

AksharChem (India) Limited

Investor Presentation

January 2017



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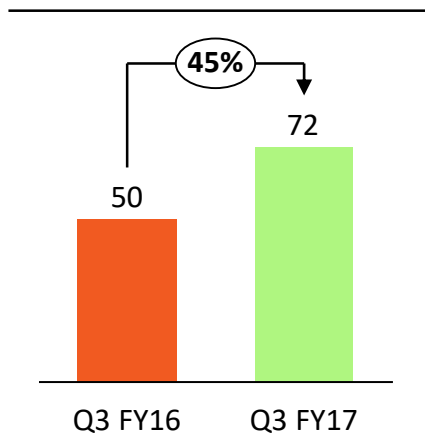


Results Update

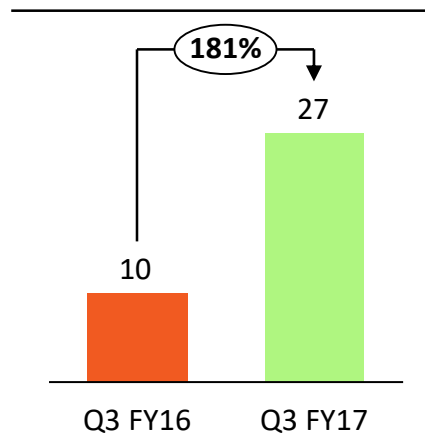
Financial Highlights Q3 FY17

In Crs.

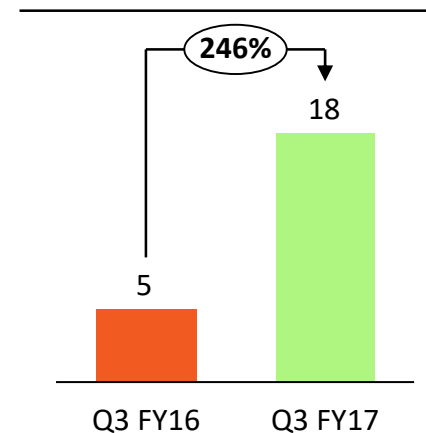
Revenue



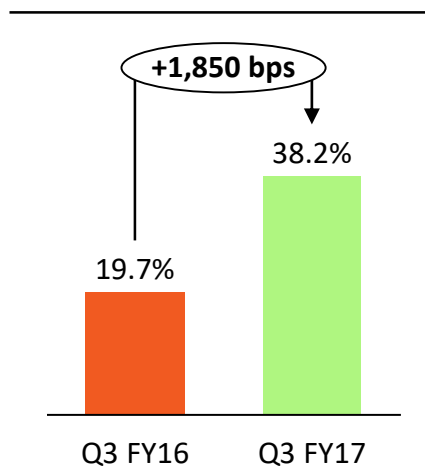
EBITDA



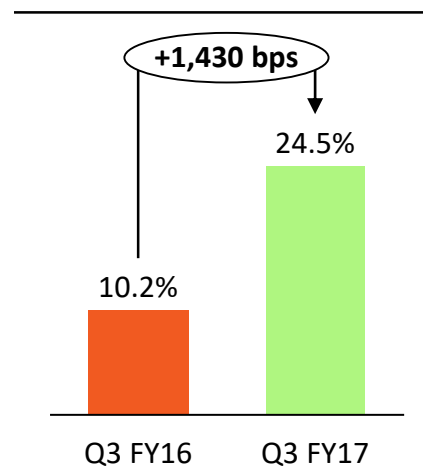
PAT



EBITDA (%)



PAT (%)

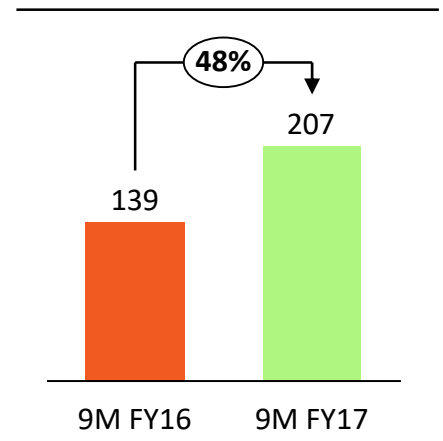




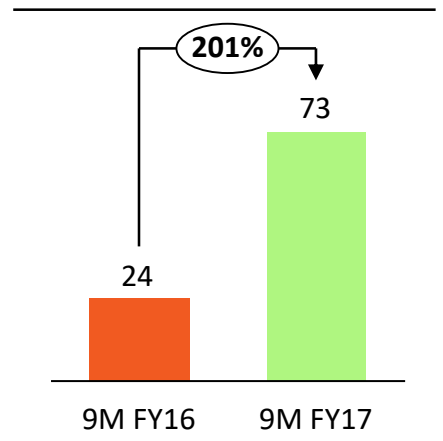
Financial Highlights 9M FY17

In Crs.

