Coming out with flying colours

Bodal Chemicals Ltd.

COLOURS. INTEGRATION. INNOVATION.

Investor Presentation

July 2017

Agenda

Bodal Chemicals Ltd.
COLOURS. INTEGRATION. INNOVATION.

Global Leadership Position

+

Competitive Advantages

+

Financial Discipline

+

Strong Growth Engine

=

Formula for Success

Bodal Chemicals – Success story in the making

About The Dyestuff Industry

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Where are Dyes Used

Textiles	Leather	Paper
Food Products	Cosmetics	Plastics

Types of Dyes

Reactive	Disperse	Acid & Direct
Cotton Fabric	Polyester Fabric	Paper & Leather

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

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

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India

1. Little or No Government Regulation	2. Growing Awareness About Environmental Impact	3. Government Implements Regulations	4. Industry Starts to Stabilize	5. Industry Grows; Major Players Gain Market Share
• Rapidly increasing industry sales • High and rising margins • Lack of awareness about environmental impact	• Pressure to minimize impact on environment • Government starts to implement regulations • Sales and margins start to peak	• Some businesses shut down; others suspend operations • Supply shock • Additional corporate investments to set up infrastructure to ensure compliance • Margins substantially impacted	• Some large businesses restore operations with the required infrastructure • Sales start to increase • Margins post effluent treatment cost begin to improve	• Much of the supply is restored with bigger players holding a majority market share • Sales and exports increase • Margins stabilize

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

India’s Competitive Edge

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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

India's Competitive Edge

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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

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1986-1990

1989: Started as JK Pharma

1991-1995

During the period, added a range of new Dye Intermediates and 2 more manufacturing units

1994: Changed name to Bodal Chemicals

1996-2005

During the period, added two more manufacturing units

2004: Carried out forward integration to start producing Dyestuff

2006-2010

2006: Reverse merger with Dintex Dye Chem and got listed on the BSE exchange; Bought Unit IV

2008: Acquired Milestone Organics Limited (Unit VIII)

2010: Carried out backward integration to start producing basic chemicals

2011-2015

2012: CDR approved

2014/15: Carried out one of the earliest debt repayments and exit from CDR

2016-2020

2016: Amalgamation of Bodal Agrotech with Bodal Chemicals

2017: Acquisition of a 70% stake in SPS Processors, a manufacturer of dye intermediates

2017: Acquisition of a 42% stake in Trion Chemicals, a manufacturer of speciality chemicals

Our best is yet to come

Resilience in Adversity

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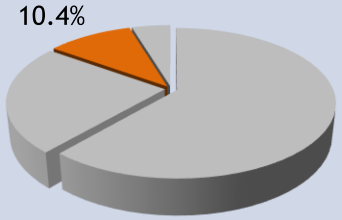
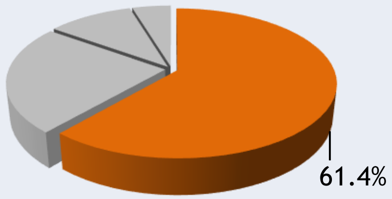
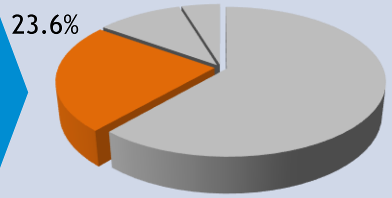
Challenges		Actions		Results
Environmental norms	Shut down of units	Entering into dyestuff	Backward integration	**Market Share**
Forex losses	Low cost imports	Product quality	Exports	3% Dyestuff Global
Profitability squeezed	Corporate debt restructuring	Financial discipline	Complete hedging	9% Dyestuff 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		190,000 MT	• Centrally located manufacturing facilities • 45% consumption in house • Captive power plant & steam generation • Latest upgraded production facilities
Dye Intermediates		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		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 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:
1. Unit V has been sold and Unit VI has been closed
2. 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

Basic Chemicals

45% of Basic Chemicals used in house

Raw Materials

Dye Intermediates

40% of Dye Intermediates used in house

Raw Materials

Dyestuff

LABSA

Liquid Dyestuff

Water Chemicals

Bi-products in the manufacture of several of our Dye Intermediates are used captively

