



Meghmani Organochem Limited (Erstwhile Meghmani Organics Ltd. (MOL))



Corporate Presentation
FY 2021

The presentation has been prepared by Meghmani Organochem Limited (“MOL” or the “Company”) solely for information purposes and does not constitute an offer to sell or, recommendation or solicitation of an offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever.

The information contained in this Presentation should be considered in the context of the circumstances prevailing at the time and has not been, and will not be, updated to reflect material developments which may occur after the date of the Presentation. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. This presentation is based on the economic, regulatory, market and other conditions as in effect on the date hereof including outstanding position of some persons presenting this. It should be understood that subsequent developments may affect the information contained in this presentation, which neither the Company nor its affiliates, advisors or representatives are under an obligation to update, revise or affirm.

You acknowledge and agree that the Company and/or its affiliated companies and/or their respective employees and/or agents have no responsibility or liability (express or implied) whatsoever and howsoever arising (including, without limitation for any claim, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this Presentation and neither the Company, its affiliated companies nor their respective employees or agents accepts any liability for any error, omission or misstatement, negligent or otherwise, in this Presentation and any liability in respect of the Presentation or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

Certain statements contained in this Presentation may be statements of the Company’s beliefs, plans and expectations about the future and other forward looking statements that are based on management’s current expectations or beliefs as well as a number of assumptions about the Company’s operations and factors beyond the Company’s control or third party sources and involve known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward looking statements. Forward looking statements contained in this Presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. There is no obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward looking statements, which speak only as of the date of this Presentation.



Good and transparent business practices.

*“We are committed to follow **good and transparent business practices**. These Ethical Values shall be the base and the backbone for all our endeavors to achieve our ‘Corporate Vision’.*

Committed to Core Business Strengths

We are committed to stick to our core businesses in Organic Chemistry. This sector offers innumerable growth opportunities. At the same time, we are seriously concerned and making constant endeavours to improve Environmental and Safety Standards.

Sustainable and Scalable business opportunities

On business front, worldwide, India is being seen as a strong option to China in many product categories, more in Chemicals and Pigments. Strong and adequate manufacturing base - infrastructure; plant compatibility; scope for rapid expansion; wider product range and geographical reach are some of the virtues which will help MOL to command sustainable long term position

‘On going’ ambitious business expansion plans – CapEx commitment of Rs 750 Crs. Spread in next 3 years up to FY 2024, largely funded with combination of internal accruals and low cost debts.

Dividend Pay-out Ratio

We have been consistently raising Dividend pay-outs for the past few years. Despite huge CapEx commitments and needs to support our growth plans, we are committed to formulate a very sound and sustainable Dividend Distribution Policy of around **17% to 20% of PAT**, as Dividend pay-out to the Shareholders



To constantly endeavour to create sustainable position as one of the leading but diversified chemical companies with strong manufacturing base in 'Organic Chemistry' aiming global presence with worldwide product acceptability.



- Integrity
- Credibility
- Being Human
- Law abiding
- Environment and Safety

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%

The Growth we see by FY 2024 – Aspirations



- The Top Line for the Company ~Rs 3000 Crs.

- Revenue from AgroChem ~Rs 2000 Crs.
- Revenue from Pigment ~Rs 1000 Crs.

- The EBIDTA for the Company ~Rs 510 Crs.

- The EBIDTA – AgroChem ~Rs 360 Crs.
- The EBIDTA – Pigment ~Rs.150 Crs.

- The PAT for the Company ~Rs 360 Crs.
- The PAT – AgroChem ~Rs 260 Crs.
- The PAT – Pigment ~Rs.100 Crs.

These forward looking statements are subject to dynamic business conditions and several factors or acts beyond the control of the management which may have bearing on the ultimate results

Most Consistent and Sustainable in many aspects.....



