



Meghmani Organics Limited (MOL)

Q2 & H1FY18 Investor Presentation (November 2017)

Robust performance in Q2, PAT up 78%

Net Sales

(In Rs mn)

4,536

up 19% YoY

EBITDA

(In Rs mn)

1,028

Up 29% YoY
EBITDA Margin at 22.7%

PAT

(In Rs mn)

448

Up 78% YoY
PAT Margin at 9.9%

ROCE

19.4%

Up from 16.6% in FY17

EBITDA & PAT margins expand by 186 bps & 329 bps, respectively, driven by higher profitability across businesses.

Pigments



- Net Sales up 11% driven by robust performance in exports (up 39%)
- Dispatch/sales up 32% while blended realisation was down
- EBITDA increased 13% YoY to Rs 202 mn led by higher Net Sales, EBITDA margin at 14%
- Utilisation up at 84% from 56% in Q2FY17

Agrochemicals



- Net Sales up 33% led by robust growth in exports (up 26%) and domestic market (up 42%)
- Dispatch/sales up 10% along with higher realisations
- Capacity utilisation up at 78%, production up 43%
- EBITDA up 64% to Rs 377 mn led by higher realization on products & sale of higher margin products, EBITDA Margin up at 20%

Basic Chemicals

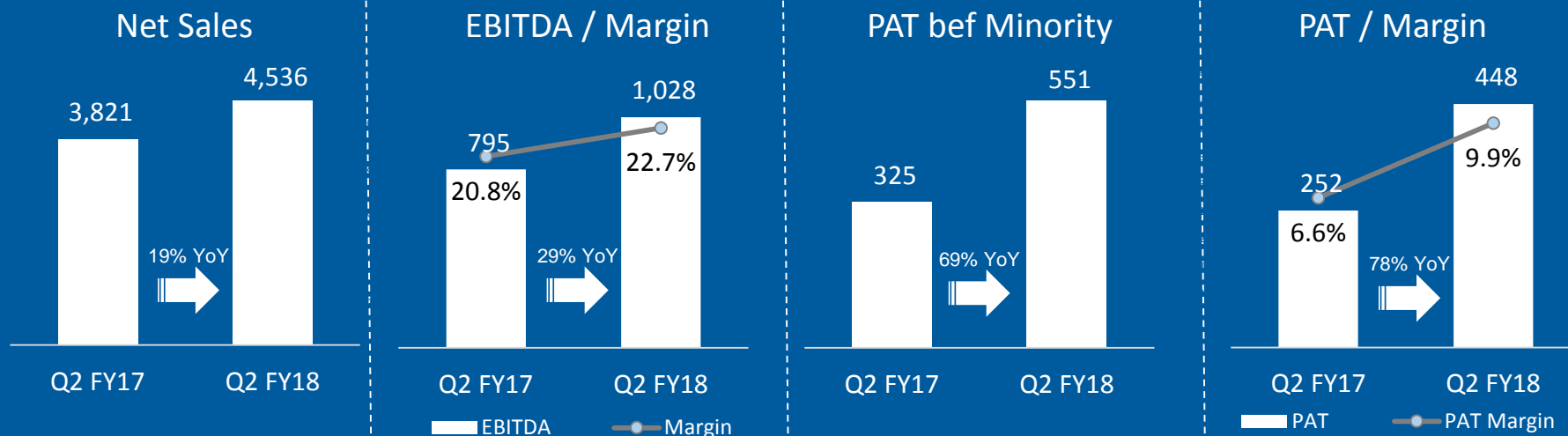


- Net Sales up 27% on account of higher blended realisations and dispatch/sales
- Utilisation up at 84%
- EBITDA Margin at 38%
- Caustic potash plant ramping up as per plan

Q2FY18 Performance

Significant growth in Net Sales and Profitability

Consolidated, Figures in Rs mn

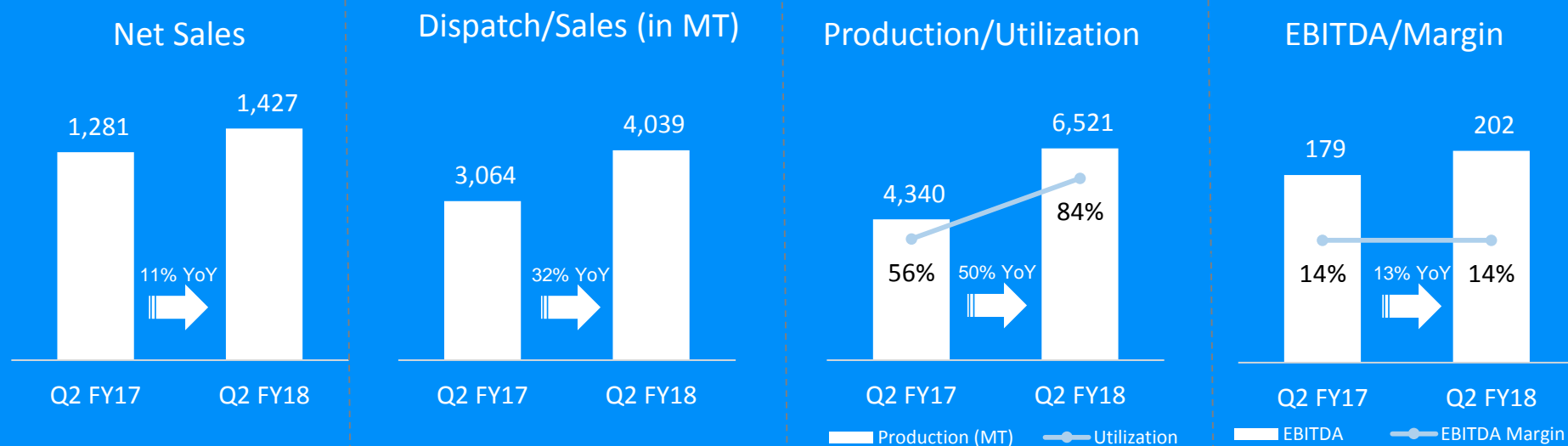


- Net Sales up 19% at Rs 4,536 mn driven by strong exports growth of 25% and domestic growth of 13%; Exports contributing 50% to Net Sales
- EBITDA up 29% as raw material cost as percentage of Net Sales declined from 59.3% to 54.3% while other costs as a percentage of Net Sales increased from 16.8% to 19.9%
- Interest outflow down 24% to Rs 101 mn compared to Rs 133 mn in Q2FY17 with reduced debt
- Other Income of Rs 106 mn on account of forex gain
- PAT grew 78% to Rs 448 mn; PAT margin at 9.9%

Note: Q2FY17 Includes Exceptional item of Rs 24 mn wrt est. loss in Beta blue plant Fire

