



Withstanding
Challenges.
Ready for the future.

AksharChem (India) Limited
Annual Report 2019-20

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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At AksharChem, we have demonstrated that courage and determination can lead to victory even in the most difficult times.

FY 2019-20 was just the kind of year when one would have thought to hung down the gloves and stop fighting. The year had it all starting global and domestic economic turmoil to high oil prices and finally the unleashing of one of the greatest pandemics in multiple decades.

Instead we chose to fight and maintained our ground.

Just when the new orders were becoming scarce due to declining consumption, we went ahead to launch new product grades for newer applications that brought in new clients enabling us build sufficient order on books.

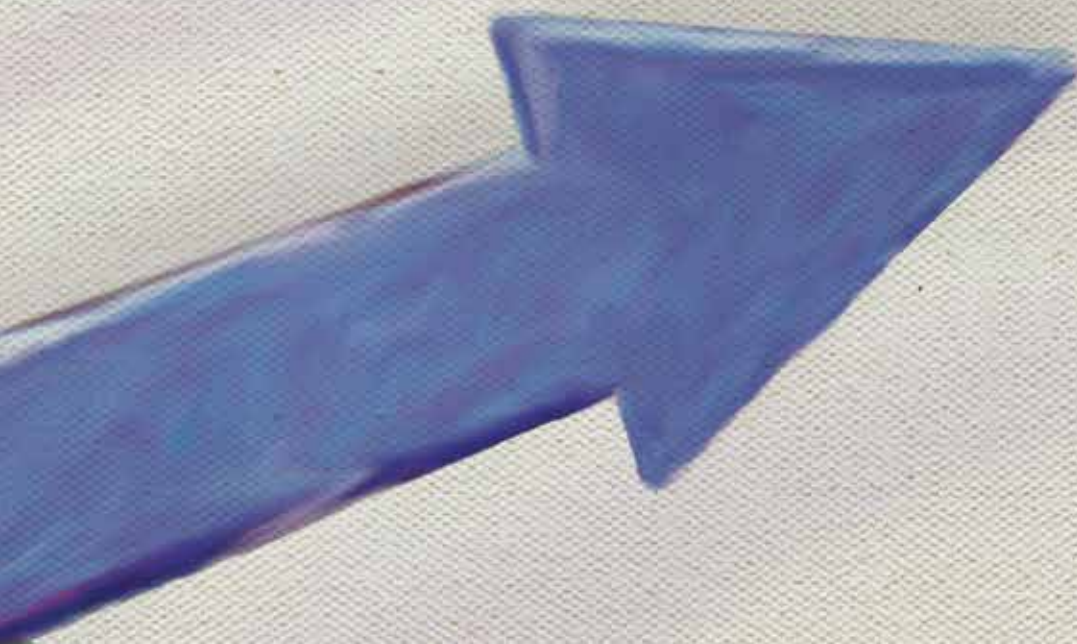
Just when our liquidity was coming under pressure due to declining realisations, we instead delivered steady volumes, contained cost and liquidated inventory thereby enhancing net worth and improving balance sheet position.

Just when the industry experts advised caution, we single-mindedly focused on bringing on stream of Precipitated Silica plant with speed to benefit from the industry opportunity with customers increasingly looking to shift to low cost destinations like India.

The result is that we not only withstood challenge and survived, but also managed to strengthen our competitive positioning. As soon as the pandemic subsides and the markets return to normalcy, we would be ready to grow.

We are withstanding challenges with resilience to be

Ready for the future.



About AksharChem

AksharChem (India) Limited is one of India's leading dyes and pigments manufacturing company with a capacity of 11,400 metric tonnes per annum (MTPA). We are a globally recognised brand and most trusted suppliers of best-in-class, high performing products. We offer peace of mind to our customers with supply and quality reliability. We are today, one of the leading exporters of Vinyl Sulphone, accounting for ~45% share of the country's exports and also one of the world's largest CPC Green pigment manufacturer with a global market share of ~10%. Our reputation is evident in the multiple awards and accolades we have won over the years.



