

AksharChem[®]

AksharChem (India) Limited

Investor Presentation - May 2019

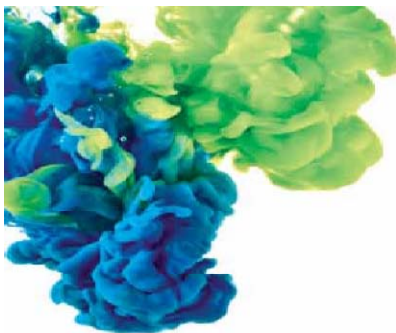


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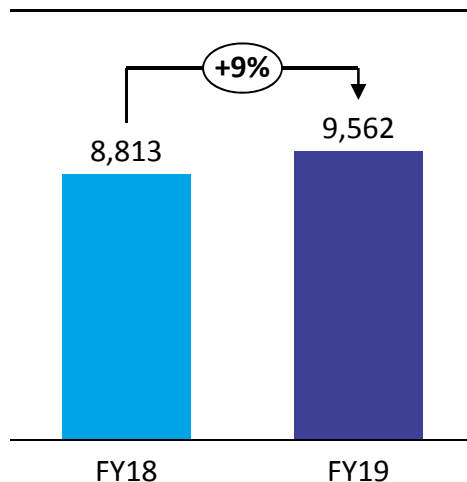


Result Update



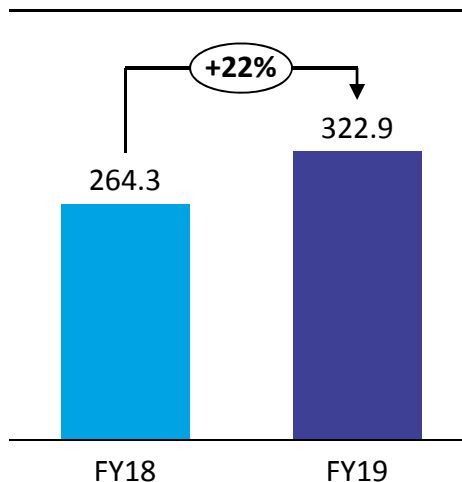
Annual Result Highlights

Total Volume (MT)



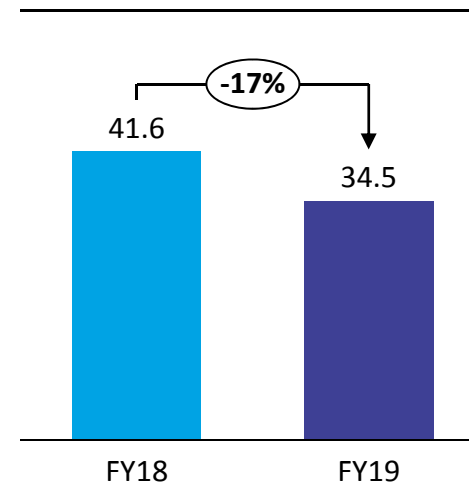
Our product demand is intact so our business continues to grow on volume basis making it more sustainable

Revenue (Rs. In Crs.)



Increased on the back of high volumes and high realizations due to China situation

EBITDA (Rs. In Crs.)



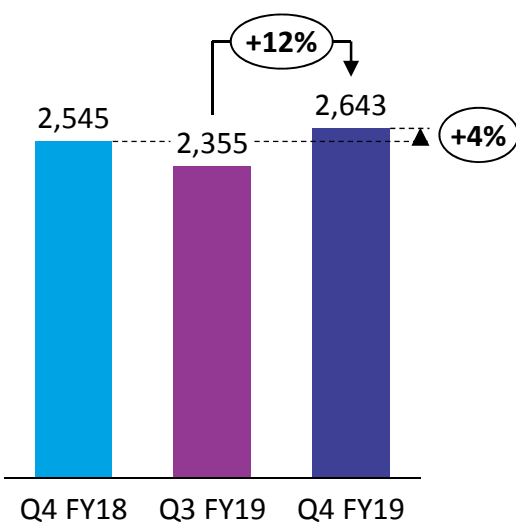
High volatility in crude prices during the year along with Currency fluctuation

Other expenditure increased Due to new capacity addition of CPC Green and H-acid and teething problems in the initial phase of H-acid manufacturing

Resulting into lower Profitability

Result Highlights – Q4 FY19

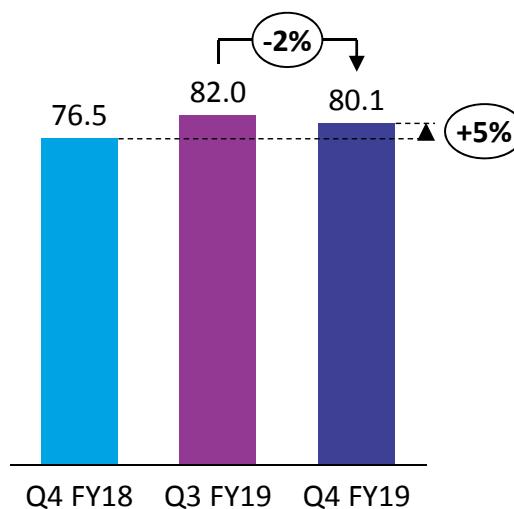
Total Volume (MT)



Y-o-Y: Better volumes on the back of New Product H-acid

Q-o-Q: Increase in capacity utilisation

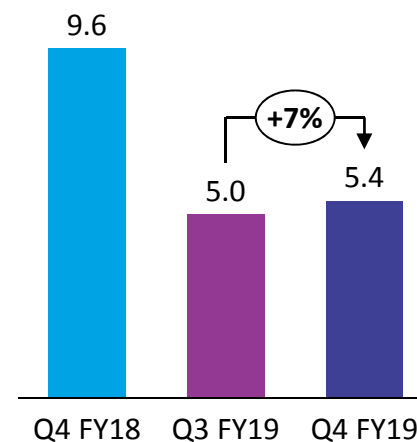
Revenue (Rs. In Crs.)



