

**AksharChem**<sup>®</sup>

**AksharChem (India) Limited**

**Investor Presentation - November 2018**



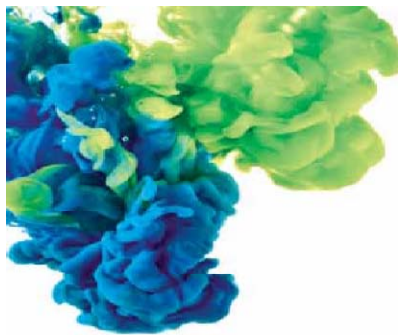
# Safe Harbor

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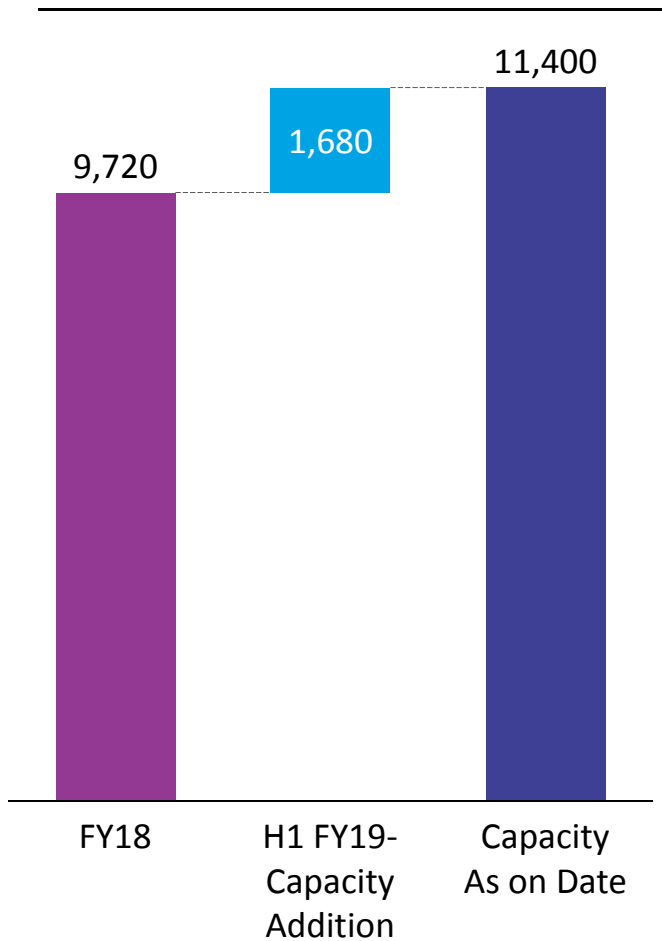


## Result Update

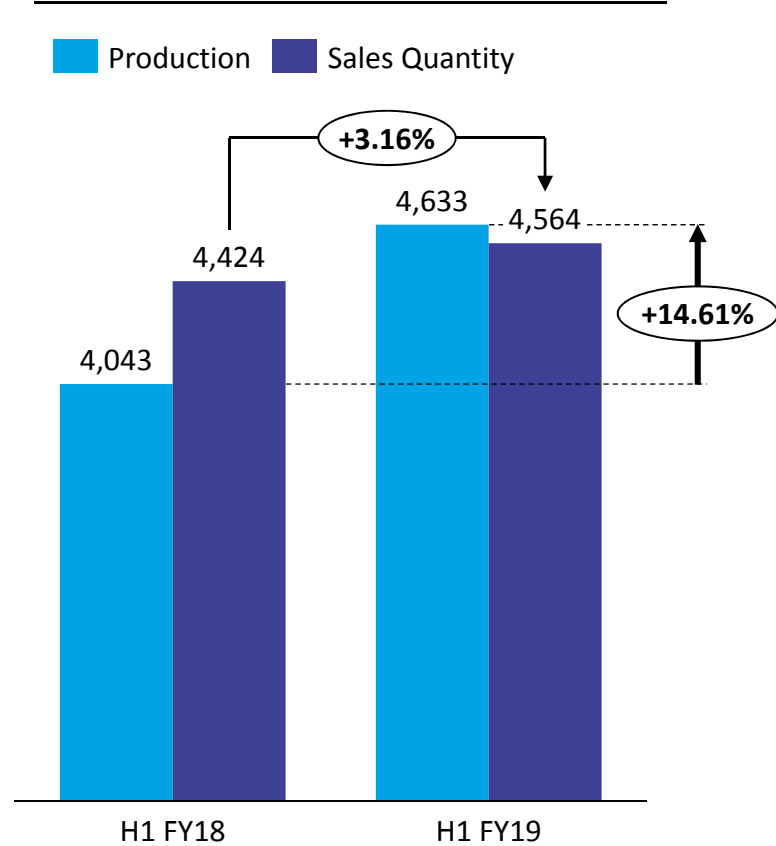


# Investment in Capacity Expansion for Future Growth

### Capacity Built Up (MT)



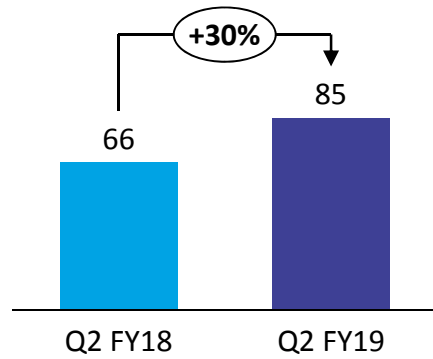
### Production & Sales Volumes (MT)



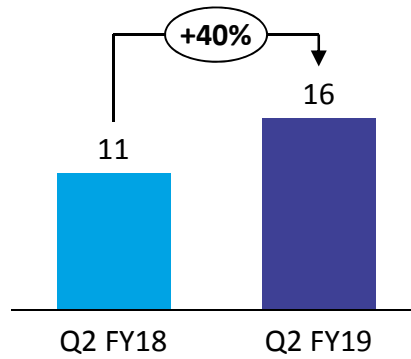
# Financial Highlights Q2 & H1 FY19\*

In Crs.

