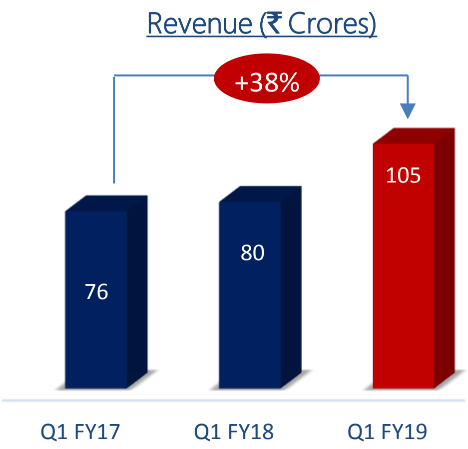
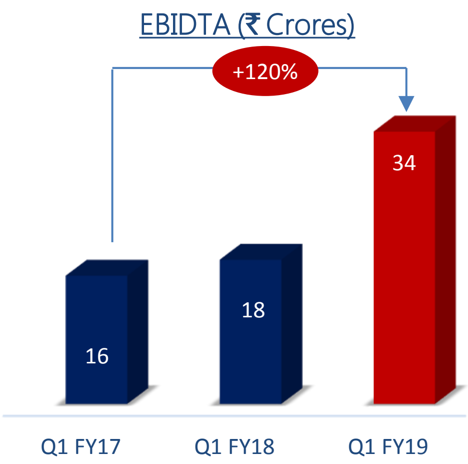
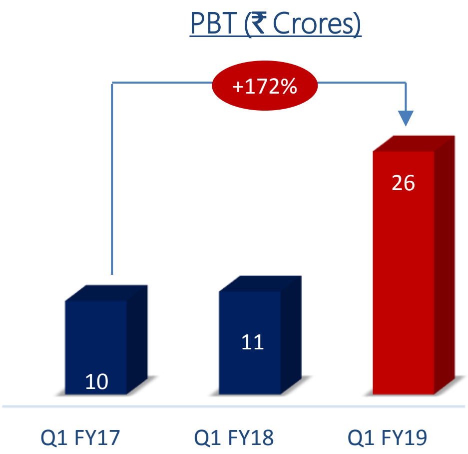
SEYA INDUSTRIES LIMITED

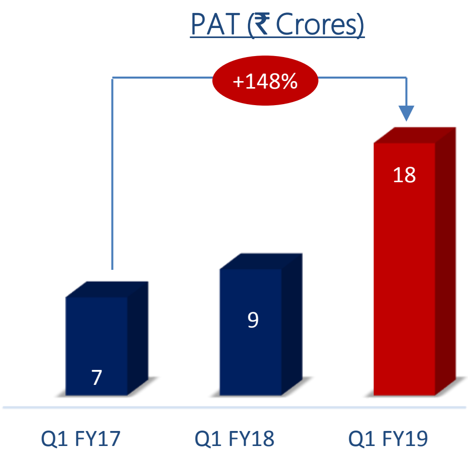
Q1FY19: Growth Momentum Continues

***Mumbai, 16th August 2018**:* Seya industries Limited, Mumbai based emerging leader in specialty chemicals industry, has announced its un-audited financial results for the Quarter ended June 30, 2018.









Particulars (₹ In Crs)	Seya Industries Limited (Standalone)		
	Q1FY19	Q1FY18	Y-o-Y
Total Revenue (Net of Excise Duty)	105.12	78.39	34%
EBITDA	34.26	18.37	85%
EBITDA Margin	32.6%	22.9%	+970 bps
PBT	25.94	10.65	144%
PAT	18.33	8.53	115%
PAT Margin	17.4%	10.6%	+680 bps

Standalone Quarterly Highlights

- **Revenue grew by 34%** to **₹ 105 Cr** in Q1FY19 as compared to ₹ 78 Cr in Q1FY18 led by volume growth and better realizations due to Environmental challenges and production disruptions in China
- **EBITDA grew by 85%** to **₹ 34 Cr** as against ₹18 Cr in Q1FY18. The **EBITDA margins** for Q1FY19 is **32.6%, a growth of 970 bps** largely led by improved volumes and better realizations for specialty chemicals
- **PBT grew by 144%** to **₹ 26 Cr** as against ₹ 11 Cr in Q1FY18
- **PAT grew by 115%** to **₹ 18 Cr** for Q1FY19 as against ₹ 9 Cr in Q1FY18. The **PAT margins** for Q1FY19 is **17.4%, a growth of 680 bps**
- Company is protected from any volatility in rupee as its 100% of supply contracts are in domestic currency and domestic market demand and pricing is in parity with international market

