

2017-18 ANNUAL
REPORT



Bodal Chemicals Ltd.
COLOURS. INTEGRATION. INNOVATION.

**SHAPING
THE FUTURE**



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FORWARD LOOKING STATEMENT

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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www.bodal.com

With every major change, comes a challenge to adapt to it and an opportunity to shape the future in a newer and often, better way. But it all begins with first accepting the changes. And that is exactly what we did at Bodal. The numerous micro-economic changes that we faced may have slowed us down for a moment, but did not deter us from our path. We embraced the changes, incorporated measures that will help our performances sustain through them, and came out stronger than before. We are experiencing growth, and if the future outlook is any indication, this is simply going to continue!



BODAL AT A GLANCE

We are one of the leading integrated Dyestuff companies present in India, offering end-to-end solutions to our customers across the world.

Established in 1989, Bodal Chemicals Limited is one of the world's largest manufacturers and exporters of Dye Intermediates and Dyestuff. We are an integrated Company providing products and solutions to our customers present across downstream industries.

Over a period of 28 years we have experienced a mix of both organic as well as inorganic growth, in terms of manufacturing capacity, number of facilities and product portfolio along with a rise in revenues and profitability.

**1485.82**Market Capitalization
as on 31st March 2018
(in ₹ crores)**20x**Growth in stock price
in last five years
(as on March 31, 2018)

Growth over past 10 years*

2.8x

Revenue

4.9x

EBITDA

7.0x

PAT



Sustainable Performance

11517

Revenue in 17-18 (₹ in Million)

1219

PAT in 17-18 (₹ in Million)

Some of the Industries our products cater to:



Textiles



Leather



Paper



Detergent

Water
Treatment

MESSAGE TO THE SHAREHOLDERS



Over a period of more than two decades, we have invested towards being a completely integrated Company – having enhanced our capabilities both at backward and forward integration. This gives us a competitive edge and helps us improve our efficiency levels. During the year, we delivered satisfactory performance despite various micro economic challenges, like after-effects of demonetization, introduction of GST, surge in raw material prices, and volatility in currency.



The industry is experiencing a constant growth in exports, reaching around ₹ 99,549 crores till September 2017.

Our sustainable progress in FY18 was supported by some key strategic decisions, which were directed towards ensuring a sustainable growth, with continuous focus on innovation and strengthening a stronger export presence for dyestuff and dye intermediates. The Indian dyestuff and dye intermediates industry contributes around 16% to the total world production. Since the past few years, the industry has been experiencing a constant growth in exports, reaching to around ₹ 99,549 crores till September 2017. The industry is mainly driven by the demand generated from textile industry, leather industry, paper industry, ink industry, plastic industry and paint industry.

During the year, various tailwinds from the industry supported our progress and helped us record a growth of 100 bps in share of exports in total revenue. In FY18, we recorded a revenue of ₹ 11,517 million and an EBITDA of ₹ 2,039 million was registered. Despite of challenges from various economic factors and rise in raw material prices, we witnessed a healthy EBITDA margin of 18% for the year. We were also successful in recording a Profit After Tax (PAT) of ₹ 1,219 million with a PAT margin of 11%. To strengthen further our integration model, company has started and concluded certain CAPEX during the year. This expansion will help us experience a volume-led growth and enhance our operational efficiencies, thereby leading to value-creation for our stakeholders.

In FY18, we completed the expansion of our Dyestuff plant by 12,000 MTPA and 5MW of Cogeneration Power Plant. We also completed the formalities of acquisition of the GIDC land at Saykha for around ₹ 85 crores. On an operational front, we experienced a growth in volume

for dyestuff by 23% which is in line with our long term vision to increase dyestuff production and maximise captive consumption of dye intermediates. There is nominal lower volume in dye intermediates and basic chemicals.

Moving ahead, we expect to experience a sustained growth in coming years, where our focus will be on improving our profitability levels. We expect our Trion and SPS business, acquired during FY17, to generate cash and increase our margins. We are also working on a new product development, which is based on both forward as well as backward integration, i.e., Thinoyl Chloride (TC). We are establishing a TC plant of 36,000 MTPA at Unit VII. We plan to use 30% of TC produced for captive consumption and rest 70% will be sold to Chemical, Pharma, and Agro industries. This will give us the benefit of economies of scale, maintain low inventory, supply quality products and reduce our logistics costs.

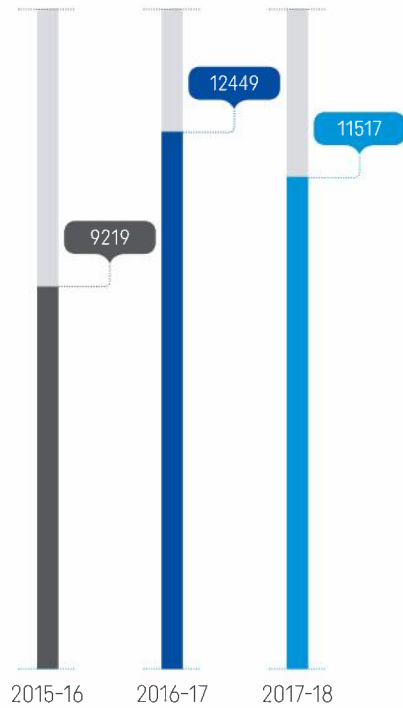
We look forward to a great year ahead with stabilization in raw material prices, increase in yields due to higher margins in domestic sales and exports, and strengthening of rupee, which will strengthen our liquidity position. I would like to take this opportunity to thank our shareholders who put their trust and faith in us, our employees for their hard work, and our management and Board for their continued support towards the Company.