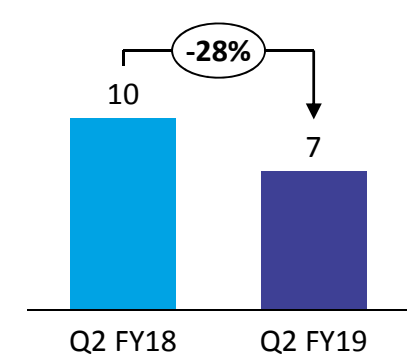
## Net Revenue from Operations



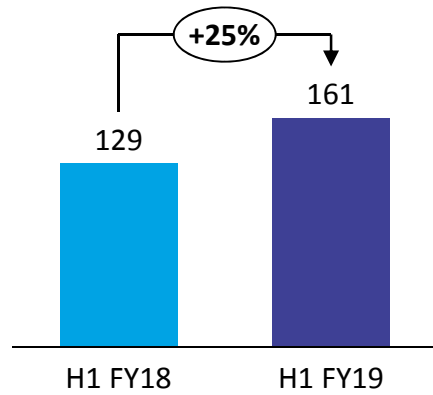
## EBITDA



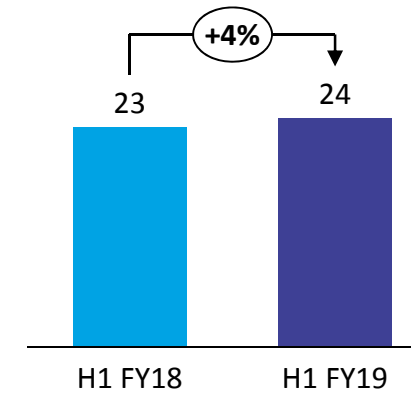
## Profit After Tax



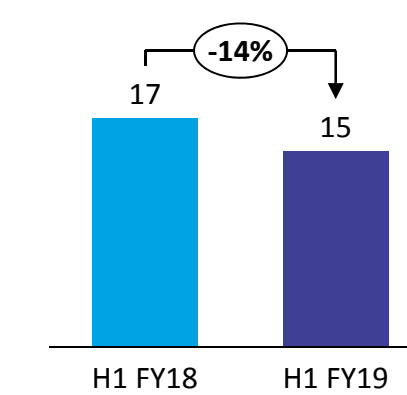
## Net Revenue from Operations



## EBITDA



## Profit After Tax



\* As per Ind-AS

## From the Chairperson's Desk

Mrs. Paru M. Jaykrishna  
(Founder, Chairperson &  
Managing Director)



At AksharChem, we believe growth is the only constant in dynamic business environment. Innovation is our heritage, the foundation on which our Company is built. Our efforts focus on continuous improvement in products and processes. Our products comply with all international quality standards and environment protection norms.

As tough as the year was, the company was under constant and intense pressure. I feel pride that of the enduring resolve and resiliency of our management team and our employees and focus on relentlessly serving our clients, we have fared well. We believe difficult times always create opportunities and is a way of learning for becoming stronger and wiser.

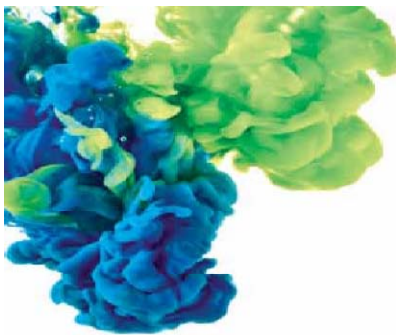
For over these years we have adhered to a set of values rooted in -

**Process and Quality Excellence:** Quality and Cost matters as it is essential to constantly improve and invest in modern technologies

**Expanding footprints:** Essential to widen and deepen marketing reach to make the most of the unaddressed opportunities

**Trust & Credibility:** Enabled us to gain new customers and develop strong business relationships

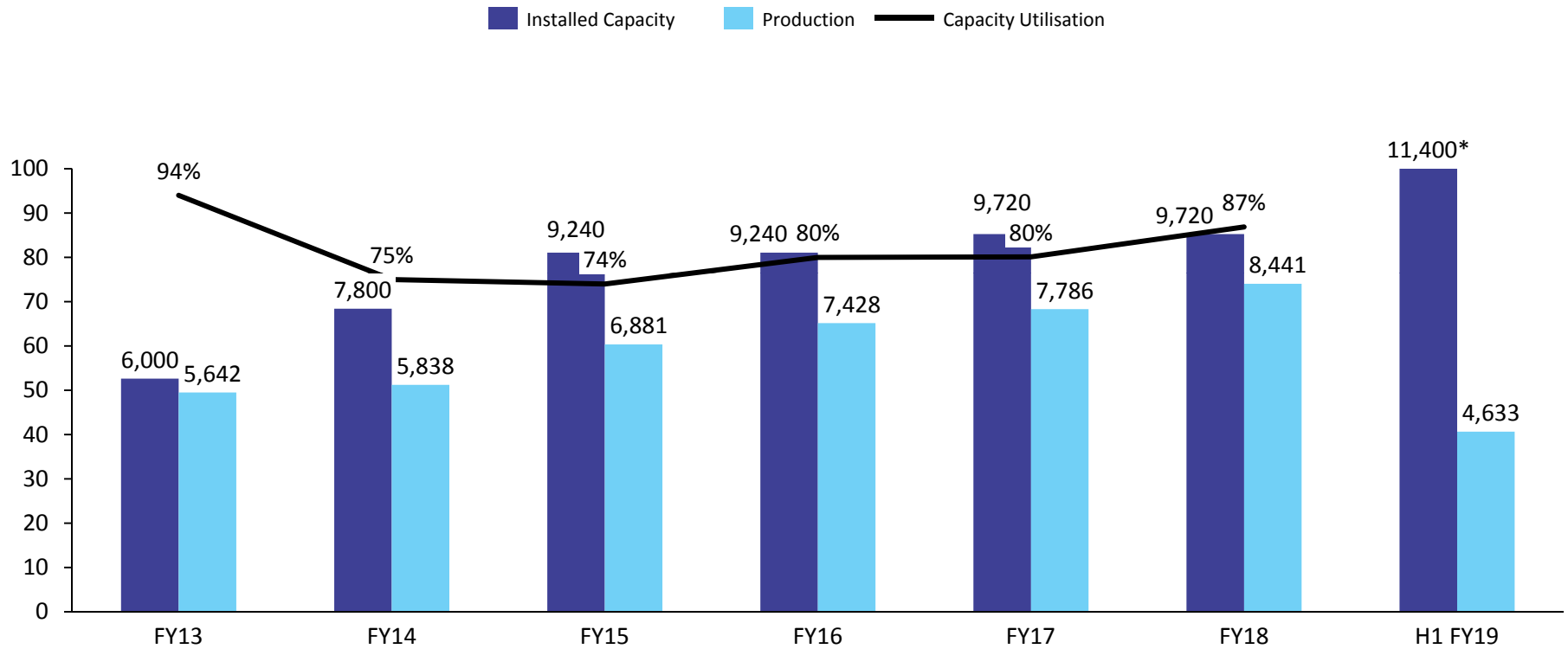
Recently, we made choices and investments in few of the project which will shape the future and ensure our Company's continuing success. We believe our long term outlook looks bright and we will continue to deliver great returns for our shareholders



