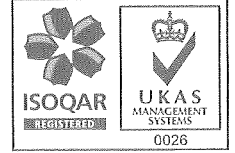


# MEGHMANI ORGANICS LIMITED



CORPORATE OFFICE: "MEGHMANI HOUSE", Behind Safal Profitaire, Corporate Road, Prahladnagar, Ahmedabad-380 015. Gujarat, (INDIA) Phone No.: +91 79 71761000, 29709600 Fax: +91 79 - 29709605 E-mail: helpdesk@meghmani.com Site: www.meghmani.com CIN: L24110GJ1995PLC024052



03/02/2020

National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) <u>Mumbai 400 051</u>	BSE Limited Floor- 25, P J Tower, Dalal Street, <u>Mumbai 400 001</u>
<b>SYMBOL:- MEGH</b>	<b>Scrip Code 532865</b>

Dear Sir

**Sub: - Investor Presentation on Financials of Q3 & Nine Months FY 20-21**

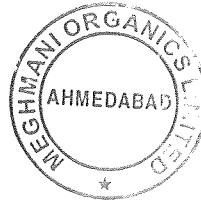
We forward herewith the Investor Presentation prepared on Un-Audited Financial of the Company for the **Third Quarter & Nine Months ended on 31<sup>st</sup> December, 2019** for information of the Member.

Thanking you.

**Yours faithfully,**  
**For Meghmani Organics Limited**

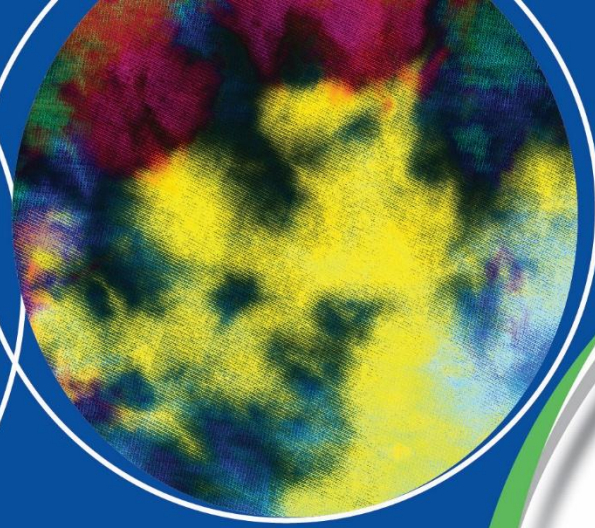
*K D Mehta*

**(K D Mehta)**  
**Company Secretary & Compliance Officer**



C C to:- Singapore Stock Exchange

**-:- For information of Members**



# Meghmani Organics Limited (MOL)

**Investor and Analyst Meet 2020**  
3<sup>rd</sup> February 2020

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## Diversified Business Segments

- Pigments (Leading Pigment player with 14% Global market share)
- Agrochemicals (Amongst largest producer of pesticides in India)
- Chlor Alkali & its Derivatives (India's 4<sup>th</sup> largest Caustic-Chlorine player)

## Wide Presence

- Exports to 75+ Countries
- Subsidiaries in US, Dubai and representative office in China
- 7 Dedicated Manufacturing Facilities in India

## Robust Financial Performance

- Revenues, EBITDA and PAT clocked 13%, 28% and 59% CAGR during FY15-19
- Impressive Return Ratios  
ROCE – 29.2%  
ROE – 26.3% (FY19)
- Improving Debt-to-Equity (D/E) profile: Reduced from 1.00x in FY15 to 0.62x in FY19

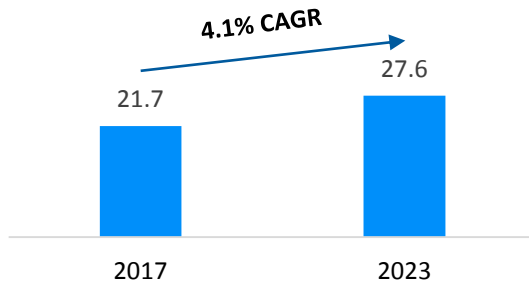
## Appetite for Growth

- Revenue target of achieving growth rate of 12-15%
- Confident of achieving the target by enhancing our capacities and timely completion of our on-going capex plans

## Industry Dynamics

- India is leader in Phthalocyanine blue and green pigments
- India's pigment sales have been growing at 13-14% CAGR driven by exports due to India's good quality products, stricter environmental standards and higher regulatory compliance
- Paints & coatings and plastics industry have been the major growth drivers (especially from automotive sector)

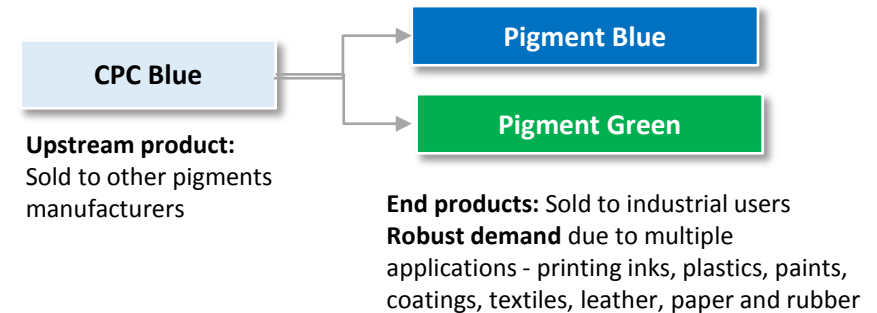
## Global Pigments Market Size (USD Bn)



## Meghmani's Pigments Profile

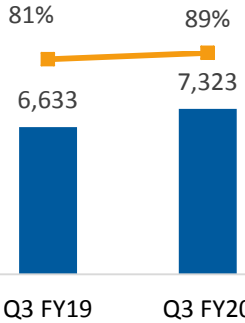
- **Total Capacity:** 32,940 MTPA
- Largest manufacturers of Phthalocyanine-based pigments with 14% global market share & amongst top 3 (capacity wise) global pigments players
- Strong global presence in 70 countries
- Global distribution network - direct presence with subsidiaries in the US, Dubai and a representative office in China
- Strong client relationships (90% business from repeat clients)

## Product Portfolio

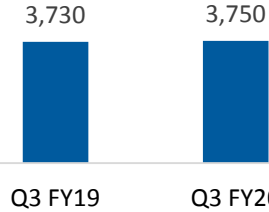


# Q3 & 9M FY20 Results: Pigments Business

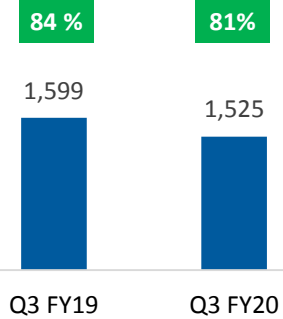
## Production & Utilisation (%)



