

**MEGHMANI
ORGANICS LIMITED**
(Formerly Known as Meghmani Organochem Limited)



August 18, 2021

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>
SYMBOL:- MOL	Scrip Code 543331

Dear Sir

Sub: - Investor Presentation on Financial Results for Q1-FY 2021-22.

Ref.: - Regulation 30 of SEBI (LODR) Regulations, 2015

We forward herewith the Investor Presentation prepared on Un-Audited Financial Results of the Company for the **First Quarter ended on 30.06.2021** for information of the Member, which is also available on our web site www.meghmani.com.

We request you to take on record.

Thanking you.

Yours faithfully,
For Meghmani Organics Limited
(formerly known as Meghmani Organochem Limited)

Jayesh Patel
Company Secretary & Compliance Officer





CHEMISTRY OF SUCCESS AT WORK

Meghmani Organics Limited

(Erstwhile known as Meghmani Organochem Limited)

Q1 FY22 Results Presentation

August 2021

www.meghmani.com



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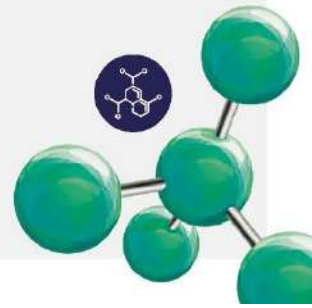
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Q1 FY22 RESULTS UPDATE



Meghmani Organics continued to deliver strong results navigating multiple headwinds during Q1FY22. The Company's revenue grew by 68.4% YoY to Rs. 4,957 million aided by robust growth from both the Pigments and Agrochemicals business.

During the quarter, the Company's Gross Profit surged by 66.8% YoY to Rs. 2,182 million. The Gross margin stood flat at 44.0% in Q1FY22.

Meghmani's EBITDA grew by 58.7% YoY to Rs. 874 million. The EBITDA margin contracted by 108 bps YoY owing to an increase in other expenses (201 bps YoY) impacted by higher logistics cost and rise in the cost of raw materials (43 bps YoY). However, a decline in employee expenses (136 bps YoY) arrested further contraction in EBITDA margin during the quarter.

PAT grew exponentially by 139.2% YoY to Rs. 681 million. Other income grew (15.4x YoY to Rs. 283 million) due to fair valuation on conversion of OCRPS to RPS as per the Scheme of Arrangement approved by NCLT and Mark-to-Market forex gain. Meghmani's profitability also improved due to a lower effective tax rate (25.1% in Q1FY22 vs. 25.5% in Q1FY21). The Company's PAT margin expanded by 407 bps YoY to 13.7% in Q1FY22.

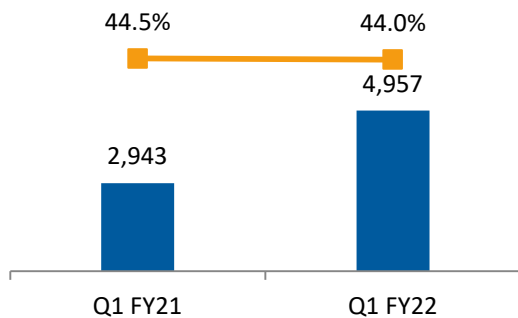
On the Balance Sheet front, the Company's Cash & Cash Equivalents stood at 1,050 million as on 30th June 2021. Debt-Equity ratio stood at 0.22 as on 30th June 2021. Meghmani return ratios i.e. ROCE and ROE stands robust at 19.6% and 22.7%, respectively as on 30th June 2021.

Meghmani continues to remain optimistic about the huge growth potential for India's chemical industry and remains positive to seize growth opportunities by being committed to maximize its return on investment, thereby delivering value to its esteemed stakeholders.

