



Bodal Chemicals Ltd.
COLOURS. INTEGRATION. INNOVATION.

Investor Presentation

Aug- 2018



Forward Looking Statements

This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Bodal Chemicals’ future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Bodal Chemicals undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.



Executive Summary

- Bodal was incorporated in 1989 by Mr. Suresh Patel, a first generation entrepreneur
- Bodal is today one of the globally leading, integrated Dyestuff companies from India
- The Company's FY2018 Consolidated Financials are:
 - Net Revenue : Rs. 11,517 million
 - EBITDA : Rs. 2,039 million
 - PAT : Rs. 1,219 million
 - ROCE : 26.4%
 - RONW : 17.4%
 - D/E : 0.2
- Over the past 10 years, Bodal's business has expanded rapidly:
 - Revenues : 2.8 x
 - EBITDA : 4.9 x
 - PAT : 7.0 x
- Market capitalization is Rs. 15.91 billion (13-08-18). Promoters own 55.68%

Bodal Chemicals: A globally competitive Dyestuff company.

Dyestuff Industry Overview

16%

India's share in global Dyestuffs production

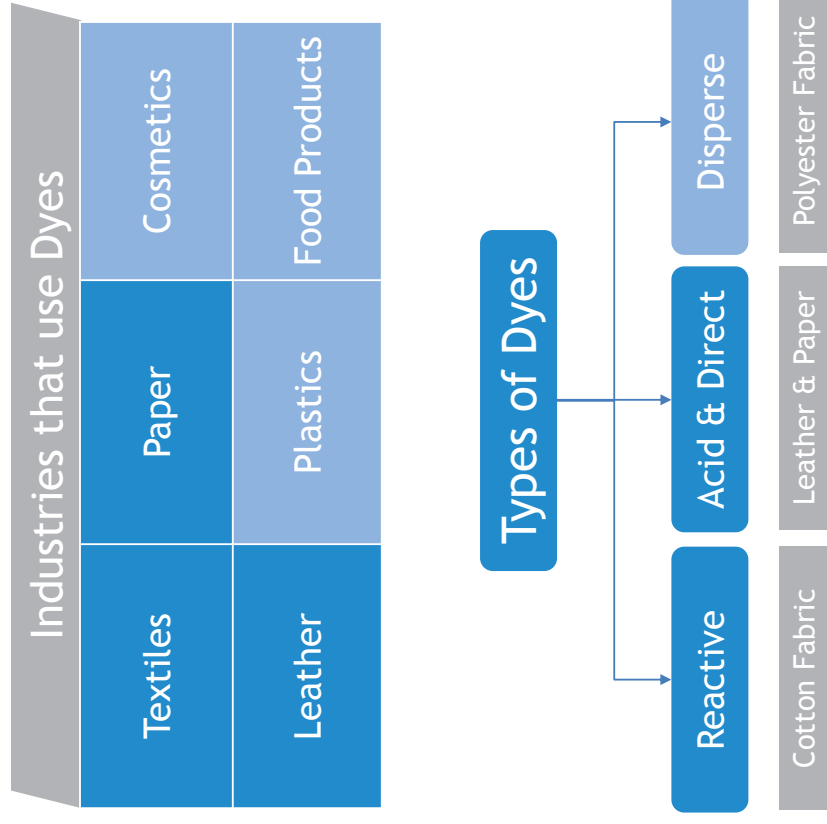
85%

Gujarat and Maharashtra's share in Indian Dyestuff production

50%

Organized sector's share in Indian Dyestuff production

Source: IBEF January 2016; Industry



Bodal present in right geography. Most integrated Dyestuff company.

The China factor

- China dominant position declining.
- Indian profitability independent of china crises - inequality of opportunity removed.
- Chinese's cost up- government not allow environmental dumping.
- India fares better on global environmental standard than china.