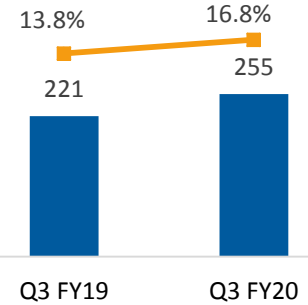
## Dispatch / Sales (MT)



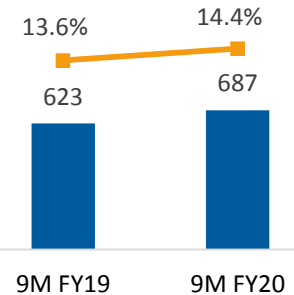
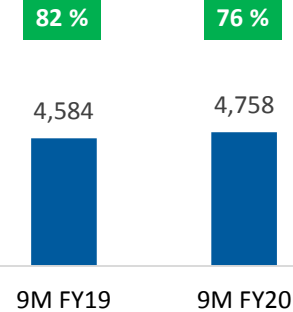
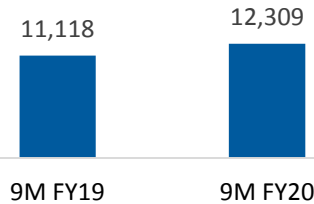
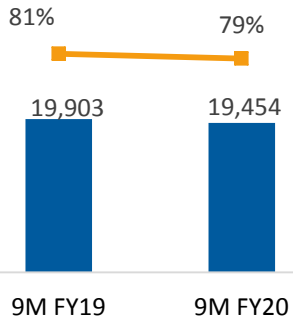
## Net Sales (Rs Mn) & Exports



## EBITDA (Rs Mn) & Margin (%)



## 9M FY20 YoY Analysis

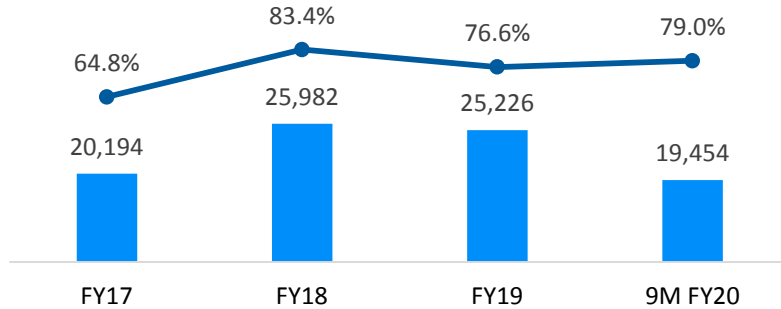


Net Sales including intersegment sales

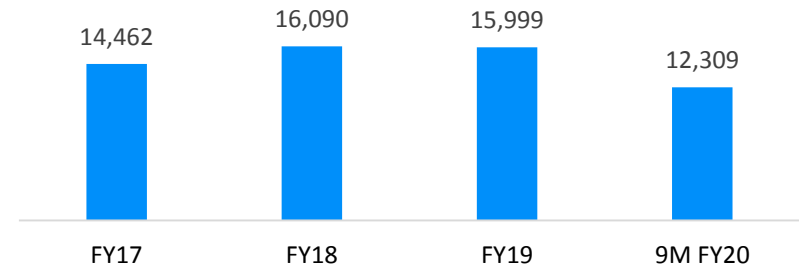
Exports

# Pigments Business: Operational Overview

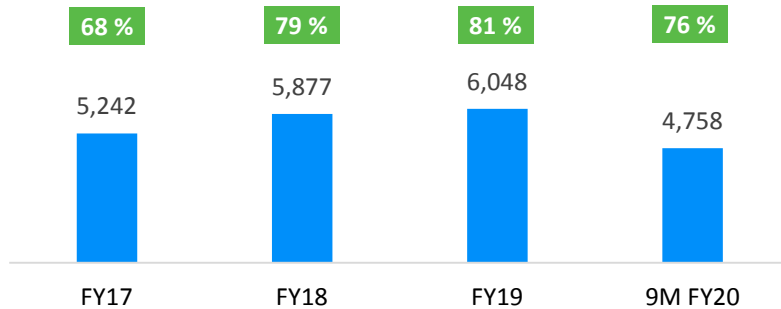
## Production (MT) & Capacity Utilisation (%)



## Dispatch / Sales (MT)



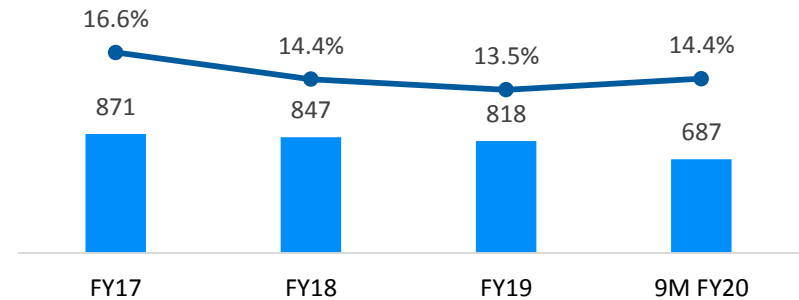
## Net Sales (Rs Mn)



Net Sales (excl. excise duty) including intersegment sales

Exports %

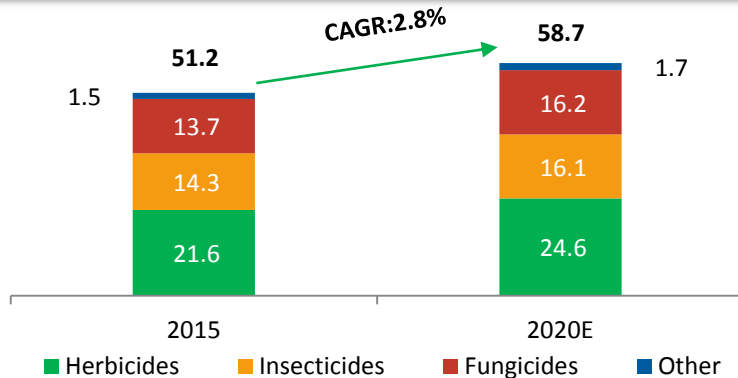
## EBITDA (Rs Mn) & EBITDA Margin (%)



## Industry Dynamics

- India is the 4th largest global producer of Pesticides with an estimated market size of USD 4.9 Bn in FY17 after United States, Japan and China
- Key drivers - growing population, declining arable land & rising pest concerns
- Products worth ~USD 3 Bn to go off-Patent over 2017-20, gives strong opportunity to generic agrochemical players
- Pesticides consumption in India lowest at 0.6 kg per hectare (kg/h) as against 12.0 kg/h in Japan and 13.0 kg/h in China