Y-o-Y: Volume led growth

Q-o-Q: Volume improved but Realisation stabilised

EBITDA (Rs. In Crs.)



Y-o-Y: Increased cost of new Capacity addition of CPC Green and H-acid

Q-o-Q: Reduction in raw material more than the reduction in realisation which was offset by increase in the other expenditure

FY19 Highlights

- The Board of Directors have recommended a Final Dividend of Rs. 3.50 per equity share which is 35% of face value of Rs. 10 per equity share for the Financial Year FY18 – FY19
- CARE Ratings has reviewed the ratings on the bank facilities of the Company and reaffirmed the rating for the Short term Bank Facilities and Long term/Short term Bank Facilities.

Facilities	Rating	Remarks
Short term Bank Facilities	CARE A1+ (A One Plus)	Reaffirmed
Long-term/Short-term Bank Facilities	CARE A+; Stable/ CARE A1+ (Single A Plus; Outlook: Stable/ A One Plus)	Reaffirmed

- Expansion Plan

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

Profit & Loss Statement* - Q4 & FY19

Particulars (In Crs.)	Q4 FY19	Q4 FY18	Y-o-Y	FY19	FY18	Y-o-Y
Net Revenue from Operations	80.1	76.5	5%	322.9	264.3	22%
Raw Material	51.0	49.2		204.5	160.3	
Employee Expenses	2.8	2.7		9.7	8.4	
Other Expenses	20.9	15.1		74.2	54.0	
EBITDA	5.4	9.6	-44%	34.5	41.6	-17%
EBITDA %	6.7%	12.5%		10.7%	15.7%	
Other Income	2.0	0.2		5.3	7.1	
Depreciation	1.8	0.8		5.5	4.6	
EBIT	5.6	9.0	-37%	34.3	44.1	-22%
EBIT %	7.0%	11.7%		10.6%	16.7%	
Finance Cost	0.2	0.2		0.9	1.5	
PBT	5.4	8.7	-38%	33.4	42.6	-22%
Tax	1.8	3.9		10.8	12.0	
PAT	3.7	4.8	-24%	22.6	30.6	-26%
PAT %	4.6%	6.3%		7.0%	11.6%	
Other Comprehensive Income	-0.4	0.0		0.3	0.1	
Total Comprehensive Income	3.3	4.8		22.9	30.6	
Earnings Per Share (EPS)	4.45	5.88		27.54	37.26	

* As per Ind-AS

Balance Sheet*

Assets (In Crs.)	Mar-19	Mar-18
Property, Plant & Equipment	126.0	86.0
Capital Work-in-Progress	30.8	25.8
Other Intangible Assets	0.0	0.1
Intangible Assets under Development	0.2	0.2
Financial Assets		
Investments	21.0	31.6
Loans	0.2	0.2
Other Assets	1.9	1.5
Deferred Tax Assets(Net)	0.0	0.0
Other Non-Current Assets	14.8	12.8
Total Non-Current Assets	194.9	158.2
Inventories	36.6	29.7
Financial Assets		
Investments	0.0	45.6
Trade Receivables	38.1	27.5
Cash and Cash Equivalents	0.2	3.8
Bank Balances other than above	2.0	0.8
Loans	0.1	0.1
Other Financial Assets	0.1	0.1
Current Tax Assets (Net)	2.3	0.6
Other Current Assets	41.8	32.8
Total Current Assets	121.1	141.0
Total Assets	316.0	299.2

Equity & Liabilities (In Crs.)	Mar-19	Mar-18
Share Capital	8.2	8.2
Other Equity - Reserve	249.0	229.5
Total Equity	257.2	237.7
Financial Liabilities	0.0	0.0
Provisions	0.0	0.0
Deferred Tax Liabilities (Net)	15.2	11.6
Other Non-Current Liabilities	0.0	0.0
Total Non-Current Liabilities	15.2	11.6
Financial Liabilities		
Borrowings	11.5	0.0
Trade Payables	27.4	30.9
Other Financial Liabilities	0.6	0.5
Other Current liabilities	4.0	18.3
Provisions	0.2	0.2
Current Tax Liabilities (Net)	0.0	0.0
Total Current Liabilities	43.7	49.9
Total Equity & Liabilities	316.0	299.2

* 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.

