AksharChem®

Ref: AKSHAR/SE/2018-19/1808/21

August 10, 2018

To,
Deputy General Manager
Department of Corporate Services
**BSE Limited**
25th Floor, P. J. Towers
Dalal Street
**Mumbai – 400 001**
**Scrip Code: 524598**

To,
The General Manager (Listing)
**National Stock Exchange of India Ltd.**
5th Floor, Exchange Plaza,
Bandra Kurla Complex,
Bandra (East),
**Mumbai – 400 051**
**Company Symbol: AKSHARCHEM**

To
Secretary
**Ahmedabad Stock Exchange Limited**
Kamdhenu Complex
Opp. Sahajanand College,
Panjara Pole, Ambawadi
**Ahmedabad - 380 015**
**Scrip Code : 6408**

**SUB: INVESTOR PRESENTATION – AUGUST, 2018**

**REF: REGULATION 30 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing hereby a copy of the Investor Presentation – August, 2018.

The aforesaid Investor Presentation – August, 2018 will also be uploaded on the website of the Company i.e. www.aksharchemindia.com

This is for your information and record.

Thanking you,

Yours faithfully,
For, **AKSHARCHEM (INDIA) LIMITED**

**Meet Joshi**
**Company Secretary**

Encl: As above

**AksharChem India Ltd.**
**"Akshar House"** Chhatral - Kadi Road, Indrad-382 715. Mehsana, India.
Tele: 91-2764 233 007-10 • Fax: 91-2764 233 550 • Email: admin@aksharchemindia.com

ISOQAR REGISTERED UKAS MANAGEMENT SYSTEMS 0026

AksharChem®

# AksharChem (India) Limited

**Investor Presentation - August 2018**

# Safe Harbor

This presentation and the accompanying slides (the "Presentation"), which have been prepared by **AksharChem (India) Limited** (the "Company"), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment what so ever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

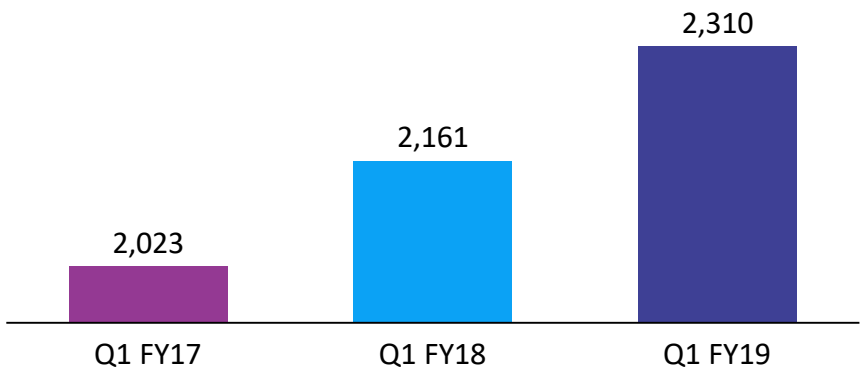
Certain matters discussed in this Presentation may contain statements regarding the Company's market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company's ability to successfully implement its strategy, the Company's future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company's market preferences and its exposure to market risks, as well as other risks. The Company's actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.

AksharChem®

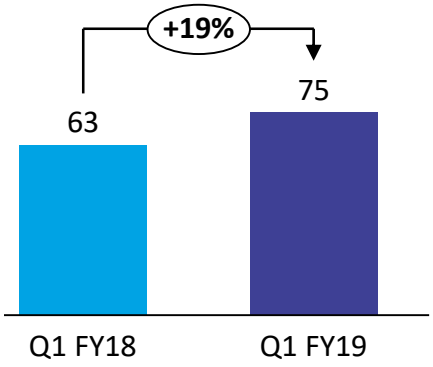
# Result Update

# Result Highlights

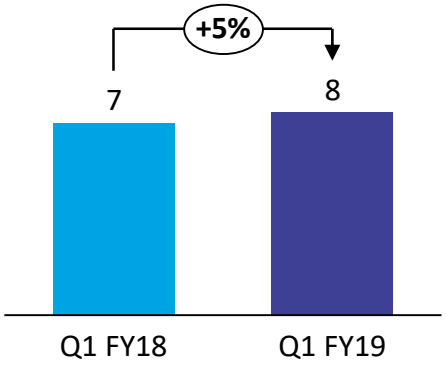
**Total Volume (MT)**




**Net Revenue from Operations(Rs Crs)**




**Profit After Tax (Rs Crs)**




- *Our Product Demand is intact due to which our volumes continues to grow year on year*
- *We expect Operating leverage to play out once utilization levels increases*

