

MEGHMANI ORGANICS LIMITED



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08/02/2017

The Asst. Vice President National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) Mumbai 400 051 SYMBOL:- MEGH	Mr. Marian Dsouza, Bombay Stock Exchange Limited Floor- 25, P J Tower, Dalal Street, Mumbai 400 001 Scrip Code 532865
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Dear Sir

Sub: - Investor Presentation on – Third Quarter ended on 31.12.2016

We refer to above and forward herewith the presentation on Un-Audited Financial Results for the Third Quarter ended on 31.12.2016 for information of Member.

Thanking you.

**Yours faithfully,
For Meghmani Organics Limited**

K D Mehta

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

C C to:- Singapore Stock Exchange

:- For information of Members

**:- Tricor Evatthouse Corporate Services :- Singapore – To inform Singapore
Stock Exchange**



Meghmani Organics Limited (MOL)

Q3 FY17 Investor Presentation

February 2017



9MFY17 sees MOL growth story continue

Despite a relatively weaker Q3, 9MFY17 growth on track

De-risked business Model

Pigments
Agrochemicals
Basic Chemicals

Robust revenue model diversified across Products & Geographies

Wide Global Customer base

400+

Across 75 countries

Registrations

Exports & CIB: 691

Poised for higher growth with new registrations; Export contribution at 50%

Revenue

Rs 10,520 mn

Up 8% YoY, driven by strong growth in Pigments & Agrochemicals

EBITDA

Rs 2,150 mn

Up 13% YoY, EBITDA Margin at 20.4%

Profit after Tax

Rs 640 mn

Up 11% YoY, PAT Margin at 6.1%

Note: Above figures are for 9MFY17

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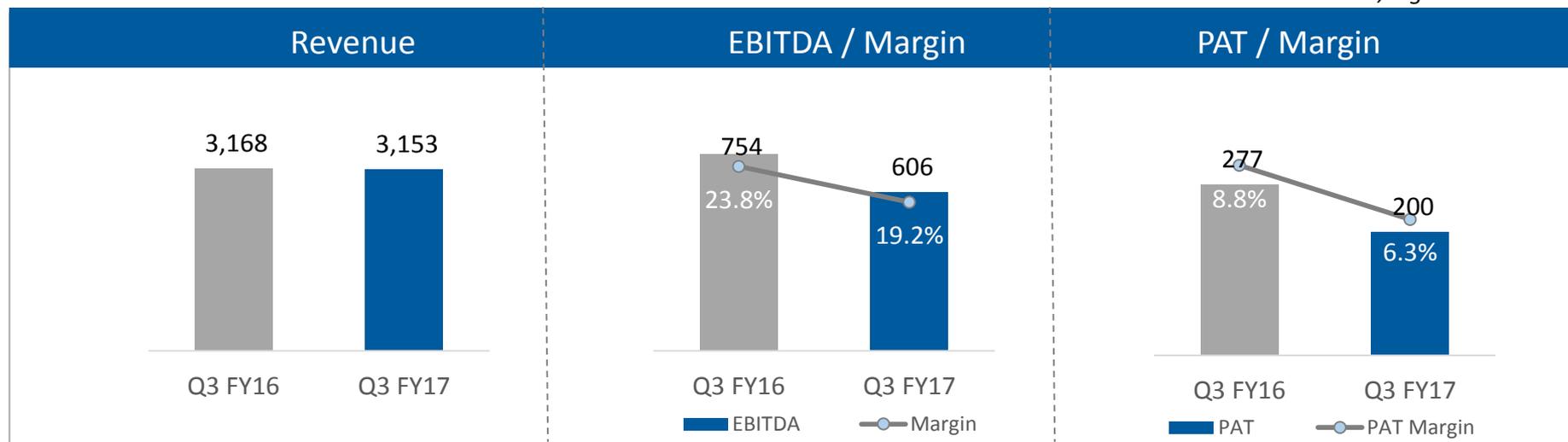
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Q3FY17: Revenue remains stable; transient impact on margins . . .

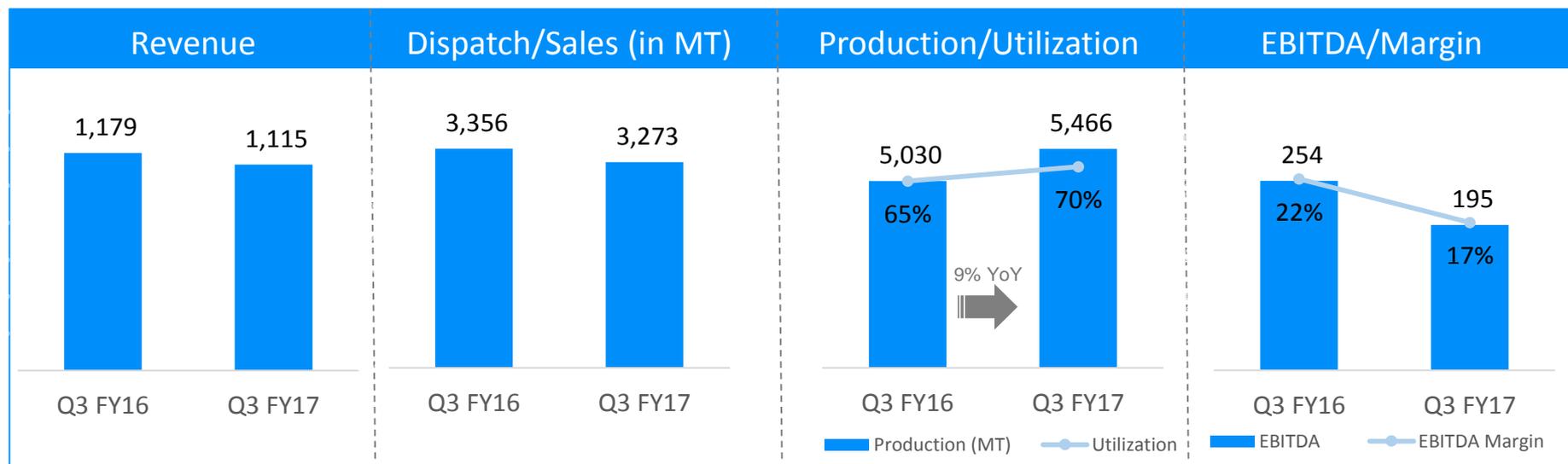
Consolidated, Figures in Rs mn



- Revenue stable at Rs 3,153 mn as domestic revenue declines marginally while exports remain stable. Exports contributing 54% to revenue
- EBITDA declines as segmental profitability witnesses transient decline
- Interest outflow down 10% to Rs 128 mn compared to Rs 142 mn in Q3FY16 with reduced debt
- PAT down at Rs 200 mn; PAT margin at 6.3%