Business Update

Capacity Expansions

Company is in process of doubling the capacity of one of its high value and high margin product, during the financial year, which presently contributes ~20% to its revenues. The brownfield expansion is expected to be commercialized in Q4FY19 and contribute additional growth of ~5% in top-line and bottom line in Q4FY19 and 15% - 20% in FY20

De-bottlenecking and Improvement of Efficiencies at Existing Capacities

Company is upgrading and debottlenecking all product plants by setting up parallel capacities for select products and replacing machineries for some products to align the production plants and processes on new Technologies. In addition to this, keeping up its commitment as a responsible corporate citizen, Company is upgrading its Effluent Treatment Plant to support its capacity expansions. The de-bottlenecking and efficiency improvement exercises under implementation are expected to boost production volumes, revenues and margins through FY19 and H1FY20 by at least 15% - 20%. The estimated capital expenditure for above Capital expansion and de-bottlenecking project is ₹ 70 – 75 Crores which is being funded through internal accruals and almost 40% of the estimated amount has been incurred until Q1FY19

Mega Green-Field Project Under Implementation

With a clearly defined vision to emerge as an Integrated Global producer for Speciality Chemicals and having invested ₹ 4.41Bn in Capex in last 5 years, Company took its next step forward to start next round of expansion at cost of ₹ 7.35Bn, to be commissioned and commercialized in H2FY20 with additional installed capacity of 527,900 MTPA. The project is expected to contribute additional ₹ 10-12Bn in Revenue at an estimated capacity utilization of 80% and EBIDTA margins on similar lines of present manufacturing operations. The project is located in close vicinity of Seya's existing manufacturing operations at MIDC Tarapur, Boisar in State of Maharashtra and is being funded at 1:1 Debt-Equity. The financial closure for the Project was achieved in Q1FY18 and the work for the same had started in Q3FY18.

The Equity has been fully introduced by the Promoters and is forming part of present Share Capital/Equity Structure of the Company. The Project is being built under the supervision of highly experienced and reputed EPC contractors, German Technology Suppliers and PMC's holding successful track-record of more than 105 years backed by performance guarantee. It involves latest state-of-the-art, cutting edge, continuous, fully automated process technology which will enable Seya to be the lowest cost producer in the World for the products under set-up. The installed capacities of proposed products under set-up will be the largest in the world at a single location.

Seya has safeguarded any copy of the Technology by executing confidentiality and copyright agreements with its technology suppliers restricting sale of technology acquired, for next 20 years. The License, Process Know-how and Engineering package for patented technology have been delivered by the technology suppliers in H2FY18 and the proprietary plant and machinery has been delivered in Q1FY19.

The proposed expansion is progressing as per schedule and has accomplished more than 40% Site Completion until Q1FY19*(recent photographs as below)*.

The Greenfield expansion project entails

- **Backward Integration** to manufacture Bulk Raw materials & Intermediates which are being presently procured at 1.5 times their manufacturing cost due to restriction on Imports and limited no. of manufacturers in India who are competitors of Seya
- **Recycle & Reuse of By-Products** to produce Value Added Products thereby reducing its Disposal Cost and enhancing the Value of the By-Products.
- **Set-up of 14 MW Captive and Cogen Power Generation from Process Waste Heat:** 8 MW of Free Power shall be generated by Recovery of Waste Heat generated in the Process and 6 MW shall be generated using Cogen Thermal Power Plant.
- **Forward Integration in High value and High margin Speciality Chemicals** on similar lines as the earlier forward Integration project successfully executed 4 years back resulting in Value addition and increase in EBIDTA margin
- **Horizontal Integration into fast moving High margin and High Value Speciality Chemicals** used in Lithium Ion batteries for Mobiles/laptops/etc, Agrochemicals, Pharmaceuticals, Soaps & Detergent Industry, Dyes, Wine,

Paper, Mining Industry, Food Industry, Aeronautical Fuel, Dye & Pigment intermediates, Printing Inks used in ball point pens, curing of polyester and vinyl ester resins, Fabric softeners, Synthesis of cosmetics and colouring agents

Almost 50% of the installed capacity in the proposed greenfield mega project is to be captively consumed as intermediates. Out of balance 50%, 30% of the proposed installed Capacity is contracted to existing customers on long term supply contract and balance 20% is envisaged to provide as import substitute to cater to the increasing demand arising from Supply disruptions and geographical shift from China.

