

Results presentation

Q4 & Annual FY2017-18

(29th May 2018)



Bodal Chemicals Ltd.

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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.



Quarterly Performance Q4FY17-18



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Financials - Standalone

Particulars (Rs.million)	Q4FY18	Q4FY17	YoY (%)
Revenue from operations	2,824	3,177	-11%
Other income	30	16	90%
Gross revenue	2,855	3,193	-11%
Less: Excise duty	-	276	-
Net revenue	2,855	2,917	-2%
Materials expenses	1,752	1,879	-7%
Employee benefits expense	121	83	45%
Other expenses	484	396	22%
Total expenses	2,357	2,358	0%
EBITDA	498	559	-11%
Finance costs	11	13	-17%
Depreciation and amortisation expense	(81)	69	
Add: Exceptional Items (Income)	-	9	
Profit before tax	568	486	17%
Tax expense	171	183	-6%
Profit (Loss) for the period from continuing operations	397	303	31%
Items that will not be reclassified to profit or loss (net of tax)	(5)	(0)	
Total Comprehensive Income for the period	391	303	29%
Paid-up Equity share capital (Face value of Rs. 2 per share)	244	218	12%
EPS (Rs./ Share) (not annualised)	3.31	2.79	19%
<i>Material exp/Net Revenue (%)</i>	<i>61%</i>	<i>64%</i>	
<i>EBITDA/Net Revenue (%)</i>	<i>17%</i>	<i>19%</i>	
<i>PBT/ Net Revenue (%)</i>	<i>20%</i>	<i>17%</i>	
<i>Net Profit/ Net Revenue (%)</i>	<i>14%</i>	<i>10%</i>	
<i>Tax rate (%)</i>	<i>30%</i>	<i>38%</i>	

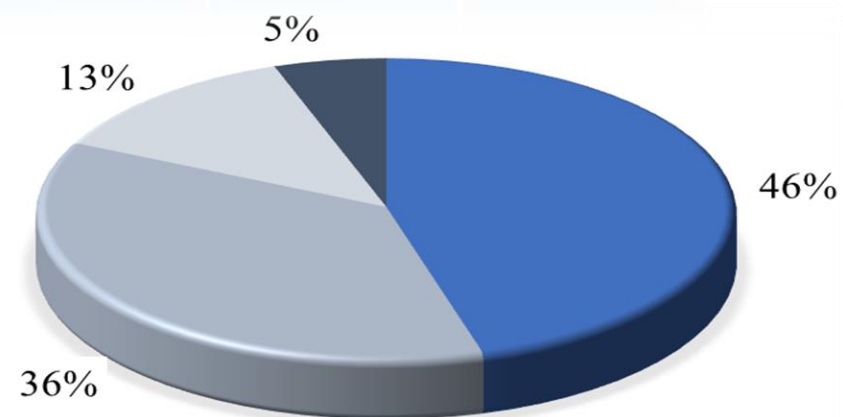


Sale of products – by sub-segment and geography

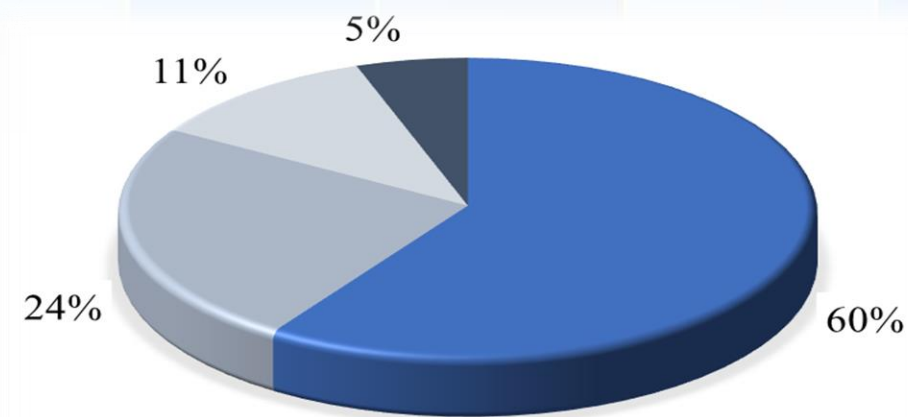
Break-up (Standalone)