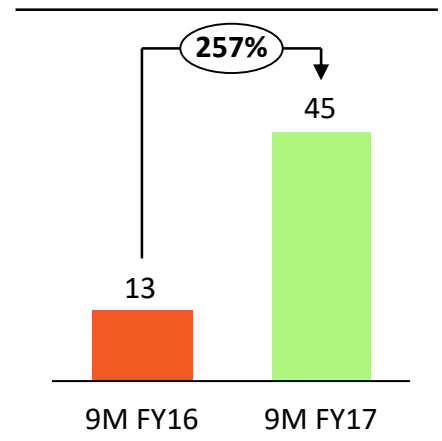
Revenue



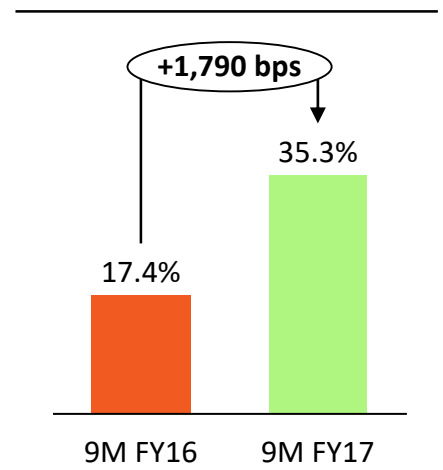
EBITDA



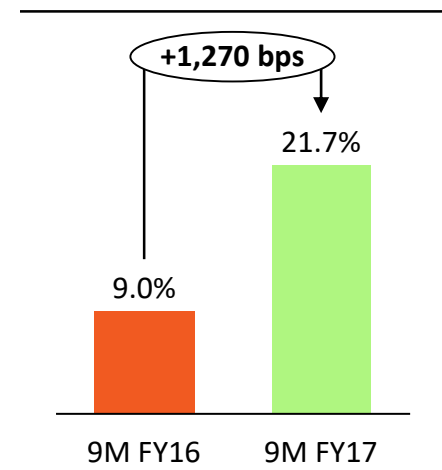
PAT



EBITDA (%)



PAT (%)





Business Update

Business Update on Capex Plan:

The Board of Directors has approved a Capital Expenditure Plan upto Rs. 175 Crores to be done over a period of 12-18 months in Specialty Chemicals, Dyes & Intermediates and Organic Pigments

Commenting on the Result, Mr. Munjal Jaykrishna, Joint Managing Director & CFO of AksharChem (India) Limited said, *“Our business has seen good traction in the last few quarters. Our revenues in the nine months period of the current financial year has grown by 48% and the margin profiles has improved significantly with EBITDA Margin being 35% and PAT Margin being 22%. In view of the Long-Term sustainability of our business, the board has approved a Capital Expenditure program up to Rs. 175 Crores to be done over a period of 12-18 months in Specialty Chemicals, Dyes & Intermediates and Organic Pigments”*



