

Q4 and Full Year FY2016 Earnings Presentation

June 2016



Important Notice

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 Limited undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.



Investment Rationale

Most integrated Dyestuff (DS) player in India

Produces the largest variety of Dye Intermediates (DI) in India

Biggest manufacturer of DI in India

Strong global reach: exports to over 35 countries

Considerably protected from raw material price volatility: a majority of the Basic Chemicals (BC) and DI requirement sourced in-house

Strategically located with easy access to key raw materials

Captive power plant and steam generation reduces power cost

Increasing revenue share of high value add DS

A high level of integration at plants reduces logistic costs

High margin products such as Speciality Chemicals and Liquid Dyestaff expected to improve profitability

Conservative leverage profile: Total Debt to Equity of 0.6x & Net Debt/LTM EBITDA of 0.8x as of March 2016

Highlights from the Quarter

Q4 FY2016 vs. Q4 FY2015

EBITDA

Rs. 443 million

+48.2%

EBITDA Margins

21.6%

+882bps

Net Profit

Rs. 226 million

+146.1%

Commenting on the results, **Mr. Bhavin S Patel**, Executive Director of **Bodal Chemicals** said:

“We are pleased to report a good year with strong volume growth and improved profit margins. The company has witnessed better capacity utilization and overall volume growth of around 18% across all segments in FY2016. Excluding the effect of abnormality in the revenues in the first quarter of the FY2015, the company has reported better performance during the year. This is despite the effect on realizations from crude price driven lower raw material prices.

Looking ahead, increased finished goods prices and an increasingly diverse product portfolio are likely to yield benefits for Bodal Chemicals, especially in the second half of FY2017. We are looking forward to expanding production of our new unique products - liquid dyestuff, speciality chemical and LABSA, which will help us in improving our revenue and margin levels. Furthermore, progress at our Trion Chemicals plant is as per schedule; it is expected to be operational in the second half of FY2017.”

Financial Performance

Key Financial Statistics

(Rs. million)	Q4		y-o-y Growth (%)	Q3		q-o-q Growth (%)	Full Year Ended*		y-o-y Growth (%)
	FY2016	FY2015		FY2016	FY2015		FY2016	FY2015	
Total Income	2,055.7	2,348.4	(12.5)%	2,038.7	0.8%	9,099.6	10,453.1	(12.9)%	
EBITDA	443.1	299.1	48.2%	409.5	8.2%	1,685.2	1,887.5	(10.7)%	
Margin (%)	21.6%	12.7%		20.1%		18.5%	18.1%		
Net Profit	225.9	91.8	146.1%	204.6	10.4%	859.9	917.8	(6.3)%	
Margin (%)	11.0%	3.9%		10.0%		9.5%	8.8%		
Earnings Per Share (EPS)	2.07	0.84	146.4%	1.88	10.1%	7.88	8.41	(6.3)%	

- For the full year, Total Income declined 12.9% y-o-y to Rs. 9,099.6 mn mainly due to effect of lower finished goods prices. Lower crude price for most of the year pushed raw material prices lower, thereby impacting realizations
- However, better realizations in Q4 FY2016 resulted in improvement in EBITDA margins to 21.6% from 12.7% in Q4 FY2015

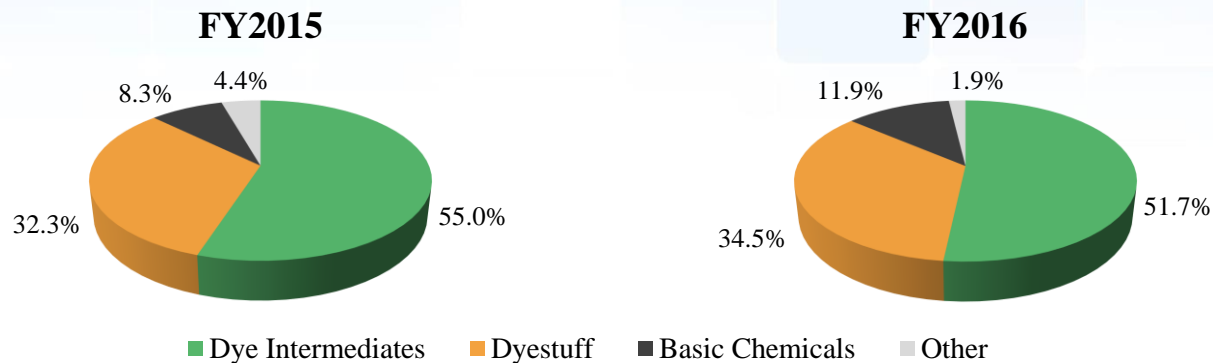
5 Note: EBITDA including Other Income and Exceptional Items