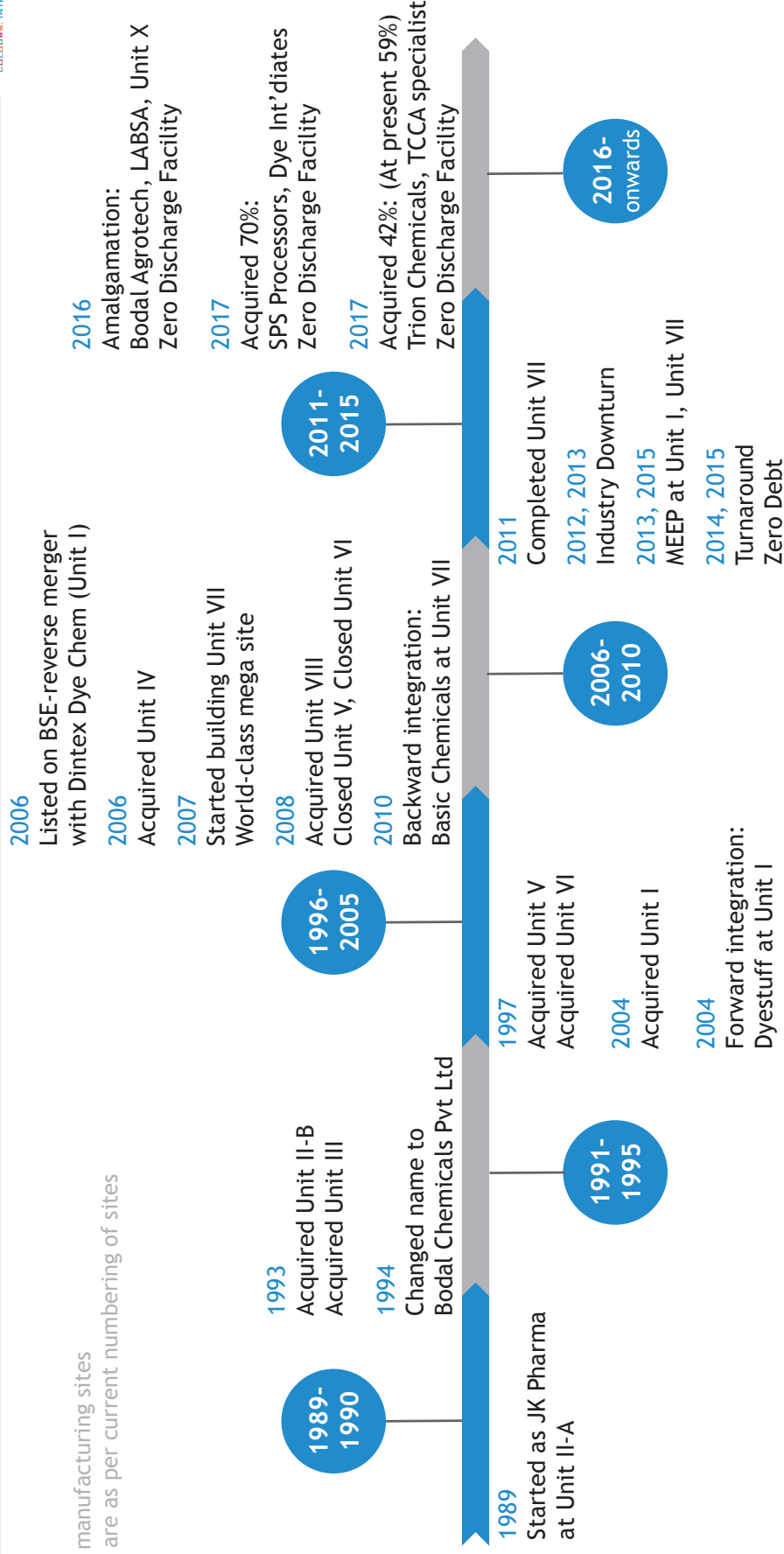
China's 'green' issues boost India's FY18 chemical Exports

Bodal- Milestones

Notes:

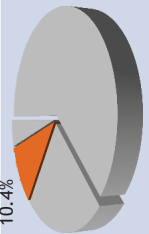
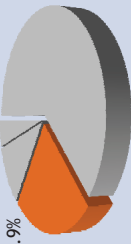
Units are manufacturing sites

Unit Nos. are as per current numbering of sites



Bodal has built over 28 years with a healthy mix of organic + inorganic growth

Manufacturing Capacities

	Contribution (% of Revenue)	Annual Capacity	Highlights
Basic Chemicals	 10.4%	190,000 MT	- Captive Power Plant and Steam generation - Centrally located, latest upgraded manufacturing facilities
Dye Intermediates	 53.1%	* 33,000 MT	- Advance technology MEEP for effluent treatment with capacity of 5 lakhs liters/day - Produces about 25 variants
Dyestuff	 31.9%	39,000 MT	- Captive Ice Plant of 500 MTs/day , - Produces about 175 variants - Permission for treated effluent disposal of 1 million liters/day - Brine treatment plant - an advance technology in our industry

Notes:

- In addition to above , following capacities will be on stream ,
 - Bodal Thionyl Chloride 36,000 MTPA
 - SPS Vinyl Sulphone 6,000 MTPA
- Dyestuff capacity 29,000 MTPA in powder & 10,000 MTPA in liquid