Pigments: 11% growth in Net Sales led by higher volumes

Consolidated, Figures in Rs mn

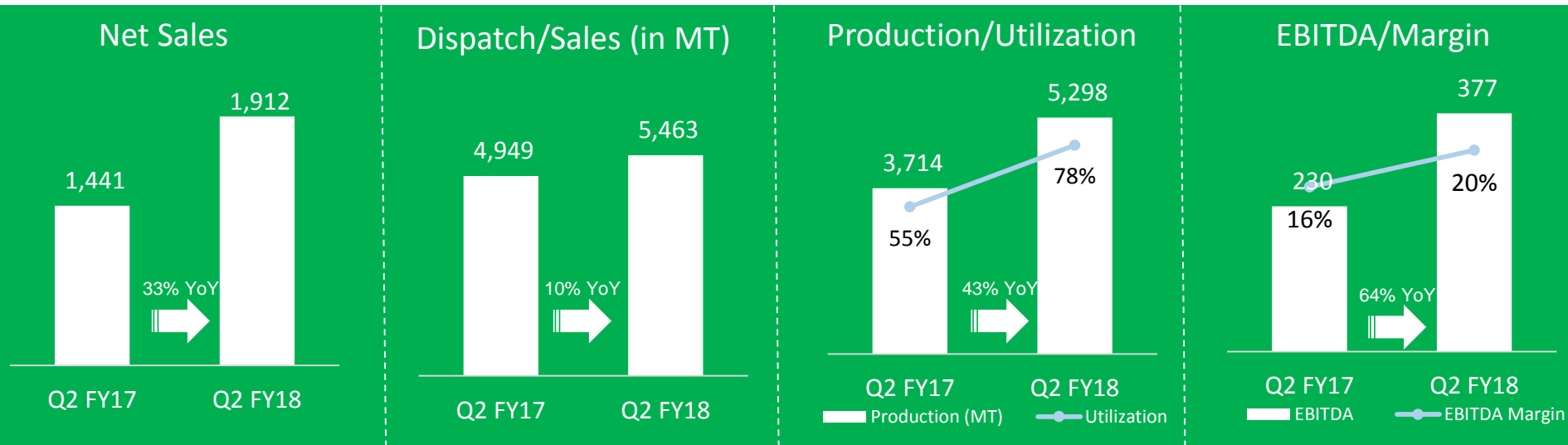


Note: Including intersegment data, excluding Excise duty

- Net Sales up 11% YoY at Rs 1,427 mn, driven by robust growth of 39% in exports; exports share at 79%
 - Net Sales in Domestic market declined due to increased focus on higher margin exports market
 - Total dispatch/sales up 32%YoY while blended realization was down
- EBITDA increased 13% YoY to Rs 202 mn led by higher Net Sales while EBITDA Margin was stable at 14%
- Utilization increased to 84% compared to 56% in Q2FY17, production up 50% YoY

Agrochemicals: EBITDA Margin up at 20%

Consolidated, Figures in Rs mn

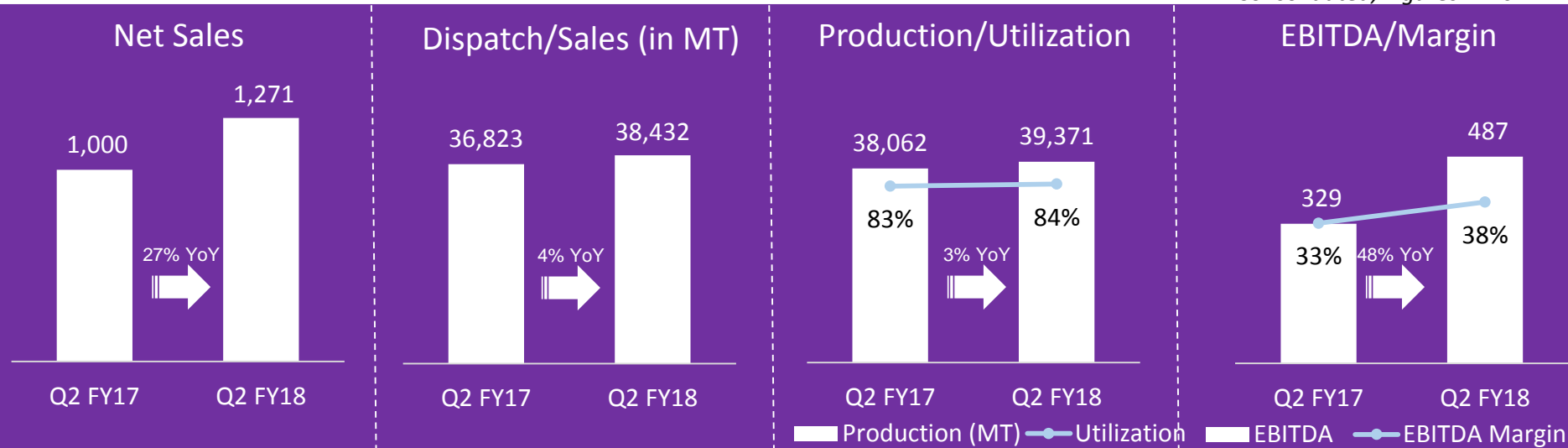


Note: Including intersegment data, excluding Excise duty

- Net Sales increased significantly led by robust growth in Domestic and Exports market, up 42% and 26%, respectively
 - Domestic market now contributes 44% to Net Sales compared to 41% in Q2FY17
 - Dispatch/Sales up 10% coupled with robust growth in blended realizations on account of increased sale of higher margin products
- EBITDA increased 64% on account of higher realization on products; EBITDA Margin up at 20%
- Utilization at 78% , Production up 43% YoY

Basic Chemicals: EBITDA Margin increases to 38%

Consolidated, Figures in Rs mn

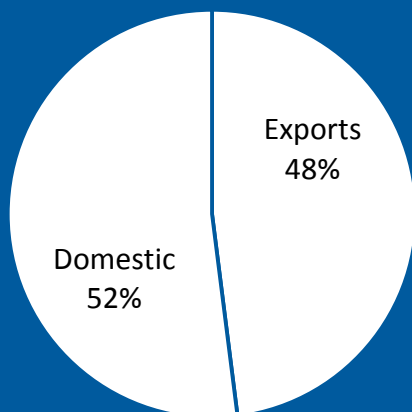


Note: Including intersegment data, excluding Excise duty

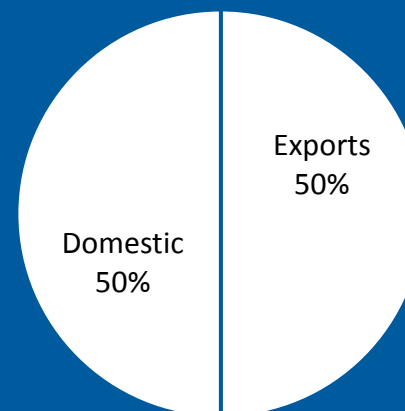
- Net Sales up 27%YoY at Rs 1,271 mn driven by strong growth in blended realisations coupled with higher dispatch/sales
- EBITDA up 48%YoY to reach Rs 487 mn, EBITDA Margin at 38%
- Utilisation at 84%, Caustic potash plant ramping up as per plan
- Chloromethane plant of 40,000 MTPA progressing as per plan, expected to be commissioned by June'18

