

MEGHMANI ORGANICS LIMITED



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28/05/2019

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:- MEGH	Scrip Code 532865

Dear Sir

Sub: - **Investor Presentation- Q4 & FY 19 Audited Financial Results**

We refer to above and forward herewith **the presentation** prepared on Audited Financial Results of the Company for the Q4 & Financial Year ended on **31.03.2019** for the information of Member.

Thanking you.

Yours faithfully,
For Meghmani Organics Limited

(K D Mehta)
Company Secretary & Compliance Officer

C C to:- Singapore Stock Exchange
:- Tricor Evatthouse Corporate Services :- **For information of Members**
Singapore – To inform Singapore
Stock Exchange



Meghmani Organics Limited (MOL)

Q4 FY19 Results Presentation

May 2019

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Q4 FY19 Results Update



About Us



Business Overview



Strategy & Outlook

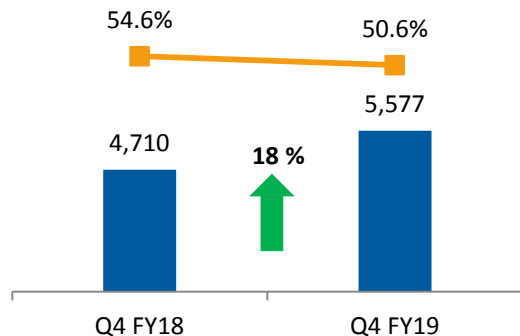


Financial Overview

Q4 & FY19 Results: Key Highlights

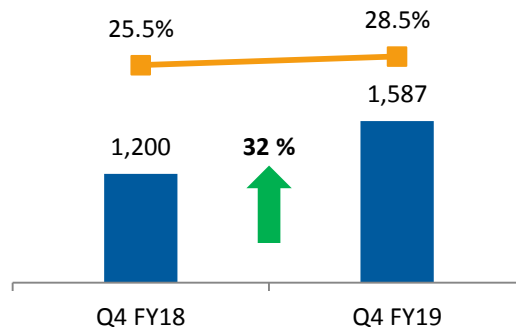
Rs Mn

Revenues & Gross Margin

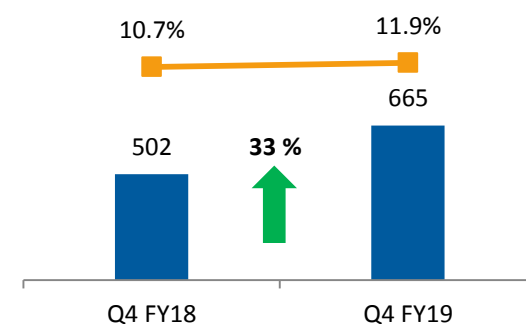


Q4 FY19 YoY Analysis

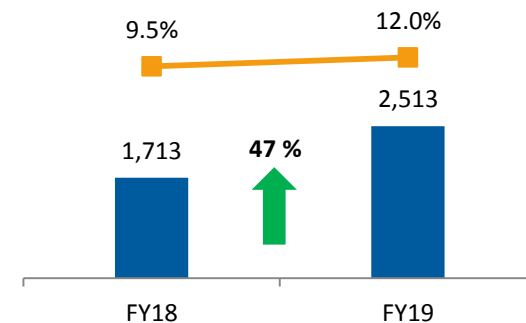
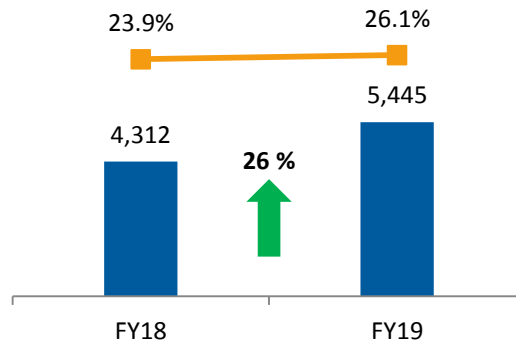
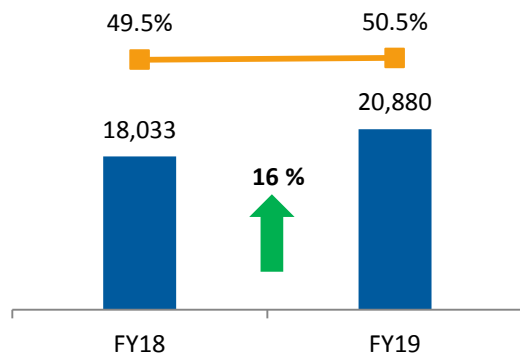
EBITDA & EBITDA Margin