By Sub-Segment

Q4 FY2018



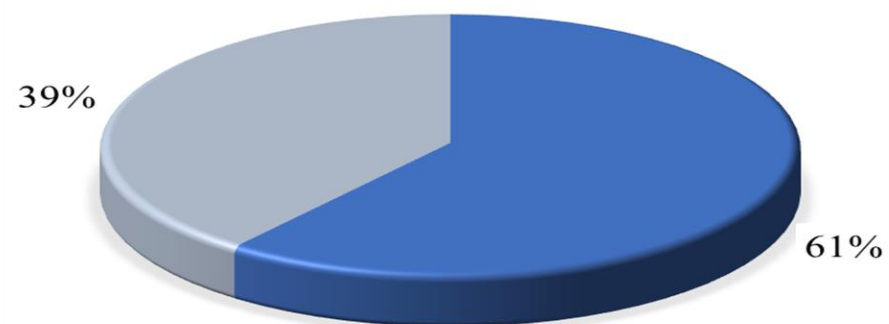
Q4 FY2017



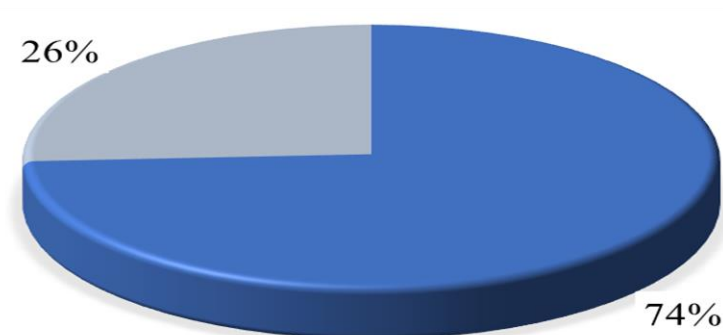
■ Dye Intermediates ■ Dyestuff ■ Basic Chemicals ■ Others

By Geography

Q4 FY2018



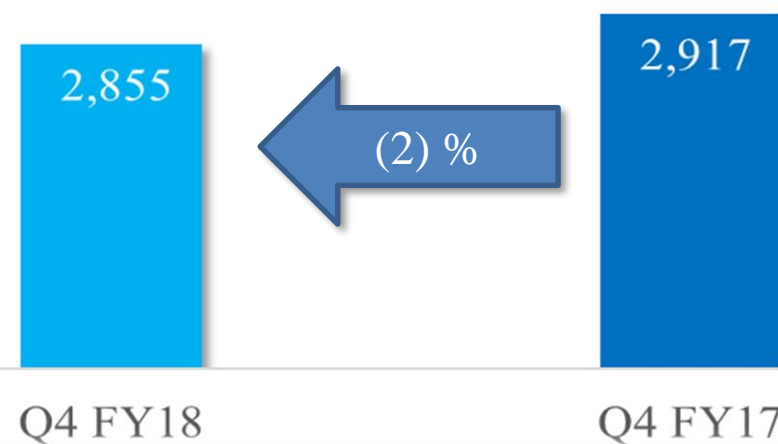
Q4 FY2017



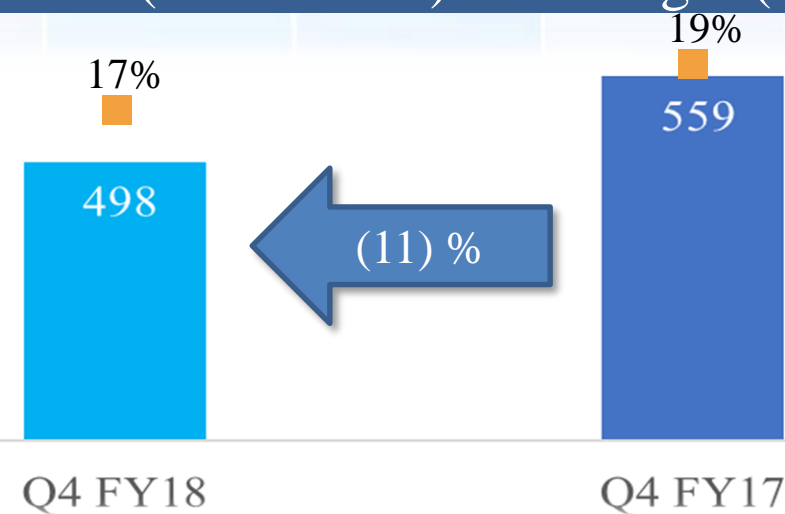
■ Domestic ■ Exports

Financial comparison - Standalone

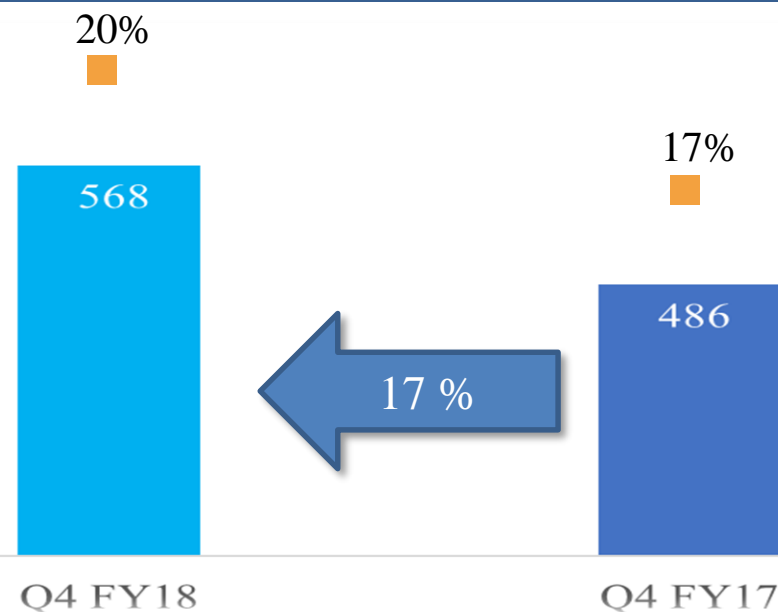
Net Revenue (Rs. Million)