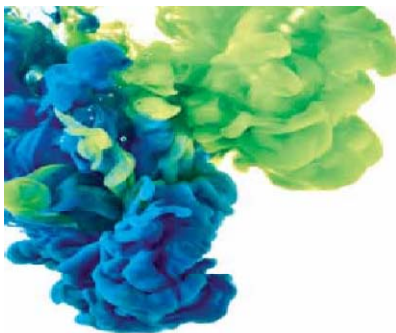
For over these years we have adhered to a set of values rooted in -

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

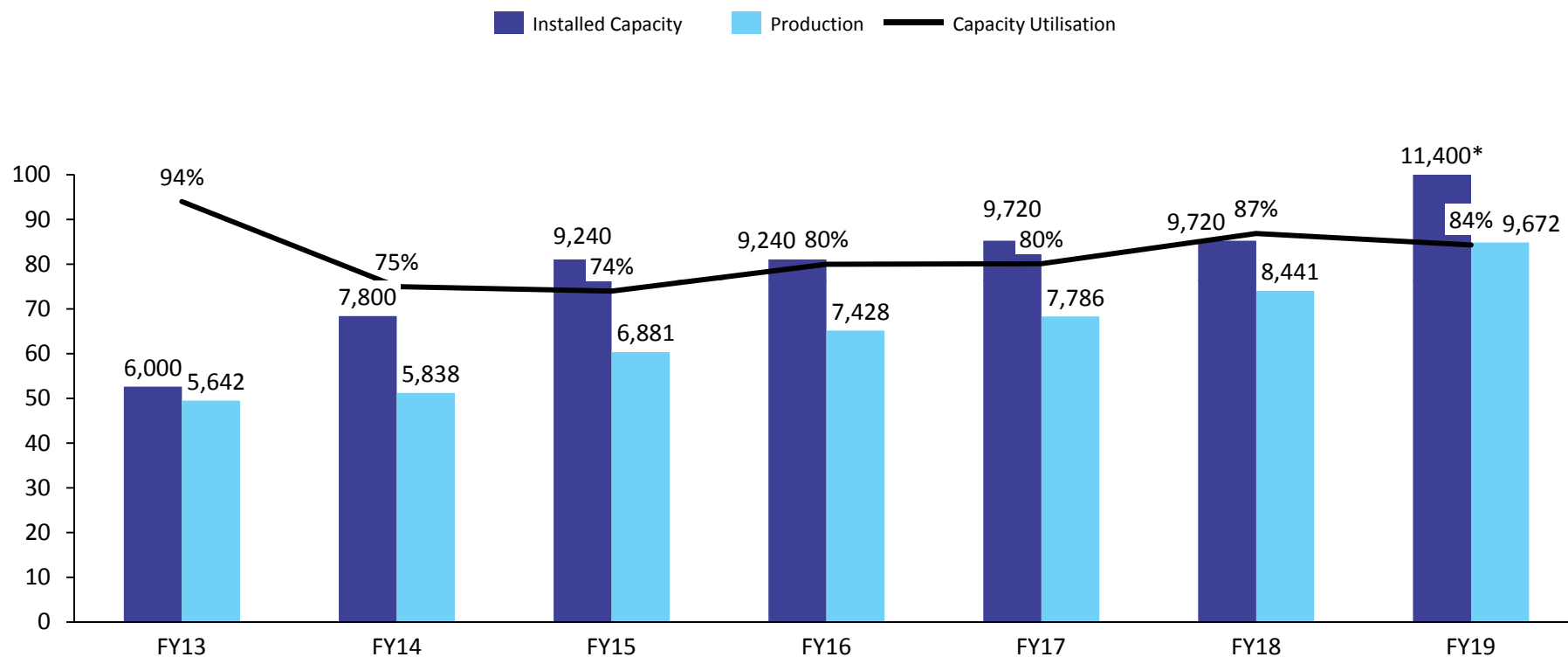
Recently, we made choices and investments in few of the project which will shape the future and ensure our Company's continuing success. We believe our long term outlook looks bright and we will continue to deliver great returns for our shareholders