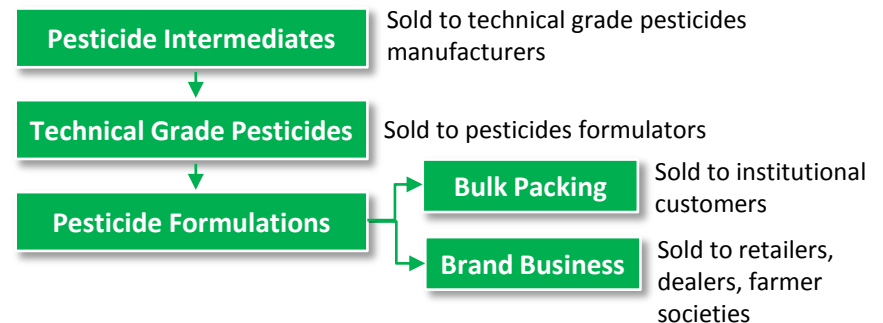
## Global Crop Protection Market (USD Bn)



## Meghmani's Agrochemical Profile

- **Total Capacity: 28,260 MTPA**
- Leading manufacturer of pesticides – products across entire value chain
- Presence across 17 states, with ~2,800 stockists, agents, distributors and dealers' network
- Key Brands: Megastar, Megacyper, Megaban, Synergy, Courage, etc.

## Product Value Chain

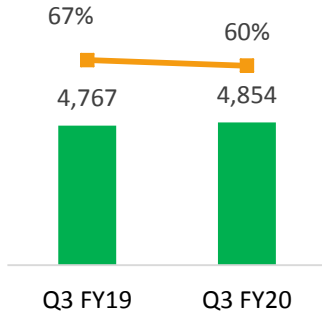




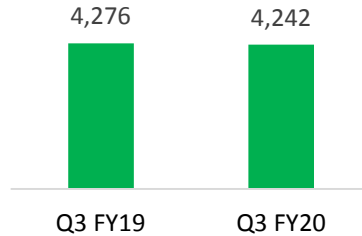
# Q3 & 9M FY20 Results: Agrochemicals Business

## Q3 FY20 YoY Analysis

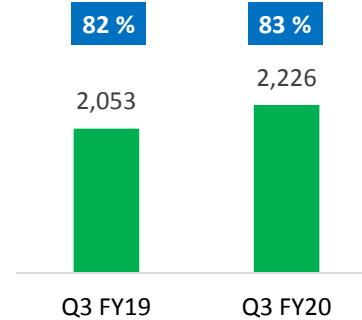
### Production & Utilisation (%)



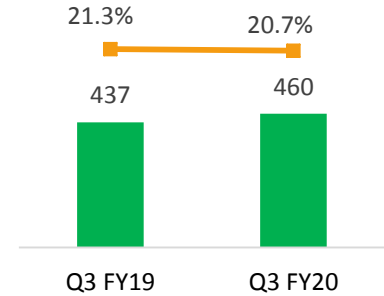
### Dispatch / Sales (MT)



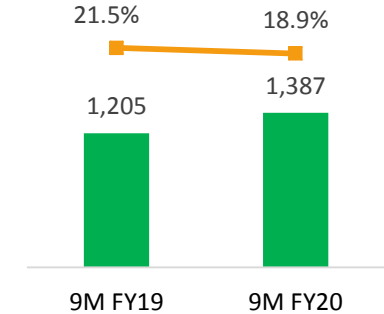
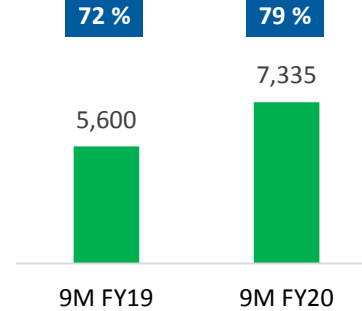
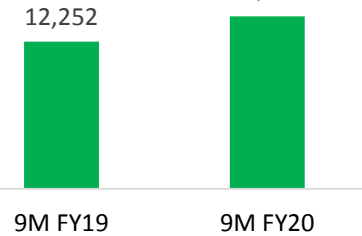
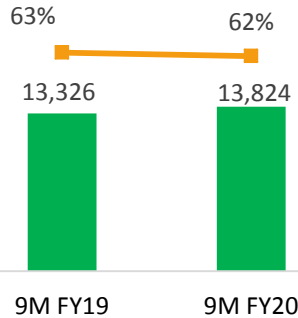
### Net Sales (Rs Mn) & Exports



### EBITDA (Rs Mn) & Margin (%)



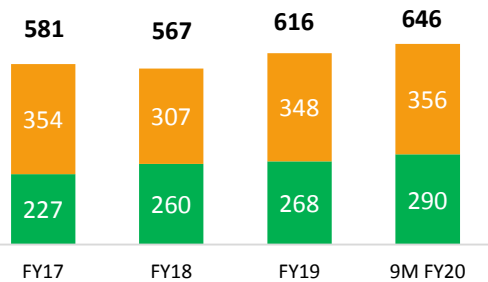
## 9M FY20 YoY Analysis



# Agrochemicals Business: Operational Overview

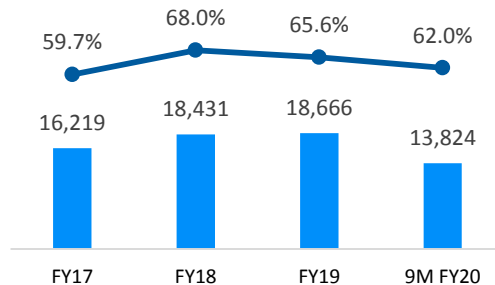


## Registrations Base

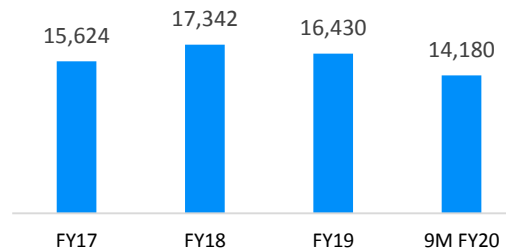


■ Exports ■ CIB (India)

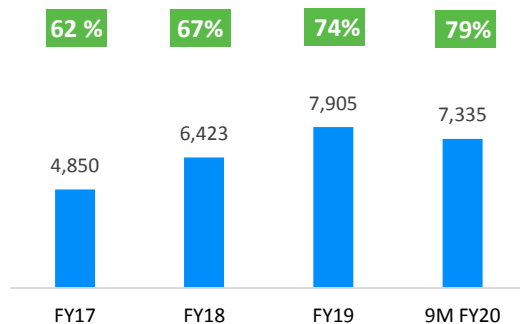
## Production (MT) & Capacity Utilisation (%)