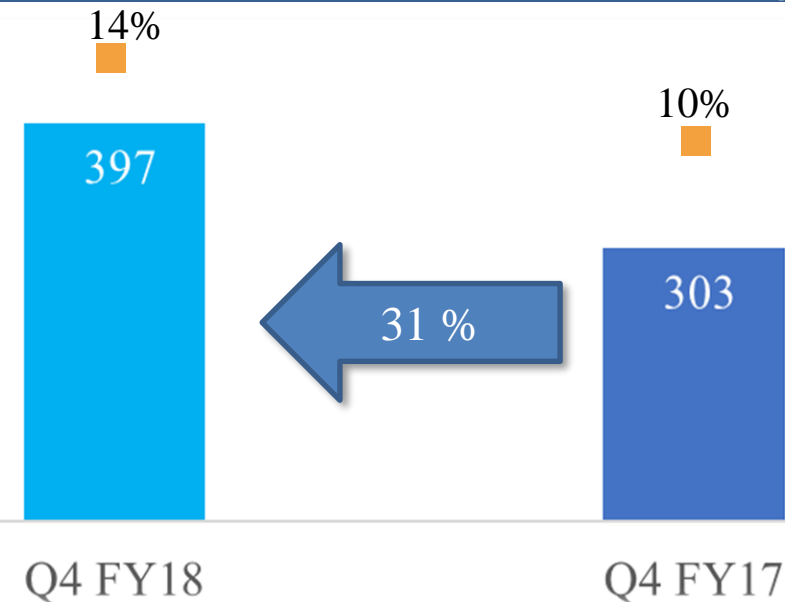
EBITDA (Rs. Million) and Margin (%)



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



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



Full year Performance FY17-18



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Financials - Consolidated

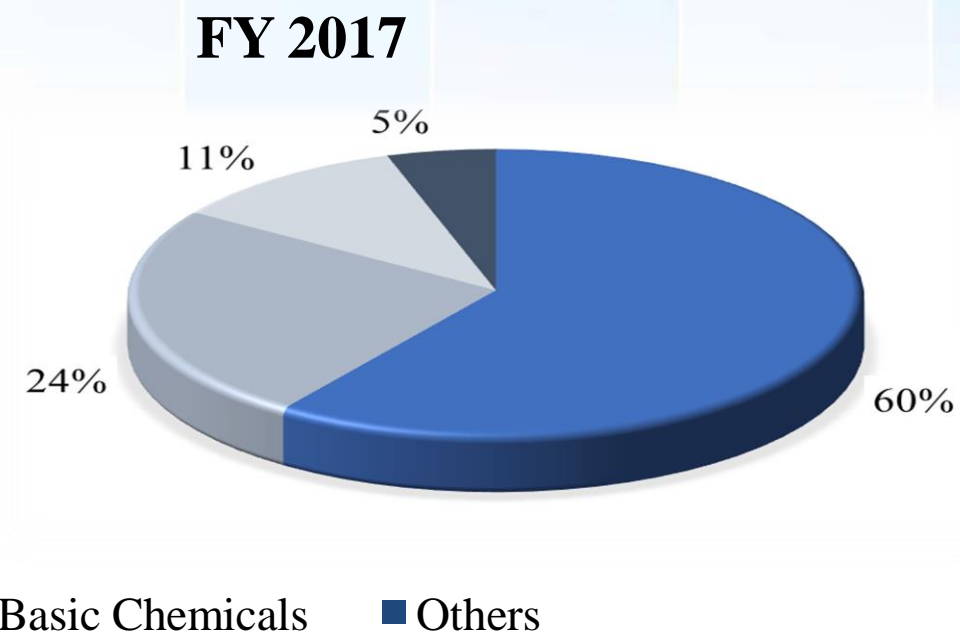
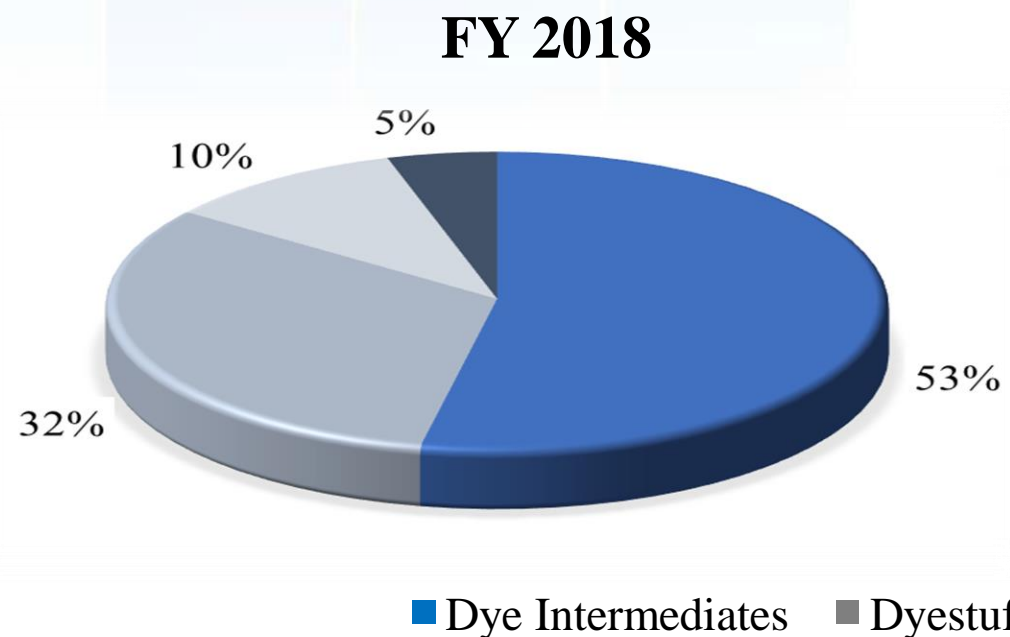
Particulars (Rs.million)	FY18	FY17	YoY (%)
Revenue from operations	11,661	13,392	-13%
Other income	95	105	-10%
Gross revenue	11,756	13,497	-13%
Less: Excise duty	239	1,048	
Net revenue	11,517	12,449	-7%
Materials expenses	7,057	7,973	-11%
Employee benefits expense	472	419	13%
Other expenses	1,949	1,691	15%
Total expenses	9,478	10,083	-6%
EBITDA	2,039	2,366	-14%
Finance costs	53	87	-39%
Depreciation and amortisation expense	121	289	-58%
Add: Exceptional Items (Income)	-	49	
Profit before tax	1,865	2,038	-9%
Tax expense	619	709	-13%
Share of loss of Associates	(27)	(0)	
Profit (Loss) for the period from continuing operations	1,219	1,329	-8%
Items that will not be reclassified to profit or loss (net of tax)	(7)	(2)	
Total Comprehensive Income for the period	1,212	1,327	-9%
Paid-up Equity share capital (Face value of Rs. 2 per share)	244	218	12%
EPS (Rs./ Share)	10.62	12.18	-13%
 <i>Material exp/Net Revenue (%)</i>	 61%	 64%	
<i>EBITDA/Net Revenue (%)</i>	18%	19%	
<i>PBT/ Net Revenue (%)</i>	16%	16%	
<i>Net Profit/ Net Revenue (%)</i>	11%	11%	
<i>Tax rate (%)</i>	33%	35%	



