



Coming out with
flying colours



Bodal Chemicals Ltd.
COLOURS. INTEGRATION. INNOVATION.

Investor Presentation
March 2017

Global Leadership Position



Competitive Advantages



Financial Discipline



Strong Growth Engine



Formula for Success

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The Dyestuff Industry

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Safety, Health & Environment

Bodal Chemicals - Success story in the making

About The Dyestuff Industry

Where are Dyes Used

Textiles	Leather	Paper
Food Products	Cosmetics	Plastics

16%

India's share in the global Dyestuff production

50%

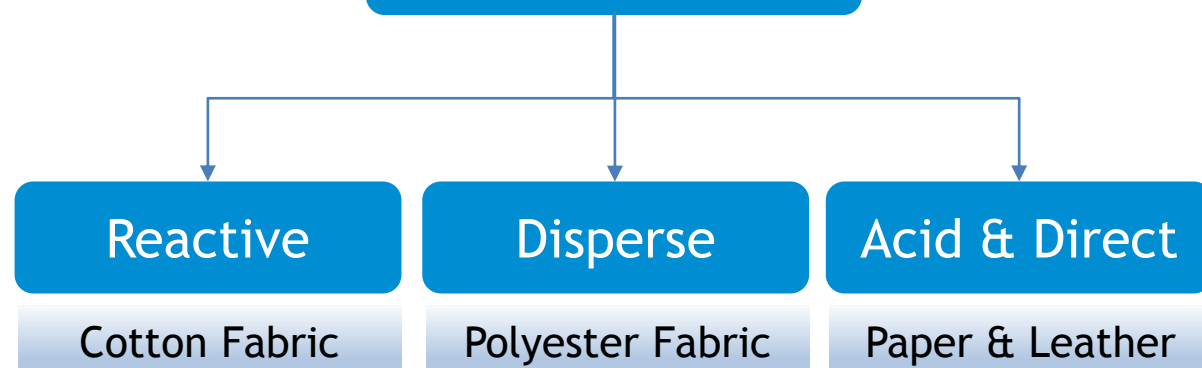
Organized sector's share in Indian Dyestuff production

85%

Gujarat and Maharashtra's share in Indian Dyestuff production

Source: IBEF January 2016; Industry

Types of Dyes

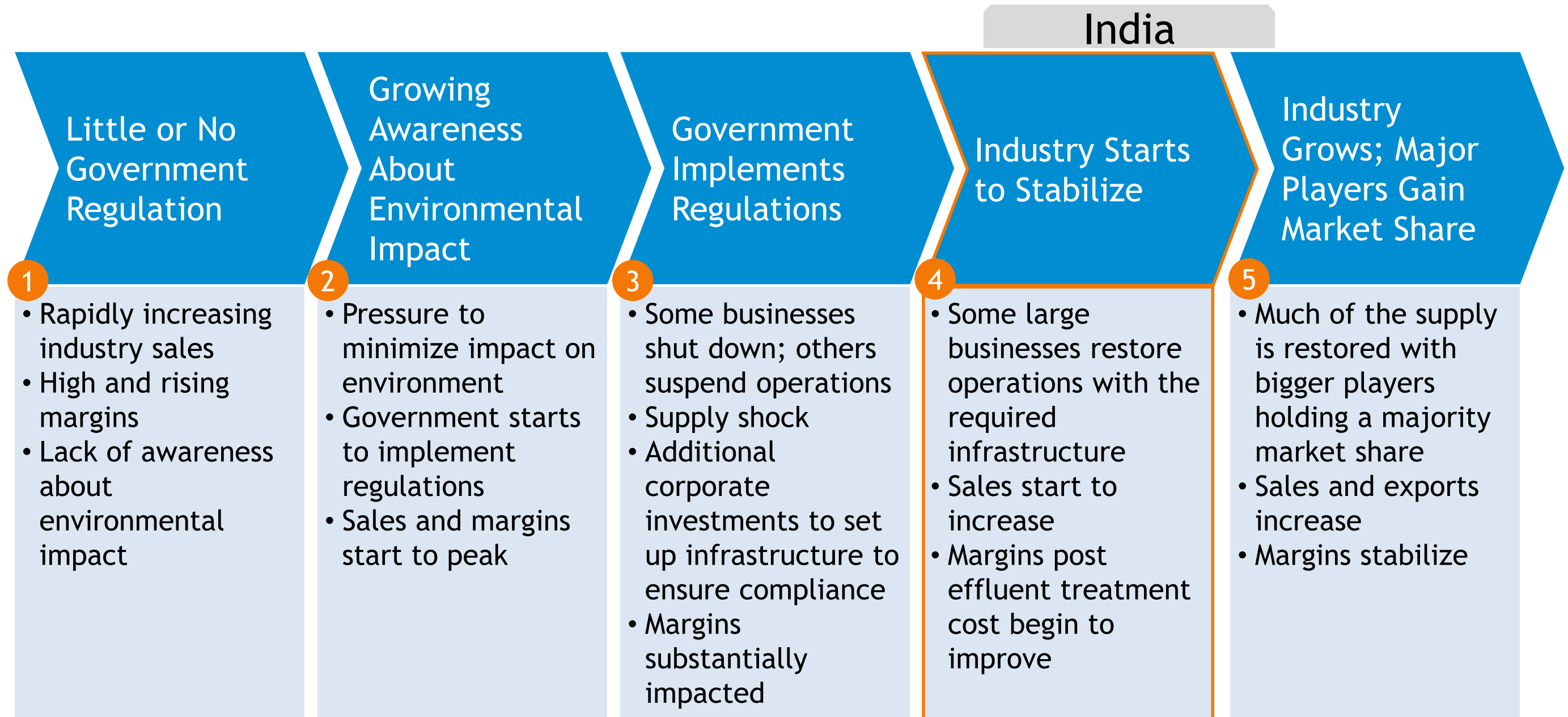


Certain recent developments in China have presented a substantial opportunity to the large and organized Indian manufacturers of Dye Intermediates and Dyestuff

Bodal Chemicals, one of the largest and most integrated Dyestuff manufacturer in India is poised to fill the gap