*As per Ind-AS except Q1 FY17*

# 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*

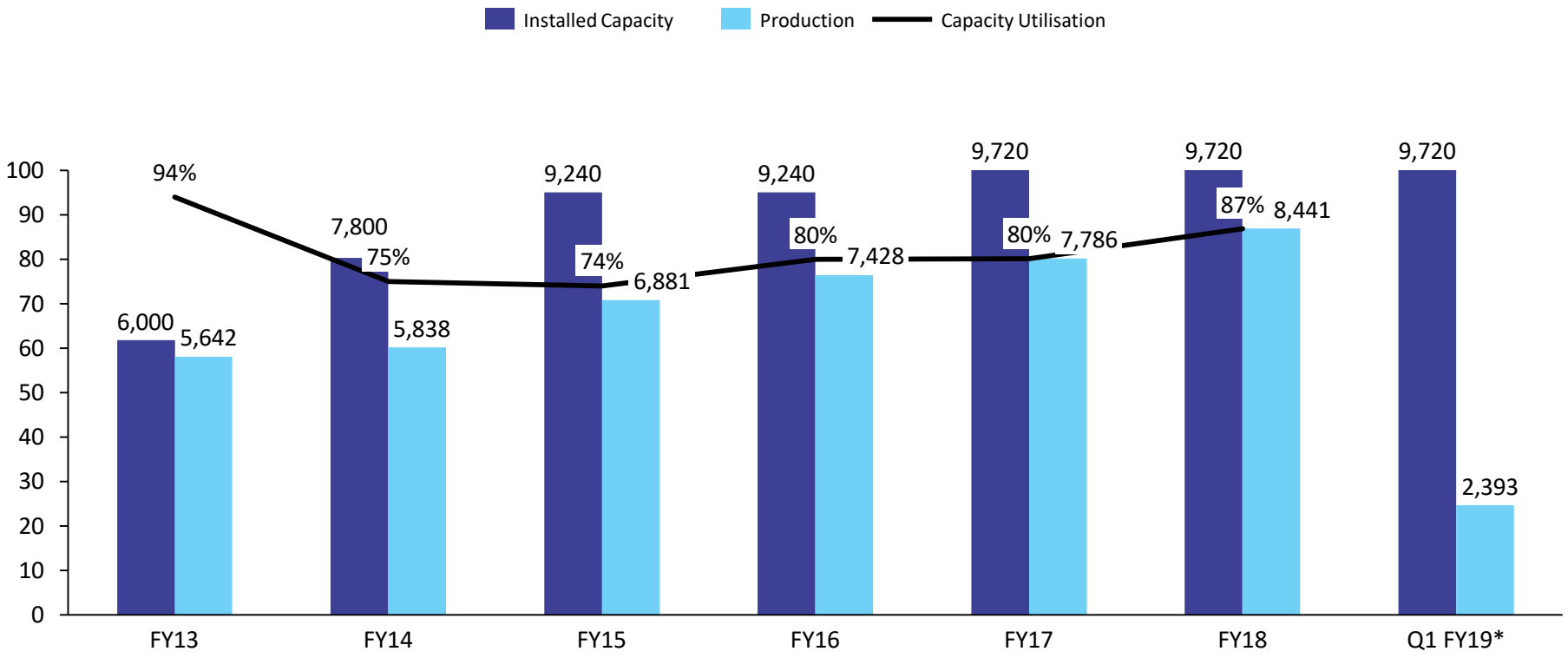
***Trust & Credibility:** Enabled us to gain new customers and develop strong business relationships*

*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*

AksharChem®

# Update on Capex

# Capacity Utilisation




** Does not include 480 TPA of Pigments which was installed during Q1 FY19*

AksharChem®

# Update on Expansion Plan

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

## CPC Green

**480 MTPA**

Project Installation during Q1 FY19

## H-Acid

**1,200 MTPA**

Expected Commercial Production from the next quarter i.e. Q2 FY19

## Precipitated Silica

**10,000 MTPA**

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

AksharChem®

# Company Overview

AksharChem®

# 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
March 2018

# With Legacy of Over 2 Decades

**1989**

Promoted by Mrs. Paru M. Jaykrishna as Audichem (India) Pvt. Ltd.

**1991-1993**

- Began commercial production of Vinyl Sulphone with a capacity of 600 TPA
- Started Export to Japan and other Developed Countries

**1994**

Became a listed entity

IPO objective: to fund plant capacity expansion from 600 TPA to 2,040 TPA

.