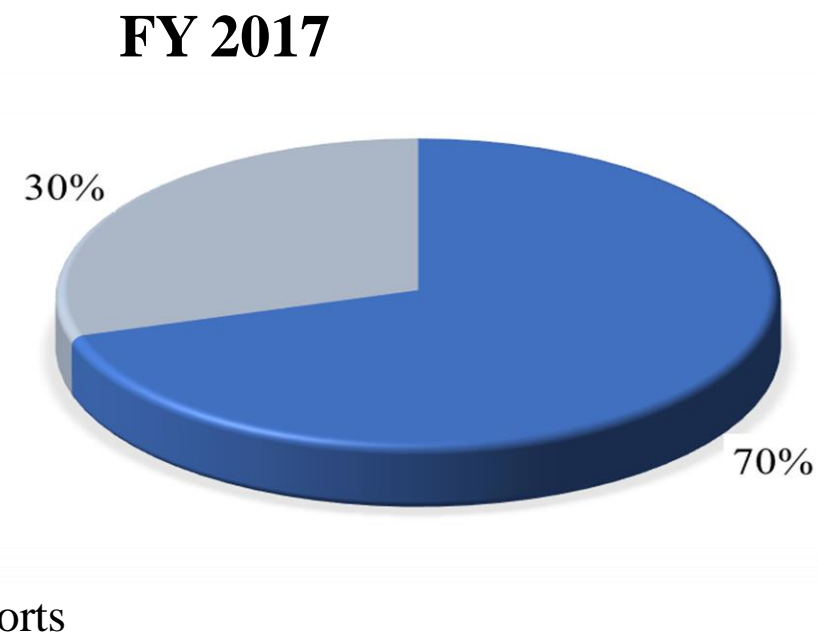
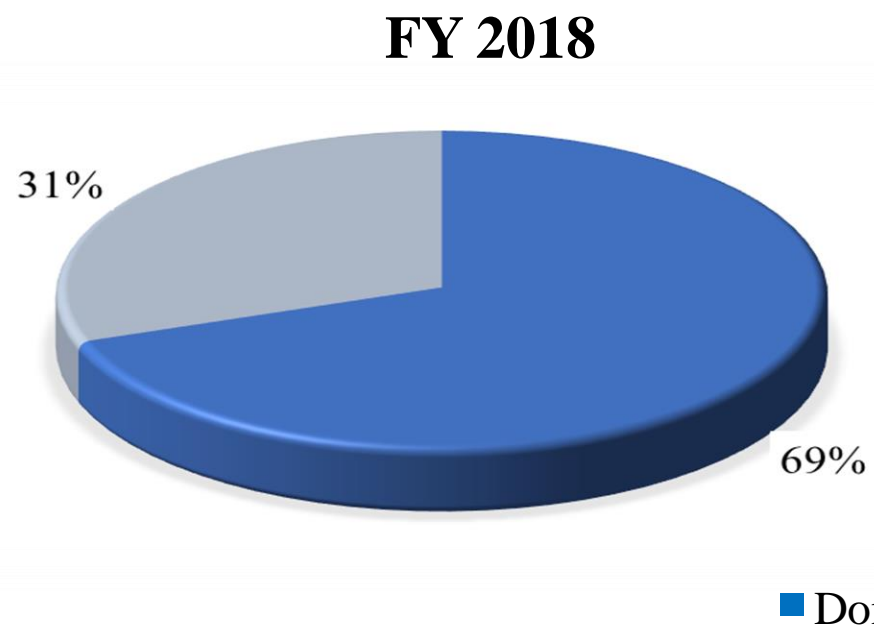
Sale of products – by sub-segment and geography