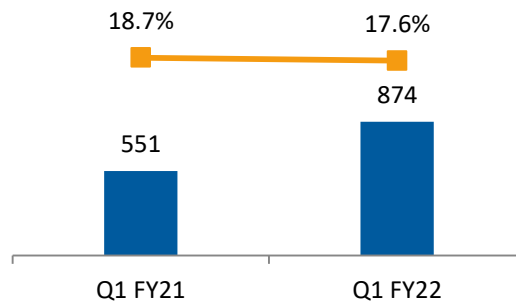
Q1 FY22 YoY Analysis

Rs Mn

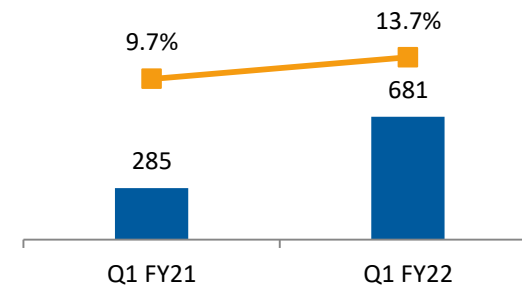
Revenues & Gross Margin



EBITDA & EBITDA Margin



PAT & PAT Margin*

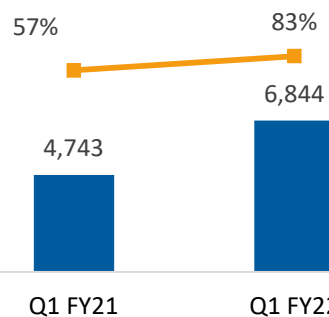


Q1 FY22 Results: Pigments Business

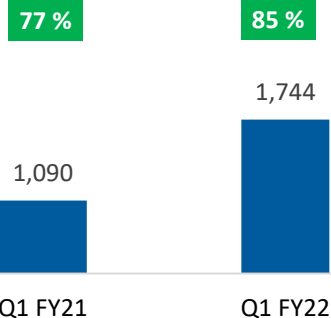
Q1 FY22 YoY Analysis

Rs Mn

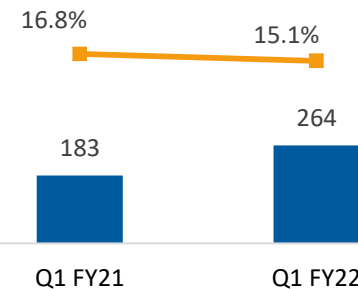
Production & Utilisation (%)



Net Revenue (Rs Mn) & Exports*



EBITDA (Rs Mn) & Margin (%)

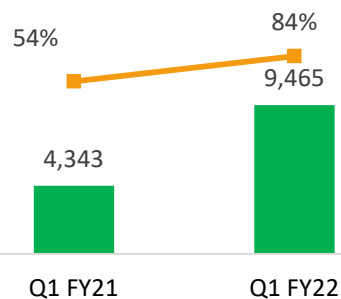


Q1 FY22 Results: Agrochemicals Business

Q1 FY22 YoY Analysis

Rs Mn

Production & Utilisation (%)



Net Revenue (Rs Mn) & Exports*

71 %

81 %

1,852

3,213

Q1 FY21

Q1 FY22

EBITDA (Rs Mn) & Margin (%)

22.7%

21.9%

421

704

Q1 FY21

Q1 FY22

Q1 FY22 Results: Profit & Loss Statement

Particulars (Rs. in Mn)	Q1 FY22	Q1 FY21	YoY%	Q4 FY21	QoQ%	FY21
Revenue from Operations	4,957	2,943	68.4%	4,592	7.9%	16,234
COGS	2,775	1,635	69.7%	2,782	-0.3%	8,975
Gross Profit	2,182	1,308	66.8%	1,810	20.6%	7,260
Gross Margins %	44.0%	44.5%	-43 bps	39.4%	461 bps	44.7%
Employee Expenses	289	212	36.7%	249	16.0%	1,004
Other Expenses	1,019	546	86.7%	1,223	-16.6%	3,456
EBITDA	874	551	58.7%	338	158.6%	2,799
EBITDA Margin %	17.6%	18.7%	-108 bps	7.4%	1,027 bps	17.2%
Depreciation	153	123	23.9%	138	11.2%	506
EBIT	721	427	68.7%	200	259.6%	2,293
Finance Cost	94	62	52.1%	(91)	-203.3%	112
Other Income	283	17	1,538.1%	182	55.7%	247
Exceptional Items						(65)
PBT	910	382	137.9%	474	92.0%	2,493
Taxes	228	98	134.0%	121	89.3%	643
PAT	681	285	139.2%	353	92.9%	1,850
PAT Margin %	13.7%	9.7%	407 bps	7.7%	605 bps	11.4%
EPS	2.68	1.12	139.2%	1.39	92.9%	7.28

Balance Sheet Statement

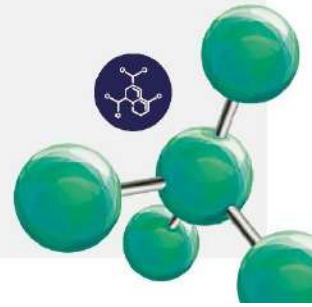
Particulars (Rs. in Mn)	Mar 21	*Mar 20
Equity & Liabilities		
Share Capital	254	254
Reserves & Surplus	11,418	9,654
Shareholder's Funds	11,673	9,908
Long-term borrowings	1,232	556
Other financial liabilities	67	70
Provisions	135	115
Deferred tax liabilities (Net)	443	278
Non - Current Liabilities	1,877	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 are for the period 15th Oct. 2019 to 31st March 2020 (from the date of incorporation of erstwhile Meghmani Organochem Limited). However, for performance comparison full year figures is considered as Agrochemicals and Pigment business is demerged on going concern basis.



