



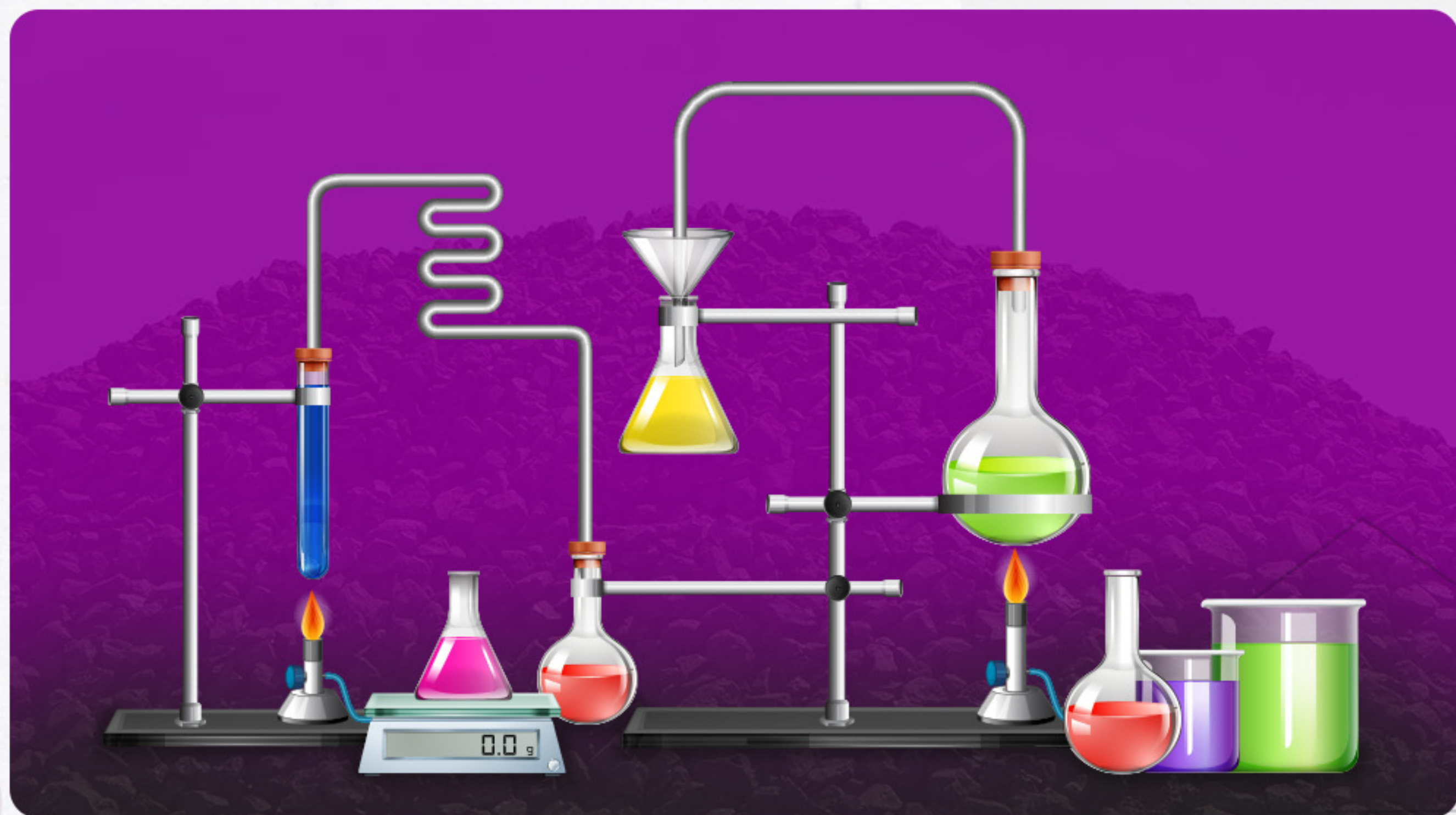
Innovation *in* SPECIALTY CHEMICALS



VCI Chemical Industries is situated on a sprawling 31.1-acre land in Kalinganagar, Orissa, where it operates a 1.1 Lac MTPA coal tar distillery. This strategic location offers numerous logistical advantages, including proximity to **Tata Steel's Kalinganagar** plant and excellent connectivity to **Paradip port, railways, and national highways.**



The **SPECIALTY** **CHEMICALS** Niche



VCI Chemical Industries specializes in two critical products: **Coal Tar Pitch (CTP)** and **high-grade Distillates**. Their 1.1 Lakh MTPA Coal tar distillery in Kalinganagar, Orissa, is a testament to their commitment to quality and scale.

