



MEGHMANI FINECHEM LTD.

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URL : www.meghmani.com **CIN :** U24100GJ2007PLC051717

May 20, 2021

To,

National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) Mumbai 400 051	BSE Limited Floor- 25, P J Tower, Dalal Street, Mumbai 400 00
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Sub:- Investor Presentation for the quarter and year ended 31st March, 2021 of Meghmani Finechem Limited.

Dear Sir/Madame,

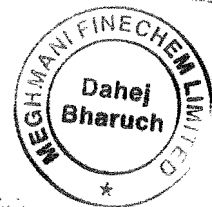
We are enclosing herewith Investor Presentation on the Financials of Meghmani Finechem Limited for the quarter and year ended 31st March, 2021.

We request you to take the same on record.

Thanking you.

**Yours faithfully,
For Meghmani Finechem Limited**

**K D Mehta
Company Secretary & Compliance Officer
Encl: - As above**



C C to: - Singapore Stock Exchange: - **For information of Members.**

MEGHMANI FINECHEM LIMITED

Corporate Presentation



Disclaimer






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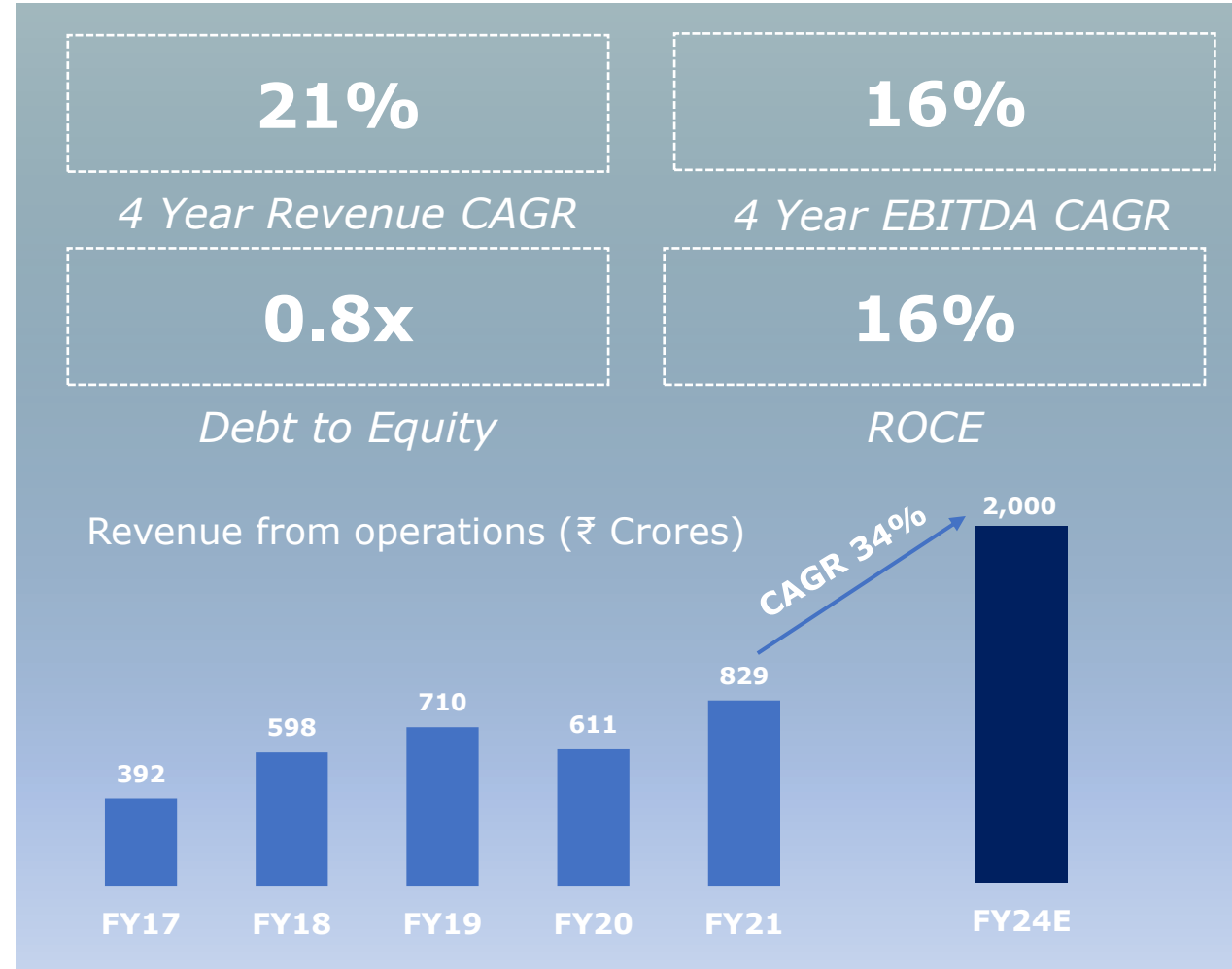
Certain statements in this presentation concerning our future growth prospects are forward looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The Risk and uncertainties relating to the statements include, but are not limited to, risks and uncertainties regarding fiscal policy, competition, inflationary pressures and general economic conditions affecting demand / supply and price conditions in domestic and international markets. The company does not undertake to update any forward -looking statement that may be made from time to time by or on behalf of the company.

