

Q2 & H1 FY2017 Earnings Presentation

September 2016



Bodal Chemicals Ltd.

COLOURS. INTEGRATION. INNOVATION.

(NSE: BODALCHEM, BSE: 524370)

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

One of the leading manufacturers of Dye Intermediates (DI) and Dyestuff (DS) globally

Environmental and supply issues in the other major DI / DS producing country presents a huge opportunity for Bodal

Biggest manufacturer of DI in India; also produces the largest variety in the country

Most integrated DS player 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 Dyestuff expected to improve profitability

Conservative leverage profile: Total Debt to Equity of 0.50x & Net Debt/LTM EBITDA of 0.73x as of Sep 2016

Strategic Direction

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
of Dyestuff

Trion Chemicals

Production of
LABSA

Production of
Liquid Dyestuff

Strategic Direction

	Capacity Expansion of Dyestuff	Trion Chemicals	Production of LABSA	Production of Liquid Dyestuff
Details	<ul style="list-style-type: none"> Capacity to be expanded by 8,000 MTPA to an aggregate 25,000 MTPA in the first phase (10 months) 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 Plant VII in Vadodara 	<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
Annual Capacity	<ul style="list-style-type: none"> 25,000 MT (including additional DS capacity from Phase I) 	<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				



Highlights from the Quarter

Q2 FY2017 vs. Q2 FY2016

Total Income

Rs. 3,310 million

+30.2%

EBITDA

Rs. 601 million

+37.0%

Net Profit

Rs. 340 million

+45.6%

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

“I am pleased to report another strong quarter for Bodal Chemicals with respect to both operational and financial performance. Whilst the topline grew by 30% y-o-y, EBITDA expanded by a robust 37% y-o-y. EBITDA margins for the quarter stood at 18.2%, 91 bps higher compared to Q2 FY2016.

Operating conditions for Bodal Chemicals continue to be favourable and we remained focused on executing our new initiatives. The market feedback for LABSA has been very encouraging and we look forward to doubling the capacity of the same. We are also on track to start production at Trion Chemicals in the current half of FY2017. Senior management team is highly passionate about these new growth opportunities and is fully committed to proper and timely execution.

We are poised to reach new heights and in doing so, we want to continue to create value for all our stakeholders. I wish to thank all of you for your interest in Bodal Chemicals.”

Financial Performance

Key Financial Statistics

(Rs. million)	Q2		y-o-y Growth (%)	Q1	
	FY2017	FY2016		FY2017	q-o-q Growth (%)
Total Income	3,309.5	2,542.7	30.2%	2,705.5	22.3%
EBITDA	601.2	438.8	37.0%	569.4	5.6%
Margin (%)	18.2%	17.3%		21.0%	
Net Profit	340.5	233.9	45.6%	322.1	5.7%
Margin (%)	10.3%	9.2%		11.9%	
Earnings Per Share (EPS)	3.12	2.14	45.8%	2.95	5.8%

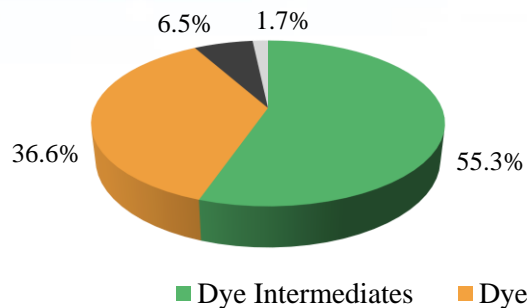
- Total Income increased 30.2% y-o-y to Rs. 3,309.5 mn supported by high finished goods prices, better product mix and growing demand in the domestic market
- EBITDA margin improved by 91 bps on y-o-y basis to 18.2% in Q2 FY2017

