



**RELIANCE**  
CHEMOTEX INDUSTRIES LIMITED

Date: March 06, 2021

To  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street Mumbai- 400001

**Ref: Reliance Chemotex Industries Limited, Scrip Code: 503162**

**Sub: Investor Presentation**

Dear Sir/Madam,

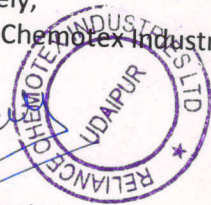
Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed investor presentation by the Company.

This is for your information and record.

Thanking you,

Yours Sincerely,  
For Reliance Chemotex Industries Limited

  
Chirag Gupta  
Company Secretary  
M. No.: 50843



Encl: as above

**Registered Office & Works : Village Kanpur, P. O. Box No. 73, Udaipur-313 003 (Raj.)**  
Phone : (0294) 2490488, 2491489-90 Fax : 0294-2490067 e-mail: [udaipur@reliancechemotex.com](mailto:udaipur@reliancechemotex.com)  
Website : [www.reliancechemotex.com](http://www.reliancechemotex.com) CIN : L40102RJ1977PLC001994

# Reliance Chemotex Industries Limited

March 2021



RELIANCE CHEMOTEX INDUSTRIES

# Safe Harbour

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# Quarterly Highlights

Q3FY21



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## Comments from Managing Director

*"The Company's performance in the third quarter of this fiscal has been in line with our expectation. We have witnessed strong demand from our customers (both internationally and within the country) post the gradual unlocking of the economy, which has allowed us to consistently increase our capacity utilisation each month in the quarter under review. Our export revenue, which had fallen sharply in the first half of this fiscal due to the lockdowns all over the world, has rebounded to near pre-Covid levels.*

*During the quarter we have seen a significant increase in raw material prices backed by renewed demand in the domestic market, however, we have been able to pass on this price increase to our customers. Despite the challenging start to this finance year, the Company has reported a strong EBITDA margin of 12%. This has been possible due to our two-pronged strategy: a continued focus on further improving our already versatile, value-added product mix and on strategic cost reduction.*

*We have commenced with the second phase of our expansion and modernisation project, which was delayed by the pandemic. In this phase we will be replacing over 10000 spindles in one of our older units and allocating some of the older spindles for research and development purposes. This project will significantly reduce operating costs, improve profitability and further increase the flexibility of the company's manufacturing capabilities.*

*In an effort to further reduce our operating costs, the Company has begun to install Solar Panels on the rooftops of our manufacturing units in Udaipur. The first 300Kw of solar capacity has been successfully commissioned and is operating satisfactorily. We have commenced with the second phase (an additional capacity of 1.1 MW) of the installation and envisage to have this completed by the end of this financial year. We endeavour to strategically scale this capacity up to 3MW. This project will reduce the Company's carbon footprint, lead to significant cost savings and will, to a certain extent, insulate the Company from fluctuations in Industrial Power Tariff Rates.*

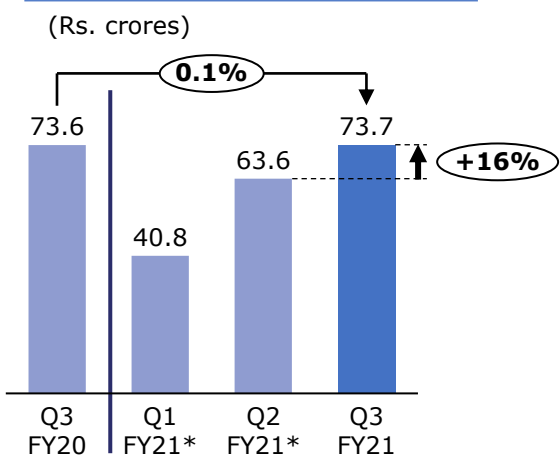
*The Company's Total Long-Term Debt stood at Rs. 19.54 crores on December 31, 2020 as compared to Rs. 20.63 crores on September 30, 2020. The Total Long-Term Debt on December 31, 2020 includes debt of Rs. 9.49 crores availed for the expansion and modernization project. As on December 31, 2020, we have a net cash of Rs. 5.13 crores after adjusting for Long-Term Debt.*

*Given the Company's product-centric approach, versatile and value-added product mix, longstanding customer relationships and robust balance sheet, we are confident of continuing our growth journey."*

