



GROWTH & BUSINESS SUSTAINABILITY

AksharChem (India) Limited | Annual report, 2012-13

Disclaimer


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 'anticipates', 'estimates', '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.

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 India, we have focused on being the best rather than just being the biggest. Our growth story is as much about environment sustainability as it is about business sustainability.

This vision has inspired us to create a unique business model.

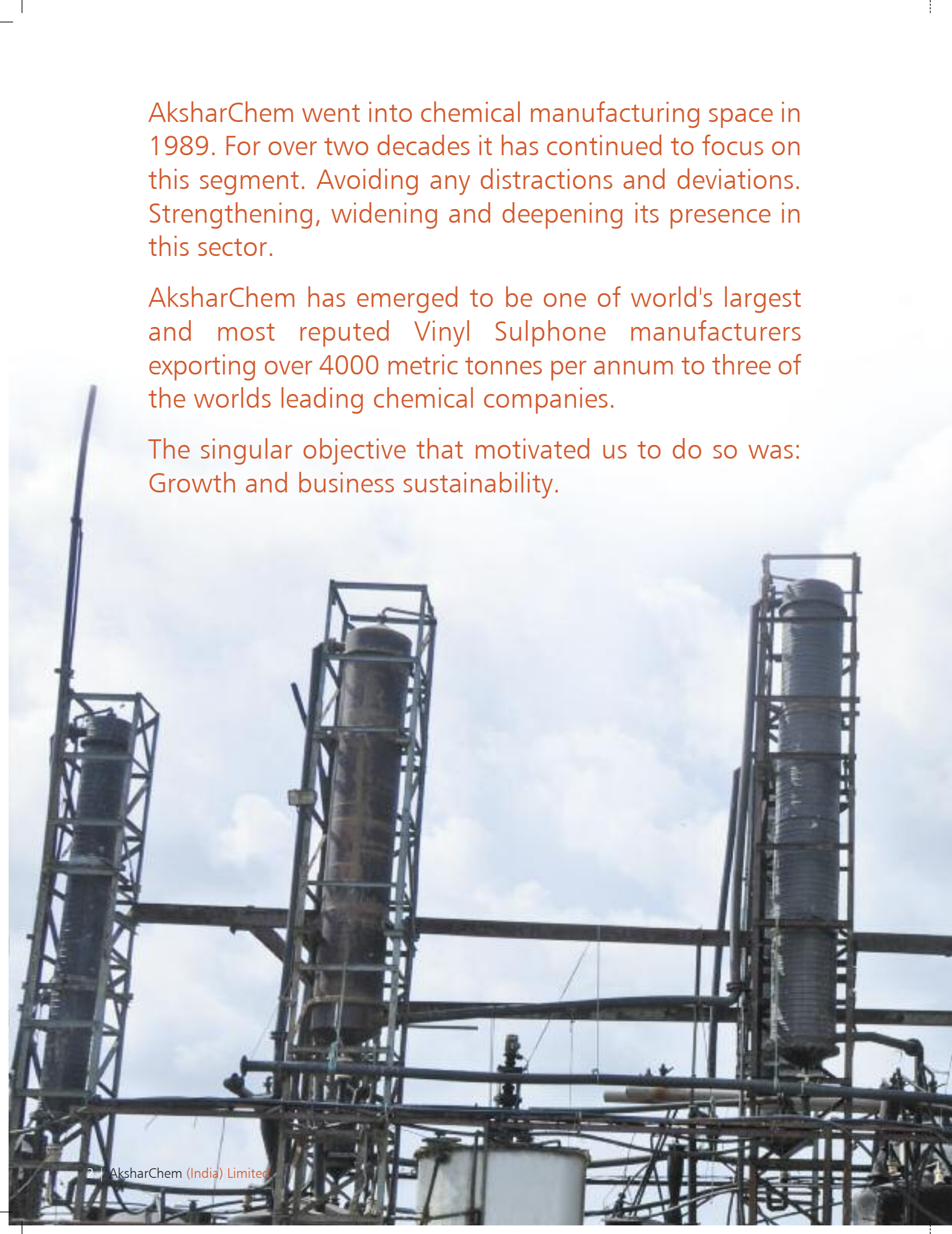
A model that focuses on single product rather than multi-product. Obsessed with environment-friendly production process that delivers best quality products. Marketed to demanding customers. Protected from business cyclicity. Driven by prospects of sustainable business growth. Generating superior margins.