Segmental Financial Performance

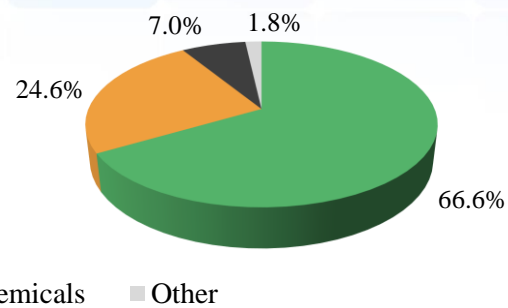
Revenue Breakup

By Segment

H1 FY2016



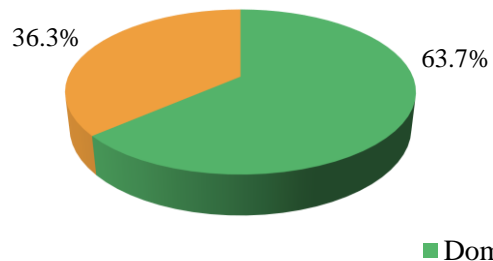
H1 FY2017



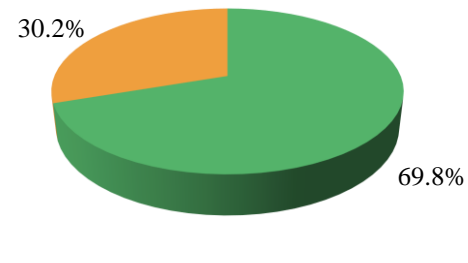
■ Dye Intermediates ■ Dyestuff ■ Basic Chemicals ■ Other

By Geography

H1 FY2016



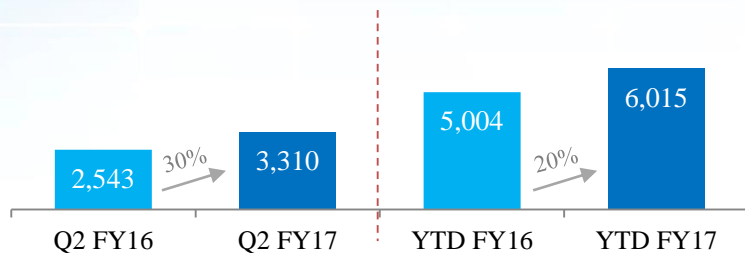
H1 FY2017



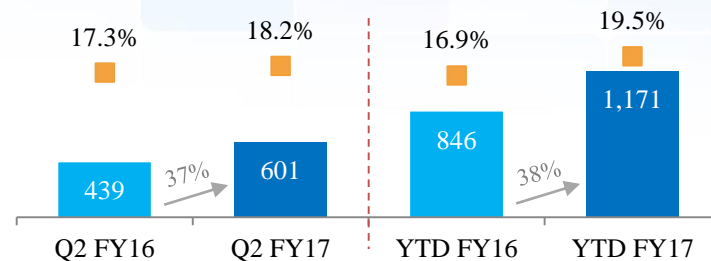
■ Domestic ■ Exports

Quarterly and Half Yearly Financial Trends

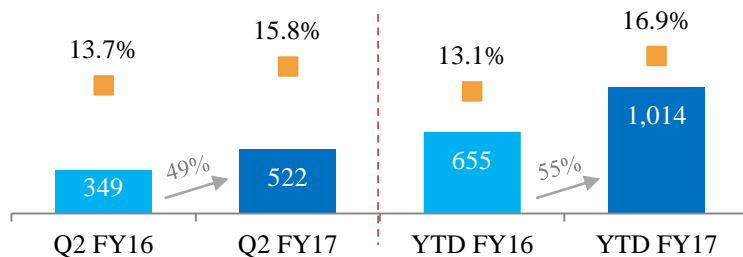
Revenue (Rs. Million)



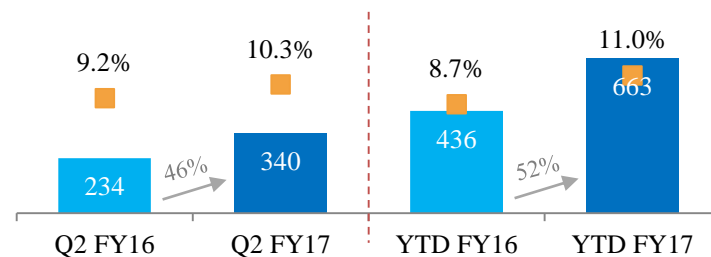
EBITDA (Rs. Million) and Margin (%)