* Financials for full year are consolidated, while for quarters financials are standalone

Segmental Financial Performance

Revenue Breakup

By Segment

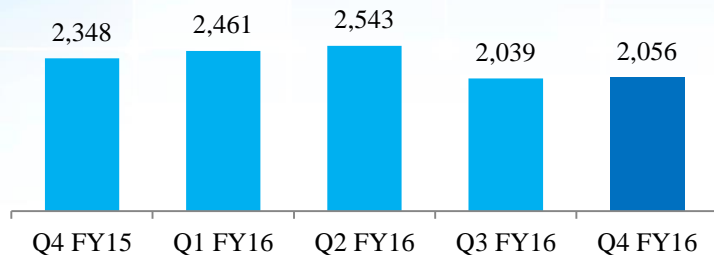


By Geography

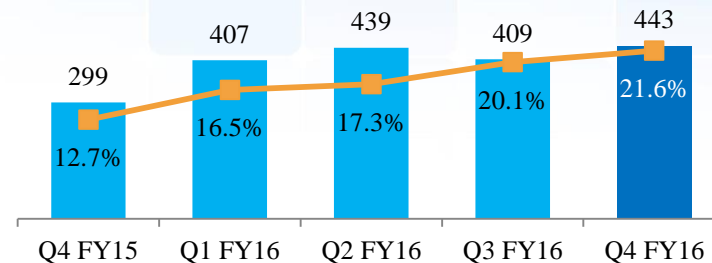


Quarterly Financial Trends

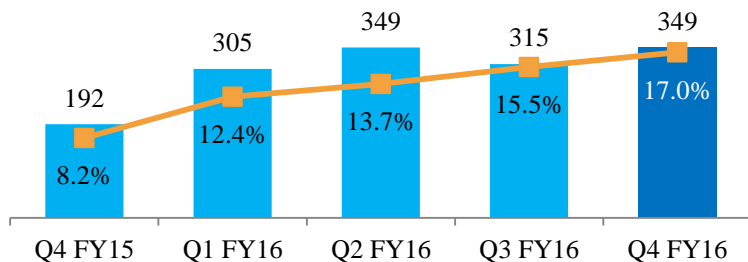
Revenue (Rs. Million)



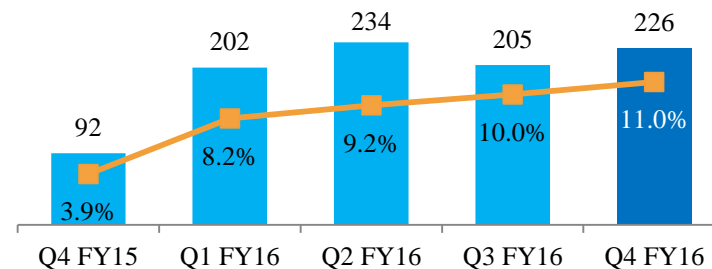
EBITDA (Rs. Million) and Margin (%)