ABOUT US



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 – 0.22x

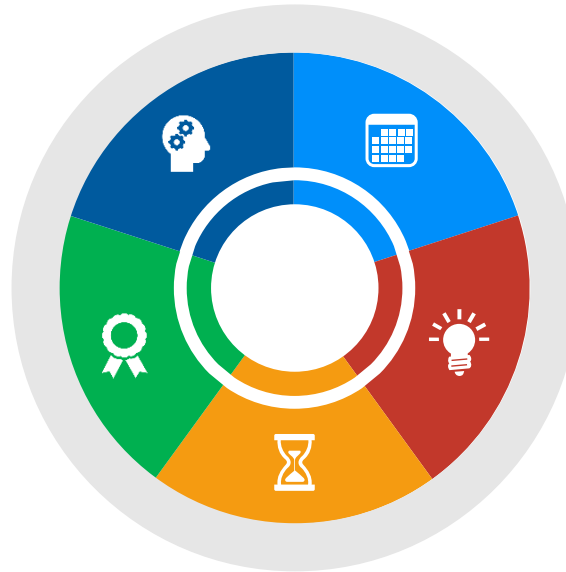
ROCE – 17.1%
ROE – 17.2%

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

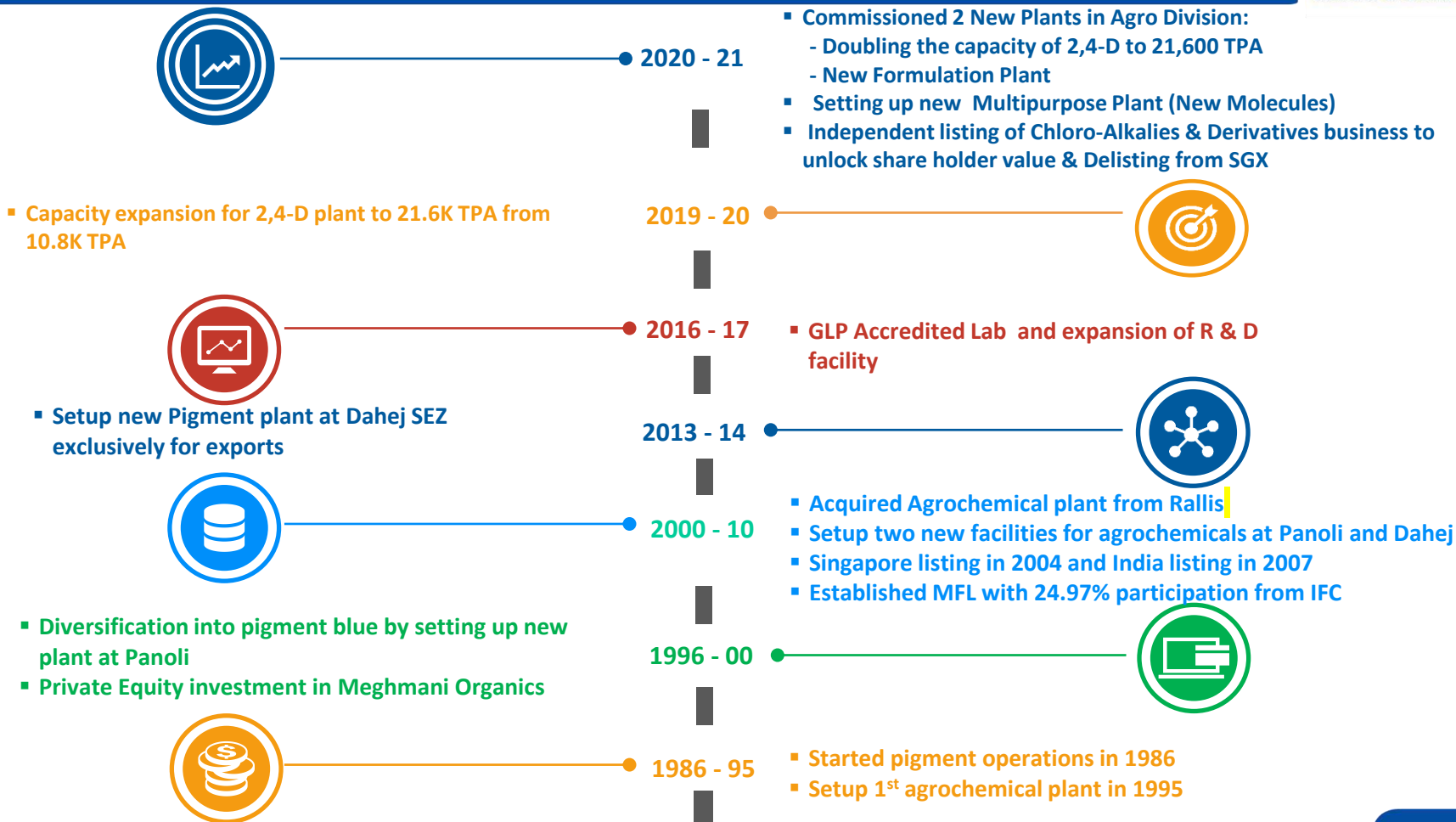
Robust Return Ratios

- Improving profitability
- Strong & lean Balance Sheet
- Significant improvement in return ratios
- ROCE – 9.6% in FY17 to 17.1% in FY21
- ROE – 6.8% in FY17 to 17.2% in FY21

Strong FCF Generation leading to Significant Debt Repayment

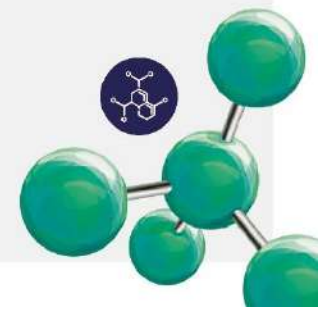
- D/E improved from 0.56x in FY17 to 0.22x in FY21

Key Milestones





BUSINESS OVERVIEW



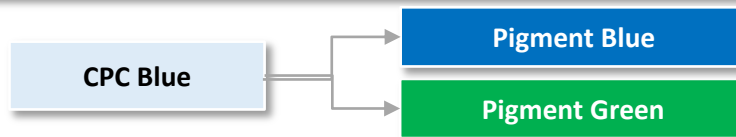
