



Strengthening business sustainability

Bhageria Industries Limited
Annual Report 2018-19

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Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Strengthening business sustainability

At Bhageria Industries, we invested in our business with the objective to strengthen multi-year sustainability.

We invested in increased capacities, integrated backwards, enriched our knowledge capital, strengthened our product mix, enhanced wallet share, moderated costs and repaid debt.

The result is that we are optimistic of generating attractive growth every single year from now onwards.

With the objective to graduate the Company towards ₹1000 crore in turnover in five years with half our revenues derived from exports.

The exciting world of Bhageria Industries

Established in 1989, Bhageria Industries Limited is one of the leading manufacturer and exporter of intermediates and dyes. The Company is respected by some of the demanding global customers for superior quality products, consistency in supplies and timely delivery.

Manufacturing facilities

The Company manufactures products across facilities - at Vapi (Gujarat) and Boisar (Maharashtra). These facilities have been invested with scale, cutting-edge manufacturing equipment and effluent treatment systems, enhancing systemic uptime and stability.

Business

The Company manufactures dye intermediates products like Vinyl Sulphone, H-Acid and Gamma Acid. The Company also generates solar power through a 30 MW solar facility in Ahmednagar (Maharashtra) and 4.88 MWP solar rooftop plants located mostly in Chennai.

Stringent compliance

The Company has been accredited with the OHSAS 45001:2018, ISO 14001:2015 and ISO 9001:2015 certifications in recognition of its emphasis on qualitative consistency.



Scale

The Company's integrated manufacturing units possess an installed capacity of 9500 TPA dye intermediates. The Company invested in an aggregate solar power capacity of 34 MW.

Cientele

The Company's key clients include brand-enhancing dyes and pigment manufacturers like Everlight Chemical Industrial Corporation, Huntsman International, Lonsen Kiri, Indo Colchem Pvt. Ltd., Bhavin Industries, Colourtex, Jay Chemical Industries Limited, Archroma and PT Sinar among others. The product is eventually used in textiles, leather and paint industries. The Company also exports products to Korea, Japan, Taiwan, China, Germany, Indonesia, Thailand, USA and Europe.

Credit rating

The Company strengthened its credit-rating from BBB+ in 2017-18 to A- for long-term debt and from A2 to A2+ for short-term debt in 2018-19.

Listing

The Company's equity shares are listed on the BSE Limited and NSE of India. The Company enjoyed a market capitalisation of ₹599.13 crore as on March 31, 2019 on BSE and ₹596.40 crore as on March 31, 2019 on NSE.

Ethical pedigree

Mission: Bhageria, a customer-driven company, will continuously improve upon the services rendered to customers, meet customers' needs in the shortest lead time, develop new dyes & intermediate for new application areas and will continue to enjoy privileged status as a preferred supplier.

Bhageria, a shareholder-driven company, will remain focused in the areas of its core competence, emphasis on the quality of business rather than the size of the business, maintain profit-related growth policy, implement corporate governance, regard shareholder wealth creation as a key driver of all actions and policies of the Company and its people.

Bhageria, a brand-driven company, will maintain and improve upon the Bhageria brand name, and will create Bhageria brand awareness in the international markets through the export of quality products.

Bhageria, a people-driven company, will train, empower and create a superior pool of intellect, capable of leading its innovation drive.

Bhageria, an environment-friendly company, will continue to adhere to environment friendly manufacturing processes and set new standards in fighting pollution.

Vision: To be the preferred, trusted and successful long-term partner to our stakeholders, clients, associates and our employees. For this to happen we will stay