Exports see robust growth, contributing 50%

Q2FY17



Q2FY18



Consolidated, Figures in Rs mn

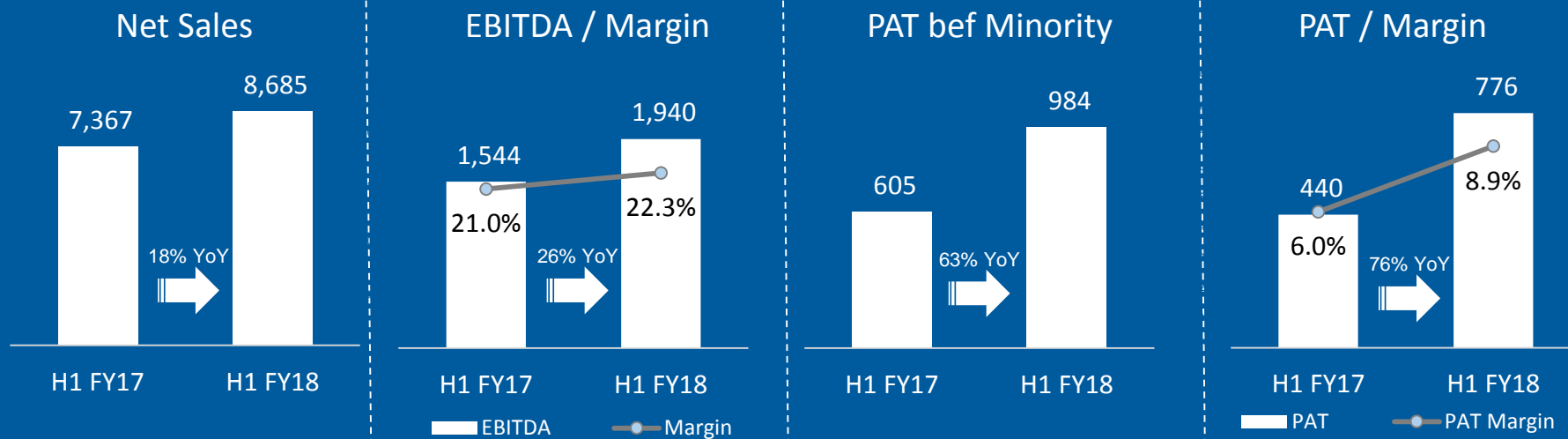
Segmental breakdown						
	Q2FY17			Q2FY18		
	Exports	Domestic	Total	Exports	Domestic	Total
Pigments	746	512	1,259	1,036	272	1,309
Agrochemicals	854	587	1,441	1,080	832	1,912
Basic Chemicals	35	897	932	9	1,150	1,159
Others	185	5	190	156	0	156
Total	1,820	2,001	3,821	2,281	2,254	4,536

- Exports grew 25% driven by robust growth across Pigments (up 39%) and Agrochemicals (26%) while others segment was down
- Domestic business grew by 13% led by strong growth in Agrochemicals and Basic Chemicals, marginally offset by lower Net Sales in Pigments

H1FY18 Performance

H1FY18 witnesses significantly higher profitability

Consolidated, Figures in Rs mn

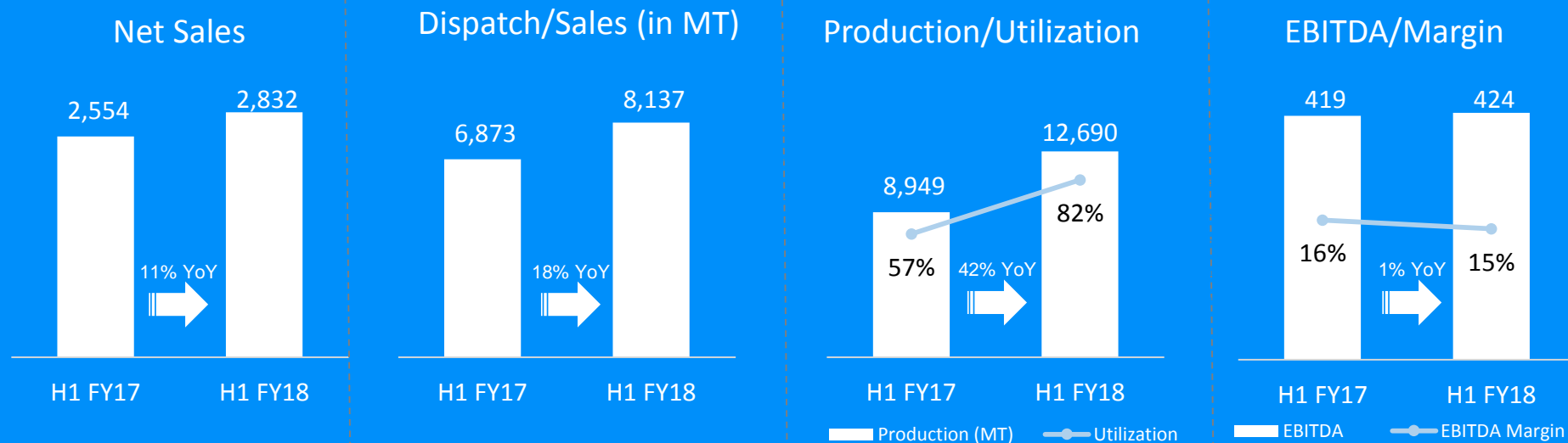


- Net Sales up 18% at Rs 8,685 mn driven by strong exports growth of 26% and domestic growth of 10%; Exports contributing 52% to Net Sales
- EBITDA up 26% as raw material cost as percentage of Net Sales declined from 58.2% to 53.7% while other cost as a percentage of Net Sales increased from 18.0% to 21.1%
- Interest outflow down 25% to Rs 208 mn compared to Rs 277 mn in H1FY17 with reduced debt
- PAT grew 76% to Rs 776 mn; PAT margin at 8.9%

Note:H1FY17 Includes Exceptional item of Rs 24 mn wrt est. loss in Beta blue plant Fire

Pigments Net Sales up 11%

Consolidated, Figures in Rs mn

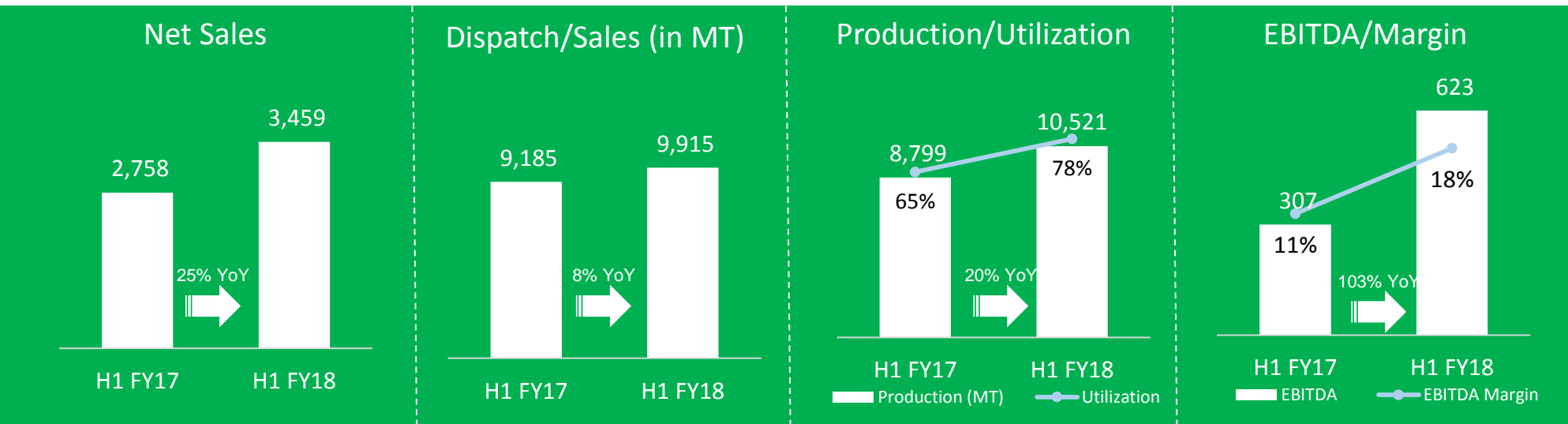


Note: Including intersegment data, excluding Excise duty

- Net Sales up 11% YoY at Rs 2,832 mn, driven by robust growth of 32% in exports; exports contribution at 75%
 - Net Sales in Domestic market declined, contributing 25%
 - Total dispatch/sales up 18%YoY while blended realization was down
- EBITDA increased marginally to Rs 424 mn in the period due to change in product mix and lower margin on some products, EBITDA margin at 15%
- Utilization increased to 82%, production up 42% YoY