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Company Overview

The Next Gen Business

-  **Founded:**
2007
-  **Employees:**
700+
-  **Capacity: Chlor-Alkali – 315 KTPA**
Derivatives – 110 KTPA
-  **Captive Power Plant:**
96MW
-  **Years of Experience:**
35+



What are we into

ESG Focus

- Strong focus on sustainability - awarded with **the 'Responsible Care' Logo by ICC**

Our Business

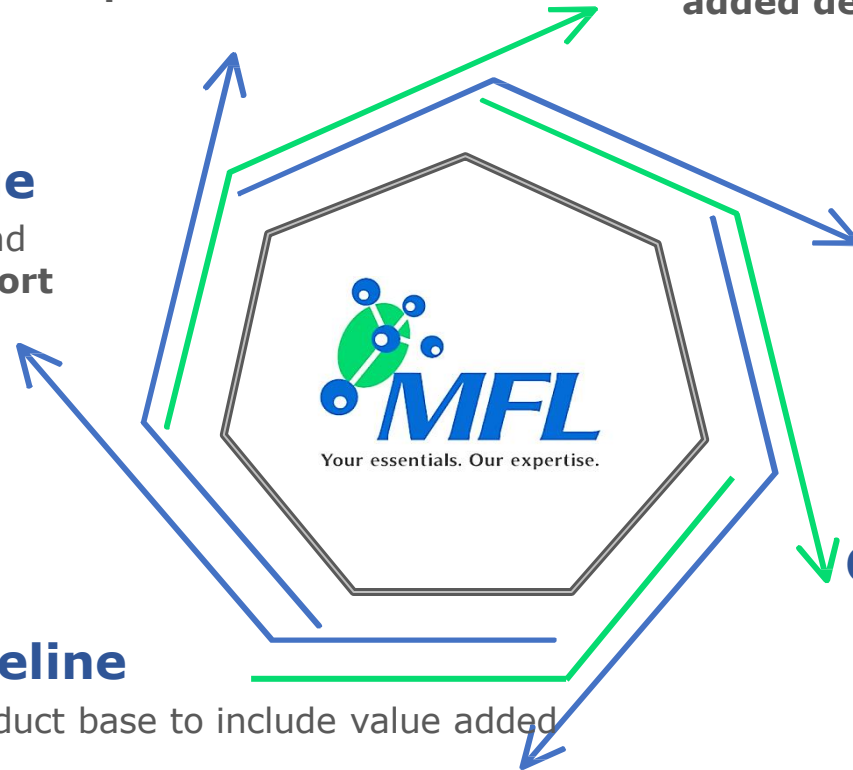
- Leading producer of **Chlor-alkali products and value added derivatives**

Competitive Advantage

- Domestically produced ECH and CPVC to **largely replace import**

Strategic Location

- State of the art manufacturing facilities in Gujarat, **Dahej –India's leading PCPIR region**