Company Overview

We Have Developed The EDGE



38 %

Revenue
CAGR FY12-16

59 %

Net Worth
CAGR FY12-16

82%

Exports
FY15-16

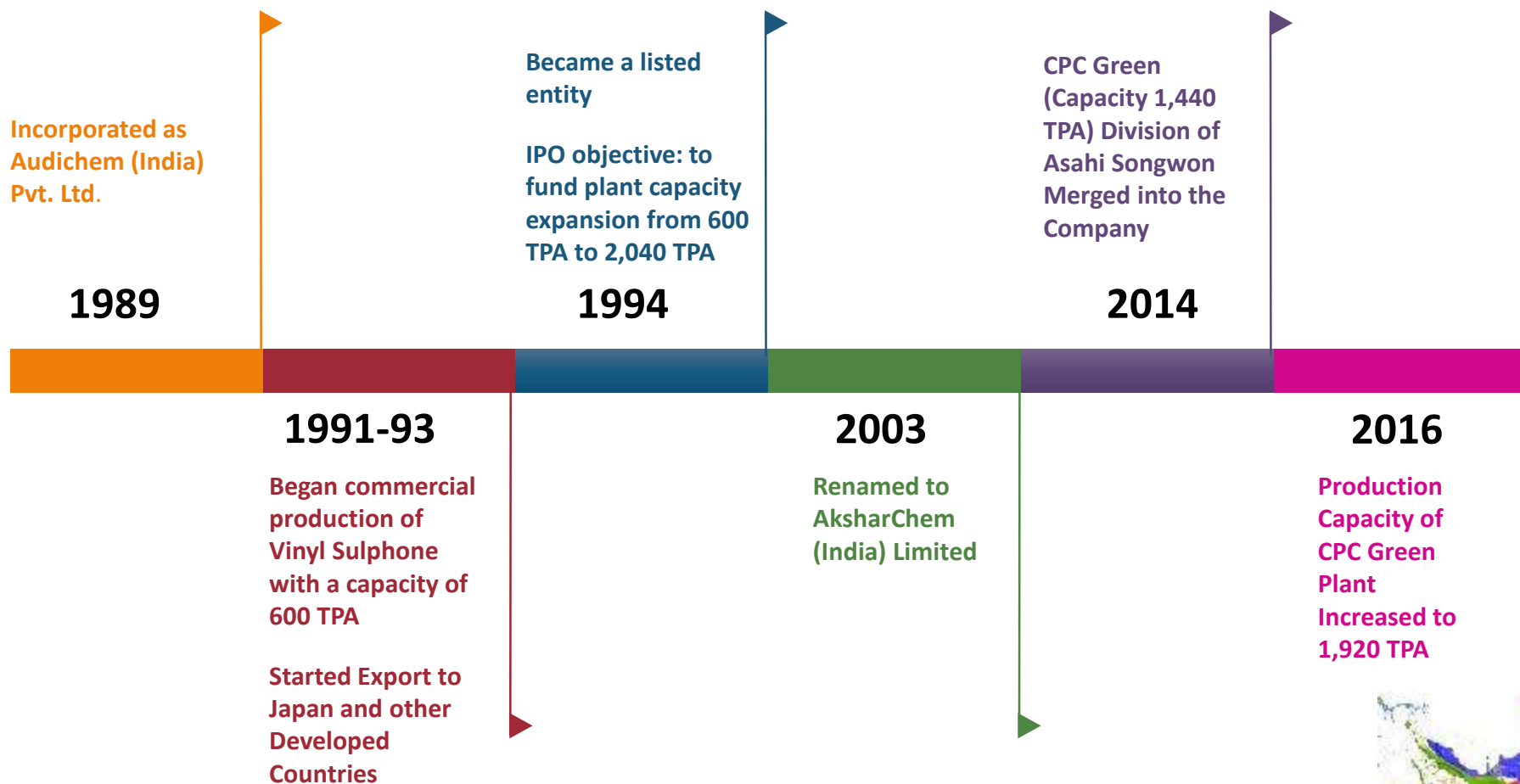
0.1X

Debt
Sep 2016

Largest exporter of **VINYL SULPHONE** in India with over **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%**