## Update on Capex



# Capacity Utilisation



\* Total Capacity available for the full year



## Update on Expansion Plan

Proposed Projects	Existing Capacity (In TPA)	Additional Capacity (In TPA)	Post Expansion Capacity (In TPA)
<b>ORGANIC PIGMENTS</b>			
CPC Green	1,920	480	2,400
<b>DYES &amp; INTERMEDIATES</b>			
H Acid	-	1,200	1,200
<b>SPECIALTY CHEMICALS</b>			
Precipitated Silica	-	10,000	10,000

CPC Green

**480 MTPA**

Plant Set Up is Completed  
Utilization to begin soon

H-Acid

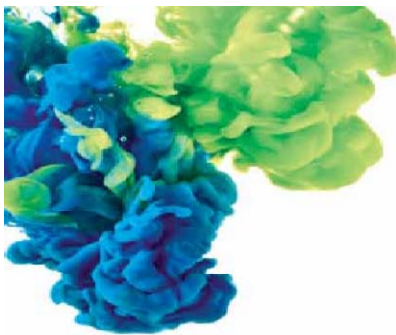
**1,200 MTPA**

Expansion Completed

Precipitated Silica

**10,000 MTPA**

Expected Commercial  
Production in the first  
quarter of FY20 i.e. Q1 FY20



## Company Overview



## We Have Developed The EDGE

Largest exporter of **VINYL SULPHONE** in India with  
~ **45%** share in exports of this product



One of the largest exporters from India and among the largest  
players globally for **CPC GREEN PIGMENT** with a global  
market share of ~**10%**

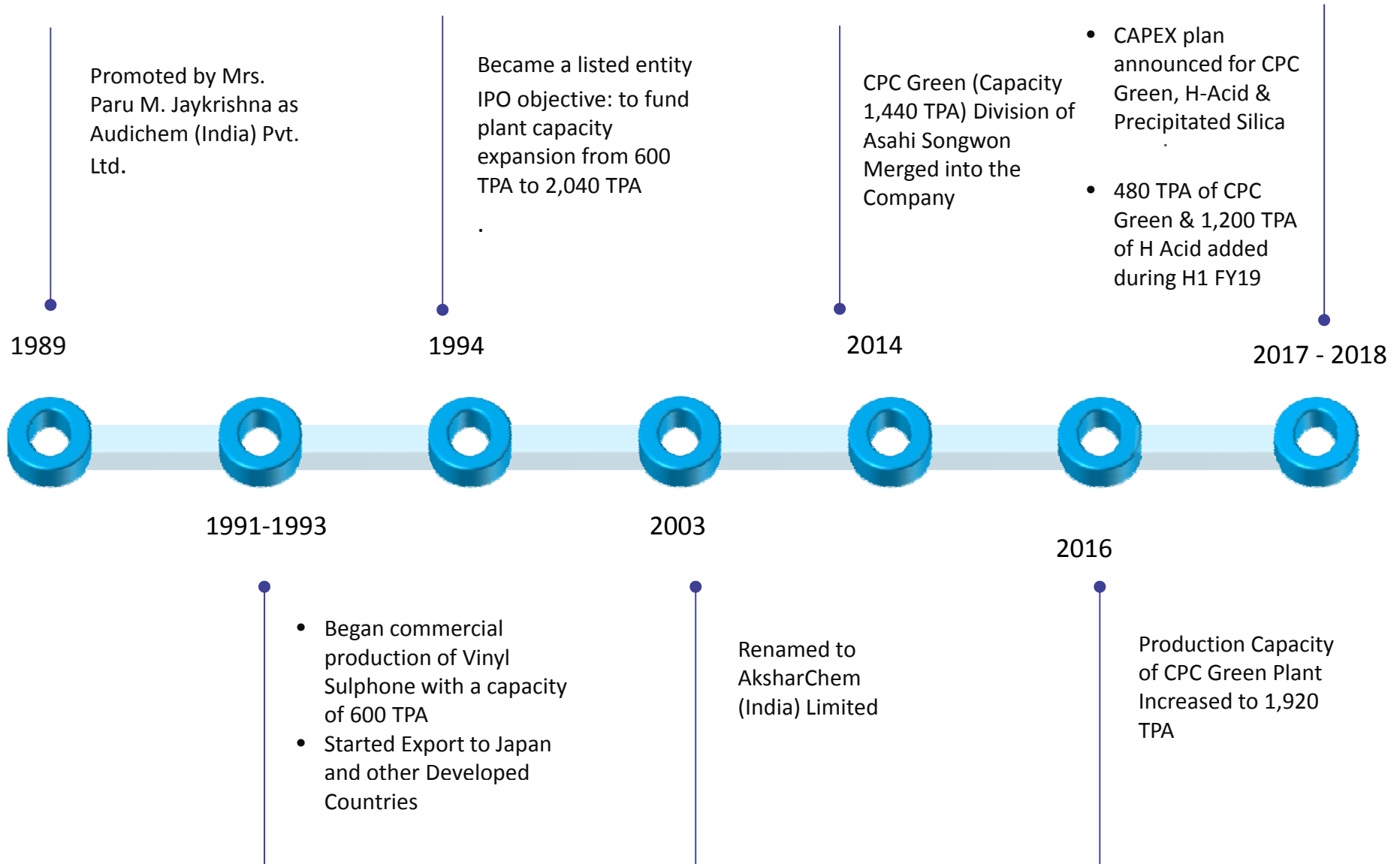
**31%**  
Revenue  
CAGR FY12-18

**61%**  
Net Worth  
CAGR FY12-18

**85%**  
Exports  
FY17-18

**NIL**  
Debt  
Sept 2018

## With Legacy of Over 2 Decades



## With Right Products

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	Dye Intermediates	Pigments
Products	Vinyl Sulphone & H-Acid	CPC Green
Capacity	9,000 TPA	2,400 TPA
Usage	Intermediate product for Dye Manufacturing	Used as colouring agents
Key Raw Materials	Acentanilide , Caustic Soda & Other Chemicals	CPC Blue, Aluminium Chloride & Other Chemicals

# With Diversified End User Industry



# With Process & Quality

*Investment in  
Quality Certifications + Process Automation Technologies  
Resulting In*