Established Business Profile

- 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 and AZO pigment
GIDC Panoli, Bharuch	17,400	CPC Blue, Alpha and Beta Blue
Dahej SEZ	12,600	CPC Blue, Alpha and Beta Blue

Products Portfolio

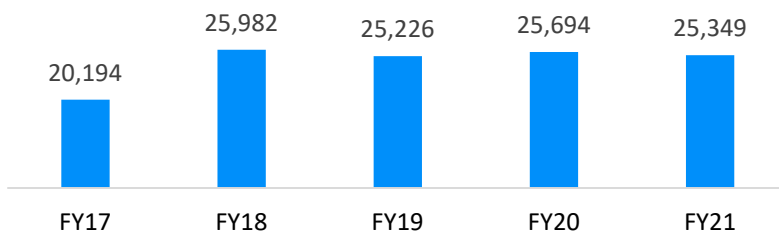


Upstream product:
Sold to other pigments manufacturers

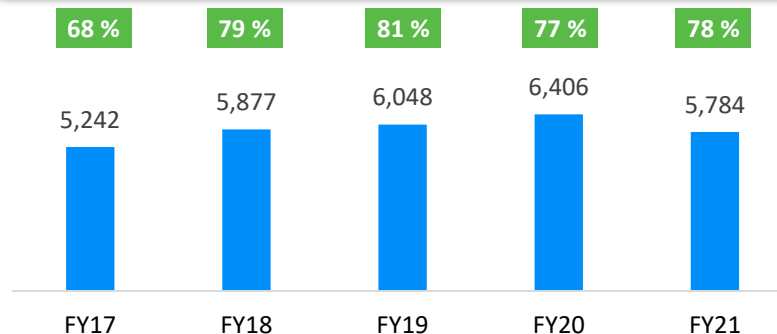
End products: Sold to industrial users
Robust demand due to multiple applications - printing inks, plastics, paints, coatings, textiles, leather, paper and rubber

Pigments Business: Operational Overview

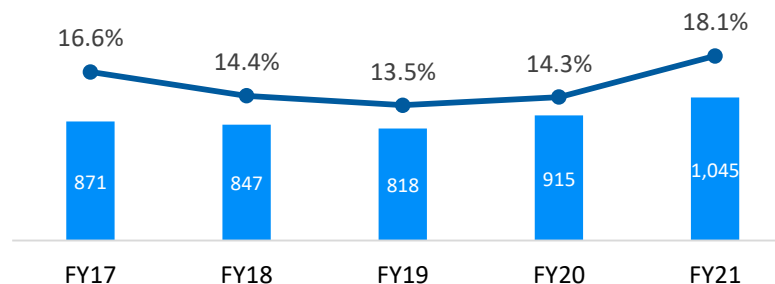
Production (MT)