The result: Our topline grew 85% in 2012-13 compared to 2011-12.

AksharChem went into chemical manufacturing space in 1989. For over two decades it has continued to focus on this segment. Avoiding any distractions and deviations. Strengthening, widening and deepening its presence in this sector.

AksharChem has emerged to be one of world's largest and most reputed Vinyl Sulphone manufacturers exporting over 4000 metric tonnes per annum to three of the worlds leading chemical companies.

The singular objective that motivated us to do so was: Growth and business sustainability.



About us

■ AksharChem is leading global company engaged in the manufacture of dye intermediate, para base ester of aniline (also known as vinyl sulphone).

■ The Company is promoted and managed by Jaykrishna family and is headquartered in chemical belt of Mehsana (Gujarat).

■ It started operations in 1989, with a humble capacity of 600 metric tonnes per annum (MTPA). In 1994, the Company went public. As on 31.03.2013 it has a manufacturing capacity of 6000 MTPA.

■ It specializes in the manufacture of Vinyl Sulphone – a chemical used as a raw material for manufacturing reactive dyes having application mainly in textiles.

Vision

Emerge as a global leader in supply of

Vinyl Sulphone with complete commitment and dedication on standards, quality, productivity and customer satisfaction.

Mission

Focus on enhancing operational excellence and environment sustainability through adopting best manufacturing policies. Continuously strive to enhance customer satisfaction by providing the highest quality of products and services.

Listing

The Company's shares are listed on the BSE Limited (BSE) and Ahmedabad Stock Exchange Limited.

Awards and certifications

■ ISO 9001:2008 certified manufacturing facility.

■ ISO 14001-2004 for environmental management system.

■ Conferred the prestigious 'International Gold Star' award for 'Excellence in Corporate Image and Quality' by Business Initiatives Directions in Spain.

■ Received awards in the field of export from Government of India, Government of Gujarat, Gujarat Chambers of Commerce and Industry, Gujarat Dye-stuff Manufacturers Association, Federation of Indian Export Organisation and Chemexcil among others.

Presence

Marketing network spread across far East and Europe.

Pride enhancing clients



Everlight Chemical
Corporation, Tiwan



OHYOUNG

Oh Young Industrial
Co. Ltd, Korea



Performance highlights, 2012-13

- The Company's revenues increased 85% from Rs. 5,189.40 lacs in 2011-12 to Rs. 9,583.03 lacs in 2012-13.
- EBITDA increased from Rs. -186.47 lacs in 2011-12 to Rs. 591.19 lacs in 2012-13.
- PAT increased from Rs. -388.69 lacs in 2011-12 to Rs. 379.33 lacs in 2012-13.

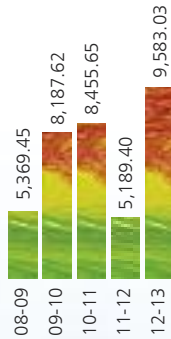
Operational highlights, 2012-13

- Vinyl Sulphone production increased from 3,688 MT in 2011-12 to 5,642 MT; highest ever in the history of the Company.
- Capacity utilization increase from 61% in 2011-12 to 94% in 2012-13.

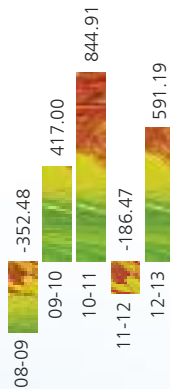


Attractive past, Exciting future.