## Dispatch / Sales (MT)



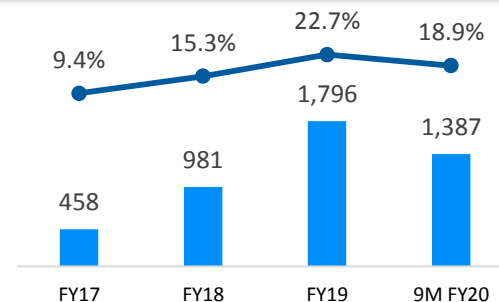
## Net Sales (Rs Mn)



Exports %

Net Sales (excl. excise duty) including intersegment sales

## EBITDA (Rs Mn) & EBITDA Margin (%)



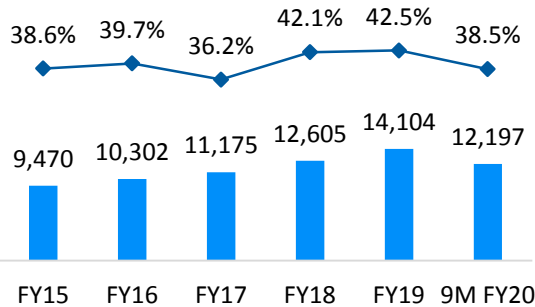
# Standalone Financial Snapshot



Rs Mn

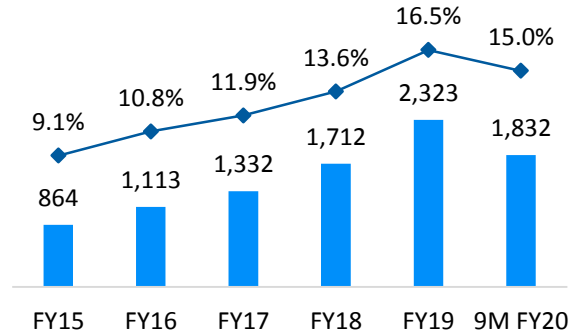
## Revenues \* & Gross Margin

\* CAGR 11%



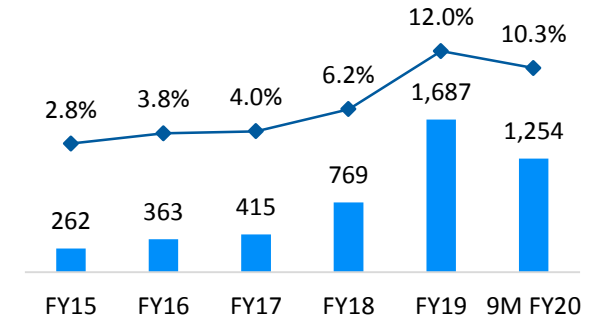
## EBITDA & EBITDA Margin

\* CAGR 28%

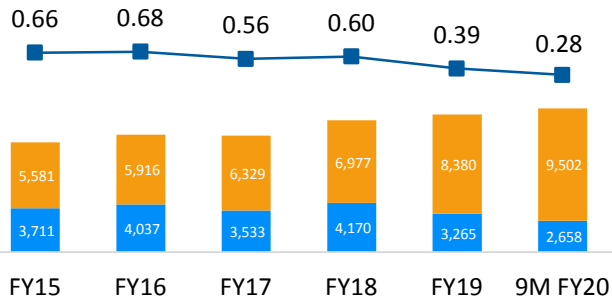


## PAT & PAT Margin

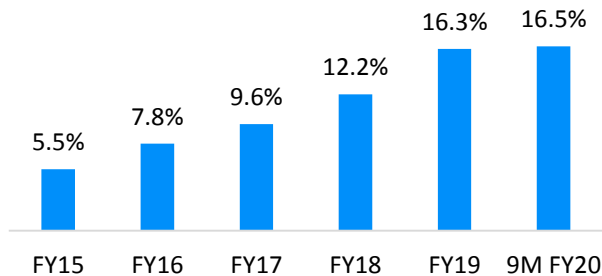
\* CAGR 59%



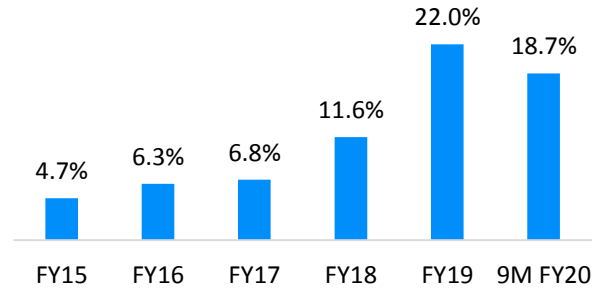
## Leverage Analysis



## Return on Capital Employed



## Return on Equity



■ Debt ■ Equity — D/E

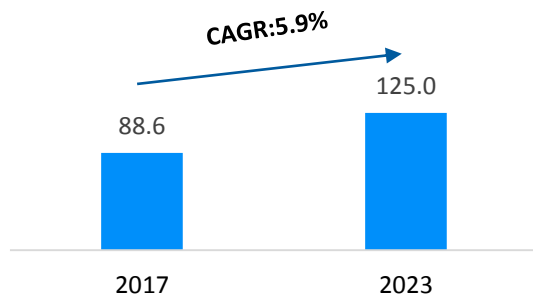
Revenues net of excise duty, P&L for FY14 & FY15 are I-GAAP while FY16 – 19 are IND-AS

\* CAGR calculated for FY15-19

## Industry Dynamics

- The global demand for Chlor-Alkali products will continue to grow driven by diverse industrial uses - glass, alumina, vinyl, water treatment, polyvinyl Chloride (PVC) plastics, soaps, detergents, pulp and paper, textiles etc
- The Indian Caustic industry is a well-established mature industry with a capacity of 3.8 Mn MTPA (Caustic Soda) and an annual turnover of Rs. 70 Bn
- The Indian industry is regarded by global peers as being among the most efficient, eco-friendly and progressive industries

## Global Chloro Alkali & its Derivatives Market (USD Bn)



## Meghmani's Chloro Alkali & its Derivatives Profile

- **Total Capacity:** Caustic-Chlorine: 294000 MTPA, Caustic Potash: 21,000 MTPA and CMS: 50,000 MTPA
- 2<sup>nd</sup> largest producer of Caustic Potash
- 3<sup>rd</sup> largest producer of CMS
- 4<sup>th</sup> largest (by capacity) Caustic-Chlorine producer in India
- Strategically located with proximity to the port (importing coal) and customers (Caustic Soda & Chlorine supplied via pipeline), leading to lower logistics costs

## Product Application

### Caustic Soda

Used in soap & detergents, pulp & paper, textiles processing, Organic & Inorganic Chloro solvents

### Chlorine

Used in PVC manufacturing, aluminizing, dyes & dyes intermediates, organic & inorganic chemicals, drinking water disinfection, pharmaceuticals