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



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



Leverage Profile

Particulars (Rs. million)	30-Sep-16	31-Mar-16
Short Term Borrowings	1,502	1,422
Long Term Borrowings	6	7
Total Debt	1,508	1,429
Less: Cash & Cash Equivalents	29	5
Net Debt / (Net Cash)	1,479	1,424
Net Worth	3,019	2,395

Repaid long term debt; Focus on optimizing working capital

Bank Facility

Credit Rating

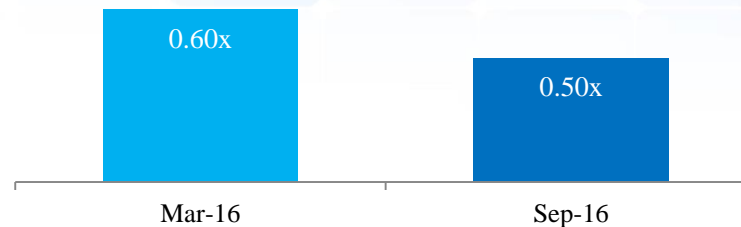
Long Term Bank Facilities

CARE A-

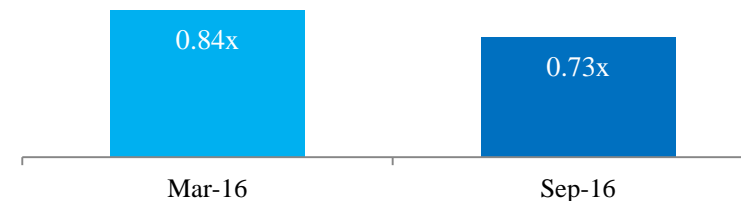
Short Term Bank Facilities

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	7.0%	66.6%	24.6%
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 H1 FY2017

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; DS capacity at this plant to be expanded by 8,000 MTPA in the first phase

