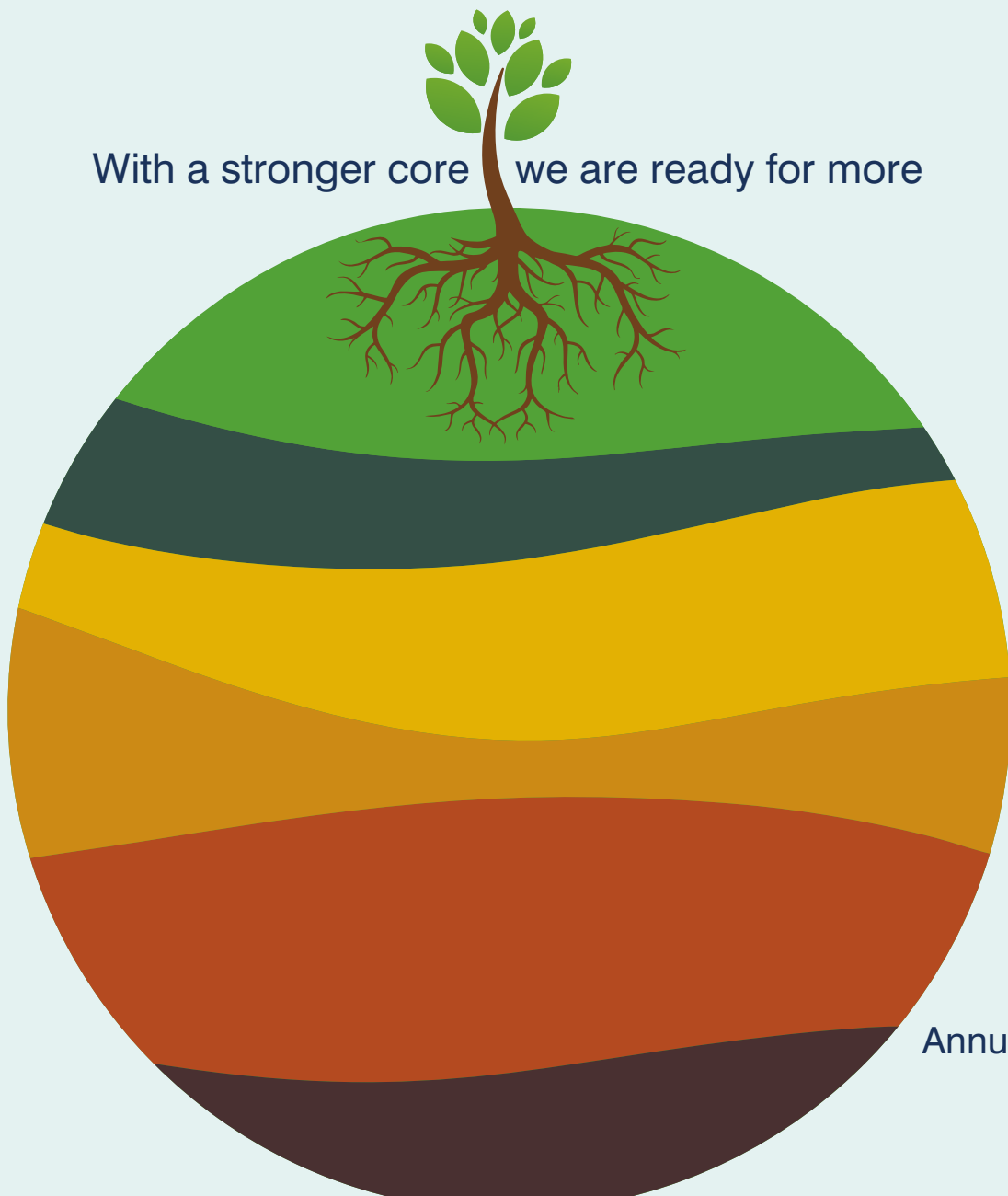




Bodal Chemicals Ltd.
COLOURS. INTEGRATION. INNOVATION.