### Caustic Potash

Used in Soaps, Detergents, Fertilizers Chemicals

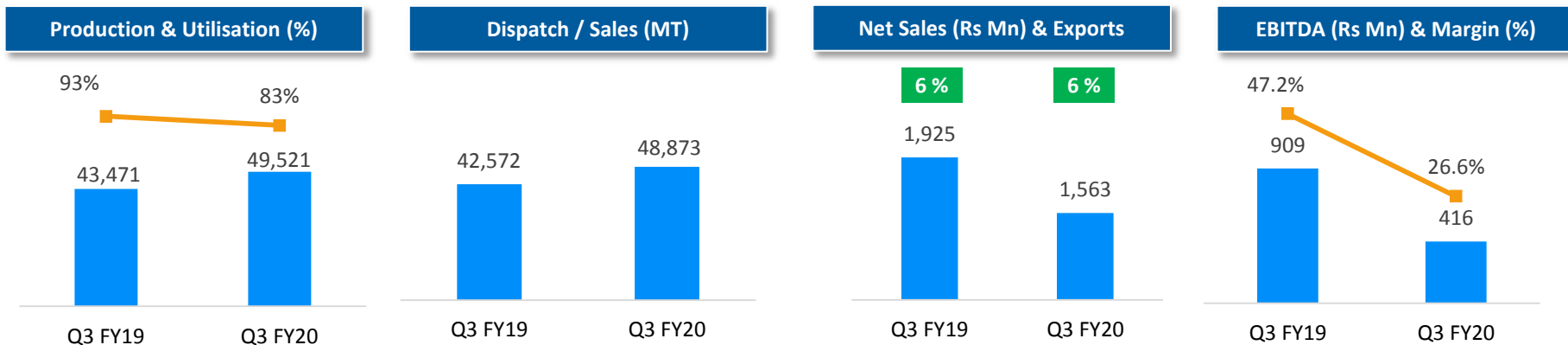
### CMS

Used in Pharma, Agro Chemicals and Refrigerant gas

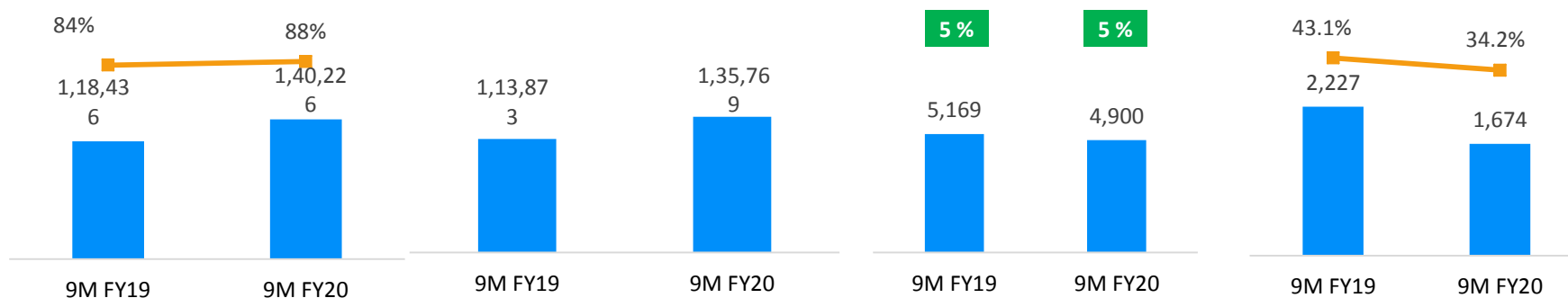
# Q3 & 9M FY20 Results: Chloro Alkali & its Derivatives Business



## Q3 FY20 YoY Analysis



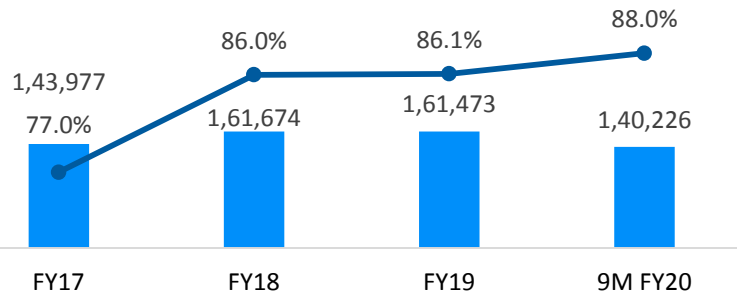
## 9M FY20 YoY Analysis



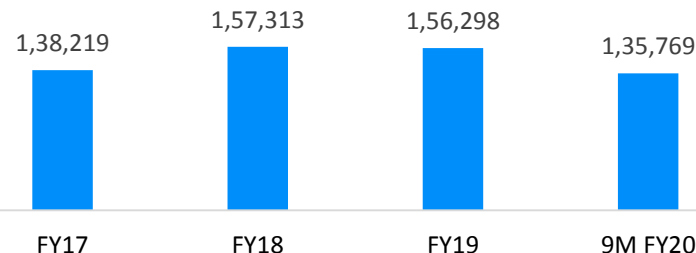
# Chloro Alkali & its Derivatives Business: Operational Overview



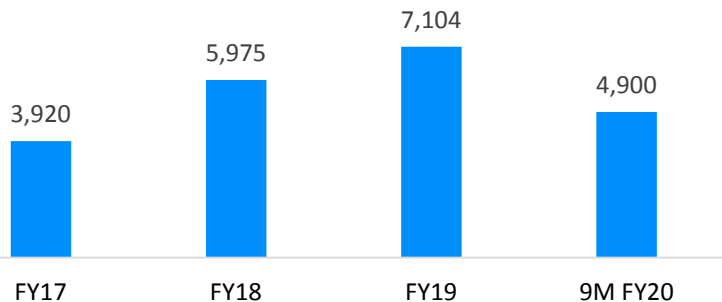
## Production (MT) & Capacity Utilisation (%)



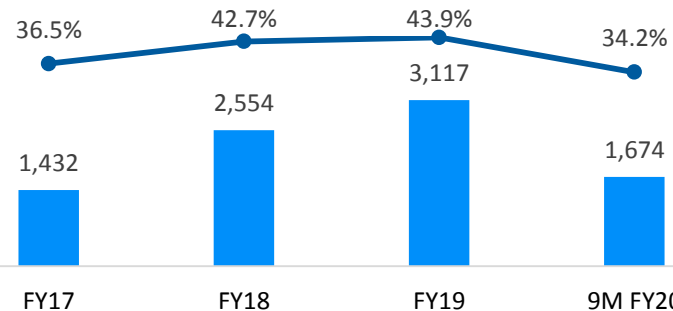
## Dispatch / Sales (MT)