Growing demand for consumer goods bodes well for the Indian Dyestuff industry

Dyestuff Industry Cycle in the Indian Context



The Indian Dyestuff industry is well placed for long term sustainable growth

The China Situation

- Stricter environmental regulations for chemical companies in China today
- Largest manufacturer in China and globally was asked to shut operations recently due to non-compliance, presenting a substantial opportunity to Indian suppliers, especially large integrated manufacturers such as Bodal Chemicals
- Effluent treatment mechanism a pre-requisite to carry on business and to receive export incentive; this has substantially increased the manufacturing cost for Chinese firms and eradicated the low cost advantage
- Full scale environmental compliance will be difficult for Chinese firms, lowering the possibility of supply at full capacity levels. At partial utilization, their cost advantage would be eroded further
- The magnitude of export incentive in China has also reduced, lowering the differential between selling prices offered by Indian and Chinese manufacturers
- Possibility of new facilities coming up is limited considering strict environmental norms and reduced margins

The World is looking at India to fulfill its Dye Intermediates and Dyestuff demand

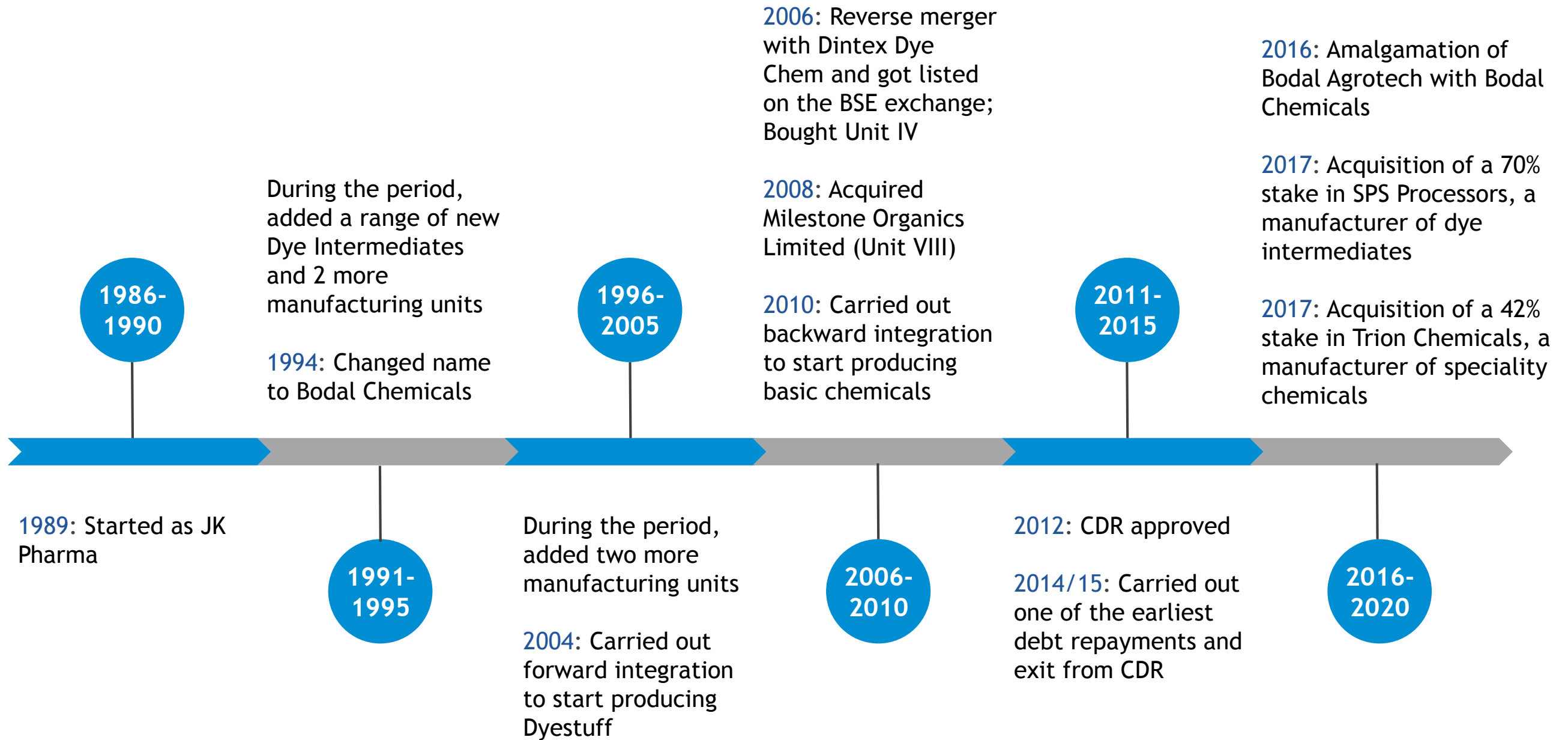
Metric	Phase	India	Key Competitor	Change in India's Relative Competitive Position
Export Incentive	Then	4-6%	14-15%	
	Now	3-4%	3-4%	
Relative Labor Cost (Rs / month.)	Then	8-10K	8-12k	
	Now	10-12k	20-30k	
Relative Unit Cost of Electricity (Rs.)	Then	3-5	2-3	
	Now	6-8	6-8	
Effluent Treatment Cost	Government regulations in China have made effluent treatment mandatory which has substantially increased the manufacturing cost for Chinese firms and eradicated the low cost advantage of the past			

Notes:

1. Ranges are approximate and as per management team's best estimates
2. Blended effluent treatment cost not quantifiable

India's relative competitiveness has improved over the years

Our Journey



Our best is yet to come

Challenges

Environmental norms

Shut down of units

Forex losses

Low cost imports

Profitability squeezed

Corporate debt restructuring

Actions

Entering into dyestuff

Backward integration

Product quality

Exports

Financial discipline

Complete hedging

Results

Market Share

3%

Dyestuff
Global

9%

Dyestuff
Indian

6%

Dye Intermediates
Global*

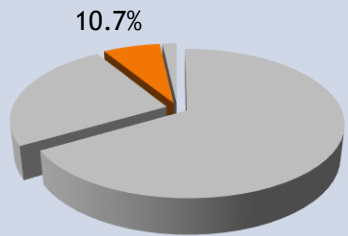
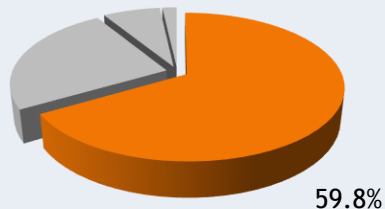
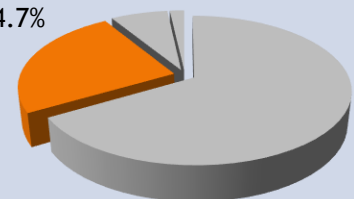
25%

