

MEGHMANI ORGANOCEM LIMITED

May 24, 2021

To,

National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) Mumbai 400 051	BSE Limited Floor- 25, P J Tower, Dalal Street, Mumbai 400 00
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Sub:- Investor Presentation on the Financials for the quarter and year ended 31st March, 2021 of Meghmani Organochem Limited.

Dear Sir/Madame,

We are enclosing herewith Investor Presentation on the Financials of Meghmani Organochem Limited for the quarter and year ended 31st March, 2021.

We request you to take the same on record.

Thanking you.

**Yours faithfully,
For Meghmani Organochem Limited**

K D Mehta

K D Mehta
Company Secretary & Compliance Officer
Encl: - As above



C C to: - Singapore Stock Exchange: - **For information of Members.**



CHEMISTRY OF SUCCESS AT WORK

Meghmani Organochem Limited

Erstwhile Meghmani Organics Limited (MOL)

Q4 & FY21 Results Presentation

May 2021

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Q4 & FY21 Results Update



About Us



Business Overview



Strategy & Outlook



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Scheme of Arrangement

Meghmani Organics continued to deliver modest results in FY21 despite lockdowns and curfew scenarios during the COVID-19 pandemic. The Company's capacity utilization during the challenging times of FY21 stood at ~77% for the Pigment division and ~76% for the Agrochemical division. Meghmani Organics continues to abide by all the necessary protocols ensuring the safety & welfare of its employees. As we are growing, we are giving top priority to Environment, Health and Safety (EHS) and continuously upgrading our plants for environment point of view and automation to increase the Safety Standards.

I am delighted to share that we have successfully commissioned 2,4 D plant at GIDC Dahej doubling the capacity to 21,600 MTPA. The plant has been stabilized and currently, operating at 70% capacity. Additionally, our formulation plant at GIDC, Panoli has commenced its commercial production in FY21. The revenues from these plants will add meaningful contribution in FY22. Our new multipurpose plant (MPP) at Dahej is progressing as per schedule and is expected to be completed by Q1FY23.

We are exploring opportunities for forey into new pigments. Any further developments towards the same would be shared at the appropriate time.

On the financials front, we continue to make sincere strides and efforts to have a leaner and stronger Balance Sheet. Our Debt-Equity ratio has consistently improved from 0.56 in FY17 to 0.23 in FY21. Net working capital days declined from 130 days in FY17 to 113 days in FY21. ROCE and ROE stood at 16.1% & 16.0%, respectively during FY21.

The Scheme of Arrangement has been approved by the NCLT on 3rd May 2021 and filing of Information Memorandum with Indian Stock Exchanges is in progress.

It give me immense pleasure to share that Meghmani Organics ranked at 457th place in 'Fortune 500 Companies'. Additionally, the Company has been accorded with 'Four Star Export House' status by the Ministry of Commerce and Industry, Govt. of India.

Meghmani Organics partnered with the government and continued to contribute in the field of education & improving healthcare facilities. We are happy to garner kind words of appreciation from the Government along with bagging 'Best Company for CSR activities' in the state of Gujarat.

India's chemical industry is at an inflection point, we at Meghmani are optimistic & seize growth opportunities and remain committed to maximize our return on investment, thereby delivering value to our esteemed stakeholders.

Impact of Scheme of Arrangement & One-off Items

- Scheme of Arrangement (SOA) approved by NCLT on 3rd May 2021. The Agrochemicals and Pigment business has been demerged into Meghmani Organochem Ltd. (MOCL) with effect 15th Oct. 2019. Accordingly, the yearly reported financials in MOCL for FY20 are for the period 15th Oct. 2019 to 31st March 2020, hence, it is not comparable with FY21.
- As per SOA, MOCL will be renamed to Meghmani Organics Ltd. for which the filing with ROC is in progress.
- For the Q4 FY21, MOCL Adjusted EBITDA and PBT pursuant to SOA and one-off items (Rs Mn) is as follows:

Particulars	Q4 FY21	Q4 FY20	Growth
Reported EBITDA (a)	338	530	
Add Stamp duty included in other expenses (b)	253	-	
Adjusted EBITDA (a+b)	591	530	11%

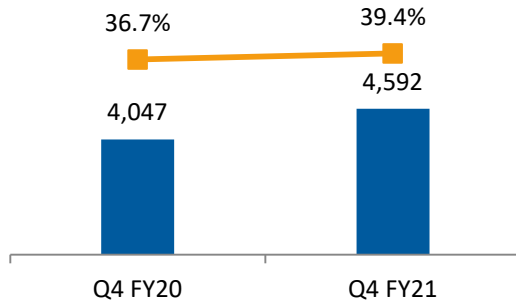
Particulars	Q4 FY21	Q4 FY20	Growth
PBT (a)	474	822	
Other Income: (b)			
Dividend	-	246	
Fair Valuation of Preference shares	112	-	
Total (b)	112	246	
Other Exps-Stamp Duty (c)	253	-	
Adjusted PBT (a-b+c)	615	576	7%

Q4 & FY21 Results: Key Highlights

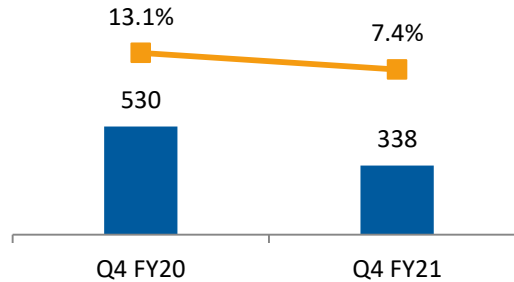
Rs Mn

Q4 & FY21 YoY Analysis

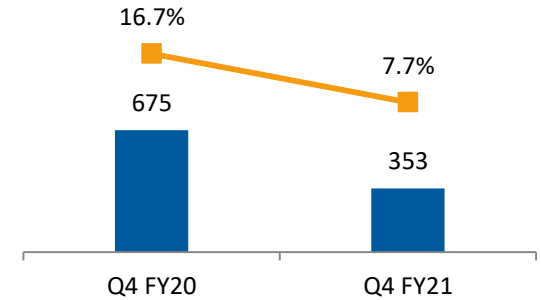
Revenues & Gross Margin



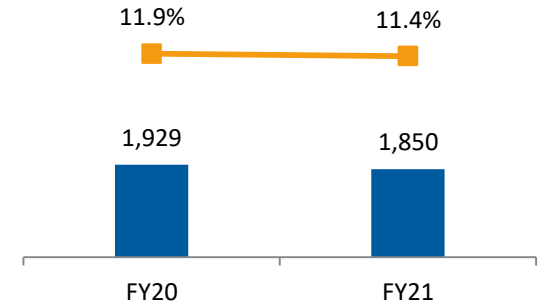
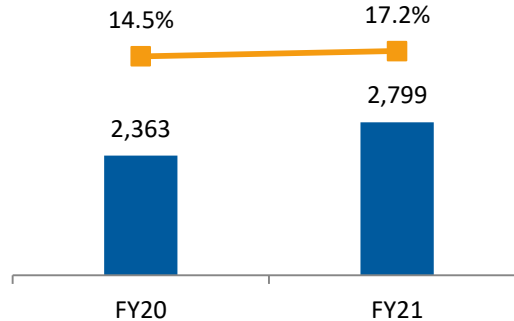
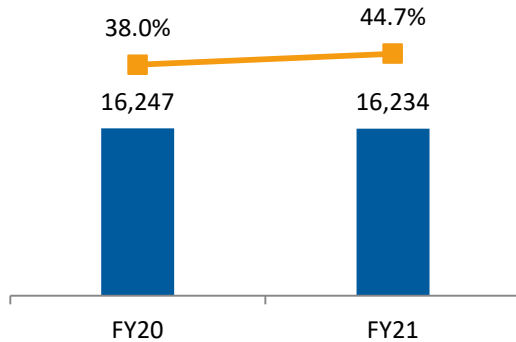
EBITDA & EBITDA Margin