**2003**

Renamed to AksharChem (India) Limited

**2014**

CPC Green (Capacity 1,440 TPA) Division of Asahi Songwon Merged into the Company

**2016**

Production Capacity of CPC Green Plant Increased to 1,920 TPA

**2017 - 2018**

- CAPEX plan announced for CPC Green, H-Acid & Precipitated Silica
- 480 TPA of CPC Green installed during Q1 FY19

AksharChem®

# With Right Products

| | Dye Intermediates | Pigments |
|---|---|---|
| **Products** | Vinyl Sulphone | CPC Green |
| **Capacity** | 7,800 TPA | 1,920 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 |

** Does not include 480 TPA of Pigments which was installed during Q1 FY19*

AksharChem®

# With Diversified End User Industry

**Leather**
*CPC Green*

**Paint**
*CPC Green*

**Textile**
*Vinyl Sulpone*

**Textile Industry**
*Vinyl Sulphone*

**Plastics**
*CPC Green*

**Rubber**
*CPC Green*

**Plastics**
*CPC Green*

**Ink**
*CPC Green*

**Plastics**
*CPC Green*

**Paint**
*CPC Green*

# With Process & Quality

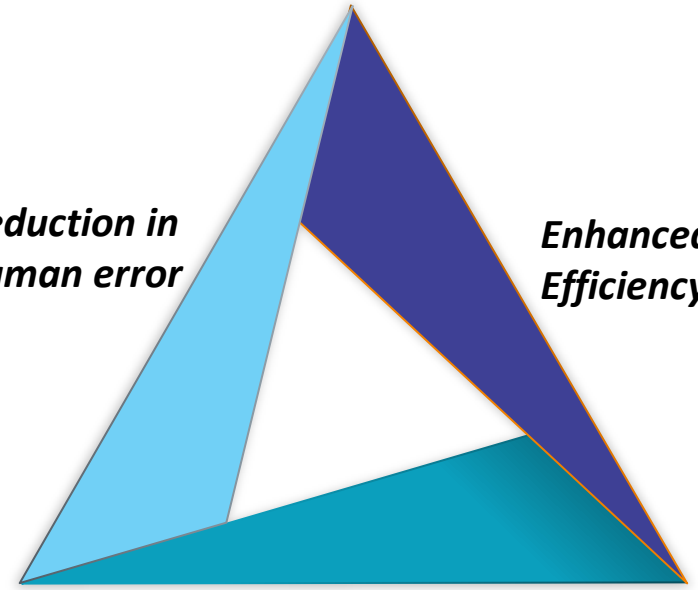