Suresh J. Patel

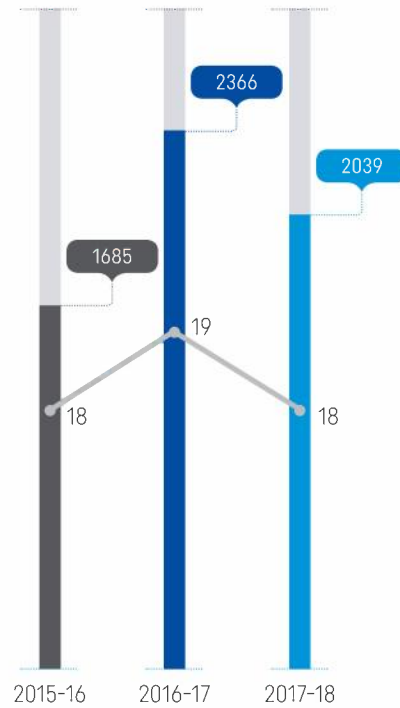
Chief Executive Officer, Chairman & Managing Director

PERFORMANCE THAT SUSTAINS

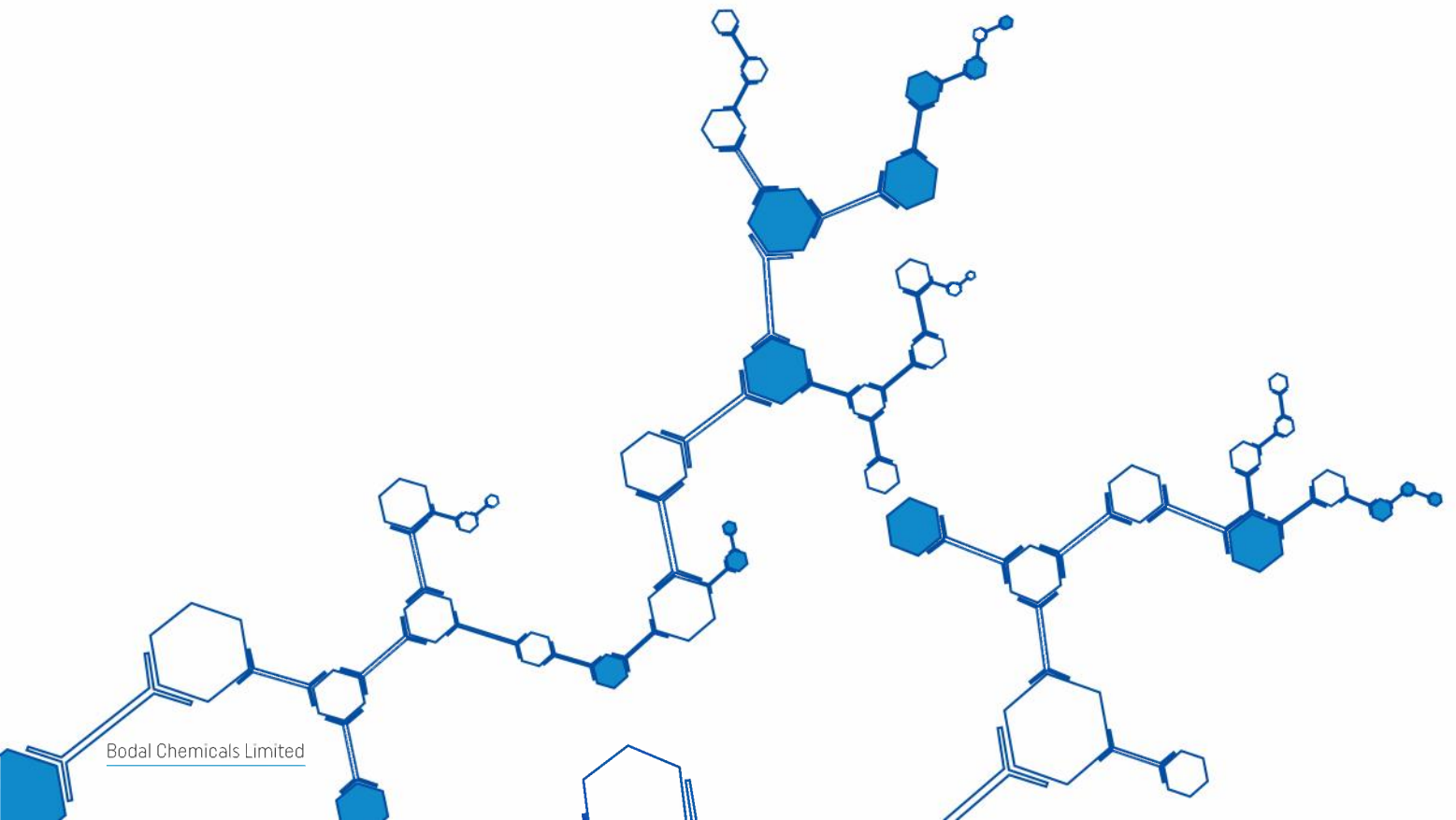
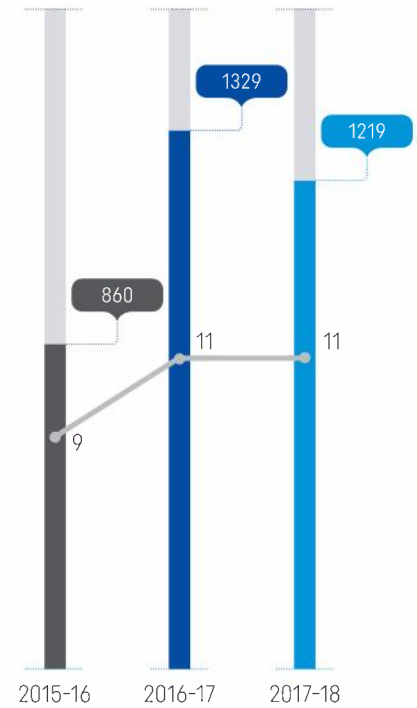
Revenue (₹ in Million)