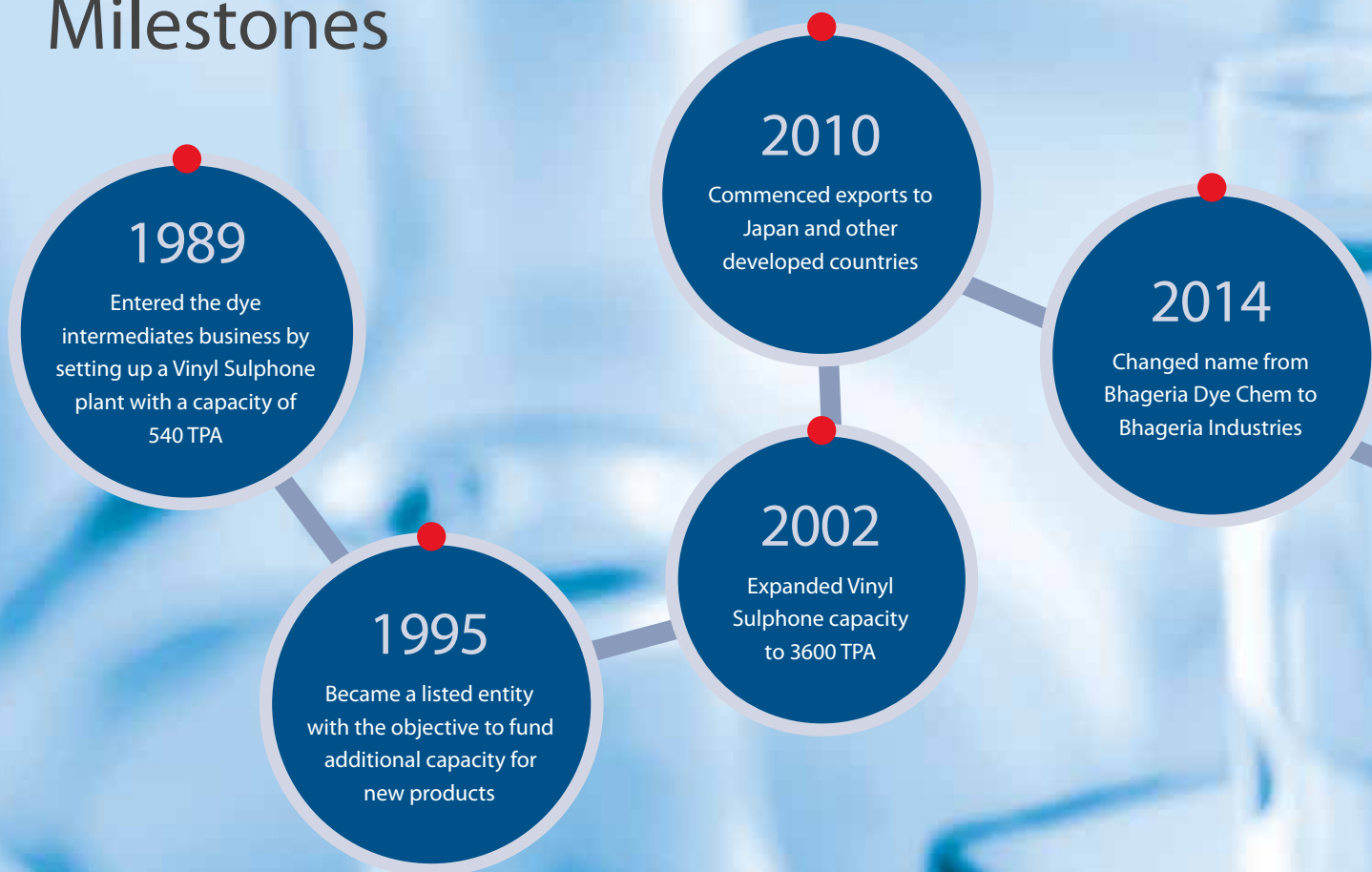
viable and relevant through practical innovation and a continuous focus on efficient and consistent execution.

Our commitment: Assurance of quality thought in-process and pre-shipment inspection.

Adherence to delivery commitments by maintaining close relations with the manufacturers, including provision of timely assistance with financial, sourcing and logistic inputs.

Accountability to our clients: This is reflected in the confidence our clients repose in us with repeat business and long-term relationships. We believe in delighting customers by being responsive to their needs and servicing them on time.

Milestones



Awards and certifications

Chemexcil presented the Company with the 'Outstanding Performance Award in Export Award 2006-07' in the Dye and Dye Intermediates Panel.