*Investment in*

***Quality Certifications + Process Automation Technologies***

*Resulting In*

ISO 14001 : 2015

ISO 9001 : 2015




**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

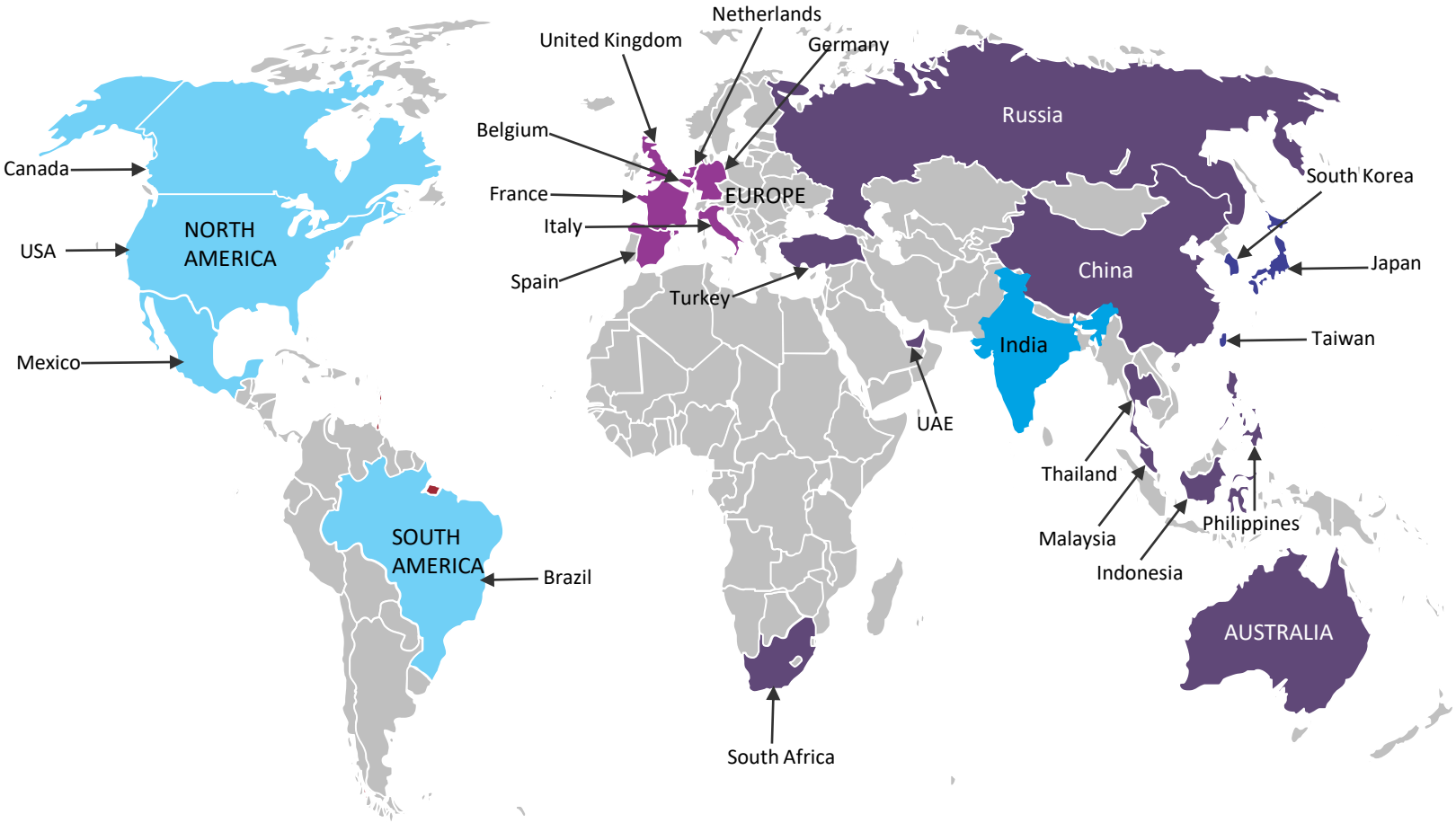
# With State of the Art Manufacturing

**Strategically Located in the Chemical Belt of Gujarat, at Mehsana**

**Covering over 100,000 sq mt. of area**

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

# With Expanding Footprints

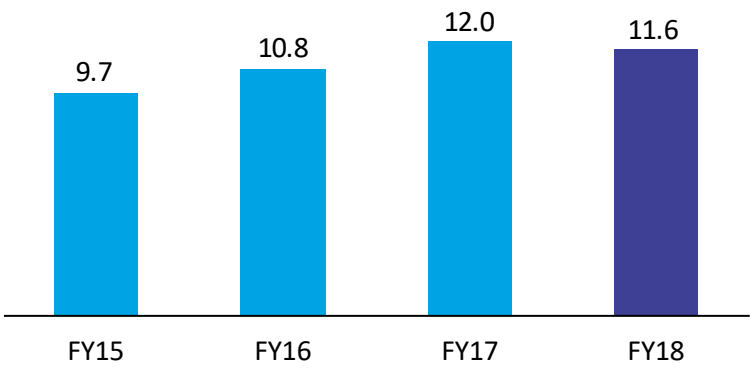



Presence in over 20 countries

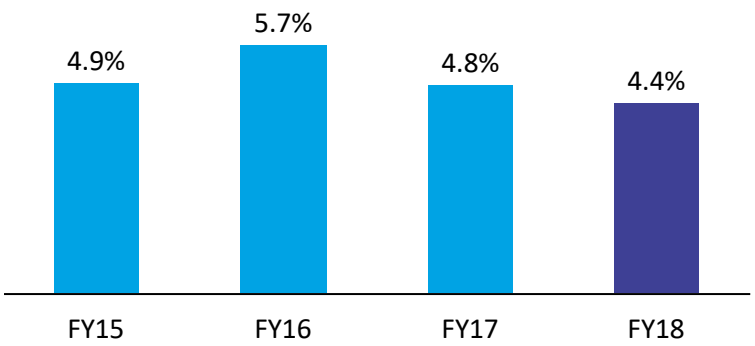
*Map not to scale. All data, information and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness.

# With Environmental Sustainability

**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

AksharChem®

# 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. Munjal M. Jaykrishna**

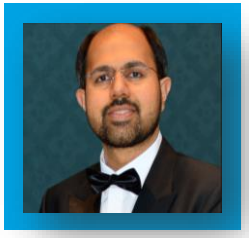
***Jt. Managing Director & CEO***

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).