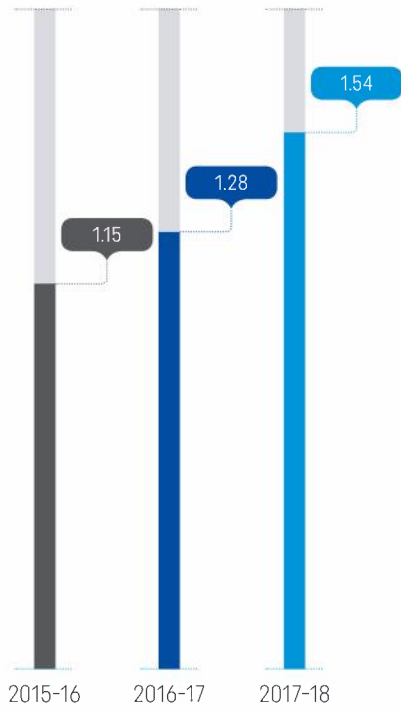
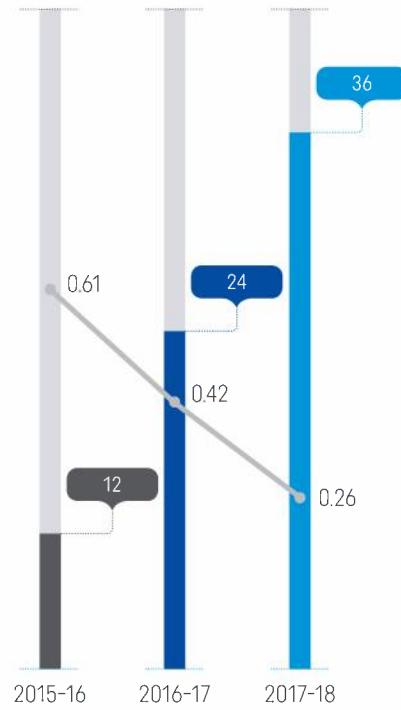
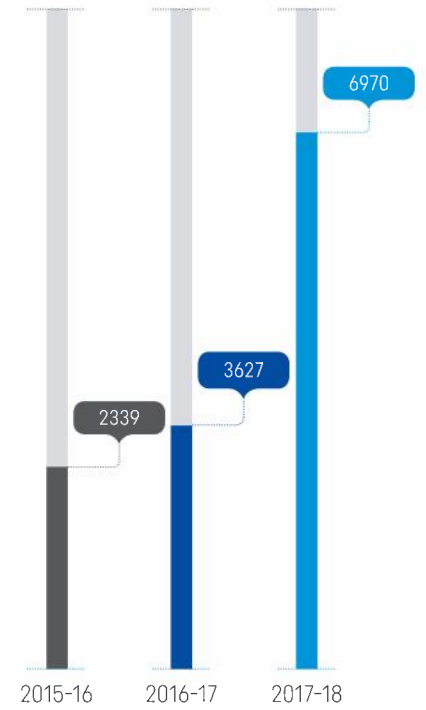


EBITDA (₹ in Million)
EBITDA Margin (in %)



PAT (₹ in Million)
PAT Margin (in %)



Current Ratio (In times)**Interest Coverage Ratio** (In times)
Debt Equity Ratio (In times)**Net Worth** (₹ in Million)

BUSINESS MODEL