The level of integration is what sets us apart

Activity Flow Chart

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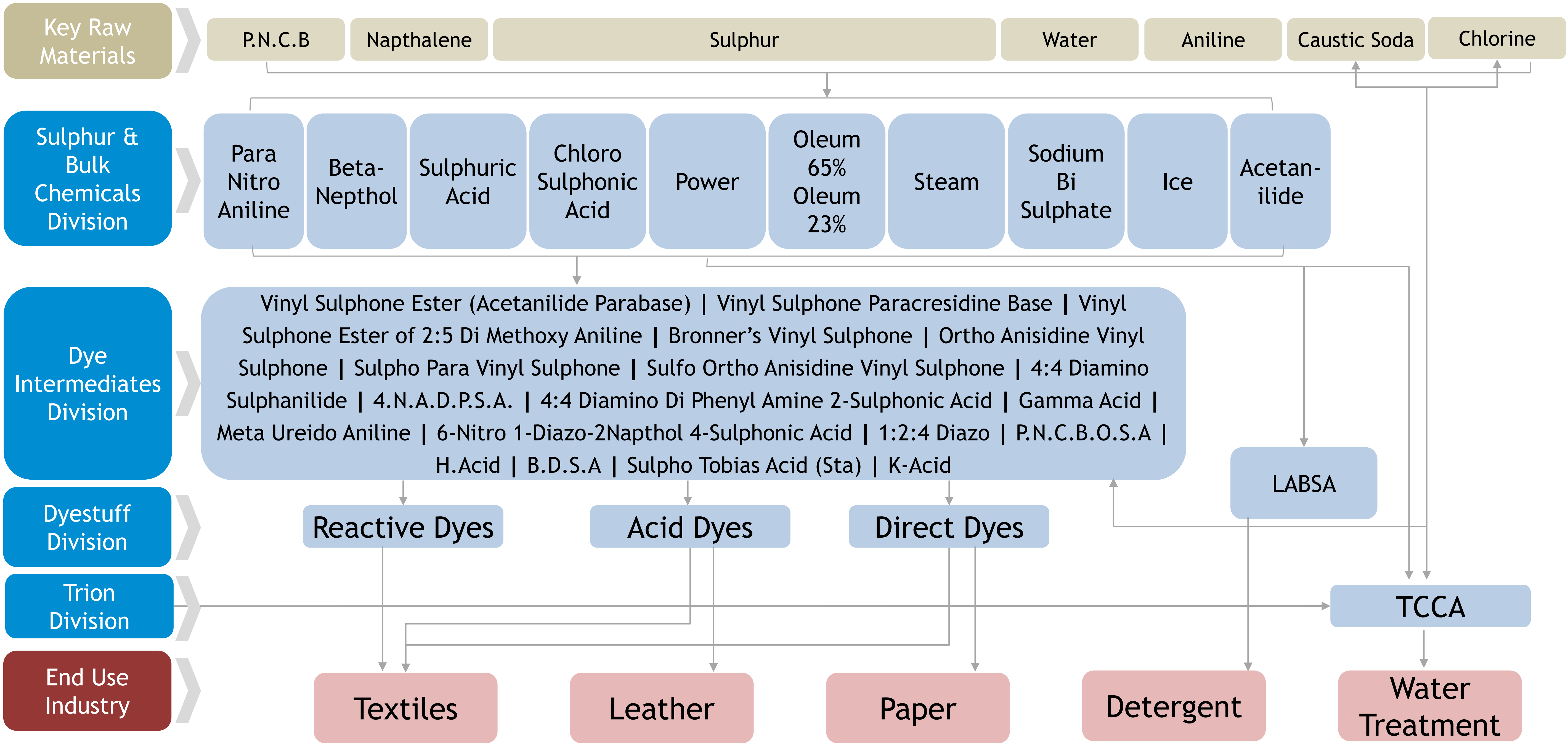