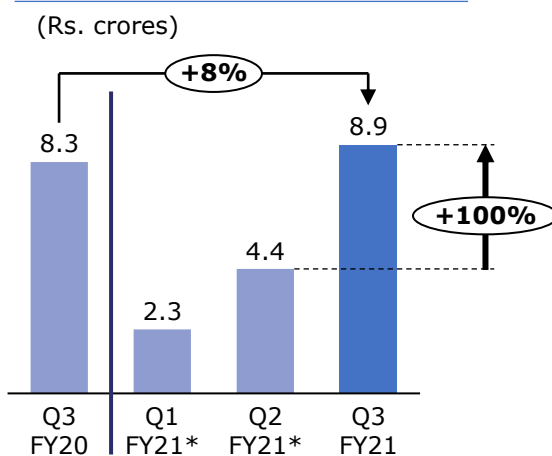


# Q3FY21 Financial Highlights

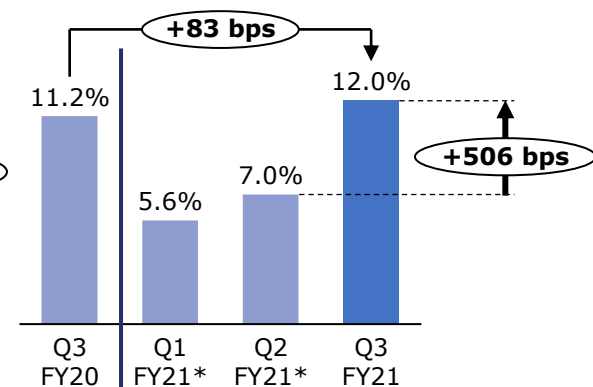
## Total Revenue



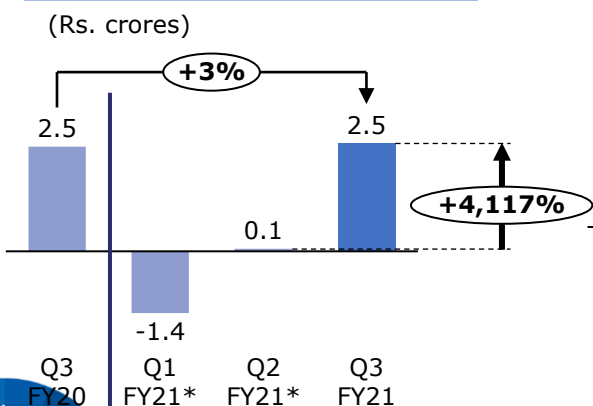
## EBITDA



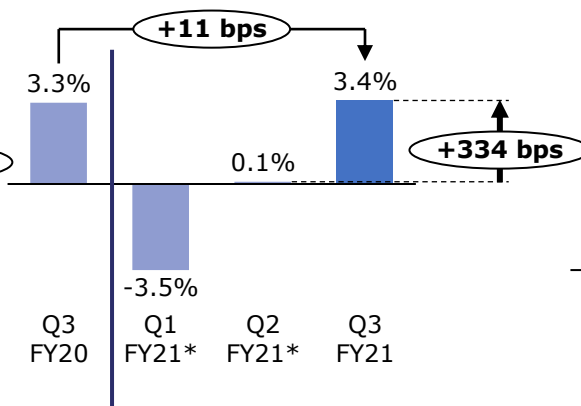
## EBITDA Margin



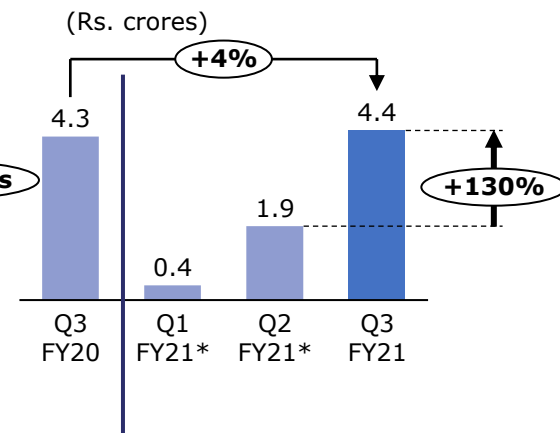
## PAT



## PAT Margin



## Cash PAT



\* Q1 FY21 & Q2 FY21 was affected by Pandemic

## Profit & Loss Statement - Quarter

Particulars (Rs. Crores)	Q3FY21	Q2FY21*	Q1FY21*	Q3FY20
<b>Net Revenue</b>	<b>72.71</b>	<b>62.44</b>	<b>39.15</b>	<b>73.41</b>
Other Income	0.96	1.20	1.62	0.21
<b>Total Revenue</b>	<b>73.67</b>	<b>63.64</b>	<b>40.77</b>	<b>73.62</b>
Direct Expenses	35.43	32.68	19.10	35.72
Employee Expenses	11.03	10.57	7.94	10.33
Power & Fuel	8.10	7.65	6.13	8.62
Other Expenses	10.24	8.30	5.33	10.70
<b>EBITDA</b>	<b>8.87</b>	<b>4.44</b>	<b>2.27</b>	<b>8.25</b>
<b>EBITDA Margin</b>	<b>12.04%</b>	<b>6.98%</b>	<b>5.58%</b>	<b>11.21%</b>
Depreciation	1.90	1.87	1.82	1.83
Finance costs	2.54	2.35	2.03	2.79
<b>PBT</b>	<b>4.43</b>	<b>0.22</b>	<b>-1.58</b>	<b>3.63</b>
<b>PBT Margin</b>	<b>6.01%</b>	<b>0.35%</b>	<b>-3.88%</b>	<b>4.93%</b>
Tax	1.90	0.16	-0.14	1.18
<b>PAT</b>	<b>2.53</b>	<b>0.06</b>	<b>-1.44</b>	<b>2.45</b>
<b>PAT Margin</b>	<b>3.43%</b>	<b>0.09%</b>	<b>-3.53%</b>	<b>3.33%</b>
Other Comprehensive Income (net of tax)	0.03	0.03	0.03	-0.01
<b>Total Comprehensive Income for the Period</b>	<b>2.56</b>	<b>0.09</b>	<b>-1.41</b>	<b>2.44</b>



\* Q1 FY21 & Q2 FY21 was affected by Pandemic

# New Initiatives



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# Expansion Plan

- ▶ Under the Expansion Project older machines are being replaced and certain machines re-allocated for research and product development purposes
- ▶ The project was being undertaken in 2 phases
  - ▶ Phase 1: Is complete and **6,240 spindles have been replaced** with new spindles
  - ▶ Under Phase 2: Is under progress, wherein **10,560 spindles will be replaced**
- ▶ The project will increase the company's operational efficiencies and result in substantial cost savings
- ▶ The project has been appraised by Rajasthan State Industrial Development & Investment Corporation (RIICO)
  - ▶ RIICO has sanctioned the term loan of Rs. 35.50 crores
  - ▶ The loan has been sanctioned at a very attractive rate of interest of 9% and is eligible for 7% interest subvention
    - ▶ The Effective Rate of **Interest will be 2%**
- ▶ Repayment tenure of 6 years
  - ▶ 6 years of Principal repayment with a ballooning payment schedule (post moratorium)