## Net Sales (Rs Mn)



## EBITDA (Rs Mn) & EBITDA Margin (%)



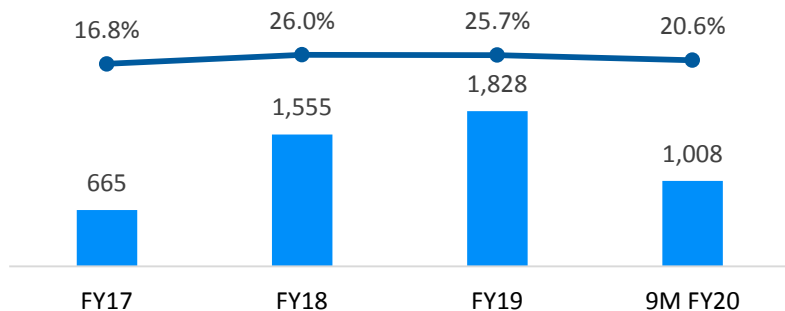
Net Sales (excl. excise duty) including intersegment sales

# Chloro Alkali & its Derivatives Business: Financial Snapshot

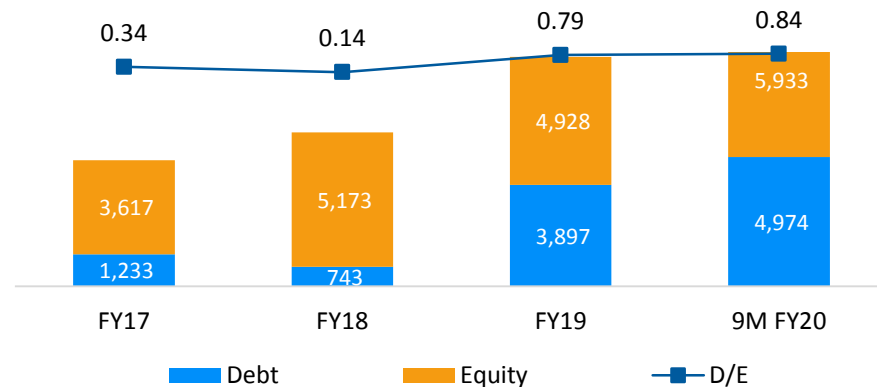


Rs Mn

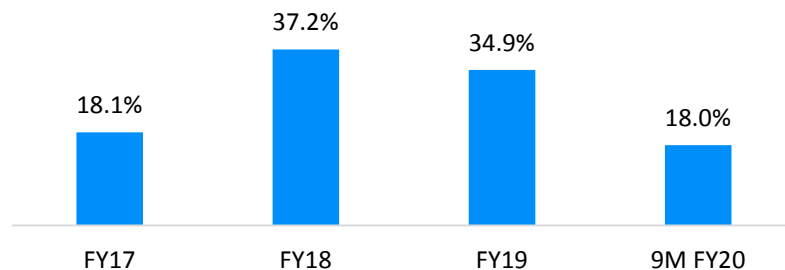
## PAT (Rs Mn) & PAT Margin (%)



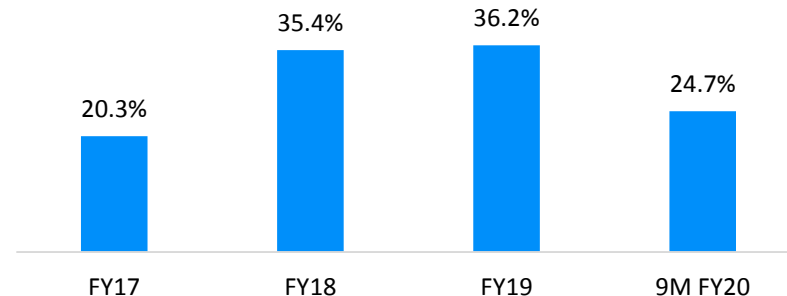
## Leverage Analysis



## Return on Capital Employed



## Return on Equity



\* Calculated on Net Sales, ROCE = EBIT / Average Capital Employed (Debt + Equity), ROE = PAT / Average (Equity)