- EBDITA above industry average in both AgroChem and Pigments
- ROCE above 15.5 % for last 3 years
- ROE of 16 % + for last 3 years
- Consistently paying dividend
- Consistent financial policies for most appropriate Capital Allocations in core business
- Consistently Improving debt to equity. D/E of less than 0.50 in last 3 years
- Constant Focus on backward integration resulting in better supply chain and cost control management

Growth Plans how we envisage to achieve by FY 2024; Company as a whole

subject to market dynamics and relevant business scenario affecting company's performance



Year	2021-22	2022-23	2023-24
Topline (Cr)	2000 Agro- 1325 Pigment- 675	2500 Agro- 1675 Pigment- 825	3000 Agro- 2000 Pigment- 1000
EBITDA % #	17-19% Agro- 18-20 % Pigment-14-16%	17-19% Agro- 18-20 % Pigment-14-16%	17-19% Agro- 18-20 % Pigment-14-16%
PAT	10-12%		
Dividend	17-20% of PAT		
Cap Ex plan (Cr)	400	250	100
Free Cash Flow (Cr) ##	~60	~175	~325
Debt Equity Ratio	<0.50		
EBIDTA / Interest	20 X	20 X	25 X

Average Industry EBITDA - Agro 17-19% and Pigment 13-15%

Free cash after considering Capex, Dividend, New TLs and repayment of term loans

Project	Capex (Rs. Crs.)	Expected date of Completion	Expected Revenue (Rs. Crs.)
2,4-D (Capacity – 10.8K TPA)	127	Commissioned in FY 21	200
Formulation Plant	25	Commissioned in FY 21	100
Multi Purpose Plant (New Molecules)	310 #	Q1 FY 23	600
Total	462		900

Capex incurred in FY21: Rs 20 Cr. Capex planned FY 22 Rs 200 Cr and FY 23 Rs 90 Cr

Management is confident of sustainable growth in Pigment beyond Phthalocyanine Pigment Blue and Green.

Management is seriously considering to foray into new and lucrative variant of Pigment.

Details will be shared at appropriate time

Growth Drivers - Industry as whole

- *Both AgroChem as well as Pigment industries are poised for sustainable growth for the next foreseeable 5 -7 years time span. The China plus one factors strengthens this premise.*
- *Limited arable land coupled with increasing use of Crop protections chemicals for better yield*
- *Domestic consumption @ 0.6 Kg/Acre in India Vs 7-10Kg / Acre Globally*
- *Preference for Indian Chemical Manufacturers against China in the Global Market*

Growth Drivers – Specific to the Company

- *Well integrated manufacturing base and with expandable plant capacities located in chemical hub of Gujarat.*
- *Enough Land bank with regulatory approvals along with basic infrastructure*
- *The company has strong pool of product basket. The product reach and distribution too, are well diversified geographically with presence in almost every continent.*
- *Appropriate capital allocation across business segments*

Revenue Drivers- Specific to the Company

- *Deep and sustained penetration of over 2 decades in Agro based World economies like Brazil and Latin American countries besides in Asian, European and African countries having different Agri cycles supporting businesses all round the year.*
- *Registration strength 650+ CIB and Exports. Wide geographical spread across all continents with High Customer recall rate*
- *Sizeable registrations support growing Multi Crop including Soyabeans, Sugarcane, Paddy, Cotton, Maize and wheat besides pulses*
- *Manufacturing facilities strategically located and flexibility of operations*
- *Capability to develop newer molecules at competitive cost backed up by inhouse product development efforts.*
- *Backward integration which helps in reducing the dependency on input supplies besides offers cost competitive advantage .*

- **Capital Allocation Criteria:**

- ✓ New Project with focus on backward and forward integration
- ✓ New projects with ROE of 16%+
- ✓ Payback period 4-5 years

- **Consistently improving Debt/Equity :**

From 0.56 in 2017 to 0.23 in FY21. We envisage to maintain Debt Equity ~ 0.5

- **Net Working Capital days (Debtors + Inventory - Payables) :**

Improving NWC days from 130 in FY 2017 to 113 days in FY21. Target to maintain NWC days less than 115 days.

- **The company has stable Forex Risk management policy in place**

- **Dividend :**

- ✓ Steadily raising year after year. Dividend @ 140% for FY 20-21
- ✓ Dividend payout improved from 6% in FY 18 to 19% in FY 20-21.