# Rooftop Solar Panels

- ▶ Total Capacity planned is upto ~3 MW in various phases, of which **300KW has been commissioned** in February 2020
- ▶ The **phase 2 for installation of 1.1-MW** of solar power capacity has commenced
- ▶ The Solar panels will provide the Company with power at a lower rate than prevailing industrial rates and result in significant cost savings
- ▶ To a certain extent, insulates the Company from fluctuations in Industrial Power Tariff Rates
- ▶ Requires minimal maintenance cost
- ▶ Helps generate power in an Eco-friendly way and reduce carbon footprint



# Manufacturing of Technical Textile Yarn

- ▶ Technical Textile are non-aesthetic textile products manufactured for their functional properties
- ▶ Technical Textile applications are across industries like medical, automobile, aerospace, defense, construction etc.
- ▶ India's share in Global Technical Market is at around 4%
- ▶ Sector contributes 12-15% of the textile value chain
- ▶ Has seen a healthy growth rate of 12% over past few years
- ▶ Growth is expected accelerate over next couple of years
  - Government has made the use of 92 categories of technical textile mandatory by various ministries and public agencies
- ▶ These products will be value added products with better profitability profile
- ▶ These products will be manufactured at the existing manufacturing units without any major capital investments
- ▶ RCIL has already established essential partnerships with Raw Material suppliers in the protected technical textile value chain
- ▶ RCIL technical yarns are already well accepted in domestic and International markets

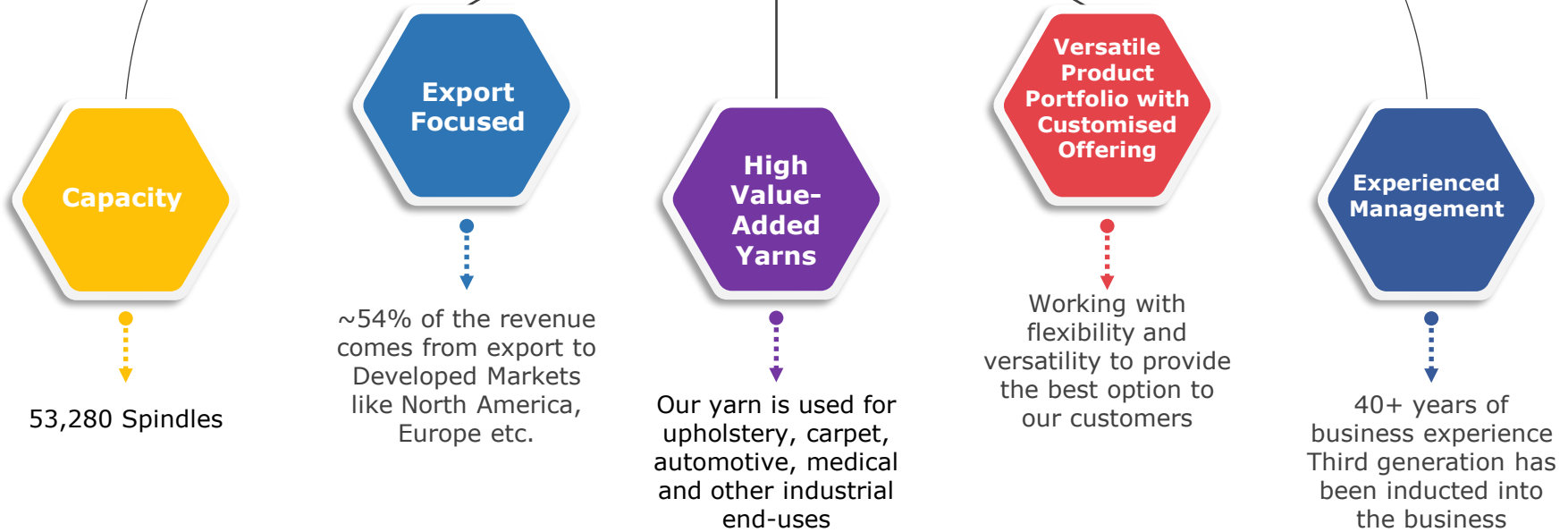
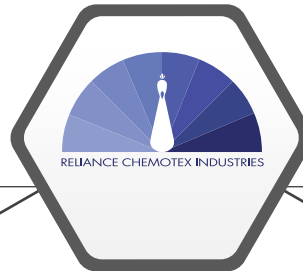


# Business Overview



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# A Leading Synthetic Yarn Manufacturer



RCIL's growth has been strategically built upon creative product development, a highly flexible and consumer-centric marketing approach, a recruiting philosophy that values long-term commitment and perhaps most importantly, an unconditionally strong value system.

# We make the “Yarn of the future”...

## India

Production of man-made fibre has been on an upward trend

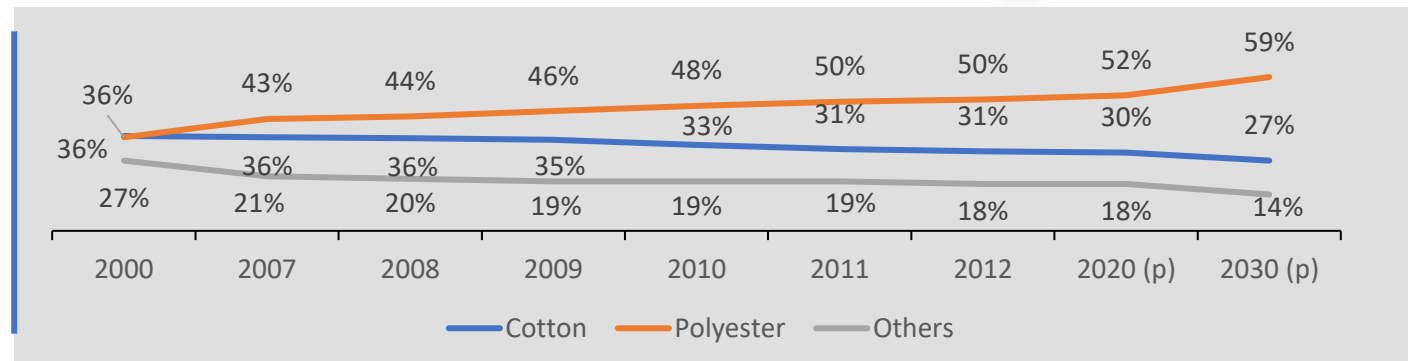
- Production stood at 1.32 million tonnes in FY18 up from 1.07 million tonnes in FY09, a CAGR of 2.4% and reached 1.20 million tonnes during April 2018 –January 2019
- Indian exports MMF textiles to more than 146 countries
  - Turkey, Egypt, Indonesia, Brazil, and Germany are major importers of Indian man-made fibre yarns