With Legacy of Over 2 Decades



With Right Products



Dye Intermediates

Vinyl Sulphone

Intermediate product for Dye Manufacturing

Made From Acetanilide

60% of FY16 sales



Pigments

CPC Green

Used as colouring agents

Made From Crude Blue, PAN

40% of FY16 sales

*One of the fastest growing **Vinyl Sulphone** manufacturers in India*

With Diversified End User Industry

Textile Industry

Vinyl Sulphone



Rubber

CPC Green



Plastics

CPC Green



Ink

CPC Green



Leather

CPC Green




Paint

CPC Green



With Trust & Credibility

20 Year relationship  Everlight
Chemical

17 Year relationship **SunChemical®**
a member of the DIC group 
Color & Comfort

15 Year relationship  KISCO

8 Year relationship 

4 Year relationship  **BASF**
We create chemistry

5 Year relationship 
OHYOUNG

Over 2 decades of Relationship with the biggest dye stuff houses in the world

With Process & Quality

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



ISO 14001 : 2004



ISO 9001 : 2008

**Reduction in
human error**

**Enhanced Process
Efficiency**

**Enhanced Product
Quality**

**Focus on Superior
Technology Driven Products**

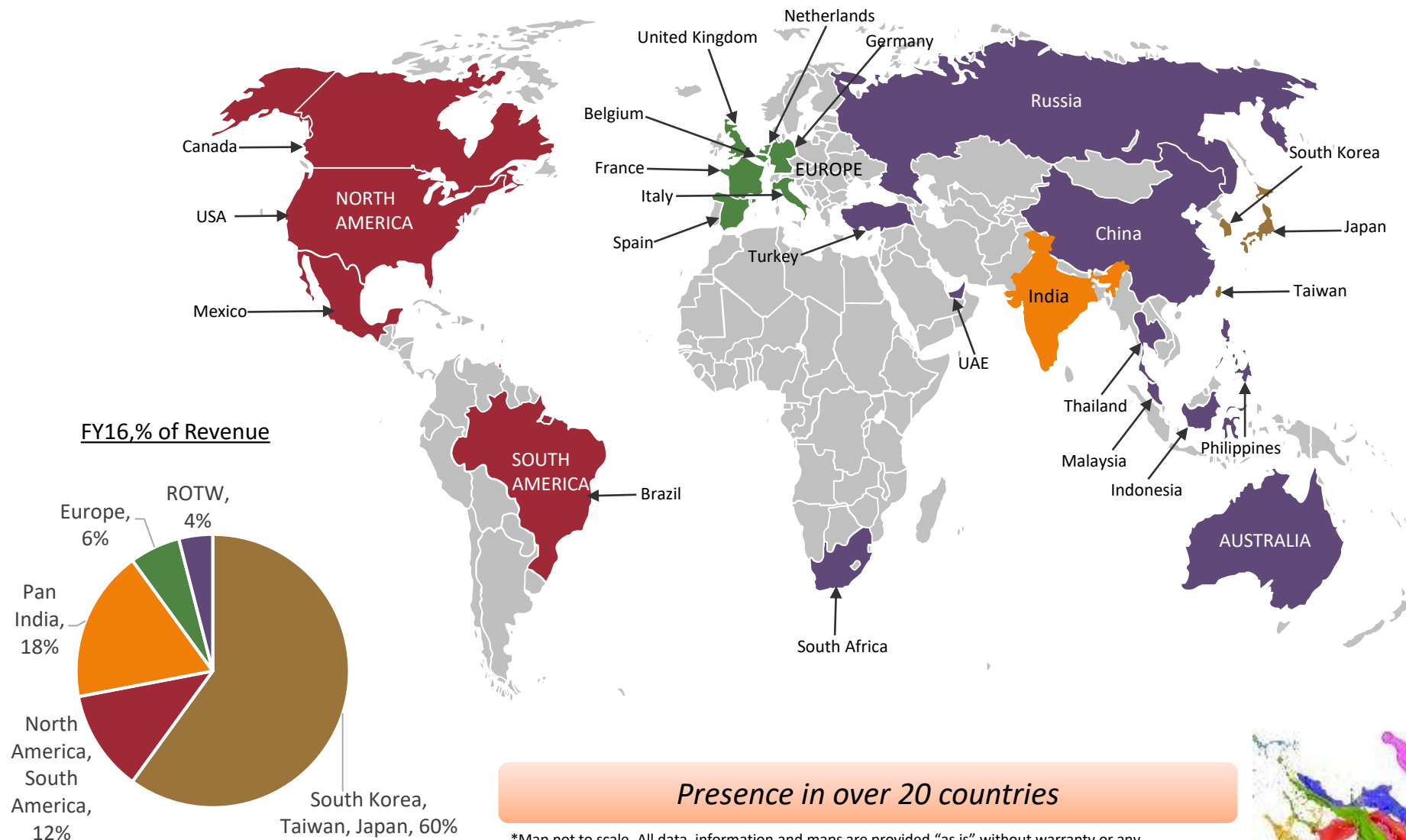
- Best Quality reliable products with zero product return in the history of the Company.
- No bad debts during the history of the Company.
- Long term quantity contract with leading global customers

With State of the Art Manufacturing

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



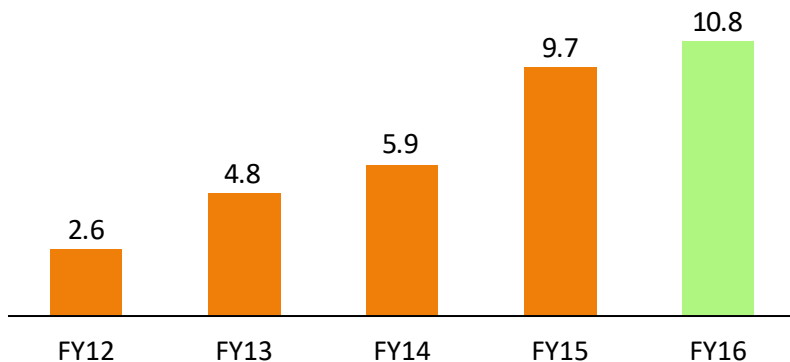
With Expanding Footprints



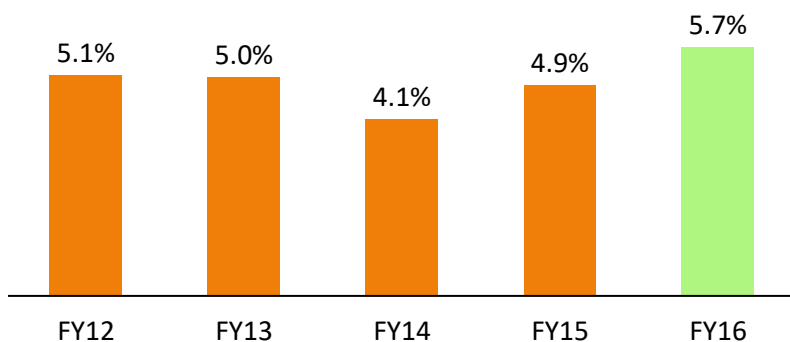
*Map not to scale. All data, information and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness.