Break-up

By Sub-Segment

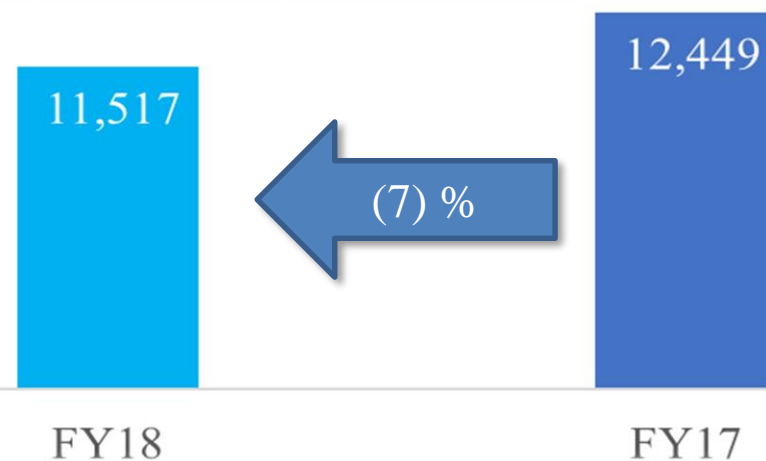


By Geography

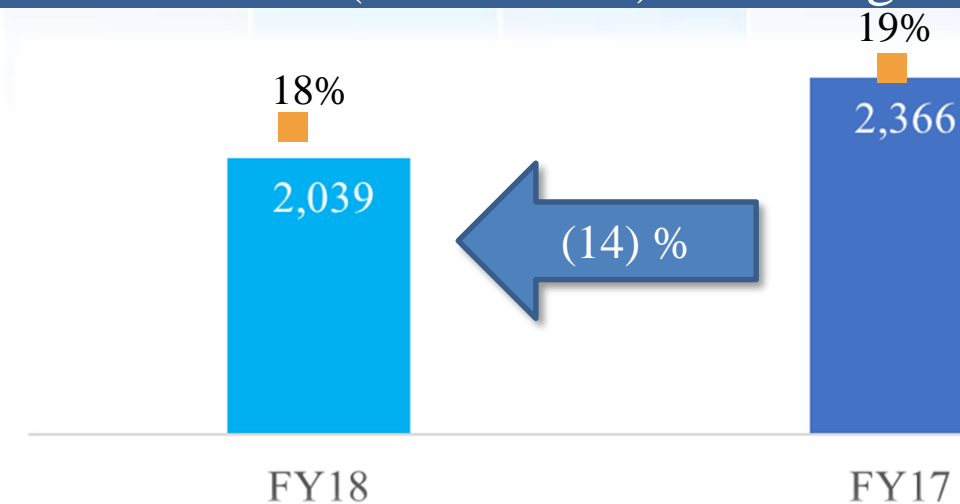


Financial comparison - Consolidated

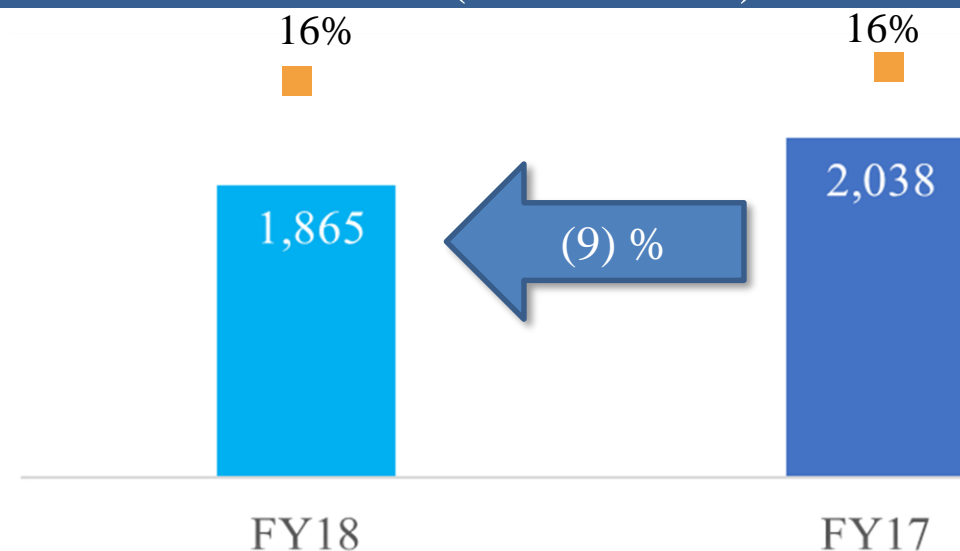
Net Revenue (Rs. Million)



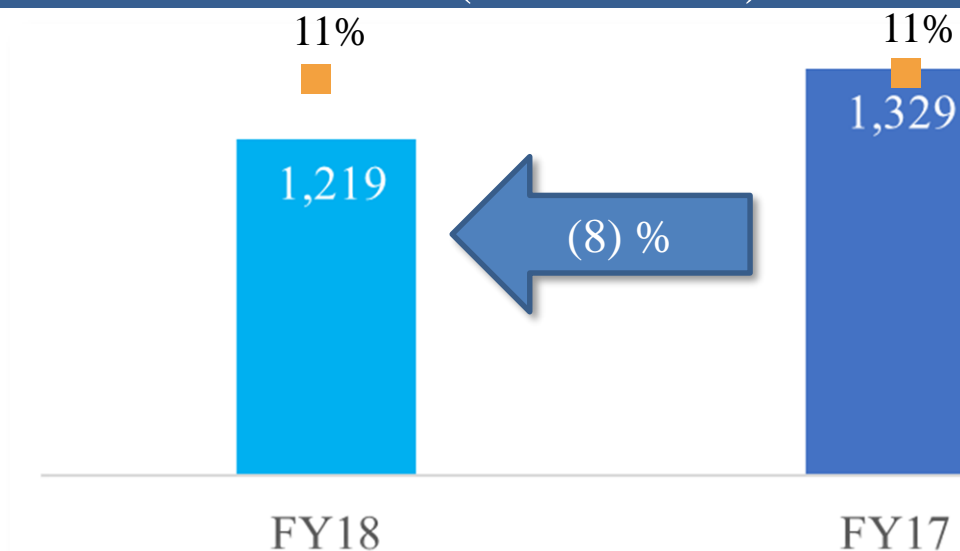
EBITDA (Rs. Million) and Margin (%)



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



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



Capacity Utilization - Metric Tons (MT)

Particulars	Dyestuff	Dyes Intermediates	Basic Chemicals
	Metric Tons (MT)		
Installed Capacity	17,000*	30,000	1,90,000
Production	15,412	22,344	1,79,544
Utilization %	90.7%	74.5%	94.5%

Subsidiaries / Associates Financials- FY17-18

Particulars (Rs. Million)	Trion	SPS
	Rs. million	
Revenue (Net of Tax)	102.6	745.9
EBITDA	(20.5)	(18.9)
Interest	(45.3)	(22.1)
Depreciation	(19.8)	(12.0)
PAT	(64.3)	(21.2)



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