Mr. Jayanti Patel
Executive Chairman

- 37 yrs of experience
- Overseas international marketing
- B.E (Chemical)

Mr. Ashish Soparkar
Managing Director

- 37 yrs of experience
- Overseas corporate affairs & finance
- B.E (Chemical)

Mr. Natwarlal Patel
Managing Director

- 35 yrs of experience
- Overseas technical matters & marketing in Agrochemical division
- MSc degree

Mr. Ramesh Patel
Executive Director

- 31 yrs of experience
- Overseas purchasing function & liaisons with govt. / regulatory bodies
- B.A degree

Mr. Anand Patel
Executive Director

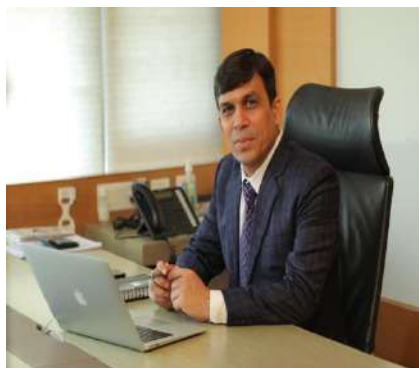
- 28 yrs of experience
- Overseas pigments marketing, manufacturing
- BSc degree

The Second Generation in Charge of Business Operations



Mr. Ankit Patel
CEO (MOL)

- More than 12 yrs of experience
- Executive Director at MFL
- M.S. (Engg Management) from Australia & MBA from Singapore



Mr. Darshan Patel
COO (Pigments) MOL

- More than 10 yrs of experience
- Executive Director at MFL
- Heads Pigments
- M.S. (Engg Management) from Australia



Mr. Karana Patel
COO (Agrochemicals) MOL

- More than 12 yrs of experience
- Executive Director at MFL
- Heads Operations, Projects & procurement
- Diploma (Chemical), B.E. (Chemical) from USA



Sri Manubhai K. Patel is a Chartered Accountants with more than 37 years of experience in the field of Forex, Treasury and Credit Management. He is on board of Meghmani Finechem Limited. Besides he holds directorship in GVFL Trustee Company Private Limited, Paryavarana Edutech, Zydus BSV Pharma Private Limited, Dial for Health Unity Limited, ACME Diet Care Private Limited



Prof. (Dr.) Ganapati Yadav is **Padmashri Awardee**, by President of India. He has recently retired from the position of Vice Chancellor of Institute of Chemical Technology (ICT). With numerous honours and distinctions for his contributions to green chemistry and engineering, catalysis science and engineering, chemical reaction engineering, nanotechnology and energy engineering, he has authored over 300 original research papers in 51 cross-disciplinary international peer-reviewed journals. He is independent director on the board of Aarti Industries, Godrej Industries Ltd, Bhageria Industries Ltd and Clean science and Technology Ltd.



Ms. Urvashi Dhirubhai Shah holds Bachelor of Arts (BA) Degree with Economics and having First class First rank of Gujarat University. She is practicing with Income Tax appellate Tribunal since last 15 years. Ms. Urvashi Shah is on the Board of Brady & Morris Engineering Co Ltd. (Bombay) as Non Executive Independent Director.



Mr. Bhaskar Rao is resident in Singapore. Mr. Rao holds Post Graduate Diploma in Management (Indian Institute of Management, Calcutta). Presently, Mr. Rao is an Independent consultant in the field of finance, legal and commercial partnerships. He has worked with some of the world's biggest organizations like Unisys, Bristol Myers Squibb, Sara Lee, Samsung, Compaq, New Zealand Milk, and Motorola.