Net Sales & Exports* (Rs Mn)



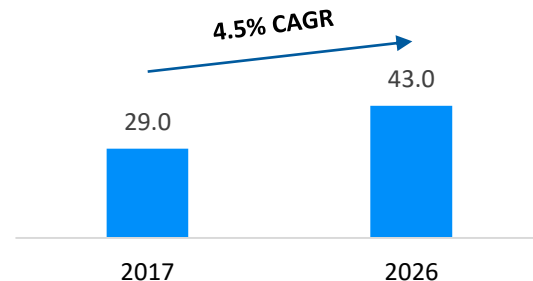
EBITDA (Rs Mn) & EBITDA Margin (%)



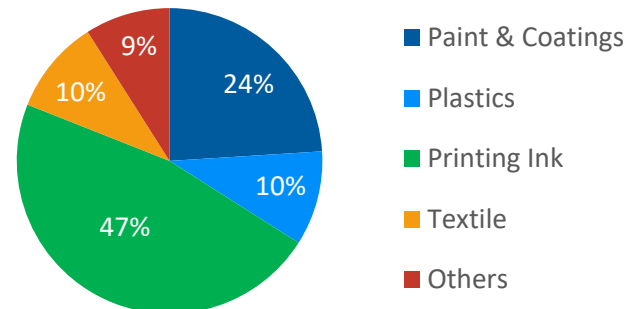
Global Pigments Market

- 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

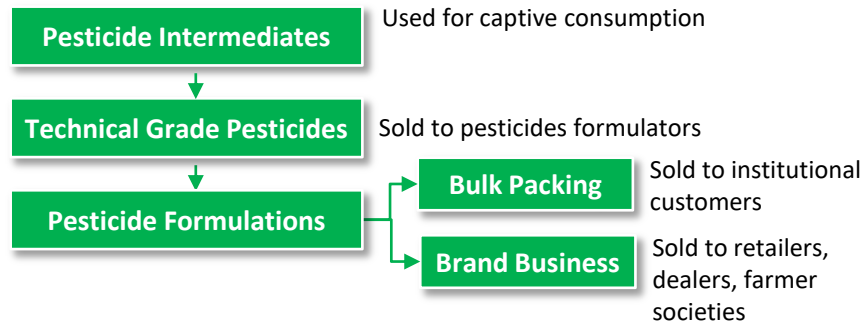
- Leading manufacturer of pesticides – products across entire value chain
- Established global presence across Africa, Brazil, LatAm, US and Europe
- Strong pan-India presence across 19 states, with 3,000 + distributors and dealers network
- Well-recognized formulation brands – Megastar, Megacyper, Megaban, 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
- **New Capex:** New Multipurpose plant (MPP) at Dahej with capex of Rs 3.10 Bn (Q2 FY23)

Vertically Integrated Manufacturing Facilities

Total Capacity – 50,700 TPA

Location	Capacity (MTPA)
GIDC Panoli	13,500
GIDC Ankleshwar	6,840
GIDC Dahej	30,360