The Vikrant Group: A LEGACY of Excellence

The Vikrant Group, a leader in disinfectants and health care products **(HCP)**, boasts over 40 years of industry expertise. Renowned for its premium phenyl brands, **the group has now set its sights on core chemicals.**



Phenyl **Production** Capacity **and TECHNOLOGY**

VCI has the largest capacity in phenyl production, fully equipped with automation **technologies and in-house research** and development (R&D).



Why should **INVESTORS BET** on **VCI?**

Strategic Supplier of CTP

VCI is reducing the middle-east Aluminum industry's reliance on Chinese monopoly by becoming a **long-term strategic supplier of Coal Tar Pitch** (CTP) to leaders in the Gulf Cooperation Council (GCC). This move aims to address up to 20% of the industry's dependency. The CTP supply is estimated to be **worth over ₹300 crore.**



Government Initiatives and Benefits



- VCI stands to benefit from Indian government initiatives that promote **transparency, time-bound clearances, and incentives related to land, capital, power, and taxes.**
- Schemes like **"Invest in Orissa" and "Go Swift" (Single Window clearance portal)** are expected to contribute to VCI's annual gains of ₹ 10 crore.

High Entry BARRIERS

Specialty chemicals projects demand substantial upfront capital (around ₹. 150–200 Cr). VCI's expertise and established infrastructure act as entry **barriers for new players.**



Strategic Location Advantage

VCI's proximity to key markets for specialty chemicals is a significant strength. **The company has unlocked access to a wide-reaching customer base,** facilitating efficient distribution and heightened market penetration.

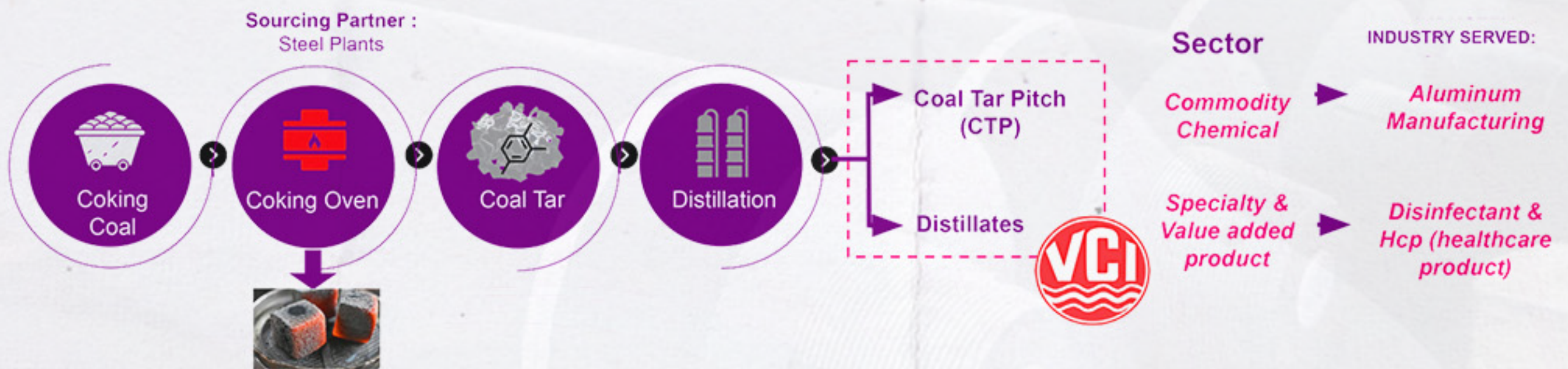


Leading **EXPORTER** of **SPECIALTY** Chemicals

VCI Chemical Industries has carved a niche as a prominent exporter of specialty chemicals. With **87% of its topline secured**, the company demonstrates resilience and market presence.



Meeting DEMAND



The Vikrant Group, a leader in disinfectants and health care products **(HCP)**, boasts over 40 years of industry expertise. Renowned for its premium phenyl brands, **the group has now set its sights on core chemicals.**