High preference of Man Made Fibre

- Flexibility in manufacturing process
- Increasing new age end use (Technical & Medical)
- Higher Raw Material availability

## Global

## Global Fibre Consumption Trend



\* The Indian Textile Journal (Wazir & PCI Analysis), IBEF, TechSci Research, Ministry of Textiles

# ...supported by Key Industry Tailwinds...

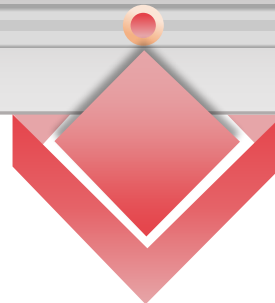
## Regulations

- Benefits continues from Amended TUFS for upgradation and modernization
- Continued Support from Government Schemes like TUFS, PLI and other export benefits



## Make in India

- Increasing thrust and support of Government
- More visibility in global markets by positioning India as a premier option for manufacturing.
- Growing demand for high value added textiles



## Innovation

- Growing acceptance of Synthetics in apparels
- Improvement in processing and manufacturing technology
- Demand growth from newer applications

# ...captured through our Product Centric Approach...

*Strong R&D*



*Close Collaboration with Customers*

*Create*

*Develop*

*Customise*

*Streamline  
Products & Customer's Subsequent Processes*

**Ultimate Product Development & delivery**

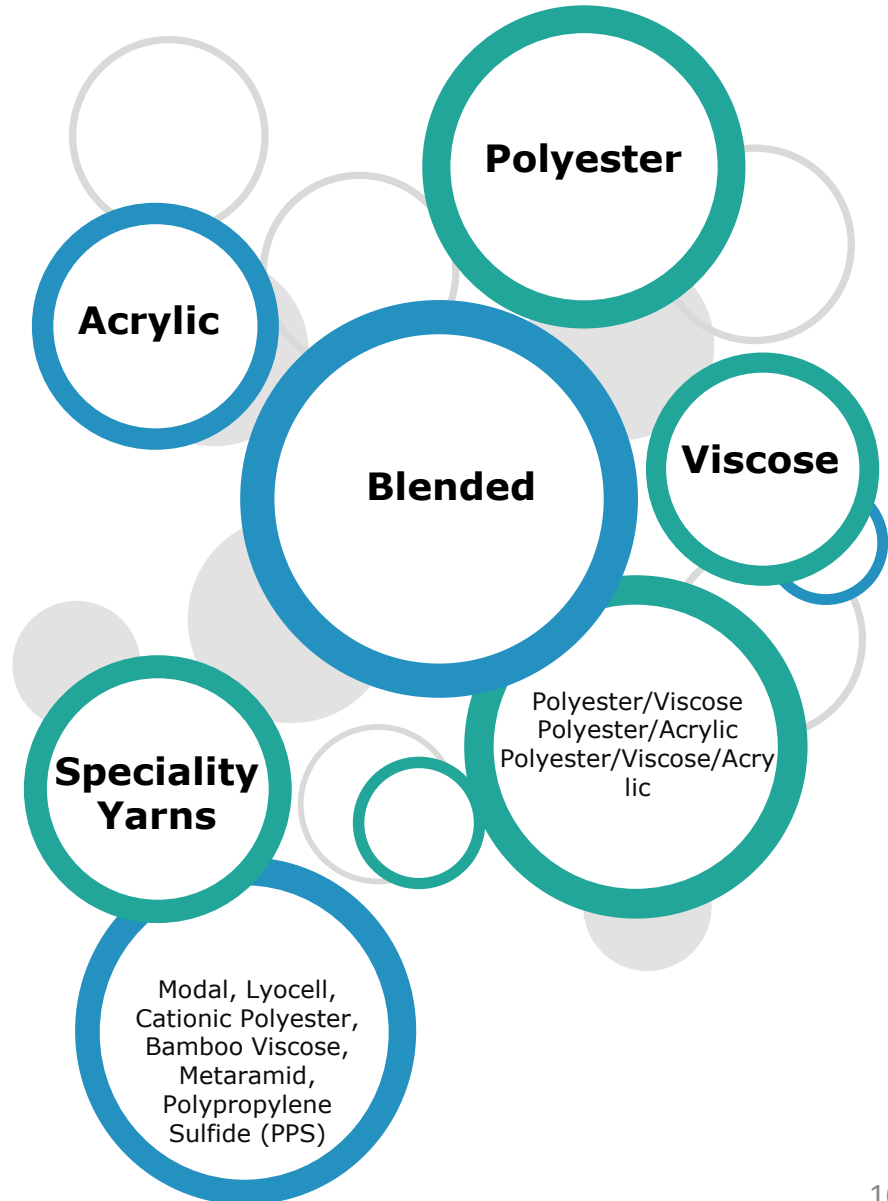
Supported by versatility & flexibility in product development, Production starts after the confirmation of the order





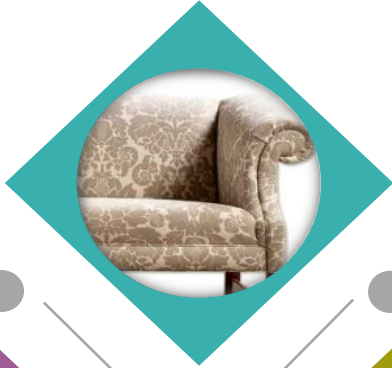
# Our versatile product portfolio...