Bodal is keenly investing for sustained growth

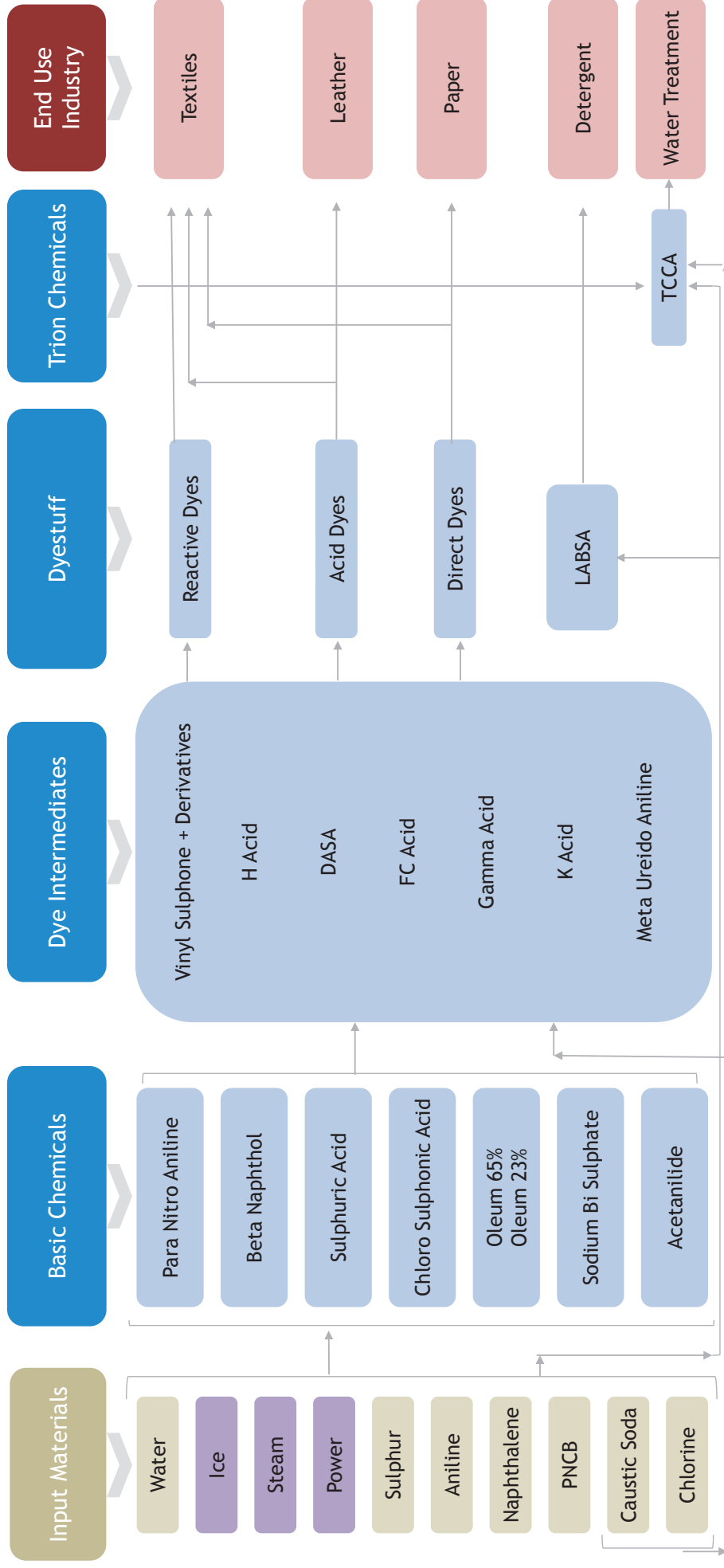
Unique Business Model

Input Materials - part/full in-house

Input Materials - external

Bodal Chemicals Products

End use industries



Basic Chemicals and Dye Intermediates in-house use is about 45% and 40% respectively

Regulated Environment - India's Evolution

1
Little or No
Government
Regulation

- Rapidly increasing industry sales
- High and rising margins
- Lack of awareness about environmental impact

2
Growing
Awareness About
Environmental
Impact

- Pressure to minimize impact on environment
- Government plans to implement regulations
- Sales and margins start to peak

3
Government
Implements
Regulations

- Some businesses shut down; others suspend operations
- Supply shock
- High investment to setup environmental infrastructure for compliance
- Margins impacted substantially

4
Industry
Complies with
Regulations;
Starts to
Stabilize

- Large businesses restore operations with required environmental infrastructure
- Sales start to increase
- Margins - post effluent treatment cost - begin to improve

India

5
Industry Grows;
Major Players
Gain Market
Share

- Much of the supply is restored with bigger players holding a majority of market share
- Sales and exports increase
- Margins stabilize

Bodal meets highest compliance standards

Customer Relationships

Domestic Customers



International Customers



OHYOUNG



Unidye S.A.

