

CONSOLIDATING STRENGTHS. PREPARING FOR A BETTER FUTURE.



AKSHARCHEM (INDIA) LIMITED
Annual Report 2017-18

Forward looking statements

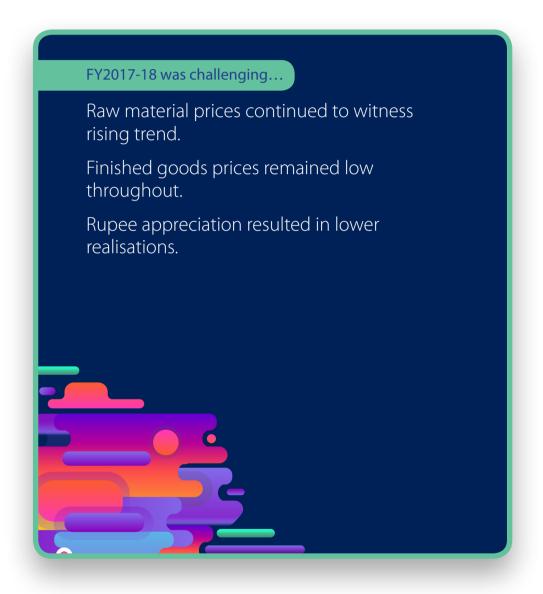
In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results 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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A CHALLENGING YEAR. AN INSPIRING PERFORMANCE.



...but our performance remained inspiring

We recorded 19% growth in sales volumes

We won prestigious awards for our export performance:

- Best Manufacturer Exporter (Medium) from the ECGC-Indian Exporters' Excellence Awards 2017
- SME Business Excellence Awards in two categories i.e. Best Global Business and Chemicals & Pharmaceuticals by Dun and Bradstreet (RBL Bank)
- Trishul Award for outstanding export performance in Panel I: Dyes and Dye Intermediates from CHEMEXCIL

We added three new clients opening up scope to enhance future business

We became a ZERO debt Company

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

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).

Our reputation

ISO 9001:2015

Quality

ISO 14001:2015

Environment

CARE A+/CARE

Credit rating for longterm and short-term facilities

₹48,657.76 Lakhs*

Market capitalisation

106*

Employees

* As on March 31, 2018

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)

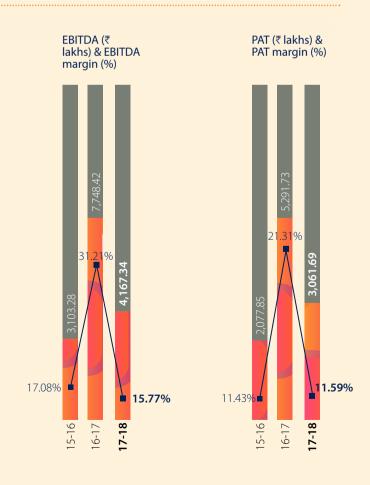


PERFORMANCE HIGHLIGHTS FOR THE YEAR







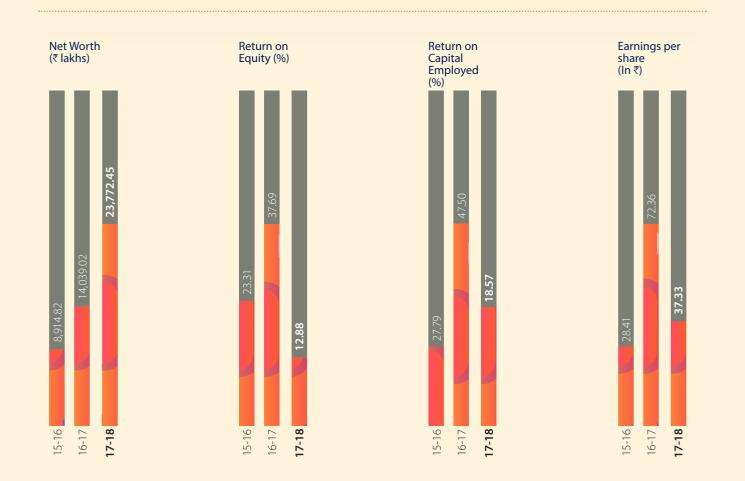












FROM THE DESK OF THE CHAIRPERSON

"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