Dye Intermediates
Indian*

* After the acquisition of SPS Processors

The turnaround that we are proud of

What we do

	Contribution	Annual Capacity	Highlights
Basic Chemicals	 10.7%	190,000 MT	- Centrally located manufacturing facilities 45% consumption in house - Captive power plant & steam generation - Latest upgraded production facilities
Dye Intermediates	 59.8%	37,200 MT*	- Produce 25 variants - Only player with effluent disposal permission (10 lac Lts/day) - Consumes 40% of Dye Intermediates in-house - In a position to sell outside or consume in house depending upon market dynamics
Dyestuff	 24.7%	17,000 MT	- Produce 150 variants - In house ice plant with 300 MT/day capacity - In house ETP plant with 1 million Lts / day - Contract manufacturing for leading MNCs

Note: Revenue breakdown is for 9M FY2017

* After the acquisition of SPS Processors (Current capacity of 250 MT per month and an additional 350 MT per month to be operational by Q2 FY2018)

A highly optimized product mix

Our Manufacturing Facilities

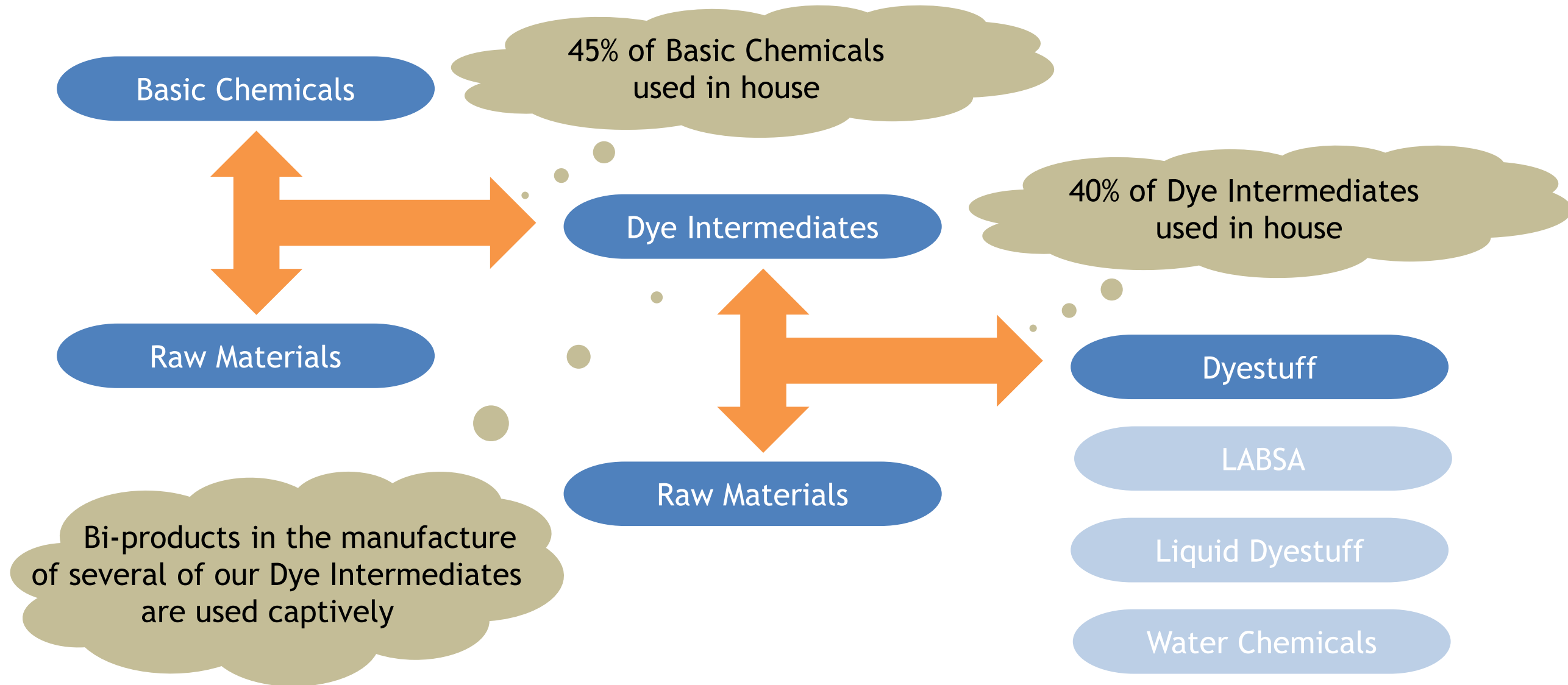
Plant	Location	Basic Chemicals	Dye Intermediates	Dyestuff
Unit I	Ahmedabad	✓	✓	✓
Unit II	Ahmedabad	✓	✓	
Unit III	Ahmedabad		✓	
Unit IV	Ahmedabad			✓
Unit VII	Vadodara	✓	✓	✓
Unit VIII	Vadodara		✓	

Notes:

- Unit V has been sold and Unit VI has been closed
- 70% of total company production is at Unit VII which is one of the most integrated BC-DI-DS plants in India; DS capacity at this plant to be expanded by 8,000 MTPA in the first phase