With a stronger core we are ready for more



Annual Report
2015-16



A tree with strong roots is one that is solidly anchored into the ground and is likely to have a sustained growth. In other words, roots can be called the 'Core' of a tree. Bodal Chemicals sowed the seeds of a great business three decades ago and through passion and perseverance, has built a strong Core for itself. However, Bodal Chemicals is yet to bear its best fruit and is yet to see its most rewarding years.

We are now
ready for more.



Bodal Chemicals Ltd.
COLOURS. INTEGRATION. INNOVATION.

Annual Report 2015-16

CORPORATE INFORMATION

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. Bipin R. Patel

Independent Director

Mr. Sunil K. Mehta

Independent Director

Mrs. Kajal Ritesh Soni

Independent Director

AUDIT COMMITTEE

Surendra N. Shah Chairman

Bipin R. Patel Member

Bhavin S. Patel Member

NOMINATION AND REMUNERATION COMMITTEE

Surendra N. Shah Chairman

Bipin R. Patel Member

Sunil K. Mehta Member

SHAREHOLDERS' GRIEVANCES COMMITTEE

Surendra N. Shah Chairman

Bipin R. Patel Member

Bhavin S. Patel Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Suresh J. Patel *Chairman*

Ankit S. Patel *Member*

Surendra N. Shah *Member*

CHIEF EXECUTIVE OFFICER

Mr. Suresh J. Patel

CHIEF FINANCIAL OFFICER

Mr. Mayur B. Padhya

COMPANY SECRETARY

Mr. Ashutosh B. Bhatt

REGISTERED ADDRESS

Plot No.123-124, Phase-I, G.I.D.C. Estate
Vatva, Ahmedabad - 382445

AUDITORS

Mayank Shah & Associates

Chartered Accountants

706-708-A, Mahakant, Opp. V. S. Hospital
Ellisbridge, Ahmedabad- 380006

BANKERS

Union Bank of India

Bank of India

TRANSFER AGENTS

Link Intime India Pvt. Ltd.

(Ahmedabad Branch)

Unit No 303, 3rd Floor, Shoppers Plaza V

Opp. Municipal Market

Behind Shoppers Plaza II

Off C G Road, Ahmedabad - 380009

#1

Manufacturer of Dye Intermediates in India;
One of the leading players globally

5%

Global Market Share

670 bps

EBITDA margin improvement between
Q4 FY2015 to Q4 FY2016

31%

Reduction in Net Debt since March 31, 2015

0.6x

Debt / Equity ratio as on March 31, 2016

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About Bodal Chemicals

One of the

World's Leading

manufacturers of Dye Intermediates and Dyestuff

India's Largest

manufacturer of Dye Intermediates

Most Integrated

Dyestuff player in India, thereby reducing logistics costs and enabling higher margins

Produces the

Widest Variety

of Dye Intermediates in India

Based in Gujarat, with an

Abundance of Raw Materials

Strong global reach;