Raw materials
Products manufactured by Bodal Chemicals
End use industries

Coming out with flying colours

Where Our Sales Come From

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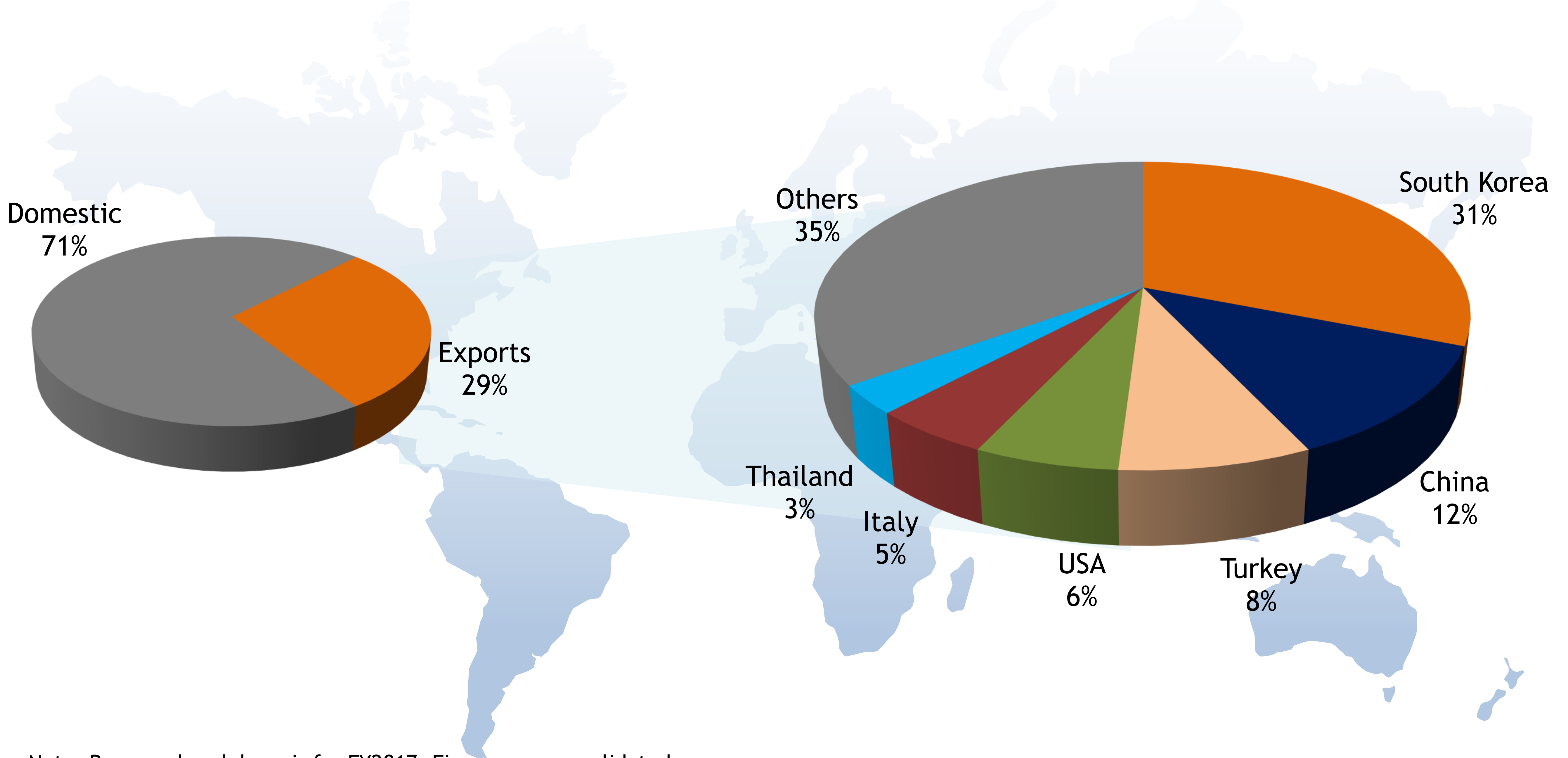

Note: Revenue breakdown is for FY2017; Figures are consolidated

We export to around 375 customers from 50+ countries

Long Established Customer Relationships

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Top Domestic Customers

- JAY
- Pranav Industries
- Bansal Alkalies
- McFills Enterprises Pvt. Ltd.
- Matangi Industries – AN ISO 9001 2000 CERTIFIED COMPANY
- EXEL CHEMICALS
- Chemistar – COLORS FOR RIGHT FIRST TIME DYEING
- Tulsi
- MACSON PRODUCTS
- Maruti Dye Chem

Top International Customers

- OHYOUNG
- Hubei Color Root Technology Company
- ACETO CORPORATION
- BASF – The Chemical Company
- ARCHROMA – LIFE ENHANCED
- HUNTSMAN – Enriching lives through innovation
- Unidye S.A.
- colorantesIndustriales
- stahl
- FARBEN – The Chemical Producer