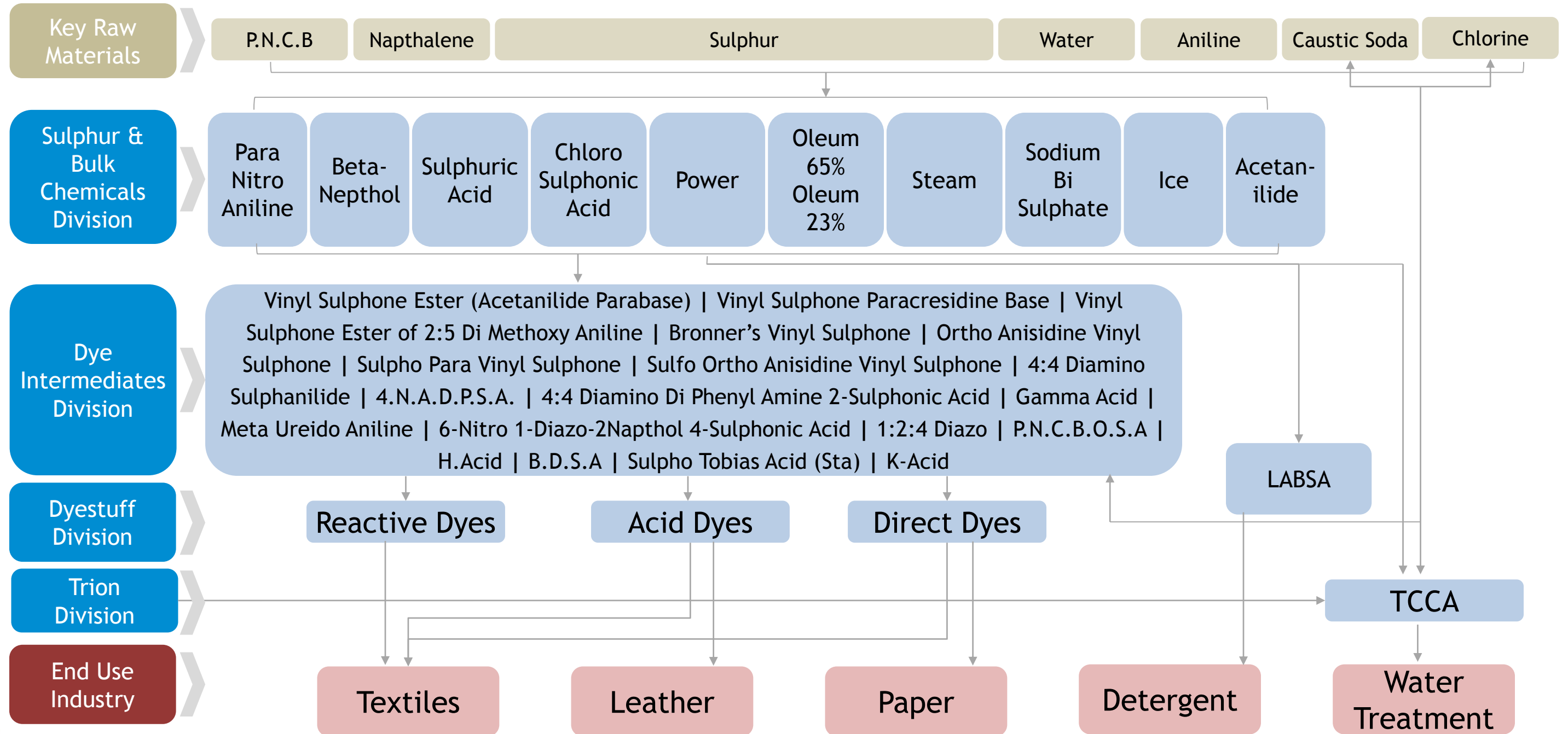
World class Dye Intermediates and Dyestuff manufacturing facilities