Pigments: Strong exports offset by lull in domestic & intersegment sales

Consolidated, Figures in Rs mn

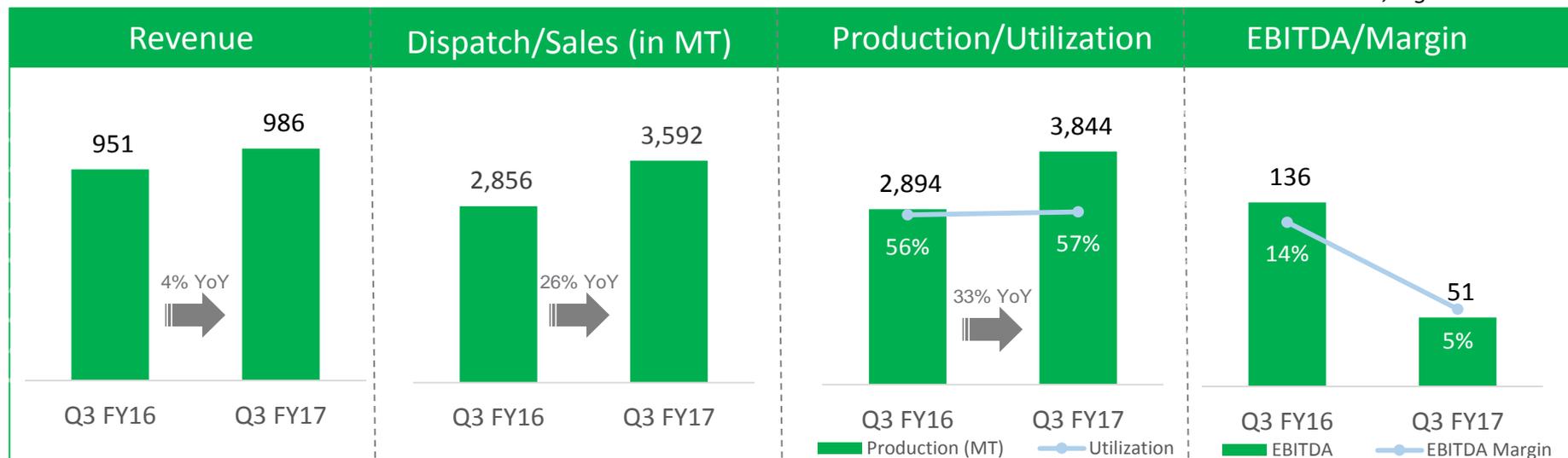


Note: Including intersegment data, excluding Excise duty

- Revenue down 5% YoY at Rs 1,115 mn, impacted mainly by subdued domestic market
 - Strong Exports growth of 9% YoY partially offsets the decline. Exports contribution at 73%; marginally higher than Q3FY16
 - Total Dispatch/Sales marginally lower by 2% YoY and blended realization also marginally down
- EBITDA declined 23% YoY to Rs 195 mn in Q3FY17 on account of lower Sales Realization and increased raw material cost; EBITDA margin at 17%, in line with target
- Utilization increased to 70% compared to 65% in Q3FY16, Production up 9% YoY

Agrochemicals: Volumes up 26%, realisations impact margins

Consolidated, Figures in Rs mn

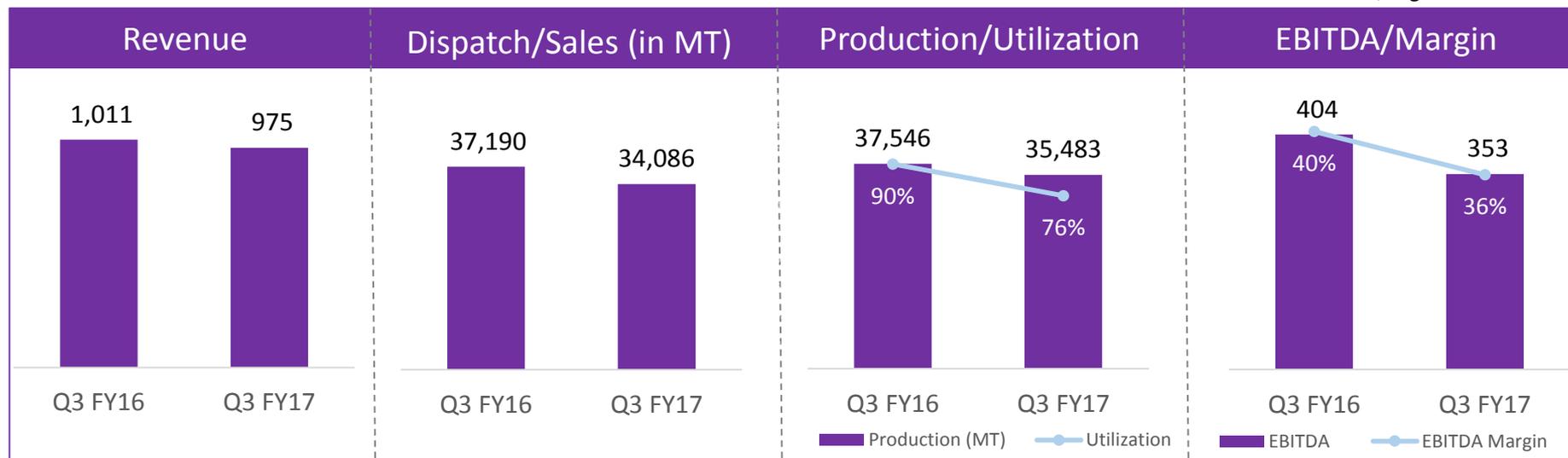


Note: Including intersegment data, excluding Excise duty

- Revenue up 4% driven by 28% growth in the domestic market which more than offset the decline in exports
 - Domestic market now contributes 36% to revenues compared to 29% in Q3FY16
 - Dispatch/Sales witnessed robust growth of 26%, however realizations declined due to pricing pressure and change in product mix
- EBITDA down 63% due to lower realisations at Rs 51 mn; EBITDA Margin at 5%
- Utilization increased marginally to 57% even with higher capacity, Production up 33% YoY
 - Overall production capacity increased 32% from 20,520 MT in Q3FY16 to 27,180 MT in Q3FY17