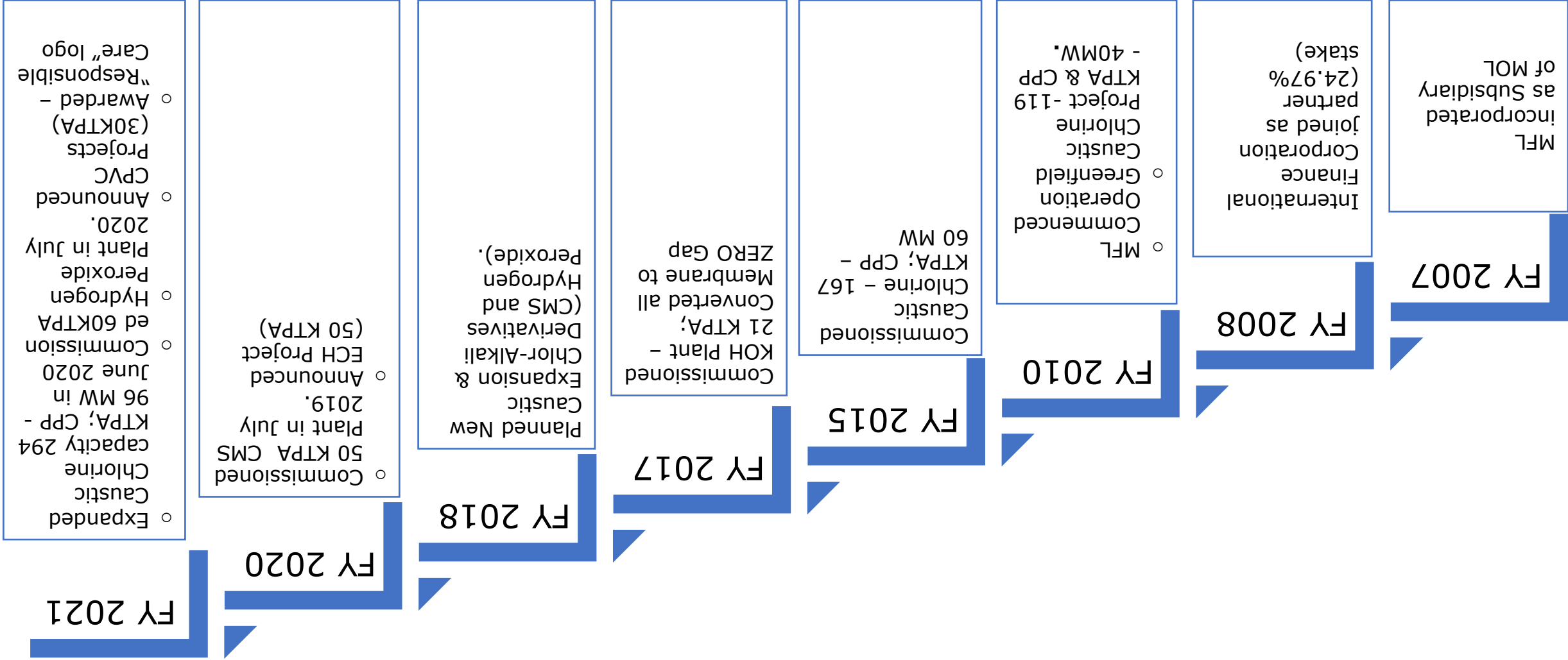
Product Pipeline

- Expanding product base to include value added products
 - **Epichlorohydrin [ECH]**
 - **Chlorinated Polyvinyl Chloride [CPVC]**

Our Products

- Currently producing key products like
 - **Chlor-alkali**
 - **Chloromethane**
 - **Hydrogen Peroxide**