Product Profile

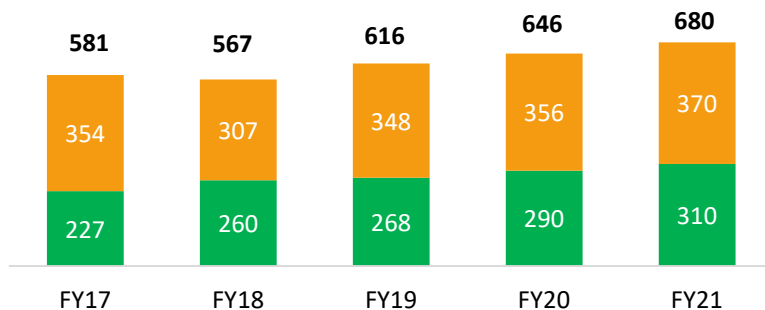


Branded Agrochemical Formulations

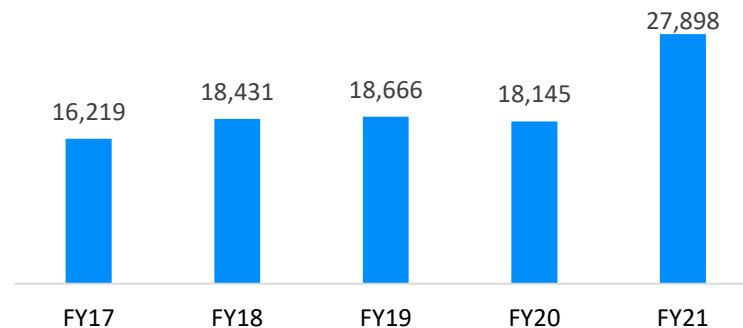


Agrochemicals Business: Operational Overview

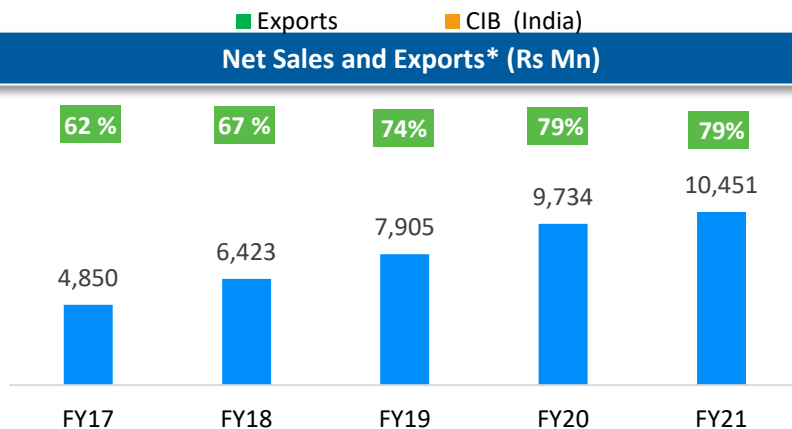
Registrations Base



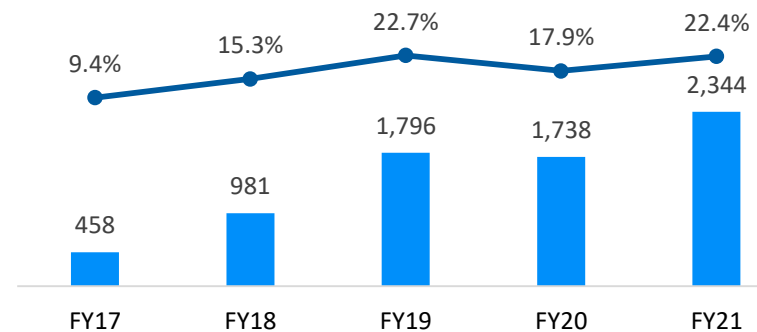
Production (MT)



Net Sales and Exports* (Rs Mn)



EBITDA (Rs Mn) & EBITDA Margin (%)

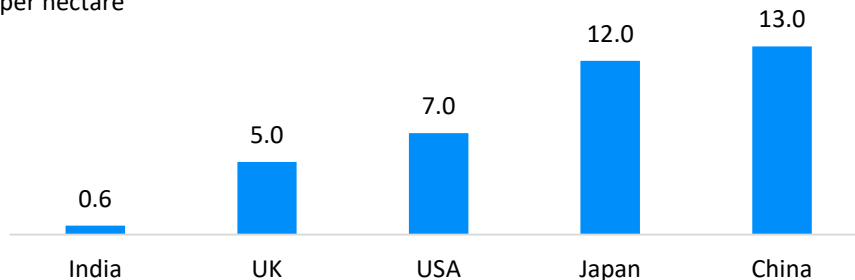


Global Crop Protection Market

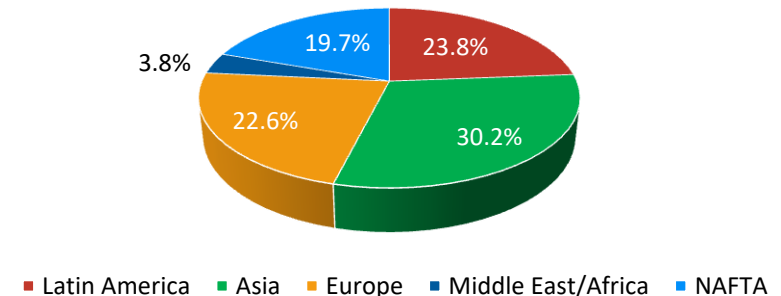
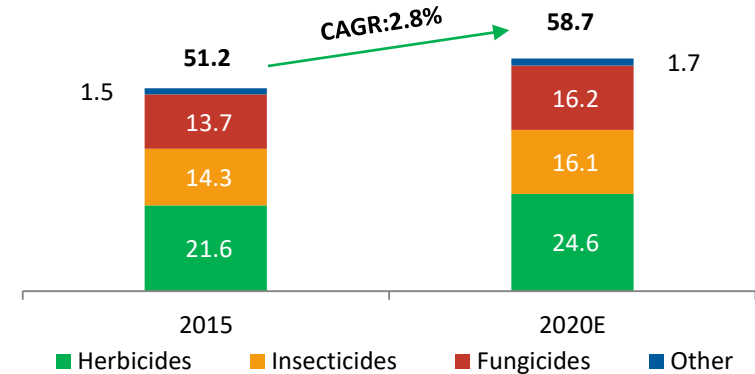
- The global crop protection market is set to grow steadily to reach USD 65 Bn by 2020
- Key drivers - growing population, declining arable land & rising pest concerns
- Products worth ~USD 3 Bn to go off-Patent over 2017-20, gives strong opportunity to generic agrochemical players
- India is the 4th 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