The Company won the 'Gold Award 2007-08' in the Dye and Dye Intermediates Panel from Chemexcil.

Nipur Chemicals Ltd, now merged with Bhageria, received the First Award 2007-08 in the Merchant Exporters Category.

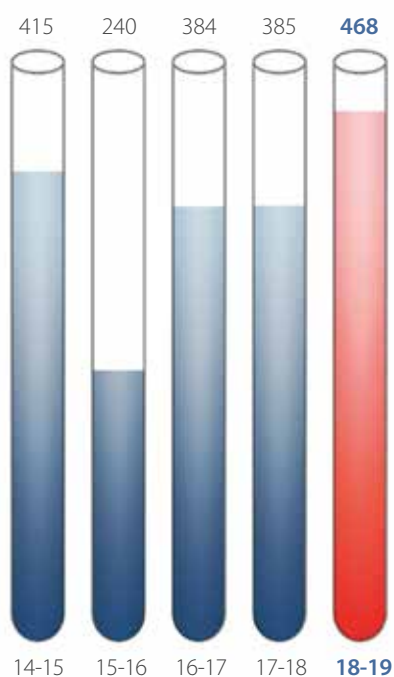
The Company was presented with the 'First Award for 2015-16 in the Dye and Dye Intermediates Panel' in the Small Scale Sector by Chemexcil.

In the Convention of Colorants 2015, the Company was recognised and appreciated for its valuable contribution.

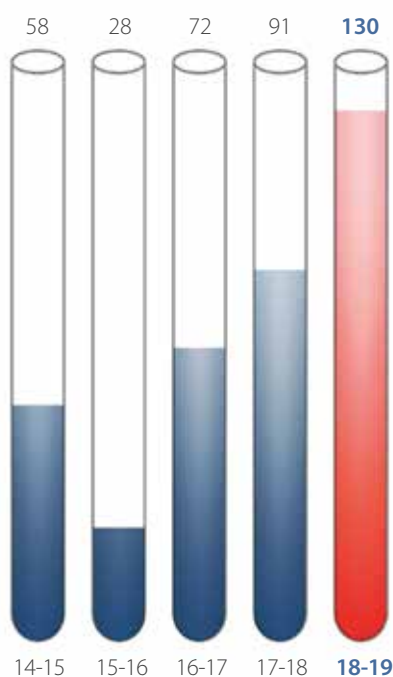


Our growth performance over the years

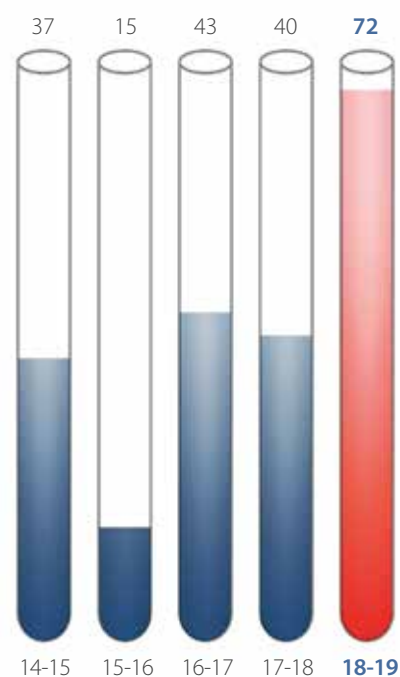
Revenues (₹ crore)



EBITDA (₹ crore)



Net profit (₹ crore)



Performance, 2018-19

Aggregate sales increased 21.5% to ₹467.70 crore during 2018-19 following increased offtake and realisations, especially in the first half of the year under review.

Value impact

Improved product offtake strengthened the Company's marketplace respect, visibility and ability to service customers.

Performance, 2018-19

The Company's EBITDA grew 42.6% due to higher realisations and revenue growth.