Basic Chemicals posts EBITDA Margin of 36%, above guidance

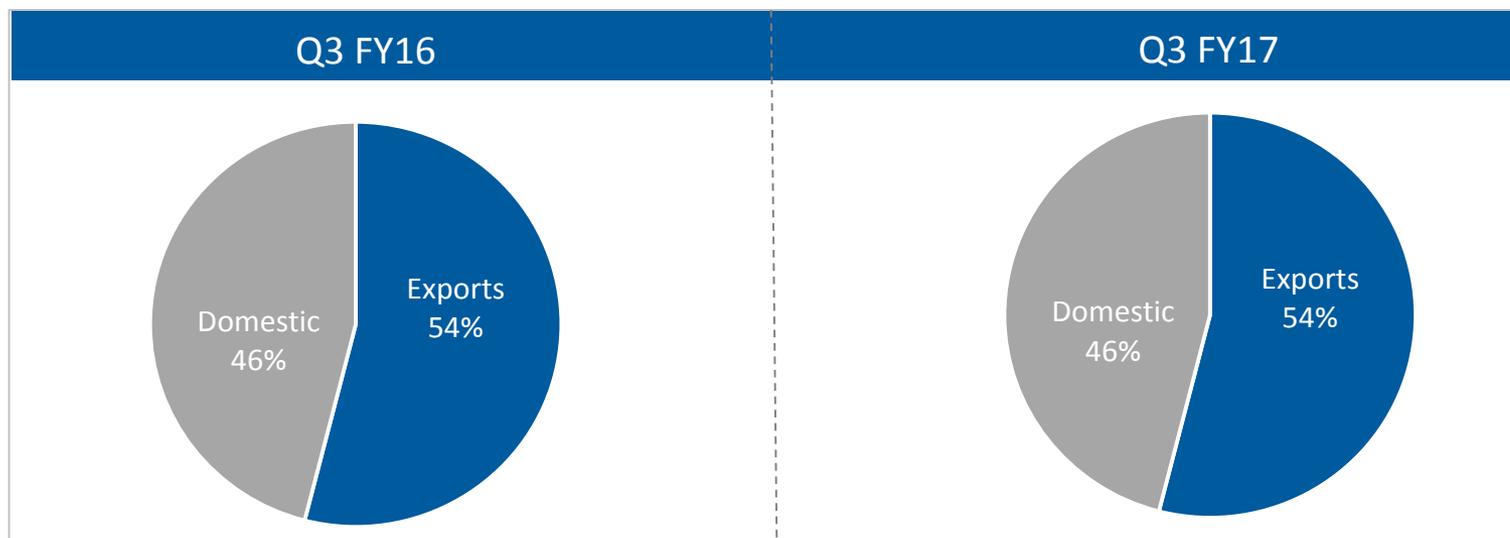
Consolidated, Figures in Rs mn



Note: Including intersegment data, excluding Excise duty

- Revenue down 4% YoY to reach Rs 975 mn on account of lower volumes
- EBITDA down 13% YoY to reach Rs 353 mn due to lower revenue and lower utilisation
 - EBITDA margin at 36%, above the guided range of 30%-35%
- Production and utilisation down on account of temporary shutdown in the production plants of certain customers
 - Overall production capacity up from 1,66,600 MT in Q3FY16 to 1,87,600 MT in Q3FY17

Exports contribute 54% to revenues



Consolidated, Figures in Rs mn

Segmental breakdown						
	Q3 FY16			Q3 FY17		
	Exports	Domestic	Total	Exports	Domestic	Total
Pigments	707	282	989	770	281	1,051
Agrochemicals	675	276	951	634	352	986
Basic Chemicals	33	904	937	74	816	890
Others	289	1	291	227	0	227
Total	1,705	1,463	3,168	1,704	1,449	3,153

- Domestic business declined marginally by 1% as growth in Agrochemicals Revenue almost offset the decline in Basic Chemicals revenue. Pigments revenue was stable.
- Exports were stable as growth in Pigments offset the decline in Agrochemicals.

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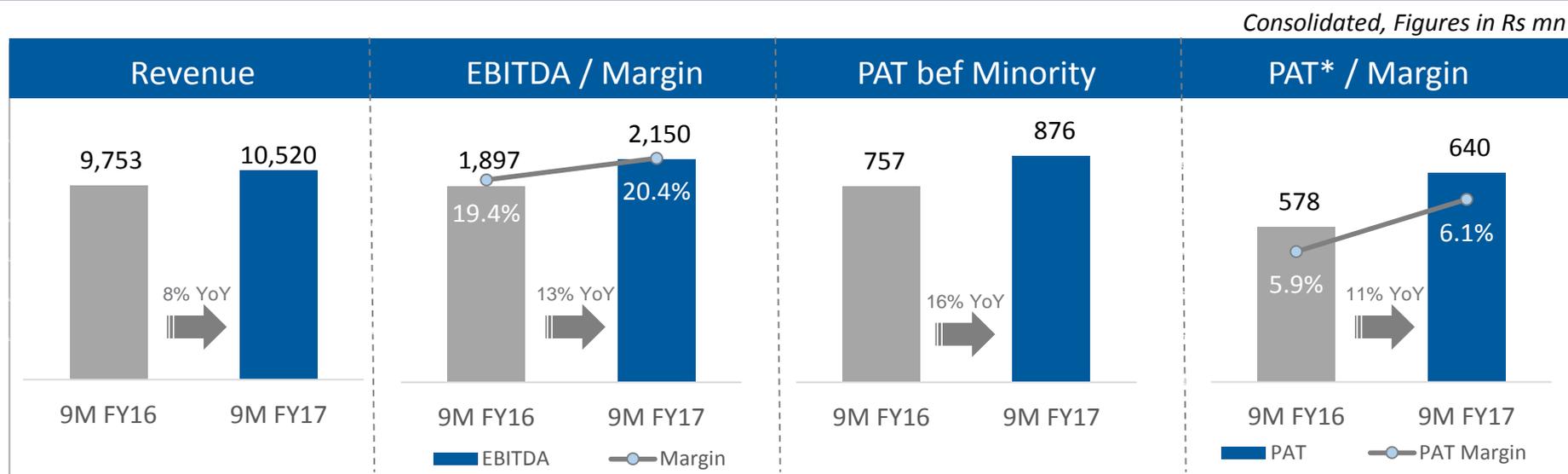
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9MFY17: Delivers steady and profitable growth...

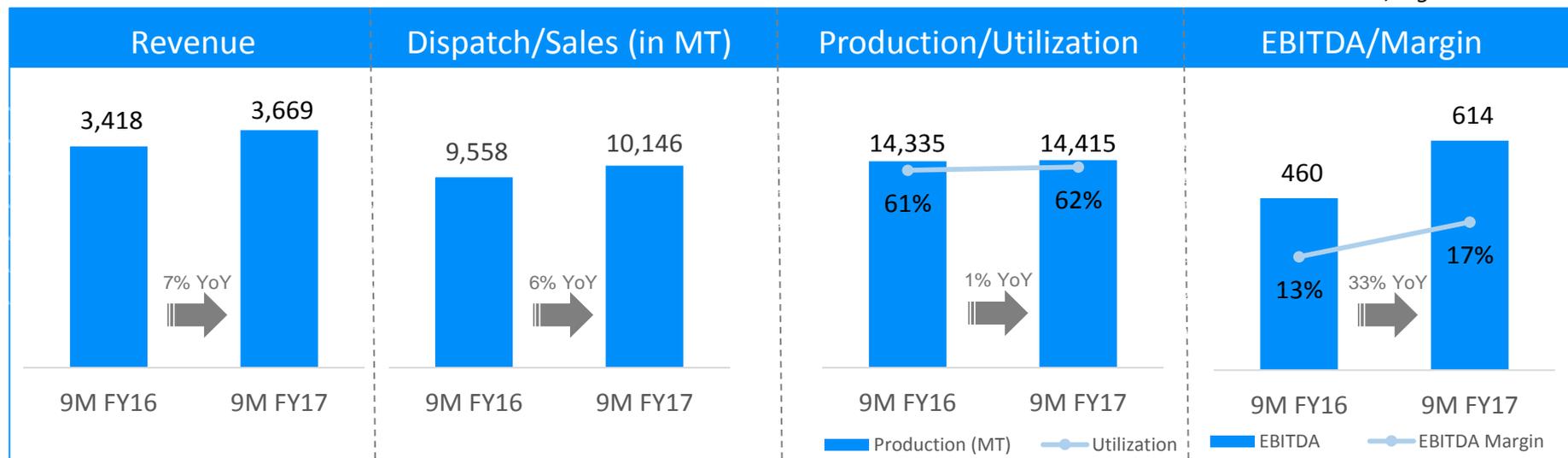


*Includes Exceptional loss of Rs 24 mn

- Revenue up 8% YoY driven by robust 17% YoY growth in domestic markets which contributed 50% of 9MFY17 revenue compared to 45% in 9MFY16
 - Exports Revenue stable, contributed 50% of 9MFY17 revenue
- EBITDA up 13% YoY to reach Rs 2,150 mn; EBITDA margin increased from 19.4% in 9MFY16 to 20.4% in 9MFY17
 - Other expenses as % of revenue down from 23.0% to 19.5% in 9MFY17
- PBT after exceptional up 15% YoY at Rs 1,177 mn on account of lower interest outflow with reduced debt
 - Depreciation up 18% on account of commencement of new Caustic Potash facility
 - Exceptional item for Q2FY17 on account of estimated loss due to Beta blue plant fire at Rs 24 mn
- PAT up 11% to reach Rs 640 mn; PAT margin up at 6.1% in 9MFY17 from 5.9% in 9MFY16
 - Minority interest for the period at Rs 236 mn compared to Rs 179 mn in 9MFY16