PAT & PAT Margin*



FY21 YoY Analysis

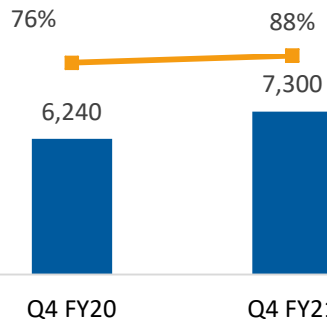


Q4 & FY21 Results: Pigments Business

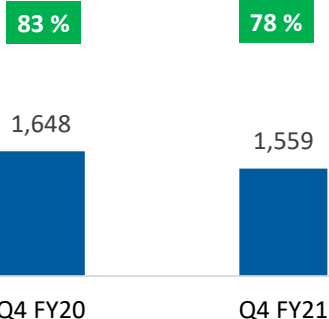
Q4 FY21 YoY Analysis

Rs Mn

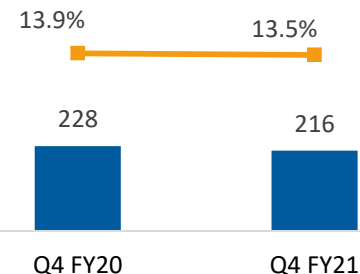
Production & Utilisation (%)



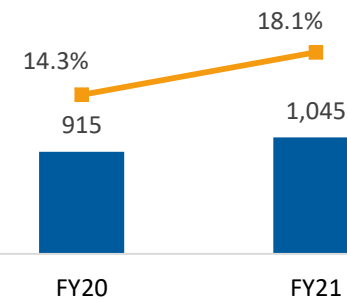
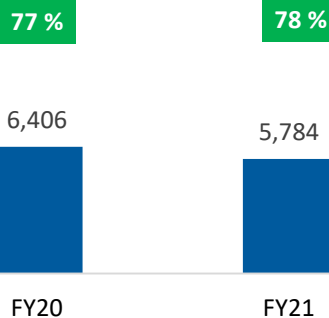
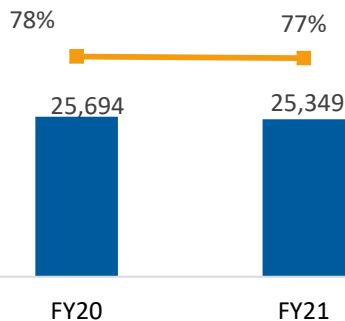
Net Revenue (Rs Mn) & Exports*



EBITDA (Rs Mn) & Margin (%)



FY21 YoY Analysis



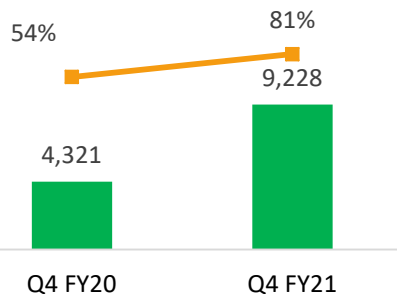
Q4 & FY21 Results: Agrochemicals Business



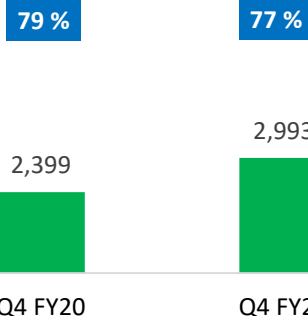
Rs Mn

Q4 FY21 YoY Analysis

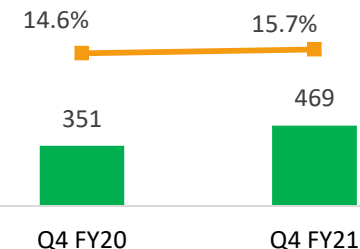
Production & Utilisation (%)



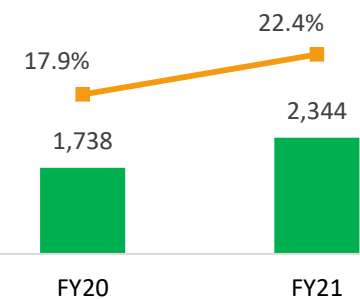
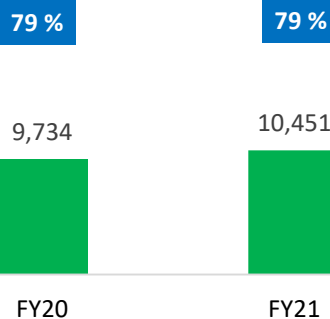
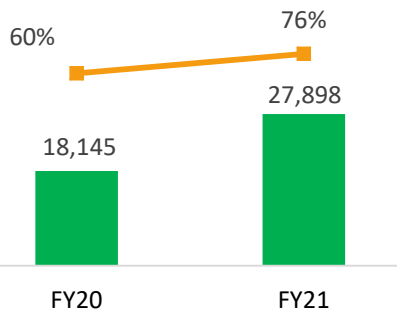
Net Revenue (Rs Mn) & Exports*



EBITDA (Rs Mn) & Margin (%)



FY21 YoY Analysis



*Denotes

Exports

Q4 & FY21 Results: Profit & Loss Statement



Particulars (Rs. in Mn)	Q4 FY21	Q4 FY20	YoY%	FY21	FY20*	YoY%
Revenue from Operations	4,592	4,047	13.5%	16,234	16,247	-0.1%
COGS	2,782	2,561	8.7%	8,975	10,067	-10.8%
Gross Profit	1,810	1,487	21.7%	7,260	6,180	17.5%
Gross Margins %	39.4%	36.7%	268 bps	44.7%	38.0%	668 bps
Employee Expenses	249	174	43.0%	1,004	828	21.3%
Other Expenses	1,223	782	56.3%	3,456	2,989	15.6%
EBITDA	338	530	-36.2%	2,799	2,363	18.5%
EBITDA Margin %	7.4%	13.1%	-574 bps	17.2%	14.5%	270 bps
Depreciation	138	120	14.4%	506	475	6.6%
EBIT	200	410	-51.1%	2,293	1,888	21.5%
Finance Cost	(91)	102	N.A.	112	314	-64.5%
Other Income	182	514	-64.6%	247	781	-68.4%
Exceptional Items				(65)	-	N.A.
PBT	474	822	-42.3%	2,493	2,355	5.9%
Taxes	121	147	-17.9%	643	425	51.2%
PAT	353	675	-47.6%	1,850	1,929	-4.1%
PAT Margin %	7.7%	16.7%	-898 bps	11.4%	11.9%	-48 bps
EPS	1.39	2.65	-47.5%	7.28	7.59	-4.1%

*FY20 reported figures in MOCL for the period 15th Oct. 2019 to 31st March 2020. However, for performance comparison full year figures is considered as Agrochemicals and Pigment business is demerged from MOL to MOCL on going concern basis.

