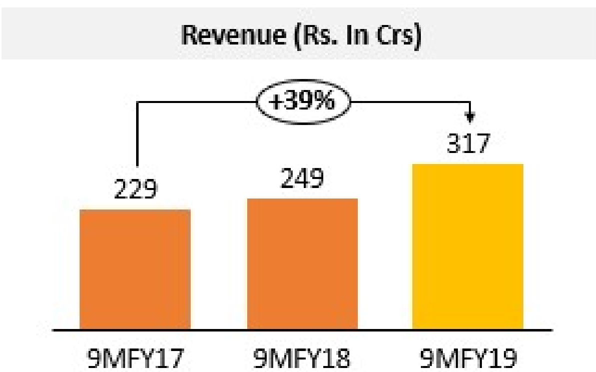
Investors Release

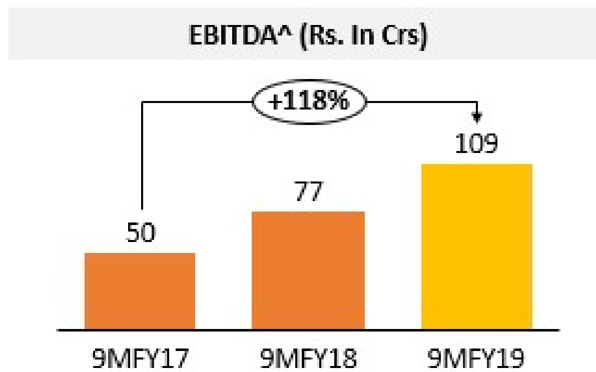
Seya Industries Limited

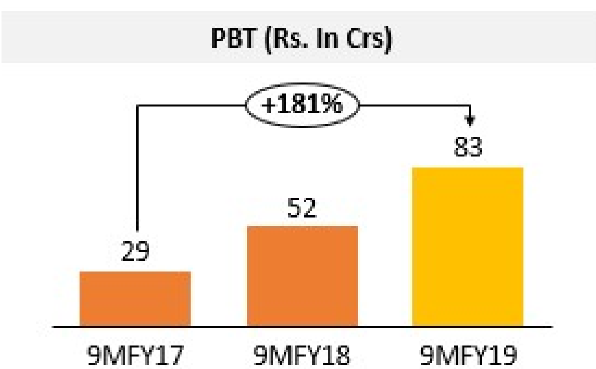
9MFY19: Sustained Momentum in Business

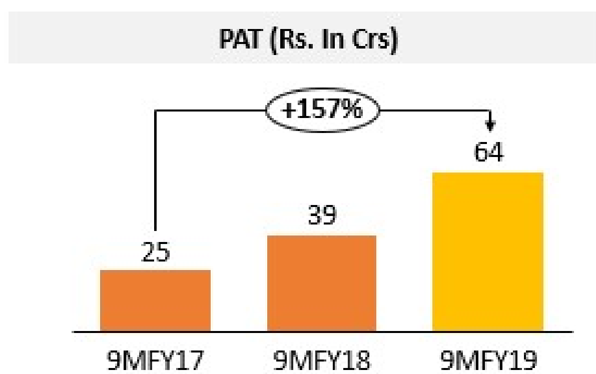
Mumbai, 14th February 2019:

Seya Industries Limited, Mumbai based emerging leader in specialty chemicals industry, has announced its un-audited financial results for the Quarter ended December 31, 2018.