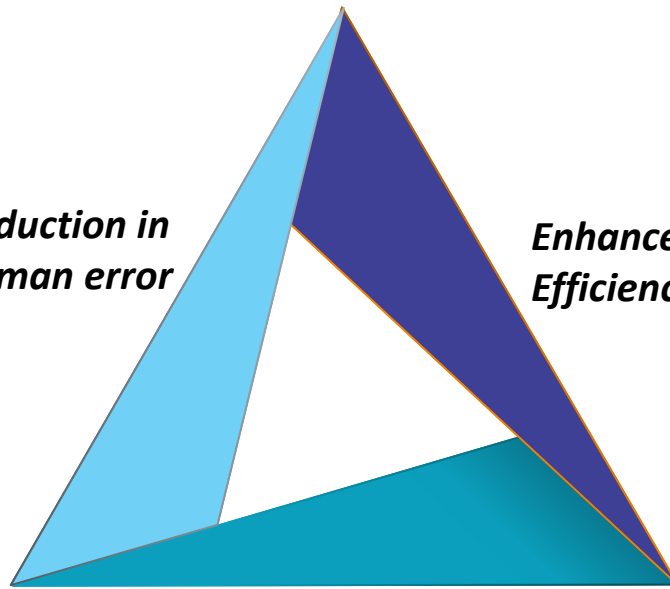
ISO 14001 : 2015



ISO 9001 : 2015

**Reduction in  
human error**

**Enhanced Process  
Efficiency**



**Enhanced Product  
Quality**

**Focus on Superior  
Technology Driven Products**

- Best Quality reliable products with zero product return in the history of the Company.
- No bad debts during the history of the Company.
- Long term quantity contract with leading global customers