Balance Sheet Statement



Particulars (Rs. in Mn)	Mar 21	*Mar 20
Equity & Liabilities		
Share Capital	254	254
Reserves & Surplus	11,418	9,654
Shareholder's Funds	11,673	9,908
Long-term borrowings	1,232	556
Other financial liabilities	67	70
Provisions	135	115
Deferred tax liabilities (Net)	443	278
Non - Current Liabilities	1,877	1,019
Short-term Borrowings	988	1,673
Trade Payables	3,390	2,347
Other Current Liabilities	1,549	1,313
Current Tax Liabilities (Net)	193	178
Current Liabilities	6,121	5,510
Total Equity & Liabilities	19,671	16,437

Particulars (Rs. in Mn)	Mar 21	*Mar 20
Assets		
Property, Plant & Equipment	6,286	4,646
Capital WIP	1,059	964
Intangible Assets	111	203
Financial Assets	2,126	112
Other Non-current assets	80	149
Non-current assets (Tax)	128	66
Investment in Subsidiaries	14	1,825
Non - Current Assets	9,805	7,966
Inventories	3,732	2,965
Trade Receivables	4,059	4,638
Cash & Cash Equivalents	211	83
Investment	1,024	-
Loans and advances	4	4
Other Current Assets	835	781
Current Assets	9,866	8,471
Total Assets	19,671	16,437

*FY20 reported figures in MOCL for the period 15th Oct. 2019 to 31st March 2020. However, for performance comparison full year figures is considered as Agrochemicals and Pigment business is demerged from MOL to MOCL on going concern basis.



Q4 & FY21 Results Update



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Scheme of Arrangement

Leading Diversified Chemicals Company Poised for Rapid Growth



Pigments

- Started in 1986
- Amongst top 3 global Phthalocyanine based pigment players
- 14% global market share
- FY21 Revenues: Rs 5,784 Mn
- EBITDA Margin: 18.1%
- 36% of Overall Company Revenues
- Expanding into new geographies
- Exploring foray into new pigments



Agrochemicals

- Started in 1995
- Among Top 10 producers of pesticides in India
- Products across entire value chain
- FY21 Revenues: Rs 10,451 Mn
- EBITDA Margin: 22.4%
- 64% of Overall Company Revenues
- Doubled capacity of 2,4-D to 21.6K TPA, Commissioned New Formulation Unit
- Setting up new multipurpose plant (New Molecules)

Financials Highlights: FY20-21

Revenues – Rs 16,234 Mn
(8.0% CAGR*)

EBITDA – Rs 2,799 Mn
(16.0% CAGR*)

PAT – Rs 1,850 Mn
(35.0% CAGR*)

EBITDA Margin – 17.2%
PAT Margin – 11.4%

Debt / Equity – 0.23x

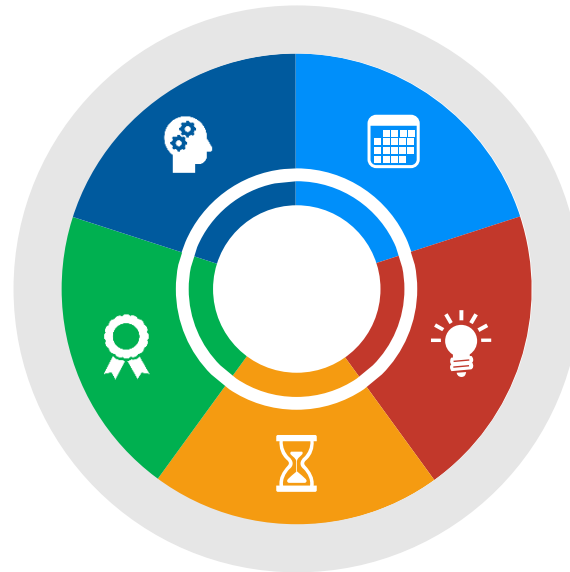
ROCE – 16.1%
ROE – 16.0%

Experienced & Qualified Management and Technical Team

- Rich experience of many decades in chemical sector among the founding members of the company
- Highly qualified technical staff having earlier experience with MNCs and large Indian corporates

Highly Respected Name in Global Chemical Industry

- Amongst top 3 global pigment players
- Well-recognized agrochemical brands (Megaking, Megastar, Megacyper, Megaban, Synergy, and Courage)
- More than 36 brands of various pesticides formulations in India



Diversified Customer Base

- 400+ customer base in Pigments & Agro-Chemicals across diverse industries
- 3,000 + distributors and dealers across India
- Close to 79 % of revenue derived from export market

Strong Financial Performance

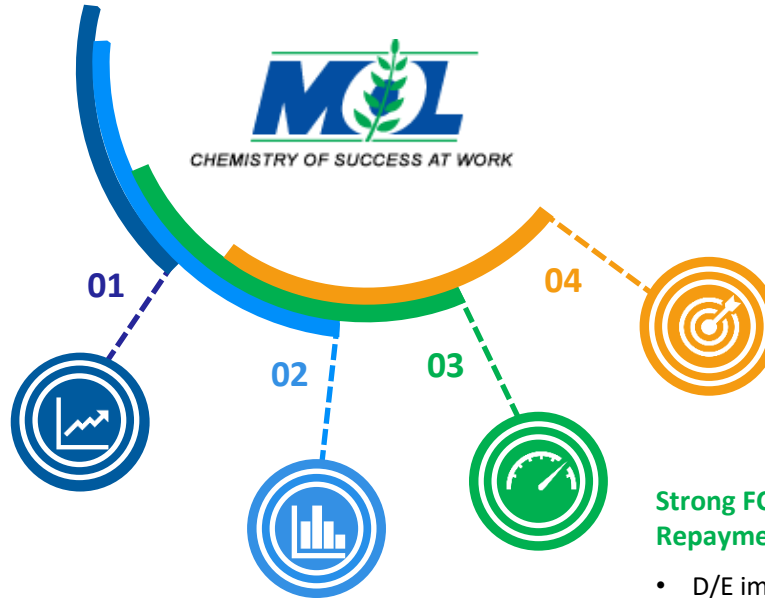
- Consistent Revenue Growth
- Improving Profitability & Return Ratios
- Healthy Balance Sheet