Agrochemicals delivers significant margins expansion

Consolidated, Figures in Rs mn

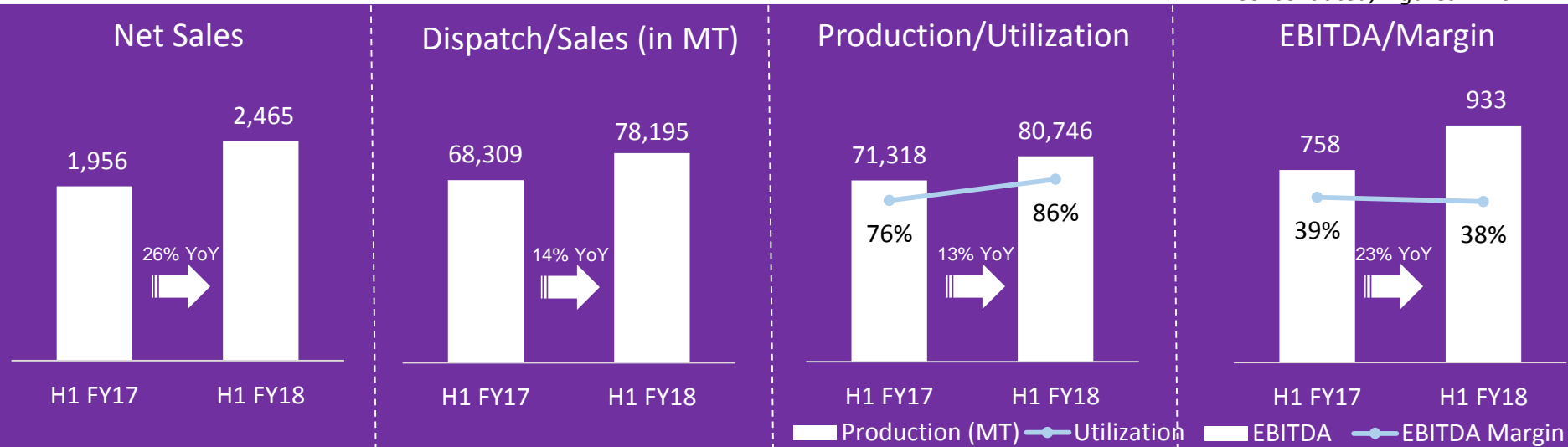


Note: Including intersegment data, excluding Excise duty

- Net Sales increased led by strong growth in exports as well as domestic market, up 29% and 20%, respectively.
 - Exports market now contributes 61% to Net Sales compared to 59% in H1FY17
 - Dispatch/Sales up 8% coupled with strong growth in blended realizations
- EBITDA increased 103% on account of higher realization on products and sale of higher margin products; EBITDA Margin up at 18%
- Utilization at 78%, Production up 20% YoY

Basic chemicals posts robust growth in Net Sales and profitability

Consolidated, Figures in Rs mn

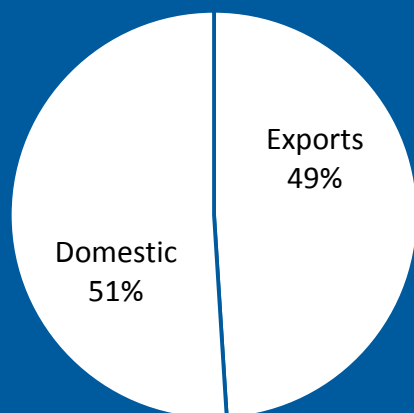


Note: Including intersegment data, excluding Excise duty

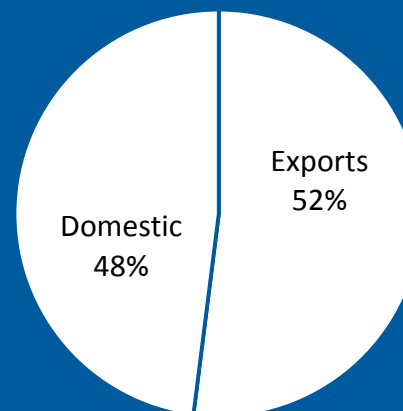
- Net Sales up 26% YoY at Rs 2,465 mn driven by strong growth in dispatch/sales and higher realisations
- EBITDA up 23% YoY to reach Rs 933 mn
 - EBITDA Margin at 38%, above the long term range
- Utilisation up at 86%, Production increased 13%

Exports and Domestic markets deliver strong Net Sales growth

H1FY17



H1FY18



Consolidated, Figures in Rs mn

Segmental breakdown						
	H1FY17			H1FY18		
	Exports	Domestic	Total	Exports	Domestic	Total
Pigments	1,507	903	2,411	1,987	664	2,651
Agrochemicals	1,637	1,121	2,758	2,119	1,340	3,459
Basic Chemicals	71	1,729	1,799	110	2,147	2,257
Others	393	6	399	318	0	318
Total	3,607	3,760	7,367	4,533	4,152	8,685

- Exports segment grew 26% driven by robust growth across Pigments (up 32%) and Agrochemicals (29%) while others segment were down.
- Domestic business grew by 10% led by strong growth in Basic Chemicals and Agrochemicals marginally offset by lower Net Sales in Pigments.

Company Overview

MOL – Leading diversified chemical company

Strategic expansion in higher-value products coupled with increasing utilisations drive strong performance. . .



Pigments

- 14% global market share; among top 3 (Capacity wise) global pigments players
- Products include CPC Blue, Pigment Green, Pigment Blue
- 75% Net Sales from exports in H1FY18, brand presence in 70 countries
- Strong client relationships; 90% business from repeat clients



Agrochemicals

- Manufactures Insecticides and Herbicides,
- Products across the entire value chain
- Wide range of bulk & branded products - Megastar, Megacyper, Megaban, Synergy
- 61% Net Sales from exports in H1FY18; key markets include US, Brazil, Argentina, China, etc.
- Building pan-India presence



Basic Chemicals

- 4th largest Caustic-Chlorine capacity in India
- Strategically located facility at Dahej – proximity to raw material and customers
- Expansion into Caustic Potash to drive growth
- High EBITDA Margin of 38% in H1FY18

	FY17	H1FY18
Net Sales (Rs bn)	14.0	8.7
EBITDA Margin	20.6	22.3%
PAT Margin	6.3%	8.9%
ROCE	16.6%	19.4%
Domestic:Exports	49:51	48:52

Rs 6.5 bn	Capex (last 5 yrs)
450+	Marquee Clients
75+	Countries
750+	Registrations

With strong execution capabilities. .