Our vision

To emerge as global leader in supply of specialty Chemicals by creating value for our esteemed customers by supplying quality products.



Our mission

We are committed to use 'Green' technologies in all our manufacturing operations. We also endeavor that we will protect environment by using cleaner technologies and we are responsible for safety and health protection of our work force.



Our diverse portfolio for diverse applications

Product	End user industry
Vinyl Sulphone & H Acid	Textile
CPC Green	Printing ink • Paint • Rubber • Plastics • Leather



Outperforming benchmarks with a robust business model

Superior product quality: Our products meet various global quality and environmental compliances and have a track record of zero return.

Long-term Relationships: We enjoy long-term relations with leading global customers and raw material suppliers enabling us to have sustained operations and business continuity.

Technology leadership: We have the most modern plant equipped with laboratory and advanced automation technologies enabling world-class quality and operational excellence standards.

Environment compliance: We have equipped our plants with advanced environment management technologies enabling us to meet regulatory norms and customer requirements.

Business scalability: We have large scale of operations facilitating effective overhead distribution, thus making us one of the lowest cost producers. These capacities are still underutilized and provide significant headroom for growth. Our large manufacturing is supported by our geographically diversified presence across 20+ countries. We continue to strengthen our extensive global distribution network to target new business opportunities.

Experienced senior leadership:

Our senior management have extensive business knowledge, strong networking and expertise in the leadership and business strategy and drive business model sustainability.

Strategically located: Our plants are in vicinity to majority raw material suppliers facilitating just in time availability at minimal costs. Our plants also support multimodal connectivity.

Financially strong: We have a strong and growing net worth which stood at ₹ 26,531.24 lakhs as on March 31, 2020. We continue to maintain low leverage at 0.05 enabling us to retain the highest credit rating from CARE.



Key business facts

11,400 MT
of dyes and pigments
manufacturing capacity

20+
Countries of exports

~10%
Global market share
of CPC Green pigment

~45%
Share of India's Vinyl
Sulphone export

₹ 124.88 Crore
Market capitalization

155
Employees

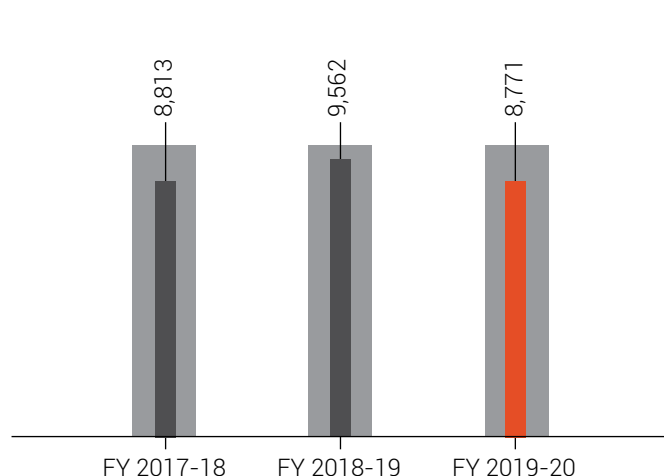
**ISO
9001:2015**
quality certification

**ISO
14001:2015**
environment certification

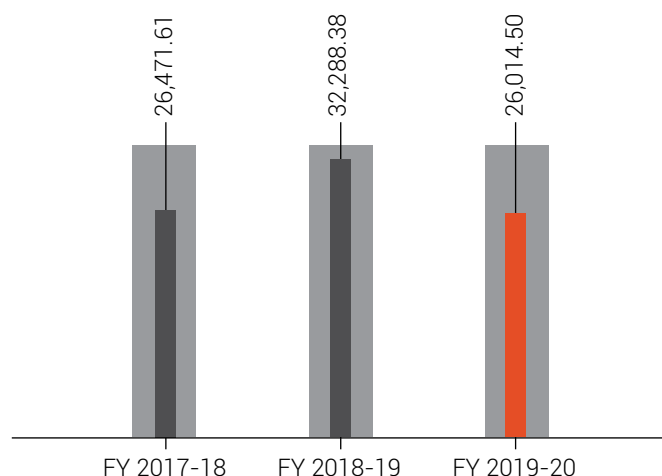
**CARE A+/
CARE A1+**
Credit rating for long-term
and short-term facilities