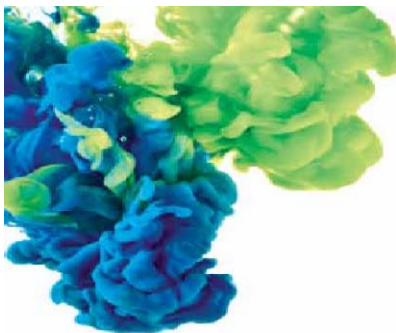
Update on Capex



Capacity Utilisation



* Total Capacity not available for the full year



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%**

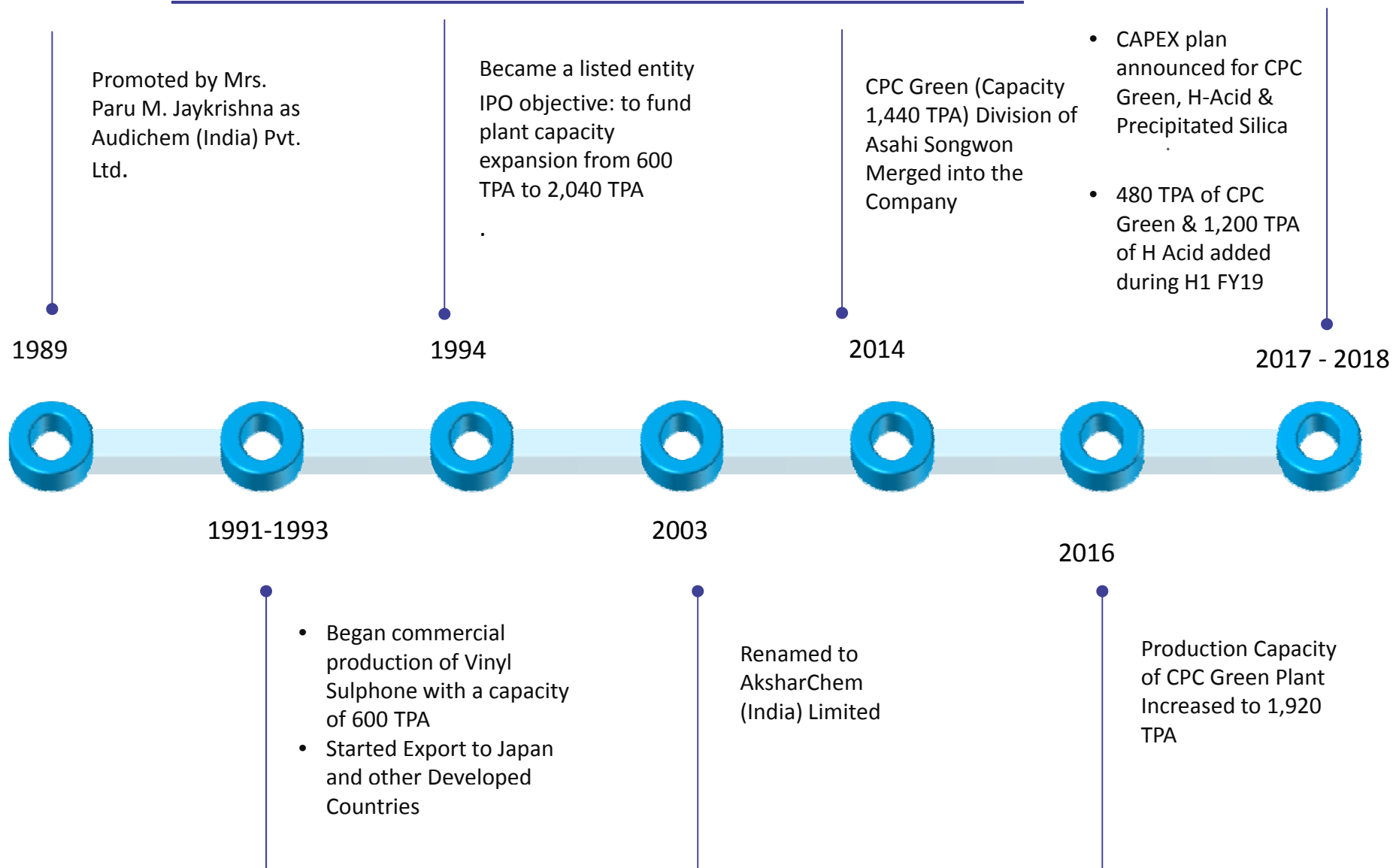
22%
Revenue
CAGR FY13-19

57%
Net Worth
CAGR FY13-19

83%
Exports
FY18-19

Net Cash Company
March 2019

With Legacy of Over 2 Decades



With Right Products

	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

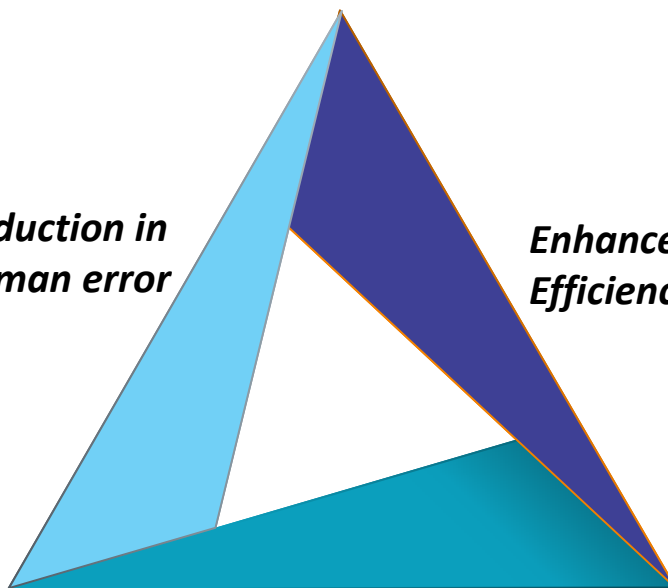


ISO 9001 : 2015

**Reduction in
human error**

**Enhanced Process
Efficiency**

**Enhanced Product
Quality**