Pigments report robust growth in 9M profitability

Consolidated, Figures in Rs mn

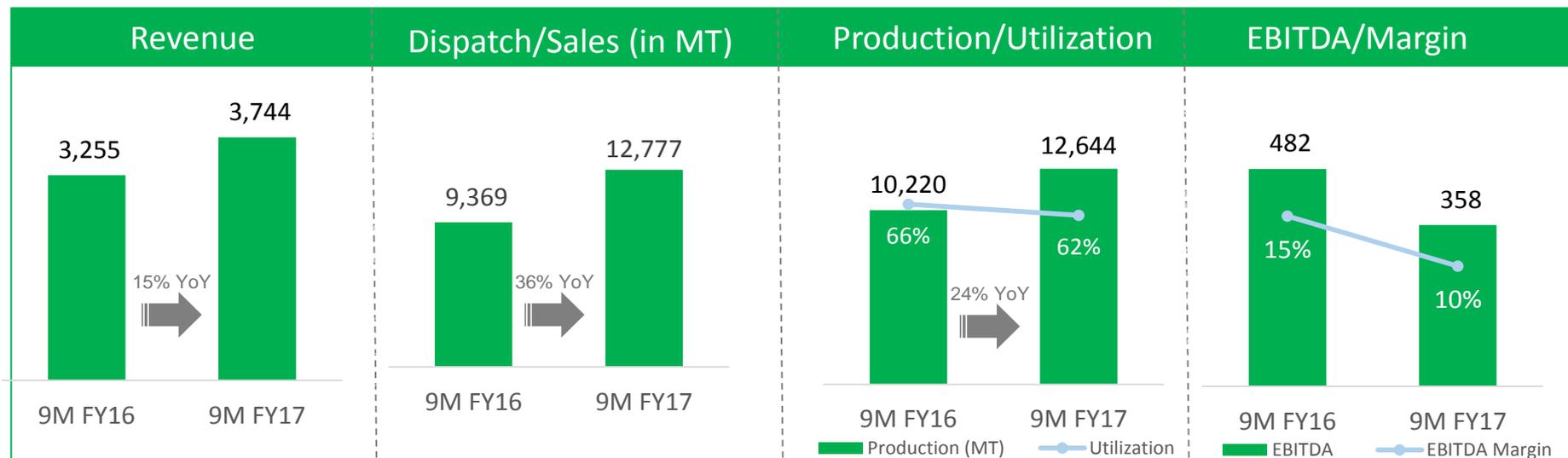


Note: Including intersegment data, excluding Excise duty

- Revenue up 7% driven by robust performance in domestic markets
 - Domestic Revenue up 53% YoY and contributed 34% of Pigment's 9MFY17 revenue compared to 26% in 9MFY16
 - Exports Revenue up 3% - contributed 66% of Pigments 9MFY17 revenue
 - Dispatch/Sales up 6% coupled with marginally higher realization
- EBITDA up 33% YoY at Rs 614 mn in the period due to lower input costs, lower Other Expenses (non-recurring items)
 - EBITDA margin increased from 13% in 9MFY16 to 17% in 9MFY17
- Utilization increased marginally to 62%

Agrochemicals deliver robust volumes driving revenues, margins impacted

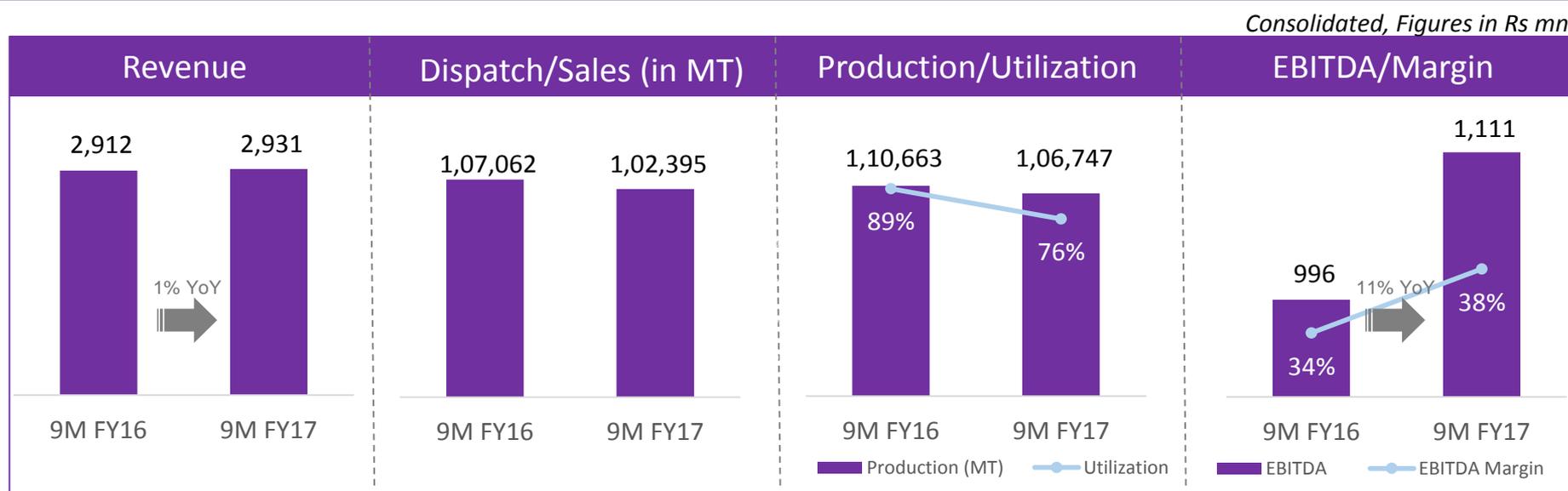
Consolidated, Figures in Rs mn



Note: Including intersegment data, excluding Excise duty

- Revenue up 15% driven by strong growth of 42% in Domestic and 3% in Exports markets
 - Domestic contribution up at 39% from 32% in 9MFY16, Exports contribution at 61%
 - Dispatch/Sales witnessed robust growth of 36%, however, realizations declined due to change in product mix to match demand in the market
- EBITDA declined 26% due to increase in input costs, lower realizations, change in product mix to reach Rs 358 mn; EBITDA Margin at 10% in 9MFY17
- Strong growth in production, up 24% to reach 12,644 MT
 - Utilisation level down from 66% to 62% on account of increased production capacity (up from 20,520 MT to 27,180 MT)

Basic Chemicals: 9M EBITDA margin reaches 38%, above guided range



Note: Including intersegment data, excluding Excise duty

- Revenue marginally up at Rs 2,931 mn
- Dispatch/Sales down as plant was intermittently stopped due to synchronisation process of Caustic Potash facility
- EBITDA up 11% YoY to reach Rs 1,111 mn resulting in increase of 369 bps in EBITDA Margin from 34% to 38%
- Production and Utilisation lower due to ramp up at new Caustic Potash plant and lower Caustic Soda production due to synchronization process and temporary shut down at Customers production plant

Domestic market up 17%, revenue share at 50%



Consolidated, Figures in Rs mn

Segmental breakdown						
	9M FY16			9M FY17		
	Exports	Domestic	Total	Exports	Domestic	Total
Pigments	2,209	774	2,982	2,277	1,184	3,461
Agrochemicals	2,214	1,041	3,255	2,271	1,473	3,744
Basic Chemicals	68	2,615	2,683	144	2,545	2,689
Others	828	5	834	620	6	626
Total	5,319	4,435	9,753	5,312	5,208	10,520

- Domestic market witnessed 17% increase in 9MFY17 driven by robust 53% and 42% growth in Pigments and Agrochemicals, respectively. Basic Chemicals, which is a pure domestic play, was down 3%.
- Exports revenue was stable in the period, wherein growth in Agrochemicals & Pigments offset the decline in Others.