Mr. C S Liew is resident in Singapore, is B.S. in Agronomy & Pest Management from Iowa State University, USA (High Scholarship Student) in 1979. He has also obtained Diploma in Marketing from Institute of Marketing, UK through self-study in 1986. Mr. Liew has 11 years of experience of heading Singapore Representative Office of Uniroyal Chemical Co. Inc., (renamed Chemtura). Mr. Liew was holding position of Director and Regional Manager of Nufarm (Asia) Pte Ltd, a wholly-owned subsidiary of Nufarm Ltd., Australia. He is Managing Director of Pacific Agriscience Pte Ltd

FY '21 Results: Profit & Loss Statement

Particulars (Rs. in Mn)	FY21	FY20*	YoY%
Revenue from Operations	16,234	16,247	-0.1%
COGS	8,975	10,067	-10.8%
Gross Profit	7,260	6,180	17.5%
Gross Margins %	44.7%	38.0%	668 bps
Employee Expenses	1,004	828	21.3%
Other Expenses	3,456	2,989	15.6%
EBITDA	2,799	2,363	18.5%
EBITDA Margin %	17.2%	14.5%	270 bps
Depreciation	506	475	6.6%
EBIT	2,293	1,888	21.5%
Finance Cost	112	314	-64.5%
Other Income	247	781	-68.4%
Exceptional Items	(65)	-	N.A.
PBT	2,493	2,355	5.9%
Taxes	643	425	51.2%
PAT	1,850	1,929	-4.1%
PAT Margin %	11.4%	11.9%	-48 bps
EPS	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 FY 2021