What's Unique About Our Business

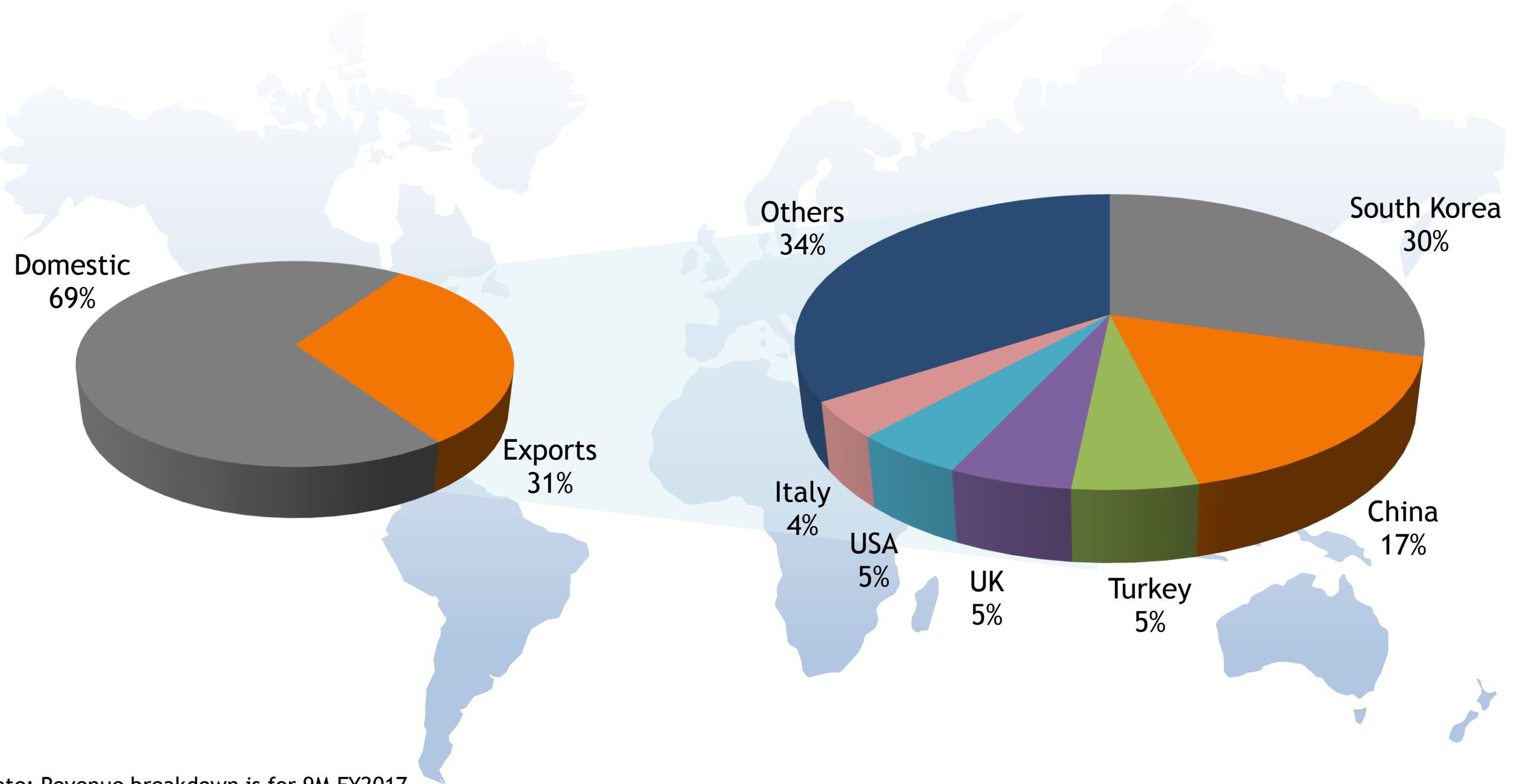


The level of integration is what sets us apart

Activity Flow Chart



Where Our Sales Come From



Note: Revenue breakdown is for 9M FY2017

We export to around 375 customers from over 45 countries

Long Established Customer Relationships

Top Domestic Customers



Bansal Alkalies



Maruti Dye Chem

Top International Customers



Hubei Color Root
Technology Company



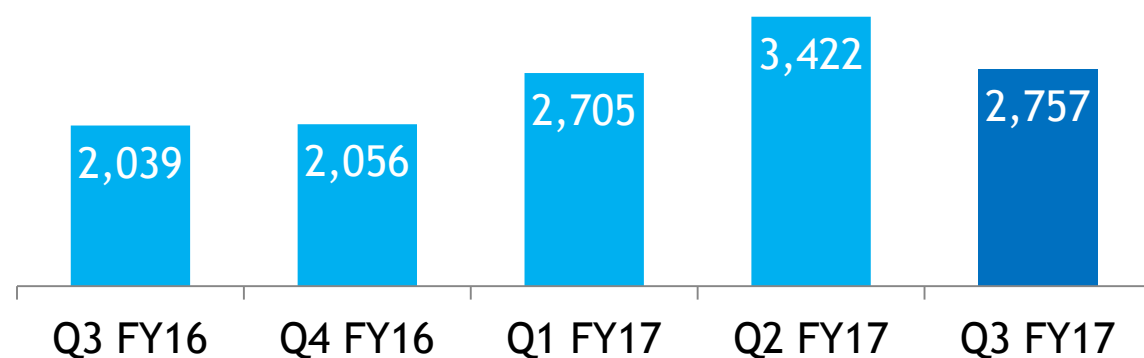
Unidye S.A.



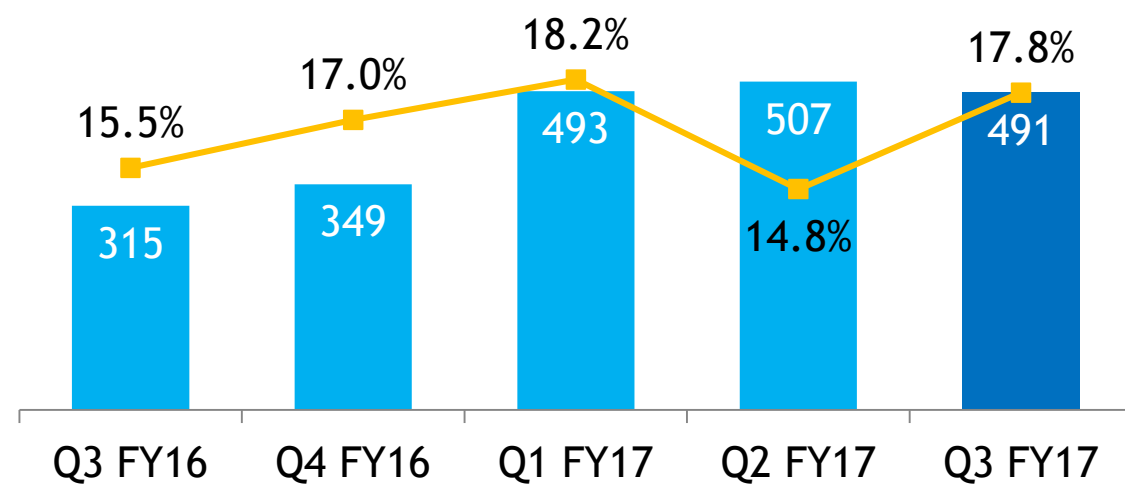
Relationships that have only strengthened over the years