Distinct Cost Advantage

- Vertical integration of production processes
- Effective control on costs & raw material supply
- Produce agrochemical products across entire value chain (intermediates, technical, formulations)
- Strategic location of production facilities with close proximity to sources of raw materials
- Proximity to port leading to easier access to exports market

Consistent Revenue Growth

- Revenues have grown at CAGR 8.0% over FY17-21, with higher contribution from Agrochemical division
- New capex in Agrochemical will further provide significant scope for growth over coming years



Efficient Working Capital Management

- Net working capital reduced from 130 days in FY17 to 113 days in FY21

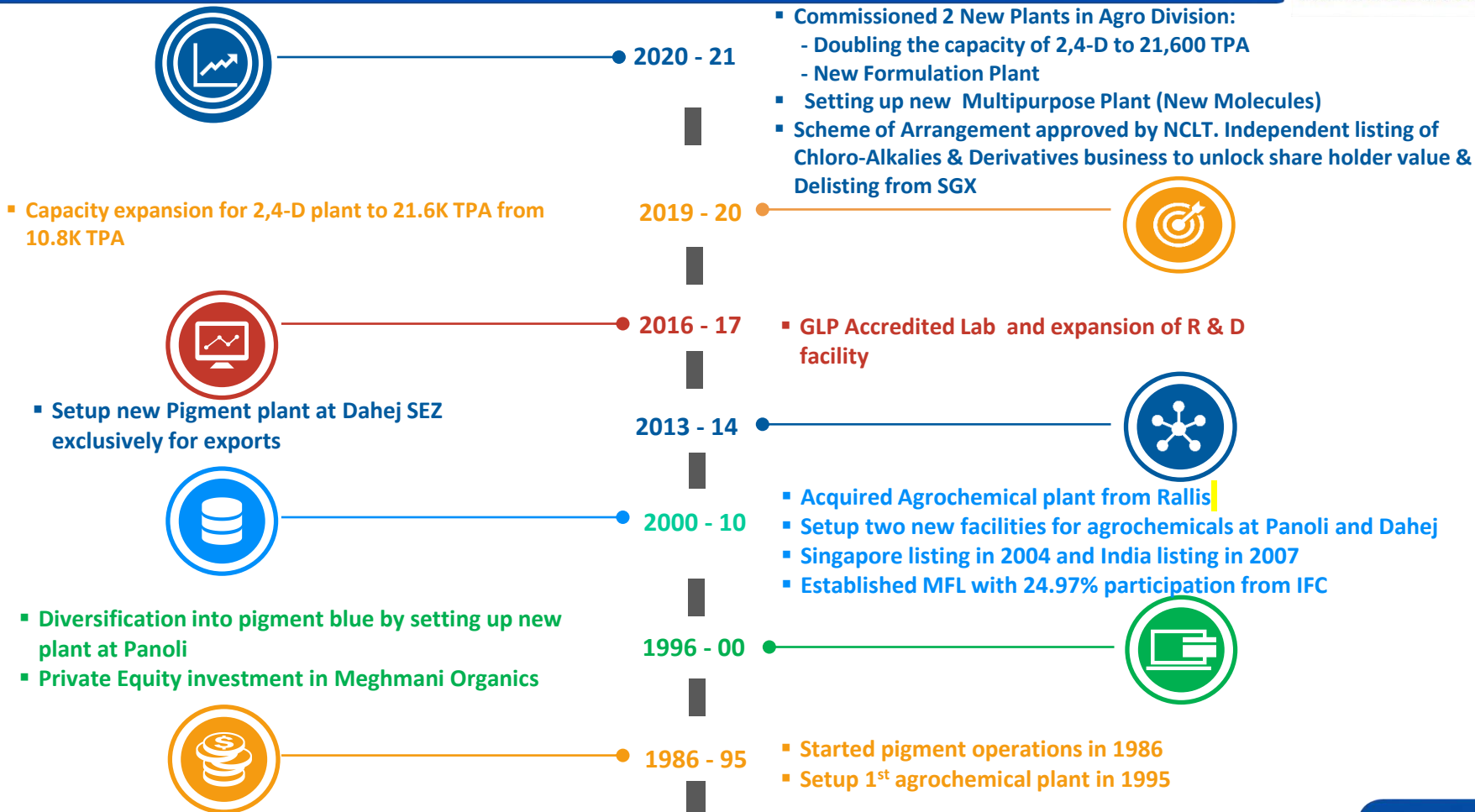
Robust Return Ratios

- Improving profitability
- Strong & lean Balance Sheet
- Significant improvement in return ratios
- ROCE – 9.6% in FY17 to 16.1% in FY21
- ROE – 6.8% in FY17 to 16.0% in FY21

Strong FCF Generation leading to Significant Debt Repayment

- D/E improved from 0.56x in FY17 to 0.23x in FY21

Key Milestones





Q4 & FY21 Results Update



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Scheme of Arrangement

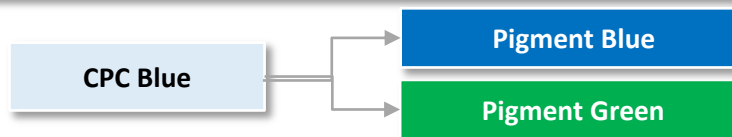
Established Business Profile

- 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). High degree of product customisation, consistent quality and compliance regulations add to client stickiness.

Vertically Integrated Manufacturing Facilities

Total Capacity – 33,180 TPA		
Location	Capacity (MTPA)	Products
GIDC Vatva, Ahmedabad	3,180	Pigment Green
GIDC Panoli, Bharuch	17,400	CPC Blue, Alpha and Beta Blue
Dahej SEZ	12,600	CPC Blue, Alpha and Beta Blue

Products Portfolio



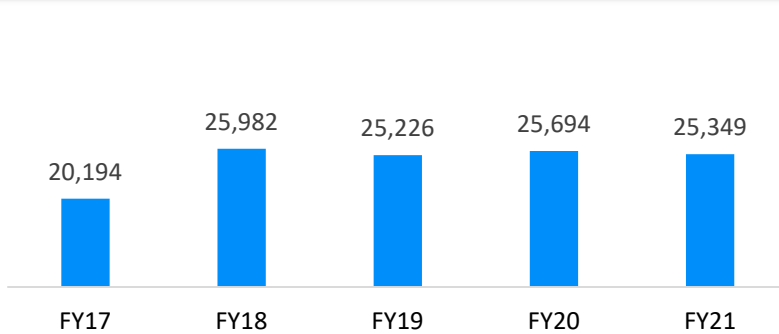
Upstream product:
Sold to other pigments manufacturers

End products: Sold to industrial users
Robust demand due to multiple applications - printing inks, plastics, paints, coatings, textiles, leather, paper and rubber