PAT & PAT Margin*



FY19 YoY Analysis



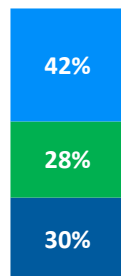
Note: * PAT & PAT Margin are after NCI

Q4 & FY19 Results: Revenue Analysis

Q4 FY19 YoY Analysis

Rs Mn

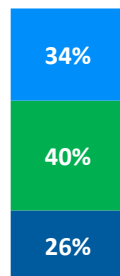
Segment wise Breakup



Q4 FY18

■ Pigment

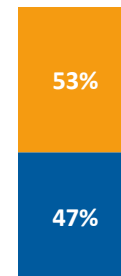
■ Agro Chemical



Q4 FY19

■ Basic Chemical

Region wise Breakup



Q4 FY18

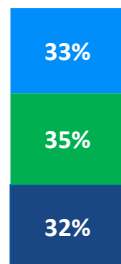
■ Export



Q4 FY19

■ Domestic

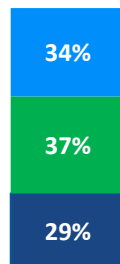
FY19 YoY Analysis



FY18

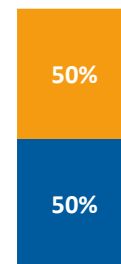
■ Pigment

■ Agro Chemical



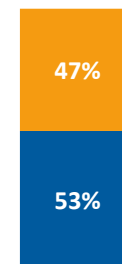
FY19

■ Basic Chemical



FY18

■ Export

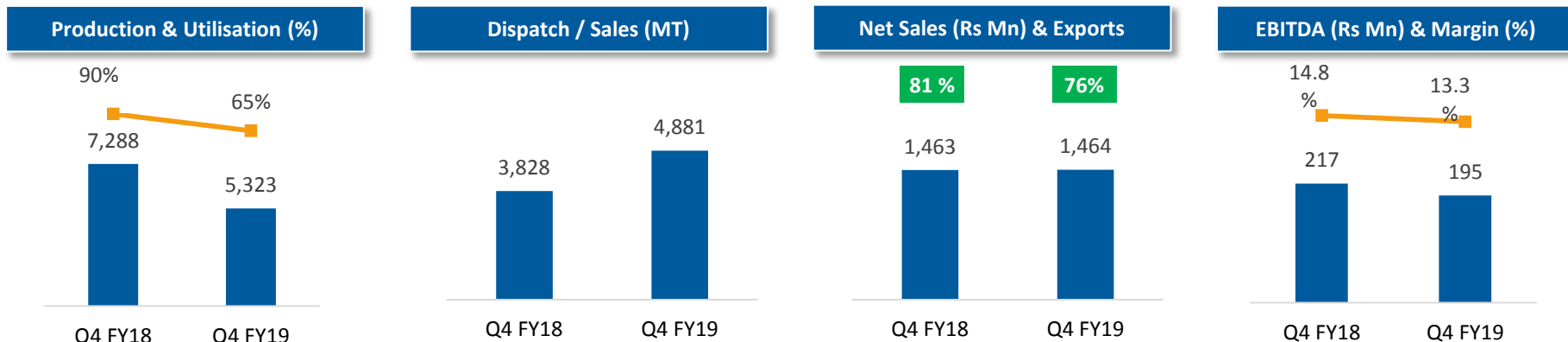


FY19

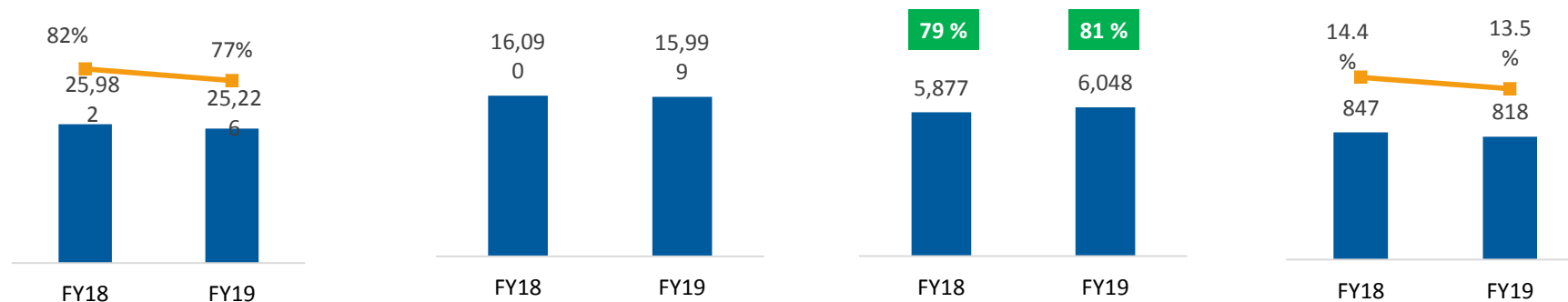
■ Domestic

Q4 & FY19 Results: Pigments Business

Q4 FY19 YoY Analysis



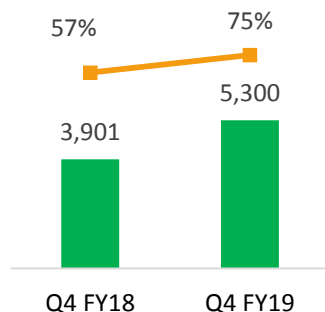
FY19 YoY Analysis



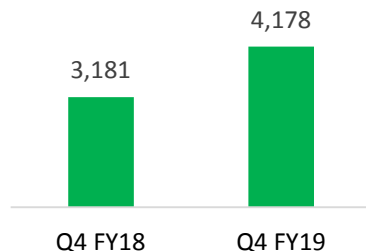
Q4 & FY19 Results: Agrochemicals Business

Q4 FY19 YoY Analysis

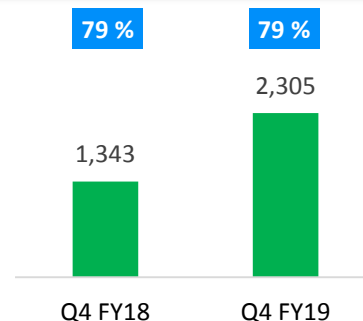
Production & Utilisation (%)



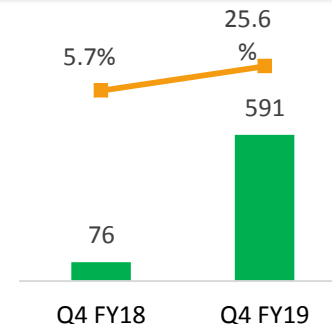
Dispatch / Sales (MT)



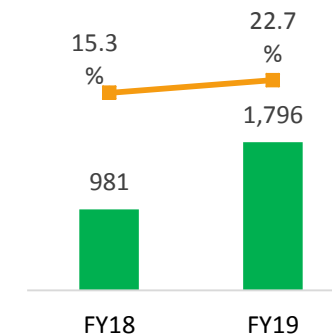
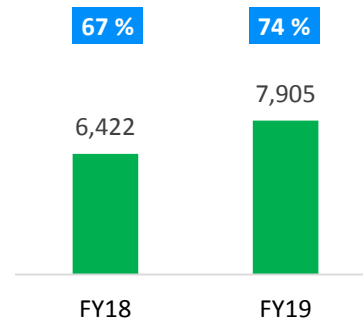
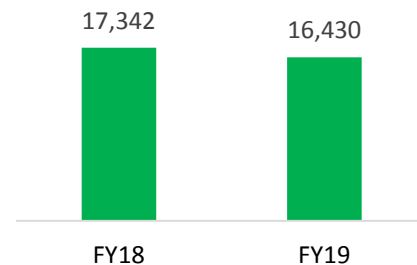
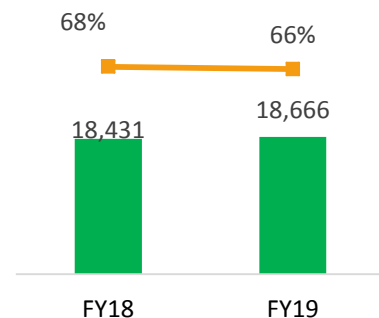
Net Sales (Rs Mn) & Exports



EBITDA (Rs Mn) & Margin (%)