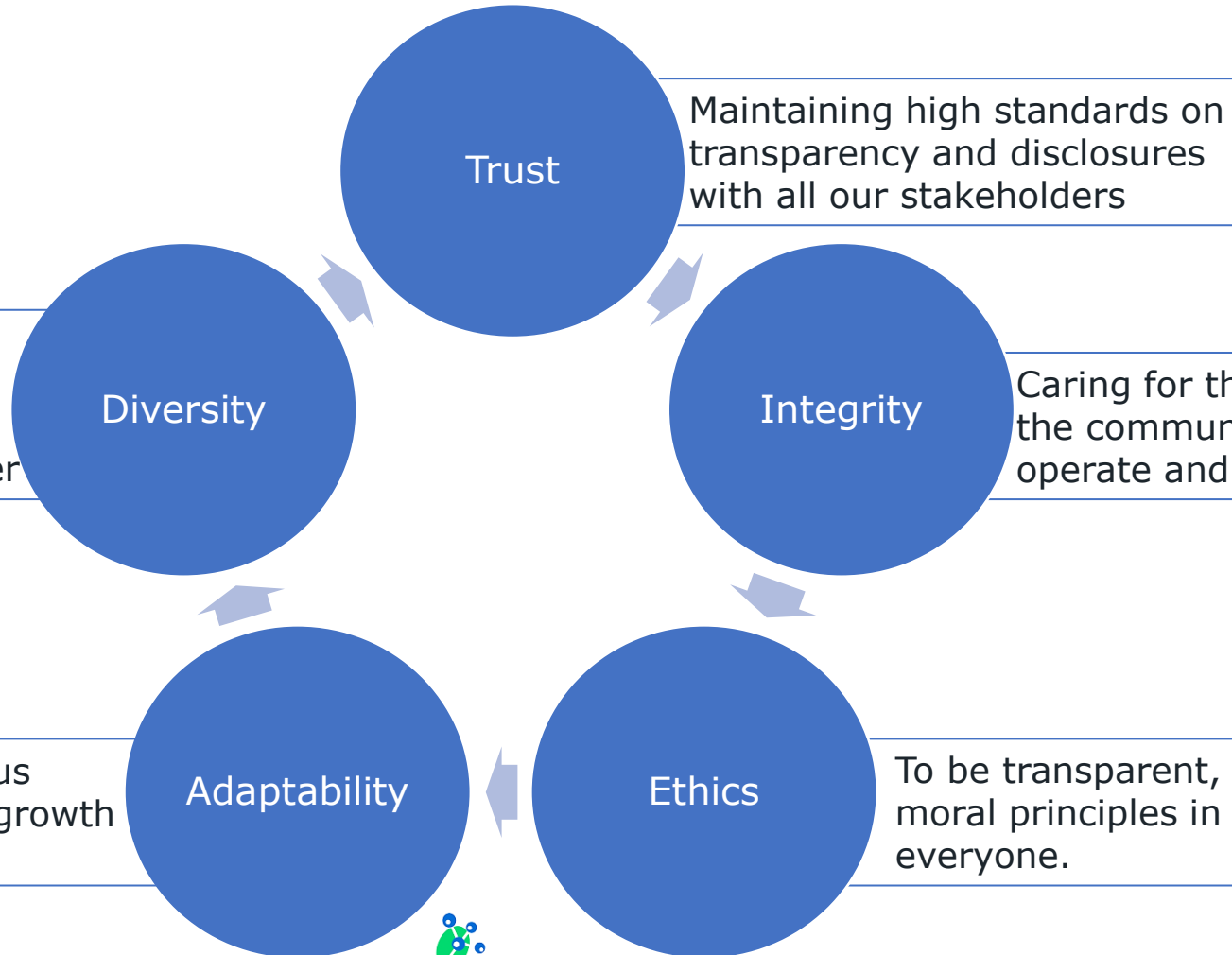
Our Evolution



Driven by Strong Values

Sustainable long term value creation

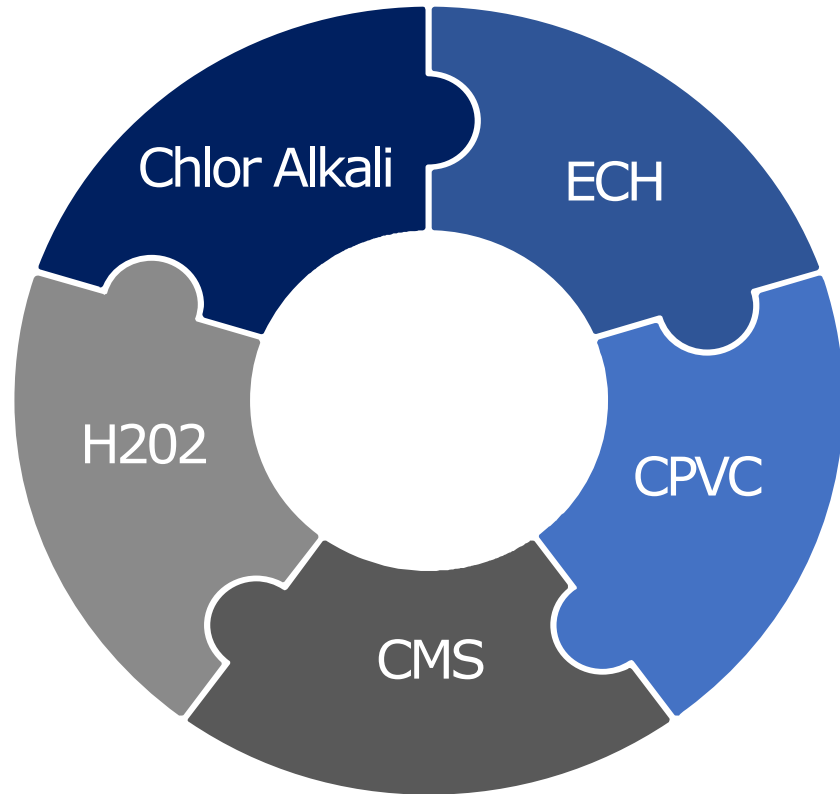
Values: The principles that guide our company strategy



MFL Evolving to value added products

Enabling Capabilities

Fully Integrated Product Portfolio



High Value Products

Import Substitution – Make in India

Diversified End User Industries

Sole Manufacturer of ECH in India

Diversifying Portfolio; De-Risking Business Model

**CMS – Chloromethane, H2O2 – Hydrogen Peroxide, CPVC – Chlorinated Polyvinyl Chloride, ECH – Epichlorohydrin*

Unmatched Strategic Positioning

Competitive Strength



Well Invested Infrastructure

- State of the art manufacturing facility
- Strategic location with close connectivity to ports and raw material availability.
- Large customer base within a 100 km radius



Well established brand

- MFL is a known brand in Indian chemical market
- Serving domestic customers for last 12 Yrs
- Pan India reach through a wide network of distributors



Focused on Efficiency

- Low cost operations as fully backward and forward integration
- Fully automated complex
- Continuous addition of value added products



Diversified Application Base

- Catering to more than 15 industries
- Revenue split is evened out among customer base
- End user market growing rapidly

