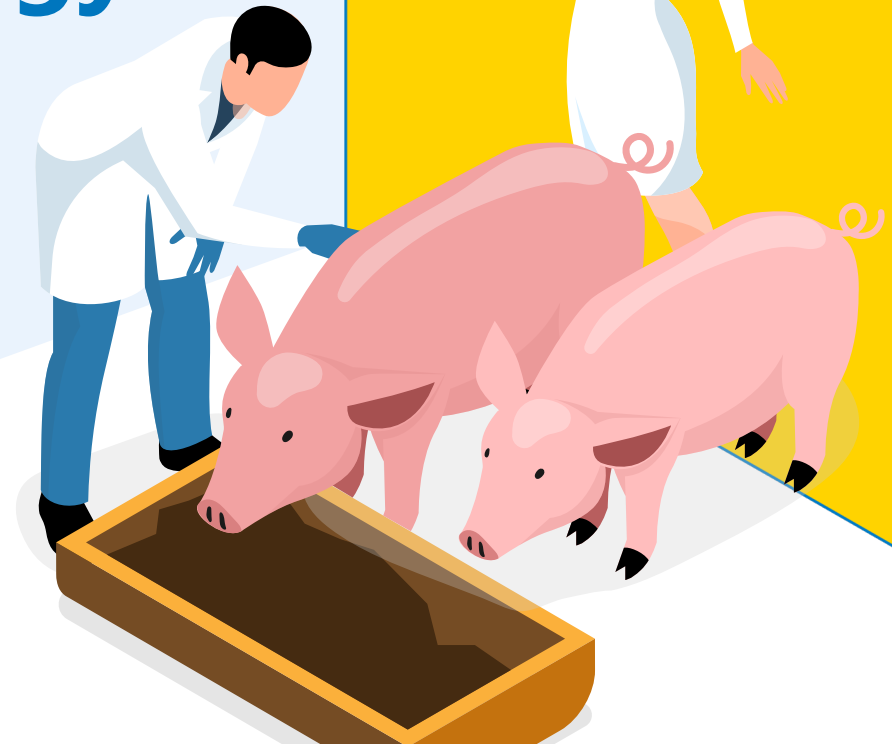
0.64

9.28

02

Overview, Strengths and Strategy

- 11 LEADING ANIMAL HEALTH COMPANY
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- 13 STATE-OF-THE-ART MANUFACTURING CAPABILITIES
- 14 ADVANTAGEOUSLY PLACED IN A GROWING OPPORTUNITY
- 15 STRATEGY FOR NEXT LEG OF GROWTH



Leading Animal Health Company



COMPREHENSIVE PRODUCT PORTFOLIO

- 24 APIs (22 Veterinary APIs, 2 Human APIs), 4 Intermediates and 10 finished dosage forms
- Best quality and value-driven pricing



MARKET LEADERSHIP IN VETERINARY API

- Leadership in top 5 products – 50%+ market share
- Growing position in next 4 – taking market share from other players



MANUFACTURING EXCELLENCE

- 3 state of the art manufacturing facilities
- Strong R&D capabilities in custom synthesis



LARGE GLOBAL PRESENCE

- 45+ countries across the globe with country-wise regulatory approvals
- Strong presence in unregulated markets



LONG STANDING CUSTOMER RELATIONSHIPS

- ~400 customers
- Reliable supplier focused on good sale support to all customers

Leadership in Veterinary API Segment

Strong controls of processes with **95%** in-house manufacturing and backward integrated facilities leading to cost competitiveness

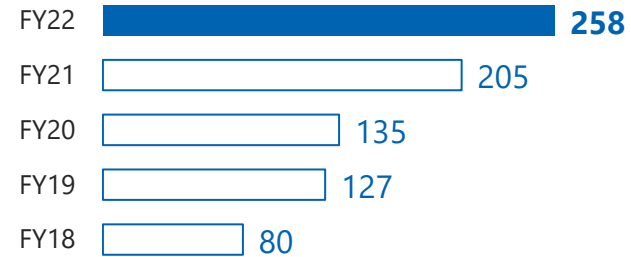
High quality and reliable products with no market rejection in **15 years**

Market share ranging from **15% to 50%+** in key products

Suppliers to **5 of top 10** global animal healthcare companies

REVENUE FROM VETERINARY API SEGMENT

(₹ IN CRORES)