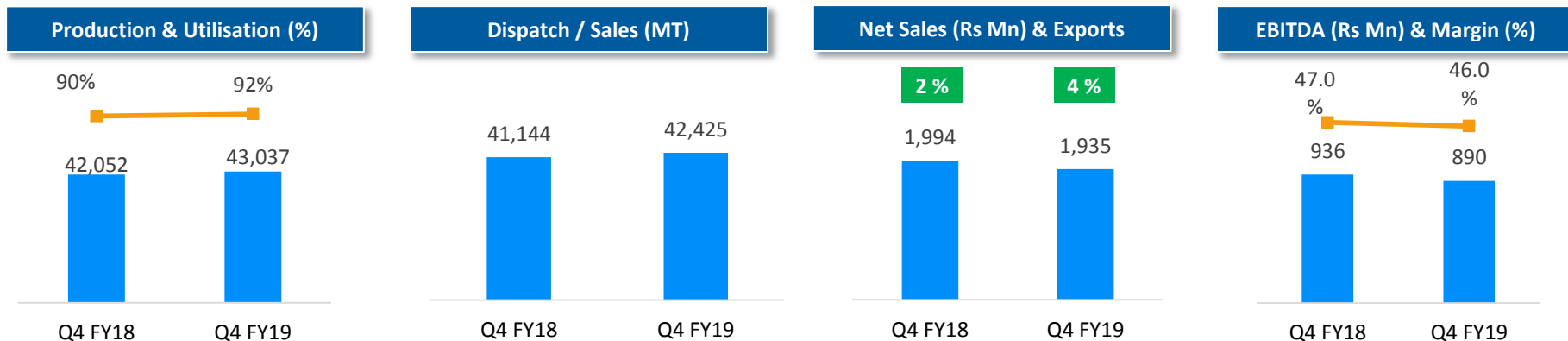


FY19 YoY Analysis

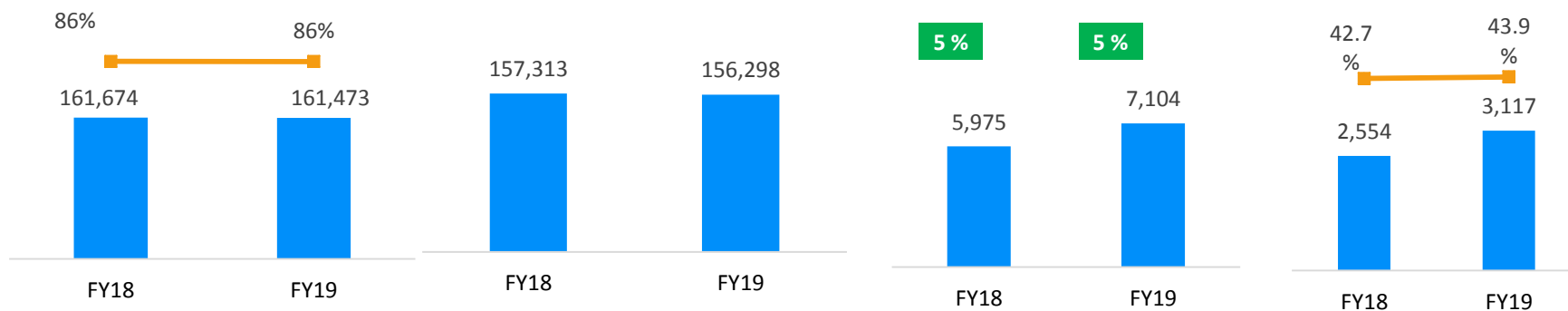


Q4 & FY19 Results: Basic Chemicals Business

Q4 FY19 YoY Analysis



FY19 YoY Analysis



Q4 & FY19 Results: Consolidated Profit & Loss Statement

Particulars (Rs. in Mn)	Q4 FY19	Q4 FY18	YoY%	FY19	FY18	YoY%
Revenue from Operations	5,577	4,710	18.4%	20,880	18,033	15.8%
COGS	2,756	2,138	28.9%	10,330	9,103	13.5%
Gross Profit	2,822	2,572	9.7%	10,550	8,930	18.1%
Gross Margins %	50.6%	54.6%	-402 bps	50.5%	49.5%	101 bps
Employee Expenses	329	407	-19.2%	1,247	998	24.9%
Other Expenses	905	966	-6.3%	3,859	3,620	6.6%
EBITDA	1,587	1,200	32.3%	5,445	4,312	26.3%
EBITDA Margin %	28.5%	25.5%	299 bps	26.1%	23.9%	217 bps
Depreciation	239	238	0.8%	973	948	2.6%
EBIT	1,348	962	40.1%	4,472	3,364	32.9%
Finance Cost	182	92	97.7%	560	399	40.4%
Other Income	(22)	137	-115.7%	332	303	9.5%
Exceptional Items	159	11	1310.2%	159	11	1310.2%
PBT	986	996	-1%	4,086	3,257	25%
Taxes	215	227	-5.5%	1,132	878	28.9%
PAT	771	769	0.3%	2,954	2,379	24.1%
PAT Margin %	13.8%	16.3%	-250 bps	14.1%	13.2%	95 bps
PAT after Minority	665	502	32.5%	2,513	1,713	46.7%

Q4 & FY19 Results: Consolidated Balance Sheet Statement

Particulars (Rs. in Mn.)	Mar 19	Mar 18
Equity & Liabilities		
Share Capital	254	254
Reserves & Surplus	9,782	8,451
Shareholder's Funds	10,036	8,705
Minority Interest	1,492	2,214
Long-term borrowings	4,506	2,183
Deferred tax liabilities (Net)	504	506
Other long term liabilities	154	52
Non - Current Liabilities	5,164	2,741
Short-term Borrowings	2,019	814
Trade Payables	2,519	1,951
Other Current Liabilities	2,394	1,618
Current Tax Liabilities (Net)	141	141
Current Liabilities	7,075	4,524
Total Equity & Liabilities	23,768	18,184

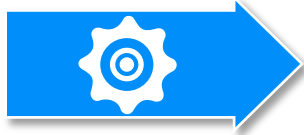
Particulars (Rs. in Mn.)	Mar 19	Mar 18
Assets		
Property, Plant & Equipment	7,250	7,793
Capital WIP	5,127	747
Intangible Assets	164	443
Financial Assets	110	114
Other Non-current assets	399	621
Deferred Tax Assets (Net)	3	75
Non - Current Assets	13,054	9,792
Inventories	4,109	2,677
Trade Receivables	4,314	3,745
Cash & Cash Equivalents	1,347	99
Investment	-	714
Loans and advances	6	4
Other Current Assets	938	1,152
Current Assets	10,714	8,392
Total Assets	23,768	18,184



Q4 FY19 Results Update



About Us



Business Overview



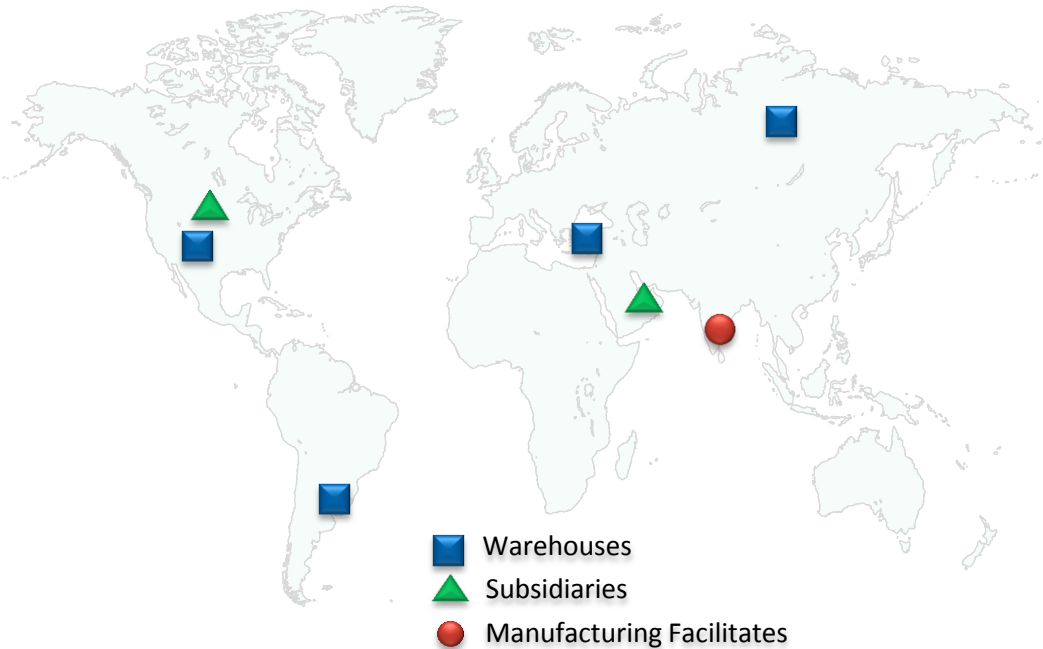
Strategy & Outlook



Financial Overview

Well-Established Presence Across International & Domestic Markets

- ✓ Presence in more than 75 countries, serving over 400 customers across all three business segments
- ✓ Global distribution network with subsidiaries in the US, Dubai and a representative office in China
- ✓ 4 Warehouses in Turkey, Russia, USA and Uruguay
- ✓ 7 Dedicated manufacturing facilities in India



2 Distribution Subsidiaries

Meghmani Organics USA INC.

Meghmani Overseas FZE (Dubai)

Share of Exports

Pigments	Agrochemicals	Basic Chemicals	Total Revenues
81%	74%	5%	53%

Leading Diversified Chemicals Company Poised for Rapid Growth



Pigments

- Started in 1986
- Amongst top 3 global Phthalocyanine based pigment players
- 14% global market share
- FY19 Revenues: Rs 6,048 Mn
- EBITDA Margin: 13.5%
- 29% of Overall Company Revenues

Revenues – Rs 20,880 Mn
(12.7% CAGR*)

EBITDA Margin – 26.1%
PAT Margin – 14.1%



Agrochemicals

- Started in 1995
- One of the largest producers of pesticides in India
- Products across entire value chain
- FY18 Revenues: Rs 7,905 Mn
- EBITDA Margin: 22.7%
- 37% of Overall Company Revenues

EBITDA – Rs 5,445 Mn
(28.0% CAGR*)

Debt / Equity – 0.62x



Basic Chemicals

- Started in 2009
- 7th largest caustic-chlorine player in India
- One of the lowest cost producers of caustic soda in India
- FY18 Revenues: Rs 7,104 Mn
- EBITDA Margin: 43.9%
- 34% of Overall Company Revenues

PAT – Rs 2,954 Mn
(58.8% CAGR*)