Withstanding Challenges, Performing Sustainably

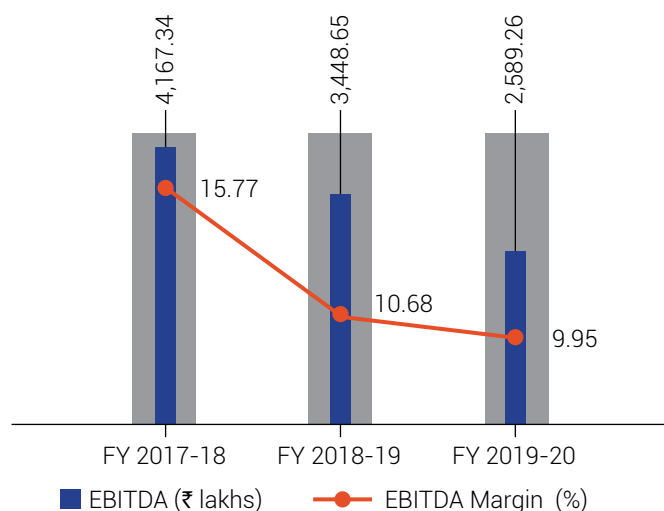
Dyes and pigments volume
(metric tonnes)



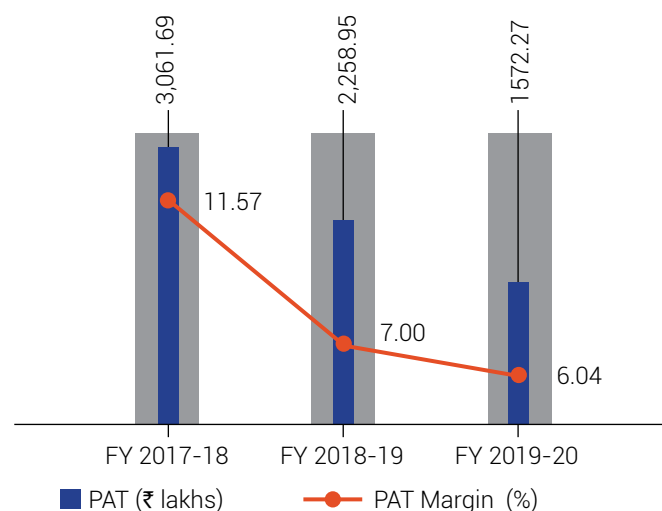
Revenue from operations
(₹ in lakhs)