From Strength to Strength

Revenue

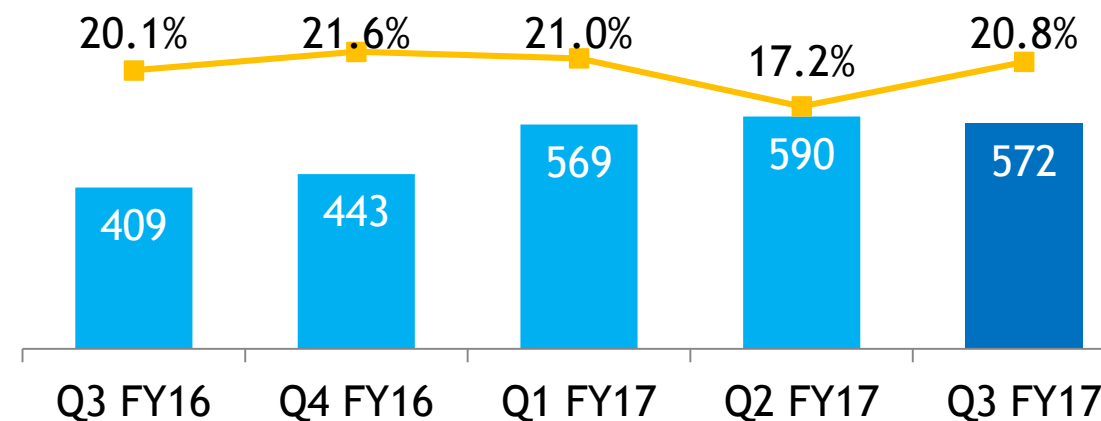


Profit Before Tax and Margin %

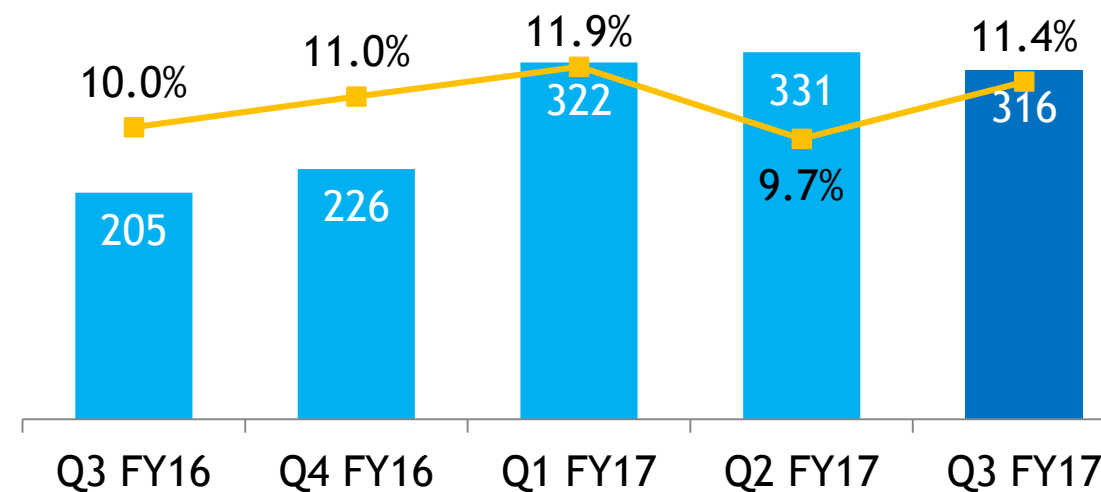


Note: Figures in Rs. million

EBITDA and Margin %



Profit After Tax and Margin %



A strong underlying business underpins our financial performance

Result of Financial Discipline

Leverage Analysis

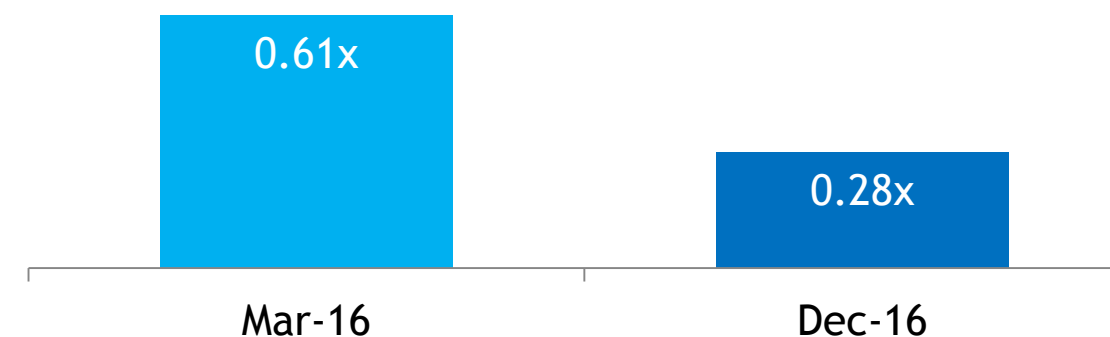
Particulars (Rs. million)	31-Dec-16	31-Mar-16
Short Term Borrowings	1,133	1,422
Long Term Borrowings	7	7
Total Debt	1,140	1,429
Less: Cash & Cash Equivalents*	234	5
Net Debt / (Net Cash)	906	1,424
Net Worth	3,269	2,346

* Cash & cash equivalent includes investment in liquid fund of Rs. 220 million

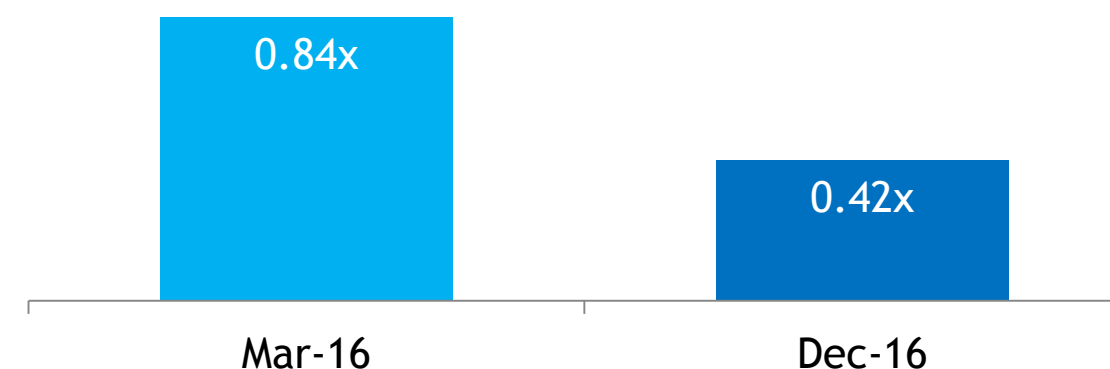
Credit Ratings

Bank Facility	Credit Rating
Long Term Bank Facilities	CARE A
Short Term Bank Facilities	CARE A1

Net Debt / Equity (x)



Net Debt / LTM EBITDA (x)