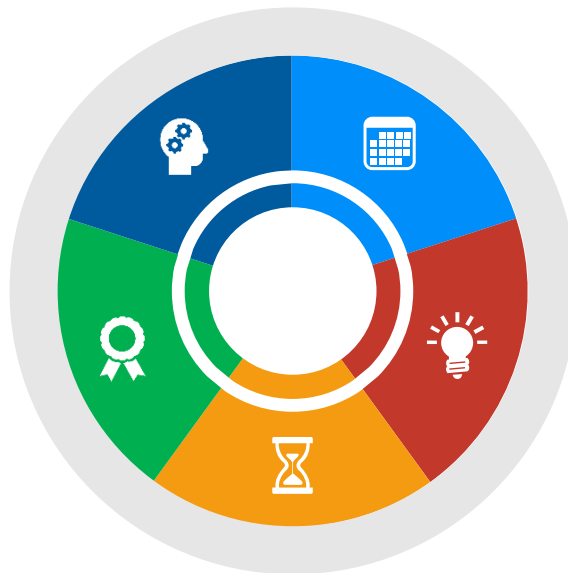
ROCE – 29.2%
ROE – 26.3%

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
- 7th largest caustic-chlorine player in India
- 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
- 2,800 stockists, agents, distributors and dealers across India
- Close to 50% 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 12.7% over FY15-19, with higher contribution from Basic chemicals
- Improving capacity utilization and completion of on-going Rs 6.4 Bn capex in Basic Chemical and Rs 1.27 Bn capex in Agrochemical will further provide significant scope for growth over coming years

Consistent Improvement in EBITDA margins

- EBITDA margin has improved from 15.7% to 26.1% over FY15-19
- Operationalization (by Q3FY19) of the on-going Rs 6.4 Bn capex in high margin Basic Chemicals segment will further drive the overall EBITDA margin for the company



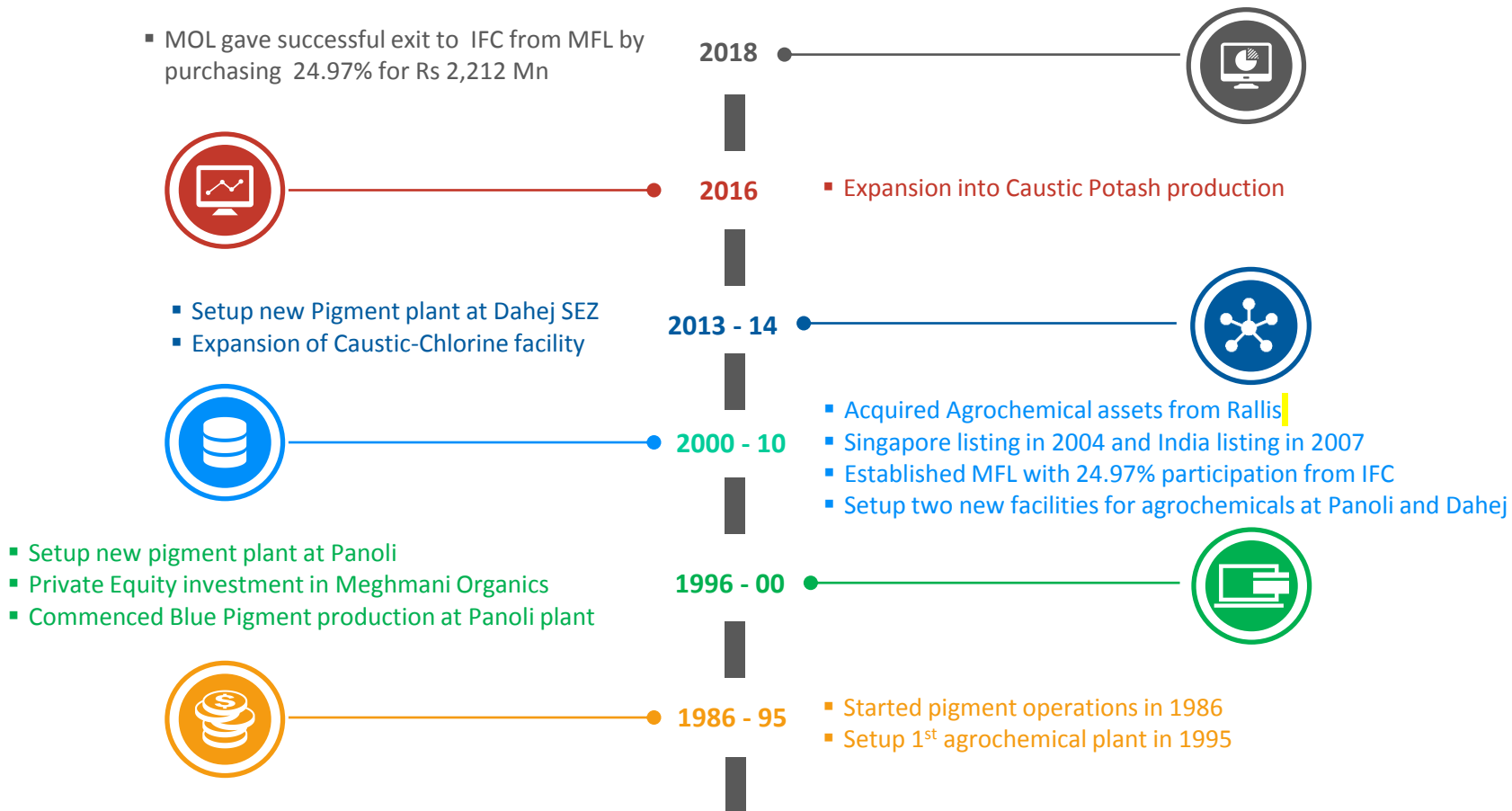
Robust Return Ratios

- Improving profitability
- Leaner balance sheet
- Significant improvement in return ratios
- ROCE – 9.7% in FY15 to 29.2% in FY19
- ROE – 7.4% in FY15 to 26.3% in FY19

Strong FCF Generation leading to Significant Debt Repayment

- D/E reduced from 1.00x in FY15 to 0.62x in FY19

Key Milestones



Strong Leadership Team to Deliver Long Term Growth

Experienced Leadership Team



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

Well-qualified Second Generation of Management



Mr. Ankit Patel
CEO (MOL)

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



Mr. Maulik Patel
CMD (MFL)

- 12 yrs of experience
- Heads Basic Chemicals
- M.S. (Chemical) & MBA from USA



Mr. Kaushal Soparkar
MD (MFL)

- 11 yrs of experience
- Heads Basic Chemicals
- B.S (Chemical) and M.S (Engg Management) from USA



Mr. Darshan Patel
COO (Pigments) MOL

- 7 yrs of experience
- Heads Pigments
- M.S. (Engg Management) from Australia



Mr. Karana Patel
COO (Agrochemicals) MOL

- 11 yrs of experience
- Heads liaisoning & procurement
- Diploma & BSc (Chemical)



Q4 FY19 Results Update



About Us



Business Overview



Strategy & Outlook



Financial Overview

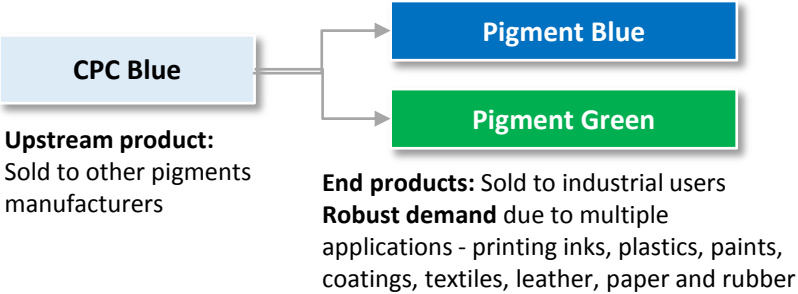
Established Business Profile

- 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

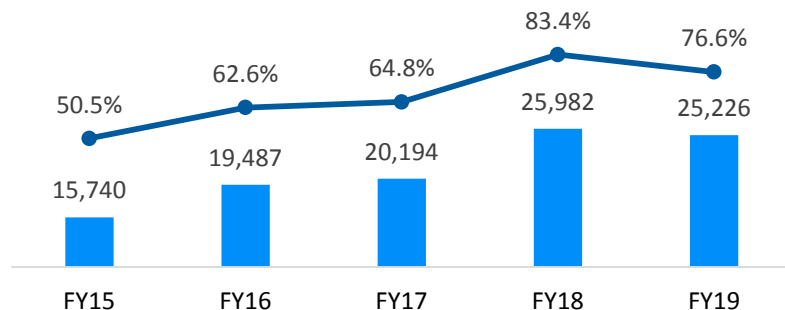
Total Capacity – 32,940 MTPA		
Location	Capacity (MTPA)	Products
GIDC Vatva, Ahmedabad	2,940	Pigment Green
GIDC Panoli, Bharuch	17,400	CPC Blue, Alpha and Beta Blue
Dahej SEZ	12,600	CPC Blue, Alpha and Beta Blue