- Yarns Produced with
  - Raw-white Fibre
  - Dope-dyed Fibre
  - Fibre-dyed Fibre
- Count Range from Ne 6s to Ne 50s
  - In single, double, Multi-ply



# ...caters to High Value Added end use...

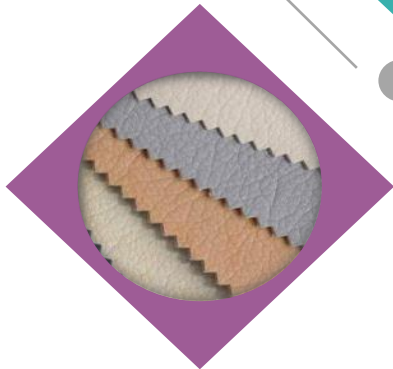
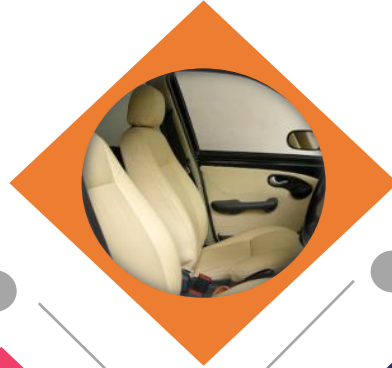
**Upholstery**