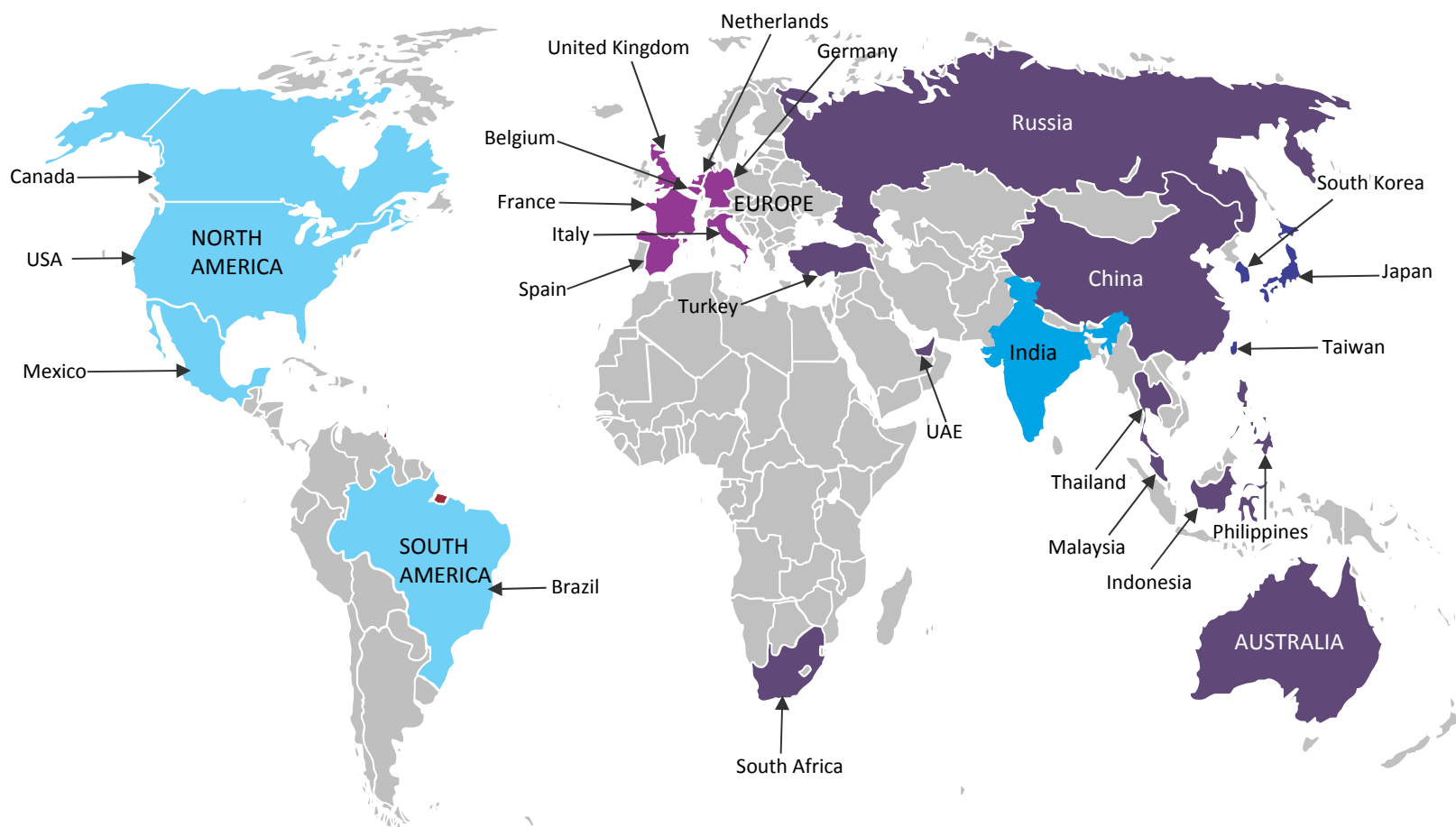
# With State of the Art Manufacturing



**Strategically Located in the Chemical  
Belt of Gujarat, at Mehsana  
Covering over 100,000 sq mt. of area**



## With Expanding Footprints

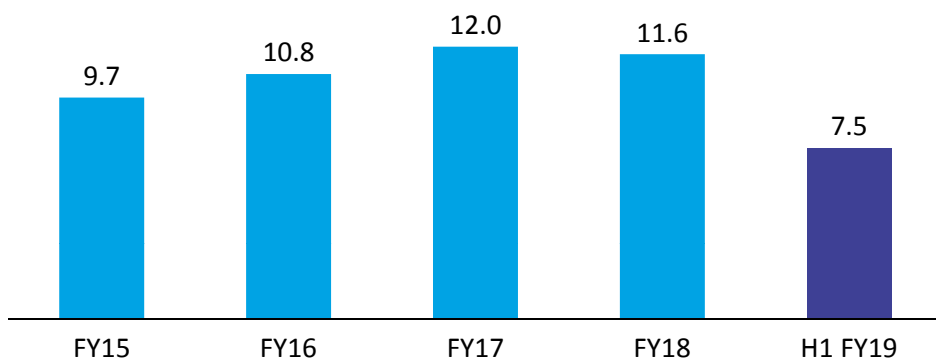


Presence in over 20 countries

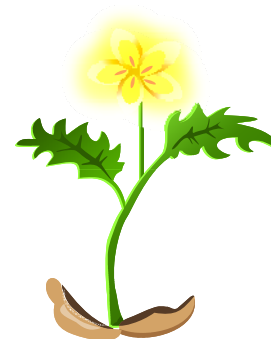
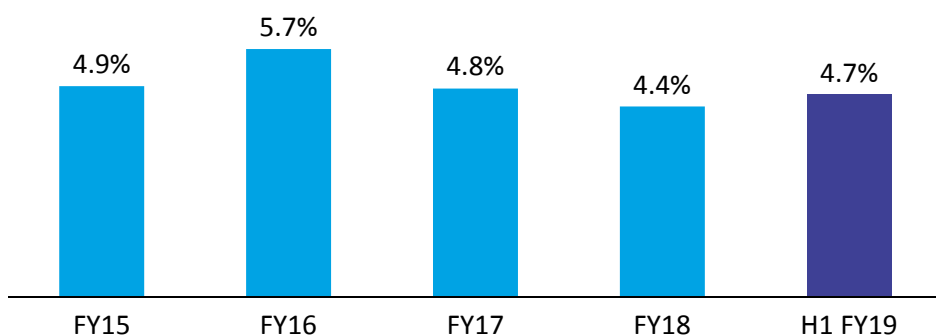
\*Map not to scale. All data, information and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness.

# Investment on Environment for Sustainable Growth

Consistent Spending for Pollution Treatment Expenses  
(In Crs.)



Annual Pollution treatment expenses  
as a % of Revenue



➤ It takes over 3 years to get Environmental Clearances from the Government

➤ Internationally recognised processes that ensure

- Minimum waste generated per unit
- Treat wastes to permissible limits before disposal
- Emits fewer pollutants
- Recycle & reuse water

One of the most environment friendly chemical companies across the globe

## With Experienced Board

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**Mrs. Paru M. Jaykrishna**

***Founder, Chairperson & Mg. Director***

Her role is that of a strategic decision and policy maker to ensure growth.



**Mr. Munjal M. Jaykrishna**

***Jt. Managing Director & CEO***

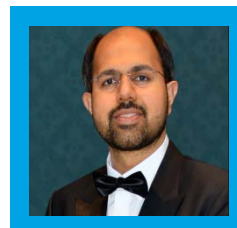
Responsible for all Management decisions and overall developments of the company.



**Mr. Gautam M. Jain**

***Independent Director***

Industrialist with over 41 years experience in the chemical industry, past President of the Gujrat Dyestuff Manufacturers Association.



**Mr. Jigar Patel**

***Independent Director***

LL.M. Honors in International Taxation from the prestigious NYU School of Law. He is currently the Executive Director of International Tax & Investment Consultants at Ahmedabad. He is Vice-President of the Income Tax Bar Association, Ahmedabad



**Dr. Pradeep Jha**

***Independent Director***

Expertise in Accounting and Finance. Authored many books on Mathematics and Operations Research, also has vast teaching experience.



**Mr. Kirankumar J. Mehta**

***Independent Director***

With qualifications in M.Com., LL.B., FICWA and FIISA he has been practising Cost Accountant since the last 41 years.



**Mr. Gokul M. Jaykrishna**

***Director***

Major in Finance and Marketing from Lehigh University, (USA).

## With Awards & Accolades



- Trishul Award for the outstanding export performance in Panel I: Dyes and Dye Intermediates (SSM+ME) for the year 2016-17 from CHEMEXCIL
- Best Manufacturer Exporter (Medium) from ECGC – Indian Exporters' Excellence Awards 2017(Trophy)
- SME Business Excellence Awards for Best Global Business and Chemicals & Pharmaceuticals 2017 by Dun and Bradstreet



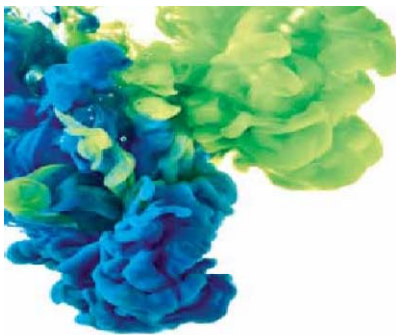
- Top Performer Women Entrepreneur-NON MSME
- Third Award for self manufactured direct export of Dye Intermediates during the year 2015-16
- Trophy for self manufactured domestic sale of Dye Intermediates of more than Rs. 5 Crores but less than Rs. 25 Crores during the year 2015-16



- Special Trophy for self manufactured direct export of Dyes of Rs. 25 Crores and above during the year 2014-15
- Award of Excellency 2015-16 Dyes & Dye Intermediates Panel Small Scale Sector
- Trishul Award for the outstanding export performance in Merchant Exporters Panel during 2014-2015



- Gold Award for the outstanding export performance in Merchant Exporters Panel during 2012-2013
- SME the Best Woman Entrepreneur
- Gold Award for the Outstanding export performance in Dyes & Dye-Intermediates Panel during 2009-2010 (30.08.2013)



## Business Strategy



# Reinforcing Our Strengths...

## Strong Balance Sheet

Nil Debt as of Sept 2018. Debt Rating : Care A1+ for short term banking facility & CARE A+/CARE A1+ for long term/short term bank facilities

## Better Planning

Achieved 87% capacity utilisation through better planning and ensuring higher plant uptime

## Training

Provided training to technical and shop floor personnel with a focus on enhancing productivity