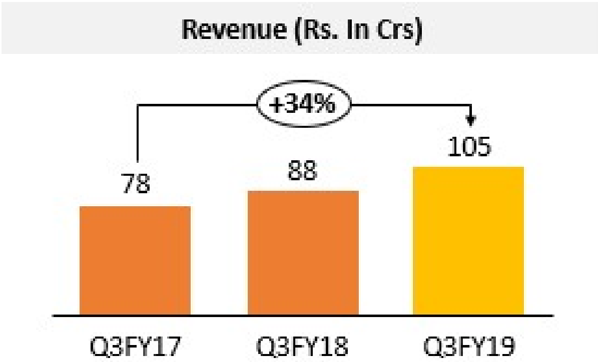


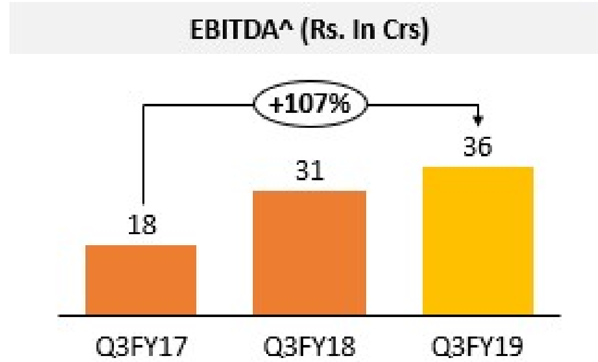


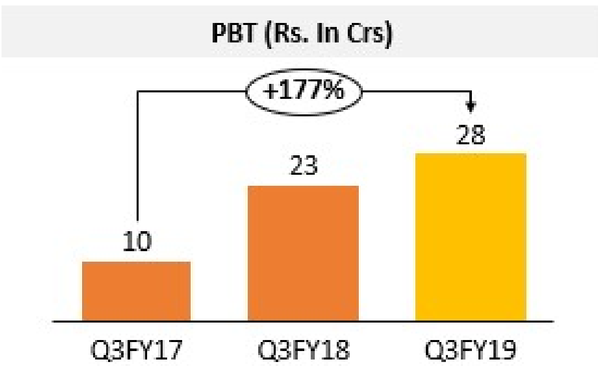


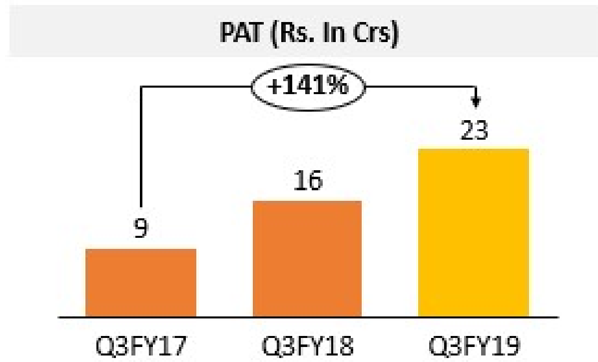


^ Includes Other Income









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Standalone 9MFY19 Highlights:

Particulars (Rs. In Crs)	Q3FY19	Q3FY18	YoY	9MFY19	9MFY18	YoY
Total Revenue (Net of taxes)	**104.7**	88.4	18.4%	**317.4**	249.0	27.5%
EBITDA	**36.4**	30.8	18.4%	**108.7**	76.7	41.8%
EBITDA Margin	**34.8%**	34.8%		**34.3%**	30.8%	
PBT	**27.7**	22.5	23.1%	**82.6**	52.1	58.6%
PAT	**22.6**	15.7	43.6%	**64.5**	39.4	63.7%
PAT Margin	**21.6%**	17.8%		**20.3%**	15.8%	

- **Revenue grew by 27.5%** to **Rs. 317.4 Cr** in 9MFY19 as compared to Rs. 249 Cr in 9MFY18 led by higher volume sold of value-added products and better realizations due to Environmental challenges and production disruptions in China
- **EBITDA grew by 41.8%** to **Rs.108.7 Cr** as against Rs.76.7 Cr in 9MFY18. The **EBITDA margins** for 9MFY19 is **34.3%, an expansion of 350 bps** largely led by higher volumes of value-added products and better realizations
- **PBT grew by 58.6%** to **Rs. 82.6 Cr** as against Rs. 52.1 Cr in 9MFY18
- **PAT grew by 63.7%** to **Rs. 64.5 Cr** for 9MFY19 as against Rs. 39.4 Cr in 9MFY18. The **PAT margins** for 9MFY19 is 20.3**%, an expansion of 450 bps**
- Company is protected from any volatility in rupee as its 100% of supply contracts are in domestic currency and domestic market demand & pricing is in parity with international market

Business Update:

Fund Raise:

The company is planning to raise Rs. 100 Crores for the various on-going projects which includes the brownfield expansion and de-bottlenecking in phase 1 and augmentation of long-term working capital of the company. The said financing will be by way of:

(i) Long tenure Non- Convertible Debentures (NCD) of Rs. 80 Crores and
(ii) Subscription to 3,82,409 Cumulative Convertible Preference Shares (CCPS) of Rs. 20 Crores.

The CCPS conversion shall be within 18 months at a conversion price of Rs. 523 per equity share (subject to approval of EGM). The details of NCD issuance will be provided at the time of the closure, which is expected to be completed before the end of the FY19.

Conversion of Unsecured Loans of promoters to the company into CCPS:

The promoters and its related parties have outstanding Unsecured loans given to the company aggregating to Rs. 83.06 Crores. The said loan shall be converted into Cumulative 15,88,131 Convertible Preference Shares (CCPS) with conversion within 18 months at a minimum conversion price of Rs. 523 per equity share, subject to shareholders approval in EGM.

Capacity Expansions:

Company is in process of doubling the capacity of one of its high value and high margin product, during the financial year, which presently contributes ~20% to its revenues. The brownfield expansion is expected to be commissioned by end Q4FY19.

De-bottlenecking and Improvement of Efficiencies at Existing Capacities:

Company is upgrading and debottlenecking all product plants by setting up parallel capacities for select products and replacing machineries for the same to align the production plants and processes on new Technologies. In addition to this, Company is upgrading its Effluent Treatment Plant to support its capacity expansions. The benefits of the de-bottlenecking activities are expected to witnessed in FY20 whereby the Operational efficiency is expected to be increased and contribute to higher margins.