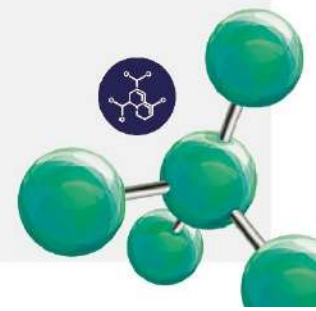
Global Crop Protection Market (USD Bn)



Source – Phillip McDougall



STRATEGY & OUTLOOK



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 and lucrative pigment beyond phthalocyanine pigments.
- **The management eyes a revenue target of Rs. 1,000 Cr by FY24 for the Pigments Division**

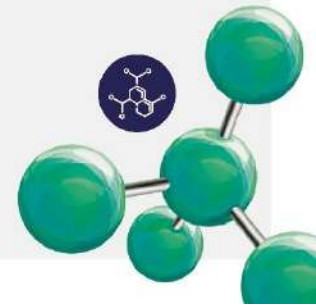
Agrochemicals

- 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 Q2 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	Q2 FY23	6,000
Total	4,620		9,500



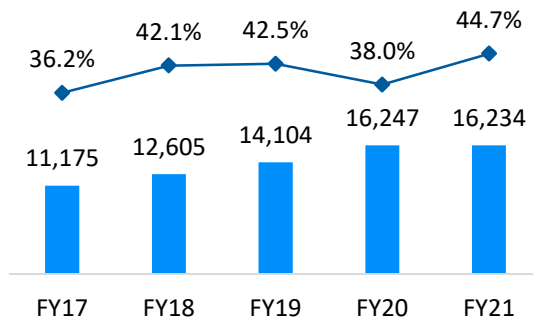
FINANCIAL OVERVIEW



Rs Mn

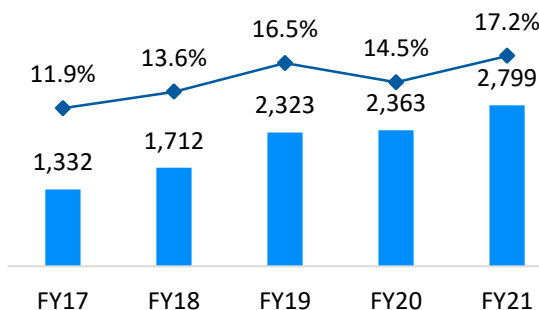
Revenues & Gross Margin

* CAGR 8%



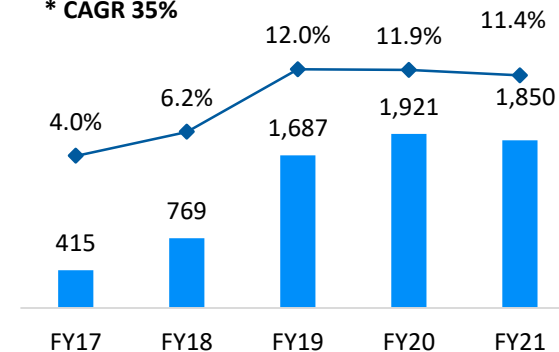
EBITDA & EBITDA Margin

* CAGR 16%

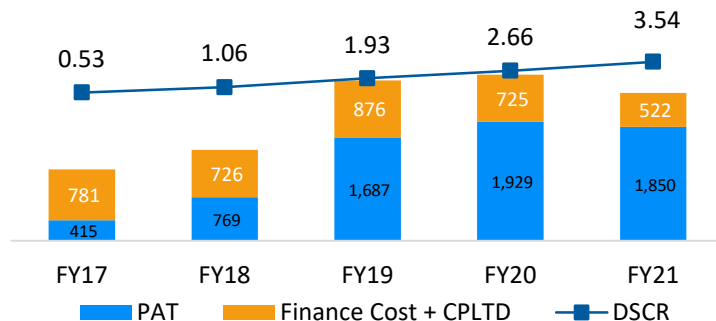


PAT & PAT Margin

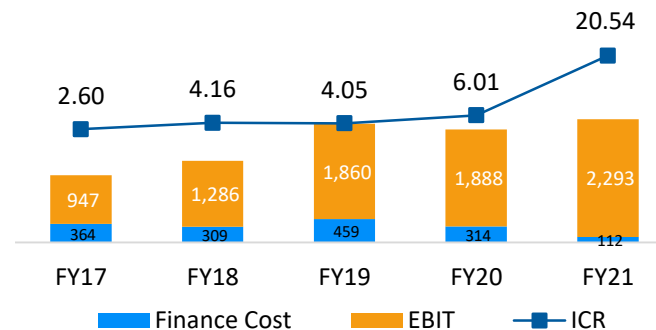
* CAGR 35%



Debt Service Coverage Ratio (DSCR)