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Meghmani Organics Ltd – a leading high growth chemical company

Diversified across products and geographies - servicing 400+ marquee clients in 75 countries



CPC Blue, Pigment Green, Pigment Blue

Leading global player in phthalocyanine pigments industry

- ~7% global market share; among top 3 global blue pigments players
- ~72% revenue from exports, mainly from North America
- Long term client relationships with 90% business from repeat clients
- Contributed 33% to net sales in FY16



Intermediate, Technical Grade & Formulations

Agrochemicals: Products across the entire value chain

- Wide range of bulk & branded products - Megastar, Megacyper, Megaban, Synergy
- Competitive advantage via 691 export & CIB registrations
- Working on building Pan India presence with optimising sales distribution network
- ~69% revenue from exports; mainly from LatAm
- Contributed 31% to net sales in FY16



Caustic-Chlorine; expanded into Caustic Potash

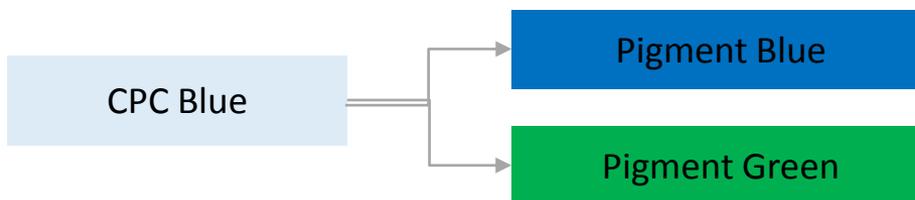
Basic Chemicals: Robust growth with expansion into Caustic Potash

- 4th largest Caustic-Chlorine capacity in India
- Latest 4th generation membrane cell technology imported from Asahi Kasei, Japan
- Strategically located facility at Dahej – proximity to raw material and customers
- 5-year CAGR of ~18% ; contributing 28% to net sales in FY16

Vertically integrated facilities across all businesses



Pigments

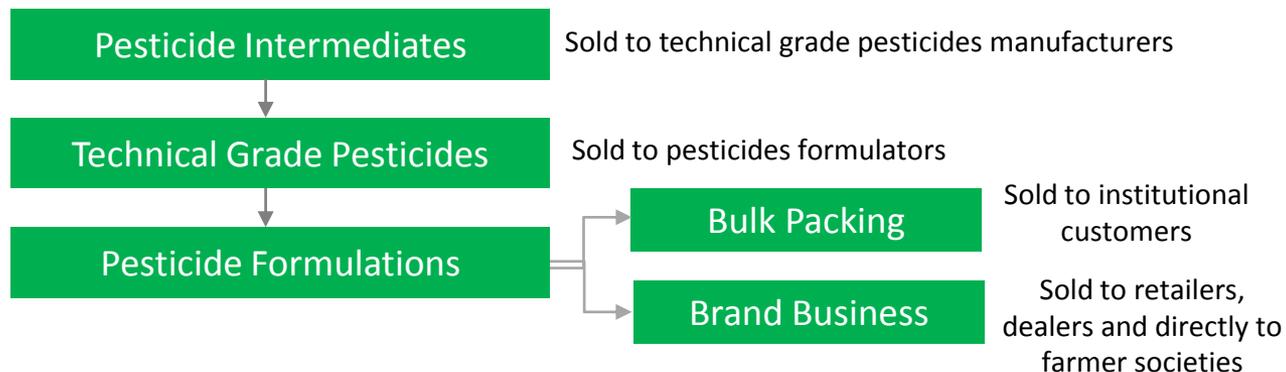


Upstream product: Sold to other pigments manufacturers

End products: Sold to industrial users i.e. inks, paint and plastic manufacturers