## Better Quality & Efficiency

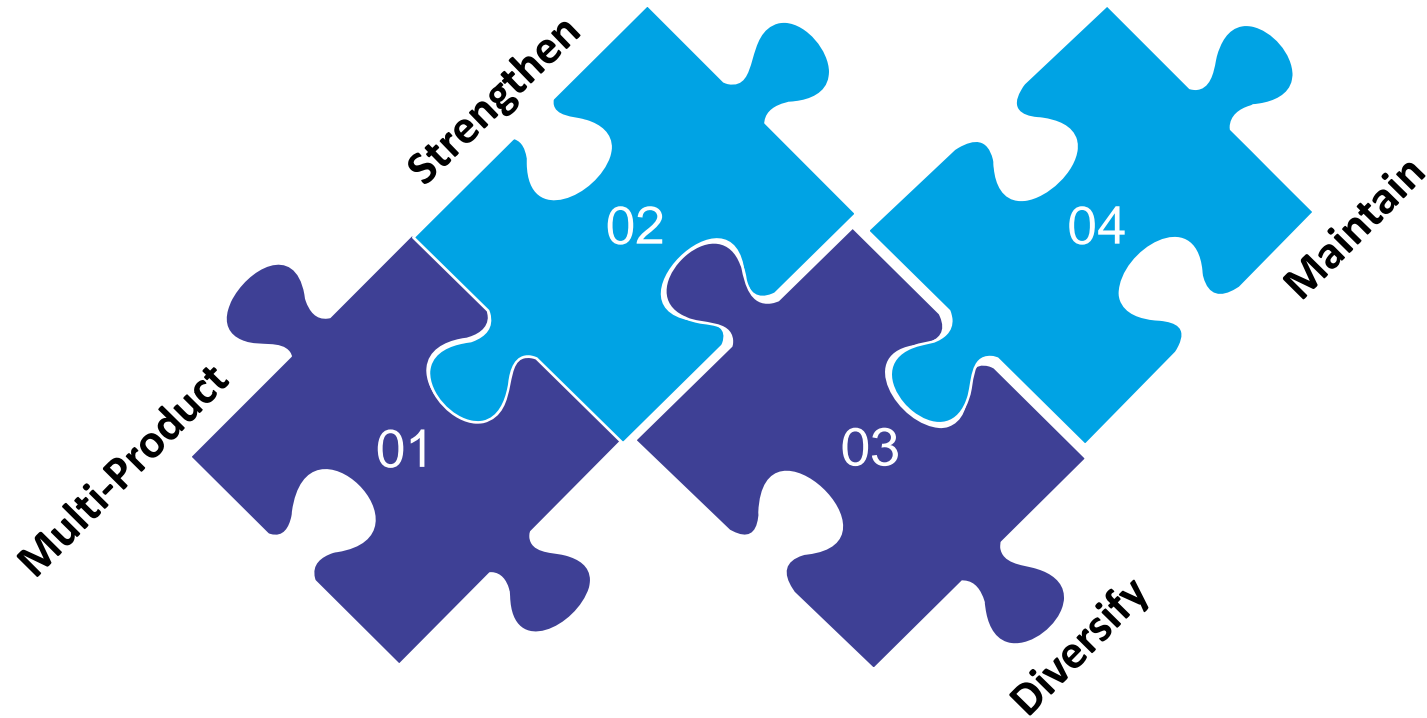
Invested in packaging automation system for better packaging quality, reducing manual errors and speeding up operations

## Expanding customer base

Enhanced overseas operations through acquiring new customers



## ... and Building a Sustainable Future



**1** Widen our products portfolio with value added products

**2** Focus on developing strong business relationships with customers

**3** Focus on extending our presence in South East Asia, NAFTA and India to provide geographic hedge

**4** Maintain extensive supply chain network across the world

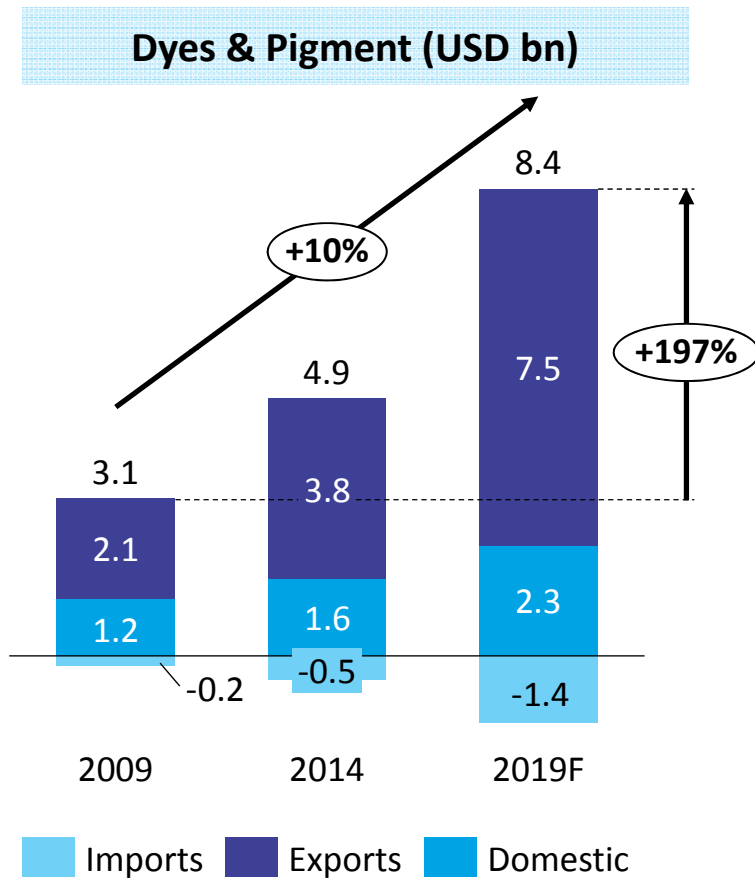


## Industry Opportunity





## Opportunity in the Industry



*Exports, expected to grow at a CAGR of ~ 15% over the next 5 years*

Source : Company Estimates

➤ The Indian production of dyes and pigments is expected to grow at 11.4% CAGR till 2019 :

### 1. Reduction in support by the Chinese government in terms of

- Tighter pollution control norms : China's National Environmental Protection Law
  - Increased Penalty for Non-Compliance – Higher Fine and Imprisonment
  - Increased Disclosure
- Reduction in subsidies
- Appreciation of CNY

### 2. Textile industry in India is projected to grow at over 10% CAGR over the next 5 years

### 3. Export focused industry

- Indian players with International Regulatory Standards are focusing on high performance pigments for value added applications, largely catering to international markets

# Strengths to drive Global Leadership

*AKSHARCHEM is compliant with INTERNATIONAL QUALITY and ENVIRONMENT STANDARDS*

- Long term quantity contract with leading GLOBAL CUSTOMERS
- Strong Relationship with the customers for more than 2 decades



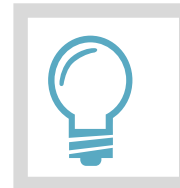
**Customer Relationships**

- ZERO Product return till date
- Largest Exporter of VS : ~45% Share
- One of the Largest Player of CPC Green Pigment



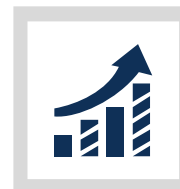
**Superior Products**

- Technology sourced from World Leader
- Green Technology for Effluent Treatment key in Chemical Industry