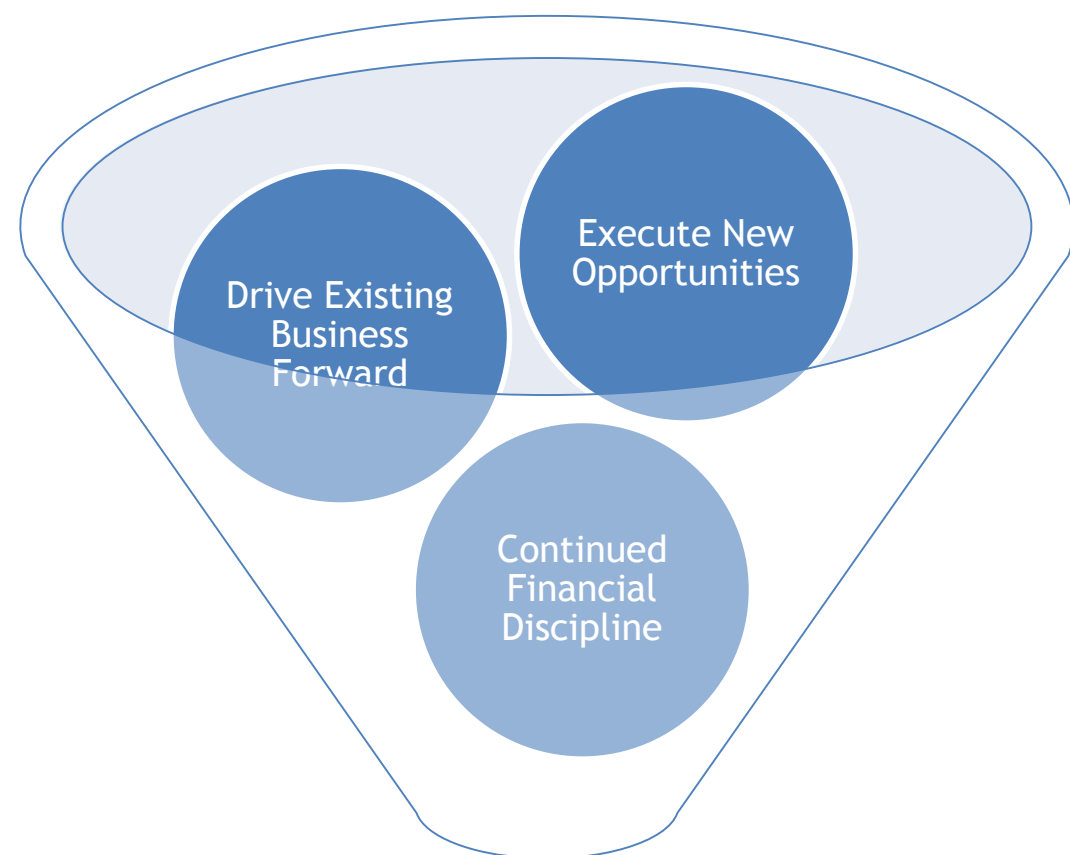


Sound financial health complements a strong business model

The New Growth Engine

	Capacity Expansion of Dyestuff	Trion Chemicals	Production of LABSA	Production of Liquid Dyestuff
Details	- Capacity to be expanded by 8,000 MTPA - Capex required of Rs. 28 Cr to be funded out of internal accruals - Total capacity expansion of 24,000 MTPA over 3-4 yrs - Expansion to be carried out at Unit VII in Vadodara	42% owned associate company - To produce a compound which is a disinfectant, algicide and bactericide - Machinery installed and capex incurred - Production started in H2 FY2017	- Started new plant near Plant VII for production of Linear Alkyl Benzene Sulphonic Acid (LABSA) - Production started in Q1 FY2017 - Plan to double capacity at the cost of ~Rs. 5 Cr	- Very few players currently producing Liquid Dyestuff - All capex incurred - Look forward to increasing production in the near term
Capacity	25,000 MT (including additional DS capacity from Phase I)	12,000 MT	18,000 MT	10,800 MT
End Market	Textile, Leather and Paper industry	Swimming pools and water treatment; also used as a bleaching agent in the textile industry	Detergents, cake and dish wash cleaners	Paper industry

The new opportunities are poised to take us onto a new growth trajectory

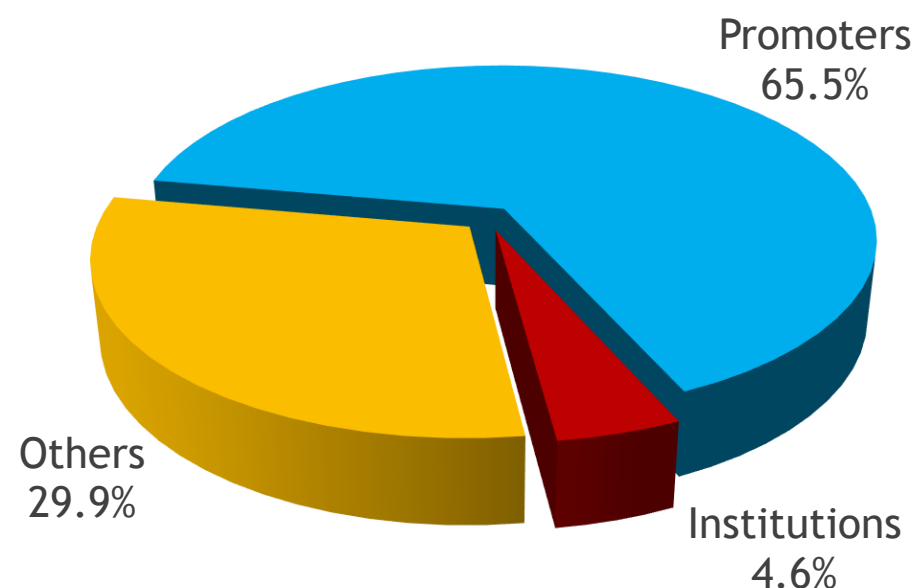


A Plan to Excel

	Commentary
Drive Existing Business Forward	• Grow the share of Dyestuff in the total production • Continue to provide impeccable quality • Strengthen existing customer relationships • Enter new markets • Secure new customers
Execute New Opportunities	• New growth opportunities provide additional revenue visibility • First mover advantage provides for a strong moat • Higher margin businesses to enhance profitability
Continued Financial Discipline	• Continue to maintain financial health of the company • Maintain debt/equity ratio at or below current levels

A highly strategic plan approved by the board

Shareholding Pattern



Market Data

Market Cap. (Rs. mn) (13-Feb-17)	14,773.1
Outstanding Shares (mn)	109.1
Bloomberg Ticker	BODL:IN
Reuters Ticker	BODA.NS
BSE Ticker	524370
NSE Ticker	BODALCHEM

Shareholders	Mar-16	Jun-16	Sep-16	Dec-16
Promoter	69.21%	67.35%	65.55%	65.55%
Institutions	0.29%	1.21%	5.30%	4.56%
Others	30.50%	31.44%	29.15%	29.89%
Total	100.0%	100.0%	100.0%	100.0%

Increasing institutional shareholder base

Core Management Team

Suresh J. Patel

Chairman & Managing Director

Founded Bodal Chemicals and continues to inspire the senior management team towards growth and excellence

Bhavin S. Patel

Executive Director

13 years' association with Bodal Chemicals. Mr. Bhavin S. Patel heads the Dyestuff Division at the Company including production, marketing and new growth areas. He is also leading the Liquid Dyestuff and Trion Chemicals initiatives. He holds a Bachelors degree in Science

Ankit S. Patel

Executive Director

9 years' association with Bodal Chemicals. Mr. Ankit S. Patel heads the Basic Chemicals Division at the Company including production, marketing and new growth areas. He is also leading the LABSA initiative. He holds a Masters in Business Administration from the U.S.