**Focus on Superior
Technology Driven Products**

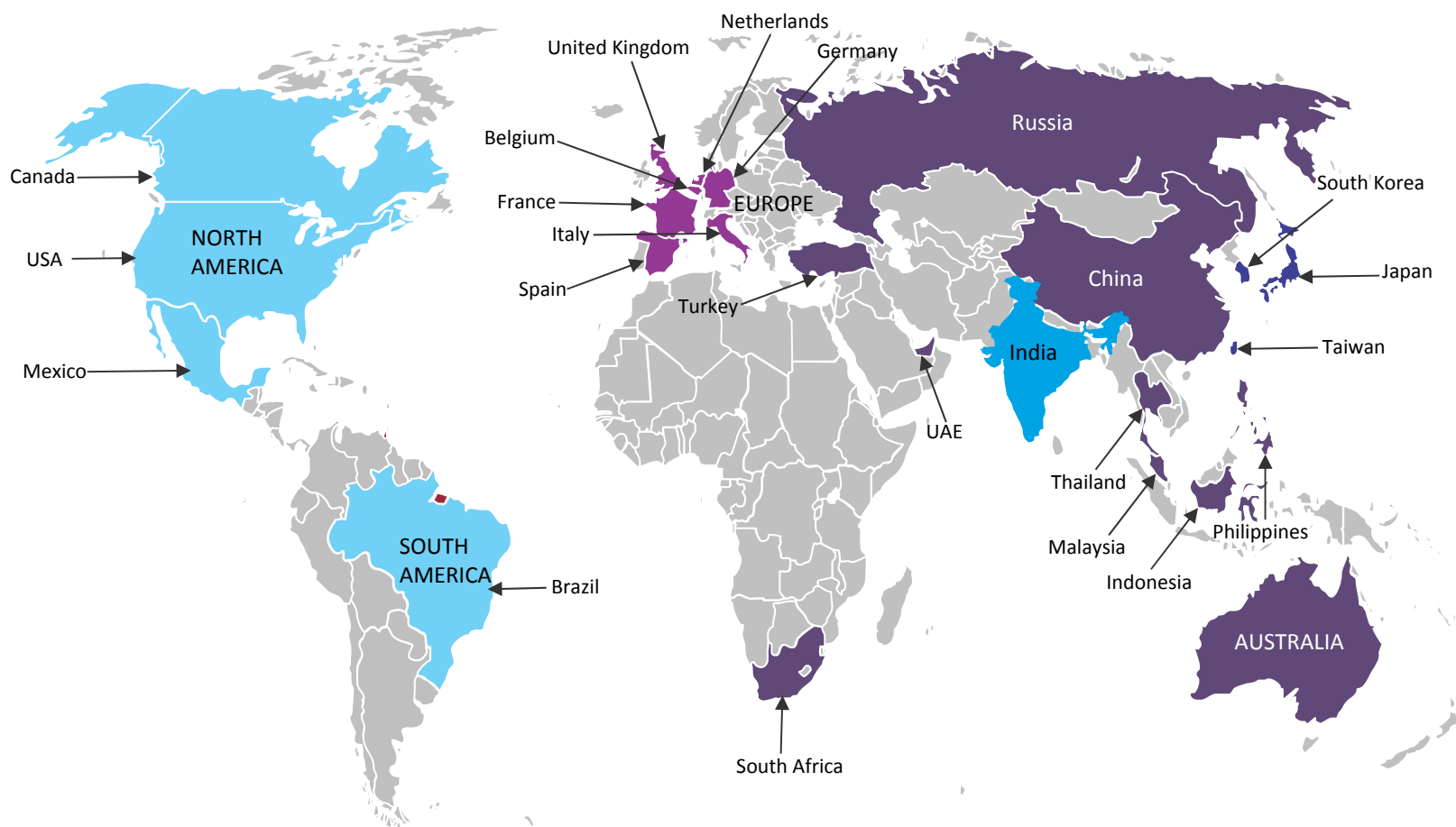
- Best Quality reliable products with zero product return in the history of the Company.
- No bad debts during the history of the Company.
- Long term quantity contract with leading global customers

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

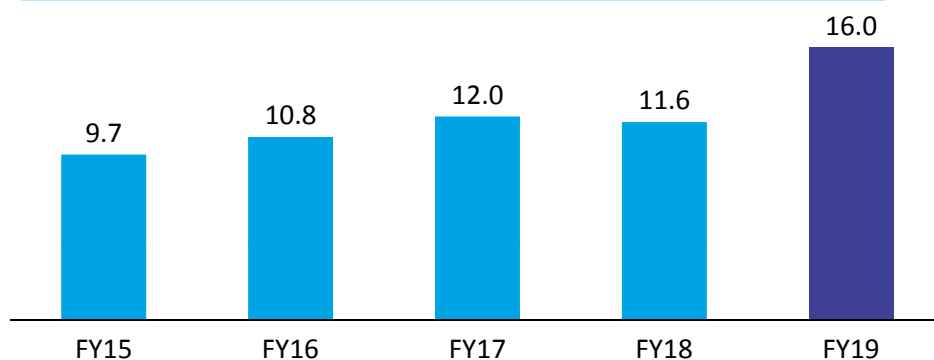


Presence in over 20 countries

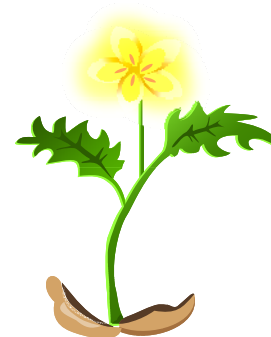
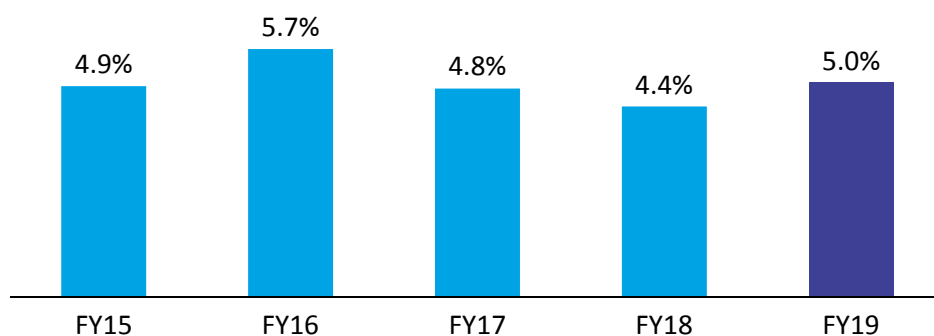
*Map not to scale. All data, information and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness.