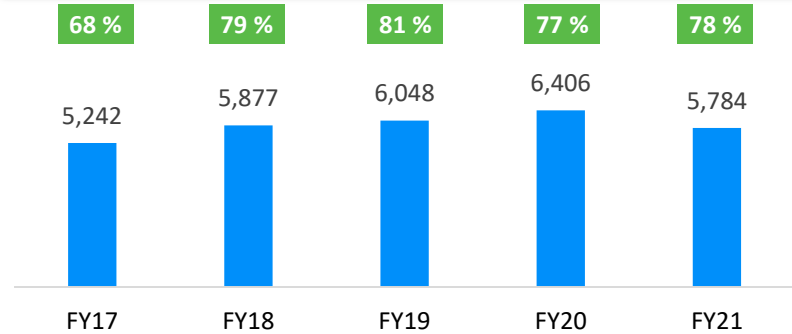
Pigments Business: Operational Overview



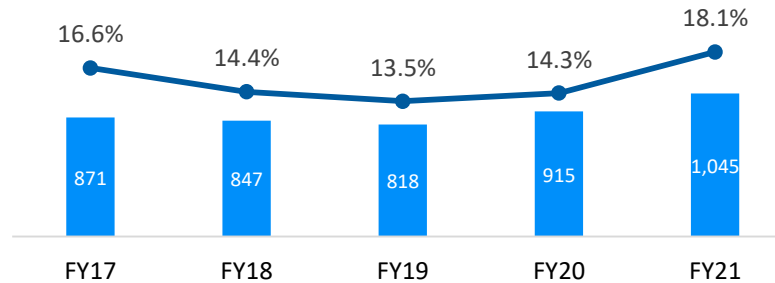
Production (MT)



Net Sales & Exports* (Rs Mn)



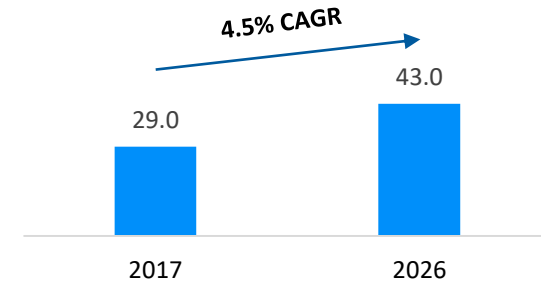
EBITDA (Rs Mn) & EBITDA Margin (%)



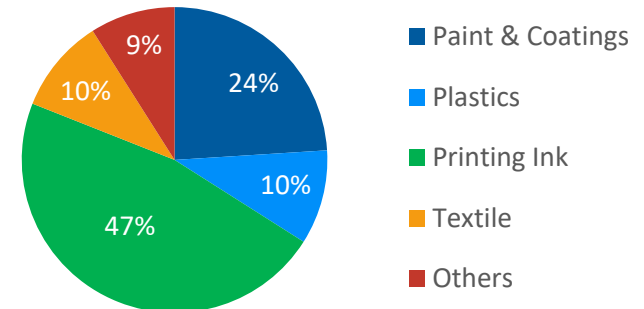
Global Pigments Market

- The global pigments industry consists of three segments – organic, in-organic and specialty pigment
- Organic pigments account for 35-40% mkt. share out of total pigments industry
- Organic pigments include Azo Pigments (yellow & red) (50-55% share), Phthalocyanine Pigments (blue & green) (20% share) and other Pigments (25-30% share)
- Organic Pigments growth is linked to end-user industries mainly printing inks, paints and coatings and textile industries
- Paints & coatings and plastics industry have been the major growth drivers (especially from automotive sector)
- India and China are fast becoming the centre of the global Organic Pigments market
- 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

Global Pigments Market Size (USD Bn)



Demand Driver – Diverse Industrial Use



Established Business Profile

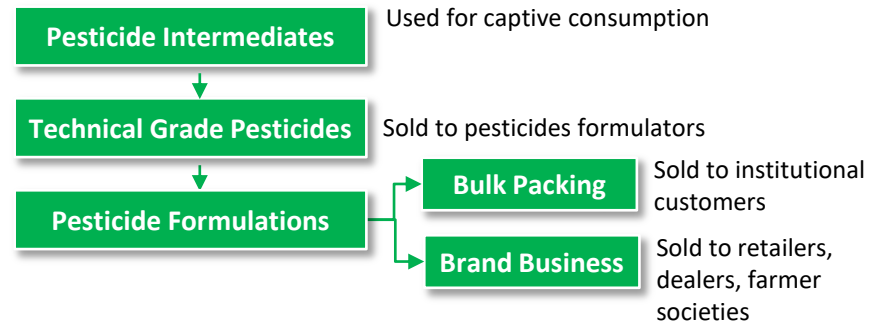
- Leading manufacturer of pesticides – products across entire value chain
- Established global presence across Africa, Brazil, LatAm, US and Europe
- Strong pan-India presence across 19 states, with 3,000 + distributors and dealers network
- Well-recognized formulation brands – Megastar, Megacyper, Megaban, Synergy, Courage
- Major products – 2,4-D, Cypermethrin, Permethrin, Bifenthrin, Lambda cyhalothrin, Profenophos and Chlorpyrifos
- **Completed project in FY21:** Doubling 2,4-D Capacity by addition of 10,800 TPA and New Formulation Plant commissioned in Q3 FY21
- **New Capex:** New Multipurpose plant (MPP) at Dahej with capex of Rs 3.10 Bn (Q1 FY23)

Vertically Integrated Manufacturing Facilities

Total Capacity – 49,380 TPA

Location	Capacity (MTPA)
GIDC Panoli	13,500
GIDC Ankleshwar	6,840
GIDC Dahej	29,040

Product Profile



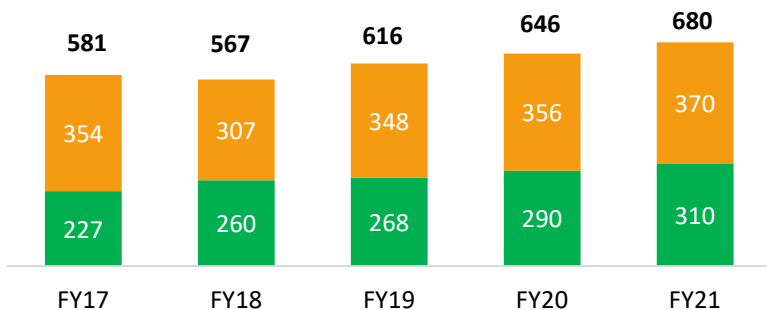
Branded Agrochemical Formulations



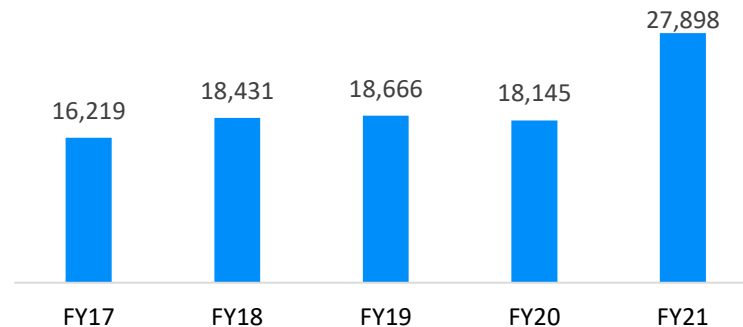
Agrochemicals Business: Operational Overview