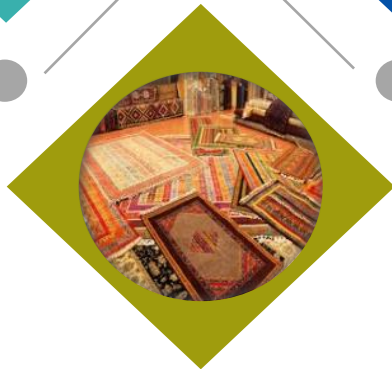
**Sports apparel**



**Automotive**



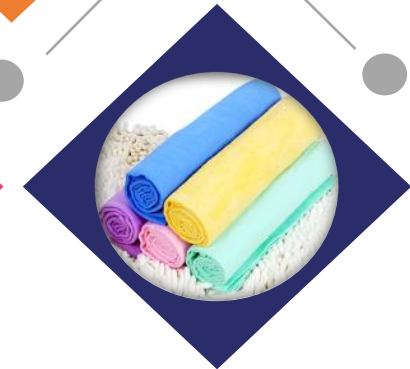
**Artificial Leather**



**Carpet**



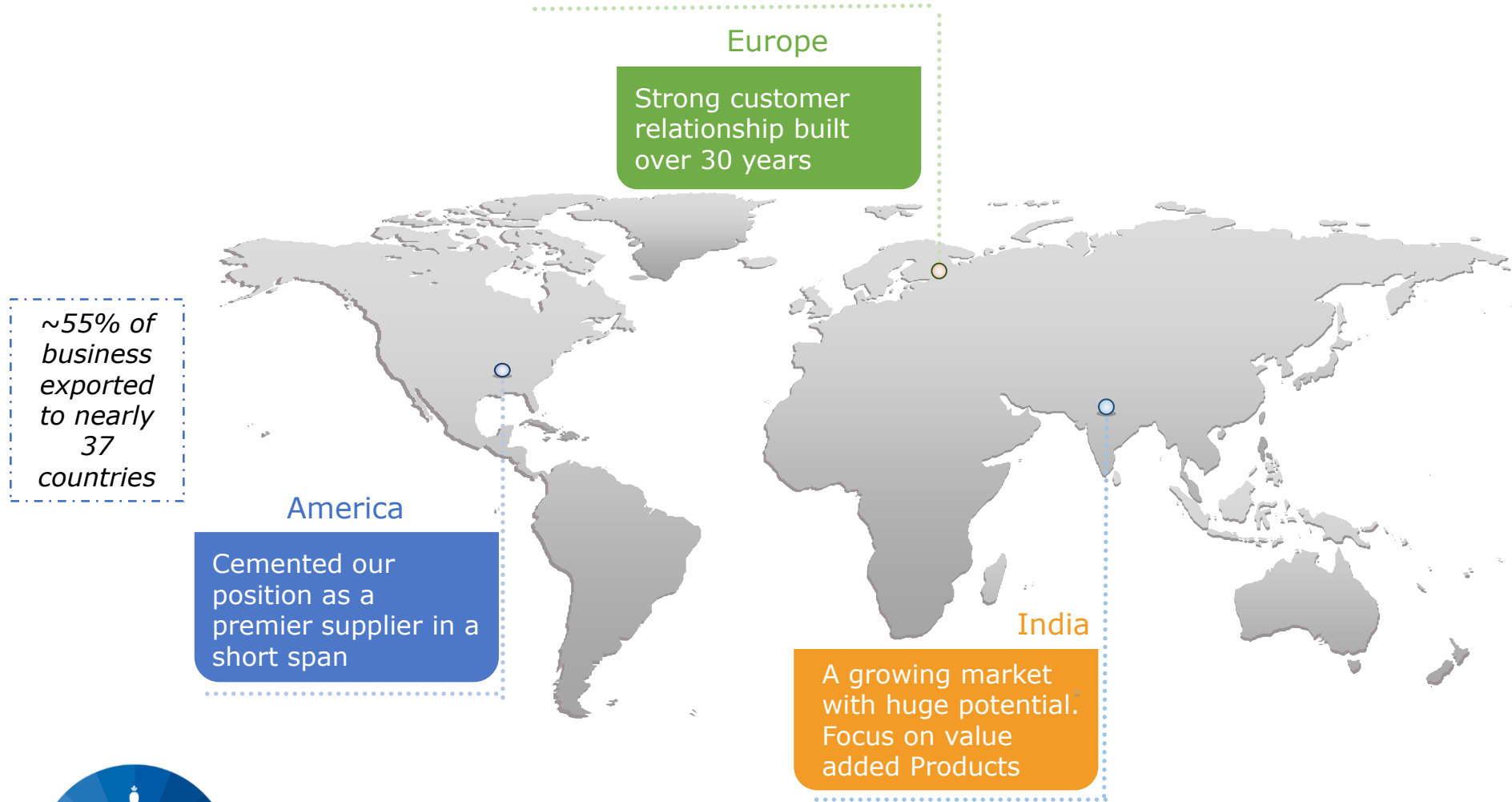
**Medical**



**Towel**



# ...across the most demanding markets



# Our Manufacturing capabilities & Quality Control



## Spinning Facility

Facility based in Udaipur,  
Rajasthan

Capacity of 53,280 spindles



## Dyeing Unit

Fibre Dyeing unit for  
customization as per client  
requirements

Capacity of 12 Tonnes per Day

*"A Zero Discharge Facility"*



## Quality Control

Follow strict Quality Control

Oeko-Tex Standard 100  
certifications

GRS Certified

# ... provides us with Competitive Edge...

01

## Quality

Willingness to embrace change along with Cutting-edge technology and state-of-the-art machinery leads to maintain world-class quality standards

02

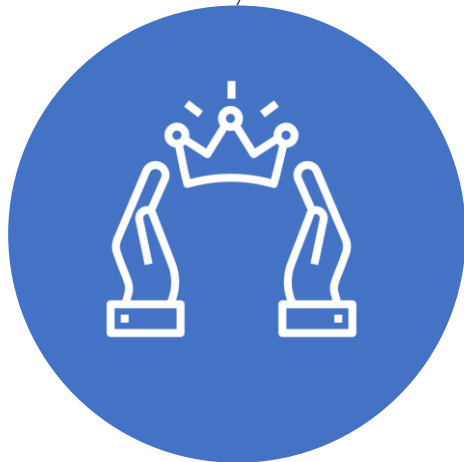
## Consistency

Delivering yarns that are the products of choice in the most demanding applications across an imposing breadth of textile-related industries around the world

03

## Customer Centricity

Relationship with Key Customers of Over 30 years nurtured with Quality, Mutual Learning, Respect & Trust



## ...developed by Experienced Management Team

### **Mr. S. L. Shroff** **Chairman Emeritus**

A first generation entrepreneur started as a stock broker in 1950s and established business interests in textiles in 1960s with export of jute fibre to US

### **Mr. Ameya Shroff** **Executive Director**

A BS & M Eng. from MIT, USA. Joined in 2013, he has revamped the administrative framework with focus on ERP, Inventory Management and store procurement and has been driving value added products sales in the domestic markets

### **Mr. Sanjiv Shroff** **Managing Director**

Bachelor of Science in Chemistry (Honors) from Kolkata University. Has been MD of the company since 1988 and has been associated with industry for last 30 years

### **Mr. Vinay Srivastav** **Plant Head**

Diploma in Textile Technology having 25+ years of experience working as President (Works). Handling operations at Udaipur plant.

### **Mr. Rahul Shroff** **Executive Director**

A BS & M Eng. from MIT, USA. Joined in 2010 and has been instrumental in streamlining the company's manufacturing processes and diversification into industrial and medical textiles

### **Mr. Chandrasekaran Rajagopalan** **Chief Financial Officer**

Chartered Accountant and Company Secretary and he has an experience of 32+ years in various level of Management Positions in Finance, Accounts, Secretarial and Specialized in Financial Restructuring, Raising of Funds for Expansion Projects



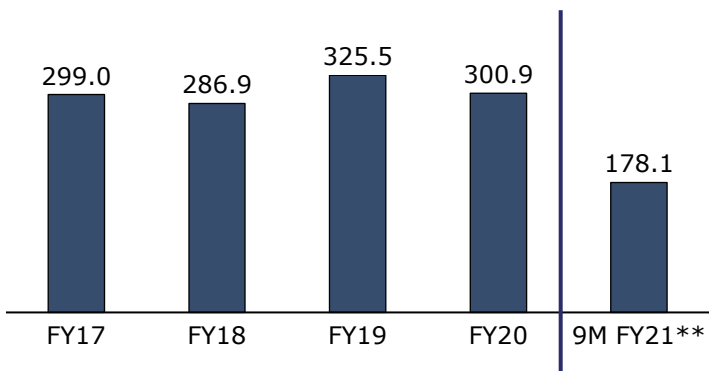
# Financials



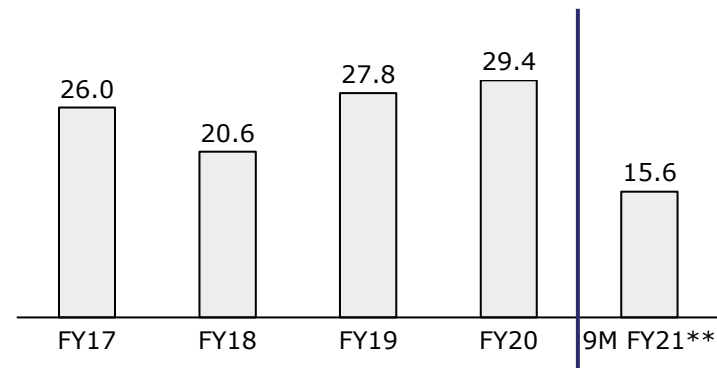
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# Financial Performance