Exports to over 35 Countries

Captive Power Plant

and steam generation reduces power cost

100% topline growth in 3-4 years helped by

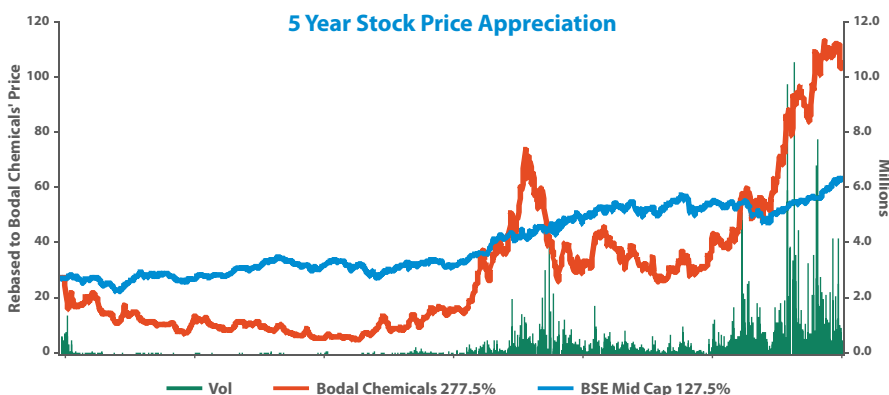
New Growth Initiatives

Total Debt to Equity of 0.6x represents a

Strong Leverage Profile

277.5%

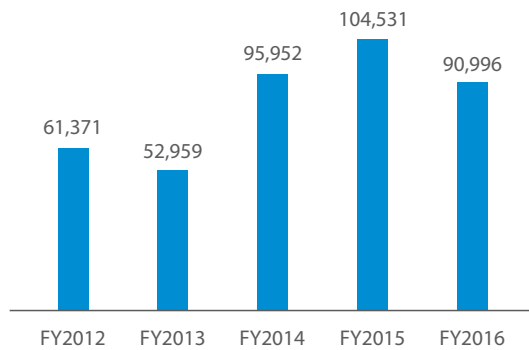
Absolute five year stock price return*



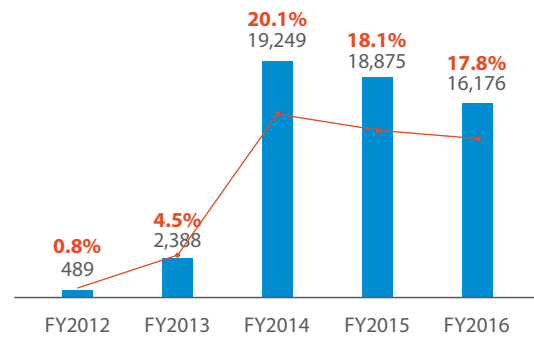
*As of 16th August, 2016; excludes dividends.

Financial Snapshot

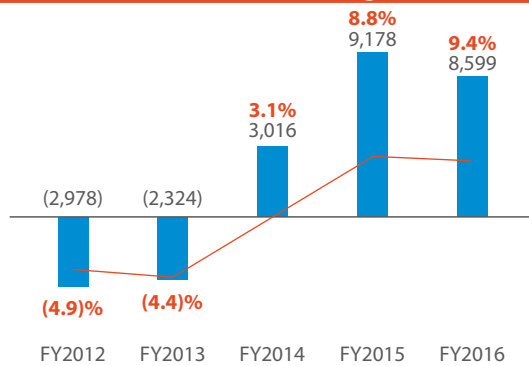
Revenue (Rs. Lacs)



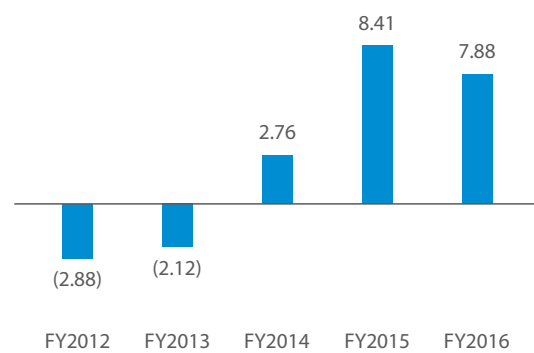
EBITDA (Rs. Lacs) & Margin (%)



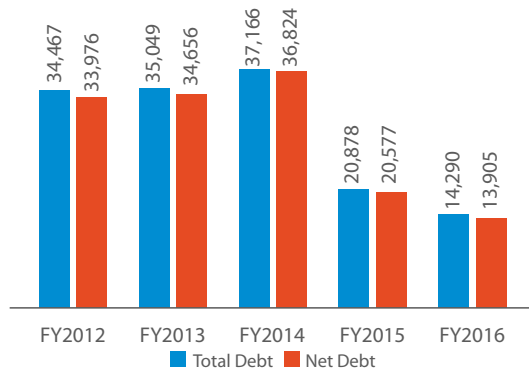
PAT (Rs. Lacs) & Margin (%)



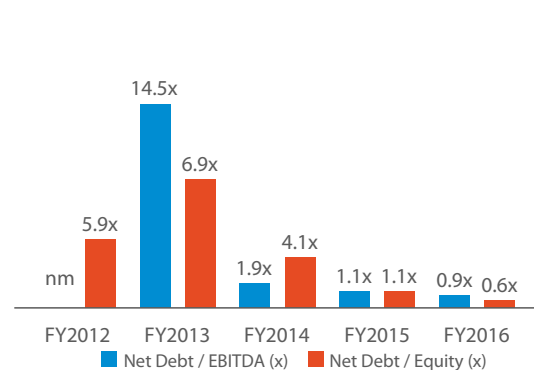
EPS (Rs.)