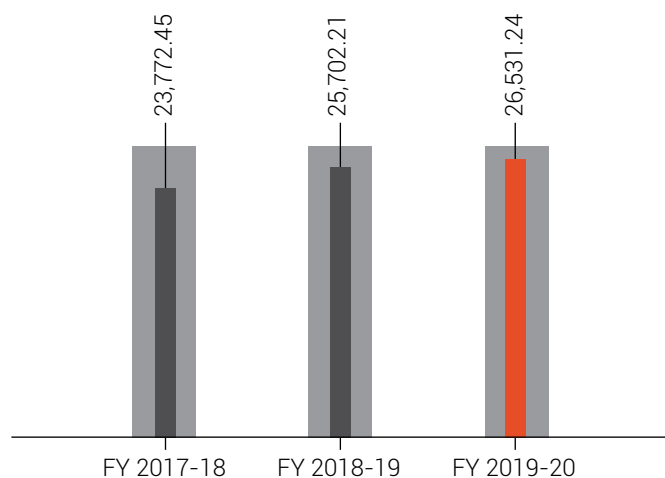
EBITDA and EBITDA margin



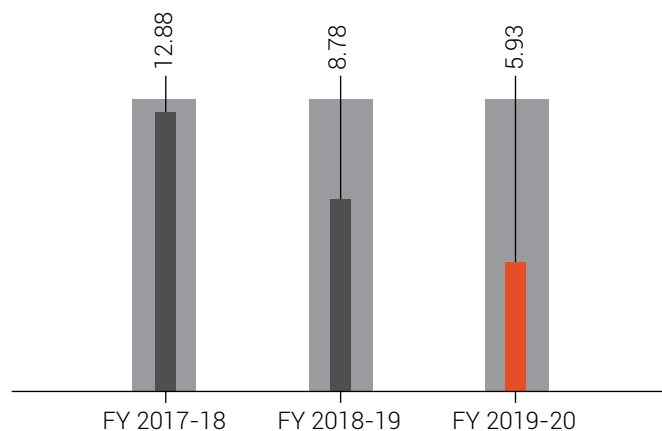
PAT and PAT margin



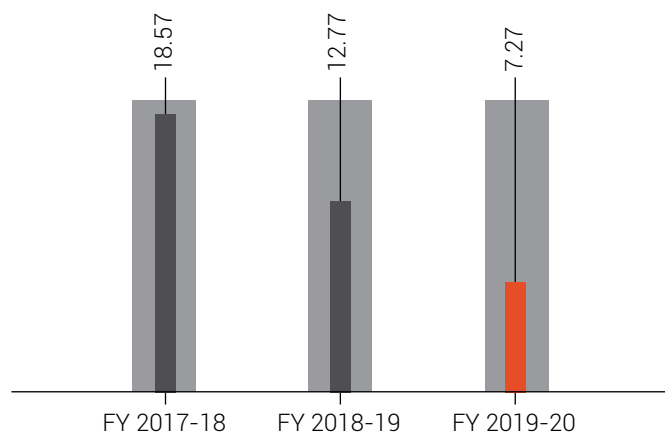
Net Worth (₹ in Lakhs)



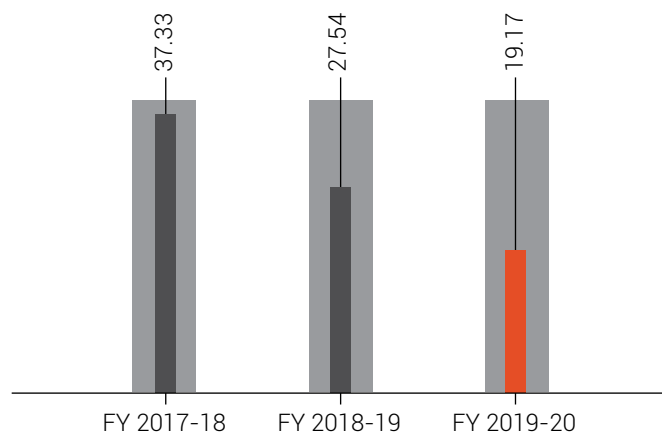
Return on Equity (%)



Return on Capital Employed (%)



Earnings Per Share (in ₹)



10.25%

Revenue CAGR
FY 2014-20

40.77%

Net worth CAGR
FY 2014-20

79%

Share of exports
in FY 2019-20

Chairperson's Message



Dear shareholders,

The world that we know of is undergoing a rapid transformation, suddenly disrupted by the COVID-19 pandemic. It is really in these times that the true resilience of an organisation can be understood by responding with flexibility and agility. The way AksharChem responded to the situation with relative ease is an example of this. We immediately deployed business continuity plan, implemented safety protocols and facilitated work from home for employees during the lockdown. This has helped us ensure minimal productivity loss and at the same time ensured the long-term of our company.