Agrochemicals



Sold to technical grade pesticides manufacturers

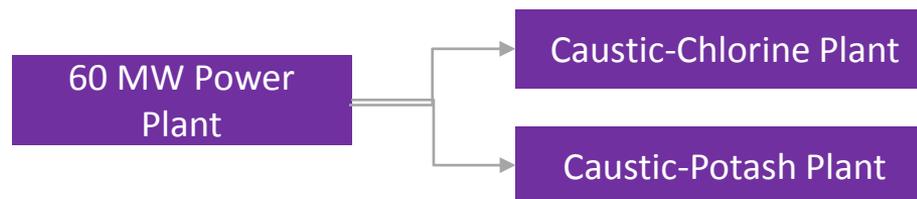
Sold to pesticides formulators

Sold to institutional customers

Sold to retailers, dealers and directly to farmer societies



Basic Chemicals

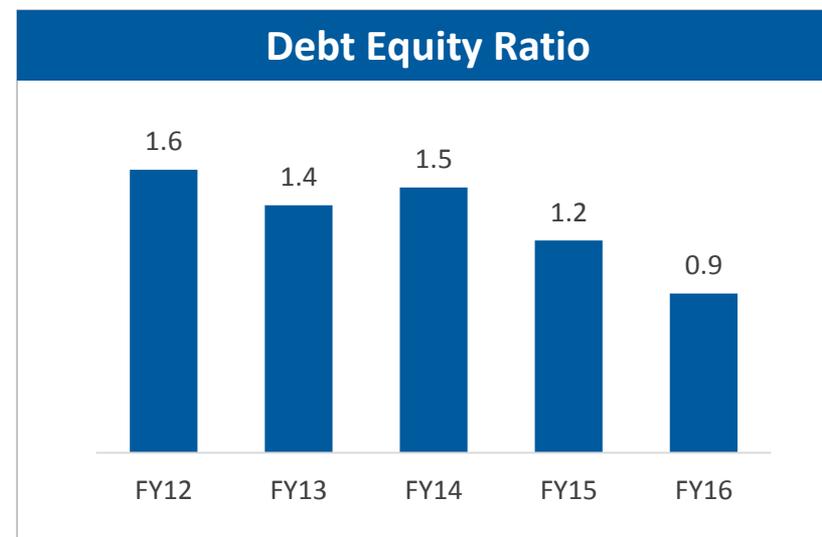
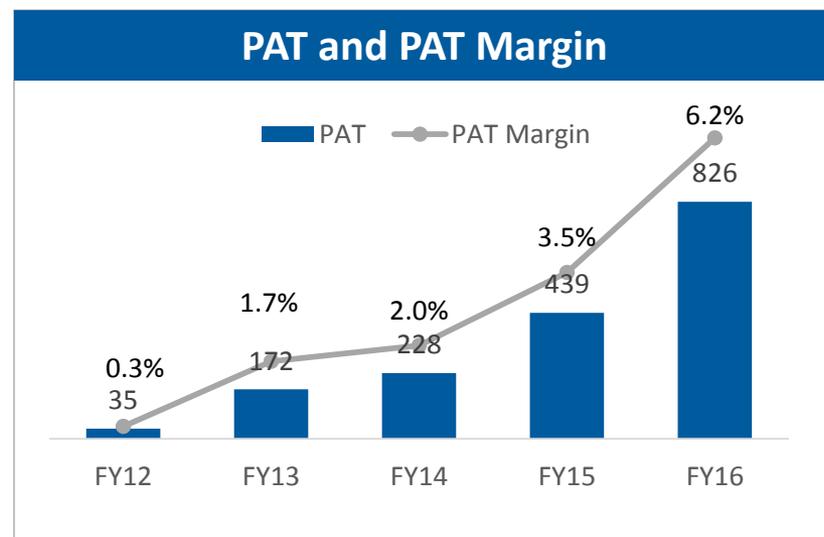
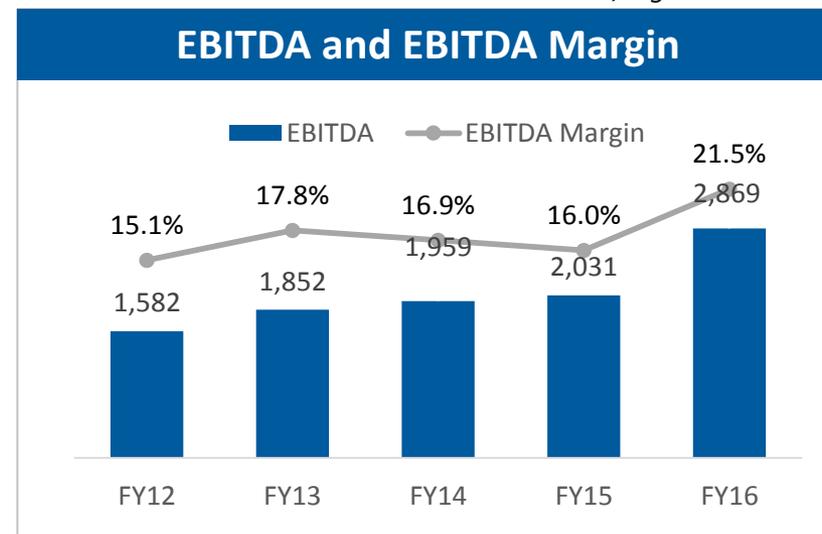
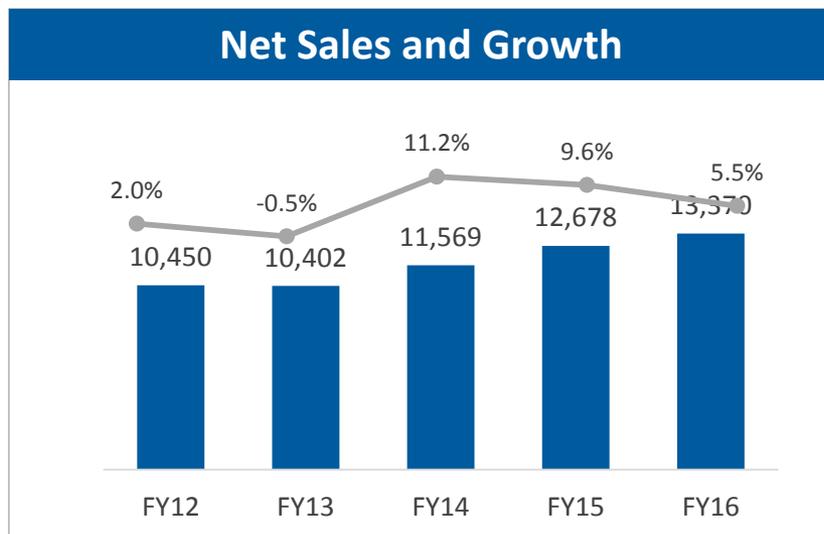


Power is a major raw material to manufacture Basic Chemicals

End products: Sold to industrial users i.e. pharmaceutical, soap, detergent, PVC, chemical and textile manufacturers

High growth historically with a 5 year PAT CAGR of 17%

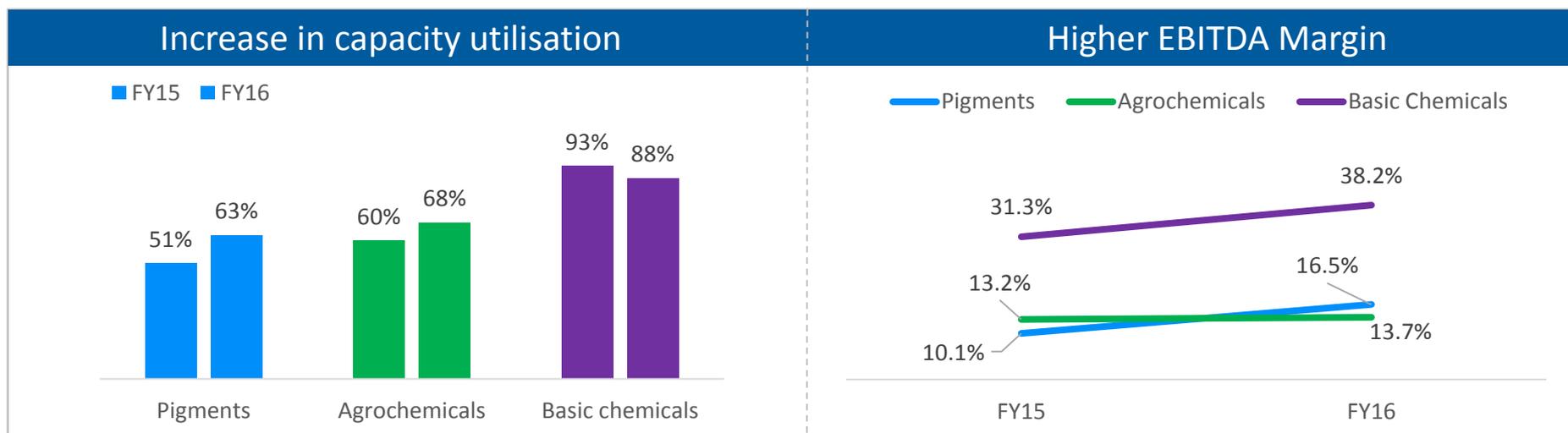
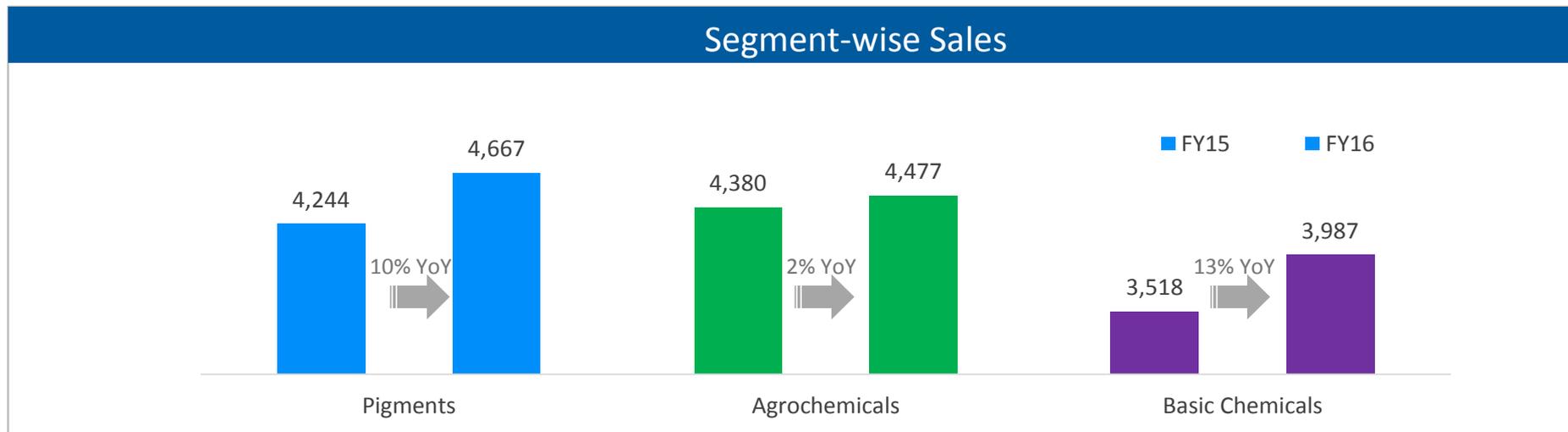
Consolidated, Figures in Rs mn