Underpinned by a Technically Qualified Leadership Team

Catering to High Growth Industries

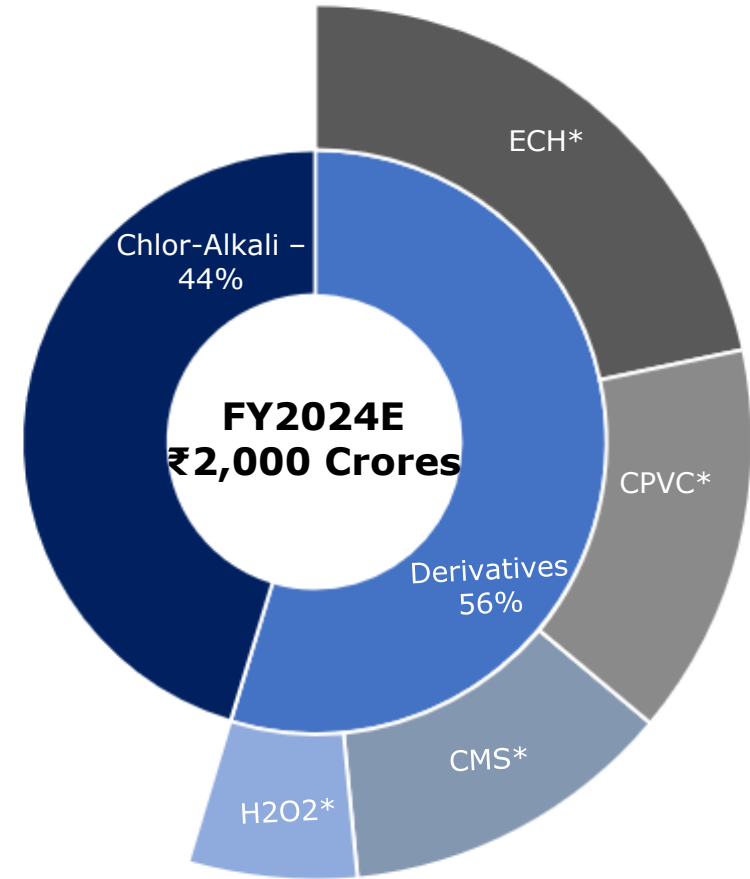
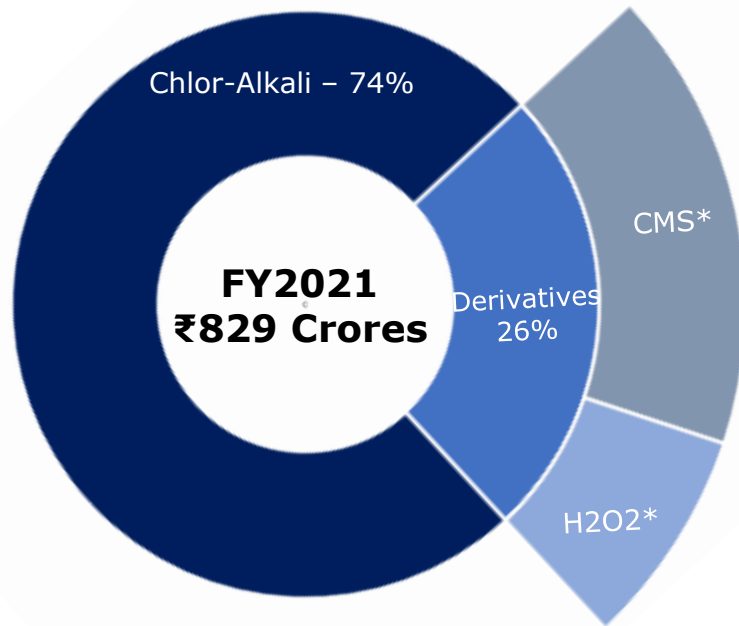
Increased market potential & higher growth exposure



The addressable market for MFL is growing ~10-13% in the next 5 years giving it a huge headroom for growth

Transitioning to Value added products

High value products to fuel future growth



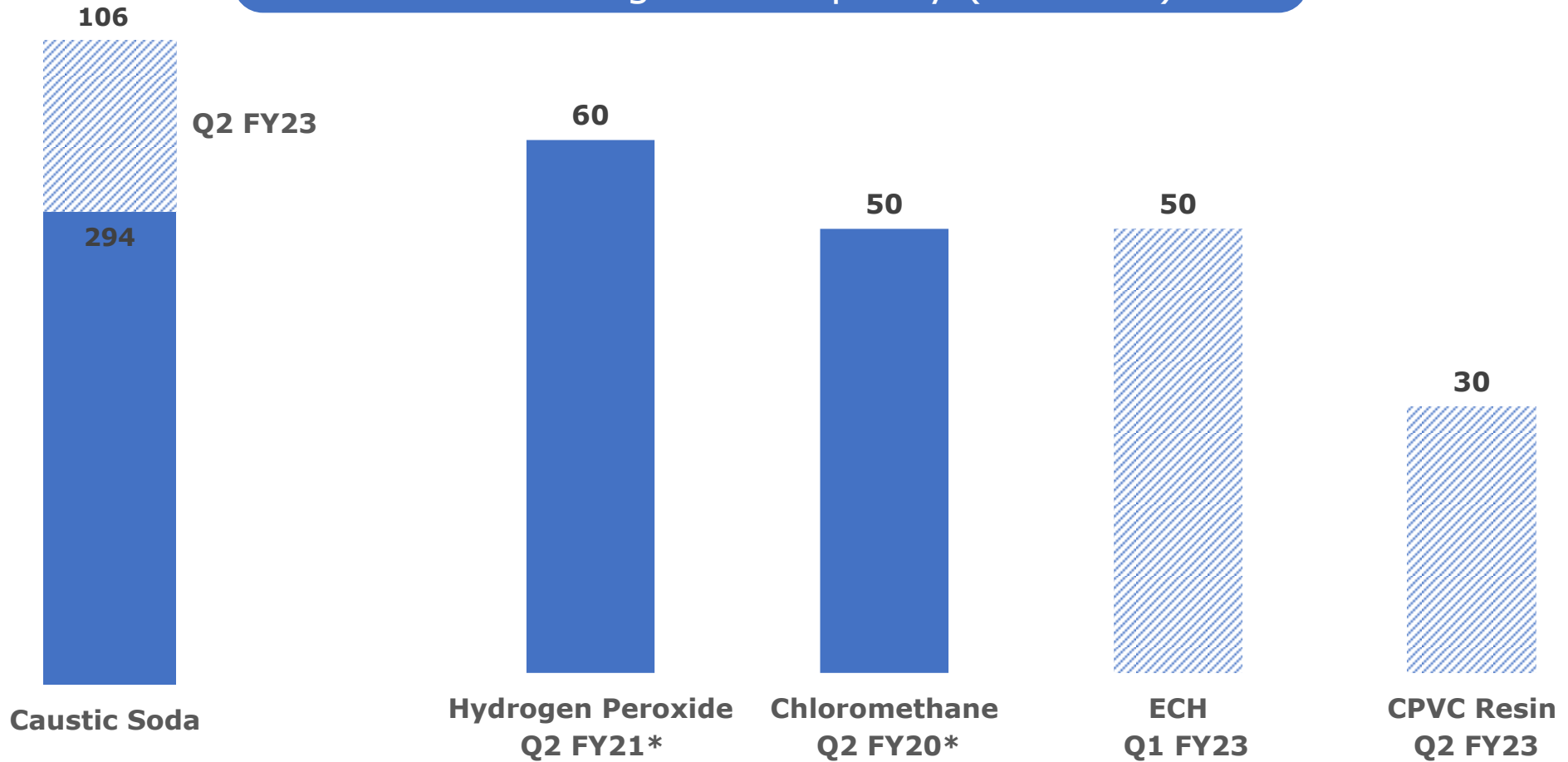
Revenue from the derivatives segment to be >50% by FY24