Pigments

**Total Capacity:
31,140 MTPA**

- Vatva Plant: 2,940 MTPA
- Panoli Plant: 17,400 MTPA
- Dahej SEZ Plant: 10,800 MTPA



Agrochemicals

**Total Capacity:
27,060 MTPA**

- Ankleshwar Plant: 6,420 MTPA
- Panoli Plant: 7,200 MTPA
- Dahej Plant: 13,440 MTPA

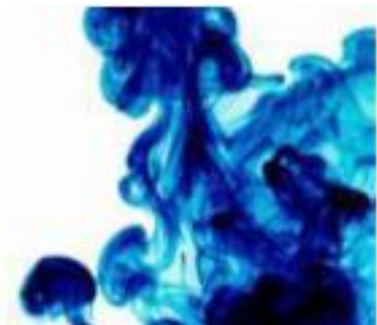


Basic Chemicals

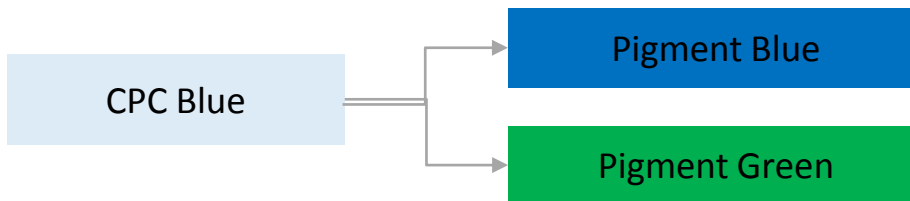
**Total Capacity:
187,600MTPA**

- Caustic Soda: 1,66,600 MTPA to be increased to 2,50,000 MTPA by June'19
- Caustic Potash: 21,000 MTPA
- CMS: 40,000 MTPA by June'18
- Hydrogen Peroxide: 25,000 MTPA by June'19