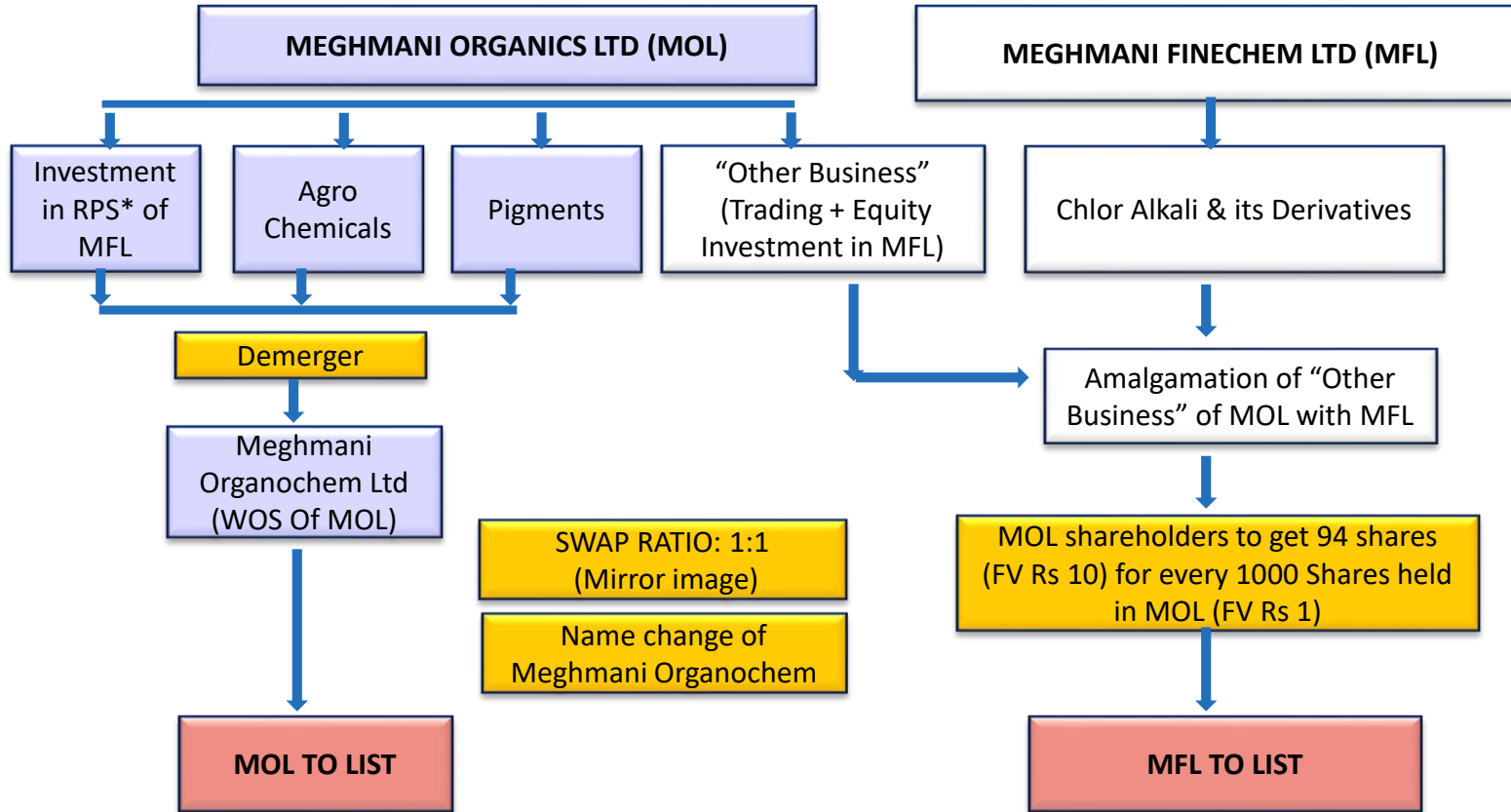


Particulars (Rs. in Mn)	Mar 21	*Mar 20
Equity & Liabilities		
Share Capital	254	254
Reserves & Surplus	11,418	9,654
Shareholder's Funds	11,673	9,908
Long-term borrowings	1,232	556
Other financial liabilities	67	70
Provisions	135	115
Deferred tax liabilities (Net)	443	278
Non - Current Liabilities	1,877	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.

Scheme of Arrangement



MOL and MFL both will be listed independently on NSE & BSE. We expect this by or before end of July 2021.

- ✓ 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).

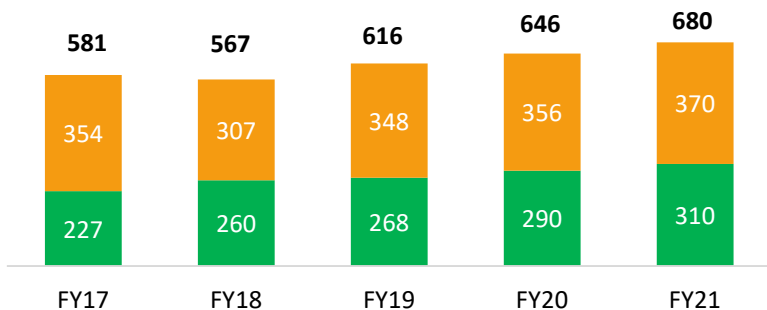
MOL Shareholding- Post Demerger		
Particulars	No of shares (FV Rs 1)	% Total
Individual Promoters	125002167	49.15%
Public (Including QIBs)	118026654	46.41%
Custodian Shares (ADRs)	11285390	4.44%
Total No of Shares	254314211	100.00%