Prasad H. Pujari

Head - Sulphur Products Division

8 years' association with Bodal Chemicals and total experience of 28 years. Mr. Prasad H. Pujari heads the Sulphur Products Division and other expansion projects at the Company. He holds a Masters in Chemical Engineering from UDCT, Mumbai

Mayur B. Padhya

Chief Financial Officer

16 years' association with Bodal Chemicals and total experience of 21 years. Mr. Mayur B. Padhya handles Finance & Corporate Affairs and supervises Accounts, Secretarial, Internal Audit and Exports. He is a Chartered Accountant and a Cost & Management Accountant

A senior management team committed to growth & excellence

Core Management Team

V. K. Shashidharan
Vice President - Technical

7 years' association with Bodal Chemicals and total experience of 35 years. Mr. V. K. Shashidharan handles process innovation and efficiency initiatives in production and maintenance at the Company. He holds a B.E. Metallurgy from NIT, Warangal, A.P

Bansibhai Patel
President - Production & Technical

26 years' association with Bodal Chemicals and total experience of 29 years. Mr. Bansibhai Patel handles Units 1,2,3 and 4. He holds a Masters degree in Science

Rakeshbhai R. Patel
President - Production & Technical

21 years' association with Bodal Chemicals. Mr. Rakeshbhai R. Patel handles Units 7 and 8. He holds a Bachelors degree in Science

N. K. Tiwari
Senior Consultant (Indirect Tax)

6 years' association with Bodal Chemicals and total experience of 33 years. Mr. N. K. Tiwari handles Excise, Customs, Service Tax and DGFT at the Company. He holds a Masters in Science and an LL.B. degree

A senior management team committed to growth & excellence

Mr. Suresh J. Patel
Chairman & Managing Director

Mr. Surendra N. Shah
Independent Director

Mr. Bhavin S. Patel
Executive Director

Mr. Bipin R. Patel
Independent Director

Mr. Ankit S. Patel
Executive Director

Mr. Nalin Kumar
Independent Director

Well diversified board complements strong corporate governance

'SHE' Policy

Safety

- Safety representative per plant
- Fire Hydrant for each plant
- Safety training
 - ✓ Safety induction
 - ✓ Class room training
 - ✓ On the job training
 - ✓ Mock drill

Health

- In house Occupational Health Center
 - ✓ Full time doctors
 - ✓ Medical representatives
 - ✓ 24 hr company ambulance
- Pre medical checkup
- Annual medical checkup
- Special camps

Environment

- Air Pollution Management
 - ✓ In-house facilities
 - ✓ Recover & re-use
- Solid Waste Management
 - ✓ Sludge & Gypsum
- Waste Water Management
 - ✓ External Association & Membership
- ✓ In-house Facilities

Our focus on safety, health and environment is the key to sustainable growth

In-house Facilities

Effluent Treatment Plant (ETP)

- Treats low load waste water
- Compliant with GPCB and CPCB norms
- 500,000 Ltrs/day
- Chemical oxidation
- Flocculation
- Clarification
- Bio-degradation by Advent Integrated System (AIS)
- Tertiary Poly system
- Online monitoring system

Multiple Effect Evaporator Plant (MEEP)

- Treats high load waste water
- Also recovers salts, which are captively used / sold
- Investment of Rs. 35 Crores
- 500,000 Ltrs/day capacity
- Benefits:
 - ✓ Needs low steam and power
 - ✓ Re-use of condensed water
 - ✓ Totally integrated Zero Discharge System

Effluent Spray Dryer Plant (ESDP)

- When used along with MEEP, ESDP is able to keep high load treatment cost to the minimum
- Spray Dryer (3): 100,000 Ltrs/day capacity
- Incineration (3): 125,000 Ltrs/day capacity

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Global Leadership Position



Competitive Advantages



Financial Discipline



Strong Growth Engine

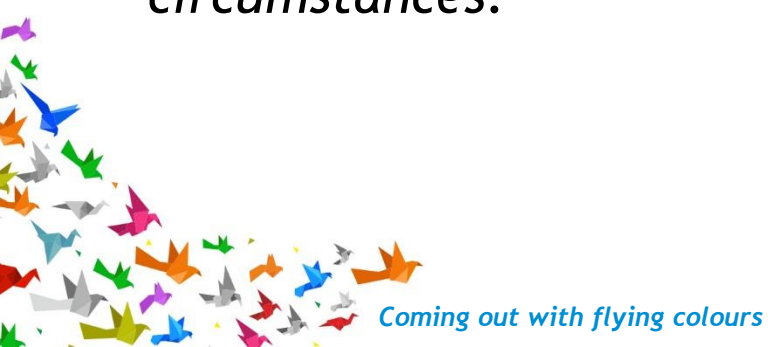


Formula for Success

- 6% market share globally (Dye Intermediates)
- 25% market share in India (Dye Intermediates)
- Produces the largest variety of Dye Intermediates
- Most integrated Dyestuff player in India
- Captive power plant and steam generation
- Reduced logistics cost and protection from raw material price volatility from in house sourcing of inputs
- Export to over 45 countries
- Debt to Equity of 0.3x & Net Debt/LTM EBITDA of 0.4x
- High margin products such as Speciality Chemicals and Liquid Dyestuff expected to diversify revenue streams

Poised to enter a new growth trajectory

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.





Bodal Chemicals Ltd.

COLOURS. INTEGRATION. INNOVATION.

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