*CMS – Chloromethane, H2O2 – Hydrogen Peroxide, CPVC – Chlorinated Polyvinyl Chloride, ECH – Epichlorohydrin

Levers of Future Growth

High-margin products with low-cost capacity expansion

Manufacturing Plant Capacity ('000 TPA)



*Expected Commissioning , * Commissioning date*

De-Risked and Diversified Product Portfolio

Existing Products

Hydrogen Peroxide

3rd Largest Producer in India

- The Indian Hydrogen Peroxide market was pegged at Rs. 8.5 billion in FY20 and is expected to grow at 7% CAGR in the coming years
- The industry's capacity stands at 384 KTA
- The demand for Hydrogen Peroxide will continue to grow driven by diverse industrial uses - paper, textiles, chemicals, etc

Chloromethane

3rd Largest Producer in India

- Chloromethane's market is driven by MDC demand growing all over India
- The domestic MDC market was valued at Rs. 14.7 billion in FY20 and is expected to grow at 6% CAGR in the coming years
- The Indian industry's capacity stands at 351 KTA
- Chloromethane's demand is driven by key application segments, like pharmaceuticals, crop protection product, Fluoropolymers, paint remover, chemical processing, foam manufacturing, metal clearing, etc.

Caustic Soda

4th Largest Producer in India

- India's demand for caustic soda likely to grow with CAGR @ 3-4% per annum
- Demand of Caustic Soda will increase to 4.2 Mn Ton by FY 2023
- Provide key raw material to downstream projects viz. ECH and CPVC under value chain addition program
- Cater the need of raw material like Caustic Chlorine and Hydrogen to Group companies for their Expansion Projects
- Additional capacity in existing infrastructure leading to better absorption of overheads

Expanding our product portfolio

Significantly replacing imports

CPVC

- ❖ India's CPVC Requirement: 126 ktpa
- ❖ Demand CAGR: 13%



- Key raw material for heat resistant pipes
- Antidumping duty Imposition on Imports from China and Korea creating opportunity for domestic Market.
- Growing demand of CPVC in India for Pipe and Fittings in Chemical processing and Irrigation.
- India's pipe market size to reach USD \$5B by2027

Epichlorohydrin (ECH)

- ❖ India's ECH Requirement: 62 ktpa
- ❖ Demand CAGR: 10%



- First company in India to produce sustainable bio based ECH
- Domestic alternative for 100% imported product
- Competitive advantage due to captive raw materials
- Estimated Capex of ₹ 270 Cr, with a capacity of 50ktpa

Professional Management Team

Mr. Maulik Patel
Chairman & Managing Director

Mr. Kaushal Soparkar
Managing Director

Mr. Magan Hania
Manufacturing

Mr. R. S. Rajan
Manufacturing - CPP

Mr. Sanjay Jain
Chief Financial Officer

Mr. Naresh Agarwal
Sales & Marketing

Mr. Pritesh Shah
Supply Chain

Mr. Hamid Sayyad
EHS

Mr. Vikram Bhatt
Human Resource

Mr. Milind Kotecha
Investor Relations

Focussed on Sustainable Operations

Strong ESG Focus

Our Sustainability Standards



Employee & Community Care

- We support, develop and inspire our people to achieve their personal best and treat them with dignity and respect.



Resource Efficiency

- We manage critical resources to minimize consumption and waste, increase reuse and recycle of materials, and drive operations efficiently.



Energy & Climate Cognizance

- We strategically manage our energy and carbon footprint, driving greater efficiency and increasing utilization of renewable resources.



Process Innovation

- We seek to maintain this commitment through an intensive practice of "never-ending process of improvement."