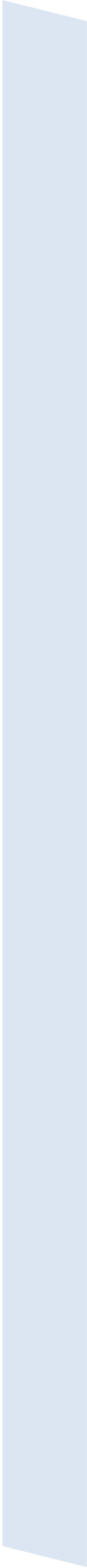


Hubei Color Root
Technology Company



Relationships with top Domestic and International Customers





• Consistent Growth



Sustainable Performance

Q1FY 2018-19 - Highlights

Operational Highlights

- Increase in production volume of, Dyes Intermediates by 21%, from 5,129 MT to 6,217 MT ,Dyestuff by 11% , from 3,920 MT to 4,358 MT and Basic chemicals by 7%, from 46,933 MT to 50,488 MT
- Exports up by 86%, from Rs. 811 Million to Rs. 1,513 Million
- Dyestuff new capacity expansion has started contributing.

Financial Highlights

- Total Income of Rs. 3,556 million vs Rs. 2,745 million, up by 30%
- EBITDA * of Rs. 695 million vs 509 million, up by 36%
- EBITDA * margin at 19.7% vs 18.7%, grew by 100bps
- PBT of Rs.595 million vs Rs. 479 million, up by 24%
- PAT of Rs. 392 million vs. Rs. 311 million , up by 26% and PAT stand at 11%

Robust performance



Q1FY 2018-19 Financial -Standalone basis

Particulars	(Rs. million)		
	Q1FY19	Q1FY18	YoY (%)
Revenue from operations (Net of Excise duty)	3,529.76	2,719.84	30%
Other income	26.71	25.08	7%
Total Income (Net of Excise duty)	3,556.47	2,744.92	30%
Total Expense before Foreign Exchange (Gain)/Loss (Net)	2,834.78	2,210.35	28%
Foreign Exchange (Gain)/Loss (Net)	68.03	(22.77)	
Earnings before Interest, Tax and Depreciation	653.66	557.34	17%
Finance costs	16.19	17.09	-5%
Depreciation and amortisation expense	42.14	61.38	-31%
Profit before tax	595.33	478.87	24%
Tax expense	201.43	167.37	20%
Profit (Loss) for the period from continuing operations	393.90	311.50	26%
Items that will not be reclassified to profit or loss (net c	(1.97)	-	
Total Comprehensive Income for the period	391.93	311.50	26%
Paid-up Equity share capital (Face value of Rs. 2 per	244	218	12%
EPS (Rs./ Share) (not annualised)	3.21	2.85	13%

Growth in Total income by 30% and PAT by 26%



Operating Margin :

EBITDA- Operational

Particulars	Q1FY19	Q1FY18
Revenue from operations (Net of Excise duty)	3,530	2,720
EBITDA as published	654	557
Less: Other Income	(27)	(25)
Add/Less: Foreign Exchange (Gain)/Loss Net	68	(23)
EBITDA -Operational	695	509
EBDITA -operational Margin (%) to Revenue from operation	19.7%	18.7%

EBITDA -operation increased by 36% and margin grew by 100bps



Leverage Profile

Particulars (Rs. Million)	30-Jun-18	31-Mar-18
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Short Term Borrowings	305	840
Long Term Borrowings	7	8
Total Debt	312	848
Less: Cash & Cash Equivalents	483	186
Net Debt / (Net Cash)	(171)	662
Reduction in Debt	833	

Net Worth	7,416	7,020
EBITDA	2,780	2,085

Credit Ratings

Bank Facilities	CARE	India Rating
Long Term Bank Facilities	A (Positive Outlook)	A+
Short Term Bank Facilities	A1	A1+

Notes: *To calculate Net Debt/EBITDA, the EBITDA is annualized, EBITDA after excluding Other Income & Foreign Exchange (Gain)/Loss (Net)

Net Debt / Equity (x)

0.1 x

0 x

Jun-18

Mar-18

Net Debt / EBITDA * (x)

0.3 x

0 x

Jun-18

Mar-18

Net Debt to Equity & Net Debt to EBITDA are below Zero

Capacity utilization Metric Tons (MT) - (Standalone)

Capacity utilization - Q1FY 2018-19 Metric Tons (MT) for the Quarter

Particulars	Dyestuff	Dyes Intermediates Metric Tons (MT)	Basic Chemicals
Installed Capacity	29,000	30,000	190,000
Quarterly Capacity	7,250	7,500	47,500
Production	4,358	6,217	50,448
Utilization %	60.10%	82.90%	106.20%

