

# CONSOLIDATING STRENGTHS. PREPARING FOR A BETTER FUTURE.



AKSHARCHEM (INDIA) LIMITED Annual Report 2017-18

#### Forward looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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#### Challenges are opportunities, when determination is great.

This is one reality that we have always lived with. It enables us to build our competencies and rebound strongly after every downturn. It makes us a leading dyes and pigments manufacturer and a brand of trust. It allows us to win the respect of some of the world's leading downstream chemical companies and vindicate the faith of all our stakeholders.

We proved this true once again in a challenging FY2017-18, when prices were volatile, input costs surged, raw material availability was disrupted, and rupee appreciated. Instead of waiting for things to turn positive, we responded with the only way we know – courage and determination.

We focused on scaling capacities and expanding geographic footprint, improving relations and adding new clients, strengthening operational efficiencies and optimising costs.

With our revitalization, we are now confident of a better future and rebound strongly when the market revives.

# A CHALLENGING YEAR. AN **INSPIRING PERFORMANCE**.

## FY2017-18 was challenging...

- Raw material prices continued to witness rising trend.
- Finished goods prices remained low throughout.
- Rupee appreciation resulted in lower realisations.





AKSHARCHEM (INDIA) LIMITED, WITH 9,720 MT OF DYES AND PIGMENTS MANUFACTURING CAPACITY, IS MORE THAN JUST INDIA'S LEADING MANUFACTURERS.

IT IS A GLOBALLY RECOGNISED BRAND, TRUSTED BY SOME OF THE WORLD'S MOST STRINGENT CHEMICAL COMPANIES.

IT ACCOUNTS FOR ~45% SHARE OF THE COUNTRY'S VINYL SULPHONE EXPORT AND IS THE LARGEST CPC GREEN PIGMENT PLAYERS GLOBALLY WITH A GLOBAL MARKET SHARE OF ~10%.

WITH ITS ADVANTAGE OF STRONG RELATIONSHIPS, WIDE PORTFOLIO OF PRODUCTS AND GEOGRAPHICAL SPREAD, THE COMPANY HAS SUCCESSFULLY BUILT A ROBUST BUSINESS MODEL THAT ENABLES IT TO CONSISTENTLY OUTPERFORM INDUSTRY BENCHMARKS.

#### Our profile

The Company was promoted by Mrs. Paru M. Jaykrishna in 1989. It is headquartered in the chemical belt of Mehsana (Gujarat). It manufactures dyes and pigments that are sold in India and exported to countries in Europe, Far East, South East Asia, China, USA. Its shares are listed in the BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and Ahmedabad Stock Exchange Limited (ASE).



## ₹**48,657.76** Lakhs\*

## 106\*

Employees

Market capitalisation

#### Rewarded and recognised

• SME Business Excellence Awards in the category of:

Best Global Business (2017) from Dun & Bradstreet (RBL Bank)

Chemicals & Pharmaceuticals (2017) from Dun & Bradstreet (RBL Bank)

• Best Manufacturer Exporter (Medium) from ECGC-Indian Exporters' Excellence Awards 2017

• Trishul Award for the outstanding export performance in Panel-I: Dyes and Dye Intermediates (SSM+ME) in 2016-17 from CHEMEXCIL

• Recipient of following awards from The Gujarat Dyestuffs Manufacturers Association (GDMA) in 2016-17:

Second Award for self manufactured direct export of Dye Intermediates Special Trophy for self manufactured direct export of Dyes of ₹5 Crores and above Trophy for self-manufactured domestic sale of Dye Intermediates (₹5 Crores to ₹15 Crores) and Dyes (₹5 Crores to ₹15 Crores)

#### What we make

#### Product

- Dye intermediates (Vinyl Sulphone)
- Pigments (CPC Green)

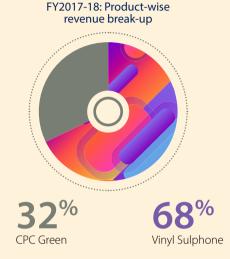
#### End user industry

\* As on March 31, 2018

- Textile industry
- Printing ink Paint
- Rubber Plastics Leather



# PERFORMANCE HIGHLIGHTS FOR THE YEAR



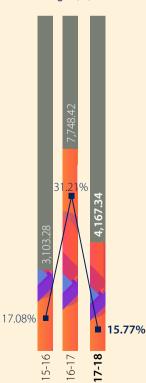
Dyes and pigments production (metric tonnes)



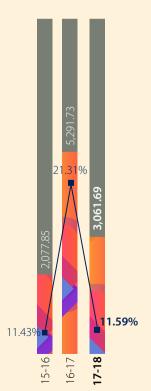
Revenue from operations (₹ lakhs)







PAT (₹ lakhs) & PAT margin (%)



### 6

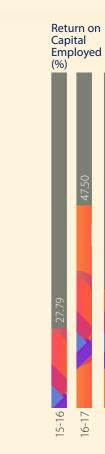


61.42% Net worth CAGR FY 2012-18

85%

Share of exports in FY2017-18





18.57

17-18





# FROM THE DESK OF THE CHAIRPERSON

"ADVERSITIES KNOCK US, BUT THEY ARE GREAT TEACHERS. THE ABILITY TO LEARN FROM DIFFICULTIES TO BECOME STRONGER, WISER AND MORE MATURE IS A VIRTUE UNPARALLELED. IT IS A RESULT OF THIS SUSTAINED LEARNINGS FROM PAST EXPERIENCES THAT DESPITE ALL EXTERNAL CHALLENGES, WE REMAINED RESILIENT. OUR CLIENTS STAYED WITH US AND THE DEMAND FOR OUR PRODUCTS WAS STRONGER."



#### Dear Shareholders,

During FY18, there was significant headwinds that hold back our performance. Our revenue just grew by 6%. However, looking at our volume growth which stood at ~20%, we feel demand for our product remained robust, despite weakness in the business environment which impacted realisations. Moreover; Environmental clampdown in China led to disruptions in raw material availability. A surge in input costs led by high volatility of crude prices along with appreciation of Indian rupee impacted our margins. Even in such conditions, we continued to build our business and reported an 8.41% growth in production.

None the less FY18 ended on the good note as we were able to increase our wallet share from the existing customers and started 3 new relationships. Historically, we have had Strong Relationship with the customers for more than 2 decades.

This reinforces the fact that AksharChem has become a brand of choice. Our performance in exports won us prestigious awards from ECGC, Dun & Bradstreet and CHEMEXCIL, which exhibits that we have outperformed the industry.

Some would say that our performance in FY2017-18 could have been better, I would rather say this year's performance was satisfactory. It manifests the strength of our foundation and the business model. To better underlay the depth of this performance it is important to move beyond the realm of financial performance.

Coming to our financial performance, I would say that the performance was satisfactory, though not at par with that of the previous year's. Again, it is important to understand that in FY2016-17. we had recorded an exceptional performance on the backs of an environmental clampdown in China, which created a global shortage in the availability of dye intermediates and hence led to a surge in their prices. We benefited from the situation and recorded strong growth in realizations. But this year as input prices rose considerably our realization declined. Irrespective of this, our net revenues grew by 6% to ₹26,425.87 lakhs. EBITDA and PAT declined by 46.22% and 42.14% respectively to ₹4,167,34 lakhs and ₹3,061,69