Financial Performance at a Glance

Agrochemicals Business: Operational Overview

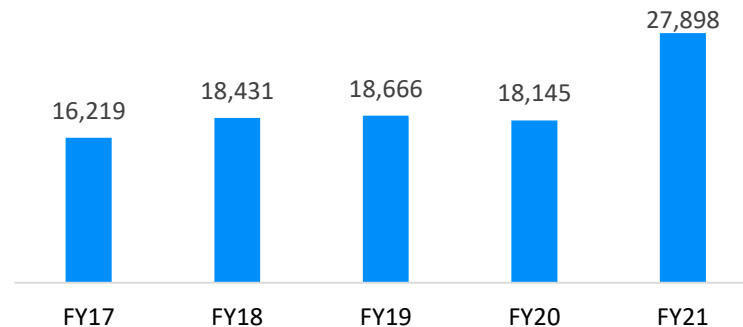


Registrations Base

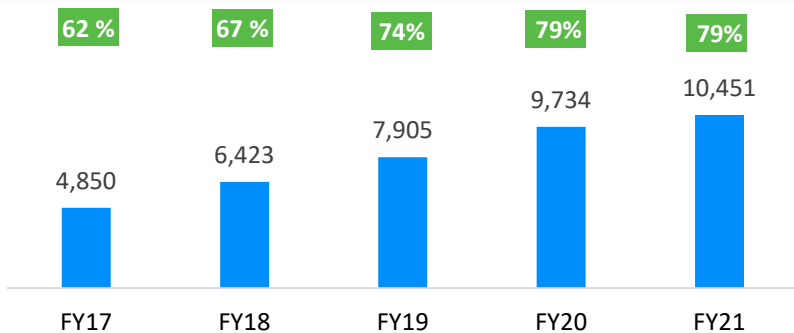


Production (MT)

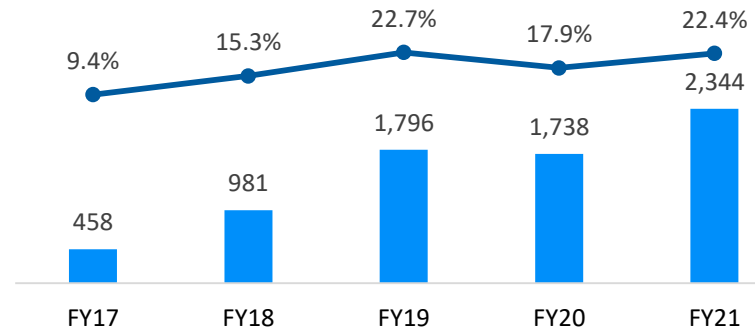
Capacity-49380 TPA



Net Sales and Exports* (Rs Mn)



EBITDA (Rs Mn) & EBITDA Margin (%)



*Denotes

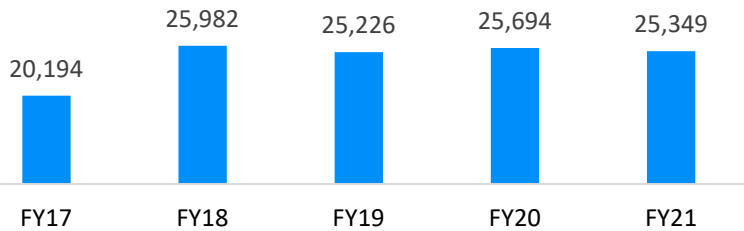
Exports

Pigments Business: Operational Overview

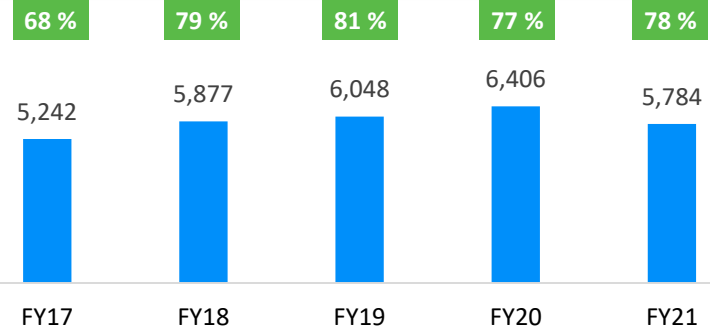


Production (MT)

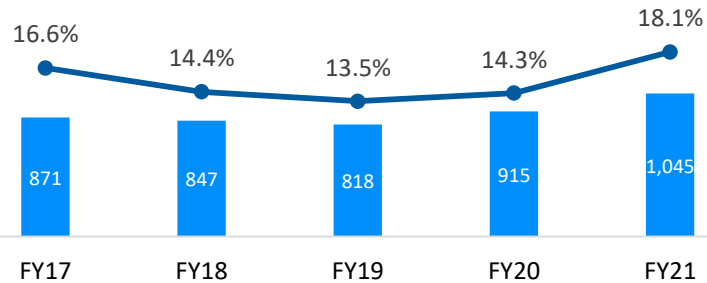
Capacity- 33180 TPA



Net Sales & Exports* (Rs Mn)



EBITDA (Rs Mn) & EBITDA Margin (%)