Products Portfolio

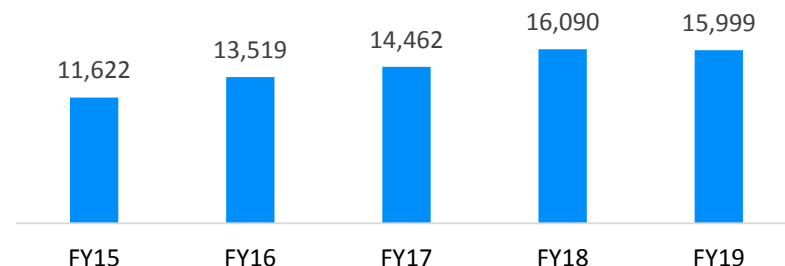


Pigments Business: Operational Overview

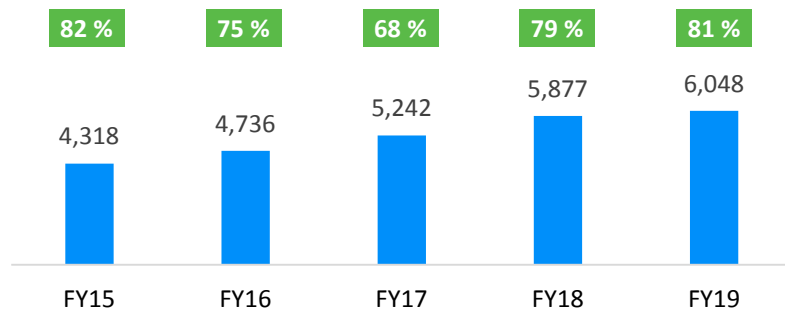
Production (MT) & Capacity Utilisation (%)



Dispatch / Sales (MT)



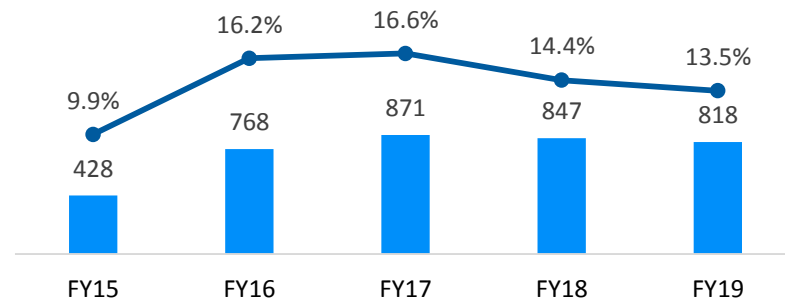
Net Sales (Rs Mn)



Net Sales (excl. excise duty) including intersegment sales

Exports %

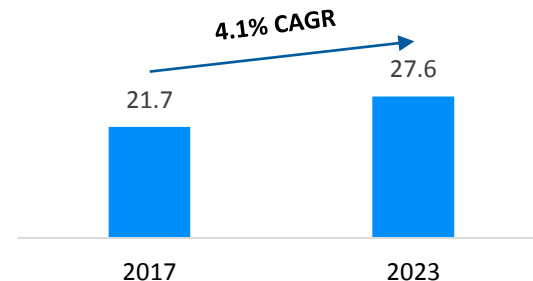
EBITDA (Rs Mn) & EBITDA Margin (%)



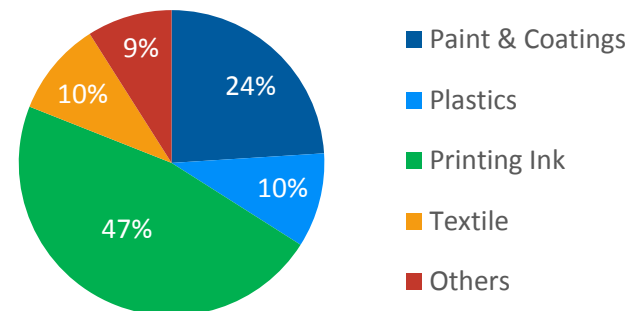
Global Pigments Market

- 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



Agrochemicals Business: Key Highlights

Established Business Profile

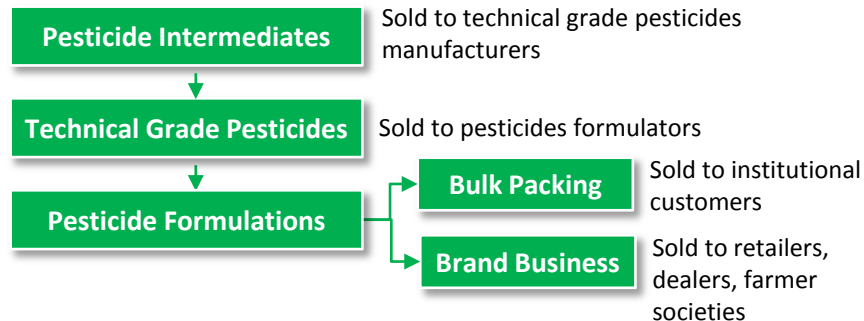
- Leading manufacturer of pesticides – products across entire value chain
- Established global presence across Africa, Brazil, LatAm, US and Europe
- Strong pan-India presence across 17 states, with ~2,800 stockists, agents, distributors, and dealers network
- Major products – 2,4-D, Cypermethrin, Permethrin, Chlorpyrifos and Profenophos
- Well-recognized formulation brands – Megastar, Megacyper, Megaban, Synergy, Courage
- **Phase 1 Capex:** Doubling 2,4-D Capacity by addition of 10,800 MTPA with capex of Rs 127 crores (Operational by June 2020).

Vertically Integrated Manufacturing Facilities

Total Capacity – 28,260 MTPA

Location	Capacity (MTPA)
GIDC Panoli	7,200
GIDC Ankleshwar	6,420
GIDC Dahej	14,640

Product Profile

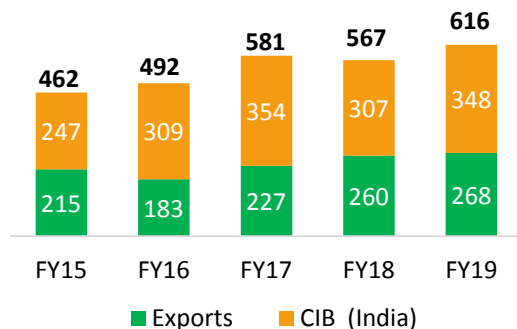


Branded Agrochemical Formulations

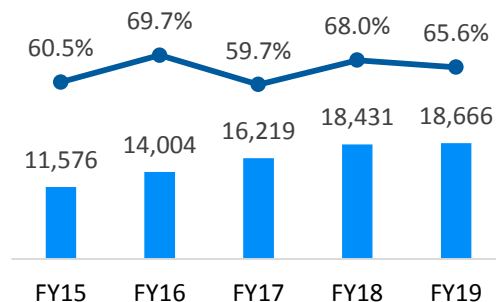


Agrochemicals Business: Operational Overview

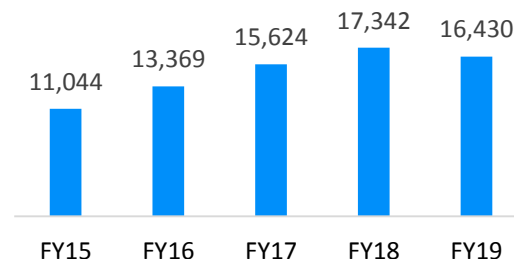
Registrations Base



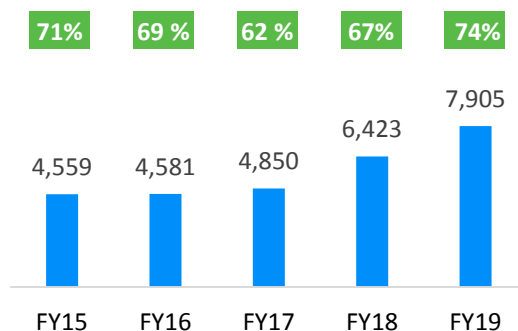
Production (MT) & Capacity Utilisation (%)