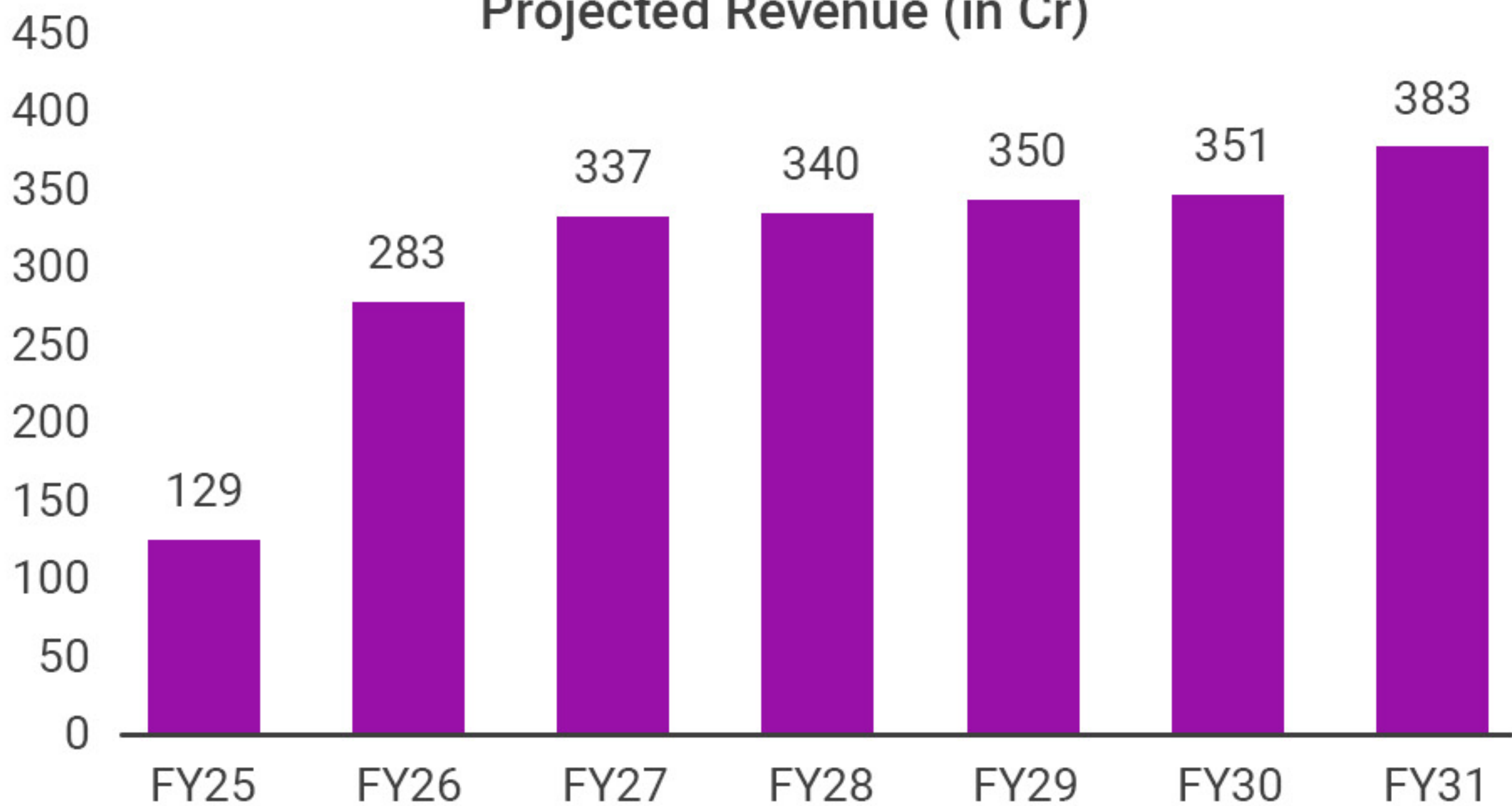
Security of Demand

With domestic aluminum production expected to reach **60 LTPA by FY27**, VCI benefits from a secure demand base.