Vertically integrated facilities across all businesses



Pigments

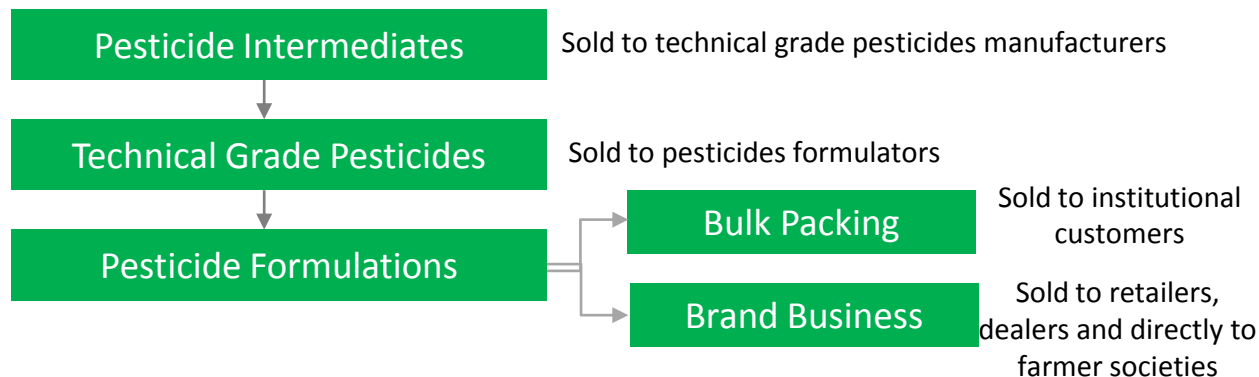


Upstream product: Sold to other pigments manufacturers

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



Agrochemicals



Sold to technical grade pesticides manufacturers

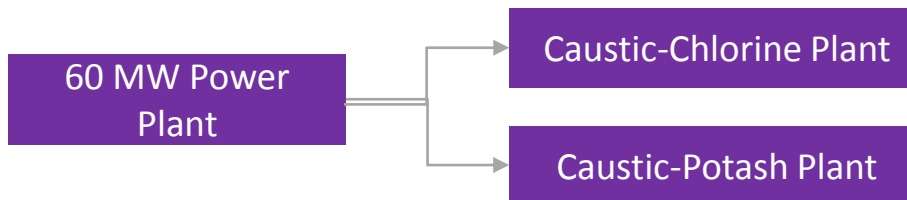
Sold to pesticides formulators

Sold to institutional customers

Sold to retailers, dealers and directly to farmer societies



Basic Chemicals

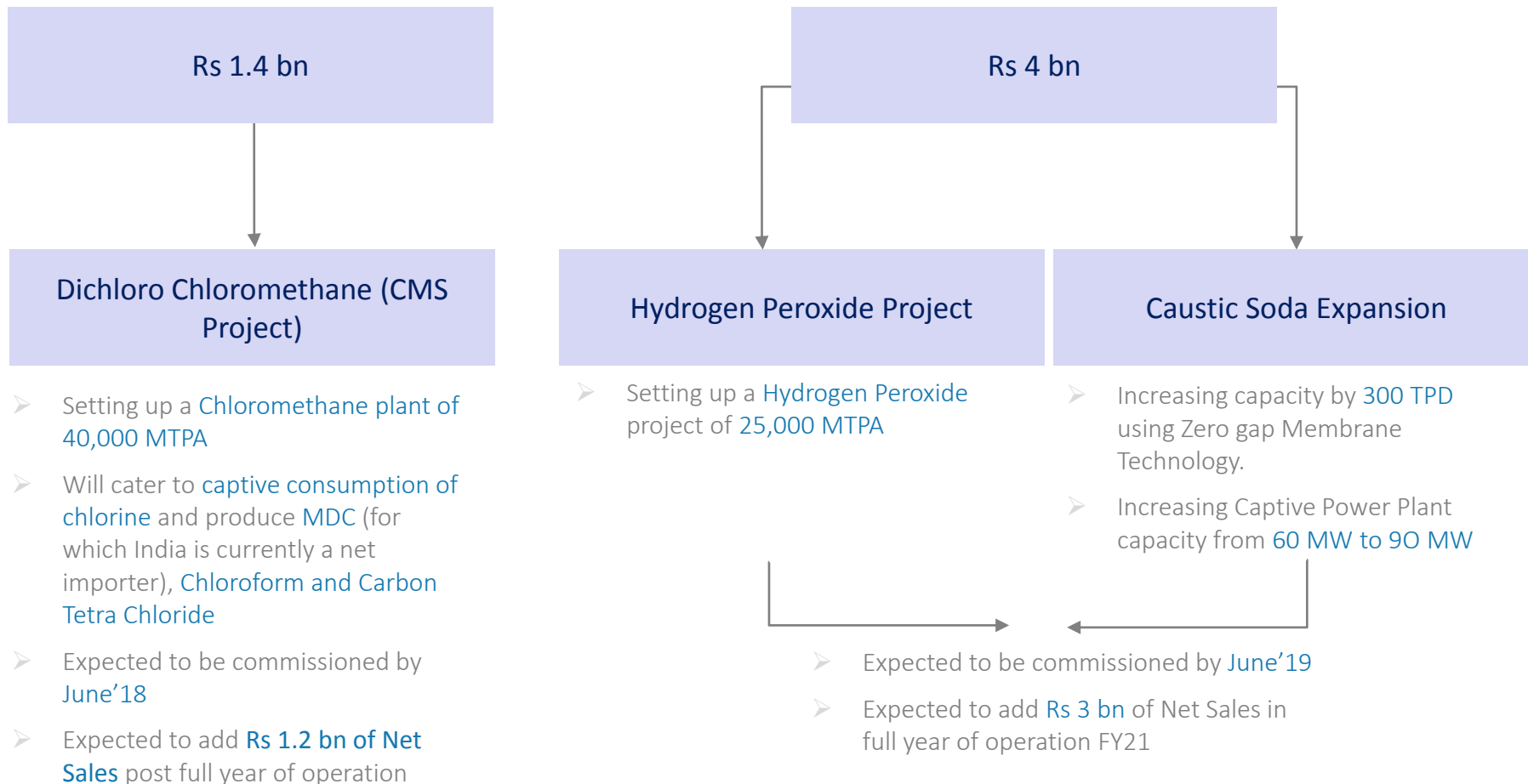


Power is a major raw material to manufacture Basic Chemicals

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

Rs 5.4 bn capex underway for strong future growth

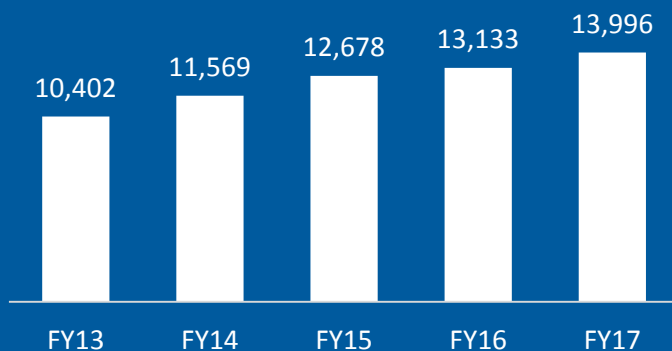
MOL holds 57% stake in MFL, which is planning the Capex of Rs 5.4 bn



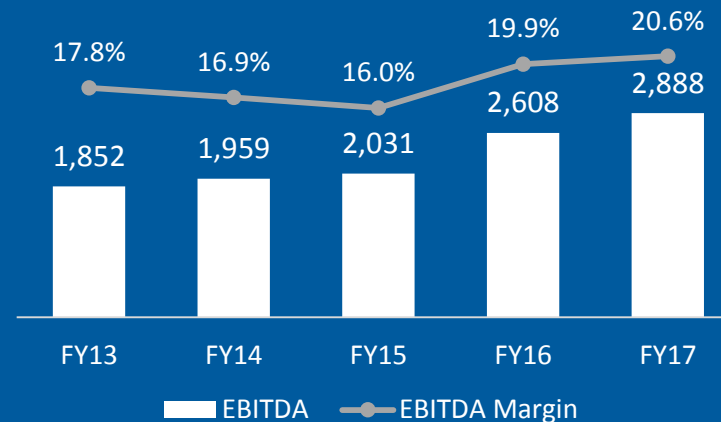
High growth: 5 year EBITDA CAGR of 12%

Consolidated, Figures in Rs mn

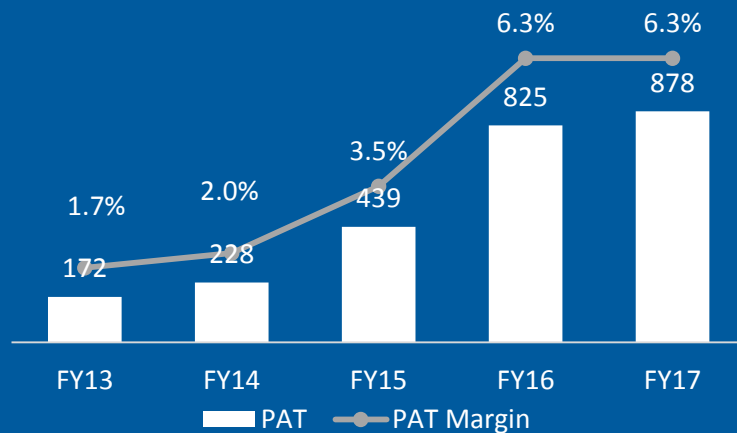
Net Sales and Growth



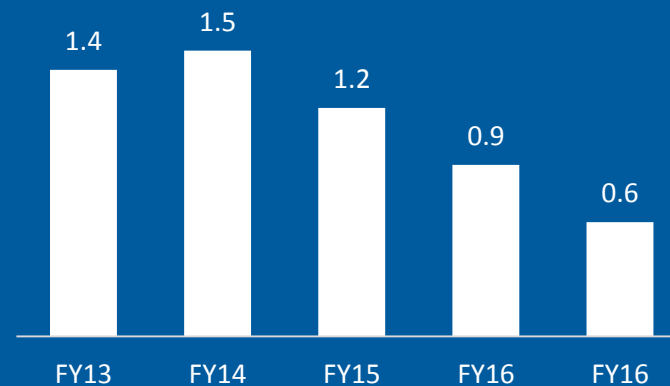
EBITDA and EBITDA Margin



PAT and PAT Margin



Debt Equity Ratio

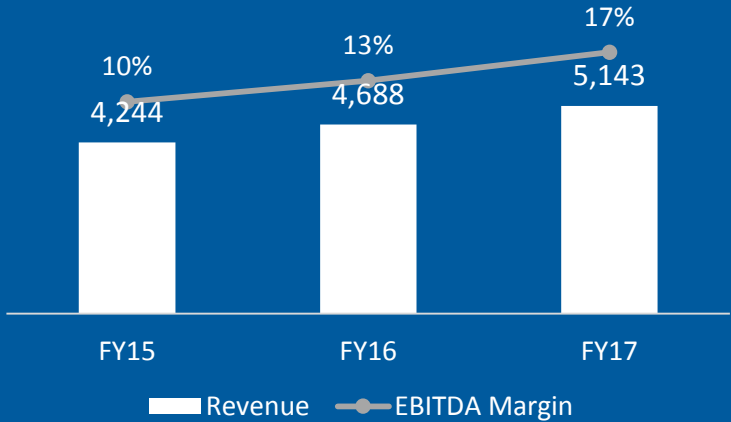


Note: FY16 & FY17 are INDAS adjusted, rest all figures are as per previously applicable Indian GAAP