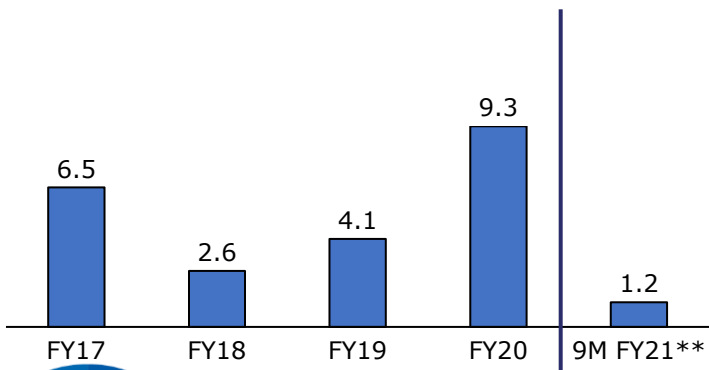
## Total Revenue\* (Rs. Crores)



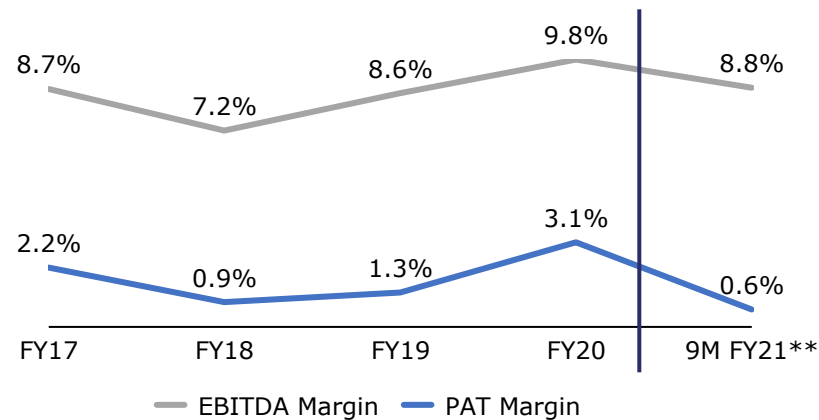
## EBIDTA\* (Rs. Crores)



## PAT (Rs. Crores)



## Margins %



\*Includes Other Income  
 \*\* Q1 FY21 & Q2 FY21 was affected by Pandemic



# Profit & Loss Statement

Particulars (Rs. Crores)	9M FY21*	FY20	FY19	Y-o-Y
<b>Net Revenue</b>	<b>174.30</b>	<b>299.79</b>	<b>323.19</b>	
Other Income	3.78	1.06	2.30	
<b>Total Revenue</b>	<b>178.08</b>	<b>300.85</b>	<b>325.50</b>	<b>-8%</b>
Direct Expenses	87.21	155.87	187.29	
Employee Expenses	29.54	39.38	37.59	
Power & Fuel	21.88	34.37	34.61	
Other Expenses	23.87	41.80	38.20	
<b>EBITDA</b>	<b>15.58</b>	<b>29.43</b>	<b>27.82</b>	<b>6%</b>
<b>EBITDA Margin</b>	<b>8.75%</b>	<b>9.78%</b>	<b>8.55%</b>	<b>+123 bps</b>
Depreciation	5.59	7.34	6.71	
Finance costs	6.92	11.33	13.07	
<b>PBT</b>	<b>3.07</b>	<b>10.76</b>	<b>8.03</b>	<b>34%</b>
Tax	1.92	1.44	3.95	
<b>PAT</b>	<b>1.15</b>	<b>9.32</b>	<b>4.09</b>	<b>128%</b>
<b>PAT Margin</b>	<b>0.65%</b>	<b>3.10%</b>	<b>1.26%</b>	<b>+184 bps</b>
Other Comprehensive Income (net of tax)	0.09	0.13	-0.04	
<b>Total Comprehensive Income for the Period</b>	<b>1.24</b>	<b>9.45</b>	<b>4.05</b>	<b>134%</b>



\* Q1 FY21 & Q2 FY21 was affected by Pandemic

# Balance Sheet

ASSETS (Rs. Crores)	Sep-20	Mar-20	Mar-19
<b>Non-Current Assets</b>	<b>151.96</b>	<b>151.83</b>	<b>143.29</b>
Property, plant and equipment	107.31	101.19	137.32
Investment – Property	2.09	2.11	2.14
Other intangible assets	0.06	0.06	0.1
Right of use assets	37.99	38.69	0
<b>Financial assets</b>			
Loan (Deposit)	4.51	4.42	3.42
Other financial assets	0	5.36	0.31
<b>Current Assets</b>	<b>90.71</b>	<b>75.62</b>	<b>74.78</b>
Inventories	35.05	35.05	37.88
<b>Financial assets</b>			
Trade receivables	10.95	13.27	17.52
Cash and cash equivalents	0.12	0.77	0.13
Bank balances	18.42	4.27	3.96
Other financial assets	4.53	6.67	7.00
Current Tax Assets (Net)	0.95	0.91	0.73
Other current assets	20.69	14.68	7.56
<b>TOTAL ASSETS</b>	<b>242.67</b>	<b>227.45</b>	<b>218.07</b>

EQUITY & LIABILITIES (Rs. Crores)	Sep-20	Mar-20	Mar-19
<b>Shareholders Fund</b>	<b>96.05</b>	<b>98.13</b>	<b>66.89</b>
Share Capital	7.56	7.56	4.00
Other Equity	88.49	90.57	62.89
<b>Non-Current Liabilities</b>	<b>52.5</b>	<b>48.98</b>	<b>70.87</b>
Financial liabilities			
Borrowings	32.39	28.54	50.32
Other financial liabilities	0.71	1.08	0.08
Provisions	0.62	0.62	0.72
Deferred tax liabilities (net)	18.78	18.74	19.75
<b>Current Liabilities</b>	<b>94.12</b>	<b>80.34</b>	<b>80.31</b>
Financial liabilities			
Borrowings	19.23	21.32	23.52
Trade payables	46.74	38.37	35.88
Other financial liabilities	20.55	15.74	17.47
Other current liabilities	6.69	4.14	2.60
Provisions	0.91	0.77	0.84
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>242.67</b>	<b>227.45</b>	<b>218.07</b>