Mega Green-Field Project Under Implementation:

With a clearly defined vision to emerge as an Integrated Global producer for Specialty Chemicals and having invested Rs. 4.41Bn in Capex in last 5 years, Company is progressing on its journey for another round of expansion at cost of Rs. 7.35Bn, to be commissioned and commercialized in H2FY20 with additional installed capacity of 527,900 MTPA. The financial closure for the Project was achieved in Q1FY18 and the work for the same had started in Q3FY18.

The Equity has been fully introduced by the Promoters and is forming part of present Share Capital/Equity Structure of the Company. The installed capacities of proposed products under set-up shall be the largest in the world at a single location.

Seya has safeguarded any copy of the Technology by executing confidentiality and copyright agreements with its technology suppliers restricting sale of technology acquired, for next 20 years. The License, Process Know-how and

Engineering package for patented technology have been delivered by the technology suppliers in H2FY18 and the proprietary plant and machinery has been delivered in Q1FY19.

The proposed expansion is progressing and has accomplished 72% Site Completion until 9MFY19.

The Greenfield expansion project entails:

- **Backward Integration** to manufacture Bulk Raw materials & Intermediates which are being presently procured at 1.5 times their manufacturing cost due to restriction on Imports and limited no. of manufacturers in India who are competitors of Seya
- **Recycle & Reuse of By-Products** to produce Value Added Products thereby reducing its Disposal Cost and enhancing the Value of the By-Products.
- **Set-up of 14 MW Captive and Cogen Power Generation from Process Waste Heat:** 8 MW of Free Power shall be generated by Recovery of Waste Heat generated in the Process and 6 MW shall be generated using Cogen Thermal Power Plant.
- **Forward Integration in High value and High margin Speciality Chemicals** on similar lines as the earlier forward Integration project successfully executed 4 years back resulting in Value addition and increase in EBIDTA margin
- **Horizontal Integration into fast moving High margin and High Value Speciality Chemicals** used in Lithium Ion batteries for Mobiles/laptops/etc, Agrochemicals, Pharmaceuticals, Soaps & Detergent Industry, Dyes, Wine, Paper, Mining Industry, Food Industry, Aeronautical Fuel, Dye & Pigment intermediates, Printing Inks used in ball point pens, curing of polyester and vinyl ester resins, Fabric softeners, Synthesis of cosmetics and colouring agents

Almost 50% of the installed capacity in the proposed greenfield mega project is to be captively consumed as intermediates. Out of balance 50%, 30% of the proposed installed Capacity is contracted to existing customers on long term supply contract and balance 20% is envisaged to provide as import substitute to cater to the increasing demand arising from Supply disruptions and geographical shift from China.

Commenting on the performance **Mr. Ashok Rajani, Chairman & Managing Director, Seya Industries Limited** said

"The momentum in the business has continued, with 28% revenue growth in 9MFY19 led by consumer demand for value added products and supported by better realisations. With continued environmental issues in china, the overall scenario has been favourable for the domestic suppliers.

With continued focus on volume growth of high value and high margin forward integrated products, we shall be doubling capacity for a select value-added product by end of Q4FY19 and shall further be de-bottlenecking and improving efficiencies of existing capacities in FY20.

To ensure timely completion of our expansions and to meet the long term working capital requirements of our growing operations, we are in process of raising funds to the tune of Rs. 100 Crores.

Our mega greenfield project is on schedule to be operationalised by second half of financial year 2020. This expansion shall lead to quantum leap in the profitability and will help us achieve our vision to be an Integrated Global Producer for Speciality Chemicals."

About Seya Industries Limited:

Seya Industries Limited (BSE Code: 524324) a Company promoted by Technocrats, is engaged in manufacturing of Specialty chemicals at its state of the art manufacturing facilities in MIDC Tarapur, Boisar a notified chemical manufacturing zone 90kms from Mumbai which have wide spectrum of applications in the manufacture of Pharmaceuticals (like Paracetamol, floxacins, etc), Personal & Health Care Products (like Hair dyes), Printing Inks & Paints (used in Laser/Ink jet Printers, for Road markings, etc), Agrochemicals (like DDT, etc) Insecticides/Pesticides (like Quinalphos, Mortein, Baygon, etc), Rubber chemicals (for Leather protection), Textile dyes, Thermic fluids (used as heating medium), etc. The company's strength lies in its wide product offerings, ability to adapt to new markets and being environmentally friendly. As part of its management system, Seya has developed a detailed technology transfer program to ensure that not only do the specialty chemicals are safely transferred to customer's but all regulatory requirements for the products, packaging and transport are addressed. Seya can undertake production runs that are customer specific ranging from a few kilos to thousands of tonnes. Its Research and Development team have extensive experience in the design and scaling up of processes, supported by analytical team and facilities which can quickly bring production to a commercial scale and meet customer timeline targets. For further information, please visit www.seya.in

Safe Harbor:

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

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