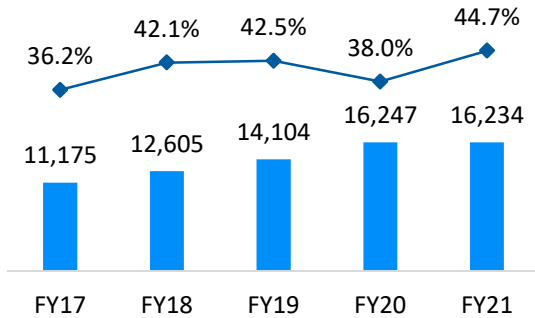


*Denotes Exports

Rs Mn

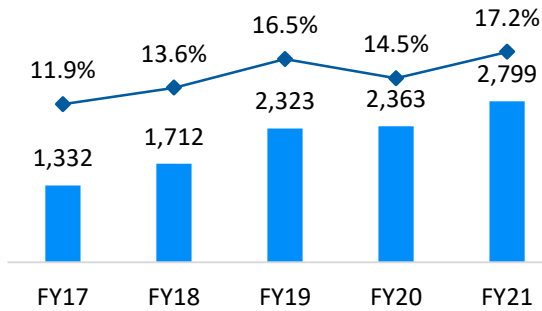
Revenues & Gross Margin

* CAGR 8%



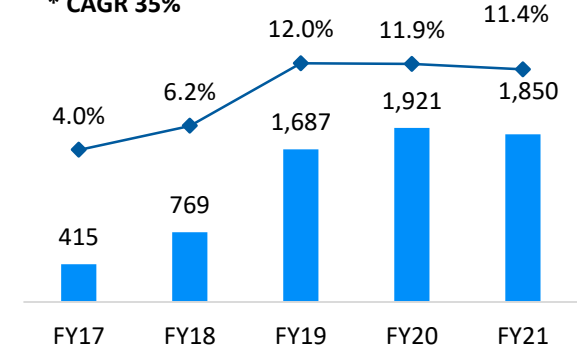
EBITDA & EBITDA Margin

* CAGR 16%

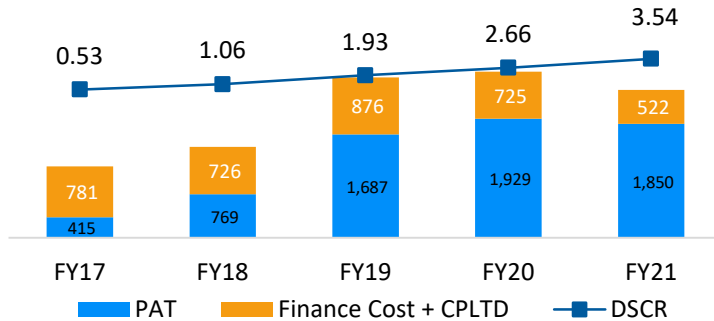


PAT & PAT Margin

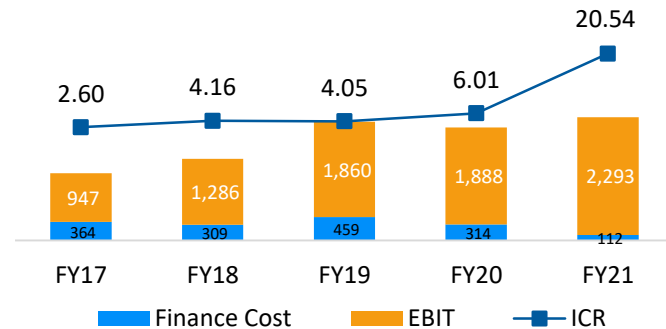
* CAGR 35%



Debt Service Coverage Ratio (DSCR)