Dispatch / Sales (MT)



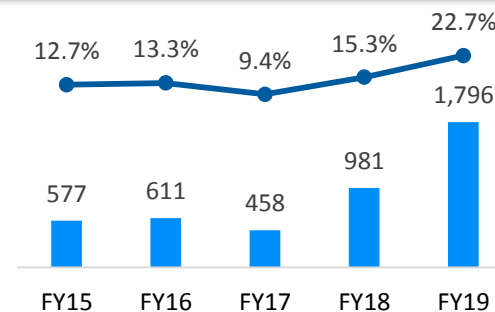
Net Sales (Rs Mn)



Exports %

Net Sales (excl. excise duty) including intersegment sales

EBITDA (Rs Mn) & EBITDA Margin (%)



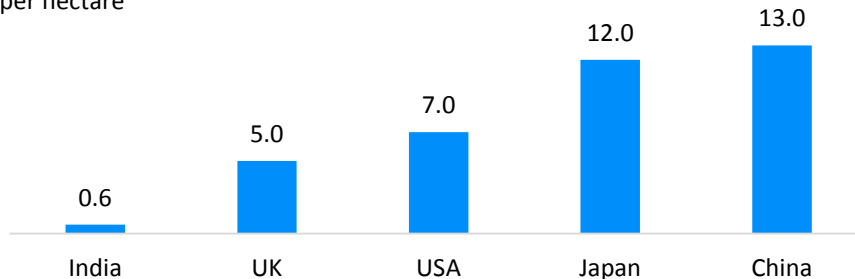
Agrochemicals Business: Crop-protection Industry Overview

Global Crop Protection Market

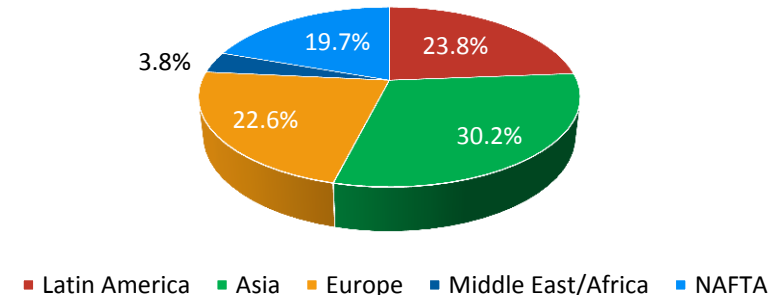
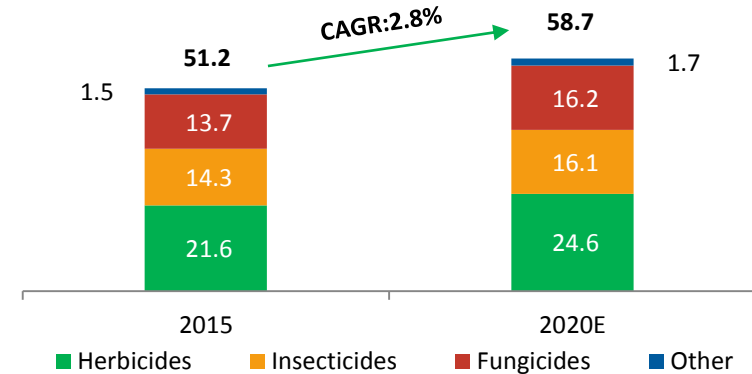
- The global crop protection market is set to grow steadily to reach USD 58.7 Bn by 2020
- Key drivers - growing population, declining arable land & rising pest concerns
- Products worth ~USD 3 Bn to go off-Patent over 2017-20, gives strong opportunity to generic agrochemical players
- India is the 4th largest global producer of Pesticides with an estimated market size of USD 4.9 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

Basic Chemicals Business: Key Highlights

Established Business Profile

- 7th largest (by capacity) Caustic-Chlorine producer in India
- Latest 4th generation 'Zero Gap Membrane Technology' sourced from Asahi Kasei Chemical Corp, Japan
- One of the most efficient caustic soda producers (CPP of 60MW)
- Strategically located with close proximity to the port (importing coal) and customers (Caustic Soda & Chlorine supplied via pipeline), leading to lower logistics costs
- New 60 TPD facility to manufacture Caustic Potash

Products Profile

Caustic Soda

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

Chlorine

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

Caustic Potash

Used in Soaps, Detergents, Fertilizers Chemicals

Vertically Integrated Manufacturing Facilities

Dahej Facility

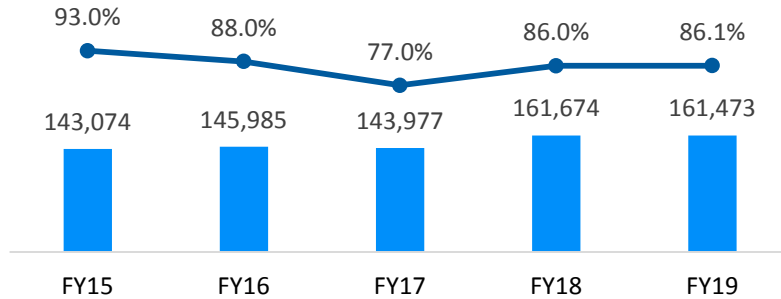
Products	Capacity (MTPA)
Caustic-Chlorine	166,600
Caustic Potash	21,000

Rs 6.4 Bn Capex Plan:

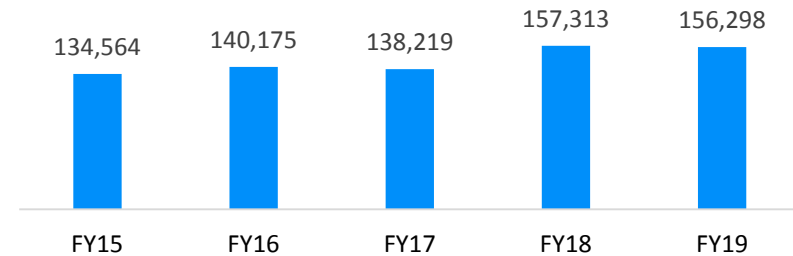
- **Strategic investment in 3 projects to expand basic chemicals business**
- **Project 1:** CMS project of 40,000 MTPA (operational by early Q1FY20)
 - Produce MDC, Chloroform and Carbon Tetra Chloride
- **Project 2:** Expansion of Caustic Soda capacity to 2,71,600 MTPA and CPP capacity to 96 MW (operational by Q3FY20)
- **Project 3:** Hydrogen Peroxide capacity of 30,000 MTPA (operational by Q3FY20)
- **The expansion will be margin accretive at company level due to higher EBITDA margins in the basic chemicals business**