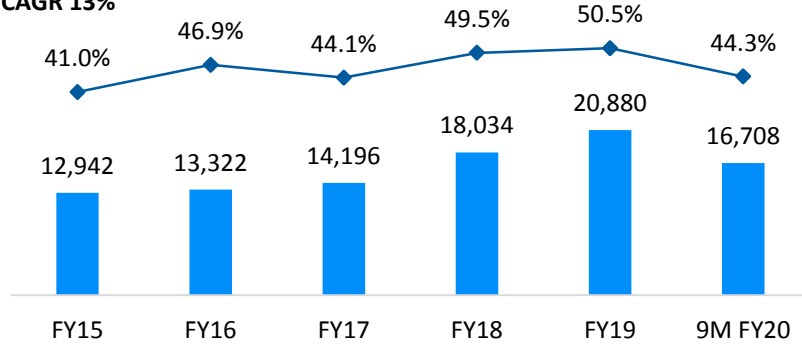
# Consolidated Financial Snapshot



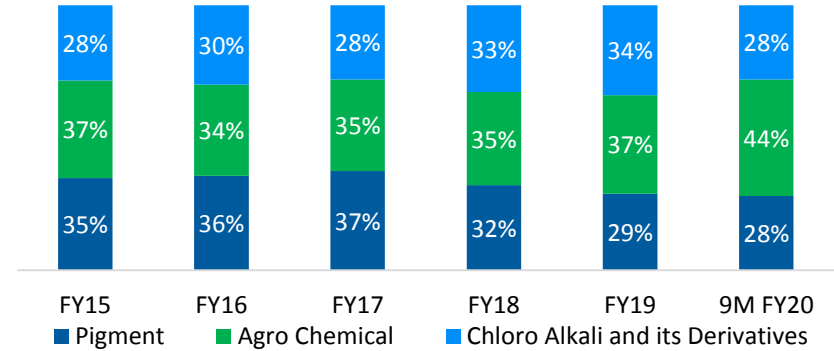
Rs Mn

## Revenues \* & Gross Margin

\* CAGR 13%

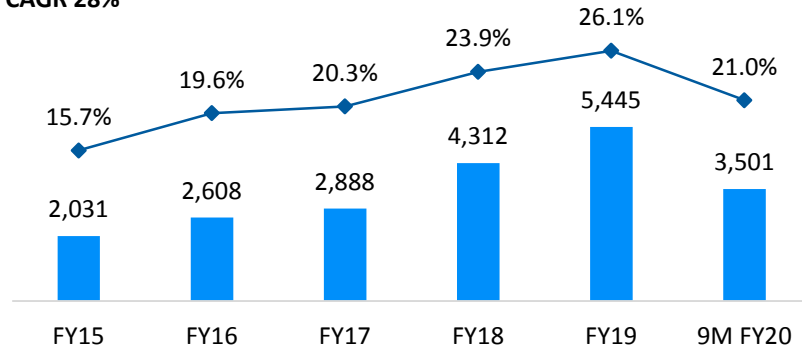


## Revenues - Segment Breakup



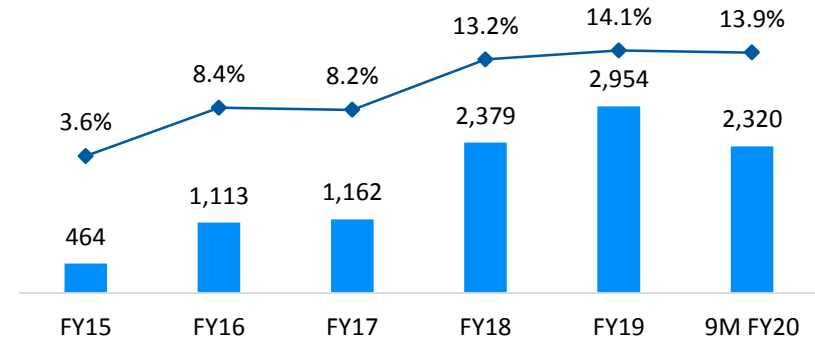
## EBITDA & EBITDA Margin

\* CAGR 28%



## PAT & PAT Margin

\* CAGR 59%



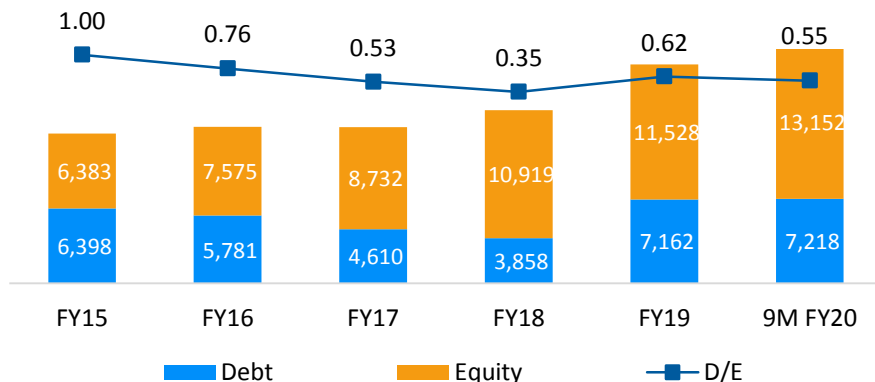


# Consolidated Financial Snapshot

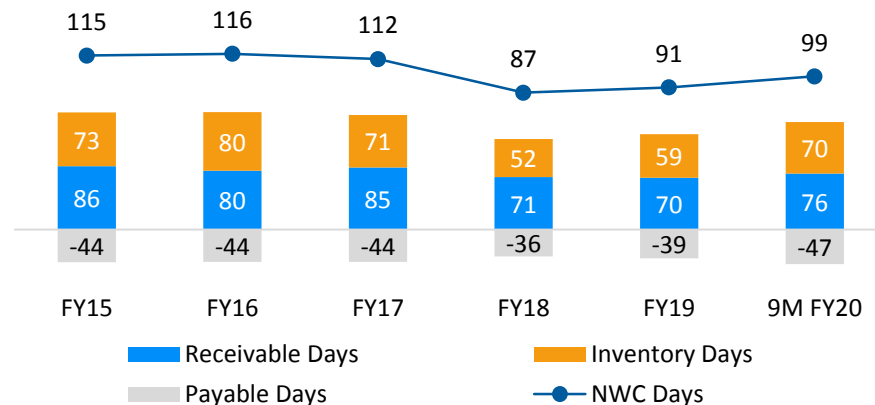


Rs Mn

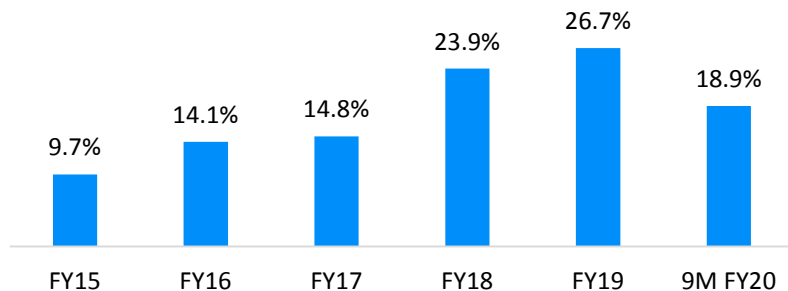
## Leverage Analysis



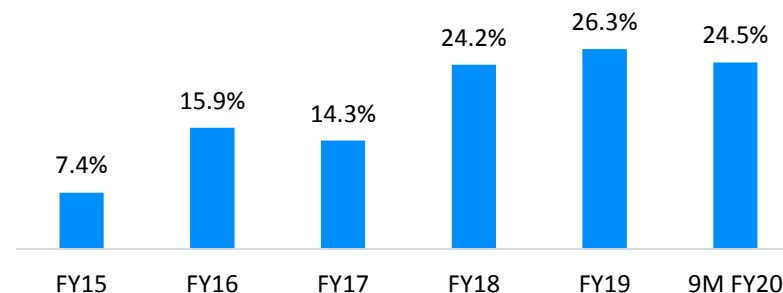
## Working Capital Analysis \*



## Return on Capital Employed



## Return on Equity



\* Calculated on Net Sales, ROCE = EBIT / Average Capital Employed (Debt + Equity + Minority Interest), ROE = PAT / Average (Equity + Minority Interest)

# Q3 & 9M FY20 Results: Consolidated Profit & Loss Statement



Particulars (Rs. in Mn)	Q3 FY20	Q3 FY19	YoY%	9M FY20	9M FY19	YoY%
Revenue from Operations	5,222	5,523	-5.5%	16,708	15,302	9.2%
COGS	2,777	2,762	0.5%	9,300	7,574	22.8%
<b>Gross Profit</b>	<b>2,445</b>	<b>2,761</b>	<b>-11.4%</b>	<b>7,409</b>	<b>7,728</b>	<b>-4.1%</b>
<b>Gross Margins %</b>	<b>46.8%</b>	<b>50.0%</b>	<b>-316 bps</b>	<b>44.3%</b>	<b>50.5%</b>	<b>-616 bps</b>
Employee Expenses	342	331	3.3%	1,033	918	12.5%
Other Expenses	1,057	981	7.7%	2,875	2,953	-2.6%
<b>EBITDA</b>	<b>1,047</b>	<b>1,450</b>	<b>-27.8%</b>	<b>3,501</b>	<b>3,857</b>	<b>-9.2%</b>
<b>EBITDA Margin %</b>	<b>20.0%</b>	<b>26.2%</b>	<b>-620 bps</b>	<b>21.0%</b>	<b>25.2%</b>	<b>-426 bps</b>
Depreciation	224	245	-8.8%	663	733	-9.6%
<b>EBIT</b>	<b>823</b>	<b>1,205</b>	<b>-31.6%</b>	<b>2,838</b>	<b>3,124</b>	<b>-9.2%</b>
Finance Cost	135	76	78.7%	269	378	-28.9%
Other Income	80	41	96.3%	296	354	-16.2%
<b>PBT</b>	<b>768</b>	<b>1,169</b>	<b>-34%</b>	<b>2,865</b>	<b>3,099</b>	<b>-8%</b>
Taxes	201	375	-46.4%	545	917	-40.5%
<b>PAT</b>	<b>567</b>	<b>794</b>	<b>-28.6%</b>	<b>2,320</b>	<b>2,182</b>	<b>6.3%</b>
<b>PAT Margin %</b>	<b>10.9%</b>	<b>14.4%</b>	<b>-352 bps</b>	<b>13.9%</b>	<b>14.3%</b>	<b>-38 bps</b>
<b>PAT after Minority</b>	<b>476</b>	<b>663</b>	<b>-28.2%</b>	<b>1,888</b>	<b>1,848</b>	<b>2.2%</b>