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



Mrs. Paru M. Jaykrishna

Founder, Chairperson & Mg. Director

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



Mr. Gautamkumar M. Jain

Independent Director

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



Dr. Pradeep J. Jha

Independent Director

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



Mr. Jigar M. 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



Ms. Maitri K. Mehta

Independent Director

Practicing Cost Accountant
MBA in Finance. She is Fellow Member of the Institute of Cost Accountant of India (FCMA) & Insurance Institute of India (FIII-Life)



Mr. Gokul M. Jaykrishna

Director

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



Mr. Munjal M. Jaykrishna

Jt. Managing Director & CEO

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



Mr. Ashok D. Barot

Director

Master of Science (M. Sc.) Senior Manager (Technical Services) of the Company associated since July 2004. He is currently looking after plant administration as well as technical issues of the Company

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



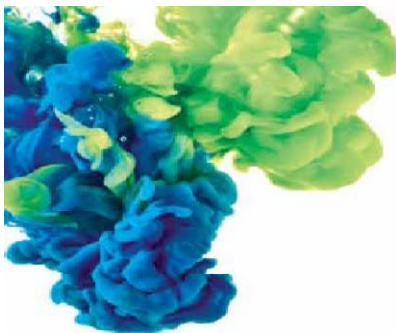
- Top Performer Women Entrepreneur-NON MSME
- Third Award for self manufactured direct export of Dye Intermediates during the year 2015-16
- Trophy for self manufactured domestic sale of Dye Intermediates of more than Rs. 5 Crores but less than Rs. 25 Crores during the year 2015-16



- 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

Net Cash Company as of March 2019. Debt Rating : Care A1+ for short term banking facility & CARE A+/CARE A1+ for long term/short term bank facilities

Better Planning

Achieved 85% 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

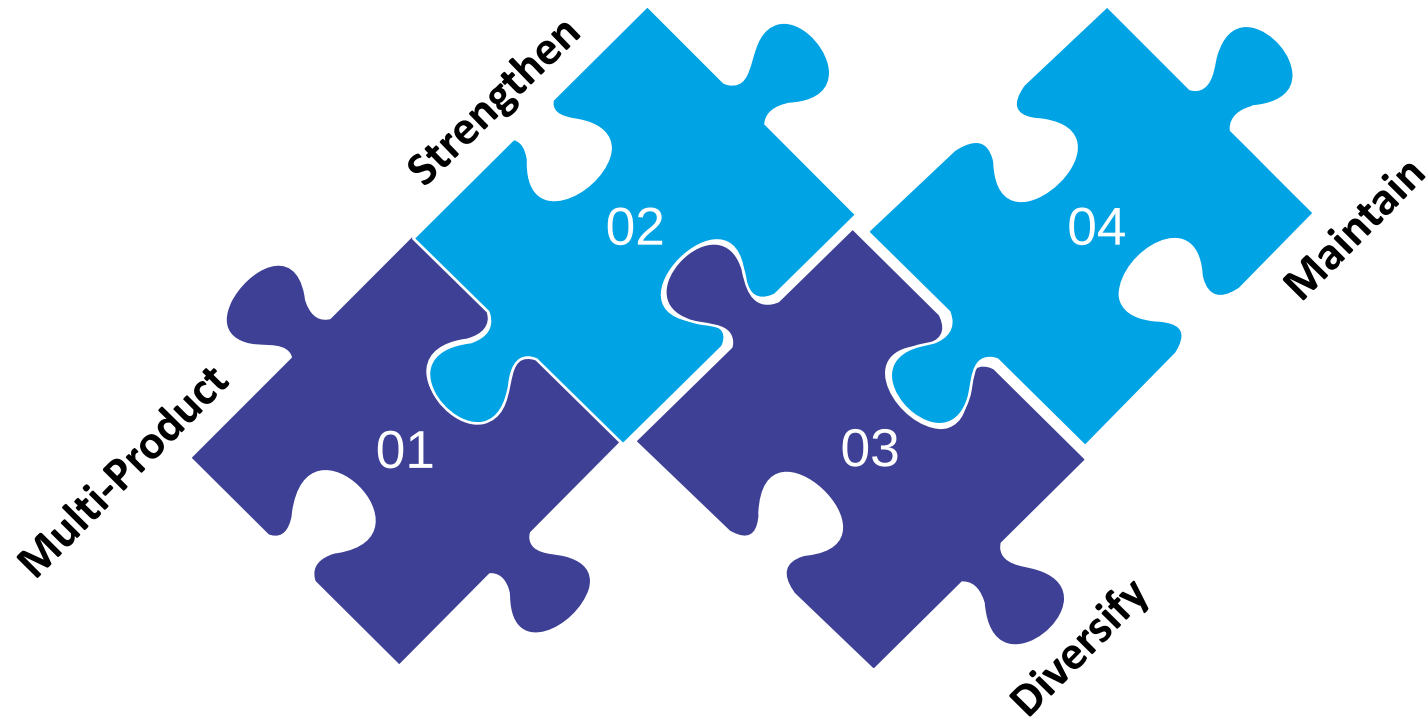
Invested in packaging automation system for better packaging quality, reducing manual errors and speeding up operations