Note: All figures are as per previously applicable Indian GAAP

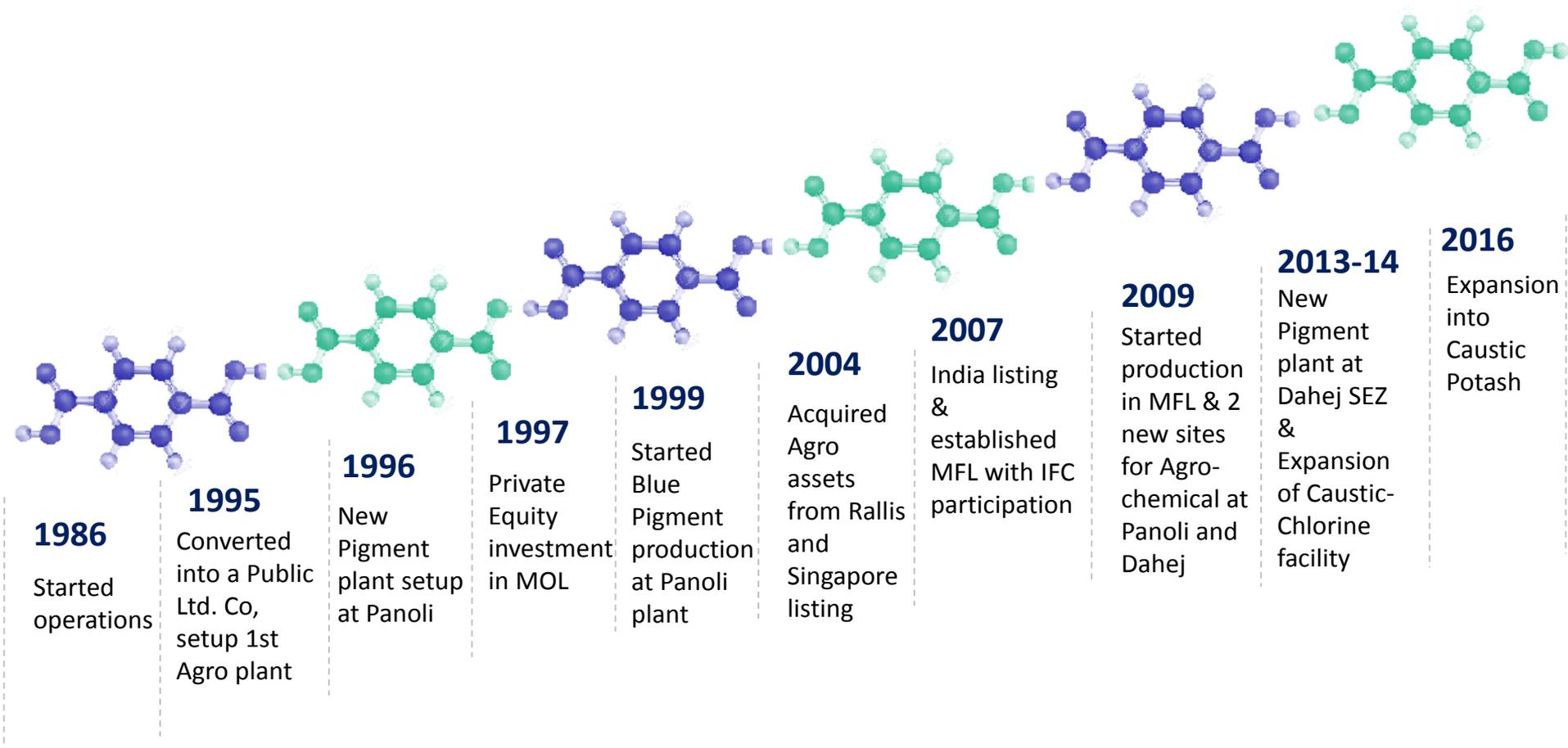
Margin expansion due to better product mix and increase in utilisation

Consolidated, Figures in Rs mn



Note: Includes intersegment data & all figures are as per previously applicable Indian GAAP

Journey of growth. . .



Robust plan for next phase of growth

Strategic Operational and Financial plan for growth and higher margins

Pigments

- Higher focus on Domestic market
- Focus on untapped exports market
- Expand Value added product offerings

Agrochemicals

- Increase branded revenue; expand distribution network
- Enter new geographies via new registration

Basic Chemicals

- New caustic potash plant
- Process optimisation

Sweating the Capacity

Rs 5.6bn spent over last 5 years to increase capacity

Installed capacity to clock revenue of **Rs 20bn** by FY19

Deleveraging

DE Ratio reduced from 1.6x in FY12 to **0.9x in FY16**

Plan to reduce debt by Rs **1.8bn** by FY18

Higher Margins

PAT margins improved from 0.3% in FY12 to **6.2% in FY16**

Better product mix, de-leveraging, capacity sweating will lead to margin expansion

Significant uptick in return ratios (ROE/ROCE)

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P&L statement (Consolidated): Q3FY17