“We experienced several pressing business challenges during the year such as lag effect of demonetization, implementation of GST, revamp of effluent discharge canals, teething issues in our acquisitions and spurt in raw material prices than what were at the beginning of the year. We also had significant increase in overheads due to implementation of major growth projects. During the year, we also took key governance initiatives such as realignment of our depreciation methodology and adoption of IND AS in all our policies. We have been able to stay focused through these developments and complete FY 2017-18 as a significant consolidation year and building step ahead for Bodal Chemicals.

On the back of all the hard work done during the past year, we anticipate a healthy growth in revenue and profitability in FY 2018-19 and the coming years ahead.”



Leverage & Ratings



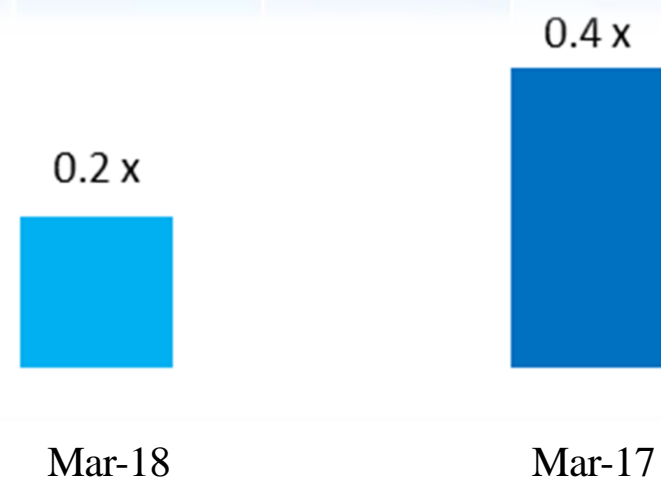
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Leverage - Standalone