Value impact

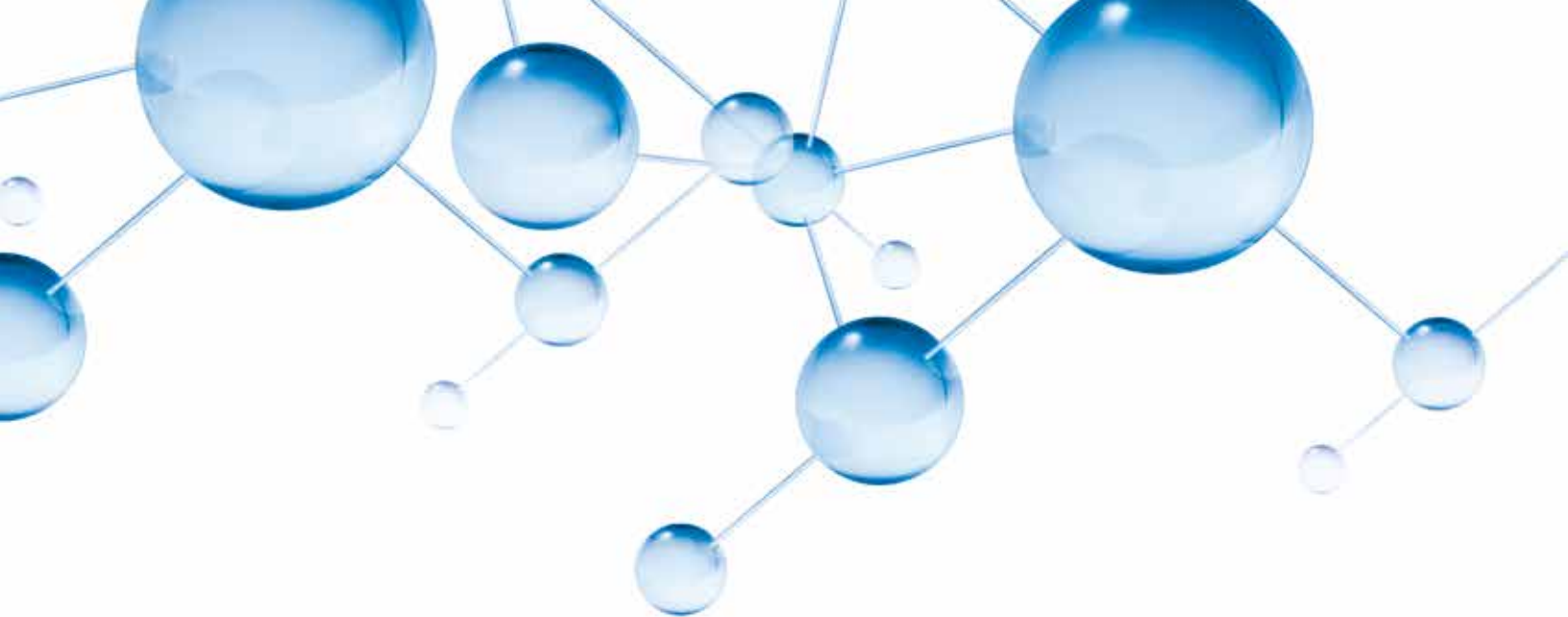
A high EBITDA highlights the Company's operational efficiency, superior product mix and effective cost management.

Performance, 2018-19

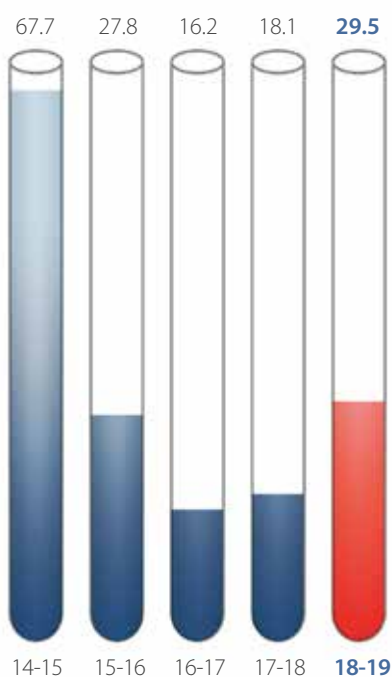
The Company's PAT improved 77.3% over the previous year due to increased revenues, margins and competitiveness.