Figures in Rs Million

Particulars	Q3 FY17	Q3 FY16	YoY (%)	Q2 FY17	QoQ (%)	9MFY17	9MFY16	YoY (%)
Net sales / income from operations	3,153	3,168	0%	3,821	-17%	10,520	9,753	8%
Excise Duty on Sales	307	268	15%	270	14%	899	895	0%
Other Operating Income	56	35	60%	59	-4%	174	145	20%
Total Income from Operations	3,516	3,471	1%	4,150	-15%	11,593	10,794	7%
Total Expenditure	2,910	2,718	7%	3,355	-13%	9,443	8,897	6%
Consumption of Raw Material	1,723	1,615	7%	2,268	-24%	6,008	5,318	13%
Personnel Cost	157	151	4%	175	-10%	489	438	12%
Other Expenditure	722	683	6%	642	12%	2,047	2,245	-9%
Excise Duty	307	268	15%	270	14%	899	895	0%
EBITDA	606	754	-20%	795	-24%	2,150	1,897	13%
Depreciation & Amortisation	190	193	-1%	239	-21%	683	577	18%
EBIT	416	561	-26%	555	-25%	1,467	1,320	11%
Interest & Finance Charges	128	142	-10%	133	-4%	404	508	-20%
Other Income	74	15	387%	14	429%	138	214	-35%
PBT before exceptional items	363	434	-16%	436	-17%	1,200	1,026	17%
Exceptional items	-	-	NM	24	NM	24	-	NM
PBT	363	434	-16%	413	-12%	1,177	1,026	15%
Tax Expense	92	50	81%	88	5%	301	268	12%
PAT (From ordinary activities)	271	384	-29%	325	-17%	876	757	16%
Extraordinary items	-	-	NM	-	NM	-	-	NM
PAT	271	384	-29%	325	-17%	876	757	16%
Minority Expense	72	106	-33%	73	-3%	236	179	32%
PAT after Minority	200	277	-28%	252	-21%	640	578	11%
Key Ratios as a % of Total Revenue	Q3 FY17	Q3 FY16		Q2 FY17		9MFY17	9MFY16	
EBITDA	19.2%	23.8%		20.8%		20.4%	19.4%	
PAT	6.3%	8.8%		6.6%		6.1%	5.9%	
Total Expenditure	82.6%	77.3%		80.7%		81.2%	82.0%	
Raw material	55%	51%		59%		57.1%	54.5%	
Employee Cost	5.0%	4.8%		4.6%		4.7%	4.5%	
Other Expenditure	22.9%	21.6%		16.8%		19.5%	23.0%	

Note Exceptional item is loss due to fire at Beta blue plant in Aug 2016, Ratios as % of revenue is calculated based on Net Sales from Operations

P&L Statement (Standalone): Q3FY17

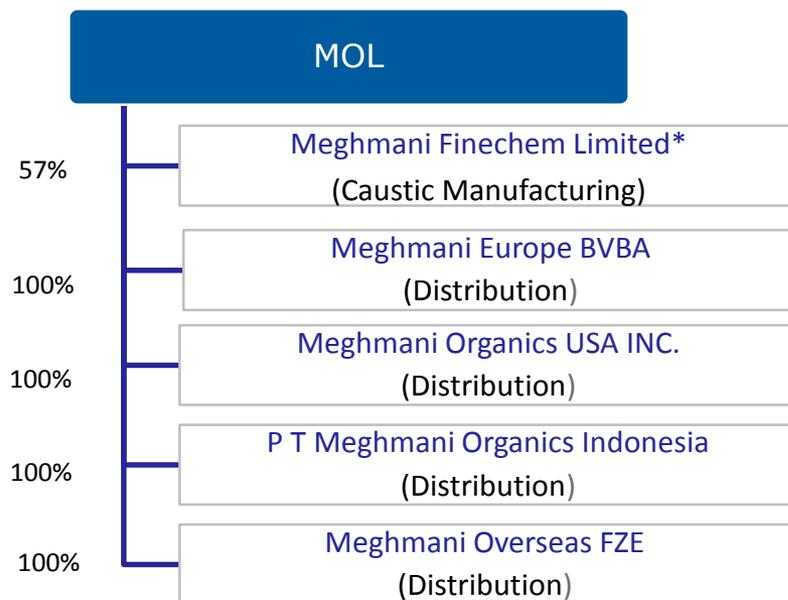
Figures in Rs Million

Particulars	Q3 FY17	Q3 FY16	YoY (%)	Q2 FY17	QoQ (%)	9MFY17	9MFY16	YoY (%)
Net sales / income from operations	2,214	2,242	-1%	2,788	-21%	7,688	6,822	13%
Excise Duty on Sales	179	142	26%	142	26%	526	527	0%
Other Operating Income	56	35	60%	59	-5%	173	145	20%
Total Income from Operations	2,450	2,419	1%	2,989	-18%	8,388	7,494	12%
Total Expenditure	2,203	2,103	5%	2,578	-15%	7,411	6,682	11%
Consumption of Raw Material	1,326	1,235	7%	1,803	-26%	4,889	4,018	22%
Personnel Cost	120	112	7%	132	-9%	368	328	12%
Other Expenditure	578	613	-6%	500	15%	1,628	1,807	-10%
Excise Duty	179	143	26%	142	26%	526	528	0%
EBITDA	247	316	-22%	410	-40%	976	812	20%
Depreciation & Amortisation	97	91	7%	95	2%	289	272	6%
EBIT	149	225	-34%	315	-53%	687	541	27%
Interest & Finance Charges	90	125	-28%	89	1%	281	332	-15%
Other Income	74	38	93%	1	NM	119	207	-43%
PBT before exceptional items	133	139	-4%	227	-41%	525	416	26%
Exceptional items	-	-	NM	24	NM	24	60	NM
PBT	133	139	-4%	203	-35%	501	356	41%
Tax Expense	45	40	13%	78	-42%	216	168	28%
PAT (From ordinary activities)	88	99	-11%	125	-30%	285	188	52%
Extraordinary items	-	-	NM	-	NM	-	-	NM
PAT	88	99	-11%	125	-30%	285	188	52%
Minority Expense	-	-	NM	-	NM	-	-	NM
PAT after Minority	88	99	(0.1)	125	-30%	285	188	52%
Key Ratios as a % of Total Revenue	Q3 FY17	Q3 FY16		Q2 FY17		9MFY17	9MFY16	
EBITDA	11.1%	14.1%		14.7%		12.7%	11.9%	
PAT	4.0%	4.4%		4.5%		3.7%	2.8%	
Total Expenditure	91.4%	87.4%		87.4%		89.6%	90.2%	
Raw material	59.9%	55.1%		64.7%		63.6%	58.9%	
Employee Cost	5.4%	5.0%		4.7%		4.8%	4.8%	
Other Expenditure	26.1%	27.3%		17.9%		21.2%	26.5%	

Note Ratios as % of revenue is calculated based on Net Sales from Operations

Corporate structure and shareholding pattern

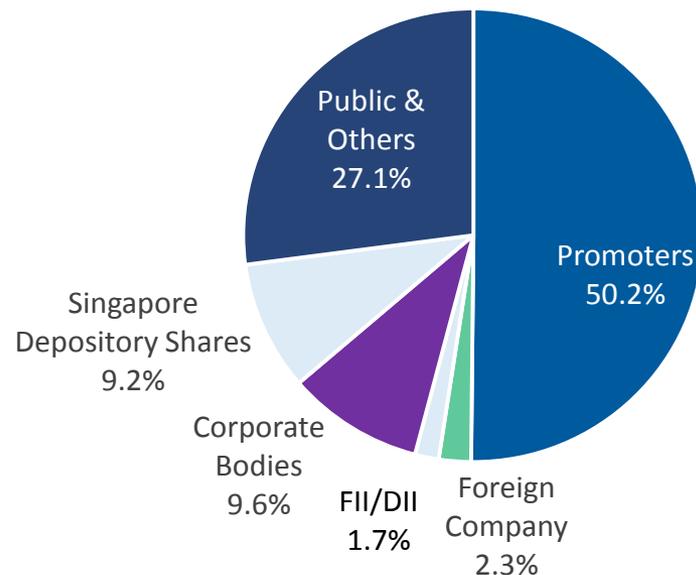
Corporate Structure



*** 25% stake in Meghmani Finechem Limited held by IFC Washington and remaining 18% by individual promoters**

Shareholding Pattern (Dec 31, 2016)

No of shares: 254 mn



Disclaimer

This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to MOL’s future business developments and economic performance.

While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

MOL undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

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