With Environmental Sustainability

**Increasing Pollution Treatment Expenses
(In Crs.)**



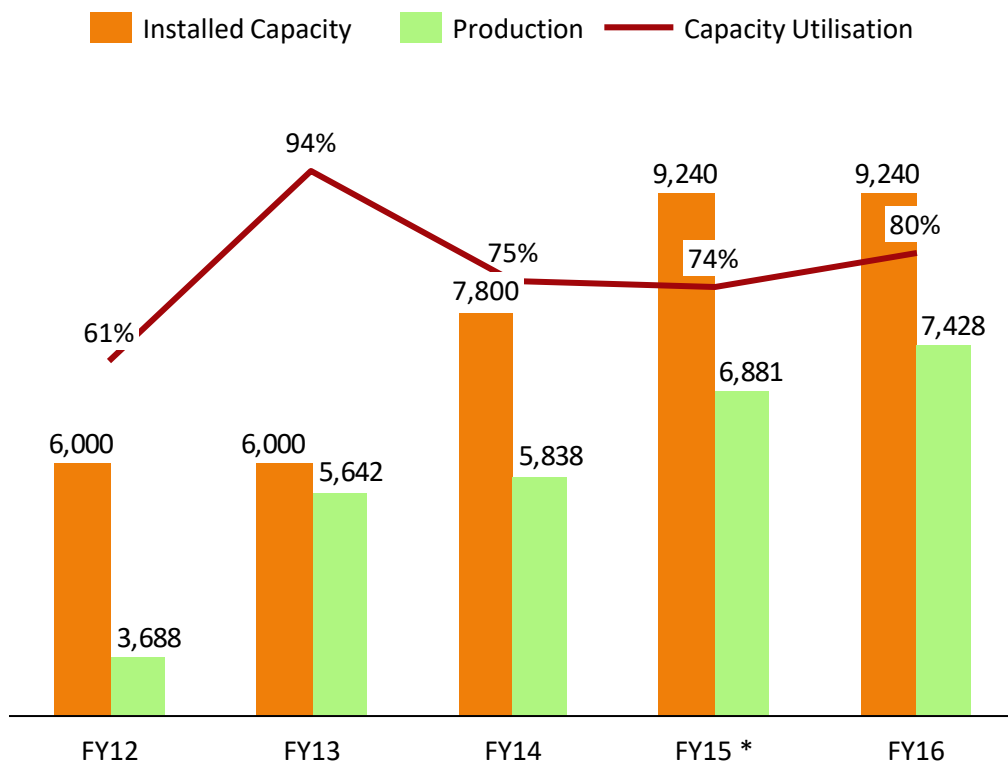
**Annual Pollution treatment expenses
as a % of Revenue**



- 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 Capacity Expansion



* Pigments added in FY15 with capacity of 1,440 TPA

Expansions

➤ FY17: (Completed)

- Expanded CPC Green Capacity by 480 TPA

➤ Future plans

- Further Expansion of CPC Green
- New products in the pipeline
 - Dye Intermediates – H Acid
 - Pigments - CPC Blue, Violet

With Experienced Board



Mrs. Paru M. Jaykrishna

Founder, Chairperson & MD

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



Mr. Munjal M. Jaykrishna

Joint Managing Director and CFO

Responsible for production, finance, marketing and overall developments of the company.



Mr. Gautam M. Jain

Independent Director

Industrialist with over 40 years experience in the chemical industry, past President of the Gujrat Dyestuff Manufacturers Association.



Mr. Jayprakash M. Patel

Independent Director

B.E (Chemical Engineer – USA) with more than 40 years of experience in the dyes and chemicals industry.



Mr. Param J. Shah

Independent Director

MBA (International Business, Corporate Laws), M.Com. (Costing), LL.B., PG Diploma in IPR.



Dr. Pradeep Jha

Independent Director

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



Mr. Kiran J. Mehta

Independent Director

With qualifications in M.Com, LL.B., FICWA and FIISA he has been practising Cost Accountant since the last 40years.



Mr. Gokul M. Jaykrishna

Director

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

With Awards & Accolades



2016-17

- Top Performer Women Entrepreneur-NON MSME
- Trophy for self manufactured domestic sale of Dye Intermediates between Rs. 5 Crores to Rs. 15 Crores during the year 2014-15



2016-17

- Second Award for self manufactured direct export of Dye Intermediates during the year 2014-15
- Special Trophy for self manufactured direct export of Dyes of Rs. 25 Crores and above during the year 2014-15



2015-16

- 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



2009-13

- 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...