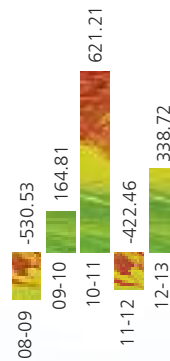
Revenue
(Rs. Lacs)



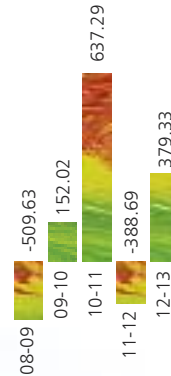
EBIDTA
(Rs. Lacs)



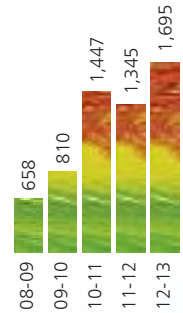
Profit before tax
(Rs. Lacs)



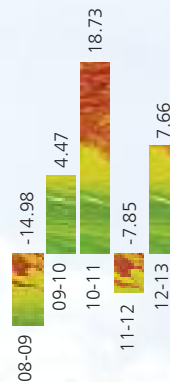
Profit after tax
(Rs. Lacs)



Net Worth
(Rs. Lacs)



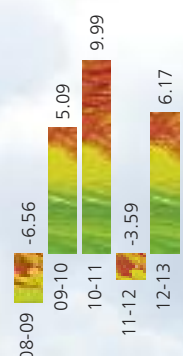
Earnings per share
(Rs.)



Cash profit
(Rs. Lacs)



EBIDTA margin
(%)



Chairperson's review



Mrs. Paru M. Jaykrishna, Chairperson and Managing Director (center), with Joint Managing Directors Mr. Gokul M. Jaykrishna (left) and Mr. Munjal M. Jaykrishna (right)

Dear shareholders,

It gives me immense pleasure to present to you the 24th annual report of the Company for some good reasons. The big message to you is not as much about where we are at present as a company but the direction in which we are headed.

First, despite a major recessionary trend in the global economy, the Company's revenues grew 85% from Rs. 51.89 cr in 2011-12 to Rs. 95.83 cr in 2012-13. The Company earned EBIDTA and PAT of Rs. 5.91 cr and Rs. 3.79 cr respectively compared to a loss of Rs. 1.86 cr and Rs. 3.89 cr respectively in 2011-12.

Second, the textile industry that had been hit by a slump in the past two years is slowly picking up. The USD 662 bn global textile industry is expected to grow at a compounded rate of 5% in the coming decade. Whereas the USD 89 bn Indian textile industry is expected to grow at 9.5% and reach USD 221 bn during the same period. (Source: *Technopak's Textile and Apparel Compendium 2012*)

Third, the global textile chemicals market is expected to grow to USD 19.6 bn in 2013 and reach USD 23.4 bn by 2018. The Asia pacific region, which is the largest and fastest growing market in this segment, is expected to grow at a compounded rate of 4% during this period. (Source: *Transparency Market Research*)

Fourth, during 2012-13 the Company undertook rigorous initiatives in the areas of product innovation, quality improvement, cost reduction and production efficiency enhancement. Moreover, the Company has made investments worth Rs. 2.04 cr in the past 2-3 years in upgrading its manufacturing facility to adhere to pollution control norms. The Company now complies with all international quality standards and environment protection norms; which means that our product has better chances of acceptance in the new markets.

Fifth, the Company continues to be a

favourable vendor for some of the world's largest downstream chemical companies given the fact that we are the best in terms of adhering to quality standards and maintaining delivery schedules. We export almost 90% of our production to world's most renowned companies and are proud of the fact that the world's top chemical company procures almost 70% of our production.

I would like to thank all our stakeholders for continuously believing and supporting us. I would like to assure our shareholders that we are at an inflection point, whereby the results of our initiatives would translate into growth in revenues, margins, profits and enhanced shareholder value.