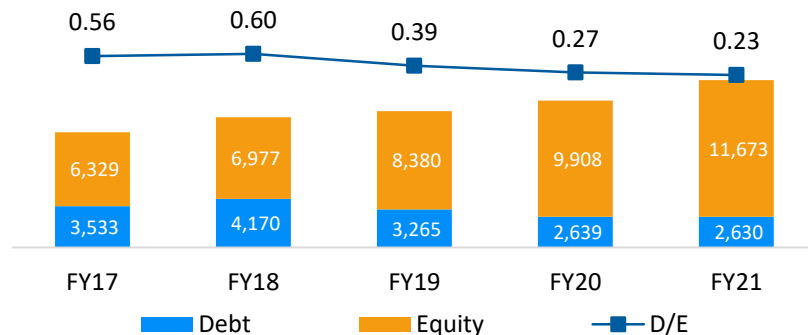
Interest Coverage Ratio (ICR)



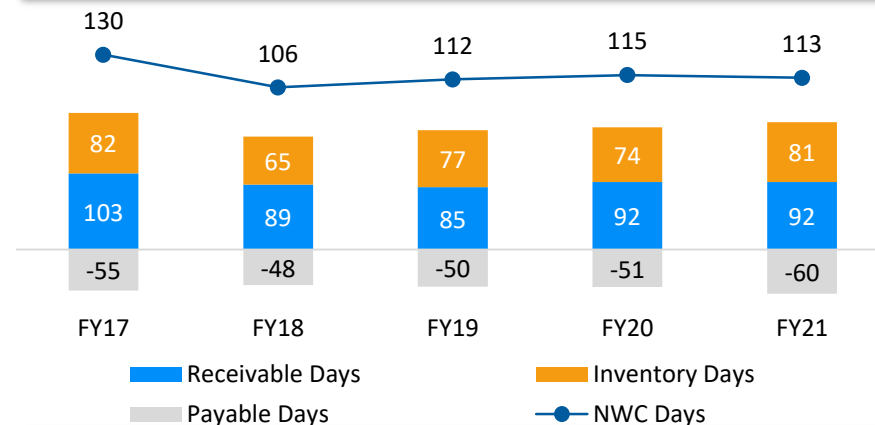
* CAGR calculated for FY17-21

Rs Mn

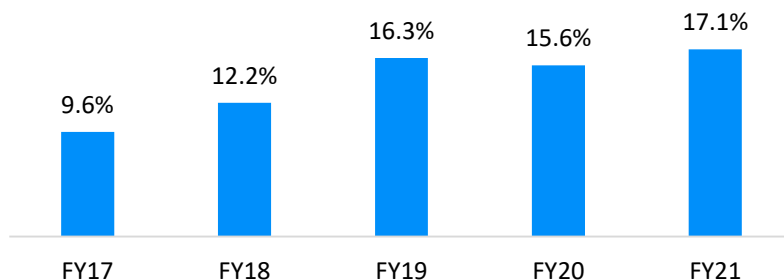
Leverage Analysis



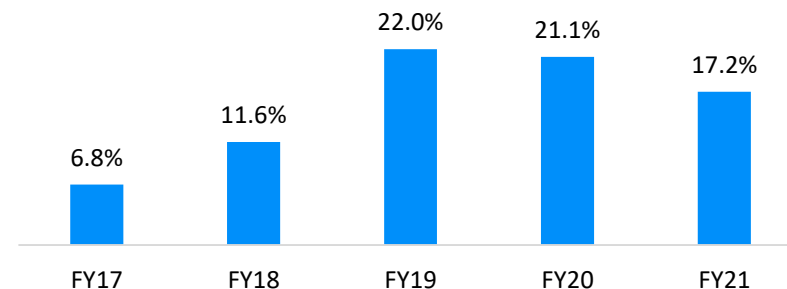
Working Capital Analysis *



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)

For Further Queries:



CHEMISTRY OF SUCCESS AT WORK

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DICKENSON

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Email: meghmani@dickensonworld.com