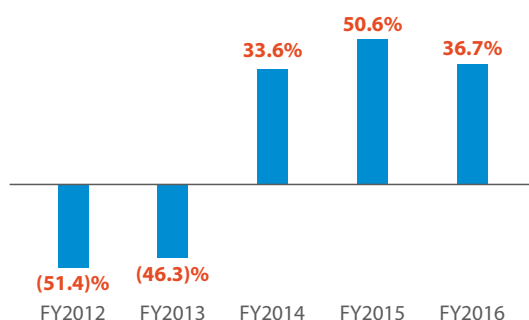
Total Debt & Net Debt (Rs. Lacs)



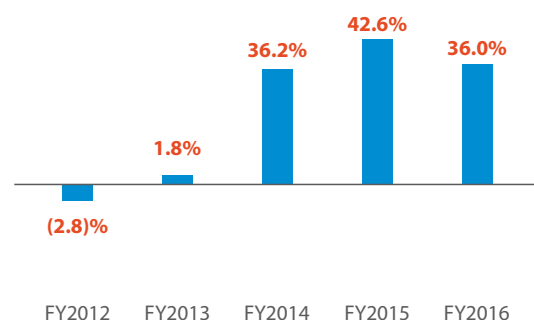
Net Debt / EBITDA and Net Debt / Equity



Return on Equity (%)



Return on Capital Employed (%)



Chairman's Message



The global Dyestuff industry is at a critical juncture today. Recently, after a leading company in China was shut down owing to environmental concerns, the world's focus shifted to the Indian manufacturers to fill the void created by the deficit in supply. This has presented a highly lucrative opportunity for Bodal Chemicals, which is well known as one of the leading Dyestuff manufacturers globally. Not only are we one of the lowest cost producers of Dyestuff owing to the level of integration in our manufacturing processes, but are also well acknowledged in the international market through the wide reach of our exports. With a sense of excitement and anticipation, we welcome this next level of growth.

Leaving aside the opportunity that lies ahead of us for a short while, I would like to share with all of you Bodal Chemicals'

operational and financial journey over the last few years and how that has contributed to further strengthening our core. The Company's Total Consolidated Income during financial year 2016 stood at Rs. 9,099.6 million whilst the EBITDA stood at Rs. 1,617.6 million translating into margins of 17.8%. The EBITDA represents a growth of close to seven times in 3 years. Furthermore, the return on equity has risen to 36.7% from a negative return three years back. With a Net Debt / EBITDA of 0.8x and a Debt / Equity of 0.6x, we have much more financial flexibility today, also reflected in our credit ratings. It has taken both perseverance and passion to get to where we are today and we are not stopping yet.

Yet, it is one thing to be great at what you do but totally another to keep pushing the boundaries. This time last year I shared with

*“ It has taken both
perseverance and passion
to get to where we are today
and we are not stopping yet.”*

you our venturing into Specialty Chemicals through Trion Chemicals. We have made significant progress on this initiative through the year and as promised, will be starting production in the second half of FY2017. During the latter part of the financial year, we also started commercial production of LABSA. The market feedback for the product has been absolutely encouraging so far and it gives us great confidence to enhance production of the same. A third high margin product we look forward to increasing production of is Liquid Dyestuff which is used in the paper industry for coloring paper. I expect these high growth initiatives to collectively put Bodal Chemicals on a new growth trajectory.

We owe our successes to our employees, financial institutions, vendors, customers and shareholders. As we move on to a higher

growth path, your continuing support and cooperation will be imperative. We strive to break new grounds and reach new heights, in our quest for excellence in business and innovation. In doing so, we will continue to create value for our stakeholders and make the workplace at Bodal Chemicals a much more fulfilling platform for all our employees.

Yours Sincerely

Suresh J. Patel

**Chief Executive Officer,
Chairman and Managing Director**

Directors' Report

Your Directors are pleased to present their 30th Annual Report on the business and operations of Bodal Chemicals Limited ("Bodal Chemicals" or the Company) together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2016.