Note: Quarterly Production Capacity is calculated for three months on the basis of full year installed capacity

Capacity utilization - FY2017-18 Metric Tons (MT) for full year

Particulars	Dyestuff	Dyes Intermediates Metric Tons (MT)	Basic Chemicals
Installed Capacity	17,000*	30,000	190,000
Production	15,412	22,344	179,544
Utilization %	90.70%	74.50%	94.50%

*Note: Additional capacity of 12,000 was added in the month of March, production is not considered for that capacity

Effective utilisation of capacity



Production - Metric Tons (MT) (Standalone)

Q1FY2018-19 Production-Metric Tons (MT)

Production MT	Q1FY19	Q1FY18	YoY (Growth)
Dyestuff	4,358	3920	11%
Dyes Intermediates	6,217	5129	21%
Basic Chemicals	50,448	46933	7%

FY 2017-18 Production - Metric Tons (MT)

Production MT	FY 17-18	FY 16-17	YoY (Growth)
Dyestuff	15,412	12,503	23%
Dyes Intermediates	22,344	23,100	-3%
Basic Chemicals	179,544	188,767	-5%

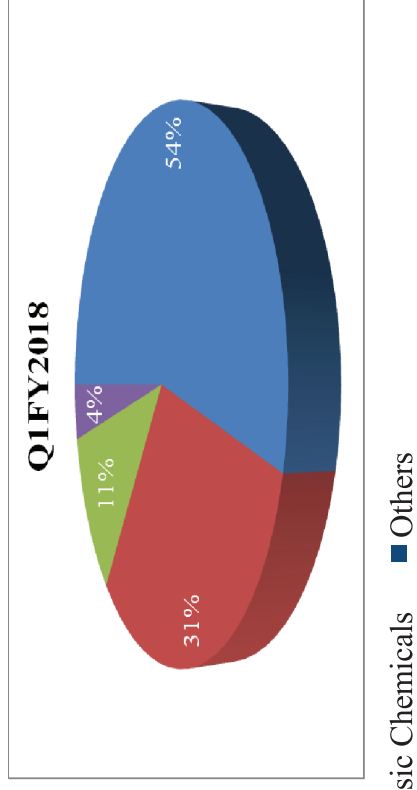
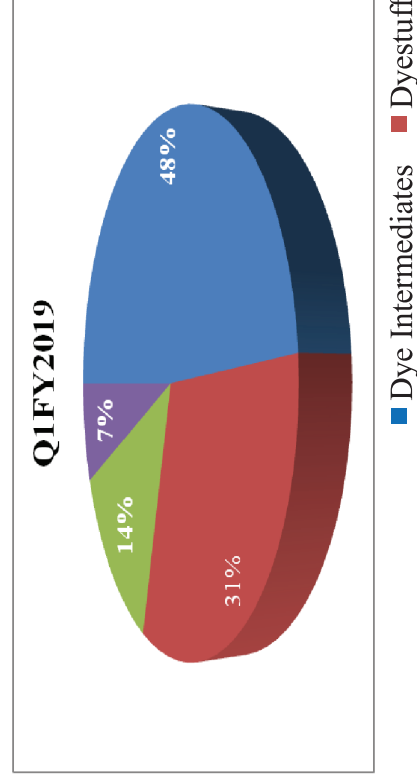
Growth in production volume in all sub- segment



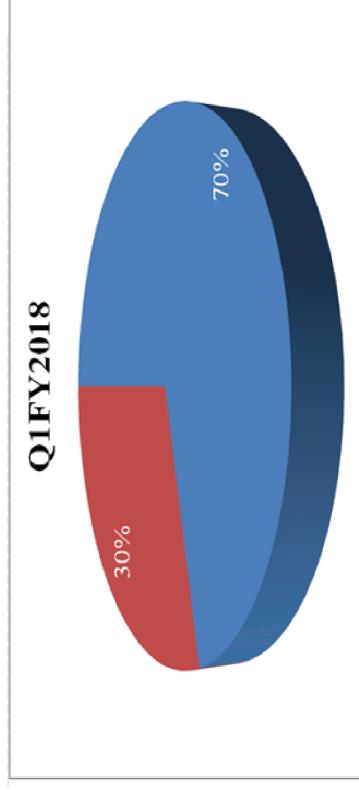
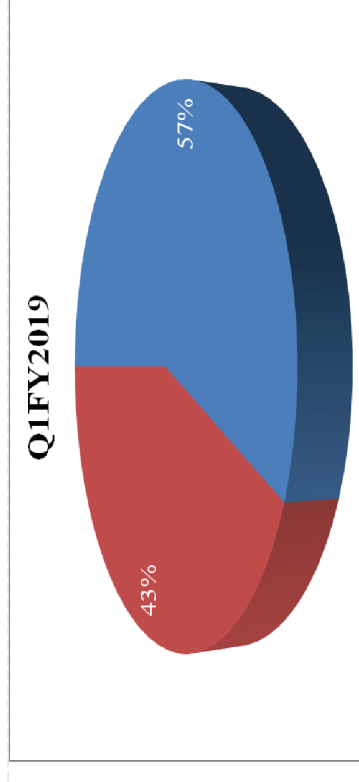
Q1FY2018-19 Sale of products – by sub-segment and geography