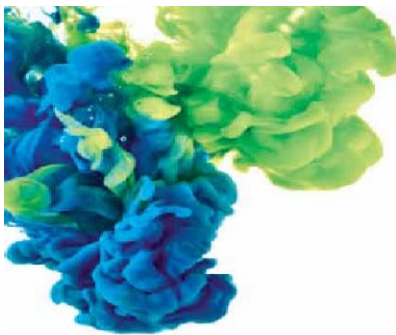
**Latest Technology**

- Debt Rating: CARE A1+ for short term banking facility & CARE A+/CARE A1+ for long term/short term bank facilities
- No Bad Debt faced till now



**Financial Prudence**





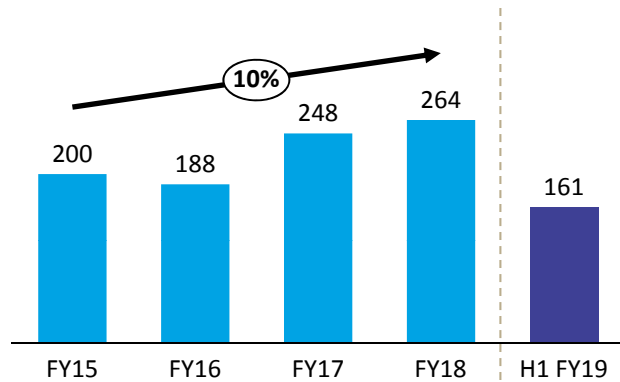
## Financials



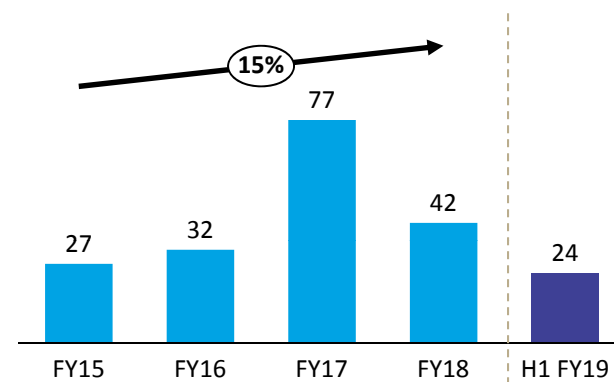
# Key Financial Parameters

In Crs.

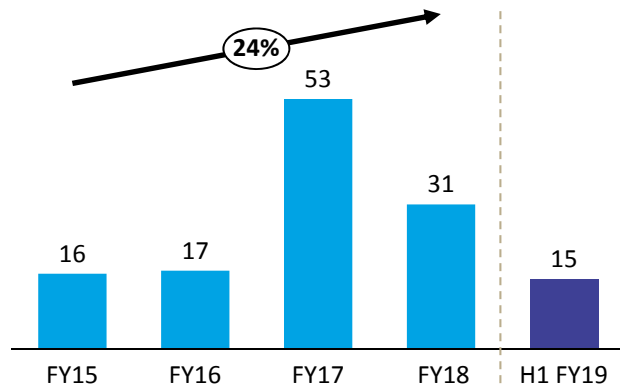
## Net Revenue



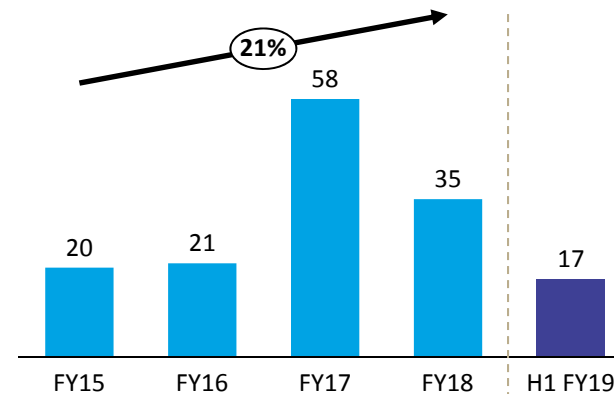
## EBITDA



## PAT



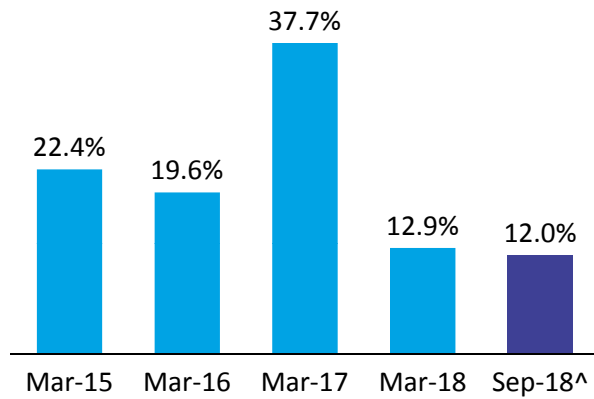
## Cash PAT



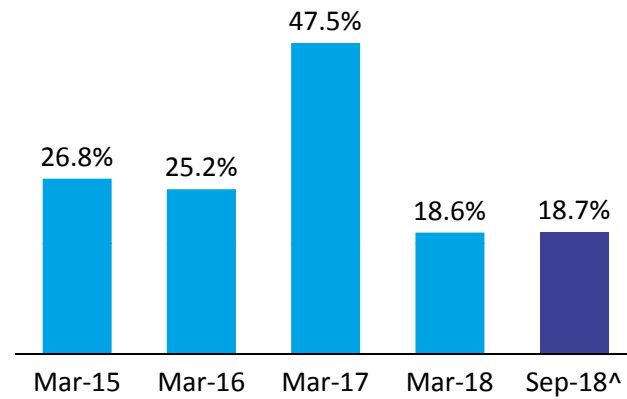
FY17 was an exceptional year on the back of Chinese clampdown