FINANCIAL RESULTS

The Financial Results of the Company for the year ended 31st March, 2016, were as follows:

(Rs. in Lacs)

Particulars	Standalone		Consolidated	
	FY2016	FY2015	FY2016	FY2015
Income from Operations	89,685.15	103,580.48	89,697.93	103,580.48
Other operating Income	1,297.57	950.74	1,297.57	950.74
Total Income from Operations	90,982.72	104,531.22	90,995.50	104,531.22
Profit Before Interest, Depreciation & Taxation (EBITDA)	16,194.47	18,898.36	16,176.08	18,875.20
Less: Depreciation	2,577.82	2,224.79	2,579.05	2,225.05
Profit Before Interest & Taxation (EBIT)	13,616.65	16,673.57	13,597.03	16,650.15
Less: Finance Cost	1,219.93	2,727.53	1,219.93	2,727.53
Less/Add : Exceptional Item	(789.89)	0.00	(675.47)	0.00
Profit Before Tax (PBT)	13,186.61	13,946.04	13,052.57	13,922.62
Less: Tax Expenses	4,526.76	4,744.39	4,453.91	4,744.38
Profit After Tax (PAT)	8,659.85	9,201.65	8,598.66	9,178.24
Balance brought forward from previous year	9,133.64	(68.01)	8,700.05	(478.19)
Amount available for appropriation	17,793.49	9,133.64	17,298.71	8,700.05
Appropriations:				
Interim Dividend	654.64	-	654.64	-
Proposed Final Dividend	-	-	-	-
Dividend Distribution Tax	133.27	-	133.27	-
Capital Redemption Reserve	2,500.00	-	2,500.00	-
Balance carried to Balance Sheet	14,505.58	9,133.64	14,010.80	8,700.05

Notes: Previous year figures have been recast wherever necessary.

PERFORMANCE DISCUSSION

During the year under review, Total Income from Operations on a consolidated level declined 12.9% to Rs. 90,995.50 lacs compared to fiscal year 2015. This was mainly due to the effect of lower finished goods prices. Lower crude price for most of the year pushed raw material prices lower, thereby impacting realisations.

Consolidated EBITDA for the year was Rs. 16,176.08 lacs at 17.8% margin. This is compared to consolidated EBITDA of Rs. 18,875.20 lacs at 18.1% margin. However, realisation during the second half improved resulting in improvement in EBITDA margin from 16.5% in Q1 FY2016 to 21.6% in Q4 FY2016. Finance Cost during the year declined by 55.3% from Rs. 2,727.53 lacs to Rs. 1,219.93 lacs due to continued long term debt reduction. Profit after Tax (PAT) for the year was Rs. 8,598.66 lacs at 9.4% margin compared with Rs. 9,178.24 lacs in FY2015 at 8.8% margin. EPS for the year was Rs. 7.88 compared with Rs. 8.41 in FY2015.

CAPITAL STRUCTURE & LIQUIDITY

Share Capital

The Issued, Subscribed & Paid up Equity Share Capital of the Company as at 31st March, 2016 was Rs. 2,182.15 lacs divided into

1,091.07 lacs Equity shares, having face value of Rs. 2 each. This compares with Rs. 4,682.15 lacs as at 31st March, 2015.

In a meeting of Preference Shareholders held on 3rd August, 2015, the Preference Shareholders of the Company approved redemption of the 250 lacs, 9% Non-Convertible Redeemable Preference Shares of Rs. 10 each fully at par. Total amount of the Preference Share redemption was Rs. 2,500 lacs.

General Reserve

During the year under review, your Directors do not propose to transfer any amount to the General Reserve.

Term Loan and Working Capital

As of 31st March, 2016, Total Debt was Rs. 14,290.40 lacs, Cash and Cash Equivalents were Rs. 46.90 lacs resulting in Net Debt of Rs. 14,243.50 lacs (vs. Rs. 20,750.40 lacs as on 31st March, 2015). Total Debt consisted of Rs. 14,222.50 lacs of Working Capital loans and Rs. 67.90 lacs of Long Term loans, including Long Term loans maturing within 12 months of the balance sheet date. During the year, the Company repaid its long term debt resulting in significantly improved leverage position and reduced finance cost.