Value impact

An improved PAT ensures that adequate resources are available for reinvestment and business sustainability



RoCE (%)



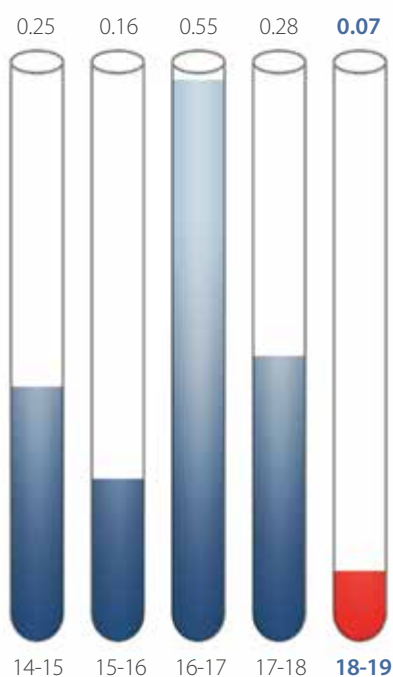
Performance, 2018-19

The Company's RoCE improved nearly 63.4% over the previous year, strengthening returns for our shareholders

Value impact

An enhanced RoCE indicates capital efficiency

Debt-equity ratio (x)



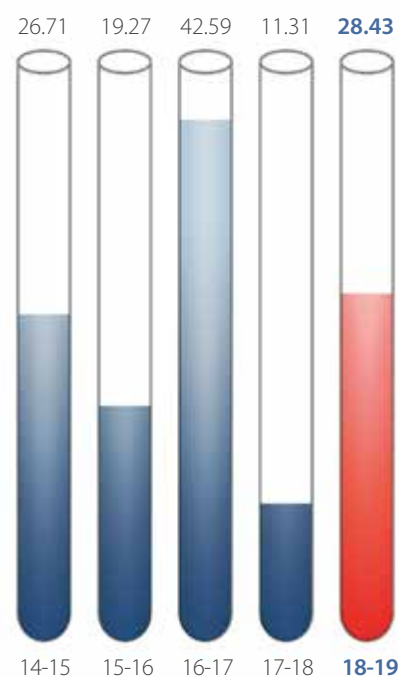
Performance, 2018-19

The Company's debt-equity ratio improved from 0.28x to 0.07x over five years largely due to profit growth and debt repayment

Value impact

A low debt-equity ratio indicates solvency and provides adequate borrowing room

Interest cover (x)



Performance, 2018-19

The interest cover strengthened nearly 1711 bps following debt repayment arising out of improved cash flows.

Value impact

A healthy interest cover indicated the Company's ability to address debt service and repayment obligations.

It took us 30 years to reach topline of about ₹500 crore; while now it should take the Company much lesser of the time to replicate this growth, enhancing shareholder value



Overview

The management of the Company is extremely happy with the performance of the Company in 2018-19.

On the positive side, your Company achieved record revenues of ₹468 crore and the highest profit after tax of ₹72 crore in its existence during 2018-19.

Industry overview

The performance of the Company during the year under review was largely influenced by the closure of polluting chemical manufacturers in China. The result was a substantial decline in the output of basic chemicals in that country, which in turn, affected China's exports.

This benefited Indian manufacturers of basic chemicals in two ways. It inspired global buyers to turn to India as an effective alternative source of supply. Besides, China's lower international exposure resulted in stronger global realisations, benefiting Indian manufacturers.

While the re-opening of China's closed capacities remains uncertain, the positive upside is that there is a growing role for India's basic manufacturers to play on the global stage. The increased cash flows arising out of the sectoral churn were largely invested by the country's basic chemicals sector in capacity accretion and deeper environment compliances, strengthening the country's long-term global competitiveness.

The Company's performance

During the year under review, Bhageria capitalised on the sharp upturn in realisations. This increase was most visible during the first half of the year when the Company reported ₹241.2 crore revenue compared to ₹182.8 crore in the