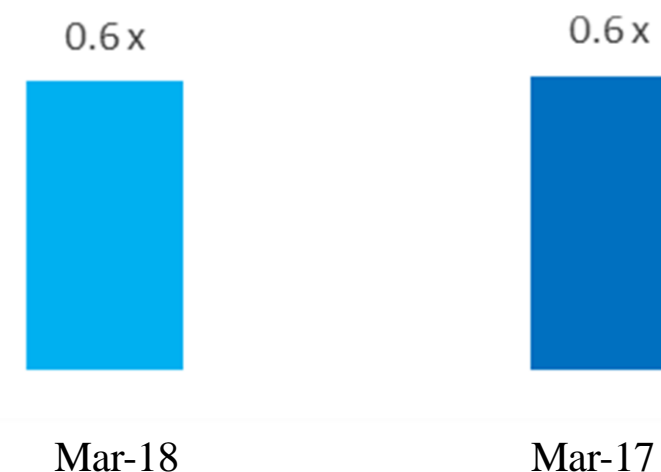
Particulars (Rs. Million)	31-Mar-18	31-Mar-17
Short Term Borrowings	1,471	1,411
Long Term Borrowings	7	7
Total Debt	1,478	1,418
Less: Cash & Cash Equivalents	261	58
Net Debt / (Net Cash)	1,217	1,360
Net Worth	7,020	3,627
EBIDTA	2,085	2,310

Bank Facility	Credit Rating
Long Term Bank Facilities	CARE A; IND A+
Short Term Bank Facilities	CARE A1; IND A1+

Net Debt / Equity (x)



Net Debt / EBITDA (x)



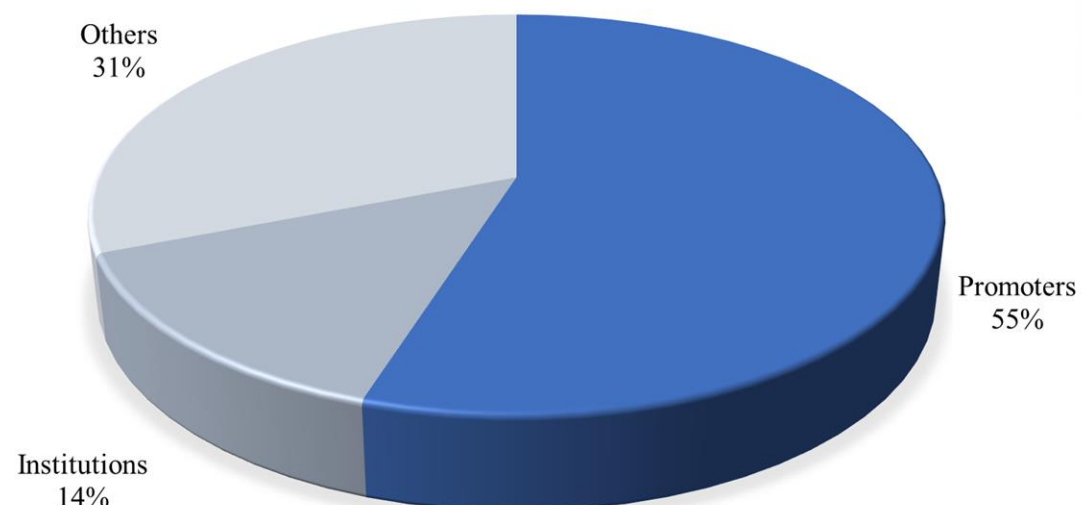
Shareholding & Listing data



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Shareholding and Listing

Shareholding Pattern (31st March 2018)



Shareholding break-up

Shareholders	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Promoters	64.2%	64.0%	61.5%	54.9%	54.9%
Institutions	4.5%	4.1%	3.4%	14.1%	14.1%
Others	31.3%	31.9%	35.1%	31.0%	31.0%
Total	100%	100%	100%	100%	100%

Listing Data

Current market price (Rs.) (28/05/18)	134.8 per share
Market Capitalisation (Rs. billion)	16.5
Outstanding Shares (million)	122.2
Bloomberg Ticker	BODL:IN
Reuters Ticker BSE	BODA.NS
Ticker	524370
NSE Ticker	BODALCHEM



Management comments FY 17-18 & Outlook FY 18-19



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Management comments on Q4 & FY 2017-18 results

Key factors affecting our business during the year were:

- Raw material prices: During the year, the prices of almost all the raw materials significantly increased by double digits due to factors like major hurricane in US, which affected lots of business, change in technology in Europe for caustic, crude prices, etc. The raw material as a % is lower by 3% and added to this there were certain operational efficiencies leading to better margins of 18%
- Depreciation: There was positive impact of Rs. 149.27 Million when comparing standalone depreciation of FY 2018 with FY2017. It was due to change in depreciation method. While adopting IND AS for the first time in FY 2018, we adopted a straight line method of depreciation in line with usually accepted accounting principles and in line with normally adopted method by corporates across the industry and country. The previous year's and previous quarter's figures therefore, are not comparable.
- Margins: During the year, the company maintained its PAT margins in spite of increase in raw material prices and strengthening of Rupee due to better utilization & operating efficiency



Management comments on Q4 & FY 2017-18 results (contd.)