AksharChem®

# 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 Mar 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

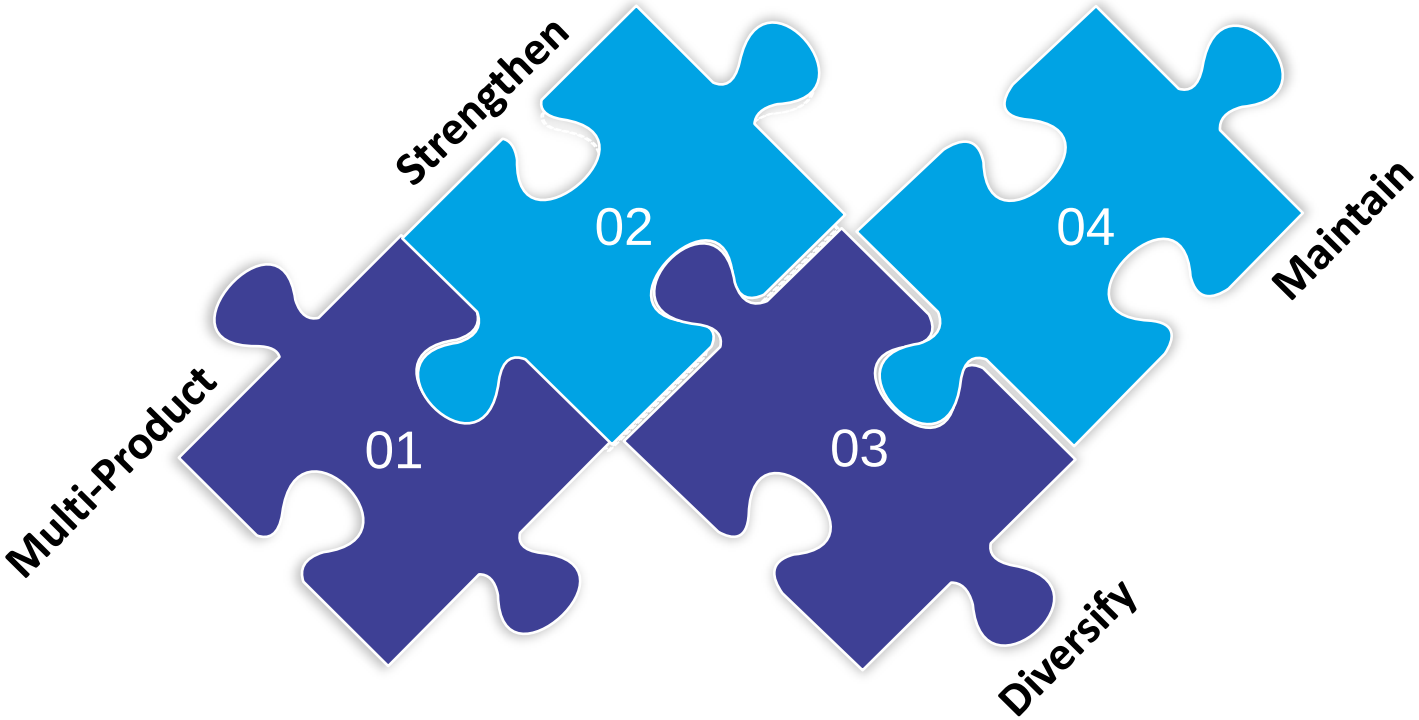
## Better Quality & Efficiency

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

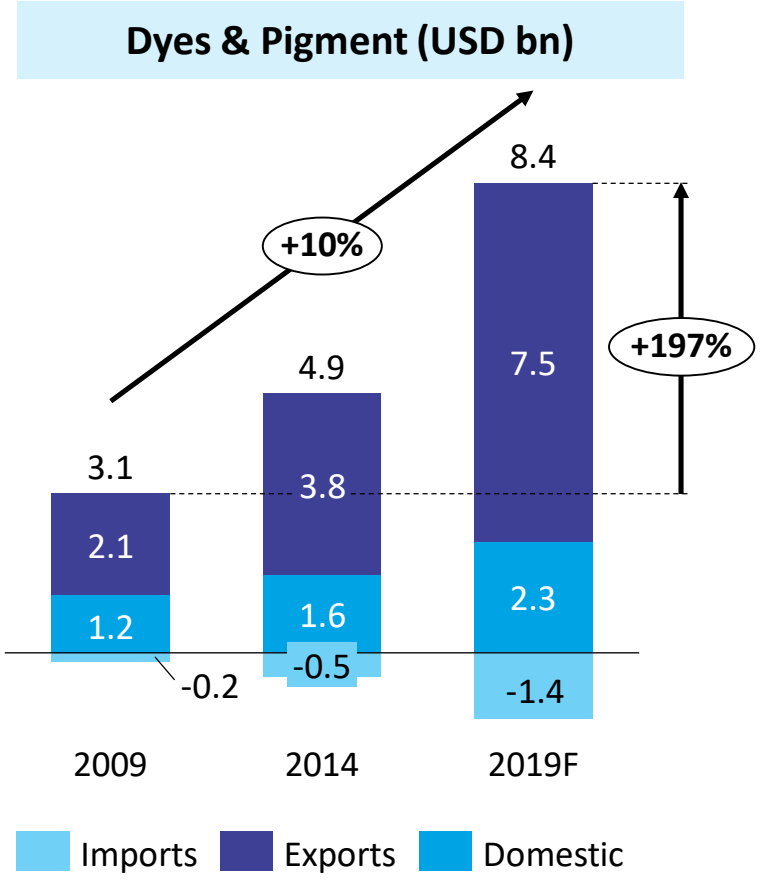
**3** Focus on extending our presence in South East Asia, NAFTA and India to provide geographic hedge