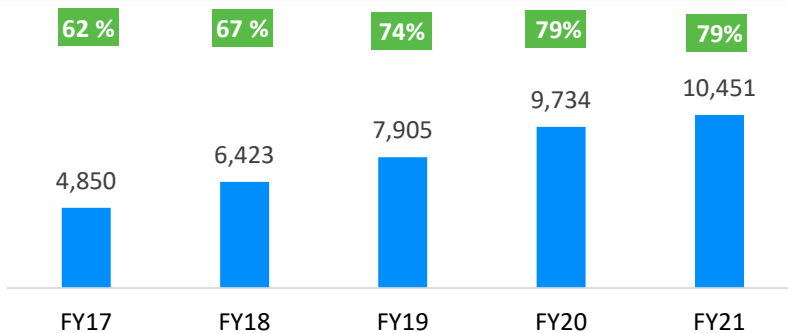
Registrations Base



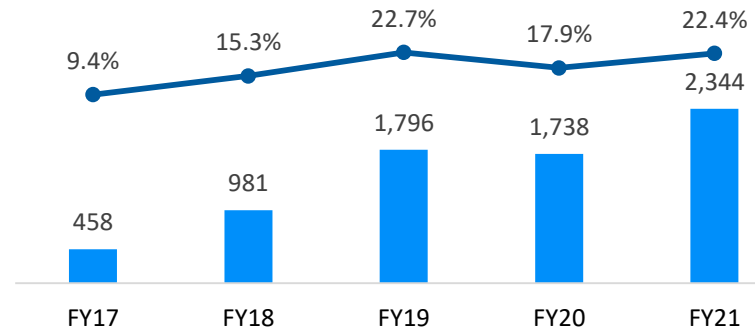
Production (MT)



Net Sales and Exports* (Rs Mn)



EBITDA (Rs Mn) & EBITDA Margin (%)



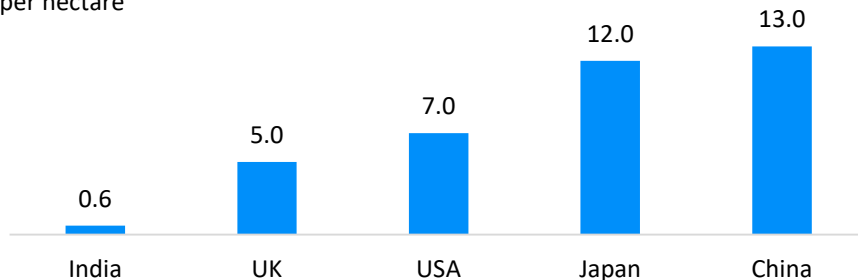
*Denotes Exports

Global Crop Protection Market

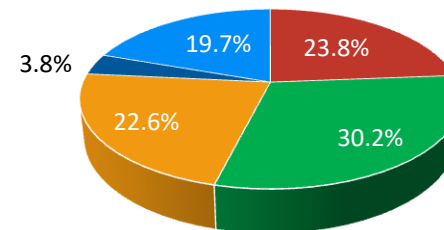
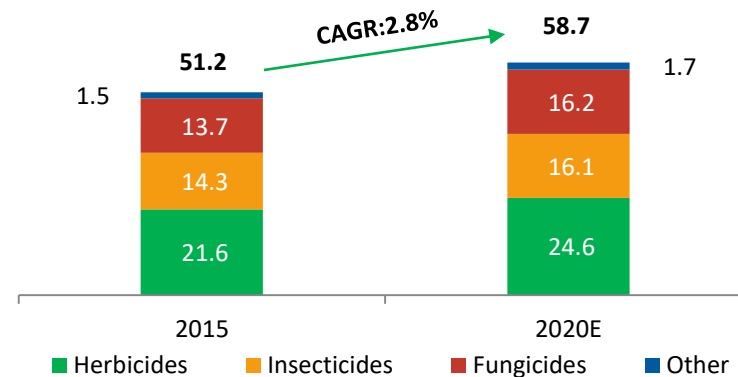
- The global crop protection market is set to grow steadily to reach USD 59 Bn by 2020
- Key drivers - growing population, declining arable land & rising pest concerns
- Products worth ~USD 3 Bn to go off-Patent over 2017-20, gives strong opportunity to generic agrochemical players
- India is the 4th largest global producer of Pesticides with an estimated market size of USD 3.0 Bn in FY17 after United States, Japan and China
- The demand for agrochemicals in India is split in equal proportions between domestic consumers and exports

Pesticide Consumption is still Lowest in India

Kg per hectare



Global Crop Protection Market (USD Bn)



■ Latin America ■ Asia ■ Europe ■ Middle East/Africa ■ NAFTA

Source – Phillip McDougall



Q4 & FY21 Results Update



About Us



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Scheme of Arrangement

Pigments

- Among Top 3 producer of phthalocyanine pigments globally
- Continue to focus on increasing domestic presence and capture market share
- Expanding into new geographies
- Diversification into new pigments
- **The management eyes a revenue target of Rs. 1,200 Cr by FY24 for the Pigments Division**

Agrochemicals

- MOL's backward integrated facilities ensure sustainability and lower dependency on raw material prices from China
- Completed projects in FY21: 2,4-D Capacity addition of 10,800 MTPA and new formulation plant to cater the growing agrichemicals demand in the domestic and global market
- New Multipurpose plant (MPP) at Dahej expected to be commissioned in Q1 FY23
- Expand branded products portfolio to penetrate into the growing domestic market
- **The management eyes a revenue target of Rs. 2,000 Cr by FY24 for Agrochemicals Division**

Project	Capex (Rs mn)	Expected date of Completion	Expected Revenue (Rs mn)
2,4-D (Capacity – 10.8k TPA)	1,270	Commissioned	2,000
Formulation Plant	250	Commissioned	1,500
Multi Purpose Plant (New Molecules)	3,100	Q1 FY23	6,000
Total	4,620		9,500



Q4 & FY21 Results Update



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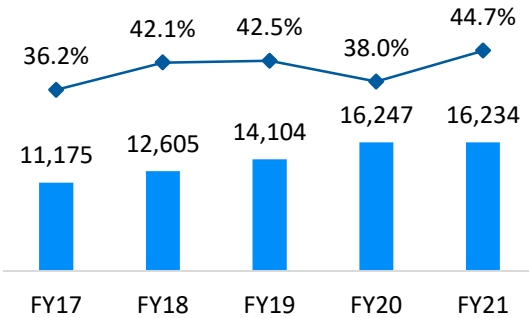