Relationships that have only strengthened over the years

From Strength to Strength

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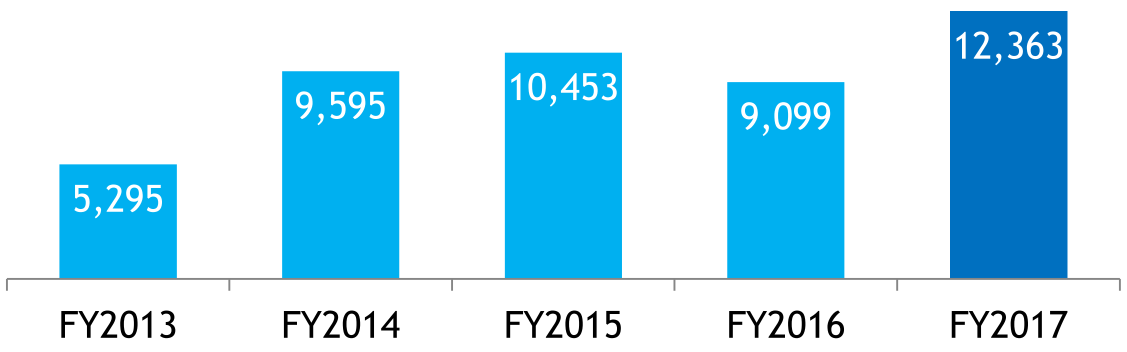
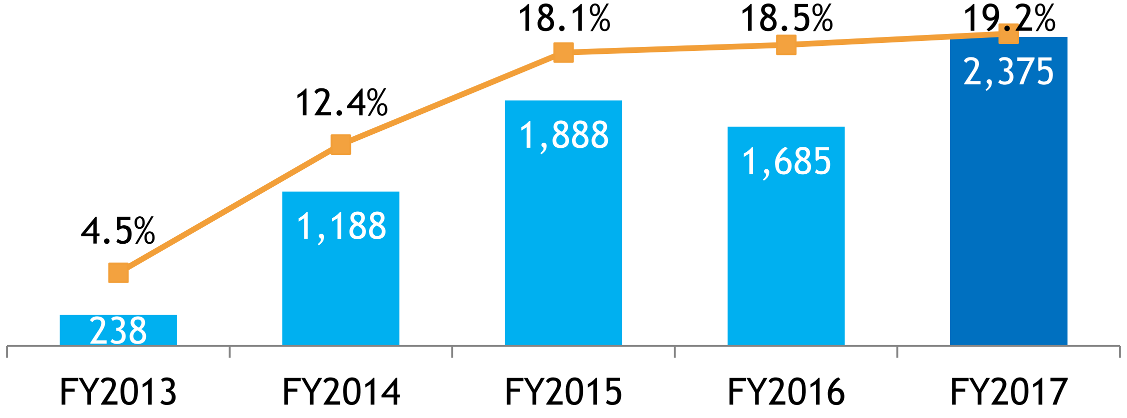
Total Income from Operations