34%
CAGR

WIDE RANGE OF PRODUCT CATEGORIES

ANTHELMINTICS

ECTOPARASITICIDES

ANTIPROTOZOALS

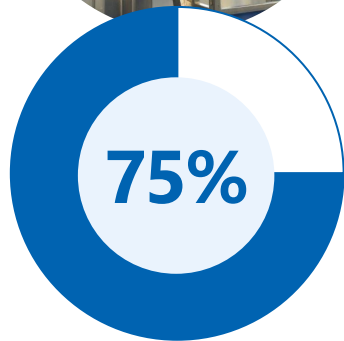
GROWTH PROMOTERS

PHOSPHORUS SUPPLEMENTS

CUSTOMER & PRODUCT CONCENTRATION (OF SALES FY22)

	CUSTOMER	PRODUCT
TOP 3	13% (16% FY21)	44% (40% FY21)
TOP 5	20% (23% FY21)	50% (53% FY21)
TOP 10	33% (38% FY21)	72% (73% FY21)

State-of-the-art Manufacturing Capabilities



3 manufacturing facilities located at Tarapur & Navi Mumbai, Maharashtra, designed to meet the requirements of regulatory agencies and are capable of a wide range of reaction capabilities

PRODUCTION COMING FROM ZERO LIQUID DISCHARGE FACILITIES

HIGHLIGHTS

10,000 m²

AREA OF MANUFACTURING FACILITIES

102 m³

GLASS-LINED REACTORS

194 m³

STAINLESS STEEL REACTORS

12 m³

GAS INDUCTION REACTORS

-20°C to +250°C

REACTION RANGE



ACCREDITATIONS

WHO-GMP, ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and cGMP accredited

Advantageously Placed in a Growing Opportunity

MARKET SIZE 2020

MARKET SIZE 2027

SEGMENT TRENDS

GROWTH DRIVERS



ANIMAL HEALTH MARKET

\$139 Billion

\$192 Billion
(CAGR – 4.7%)

- Pharma segment to grow at higher rate – **5.4% CAGR**
- Production animal segment have the larger pie

- Rising prevalence of zoonotic diseases, animal population & pet ownership
- Global livestock population has been experiencing rapid growth



ANIMAL API MARKET

\$6.6 Billion

\$10.6 Billion
(CAGR – 6.9%)

- APAC market to grow at higher rate – **7.3% CAGR**
- Antiparasitics API fastest growing segment

- High demand for animal-based products and growing meat consumption

Source: Grand View Research & Global Market Insights

Strategy for next leg of growth



ONGOING INITIATIVES TO INCREASE CAPACITIES TO MEET GROWING DEMAND

BROWNFIELD EXPANSION

- Completed ₹ 26 Cr expansion in subsidiary Macrotech
- Additional capacities of intermediates
- Commercial production started

OUTSOURCE PRODUCTION

- Target to outsource production to 15% by FY24
- On track – have increased outsourced production from 5% to 10% in last 2 years

DE-BOTTLENECKING

- Continuous debottlenecking & process improvements
- Unlocking capacities and value in the short term



LARGER EXPANSION TO DRIVE THE NEXT LEG OF EXPONENTIAL GROWTH

GREENFIELD EXPANSION AT TARAPUR

- 50% capacity expansion with sufficient capacity to meet demand for new products in pipeline
- Estimated capex of ₹ 140 Cr to be funded through debt and internal accrual; incurred capex of ₹ 15.09 Cr so far
- Civil construction undergoing, facility expected to commercialize in FY24. Currently implementation is slowed down in view of high commodity prices

03

Historical Financial **Performance**

- 17 ROBUST FINANCIAL PERFORMANCE
- 18 IMPROVING EFFICIENCIES

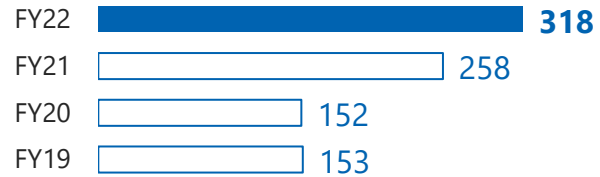


Robust Financial Performance

REVENUE

(₹ IN CRORES)

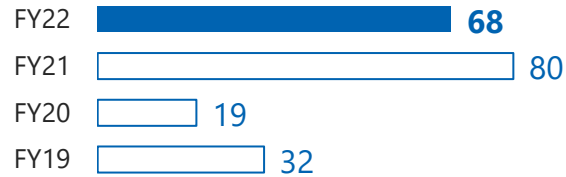
27%
CAGR



EBITDA

(₹ IN CRORES)

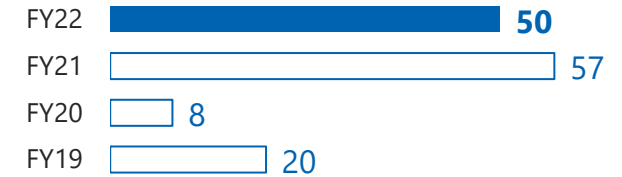
28%
CAGR



PAT

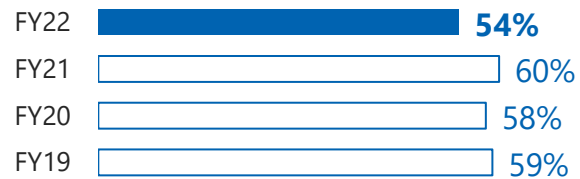
(₹ IN CRORES)