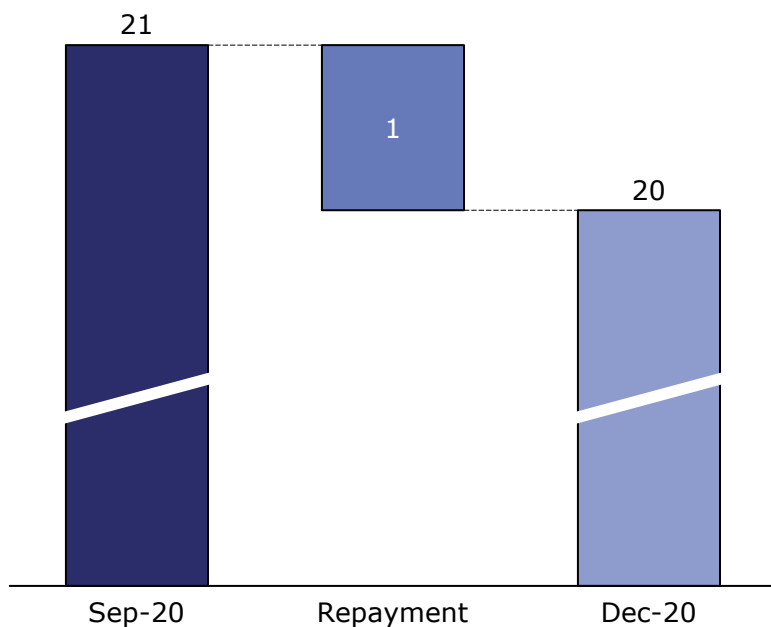


# Cash Flow Statement

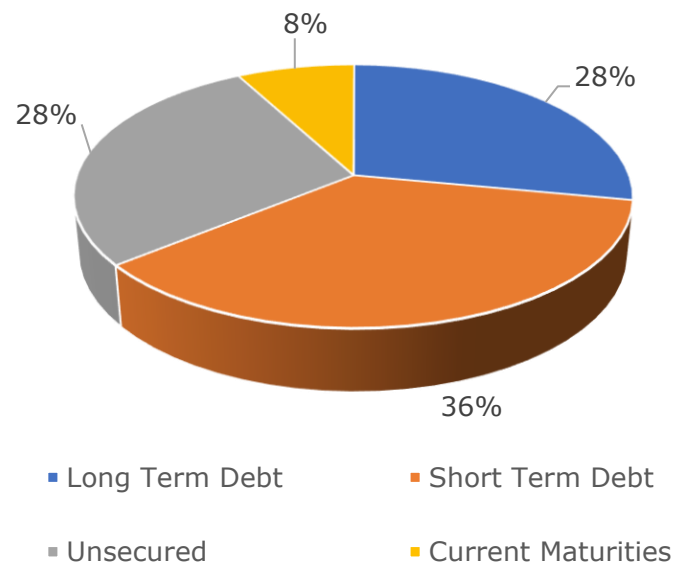
Cash Flow Statement (Rs. Crore)	H1 FY21	FY20	FY19
<b>Net Profit Before Tax</b>	<b>-1.37</b>	<b>10.77</b>	<b>8.04</b>
Adjustments for: Non-Cash Items / Other Financial Items	<b>7.34</b>	-17.99	-19.50
<b>Operating profit before working capital changes</b>	<b>5.97</b>	<b>28.77</b>	<b>27.54</b>
Changes in working capital	<b>19.83</b>	-5.10	-0.67
<b>Cash generated from Operations</b>	<b>25.80</b>	<b>23.66</b>	<b>26.87</b>
Direct taxes paid (net of refund)	<b>0.00</b>	-2.11	1.06
<b>Net Cash from Operating Activities</b>	<b>25.80</b>	<b>21.56</b>	<b>25.81</b>
<b>Net Cash from Investing Activities</b>	<b>-22.54</b>	<b>-7.54</b>	<b>-0.24</b>
<b>Net Cash from Financing Activities</b>	<b>-3.91</b>	<b>-13.37</b>	<b>-25.67</b>
<b>Net Decrease in Cash and Cash equivalents</b>	<b>-0.65</b>	<b>0.64</b>	<b>-0.10</b>
Add: Cash & Cash equivalents at the beginning of the period	0.77	0.13	0.23
<b>Cash &amp; Cash equivalents at the end of the period</b>	<b>0.12</b>	<b>0.77</b>	<b>0.13</b>

# Debt Profile

## Long Term Debt Movement^



## Gross Debt Break-up (Rs. 55 Crores\*)



**Net cash of Rs. 5.13 crores after adjusting for Long-Term Debt as on December 31, 2020**

^ Includes Current Maturities of Long-Term Borrowings and excludes Preference Shares and unsecured loans

\* Includes Current Maturities of Long-Term Borrowings



# Key Takeaways

01

## **Growth Momentum to continue**

- *Based on the current customer demand and orders on hand, the growth outlook continues to be robust over next few quarters*

02

## **Expansion and Modernization Plan**

- *Current Expansion and Modernization plan will result in lowering of operating cost as well as provide manufacturing flexibility thereby improving profitability in coming quarters*

03

## **Installation of Solar Panel to reduce electricity cost**

- *Insulate Company from fluctuations in Industrial Power Tariff Rates to a certain extent*
- *Enable the Company to generate power at lower rate leading to substantial savings in power cost*

04

## **Technical Textile Yarns**

- *Technical Textile Yarns will further diversify value added product portfolio*
- *Will be able to utilize existing manufacturing facility without any major capex*
- *Critical partnerships in place with Raw Material suppliers in the protected technical textile value chain*



# Thank You.

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## **For further information, please contact:**

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