FY2013-17 CAGR: 23.6%



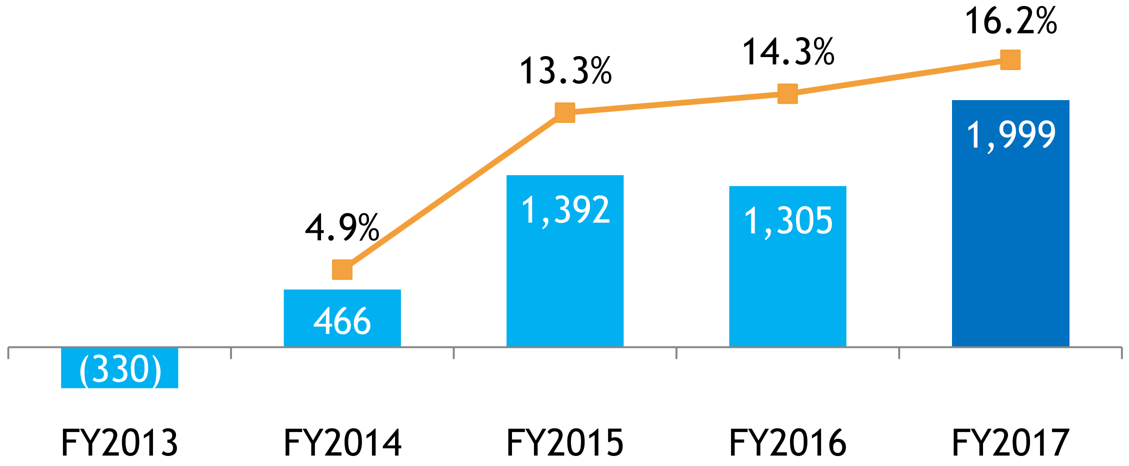
EBITDA and Margin %

FY2013-17 CAGR: 77.7%



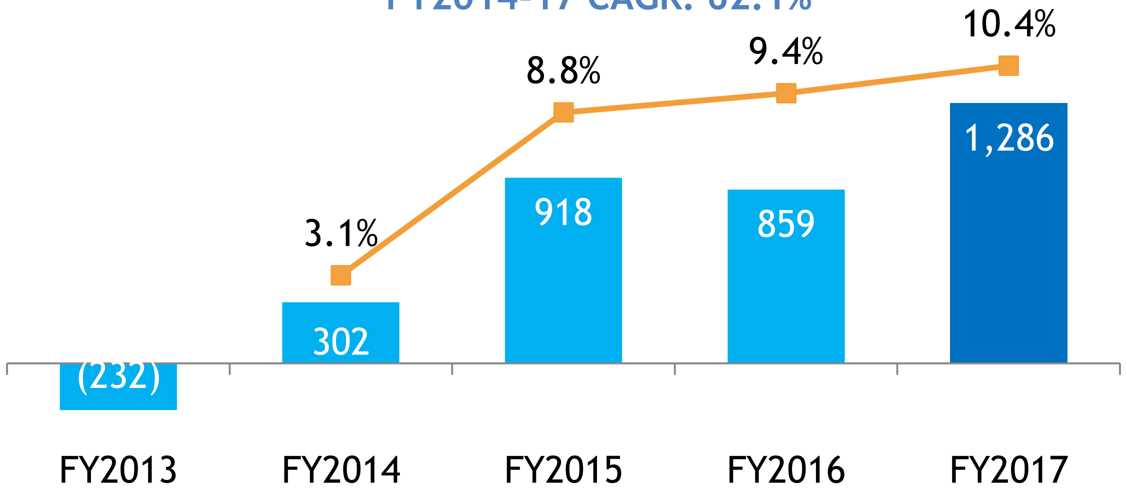
Profit Before Tax and Margin %

FY2014-17 CAGR: 62.5%



Profit After Tax and Margin %

FY2014-17 CAGR: 62.1%



Note: Revenue breakdown is for FY2017; Figures are consolidated

A strong underlying business underpins our financial performance

Result of Financial Discipline

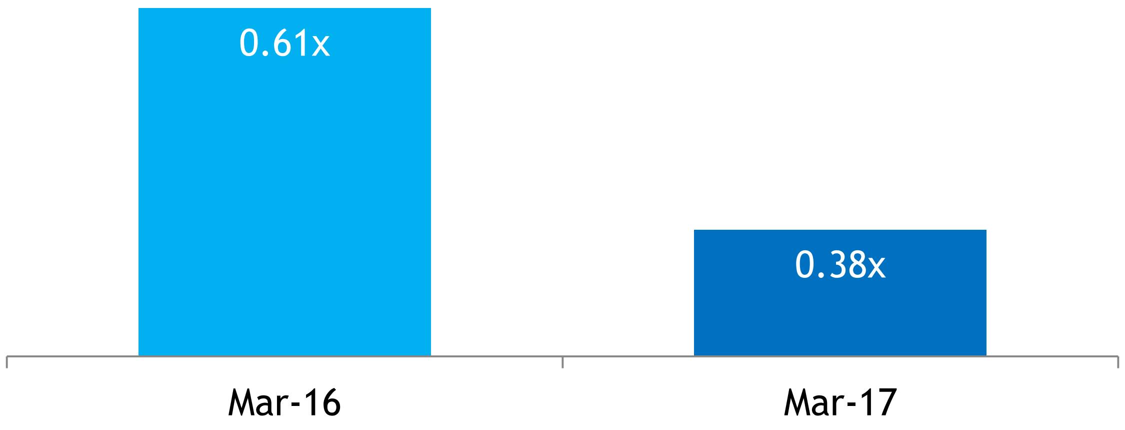
Leverage Analysis

Particulars (Rs. million)	31-Mar-17	31-Mar-16
Short Term Borrowings	1,411	1,422
Long Term Borrowings	79	7
Current Portion of Long Term Borrowings	19	-
Total Debt	**1,509**	**1,429**
Less: Cash & Cash Equivalents	145	5
Net Debt / (Net Cash)	**1,364**	**1,424**
Net Worth	**3,593**	**2,346**