Better Planning

Achieved 80% capacity utilisation through better planning and ensuring higher plant uptime

Better Quality and Efficiency

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

Strong Balance Sheet

0.1 Debt / Equity ratio

Debt Rating : Care A for long term banking facility & Care A1 for short term banking facility

Training

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


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*



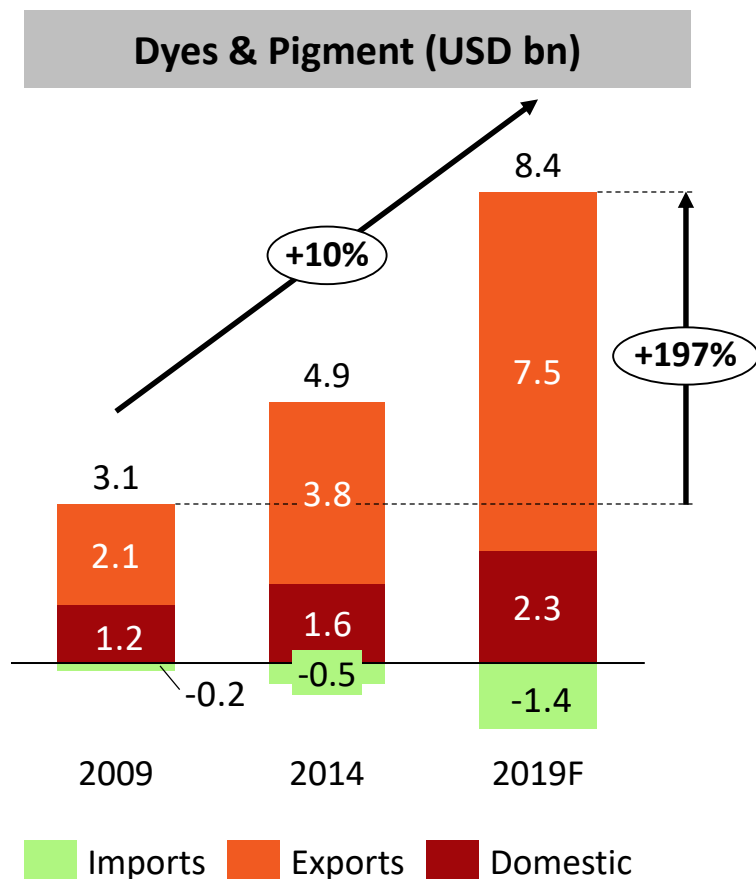
4 | *Maintain extensive supply chain network across the world*



A vibrant, circular splash of multi-colored paint, featuring shades of red, blue, yellow, green, and pink, creating a dynamic frame around the central text. The paint splashes are energetic and layered, with some colors overlapping others. The background is white, and there are small droplets of paint scattered around the main circular splash.

Industry
Opportunity

Opportunity in the Industry



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

➤ 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

Superior Products

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

Latest Technology

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

Customer Relationships

- Long term quantity contract with leading GLOBAL CUSTOMERS
- Long term Relation with DIC , Sun , BASF , Ever light, Kyung-in, Oh young

Financial Prudence

- Debt Rating of Care A for long term banking facility & Care A1 for short term banking facility
- No Bad Debt faced till now
- Negligible Net Debt Company



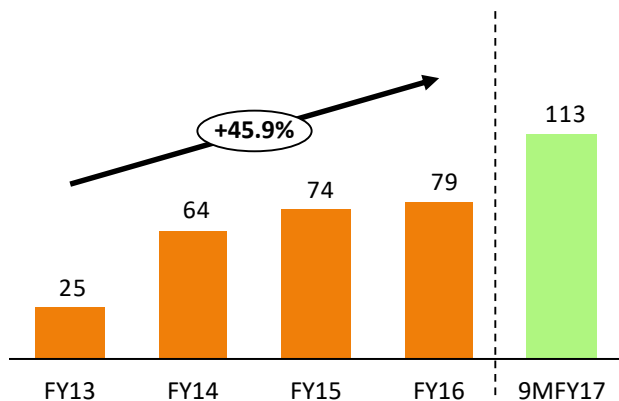
AKSHARCHEM is compliant with INTERNATIONAL QUALITY and ENVIRONMENT STANDARDS



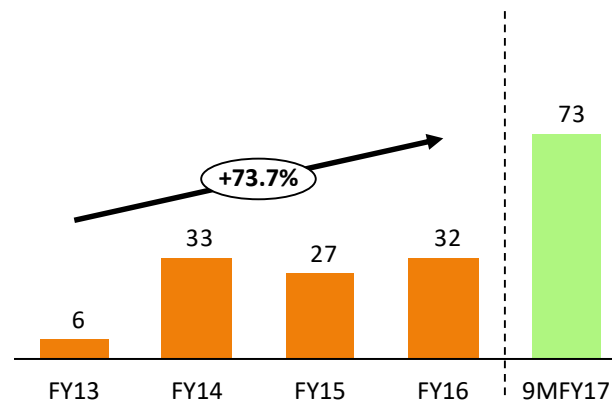
Key Financial Parameters

In Crs.