- **Decline in Exports and Profit:** There was a marginal decline of 2.9% in Exports, this was due to currency impact. There was also a decrease in profit in FY 2018 compared to FY 2017 because FY 2017 was an extraordinary year with exceptional profit. Rupee remained strong in FY 2018 compared to FY 2017, which further led to lower realizations in FY 2018. The exports in dollar terms was almost the same as last year but lower due to stronger rupee

EXPORT In USD Vs INR

		In Rs. , Millions	
Export Revenues		FY18	FY17 YoY Growth (%)
Export		3,387	3,489 -2.9%
Total	-A	3,387	3,489 -2.9%

		In USD, Millions	
Currency wise : Export		FY18	FY17 YoY Growth (%)
Export -USD		52.210	52.600 -0.7%
Export (EURO 0.0133) USD		0.016	-
Export - AED (AED to USD)		-	
Total	-B	52.226	52.600 -0.7%

Euro to USD = 1.17377 times

Export Rs./ Export USD (A/B)	64.848	66.335
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IMPORT In USD Vs INR

		In Rs. , Millions	
Import : Raw Materials		FY18	FY17 YoY Growth (%)
Import		753	732 2.8%
Total	-A	753	732 2.8%

		In USD, Millions	
Currency Wise : Import		FY18	FY17 YoY Growth (%)
Import -USD		11.701	8.829 32.5%
Import- EURO		-	
Import -AED 7.84 to USD		-	2.118 -100.0%
Total	-B	11.701	10.947 6.9%

AED to USD = 0.27 times

Import Rs./ Import USD (A/B)	64.353	66.892
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Management comments on Q4 & FY 2017-18 results (contd.)

- Subsidiaries/ Associates: During the year, Subsidiaries/ Associates did not add to the topline and bottom-line to their full potential. Teething issues have now been resolved and we expect positive impact in FY 2019 in these businesses
- Overall overheads increased because new projects were under construction during the year. Fruits from these initiatives will start from FY2019



Outlook for FY 2018-20

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 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. SO_3 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



Outlook for FY 2018-20 (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, in the last two months of April and May 2018, the raw material prices have started stabilizing to some extent. The dollar is becoming stronger again which may lead to better profitability



Conference call details



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Conference call to discuss Q4 & FY 2017-18 results & Outlook

Management will discuss results of Q4 & FY 2017-18 and Outlook on a conference call on 29th May 2018 at 4:30 PM India time.

The conference call dial-in numbers are:

Primary number: +91 22 6280 1106

Local access number: +91 22 7115 8007

The numbers listed above are universally accessible from all networks in all countries

International toll free number:

- USA : 1 866 746 2133
- UK : 0 808 101 1573
- Singapore : 800 101 2045
- Hong Kong : 800 964 448



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Thank you



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Annexures



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Sale of products – by sub-segment and geography (Standalone)

Rs. million

Geography-wise Revenues	Q4FY18	Q4FY17	YoY Growth (%)
Domestic	1,687	2,130	-20.8%
Export	1,100	743	48.0%
Total	2,787	2,873	-3.0%

Sub-Segment-wise Revenues	Q4FY18	Q4FY17	YoY Growth (%)
Dye Intermediates	1,269	1,706	-25.6%
Dyestuff	1,017	693	46.8%
Basic Chemicals	353	322	9.6%
Others	148	152	-2.7%
Total	2,787	2,873	-3.0%



Sale of products – by sub-segment and geography (Standalone)

Rs. million

Geography-wise Revenues	FY18	FY17	YoY Growth (%)
Domestic	7,704	8,205	-6.1%
Export	3,387	3,489	-2.9%
Total	11,091	11,694	-5.2%

Sub-Segment-wise Revenues	FY18	FY17	YoY Growth (%)
Dye Intermediates	5,895	6,990	-15.7%
Dyestuff	3,533	2,863	23.4%
Basic Chemicals	1,149	1,269	-9.5%
Others	514	572	-10.1%
Total	11,091	11,694	-5.2%



Production Quantity Metric Tons (MT)

MT

Production MT	Q4FY18	Q4FY17	YoY Growth (%)
Dye Intermediates	5,894	5,722	3%
Dyestuff	4,116	3,294	25%
Basic Chemicals	50,081	50,024	0%
Others	459	1,897	-76%
Total	60,550	60,937	-1%



Production Quantity Metric Tons (MT)

MT

Production MT	FY18	FY17	YoY Growth (%)
Dye Intermediates	22,344	23,100	-3%
Dyestuff	15,412	12,503	23%
Basic Chemicals	179,544	188,767	-5%
Others	2,530	6,835	-63%
Total	219,830	231,204	-5%





Bodal Chemicals Ltd.

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