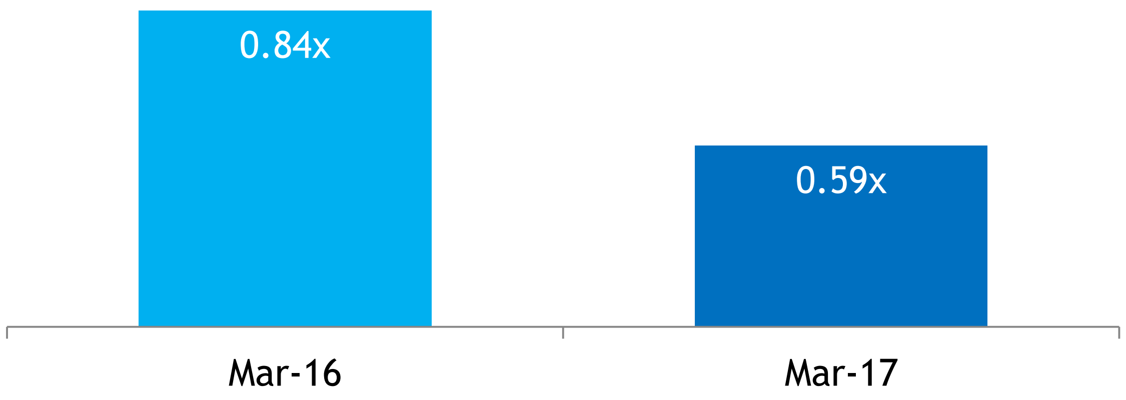
Credit Ratings

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

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	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 work has already been started and expected to be completed by Q4 FY2018	• 42% owned associate company • To produce a compound which is a disinfectant, algicide and bactericide • Commercial production successfully started • Export started to the US	• Started new plant near Plant VII for production of Linear Alkyl Benzene Sulphonic Acid (LABSA)	• Very few players currently producing Liquid Dyestuff • All capex incurred • Look forward to increasing production in the near term • Demand outlook very positive
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

Strategic Way Forward

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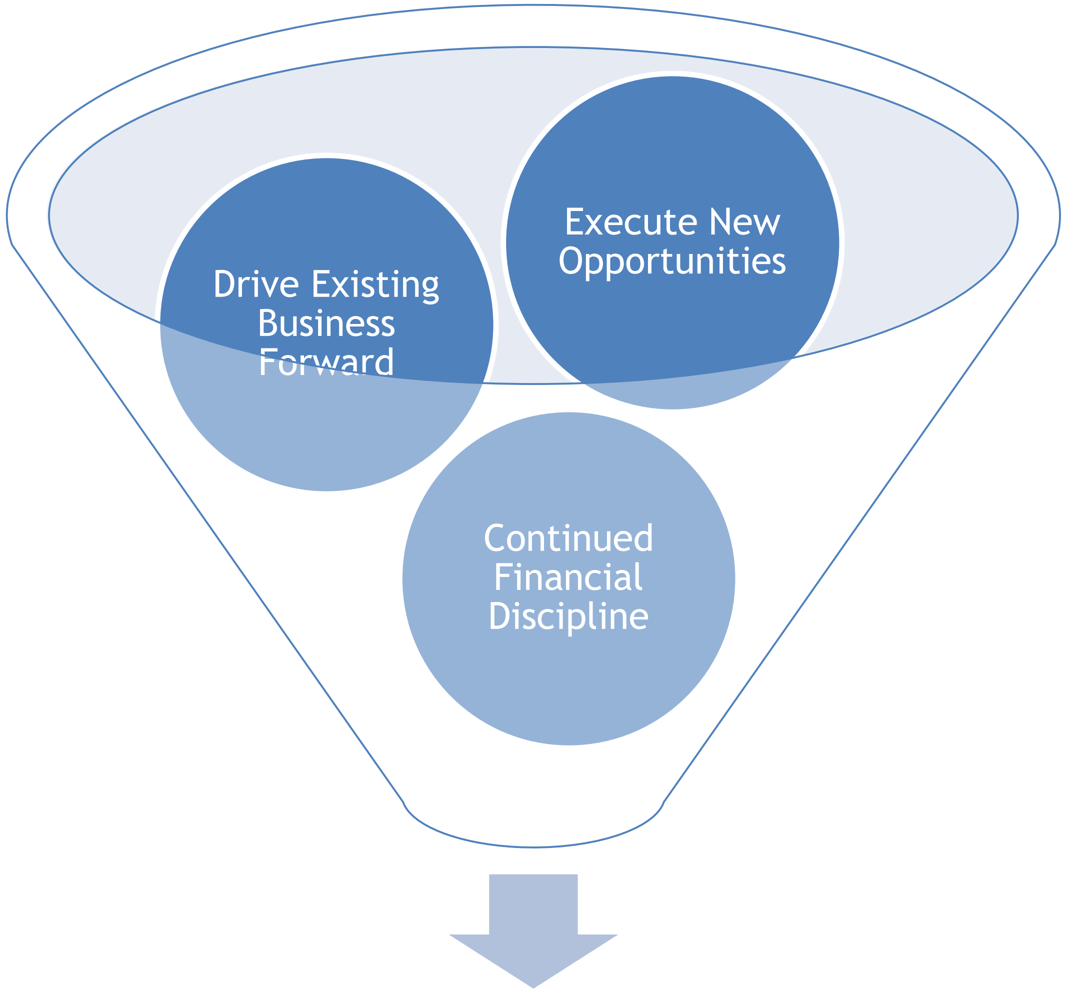