Scheme of Arrangement

Rs Mn

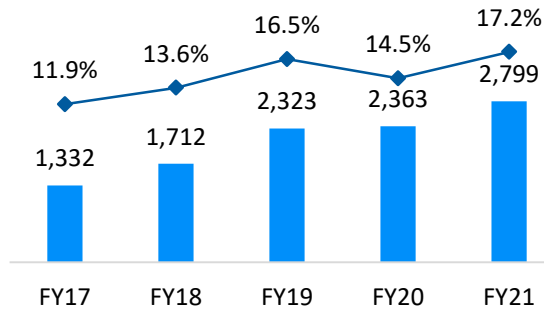
Revenues & Gross Margin

* CAGR 8%



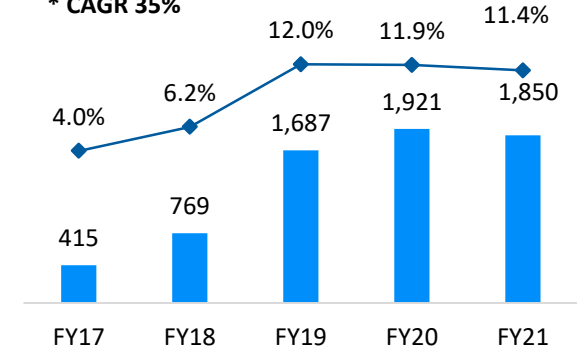
EBITDA & EBITDA Margin

* CAGR 16%

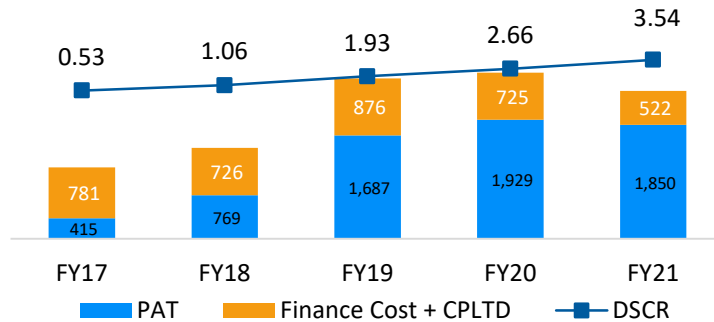


PAT & PAT Margin

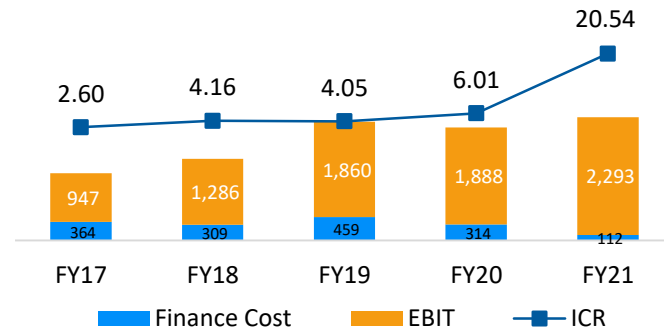
* CAGR 35%



Debt Service Coverage Ratio (DSCR)



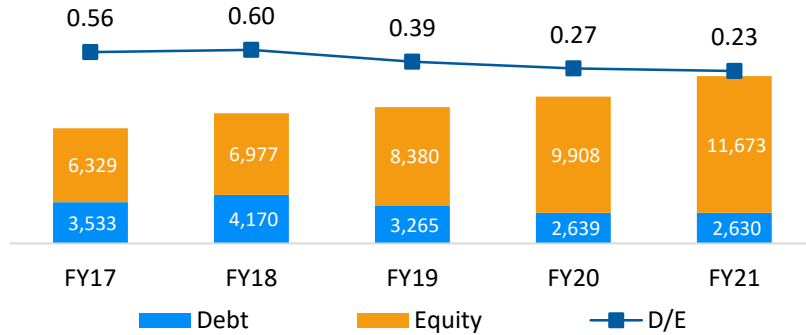
Interest Coverage Ratio (ICR)



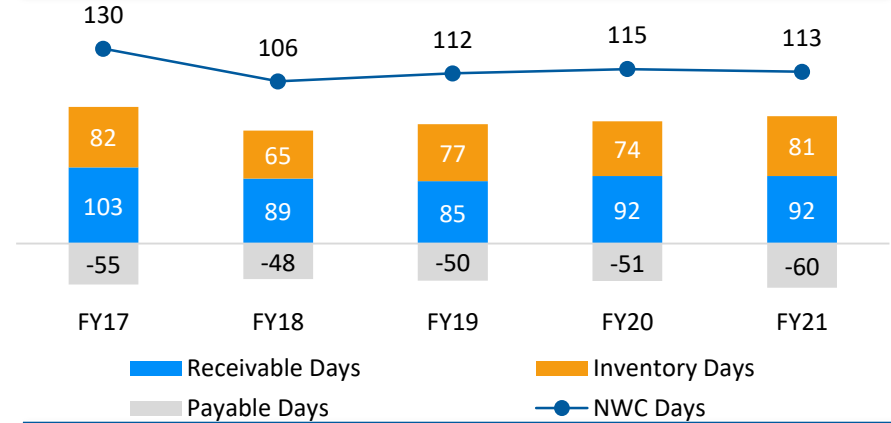
* CAGR calculated for FY17-21

Rs Mn

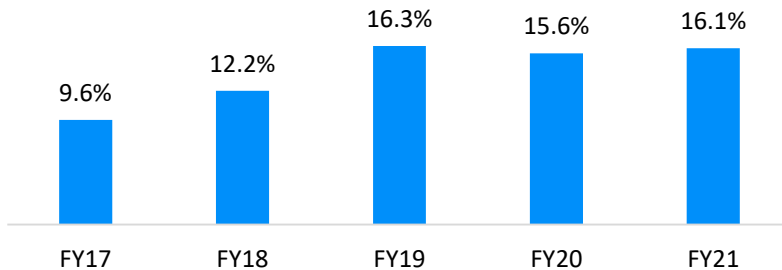
Leverage Analysis



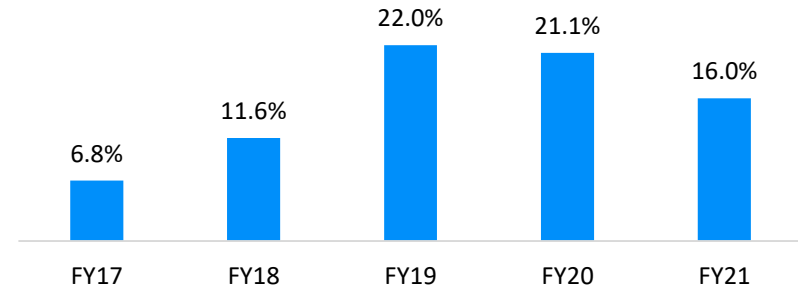
Working Capital Analysis *



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)