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

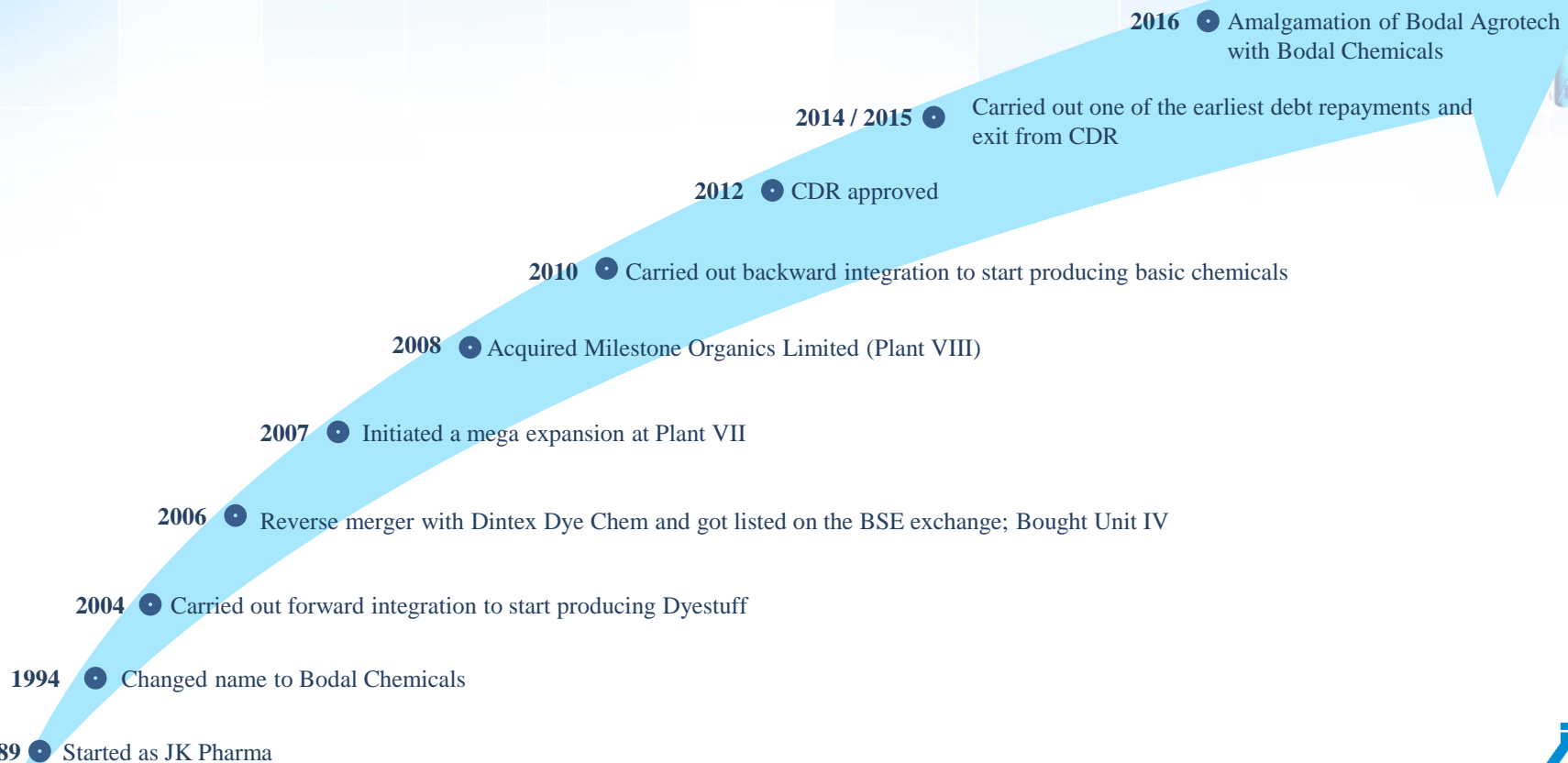
Dyestuff

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

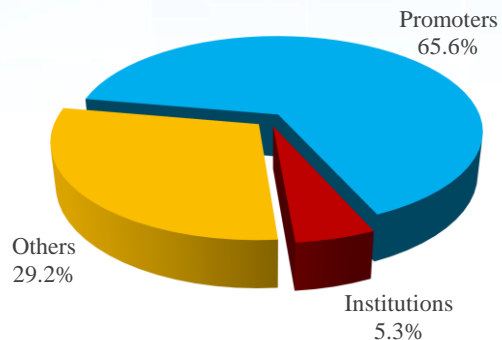
Product	Major Applications
Reactive Dyes	
Acid Dyes	 
Direct Dyes	 

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

Market Data

Shareholding Pattern (30th Sep 2016)



Market Data

Market Cap. (Rs. mn) (9-Nov-16)	15,269.6
Outstanding Shares (mn)	109.1
Bloomberg Ticker	BODL:IN
Reuters Ticker	BODA.NS
BSE Ticker	524370
NSE Ticker	BODALCHEM

Shareholders	Dec-15	Mar-16	Jun-16	Sep-16
Promoter	69.21%	69.21%	67.35%	65.55%
Institutions	0.07%	0.29%	1.21%	5.30%
Others	30.72%	30.50%	31.44%	29.15%
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

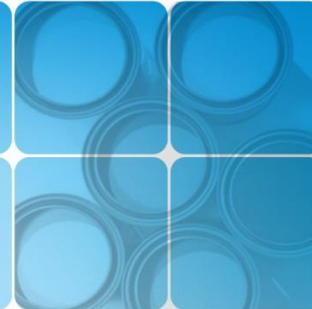
Mrs. Kajal Ritesh Soni

Independent Director

Mr. Mayur Padhya

Chief Financial Officer





Bodal Chemicals Ltd.

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