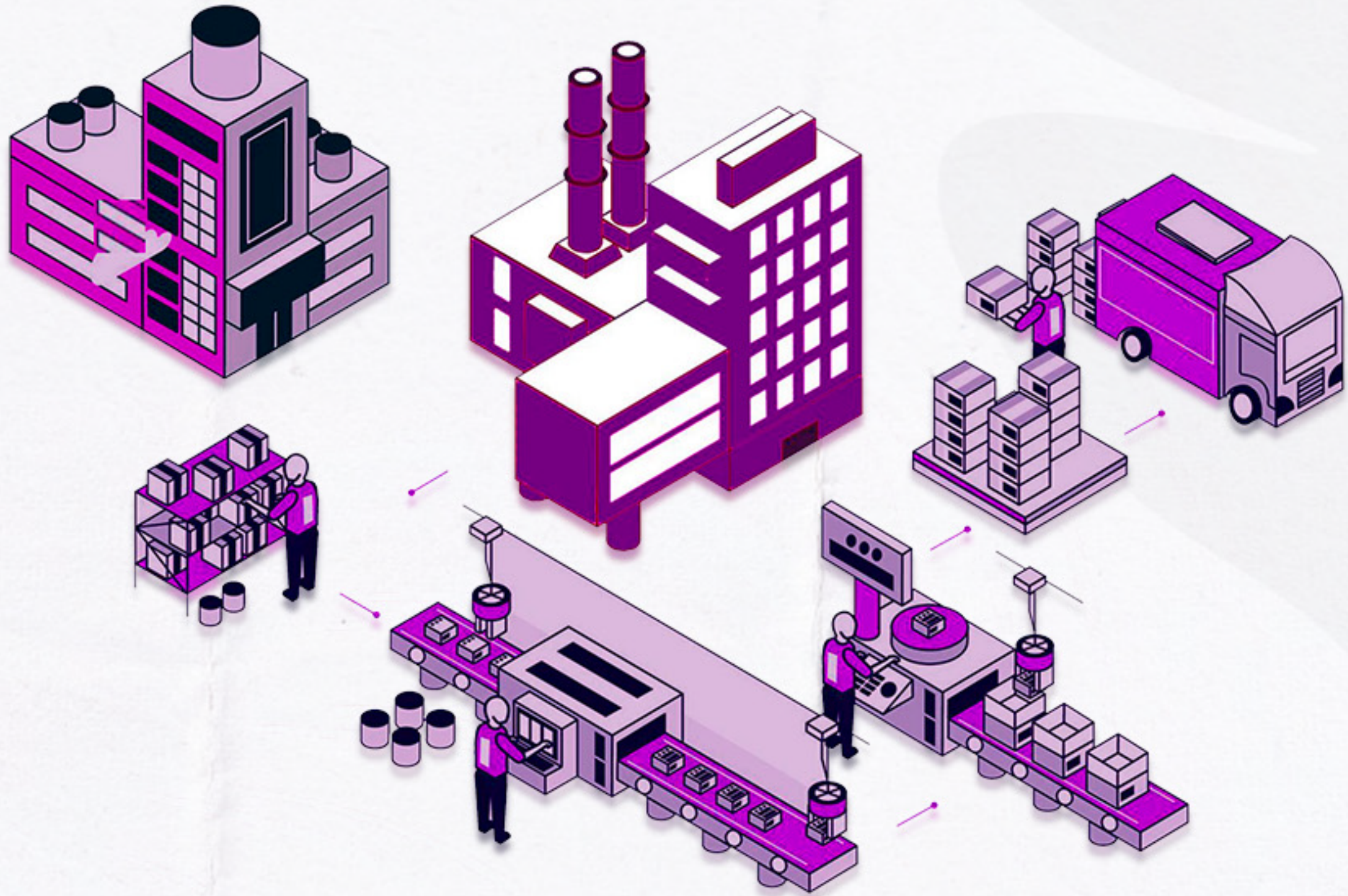
Financial Growth

Projected Revenue (in Cr)



VCI Chemical Industries has consistently achieved a robust revenue growth rate, **boasting a 26% CAGR** between FY 19 and FY 22. But it doesn't stop there. The company is aggressively expanding eastward into Rajasthan and westward into West Bengal, aiming to capture new markets and fortify its position.

ROBUST **SUPPLY** SECURITY



With a feedstock requirement of only 1.05 lakh MTPA and an estimated surplus of 3 lakh MTPA coal tar in 2023, **VCI enjoys a secure supply chain.** Investors can take comfort in the 3x supply cushion, reducing operational risks.

Financial OUTLOOK

- VCI Chemicals is well-positioned, aims to achieve a turnover of **₹. 350 crore** by FY28, with a commendable 12% EBIT margin.
- Projected profits for VCI are expected to be around **45 crore**.
- Based on a conservative price-to-earnings (P/E) ratio of 20, the company could achieve a valuation of **₹. 900 crore to ₹. 1,000 crore** within 5 years.
- Investors have the potential to earn substantial returns **(12-15x)** by investing in VCI.



INVESTMENT THESIS

- By FY28, VCI foresees a remarkable **243.3% increase** in net income.
- The forward P/E ratio by FY28 is projected to be around 8x, indicating undervaluation compared to the sector average **(approximately 25x)**.
- Over the next decade, net income is expected to grow at an average yearly rate of **7%, despite industry** challenges.
- Revenue growth, initially super-normal due to capacity utilization, is forecasted at 7% annually over the next 5 years, with a **10-year CAGR of 3%**.