MFL's **upcoming ECH plant** is India's first plant to run on **100% renewable sources**.

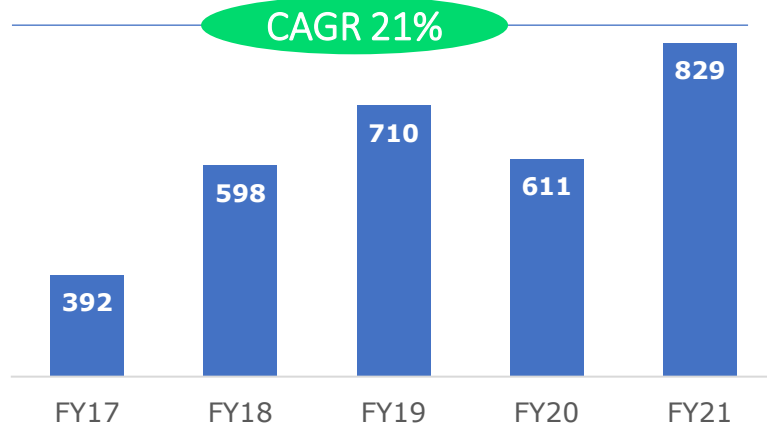
MFL has been awarded the highly recognized "Responsible Care" logo and committed to the **highest standards of health, safety and environment performance**.



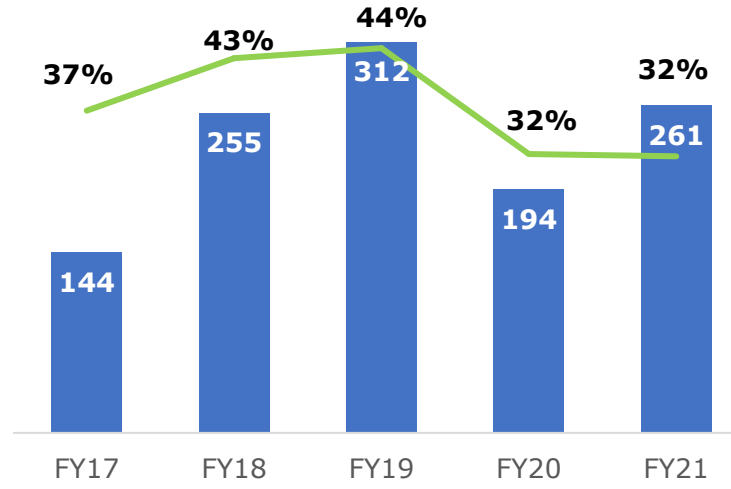
Generating Sustainable Profits

Stakeholder Value Creation

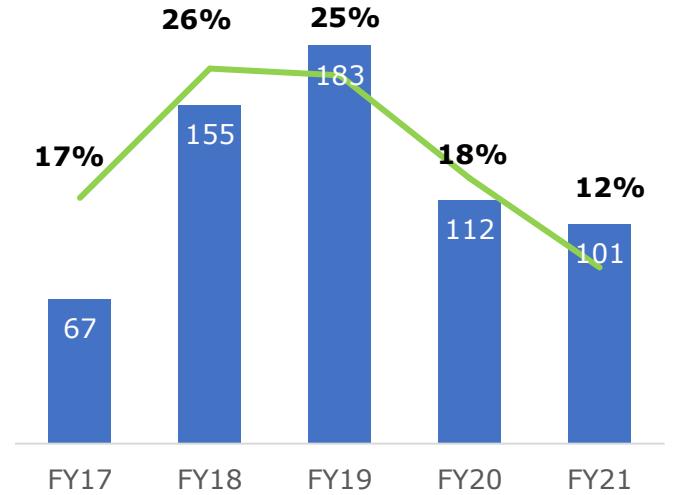
Revenue from operations
(₹ Crores)



EBITDA (₹ Crores)



PAT (₹ Crores)