CAPITAL EMPLOYED

Particulars as per Depreciation Schedule	***₹ in Crores* FY-18**
Gross Block	**838.76**
Less: Adjustment as per IND-AS 16 w.r.t. representation of Fair market value of Land	(314.21)
Adjusted Gross Block:	**524.55**
Capital Employed in Manufacturing operations	313.15
Un-employed Capital (Land for future expansion)	211.40

OUTLOOK

SEYA's growth in FY19 shall be driven by increase in Volumes propelled by doubling of Capacity of a selected product and de-bottlenecking initiatives across all other products to take benefit from the growing demand from both domestic and international markets complemented by expanded margins for all its Products. The capacity expansion shall be completed and commissioned by Q4FY19 however the debottlenecking initiatives shall result in much improved performance Q-O-Q from Q2FY19 onwards. Going forward, your Company foresees stronger customer relations, higher efficiencies and robust growth in Speciality Chemicals end-user segment due to reorientation of geographic focus. With reasonably complex (not complicated) and fully backward-forward integrated proposed mega manufacturing blueprint, capital and technologically intensive scale of operations, your Company shall create a large fully integrated manufacturing base to outpace the industry and deliver persistent growth year-on-year, combined with cost leadership and value-added product offerings, by integrating its existing business operations.

Commenting on the performance **Mr. Ashok Rajani, Chairman & Managing Director, Seya Industries Limited** said

"SEYA continues to deliver strong operational performance with a 144% YoY growth in profitability owing to volume growth and margin expansion against the tides of amplified volatility in the economic landscape. We have been able to align our sales prices with rising input costs and yet manage higher volumes and higher margins amidst rising crude prices.

Our growth during the year will be driven by: Increase in capacities for select high margin and high value product by 100% in Q4FY19 and ongoing de-bottlenecking & improvement of efficiencies of existing capacities by 20% in FY19, complemented by shifts in the global supply chain resulting in increase in both top-line and bottom-line.

We have been witnessing strong growth in consumer demand, escalation in sales prices, increase in product volumes and expansion of margins across all our existing product lines a trend which we expect to continue, considering India's dominating position in global supply chain and de-risking geographical risks arising out of supply outages in China.

Going forward, our implementation of the mega-greenfield project is on schedule and is expected to be commissioned in H2FY20 which shall lead to quantum leap in Revenues and Profitability. Seya is focused on value creation for its stakeholders by investing in fully integrated global scale high value and high margin speciality chemical manufacturing plants and the management is committed to drive growth, profitability and value creation for all its stakeholders."

ABOUT SEYA INDUSTRIES LTD

Seya Industries Limited (BSE Code: 524324) a Company promoted by Technocrats, is engaged in manufacturing of Specialty chemicals at its state of the art manufacturing facilities in MIDC Tarapur, Boisar a notified chemical manufacturing zone 90kms from Mumbai which have wide spectrum of applications in the manufacture of Pharmaceuticals (like Paracetamol, floxacins, etc), Personal & Health Care Products (like Hair dyes), Printing Inks & Paints (used in Laser/Ink jet Printers, for Road markings, etc), Agrochemicals (like DDT, etc) Insecticides/Pesticides (like Quinalphos, Mortein, Baygon, etc), Rubber chemicals (for Leather protection), Textile dyes, Thermic fluids (used as heating medium), etc. The company's strength lies in its wide product offerings, ability to adapt to new markets and being environmentally friendly. As part of its management system, Seya has developed a detailed technology transfer program to ensure that not only do the specialty chemicals are safely transferred to customer's but all regulatory requirements for the products, packaging and transport are addressed. Seya can undertake production runs that are customer specific ranging from a few kilos to thousands of tonnes. Its Research and Development team have extensive experience in the design and scaling up of processes, supported by analytical team and facilities which can quickly bring production to a commercial scale and meet customer timeline targets. For further information, please visit www.seya.in

Safe Harbor

For further details please contact

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