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



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



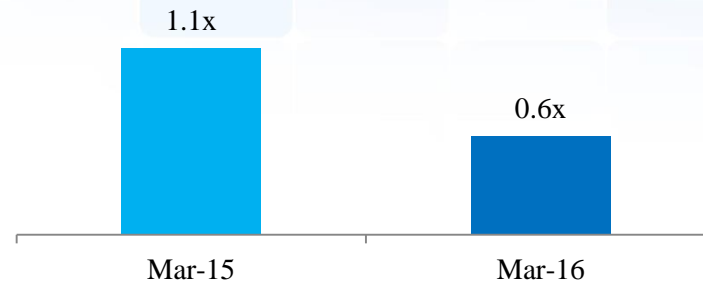
Leverage Profile

Particulars (Rs. million)	31-Mar-16	31-Mar-15
Short Term Borrowings	1,422	1,225
Long Term Borrowings	7	862
Total Debt	1,429	2,087
Less: Cash & Cash Equivalents	5	12
Net Debt / (Net Cash)	1,424	2,075
Net Worth	2,346	1,815

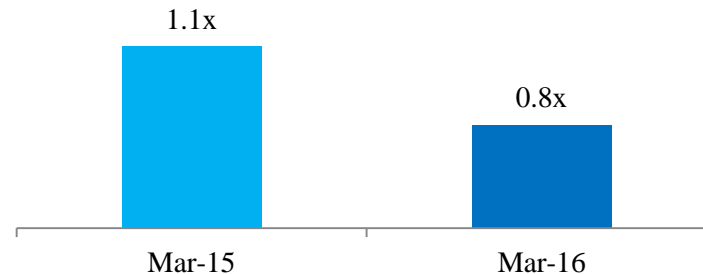
Repaid long term debt; Focus on optimizing working capital

Bank Facility	Credit Rating
Long Term Bank Facilities	CARE A-
Short Term Bank Facilities	CARE A2+

Total Debt / Equity (x)



Net Debt / LTM* EBITDA (x)



Business Snapshot

Company with the widest product portfolio in India across basic chemicals, dye intermediates and dyestuff

One of the leading producers of dye intermediates & dyestuff in the world



End Markets



No. of Products		30 Variants	150 Variants
Annual Capacity	190,000 MT	30,000 MT	17,000 MT
% Total Revenue ¹	12%	52%	35%
Products	Sulphuric Acid, Oleum 23% & 65%, Sulphur Trioxide and Chlorosulphonic Acid	Vinyl Sulphone Ester, H Acid, F C Acid, DASA, Gama Acid, 6 Nitro	Reactive Dyes, Acid Dyes, Direct Dyes

Note:

1. For FY2016

Manufacturing Footprint

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

Notes:

- Plant V and VI have been closed
- 70% of total company production is at Plant VII and is one of the most integrated BC-DI-DS plants in India

Geographical Reach

Outreach across more than 35 countries



● Production Facilities ■ Clients Presence

Key Clients*



* Arranged alphabetically



Product Overview

Basic Chemicals & Dye Intermediaries

Basic Chemical - Highlights

- Centrally located manufacturing facilities
- 45% in house consumption
- Captive power plant & steam generation
- Latest upgraded production facilities

Dye Intermediaries - Highlights

- Largest manufacturer in India with 25 years of experience
- Consumes 40% of dye intermediates in-house
- High entry barriers
- Competitive to Chinese suppliers in terms of pricing
- Easy raw material availability in Gujarat
- Only player with effluent disposal permission of 10 lac litres per day
- After implementation of a new policy to deal with environmental issues in China, setting up a new facility in the country has become tougher
- In a position to sell outside or consume in house depending upon market dynamics

Product

Major Applications

Sulphuric Acid



Oleum 23% & 65%



Sulphur Trioxide



Chlorosulphonic Acid



Product Overview

Dyestuff

Highlights

- Large capacity for standardizing, storage and packaging & distribution
- In house ice plant with 300 MT/day capacity
- In house ETP plant with 1 million liters / day
- Sales across more than 35 countries
- Contract manufacturing for leading MNCs
- Scope for increasing production with existing infrastructure