Expanding customer base

Enhanced overseas operations through acquiring new customers



... and Building a Sustainable Future

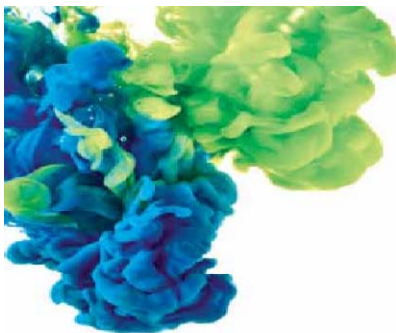


1 Widen our products portfolio with value added products

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

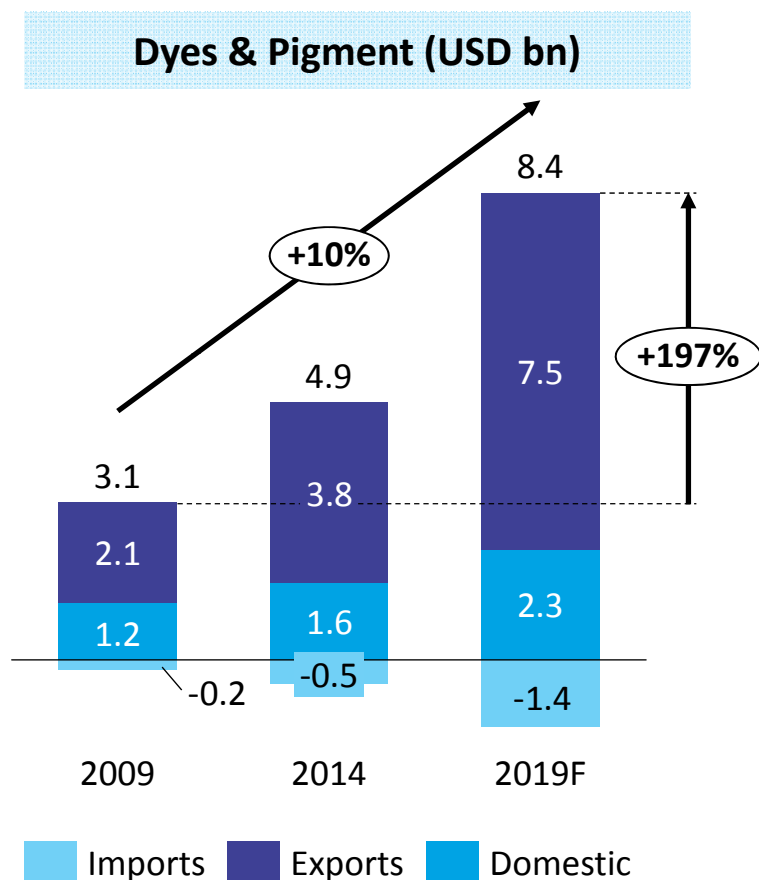
4 Maintain extensive supply chain network across the world



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 2020 :

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



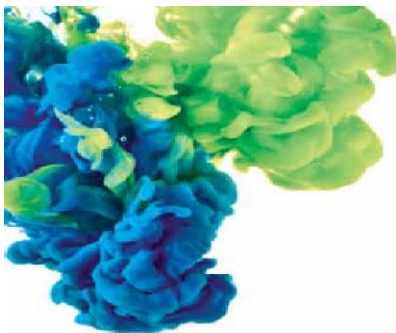
Latest Technology

- 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





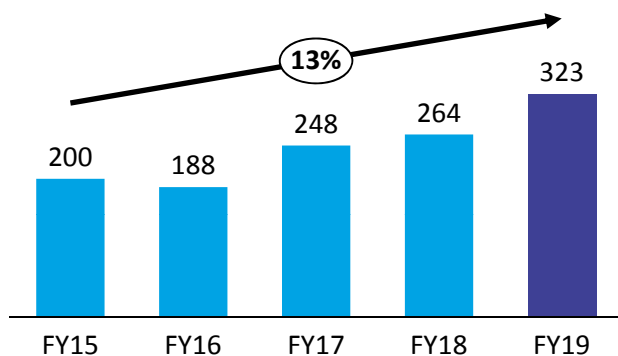
Financials



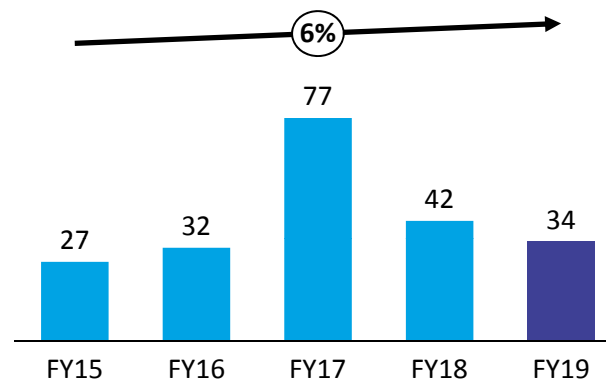
Key Financial Parameters

In Crs.