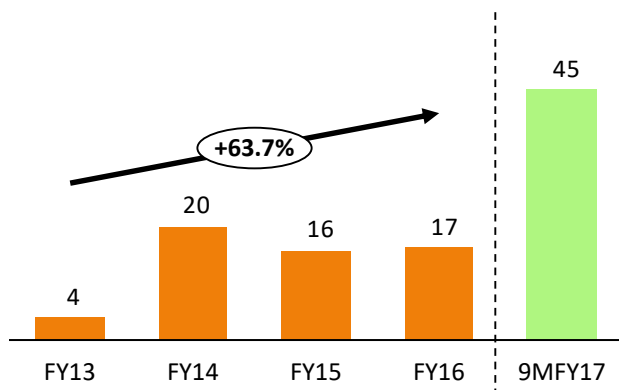
Gross Profit



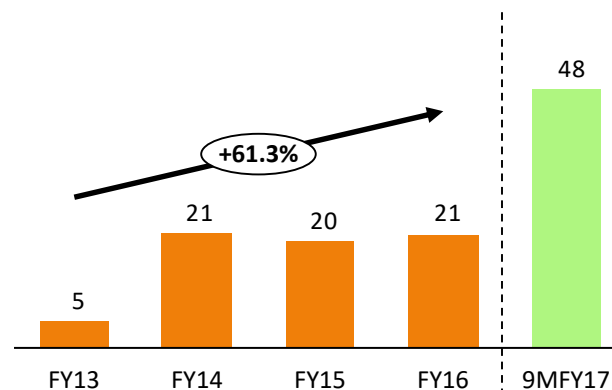
EBITDA



PAT



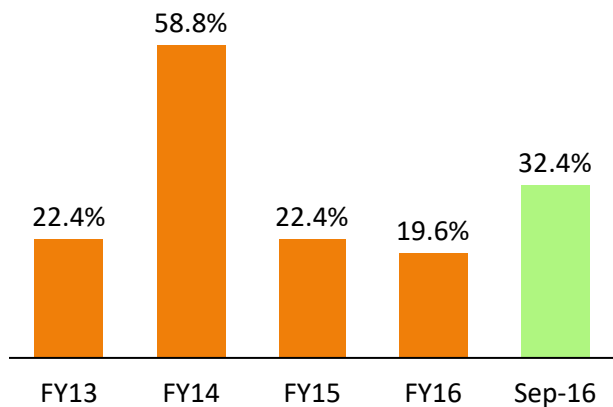
Cash PAT



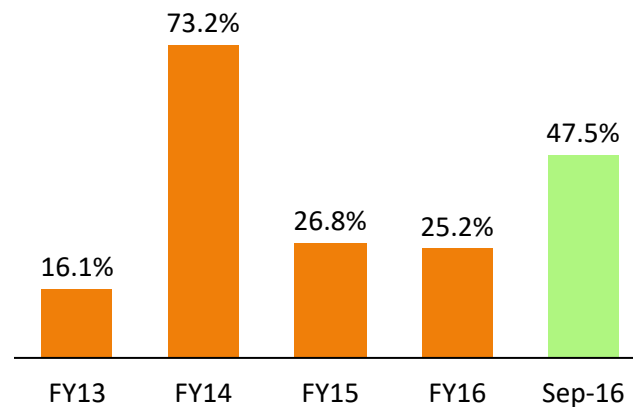
* Pigment business added in FY15

Key Financial Parameters

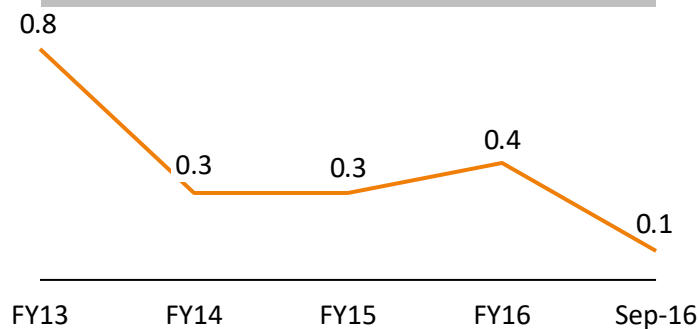
ROE (%)