**The Way Ahead...**



Project	Capex (Rs Crs)	Expected date of Completion	Expected Revenue (Rs Crs)
2.4 D (Capacity -10k TPA)	127	Q1 FY 21	200
Formulation Plant	25	Q3 FY 21	~150-200
Multi Purpose Plant ( New Molecules)	150	Q3 FY 22	300
Total	302		~650-700

**PIGMENT:** Exploring projects to expand into new pigments to increase the product basket

## Ongoing projects: Phase I

Project	Capacity	Capex (Rs Crs)	Expected date of Commissioning	Expected Revenue (Rs Crs)
CMS	50 K TPA	160	Commissioned in July 19	160
Hydrogen Peroxide	60 K TPA	160	Q1 FY 21	120-150
Caustic expansion	300 TPD	300	Q4 FY 20	300
CPP Exp	60 to 96 MW	150	Q4 FY 20	
<b>Total</b>		<b>770</b>		<b>610</b>

## Additional Capex: Phase II

Project	Capacity	Capex (Rs Crs)	Date of Commissioning	Expected Revenue (Rs Crs)
Epichlorohydrin (ECH)	50 K TPA	275	Q4 FY 22	475

### Industry Dynamics

- Domestic imports at ~ 80KTA and growing @ 14.5%

#### Industry Wide Application:

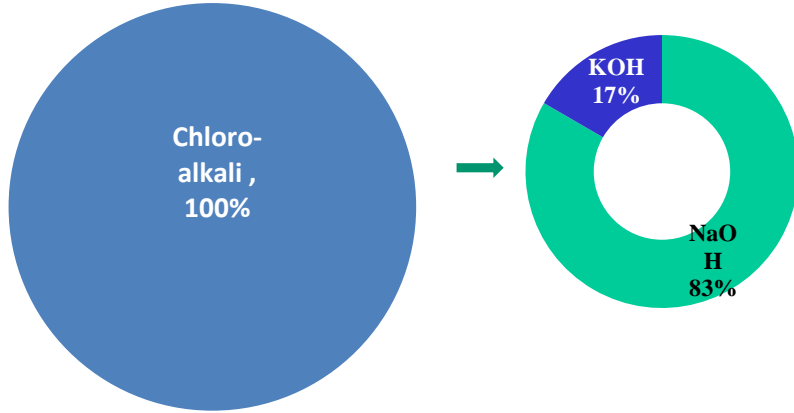
- Feed Stock in Epoxy Resins in corrosion protection coatings in industries automobile & packaging
- Used as raw material in Pharma intermediates
- Resins in composites used in Aerospace, windmill and Automobile industries

### Meghmani's ECH Profile

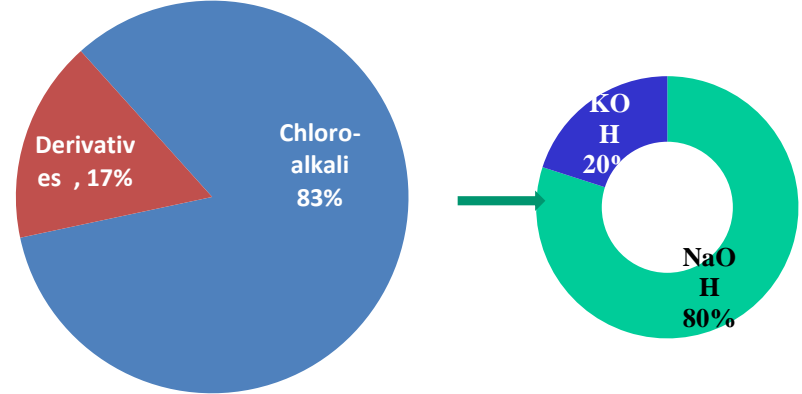
- 1st Plant in India with Technology from Technip France
- Forward integration of Chlor Alkali ( Caustic and HCL in-house raw materials)
- 30% + EBITDA Margins

# Chloro- Alkali & its Derivatives ( Segment wise revenue outlook)

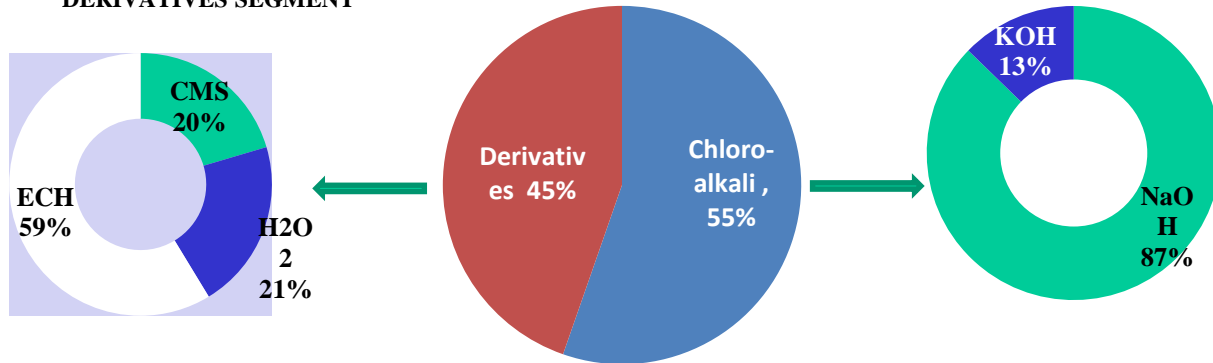
2018-2019(A) CHLORO-ALKALI SEGMENT



2019-2020('E) CHLORO-ALKALI SEGMENT



2022-2023(P) CHLORO-ALKALI SEGMENT



**Thank you**