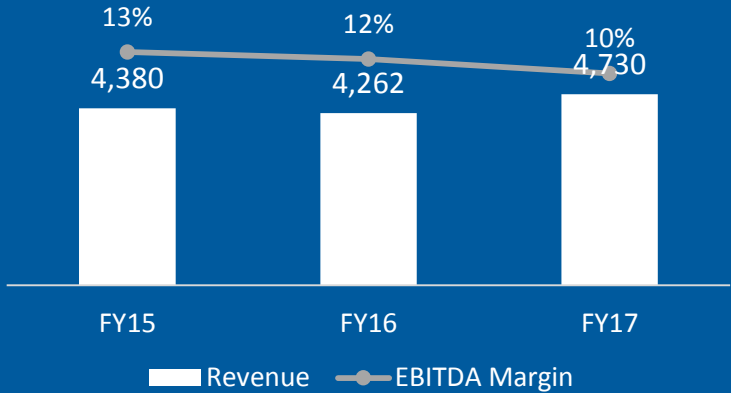
Historical Segmental Analysis

Consolidated, Figures in Rs mn

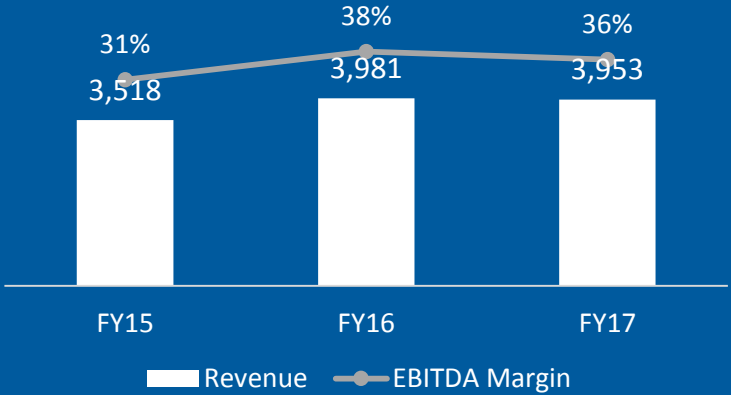
Pigments



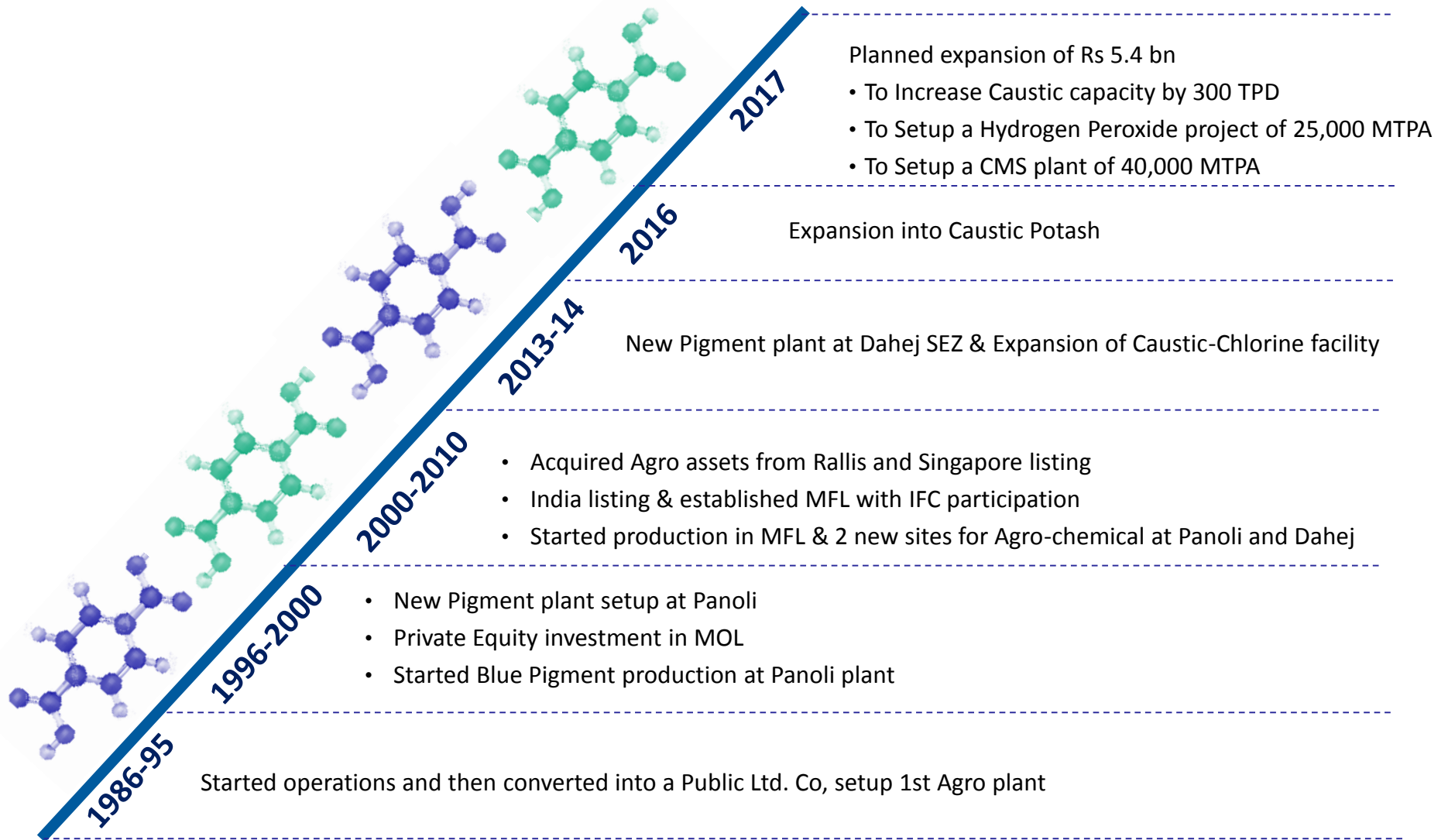
Agrochemicals



Basic Chemicals



Journey of growth. . .



Robust plan for next phase of growth

Growth drivers across businesses

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 registrations

Basic Chemicals

- New caustic potash plant
- Planned capex of Rs 5.4 bn towards
 - Increasing Caustic capacity by 300 TPD and Power plant capacity to 90MW from 60 MW
 - Setting up Chloromethane plant (40,000 MTPA)
 - Setting up Hydrogen Peroxide project of 25,000MTPA

Financial plan

Sweating the Capacity

Rs 6.5bn already 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 **0.6x in FY17**

Plan to pay-out debt of **Rs 91 crore** in FY18

Higher Margins

PAT margins improved from 0.3% in FY12 to **8.9% in H1FY18**

Better product mix, deleveraging, capacity sweating will lead to margin expansion

Planned capex of Rs 5.4 bn

Annexure

P&L Statement (Consolidated): Q2 FY18

Figures in Rs Million

Particulars	Q2 FY18	Q2 FY17	YoY (%)	Q1 FY18	QoQ (%)	H1 FY18	H1 FY17	YoY (%)
Net sales / income from operations	4,536	3,821	19%	4,150	9%	8,685	7,367	18%
Excise Duty on Sales	-	270	-100%	398	-100%	398	592	-33%
Other Operating Income	71	59	20%	62	14%	133	118	13%
Total Income from Operations	4,607	4,150	11%	4,611	0%	9,217	8,077	14%
Total Expenditure	3,579	3,355	7%	3,699	-3%	7,277	6,533	11%
Consumption of Raw Material	2,464	2,268	9%	2,197	12%	4,662	4,285	9%
Personnel Cost	214	175	22%	169	27%	382	332	15%
Other Expenditure	901	642	40%	934	-4%	1,835	1,324	39%
Excise Duty	-	270	-100%	398	-100%	398	592	-33%
EBITDA	1,028	795	29%	912	13%	1,940	1,544	26%
Depreciation & Amortisation	236	239	-2%	230	2%	466	493	-6%
EBIT	792	555	43%	682	16%	1,474	1,051	40%
Interest & Finance Charges	101	133	-24%	107	-5%	208	277	-25%
Other Income	106	14	655%	45	136%	150	64	136%
PBT before exceptional items	797	436	83%	620	28%	1,417	838	69%
Exceptional items	-	24	NM	-	NM	-	24	NM
PBT	797	413	93%	620	28%	1,417	814	74%
Tax Expense	246	88	181%	187	32%	433	209	107%
PAT (From ordinary activities)	551	325	69%	433	27%	984	605	63%
Extraordinary items	-	-	NM	-	NM	-	-	NM
PAT	551	325	69%	433	27%	984	605	63%
Minority Expense	103	73	40%	105	-2%	208	164	26%
PAT after Minority	448	252	78%	329	36%	776	440	76%

Key Ratios as a % of Net Sales	Q2 FY18	Q2 FY17	Q1 FY18	H1 FY18	H1 FY17
EBITDA	22.7%	20.8%	22.0%	22.3%	21.0%
PAT	9.9%	6.6%	7.9%	8.9%	6.0%
Total Expenditure	78.9%	80.7%	79.5%	79.2%	80.6%
Raw material	54.3%	59.3%	52.9%	53.7%	58.2%
Employee Cost	4.7%	4.6%	4.1%	4.4%	4.5%
Other Expenditure	19.9%	16.8%	22.5%	21.1%	18.0%