35%
CAGR



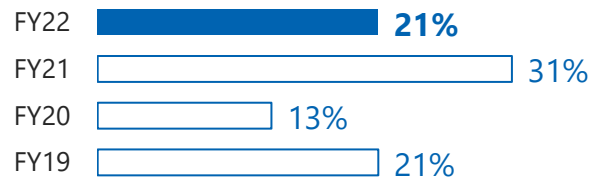
GROSS MARGIN

(IN %)



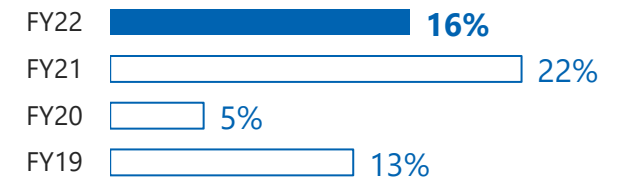
EBITDA MARGIN

(IN %)



PAT MARGIN

(IN %)

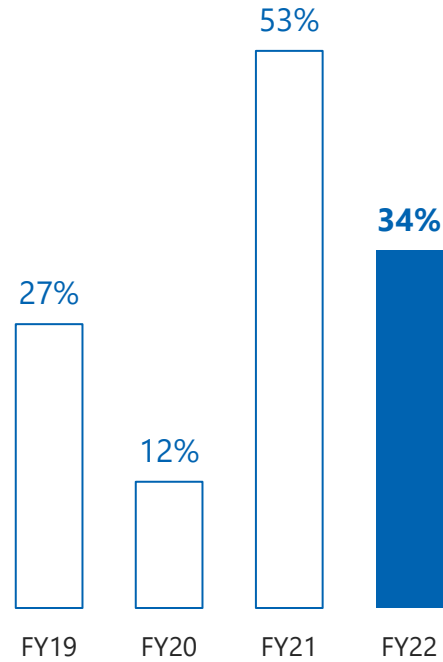


EBITDA excludes Other Income

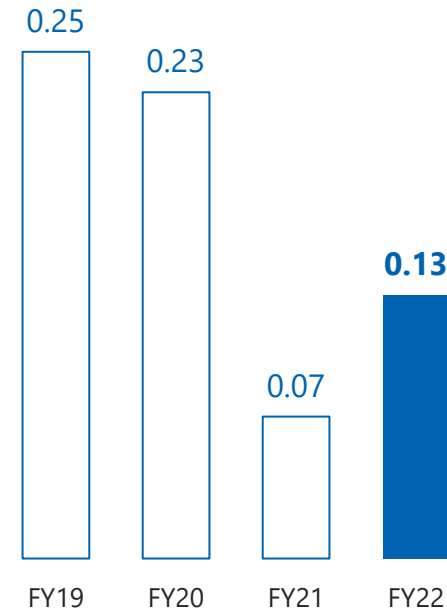
Improving Efficiencies



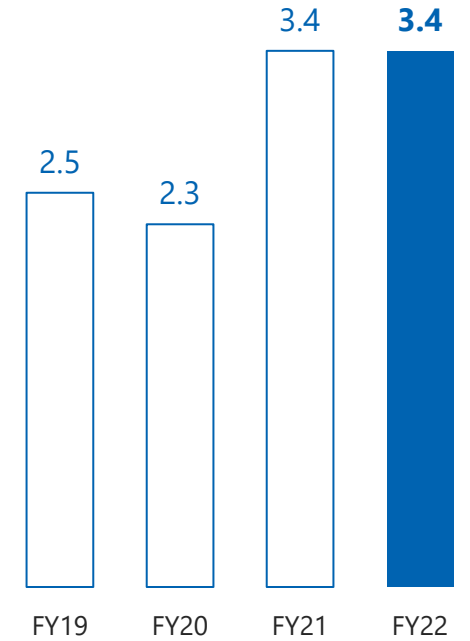
ROCE
(VALUES IN %)



Debt/Equity
(VALUES IN X)



Fixed asset turnover
(VALUES IN X)



ROCE = EBIT / Avg Capital Employed (Shareholder's Fund + Total Debt) | Debt/Equity = Total Debt / Shareholder's Fund | FATO = Revenue / Fixed Assets (Inc CWIP)

Thank You

**FOR ANY FURTHER INFORMATION,
PLEASE CONTACT**

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