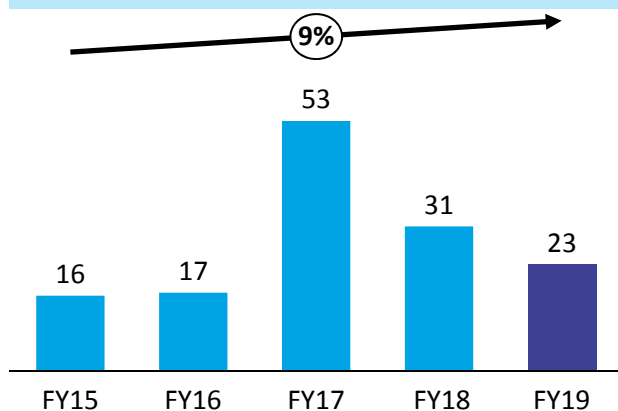
Net Revenue



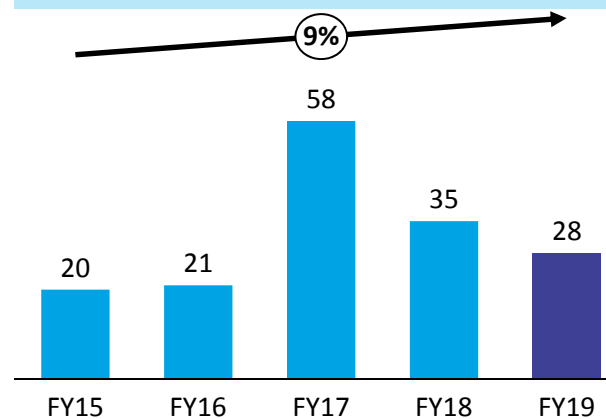
EBITDA



PAT



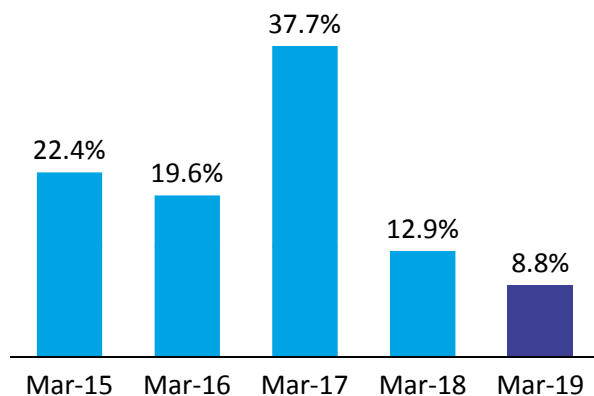
Cash PAT



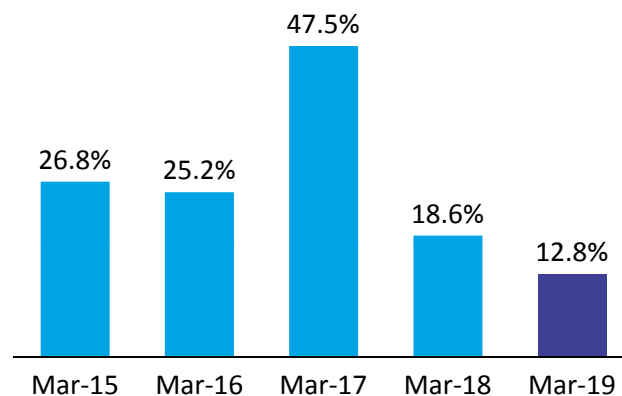
FY17 was an exceptional year on the back of Chinese clampdown

Key Financial Parameters

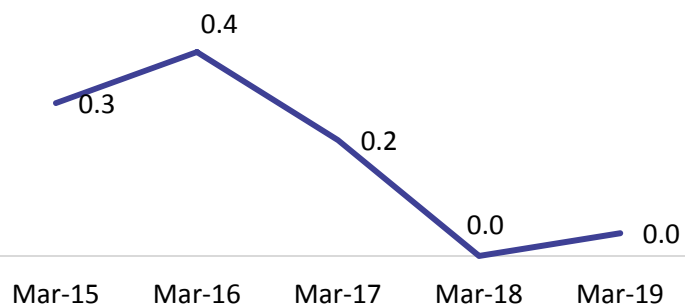
ROE (%)



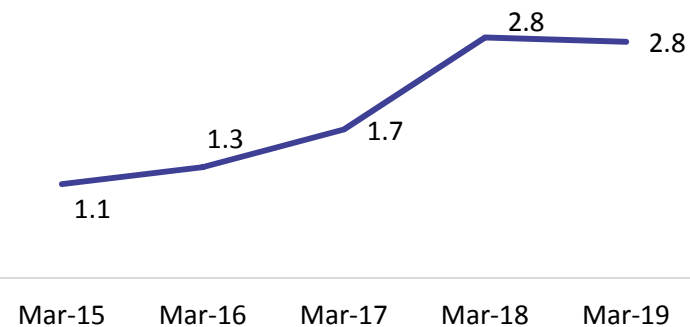
ROCE (%)



Debt to Equity (x)



Current Ratio (x)



FY17 was an exceptional year on the back of Chinese clampdown

For further information, please contact:

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