Break-up

By Sub-Segment



By Geography



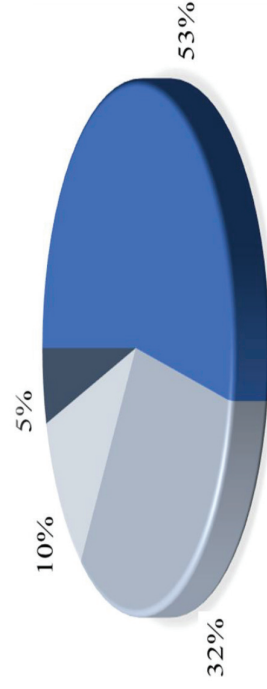
Note: Sale of products are net of excise duty & GST and exclude operating other income

FY 2017-18 Sale of products – by sub-segment and geography

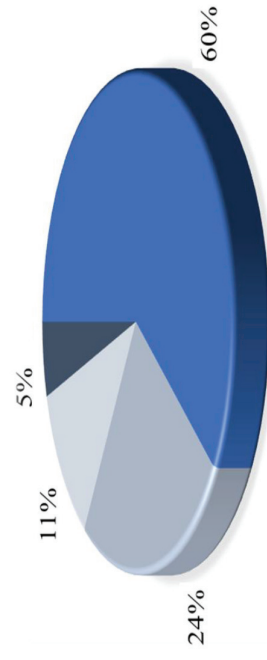
Break-up

By Sub-Segment

FY 2018



FY 2017



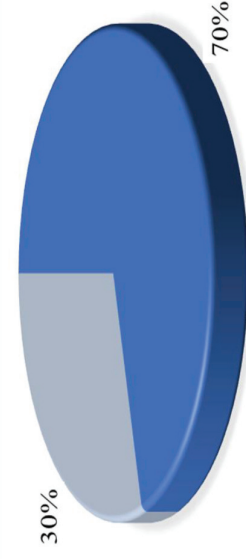
■ Dye Intermediates ■ Dyestuff ■ Others ■ Basic Chemicals