# Key Financial Parameters

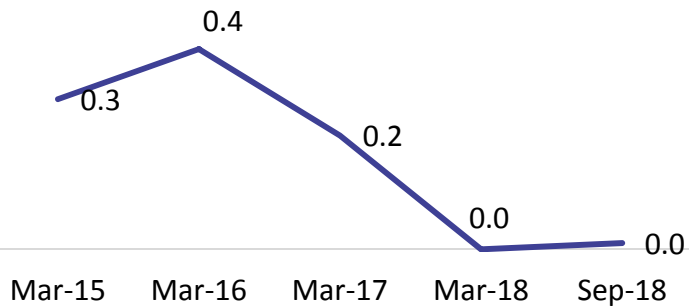
**ROE (%)**



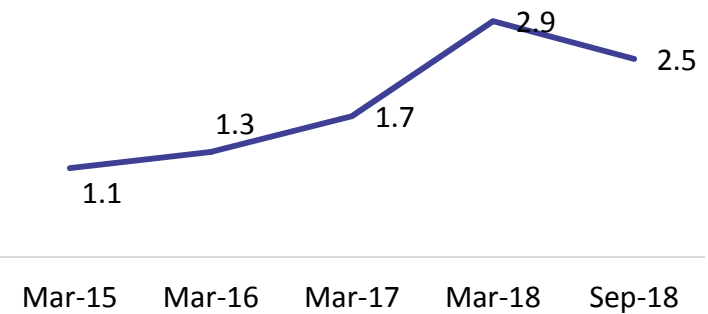
**ROCE (%)**



**Debt to Equity (x)**



**Current Ratio (x)**



*FY17 was an exceptional year on the back of Chinese clampdown*

<sup>^</sup> On Annualized Basis

## Profit & Loss Statement\* - Q2 FY19

Particulars (In Crs.)	Q2 FY19	Q2 FY18	Y-o-Y	Q1 FY19	Q-o-Q
<b>Net Revenue from Operations</b>	<b>85.3</b>	<b>65.6</b>	<b>30%</b>	<b>75.5</b>	<b>13%</b>
Raw Material	48.0	39.5		48.8	
Employee Expenses	2.5	1.6		2.1	
Other Expenses	19.3	13.3		16.1	
<b>EBITDA</b>	<b>15.6</b>	<b>11.2</b>	<b>40%</b>	<b>8.5</b>	<b>85%</b>
<b>EBITDA %</b>	<b>18.3%</b>	<b>17.0%</b>		<b>11.2%</b>	
Other Income	-1.6	4.0		3.1	
Depreciation	1.3	1.2		1.1	
<b>EBIT</b>	<b>12.7</b>	<b>13.9</b>	<b>-8%</b>	<b>10.5</b>	<b>22%</b>
<b>EBIT %</b>	<b>14.9%</b>	<b>21.2%</b>		<b>13.9%</b>	
Finance Cost	0.2	0.4		0.2	
<b>PBT</b>	<b>12.5</b>	<b>13.5</b>	<b>-7%</b>	<b>10.2</b>	<b>23%</b>
Tax	5.1	3.2		2.7	
<b>PAT</b>	<b>7.4</b>	<b>10.3</b>	<b>-28%</b>	<b>7.5</b>	<b>-1%</b>
<b>PAT %</b>	<b>8.7%</b>	<b>15.6%</b>		<b>9.9%</b>	
Other Comprehensive Income	-0.4	-0.1		-0.3	
<b>Total Comprehensive Income</b>	<b>7.1</b>	<b>10.1</b>		<b>7.2</b>	
<b>Earnings Per Share (EPS)</b>	<b>9.05</b>	<b>12.50</b>		<b>9.15</b>	

## Profit & Loss Statement\* - H1 FY19

Particulars (In Crs.)	H1 FY19	H1 FY18	Y-o-Y	FY18
<b>Net Revenue from Operations</b>	<b>160.8</b>	<b>128.9</b>	<b>25%</b>	<b>264.3</b>
Raw Material	96.8	77.6		160.3
Employee Expenses	4.6	3.0		8.4
Other Expenses	35.3	25.2		54.0
<b>EBITDA</b>	<b>24.1</b>	<b>23.1</b>	<b>4%</b>	<b>41.6</b>
<b>EBITDA %</b>	<b>15.0%</b>	<b>17.9%</b>		<b>15.7%</b>
Other Income	1.4	4.6		7.1
Depreciation	2.3	2.5		4.6
<b>EBIT</b>	<b>23.2</b>	<b>25.2</b>	<b>-8%</b>	<b>44.1</b>
<b>EBIT %</b>	<b>14.4%</b>	<b>19.6%</b>		<b>16.7%</b>
Finance Cost	0.5	1.1		1.5
<b>PBT</b>	<b>22.7</b>	<b>24.1</b>	<b>-6%</b>	<b>42.6</b>
Tax	7.8	6.7		12.0
<b>PAT</b>	<b>14.9</b>	<b>17.4</b>	<b>-14%</b>	<b>30.6</b>
<b>PAT %</b>	<b>9.3%</b>	<b>13.5%</b>		<b>11.6%</b>
Other Comprehensive Income	-0.6	-0.1		0.1
<b>Total Comprehensive Income</b>	<b>14.3</b>	<b>17.3</b>		<b>30.6</b>
<b>Earnings Per Share (EPS)</b>	<b>18.2</b>	<b>21.25</b>		<b>37.26</b>

\* As per Ind-AS

## Balance Sheet\*

Assets (In Crs.)	Sep-18	Mar-18
Property, Plant & Equipment	100.5	86.0
Capital Work-in-Progress	44.8	25.8
Other Intangible Assets	0.1	0.1
Intangible Assets under Development	0.2	0.2
Financial Assets		
Investments	33.2	31.6
Loans	0.2	0.2
Other Assets	2.0	1.5
Deferred Tax Assets(Net)	0.0	0.0
Other Non-Current Assets	9.4	11.4
<b>Total Non-Current Assets</b>	<b>190.4</b>	<b>156.8</b>
Inventories	37.0	29.7
Financial Assets		
Investments	23.3	45.6
Trade Receivables	26.2	27.5
Cash and Cash Equivalents	1.6	3.9
Bank Balances other than above	0.7	0.7
Loans	0.1	0.1
Other Financial Assets	0.0	0.1
Current Tax Assets (Net)	0.0	0.0
Other Current Assets	30.8	34.8
<b>Total Current Assets</b>	<b>119.8</b>	<b>142.4</b>
<b>Total Assets</b>	<b>310.2</b>	<b>299.2</b>

Equity & Liabilities (In Crs.)	Sep-18	Mar-18
Share Capital	8.2	8.2
Other Equity - Reserve	240.4	229.5
<b>Total Equity</b>	<b>248.6</b>	<b>237.7</b>
Financial Liabilities	0.0	0.0
Provisions	0.0	0.0
Deferred Tax Liabilities (Net)	12.8	11.6
Other Non-Current Liabilities	0.0	0.0
<b>Total Non-Current Liabilities</b>	<b>12.8</b>	<b>11.6</b>
Financial Liabilities		
Borrowings	0.0	0.0
Trade Payables	29.5	30.9
Other Financial Liabilities	0.5	0.5
Other Current liabilities	18.7	18.3
Provisions	0.1	0.2
Current Tax Liabilities (Net)	0.0	0.0
<b>Total Current Liabilities</b>	<b>48.8</b>	<b>49.9</b>
<b>Total Equity &amp; Liabilities</b>	<b>310.2</b>	<b>299.2</b>

\* As per Ind-AS



**For further information, please contact:**

**Company :**

**AksharChem (India) Limited**  
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