Basic Chemicals Business: Operational Overview

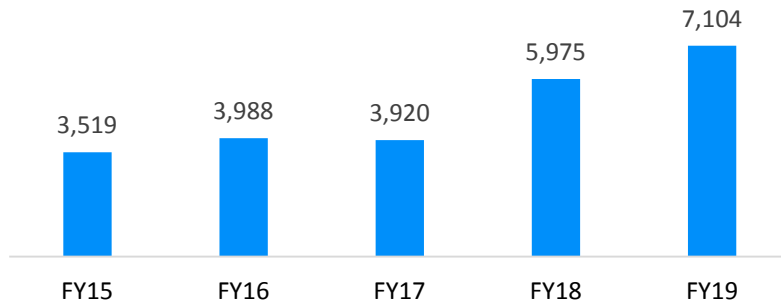
Production (MT) & Capacity Utilisation (%)



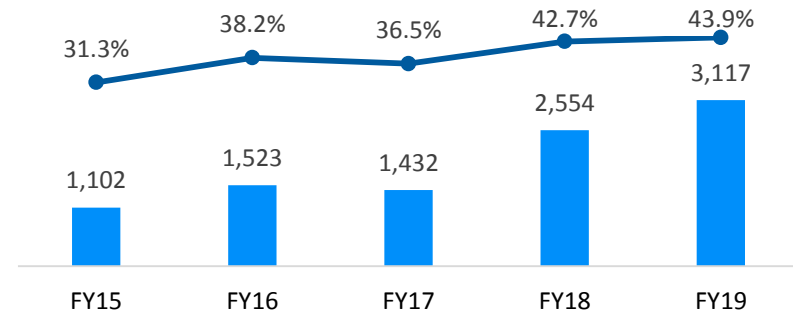
Dispatch / Sales (MT)



Net Sales (Rs Mn)



EBITDA (Rs Mn) & EBITDA Margin (%)



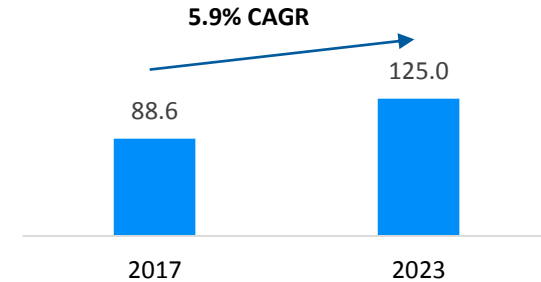
Net Sales (excl. excise duty) including intersegment sales

Basic Chemicals Business: Industry Overview

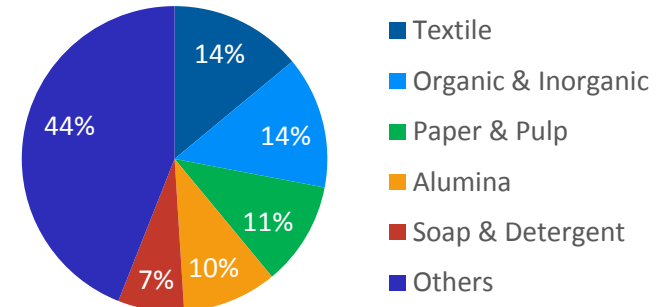
Global Chlor-Alkali Market

- The global Chlor-Alkali industry is expected to grow at 5.3-5.9% CAGR (2017-2023), to reach USD 125 Bn by 2023
- 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
- APAC region will continue to dominate the market due to its growing economies, increasing infrastructure and manufacturing base and large population base
- Indian Chlor-Alkali Industry is poised to grow a CAGR of 6.5% during 2017-2022
- 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 Chlor-Alkali Market Size (USD Bn)



Demand Driver – Diverse Industrial Use

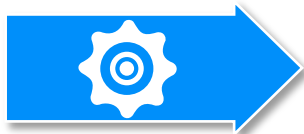




Q4 FY19 Results Update



About Us



Business Overview

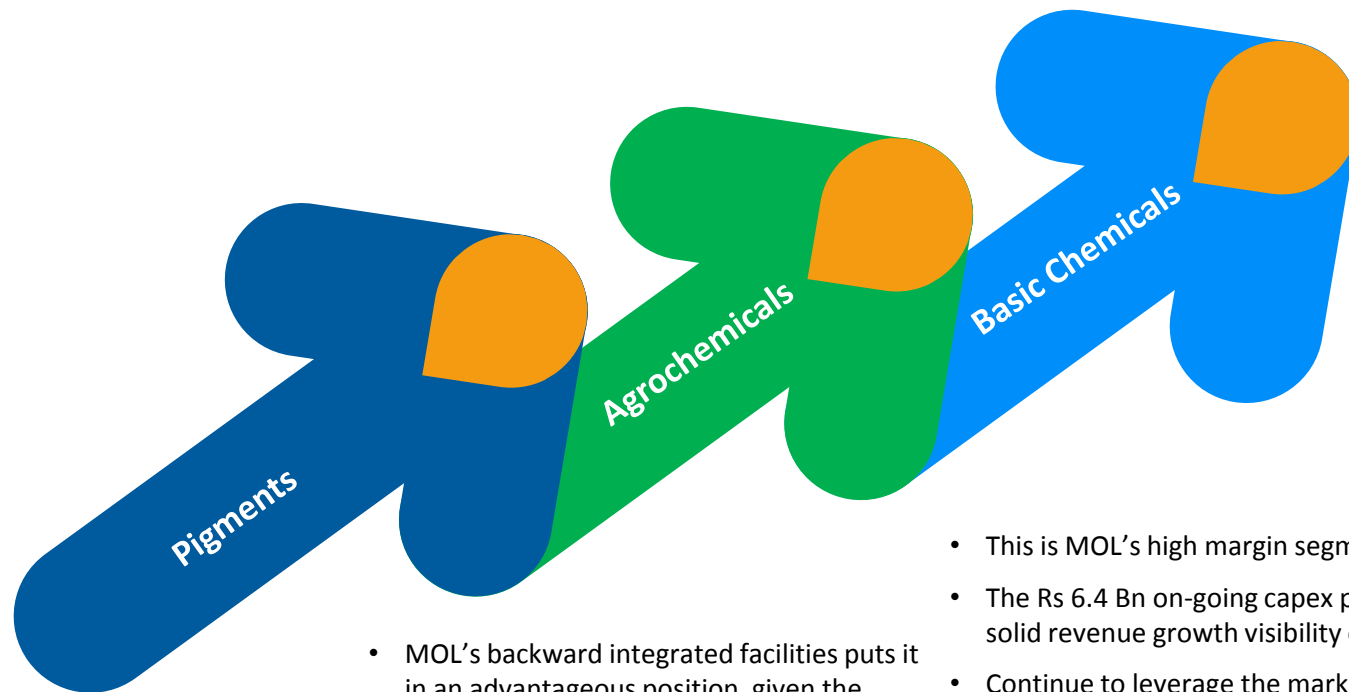


Strategy & Outlook



Financial Overview

Revenue Target Rs 10 Bn From Each Business Segment



- MOL is one of the largest producer of phthalocyanine pigments
- Diversify into new pigment products
- Continue to focus on increasing domestic presence and capture market share

- MOL's backward integrated facilities puts it in an advantageous position, given the current rising raw material prices from China
- **Phase 1 Capex:** Doubling 2,4-D Capacity by addition of 10,800 MTPA with capex of Rs 127 crores (Operational by June 2020).
- Expand branded products portfolio

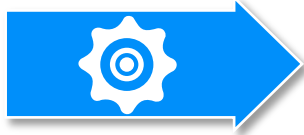
- This is MOL's high margin segment
- The Rs 6.4 Bn on-going capex plan provides a solid revenue growth visibility over coming years
- Continue to leverage the market leadership position and capitalise on domestic market demand