Mrs. Paru M. Jaykrishna
Chairperson



Corporate pillars

Brand name

The Company has become one of the most reputed brands in the global vinyl sulphone market given the fact that the world's top three downstream chemical players are our clients. Leading global companies continue to trust us on the grounds of our excellent product quality, low-cost and timely delivery schedules.

Presence

The Company has established itself as a leading global company within a very short span of time. Apart from having a strong customer base in India the Company also markets its product around the world predominately for exports.

Location advantage

The Company's plant is situated at village Indrad (Meshana, Gujarat). It is well connected with the railway and Express National Highway. It is about 40 kms away from Ahmedabad International Airport with the nearest sea-port being Mumbai.

Rich intellectual capital

The Company has a professional team of highly qualified, skilled and experienced technical engineers and administrative staff. The engineers work towards enhancing production efficiency, maintaining product quality and managing plant operations. Whereas the administrative team's expertise is leveraged to respond to changing market trend and demand.

Operational scale

The Company is one of the largest manufacturers of Vinyl Sulphone in India with an installed capacity of 6000 MTPA.

Client relationship

The Company enjoys long term relationships with some of the world's leading chemical companies like Everlight Chemical Corporation (Tiwan), Kyung-in Synthetic Corporation (Korea) and Oh Young Industrial Co. Ltd (Korea). Most of the customers have been engaged with us for over 15 years. The Company derives almost 90% of its revenues from its top customer.

Experience of top management

The Company's top management team possesses rich experience in the field of chemicals and managing business operations. Moreover, they enjoy long term relationships with world's leading downstream chemical companies and are single handedly responsible for attracting business opportunities.

Superior technology

The Company's ultra-modern production facility is ISO 9001-2008 certified and ISO: 14001-2004 is spread over 11,000 sq ft plot and is equipped with well-developed production process. We improve existing or add new qualities to material at every stage of our production process. Driven by the latest technology we are able to cater to any specification laid down by our customer, many of whom are leading players in the industries in which they operate.

Board of Directors and their brief profile



Mrs. Paru M. Jaykrishna

She is the founder, Chairperson and Managing Director of the Company overlooking the policy making and growth strategies of the Company. She is a Law graduate and holds a master's degree in Philosophy, Sanskrit & English Literature. She is one of the most renowned women entrepreneurs of India and is recognised as the first lady elected as a President and Executive Member of Gujarat Chambers of Commerce and Industry. She has been the founder director and president to many of the Gujarat Government Boards and Organizations.



Mr. Gokul M. Jaykrishna

He is the Joint Managing Director of the Company looking after the Finance, Marketing and overall development of the Company. He is a Major in Finance and Marketing from Lehigh University, Bethlehem. He has the experience of working with Krieger Associates, New Jersey (USA) one of the largest currency option traders. He is with the Company since 1994.



Mr. Munjal M. Jaykrishna

He is the Joint Managing Director of the Company looking after the operations of the Company including production, marketing and quality control and overall development of the Company. He is a Bachelors of Science in business and economics from Lehigh University, Bethlehem. Before, joining the Company, he has worked with Bank of California (San Francisco) as Financial Analyst and Paragon Knits (Bethlehem) as a Consultant.



Dr. Pradeep Jha

He is an academican with over 36 years of experience in teaching. He has published research papers on inventory management. He is a professor in L. J. Institute of Engineering and Technology, Ahmedabad. He has a remarkable contribution in operation research.



Mr. Kiran J. Mehta

He is a M. Com, LLB, FCMA and FIISA. He is associated with the Company since 2003 and currently is a practising Cost Accountant and is the Chairman of Audit Committee, Remuneration Committee and Shareholders/ Investor Grievance Committee.



Mr. Param J. Shah

He is an MBA, Mcom and LLB and is an academican. He is associated with the Company since 2010 and currently holds the position of an Independent Director. He is a member of Audit Committee, Remuneration Committee and Shareholders/Investors' Grievance Committee.