Note Exceptional item is loss due to fire at Beta blue plant in Aug 2016,

Balance Sheet (Consolidated) as on 30th Sep, 2017

Figures in Rs Million

Sr. No.	Particulars	as on 30 Sep'17	as on 31 March'17
(A)	ASSETS		
1	Non-Current Assets		
	(a) Property, Plant and Equipment	7,852	7,689
	(b) Capital work-in-progress	275	97
	(c) Other Intangible assets	81	93
	(d) Intangible assets under development	125	94
	(e) Financial Assets	-	-
	(i) Investments	6	6
	(ii) Others	101	103
	(f) Deferred Tax Assets (net)	56	52
	(g) Non Current Tax Assets (Net)	159	183
	(h) Other Non-Current Assets	212	54
	Total Non-Current Assets	8,866	8,372
2	Current Assets		
	(a) Inventories	2,641	2,417
	(b) Financial Assets	-	-
	(i) Investments	459	285
	(ii) Trade Receivables	4,440	3,309
	(iii) Cash and cash equivalents	49	21
	(iv) Bank balances other than (iii) above	81	81
	(v) Others	440	580
	(c) Other Current Assets	919	780
	Total Current Assets	9,029	7,473
	TOTAL ASSETS	17,895	15,845

Sr. No.	Particulars	as on 30 Sep'17	as on 31 March'17
(B)	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity Share capital	254	254
	(b) Other Equity - Reserve	7,510	6,930
	Equity attributable to Equity holders of the Parent	7,765	7,185
	(c) Non-controlling interests	1,755	1,547
	Total Equity	9,519	8,732
2	Non-Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	1,281	1,217
	(ii) Other Financial Liabilities	1	2
	(b) Provisions	53	44
	(c) Deferred Tax Liabilities (Net)	397	337
	Total Non- Current Liabilities	1,732	1,600
3	Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	2,294	2,496
	(ii) Trade Payables	2,560	1,635
	(iii) Other Financial Liabilities	1,320	1,192
	(b) Other Current Liabilities	225	131
	(c) Provisions	1	1
	(d) Current Tax Liabilities (Net)	244	58
	Total Current Liabilities	6,643	5,513
	Total Equity and Liabilities	17,895	15,845

P&L Statement (Standalone): Q2 FY18

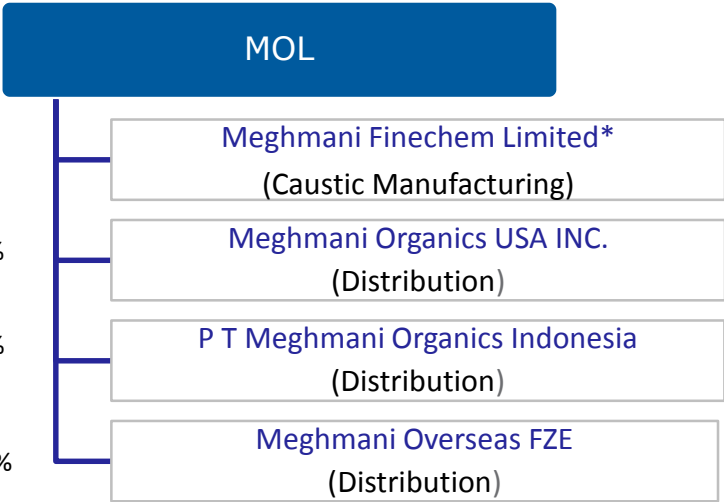
Figures in Rs Million

Particulars	Q2 FY18	Q2 FY17	YoY (%)	Q1 FY18	QoQ (%)	H1 FY18	H1 FY17	YoY (%)
Net sales / income from operations	3,364	2,788	21%	3,009	12%	6,372	5,474	16%
Excise Duty on Sales	-	142	-100%	225	-100%	225	347	-35%
Other Operating Income	71	59	21%	62	14%	133	117	13%
Total Income from Operations	3,434	2,989	15%	3,295	4%	6,730	5,938	13%
Total Expenditure	2,885	2,578	12%	2,840	2%	5,725	5,208	10%
Consumption of Raw Material	2,002	1,803	11%	1,707	17%	3,709	3,563	4%
Personnel Cost	144	132	9%	119	21%	263	248	6%
Other Expenditure	739	500	48%	788	-6%	1,527	1,050	45%
Excise Duty	-	142	-100%	225	-100%	225	347	-35%
EBITDA	550	410	34%	456	21%	1,005	730	38%
Depreciation & Amortisation	104	95	9%	100	4%	204	192	6%
EBIT	446	315	42%	356	25%	801	538	49%
Interest & Finance Charges	75	89	-16%	79	-5%	155	191	-19%
Other Income	80	1	NM	48	67%	127	45	183%
PBT before exceptional items	450	227	98%	324	39%	774	392	97%
Exceptional items	12	24	NM		NM	12	24	NM
PBT	438	203	115%	324	35%	761	368	107%
Tax Expense	150	78	91%	132	13%	282	171	65%
PAT (From ordinary activities)	288	125	131%	191	50%	479	198	143%
Extraordinary items			NM		NM	-	-	NM
PAT	288	125	131%	191	50%	479	198	143%
Minority Expense			NM		NM	-	-	NM
PAT after Minority	288	125	1.3	191	50%	479	198	1.4

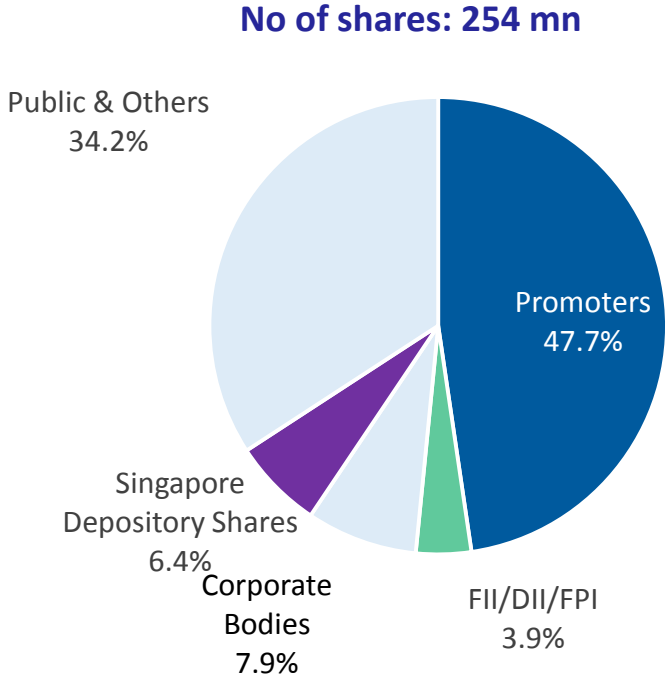
Key Ratios as a % of Net Sales	Q2 FY18	Q2 FY17	Q1 FY18	H1 FY18	H1 FY17
EBITDA	16.3%	14.7%	15.1%	15.8%	13.3%
PAT	8.6%	4.5%	6.4%	7.5%	3.6%
Total Expenditure	85.8%	87.4%	86.9%	86.3%	88.8%
Raw material	59.5%	64.7%	56.8%	58.2%	65.1%
Employee Cost	4.3%	4.7%	4.0%	4.1%	4.5%
Other Expenditure	22.0%	17.9%	26.2%	24.0%	19.2%

Corporate structure and shareholding pattern

Corporate Structure



Shareholding Pattern (Sep 30, 2017)



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

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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