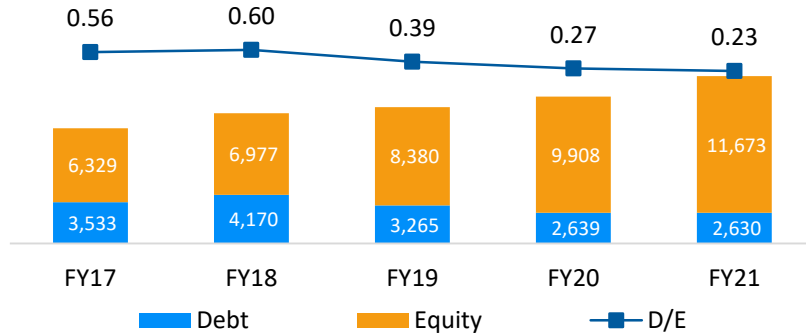
Interest Coverage Ratio (ICR)



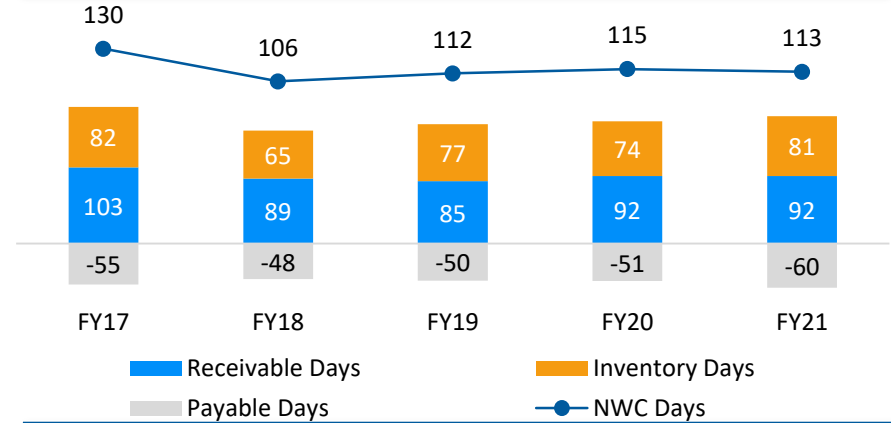
* CAGR calculated for FY17-21

Rs Mn

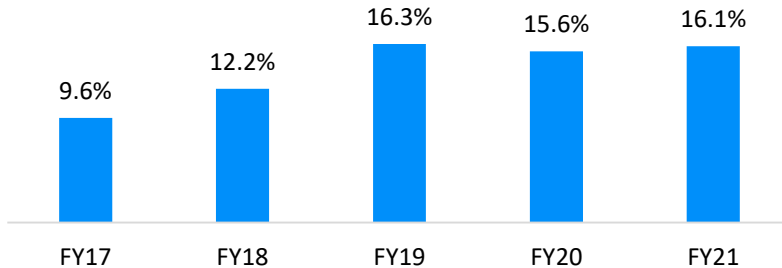
Leverage Analysis



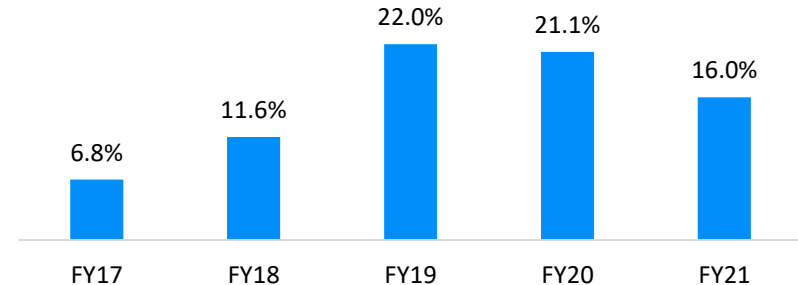
Working Capital Analysis *



Return on Capital Employed



Return on Equity



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

For Further Queries:



CHEMISTRY OF SUCCESS AT WORK

Mr. Gurjant Singh Chahal, CFO

Email: ir@meghmani.com

Phone: +91-79717 61000

Mr. Bharat Mody

Advisor – IR Strategies

Krish InTech LLP



Mobile : +91 98980 46584

E mail : bharat.mody@meghmani.com

DICKENSON

Hiral Keniya / Vikash Verma

IR Consultants

Contact: 90296 62801 / 96640 09029

Email: meghmani@dickensonworld.com