A Plan to Excel

	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

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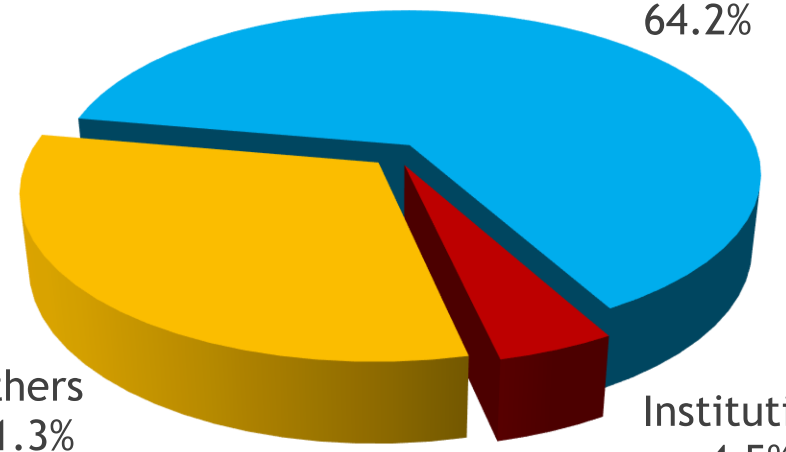

Market Data

Market Cap. (Rs. mn) (4-July-17)	17,489.90
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	Mar-17
Promoter	69.21%	67.35%	65.55%	65.55%	64.17%
Institutions	0.29%	1.21%	5.30%	4.56%	4.52%
Others	30.50%	31.44%	29.15%	29.89%	31.31%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100%**

Increasing public shareholder base

Core Management Team

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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*	*14 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*	*10 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*	*9 years' association with Bodal Chemicals and total experience of 29 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*	*17 years' association with Bodal Chemicals and total experience of 22 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

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V. K. Shashidharan *Vice President - Technical*	*8 years' association with Bodal Chemicals and total experience of 36 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*	*27 years' association with Bodal Chemicals and total experience of 30 years. Mr. Bansibhai Patel handles Units 1,2,3 and 4. He holds a Masters degree in Science*
Rakeshbhai R. Patel *President – Production & Technical*	*22 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)*	*7 years' association with Bodal Chemicals and total experience of 34 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

Board of Directors

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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. Bipin R. Patel
Independent Director

Mr. Nalin Kumar
Independent Director

Ms. Neha Huddar
Independent Director

Well diversified board complements strong corporate governance

Safety, Health and Environment (SHE)

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'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

Safety, Health and Environment (SHE)

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

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

Why Bodal Chemicals

Bodal Chemicals Ltd.
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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)
- Produce 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

- Net Debt to Equity of 0.38x & Net Debt/LTM EBITDA of 0.59x

- High margin products such as Speciality Chemicals and Liquid Dyestuff expected to diversify revenue streams

Poised to enter a new growth trajectory

Forward Looking Statements

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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.

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