Product

Major Applications

Reactive Dyes



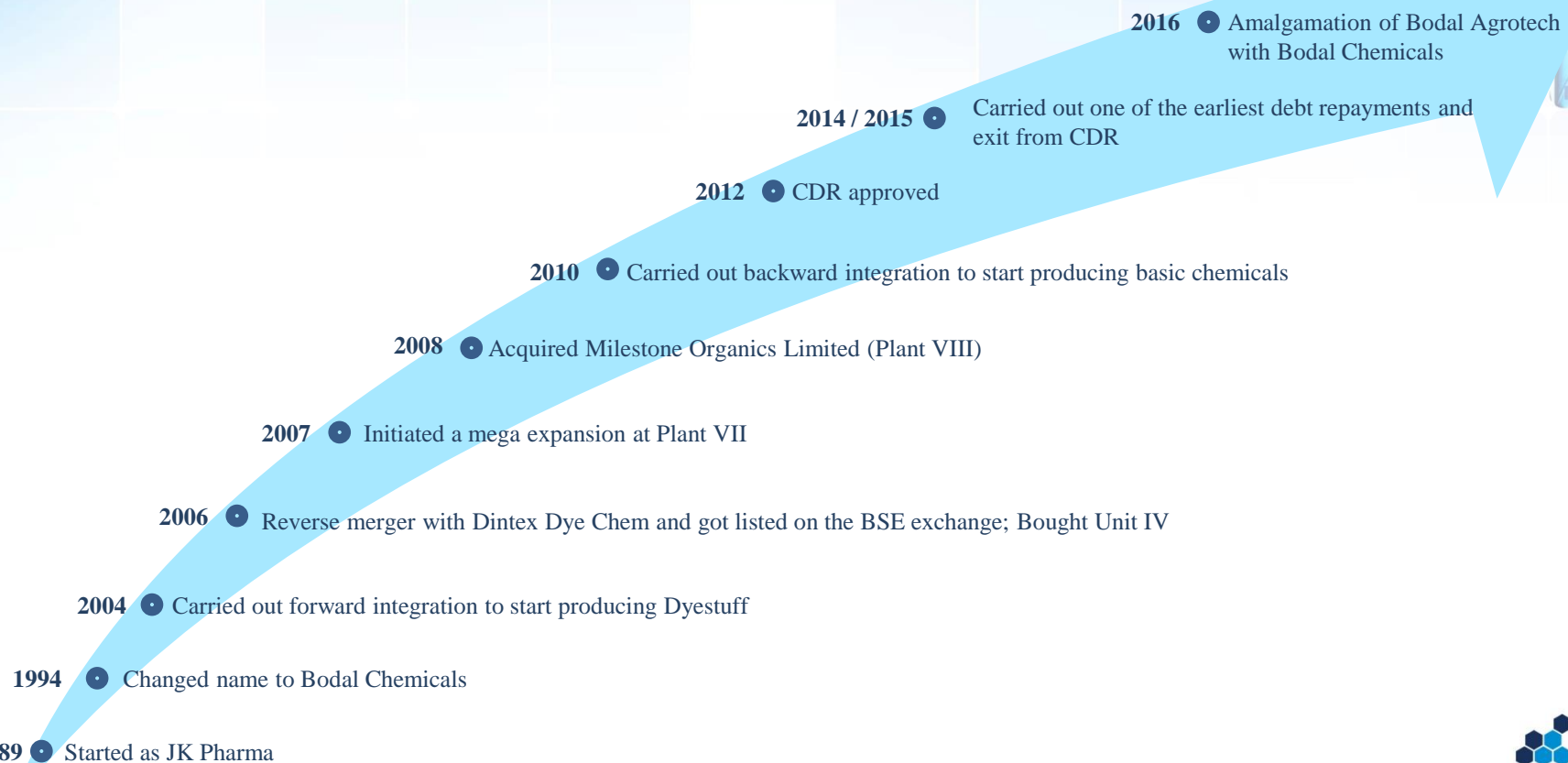
Acid Dyes






Direct Dyes



Key Milestones

- 
- 1989** • Started as JK Pharma
 - 1994** • Changed name to Bodal Chemicals
 - 2004** • Carried out forward integration to start producing Dyestuff
 - 2006** • Reverse merger with Dintex Dye Chem and got listed on the BSE exchange; Bought Unit IV
 - 2007** • Initiated a mega expansion at Plant VII
 - 2008** • Acquired Milestone Organics Limited (Plant VIII)
 - 2010** • Carried out backward integration to start producing basic chemicals
 - 2012** • CDR approved
 - 2014 / 2015** • Carried out one of the earliest debt repayments and exit from CDR
 - 2016** • Amalgamation of Bodal Agrotech with Bodal Chemicals

Strategic Direction

	Trion Chemicals	LABSA Production	Liquid Dyestuff Production
Details	<ul style="list-style-type: none"> • 42% owned associate company • To produce a compound which is a disinfectant, algicide and bactericide mainly for swimming pools. It is also used as a bleaching agent in the textile industry • Production expected to start in H2 FY2017 	<ul style="list-style-type: none"> • Started new plant near Plant VII for production of Linear Alkyl Benzene Sulphonic Acid (LABSA) • It is an anionic surfactant widely used in formulation of all ranges of Domestic Detergents Powder, Cake & Dish wash cleaners • Looking forward to increasing production in the near term 	<ul style="list-style-type: none"> • Used in paper industry for coloring paper • Looking forward to increasing production in the near term