Marquee CLIENTELE

VCI has secured long-term agreements with major entities in the **Gulf Cooperation Council (GCC)**, including

EGA 





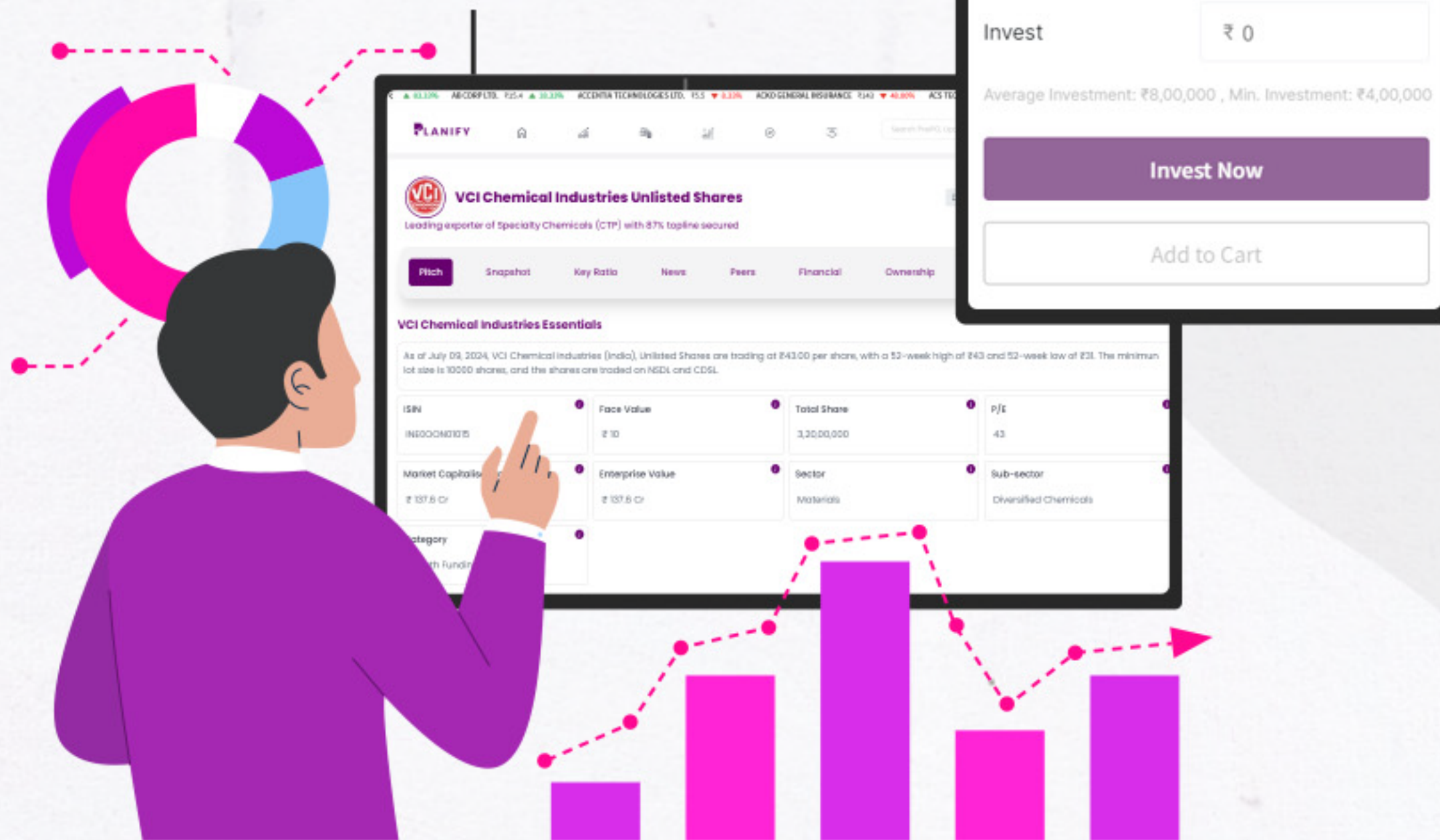
معدن
MAADEN

 **SOHAR**
ALUMINIUM

 **الومنيوم قطر**
Qatalum

These agreements, valued at **₹2,200 crore, span 8 years.**

VCI Chemicals Share Price



As of **JULY 9, 2024**, **VCI CHEMICAL INDUSTRIES** (India) unlisted shares are trading at **₹43.00 per share**. Over the past year, these shares have reached a 52-week high of **₹43** and a 52-week low of **₹31**. The minimum lot size for trading these shares is **10,000 shares**, and they are traded on both **NSDL and CDSL**.

Follow us for more content.

www.planify.in