The way our senior leadership and employees reacted to the pandemic and other challenges during the year is noteworthy and boosts our confidence of the long-term.



AksharChem will be at the forefront of the upcoming opportunity with its investments in technology, innovation, and global network development.

That said, the pandemic has unleashed a social and economic crisis like no other. Its impact is going to be felt for some. We will likely see a period of weak domestic demand and decrease in purchasing power which shall impact economic activity. Though on the positive side, the country's fundamentals remain strong and it will revive again, as done across many such crises in the past. The fiscal measures by government of FDI liberalization, rolling out of a massive 1.7 lakh crore economic stimulus package and the announcement of 'Aatmanirbhar Bharat' to support domestic companies will help stimulate economic activity. RBI's measures to enhance liquidity in the system by reducing repo rates will also help revival.

My heartfelt sympathies are with all those who have been impacted by it. At the same time, it gives us hope to see how the humanity has left aside the differences to fight it together. I am sure that together we will come out of it faster and stronger. I express my gratitude to all the frontline warriors who have selflessly come forward to do their duty and also to our employees who have ensured the Company quickly resumes operations.

Speaking of the chemical industry, it has witnessed a period of lull due to weak macro-economic scenario. There was lower demand from most end user industries. However, it was weakness in the textile industry which is our primary customer base hurt the most. This along with an increase in supply from China led to a steady decline in realizations of dyes and intermediates.

Outlook

We expect the coming year to be more challenging due to heightened uncertainty with rising number of COVID-19 cases. While the chemical industry will witness some stress due to weak macroeconomic scenario which has impacted the demand in our product industries, its medium- to long-term outlook remains positive. The industry's landscape is shifting in favour of India due to its low cost and quality advantage.

I am sure your Company will be at the forefront of the upcoming opportunity with its investments in technology, innovation, and global network development. Our strategy will be to continue widening our product portfolio, become cost competitive by integrating backwards and controlling overheads, and have sustained focus on quality. We will also focus on bringing our capacities on stream.

R&D will continue to be our major focus area. We look forward to making a breakthrough by introducing products for the coating and plastic industries where we see stronger growth potential. We have already launched few grades of pigment Green 7 which have received good response and we see it growing in the coming years. These efforts are contributing to widening our customer base and makes our company resistant to demand shocks.

One key differentiator that will truly make us stand out in the industry is the value proposition that we offer to the clients in terms of quality, cost competitiveness and services. We are a customer first company and maintain close engagements with them to ensure all their needs are met, while providing them superior experience. Our dedicated and motivated employees have been a key link towards achieving this. We will continue to nurture and invest in their capabilities to strengthen our competitive edge in the industry.



Looking back at how the Company has transformed in the past decade, I feel satisfied. But there is more to achieve, and we are ready to become bigger, better and stronger.

I can rest assure all stakeholders that the measures undertaken by your Company will make us more resilient. We have been able to build sufficient order and we have enough liquidity to ensure sustained, uninterrupted operations. We see great potential to expand our domestic market by focusing on the coatings and plastic industries which are growing strongly and offers significant opportunities for colorant producers. We intend to explore possibility for this new market by intensifying application profile research and development.

Ensuring sustainable growth

Environment sustainability continues to be an important focus area for us as we undertake initiatives to minimise waste, emissions and resource consumption. We have been making significant investments towards this since our inception, and committed ₹ 13.67 Crores in FY 2019-20. Our ultimate aim is to be the most environment-friendly chemical companies in the world. This will also enable us to the meet the stringent regulatory requirements, thereby ensuring the long-term of our company.

Message to the shareholders

Looking back at how the Company has transformed in the past decade, I feel satisfied. But there is more to achieve, and we are ready to become bigger, better and stronger. I thank all our stakeholders – our shareholders, customers, suppliers, employees and the bankers for being with in this journey. We shall continue to grow together.

Warm regards,

Paru M. Jaykrishna

Chairperson