By Geography

FY 2018



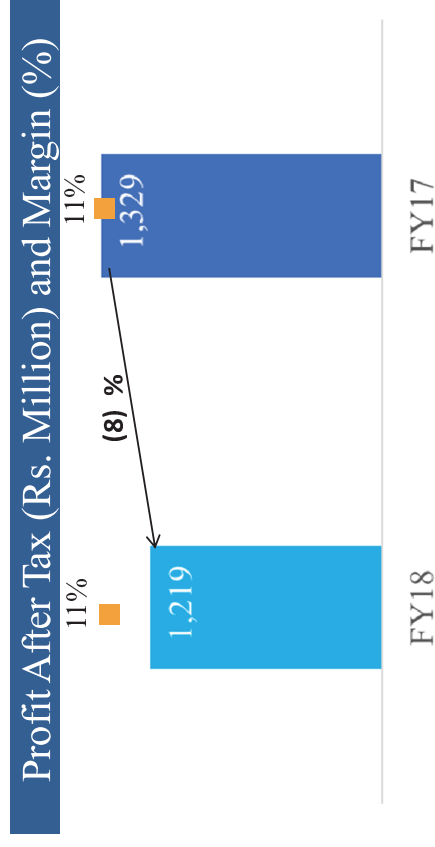
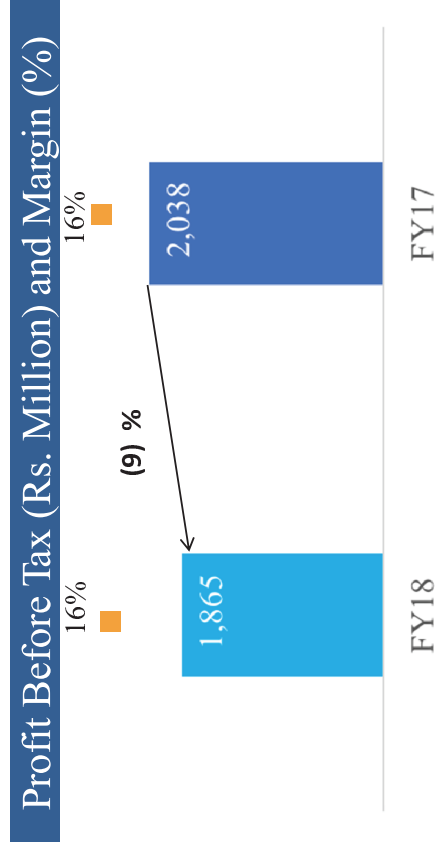
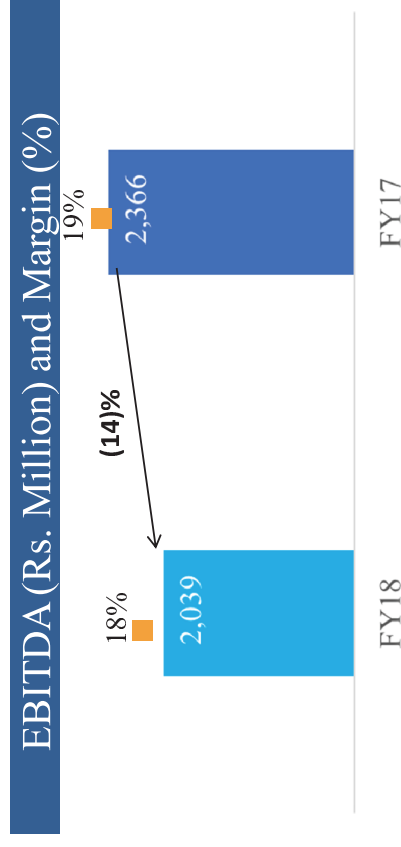
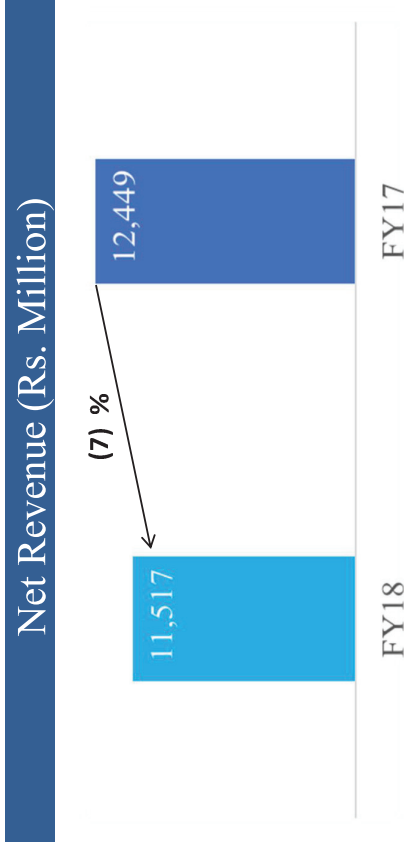
FY 2017



■ Domestic ■ Exports

Note: Sale of products are net of excise duty & GST and exclude operating other income