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

AksharChem®

# 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*

**Customer Relationships**

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

**Superior Products**

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

**Latest Technology**

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

**Financial Prudence**

- 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

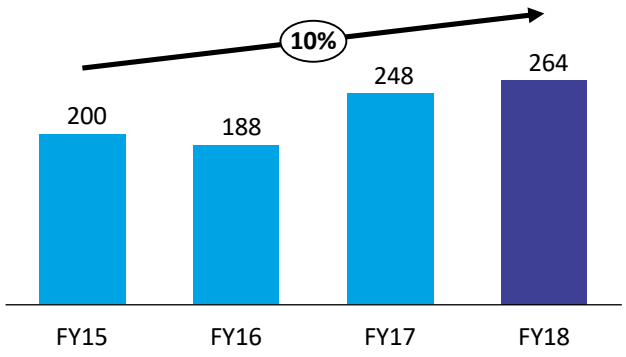
AksharChem®

# Financials

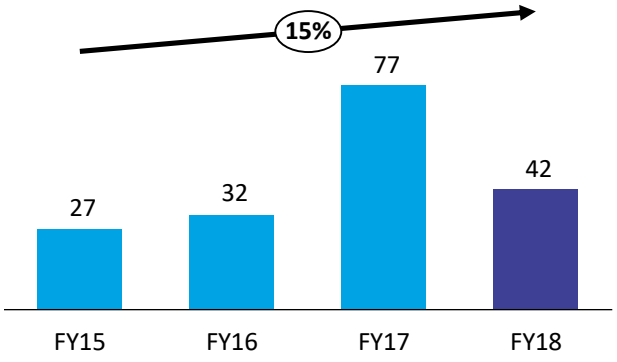
# Key Financial Parameters

*In Crs.*

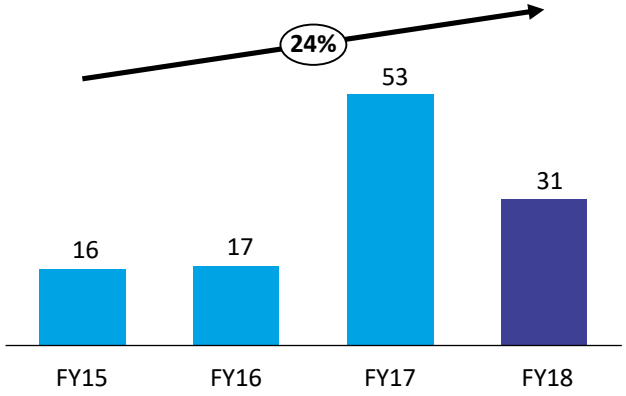
## Net Revenue



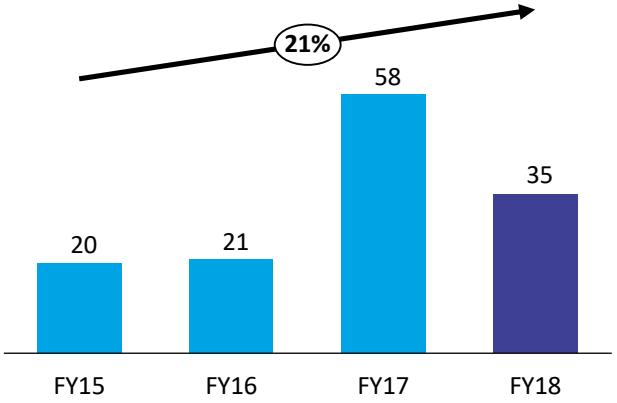

## EBITDA




## PAT



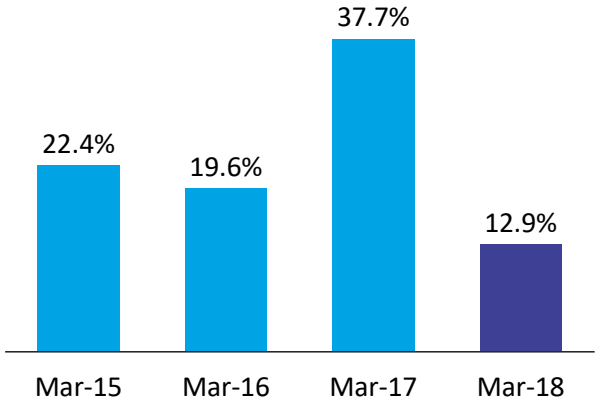

## Cash PAT



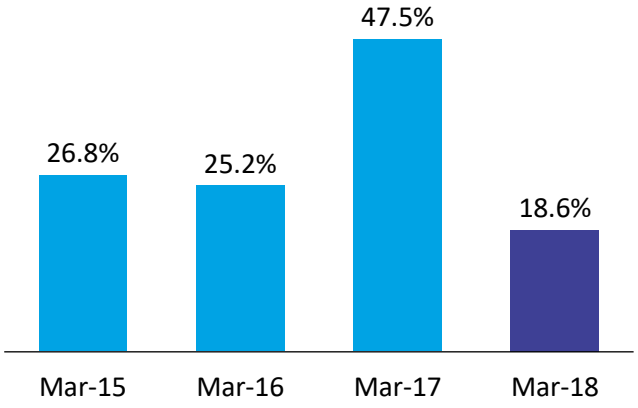

*FY17 was an exceptional year on the back of Chinese clampdown*

# Key Financial Parameters

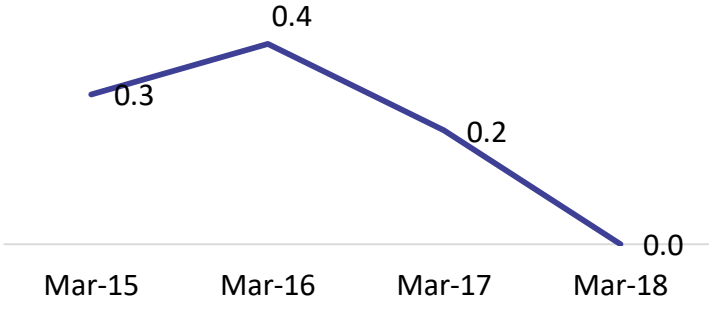
## ROE (%)