Q4 FY19 Results Update



About Us



Business Overview



Strategy & Outlook

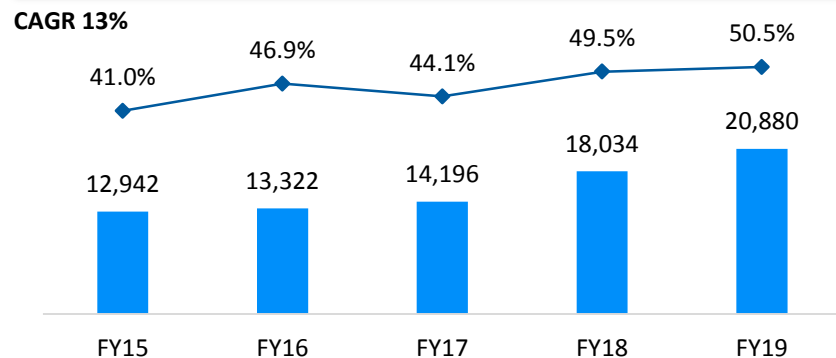


Financial Overview

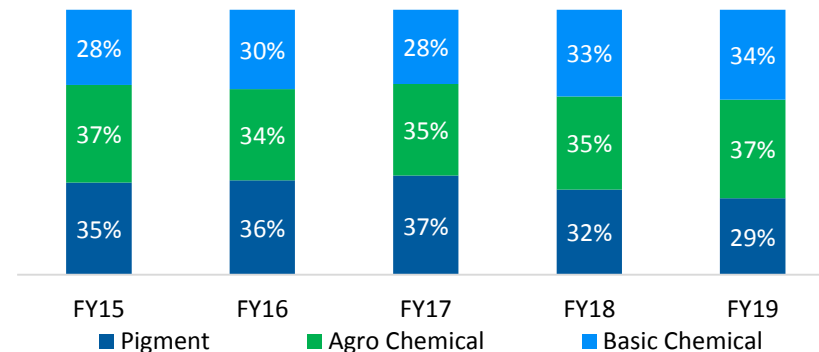
Last Five Years Summary

Rs Mn

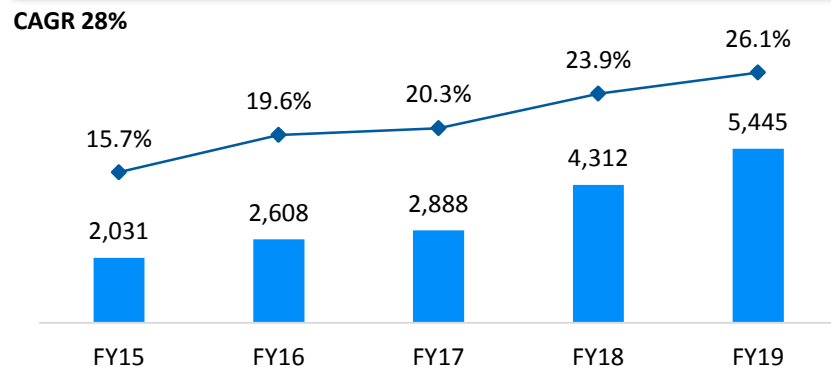
Revenues * & Gross Margin



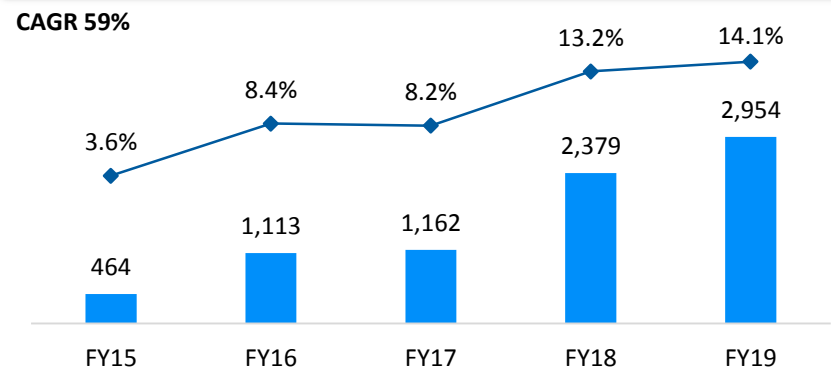
Revenues - Segment Breakup



EBITDA & EBITDA Margin



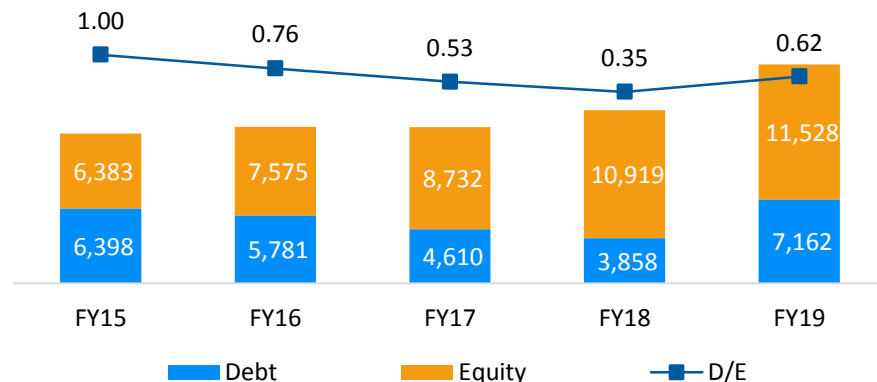
PAT & PAT Margin



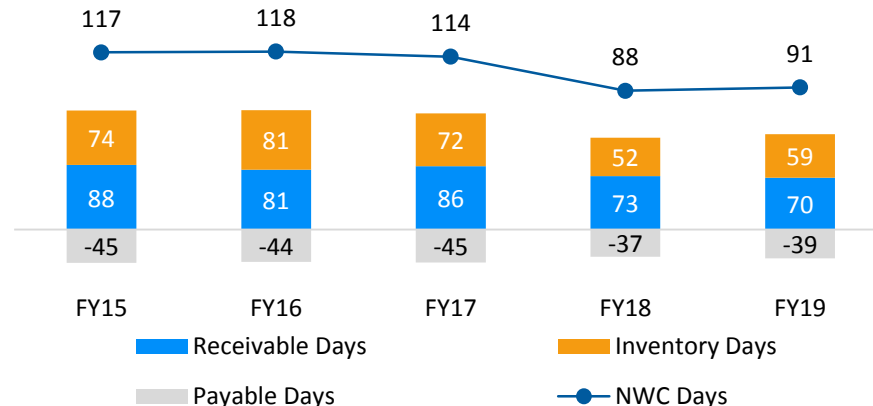
Last Five Years Summary

Rs Mn

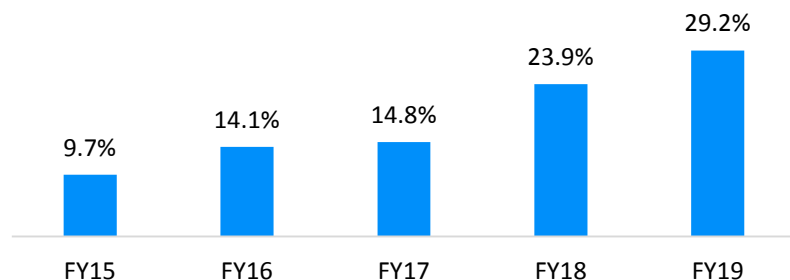
Leverage Analysis



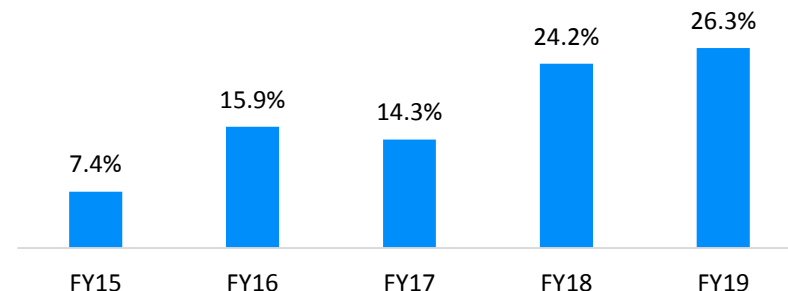
Working Capital Analysis *



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:



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