FY-2017-18 - Financial comparison - Standalone

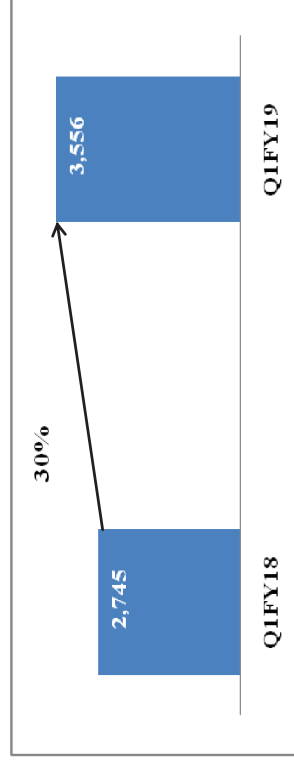


Higher EBITDA margin maintained, revenue de-growth from crude prices & currency

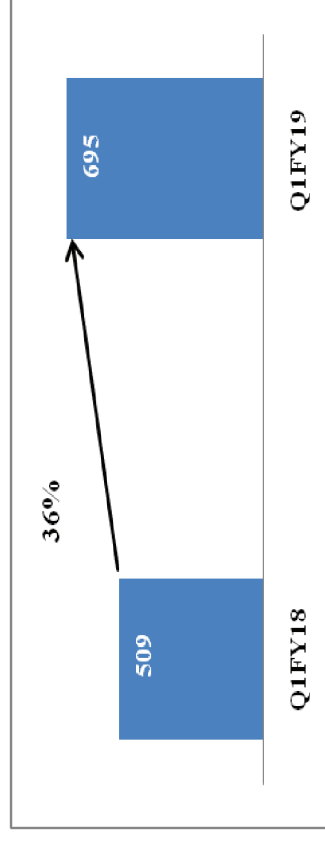


Q1FY2018-19- Financial comparison - Standalone

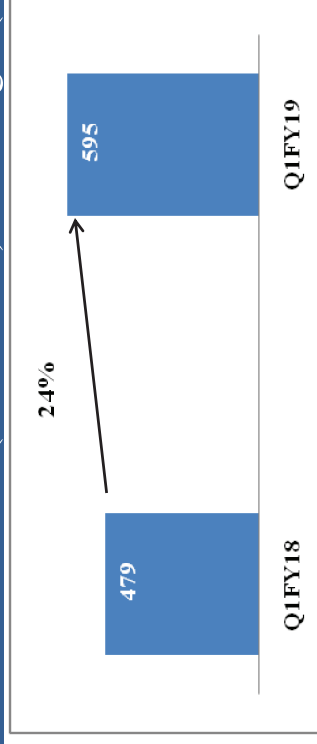
Net Revenue (Rs. Million)



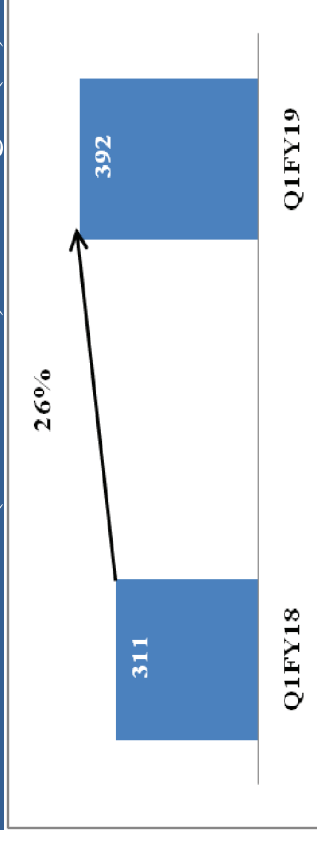
EBITDA* (Rs. Million) and Margin (%)



Profit Before Tax (Rs. Million) and Margin (%)



Profit After Tax (Rs. Million) and Margin (%)



Note: Margins are calculated on Total Income (Net of Excise) , * EBITDA after excluding Other Income & Foreign Exchange (Gain)/Loss (Net)

All round excellent growth



Outlook for FY 18-20

We expect positive revenue and profit growth in FY 2018-19. The key drivers for Revenue growth will be:

- Trion and SPS will start generating cash and add to profits during the year
- As part of the expansion plan, the company continues to expand the Dyestuff business. Capacity is already being expanded by 12,000 MTPA
- Thionyl chloride (TC) sits very interestingly between Sulphuric Acid and Vinyl Sulphone. Therefore, TC is a forward + backward integration project. Bodal is building a TC Plant of 36,000 MTPA at Unit VII. SO₃ from Sulphuric Acid Plant will be used to make TC. Then, TC will be used to make Vinyl Sulphone. About 30% TC will be used in-house. Bodal will benefit from scale, low inventory, quality supply and no logistics cost. Balance 70% TC will be sold to Chemical, Pharma and Agro industries in the vicinity. Presently, there are only three major TC producers. This project will start contributing from this year
- Upgrade existing major Utility facilities at Unit VII. With a Cogeneration Power Plant, Bodal will achieve substantial saving in energy cost. The project will generate Power of 5MW along with Steam. It will also enable uninterrupted production

Bodal is keenly investing for sustained high growth over next 3 years



Outlook for FY 18-20 (contd.)

- SPS Processors: New Vinyl Sulphone Plant of 6,000 MTPA will start production. New Vinyl Sulphone Plant of 6,000 MTPA. By producing both H Acid and Vinyl Sulphone, SPS will utilize effluents of the two Plants into each other's production respectively. This will generate additional revenue and reduce cost of managing effluent
- Existing businesses will yield higher margins due to better pricing in domestic and exports. Also, from Q1FY2018-19, the raw material prices have started stabilizing to some extent. The dollar is becoming stronger again which may lead to better profitability

Bodal is keenly investing for sustained high growth over next 3 years



CSR Initiatives

- Bodal seeks to be a responsible corporate citizen. It works through Trusts and YUVA – a renowned NGO
- Bodal's focus area is enhancement of rural infrastructure and healthcare
 - Providing funds for construction for drinking water pipelines
 - Conducting regular health check-up camps
- Bodal also promotes sports, with contributions to
 - Sports Council of the Deaf Basketball Club
 - Promoting individual talent to represent the country in sporting events
- Bodal's CSR contribution was Rs. 31.1 million in FY2018

Bodal's areas of work are rural infra & healthcare and sports

Thank you

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