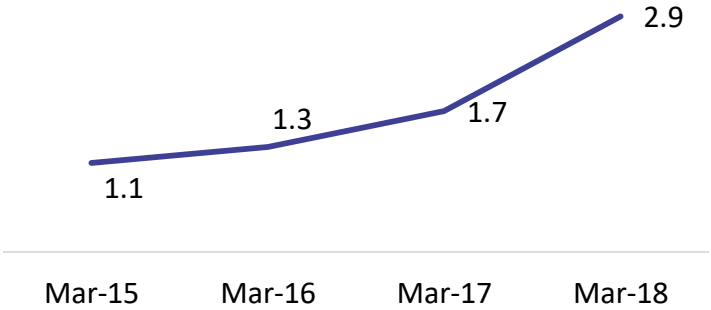

## ROCE (%)




## Debt to Equity (x)




## Current Ratio (x)




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

AksharChem®

# Profit & Loss Statement*

| Particulars (In Crs.) | Q1 FY19 | Q1 FY18 | Y-o-Y | Q4 FY18 | Q-o-Q | FY18 |
|---|---|---|---|---|---|---|
| **Net Revenue from Operations** | **75.5** | **63.3** | **19%** | **76.5** | ***-1%*** | **264.3** |
| Raw Material | 48.8 | 38.1 | | 49.2 | | 160.3 |
| Employee Expenses | 2.0 | 1.4 | | 2.6 | | 8.3 |
| Other Expenses | 16.1 | 11.9 | | 15.1 | | 54.0 |
| **EBITDA** | **8.5** | **12.0** | **-29%** | **9.6** | ***-12%*** | 41.7 |
| ***EBITDA %*** | ***11.3%*** | ***18.9%*** | | ***12.6%*** | | ***15.8%*** |
| Other Income | 3.1 | 0.6 | | 0.2 | | 7.1 |
| Depreciation | 1.1 | 1.3 | | 0.8 | | 4.6 |
| **EBIT** | **10.5** | **11.3** | **-7%** | **9.1** | ***16%*** | **44.1** |
| ***EBIT %*** | ***13.9%*** | ***17.9%*** | | ***11.9%*** | | ***16.7%*** |
| Finance Cost | 0.2 | 0.7 | | 0.2 | | 1.5 |
| **PBT** | **10.3** | **10.6** | **-3%** | **8.8** | ***17%*** | **42.6** |
| Tax | 2.7 | 3.5 | | 3.9 | | 12.0 |
| **PAT** | **7.6** | **7.2** | **5%** | **4.9** | ***55%*** | **30.6** |
| ***PAT %*** | ***10.0%*** | ***11.3%*** | | ***6.4%*** | | ***11.6%*** |
| Other Comprehensive Income | -0.3 | 0.0 | | -0.1 | | 0.0 |
| **Total Comprehensive Income** | **7.2** | **7.2** | | **4.8** | | **30.6** |
| **Earnings Per Share (EPS)** | **9.21** | **9.81** | | **5.95** | | **37.33** |

* As per Ind-AS

AksharChem®

# Balance Sheet*

| Assets (In Crs.) | Mar-18 | Mar-17 |
|---|---|---|
| Property, Plant & Equipment | 86.0 | 64.5 |
| Capital Work-in-Progress | 27.3 | 8.9 |
| Other Intangible Assets | 0.1 | 0.2 |
| Financial Assets | | |
| Investments | 31.6 | 31.3 |
| Loans | 0.2 | 0.2 |
| Other Assets | 1.5 | 1.8 |
| Deferred Tax Assets(Net) | 0.0 | 0.0 |
| Other Non-Current Assets | 6.8 | 6.8 |
| **Total Non-Current Assets** | **153.5** | **113.7** |
| Inventories | 29.7 | 32.2 |
| Financial Assets | | |
| Investments | 45.6 | 19.7 |
| Trade Receivables | 27.5 | 13.3 |
| Cash and Cash Equivalents | 3.9 | 3.6 |
| Bank Balances other than above | 0.7 | 0.6 |
| Loans | 0.0 | 0.0 |
| Other Financial Assets | 5.4 | 5.9 |
| Current Tax Assets (Net) | 0.0 | 0.0 |
| Other Current Assets | 32.9 | 29.9 |
| **Total Current Assets** | **145.7** | **105.3** |
| **Total Assets** | **299.2** | **219.0** |

| Equity & Liabilities (In Crs.) | Mar-18 | Mar-17 |
|---|---|---|
| Share Capital | 8.2 | 7.3 |
| Other Equity - Reserve | 229.5 | 133.1 |
| **Total Equity** | **237.7** | **140.4** |
| Financial Liabilities | 0.0 | 6.3 |
| Provisions | 0.0 | 0.0 |
| Deferred Tax Liabilities (Net) | 11.6 | 12.0 |
| Other Non-Current Liabilities | 0.0 | 0.0 |
| **Total Non-Current Liabilities** | **11.6** | **18.2** |
| Financial Liabilities | | |
| Borrowings | 0.0 | 22.6 |
| Trade Payables | 30.9 | 31.4 |
| Other Financial Liabilities | 0.5 | 3.4 |
| Other Current liabilities | 18.5 | 2.8 |
| Provisions | 0.1 | 0.1 |
| Current Tax Liabilities (Net) | 0.0 | 0.0 |
| **Total Current Liabilities** | **49.9** | **60.4** |
| **Total Equity & Liabilities** | **299.2** | **219.0** |

* As per Ind-AS

AksharChem®

# For further information, please contact:


**Company :**

**AksharChem (India) Limited**
CIN: L24110GJ1989PLC012441

Mr. Meet Joshi
cs@aksharchemindia.com

www.aksharchemindia.com

**Investor Relations Advisors :**

**Strategic Growth Advisors Pvt. Ltd.**
CIN: U74140MH2010PTC204285

Ms. Neha Shroff / Ms. Khushbu Shah
neha.shroff@sgapl.net / khushbu.shah@sgapl.net
+91 22 61146603 / +91 22 61146607
www.sgapl.net