Capacity (Per Annum)	<ul style="list-style-type: none"> • 12,000 MT 	<ul style="list-style-type: none"> • 18,000 MT 	<ul style="list-style-type: none"> • 10,800 MT
End Market			



Roadmap

Increasing capacity utilization and adding new products to the diversify into more value added product lines

2x Revenue growth over next 3-4 years

• Capacity expansion

• Introduction of new products

Capacity expansion
in Dyestuff

Trion Chemicals

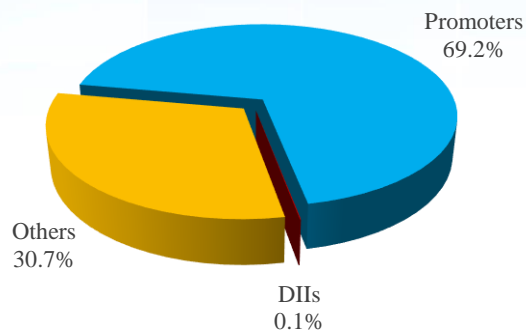
Liquid Dyestuff

LABSA



Market Data

Shareholding Pattern (31st Mar 2016)



Market Data

Market Cap. (Rs. mn) (13-June-16)	10,965.3
Outstanding Shares (mn)	109.1
Bloomberg Ticker	BODL:IN
Reuters Ticker	BODA.NS
BSE Ticker	524370
NSE Ticker	BODALCHEM

Shareholders	Jun-15	Sept-15	Dec-15	Mar-16
Promoter	69.7%	69.7%	69.2%	69.2
Domestic Institutional Investor (DII)	0.14%	0.20%	0.07%	0.12%
Others	30.2%	30.1%	30.7%	30.7%
Total	100.0%	100.0%	100.0%	100.0%

Board of Directors

Mr. Suresh J. Patel

Chairman & Managing Director

Mr. Bhavin S. Patel

Executive Director

Mr. Ankit S. Patel

Executive Director

Mr. Surendra N. Shah

Independent Director

Mr. Sunil K. Mehta

Independent Director

Mr. Bipin R. Patel

Independent Director

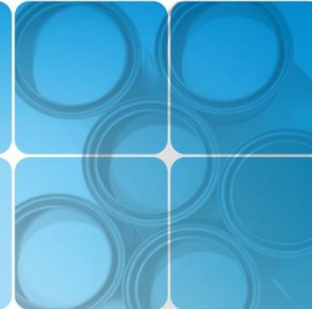
Mrs. Kajal Ritesh Soni

Independent Director

Mr. Mayur Padhya

Chief Financial Officer





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