Q4 & FY21 Results Update



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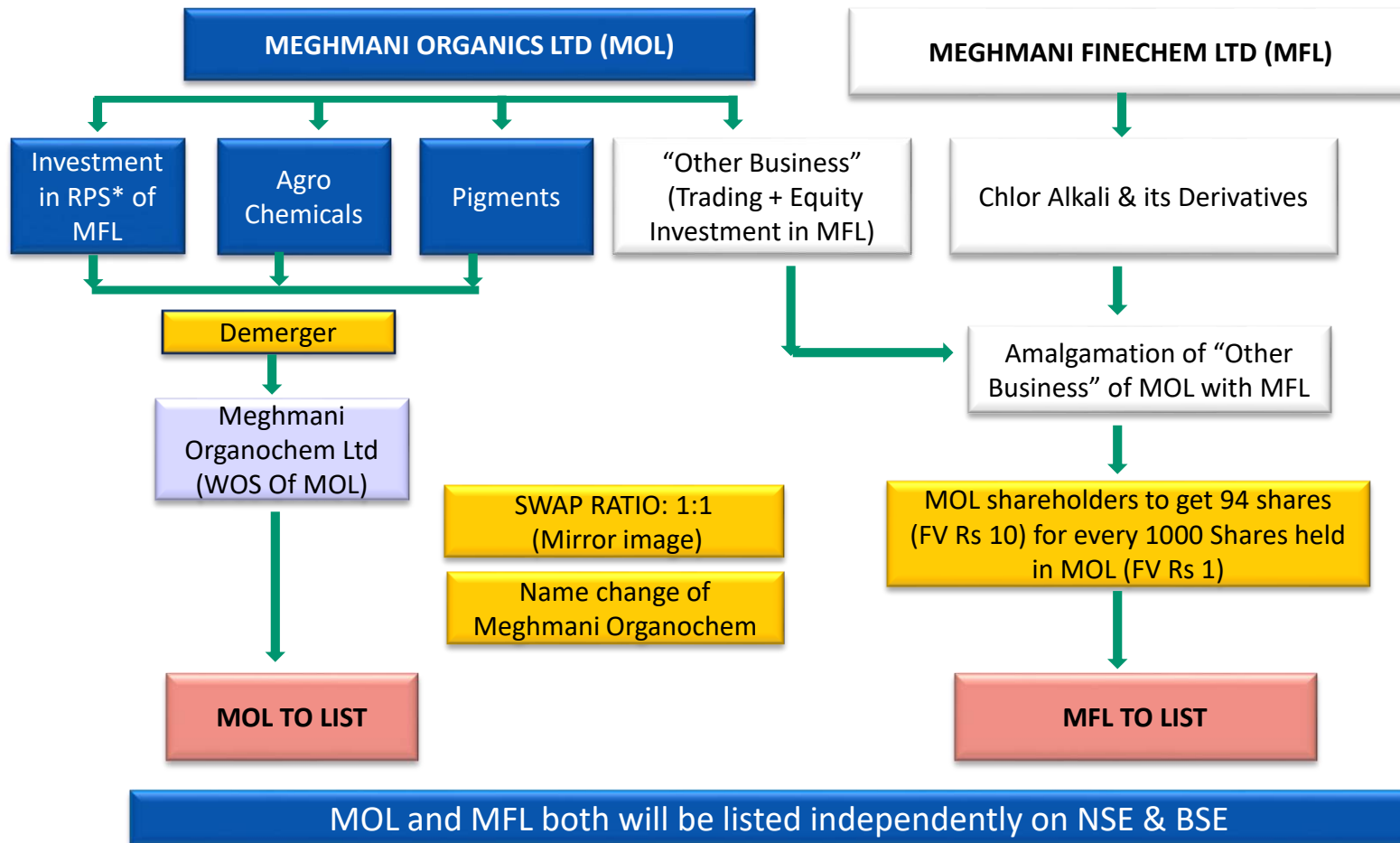
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Scheme of Arrangement



MOL and MFL both will be listed independently on NSE & BSE

Objectives

- Aimed to position 'Chloro Alkali and its Derivatives' as independent and sustainable businesses
- The business dynamics and growth trajectories deserves a status of an independent company.
- Strengthen and further improve operational efficiencies of both the companies

Value Unlocking

- Unlocking value of the 'Chloro Alkali and its Derivatives' business
- Separate and independent listing of MFL and MOL
- Focused Investor Opportunities – Choice to investors to invest in MOL or MFL which best suit to their investment strategy and risk profile

Delisting from SGX

- Shares (SDSs) issued by MOL under depository mechanism on SGX will be delisted
- Saving in high recurring cost of listing
- Additional compliances for 3rd exchange (Only 5% equity shares now listed)

Strong potential to unlock value for the esteemed shareholders

- There will not be any change in Shareholding pattern of MOL post demerger.
- MOL shareholder's will get 94 shares (FV Rs10) of MFL for every 1000 shares held in MOL (FV Rs 1).

MOL Shareholding - Pre and Post Demerger

Particulars	No of shares (FV Rs 1)	% Total
Individual Promoters	12,25,54,167	48.19%
Public (Including QIBs)	11,88,67,854	46.74%
Custodian Shares (ADRs)	1,28,92,190	5.07%
Total No of Shares	25,43,14,211	100.00%

Share Capital Structure (MOL) Post Demerger

MFL Shareholding Pre-Demerger		
Particulars	No of Shares (FV10)	%
MOL	23,545,985	57.16%
Individual Promoters	17,647,129	42.84%
Total No of Shares	41,193,114	100%



New Shares to be issued by MFL as per Scheme	
Total No of shares in MOL	254,314,211
Swap Ratio	0.94
New shares to be issued by MFL to shareholders of MOL	23,901,336



MFL Shareholding Post-Demerger		
Particulars	No of Shares (FV Rs 10)	%
Promoters:		
- Original holding	17,647,129	70.20%
- New shares as per swap ratio	11,518,068	
Public	12,383,268	29.80%
Total	41,548,465	100%



Total No of shares in MFL Post Demerger	
No of shares in MFL Pre-Demerger	41,193,114
Less: Shares held by MOL to be cancelled	23,545,985
Balance	17,647,129
Add: New Shares to issued to MOL shareholders as swap ratio:	
- Promoters	11,518,068
- Public	12,383,268
Total No of shares in MFL Post Demerger	41,548,465

Sr. No.	Key Approvals	Indicative Timelines
1	Prior approval of Singapore stock exchange and Securities Industries council	In principle approval obtained
2	Receipt of observations/comments from Stock exchanges on the scheme and Securities and Exchange Board of India and other regulatory authorities	Approval received
3	Filing of application to National Company Law Tribunal	Application Filed
4	Approval of the scheme by shareholders and creditors of Meghmani Organics Limited and Meghmani Finechem Limited	Approval received
5	Sanction of the scheme by NCLT	Approved on 3 May 2021
6	Filing of NCLT order with ROC	Completed
7	Listing approval in respect of shares to be issued by Meghmani Organics Limited (New Co.) and Meghmani Finechem Limited – Trading will be suspended during this period	Information Memorandum Filing in Progress
8	Receipt of trading approval in respect of shares to be issued by Meghmani Organics Limited / Meghmani Finechem Limited	Q2 FY22
9	Delisting of Meghmani Organics Limited from SGX	Q2 FY22

For Further Queries:



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