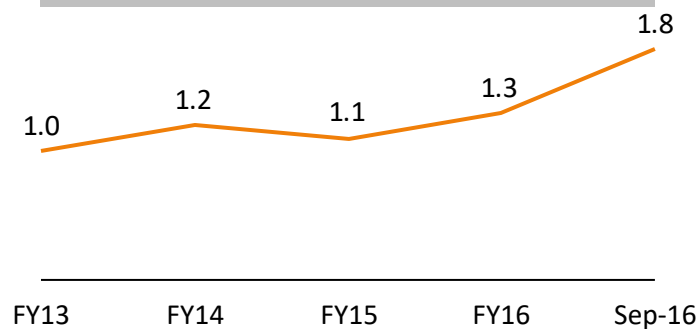
ROCE (%)



Debt to Equity (x)



Current Ratio (x)



Consistent dividend payments over the past 4 years

* Sep-16 calculated on TTM Basis

* Pigment business added in FY15

Profit & Loss Statement

Particulars (In Crs.)	Q3 FY17	Q3 FY16	Y-o-Y	9M FY17	9M FY16	Y-o-Y
Net Revenue from Operations	71.7	49.6	44.5%	206.8	139.4	48.4%
Raw Material	31.8	28.5		94.1	81.9	
Employee Expenses	1.7	1.7		5.0	4.5	
Other Expenses	10.8	9.7		34.8	28.7	
EBITDA	27.4	9.8	180.7%	72.9	24.3	200.5%
EBITDA %	38.2%	19.7%		35.3%	17.4%	
Other Income	0.7	0.2		0.7	1.1	
Depreciation	1.2	1.1		3.4	3.2	
EBIT	26.9	8.9		70.1	22.2	
EBIT %	37.5%	18.0%		33.9%	15.9%	
Finance Cost	0.6	0.8		2.3	2.5	
Exceptional Items	0.0	0.0		0.0	0.0	
PBT	26.3	8.1		67.9	19.7	
Tax	8.7	3.0		22.9	7.1	
PAT	17.6	5.1	246.5%	45.0	12.6	256.8%
PAT %	24.5%	10.2%		21.7%	9.0%	
Earnings Per Share (EPS)	24.0	6.9	246.5%	61.5	17.2	256.8%

Profit & Loss Statement

Particulars (In Crs.)	FY16	FY15	FY14	FY13
Net Revenue from Operations	187.83	199.99	144.99	95.90
Raw Material	109.33	125.77	81.23	70.60
Employee Expenses	6.25	5.76	3.93	1.70
Other Expenses	39.90	41.00	27.00	17.44
EBITDA	32.35	27.45	32.83	6.17
EBITDA Margin	17.2%	13.7%	22.6%	6.4%
Other Income	1.17	2.06	0.01	0.00
Depreciation	4.24	3.91	1.20	1.19
EBIT	29.28	25.61	31.64	4.98
EBIT Margin	15.6%	12.8%	21.8%	5.2%
Finance Cost	3.35	3.25	1.09	1.59
Extraordinary Items	-	-	1.60	-
Prior period (expenses)/income	-	1.16	-	-
PBT	25.93	23.51	28.96	3.39
Tax	9.29	7.51	8.92	-0.41
PAT	16.64	16.00	20.04	3.79
PAT Margin	8.9%	8.0%	13.8%	4.0%
PAT excl. Extraordinary Item	16.64	16.00	21.64	3.79
PAT Margin	8.9%	8.0%	14.9%	4.0%
Earnings Per Share (EPS)	22.75	21.88	43.69	7.66

* Pigment business added in FY15

Balance Sheet

Equity & Liabilities (In Crs.)	Sept-16	Mar-16
Share Capital	7.31	7.31
Reserves & Surplus	105.12	77.69
Shareholders Funds	112.43	85.00
Long Term Borrowings	7.75	6.51
Deferred Tax Liabilities(Net)	6.94	8.31
Total Non-Current Liabilities	14.69	14.82
Short Term Borrowings	4.32	22.23
Trade Payables	26.70	28.60
Other Current Liabilities	5.82	4.31
Short Term Provisions	0.17	0.15
Total Current Liabilities	37.01	55.29
Total Liabilities	164.13	155.11

Assets (In Crs.)	Sept-16	Mar-16
Total Fixed Assets	67.28	60.47
Non Current Investments	28.50	22.50
Long Term Loans & Advances	3.52	1.51
Total Non-Current Assets	99.30	84.48
Inventories	16.72	15.98
Trade Receivables	26.07	22.79
Cash & Cash Equivalents	1.01	0.83
Short Term Loans & Advances	20.98	30.88
Other Current Assets	0.05	0.15
Total Current Assets	64.83	70.63
Total Assets	164.13	155.11



For further information, please contact:

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