EBITDA Margin

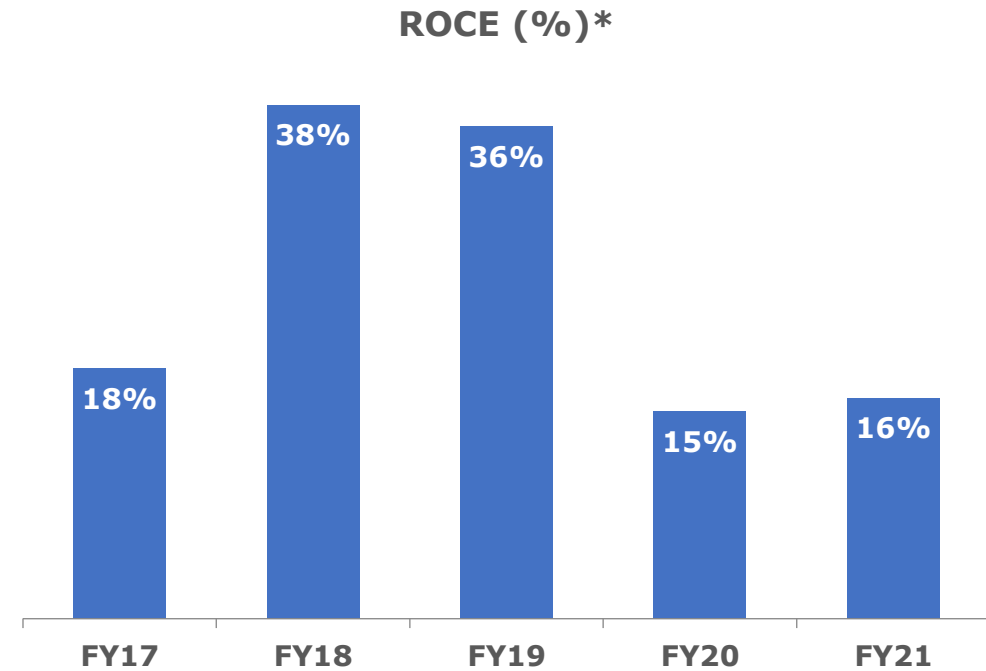
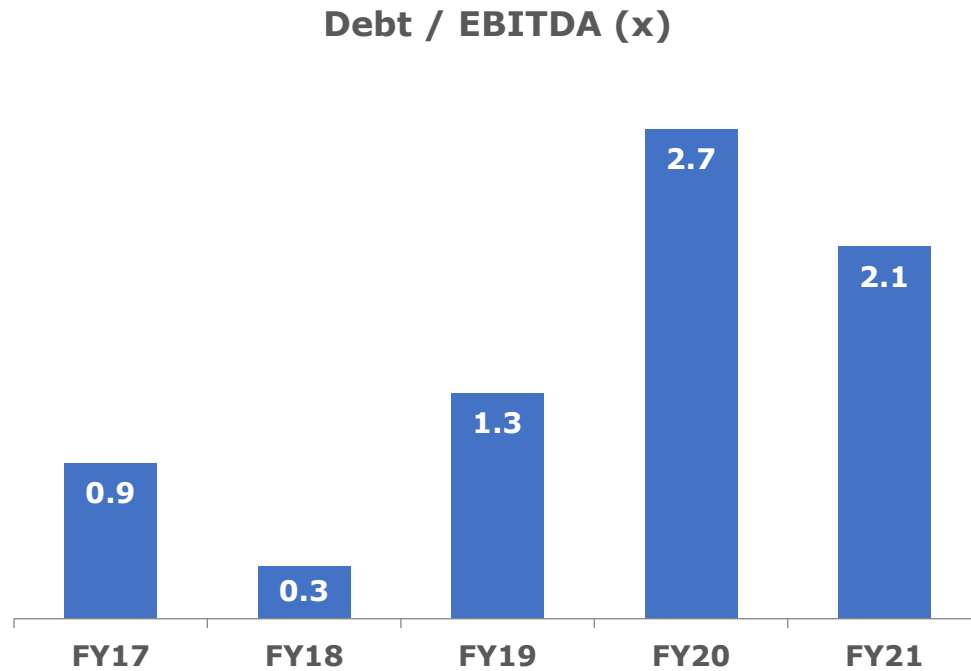
PAT Margin*

*PAT in FY21 affected due to higher depreciation & finance cost

Strong Growth Track Record

Maintaining Strong Balance Sheet

Achieving Strong growth without extensive debt



**ROCE for FY20 & FY21 was impacted by higher CAPEX*

Superior Balance Sheet Strength

Priorities going forward



INTEGRATION:

Strengthen the fully integrated portfolio through process optimisation and efficiency improvements



COST:

Accelerate the next gen business and improve economies of scale



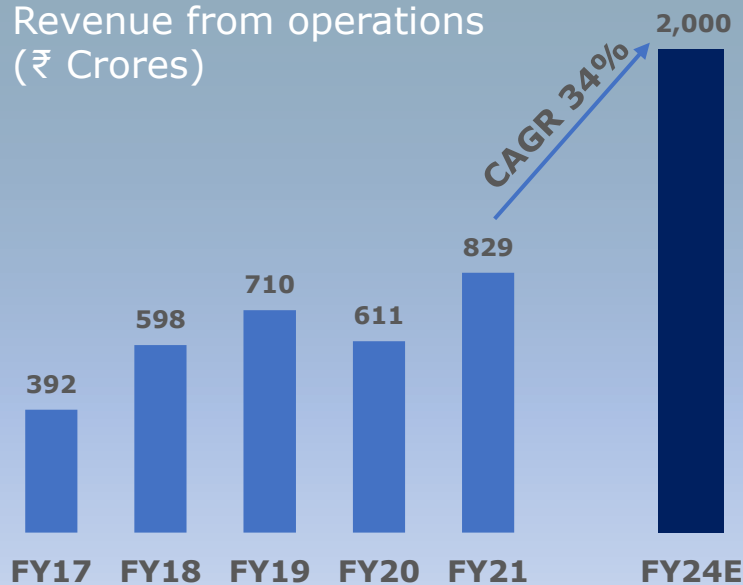
GROWTH:

Identify high value products to further improve business portfolio

Investment Thesis

State of the art and scalable manufacturing facilities.

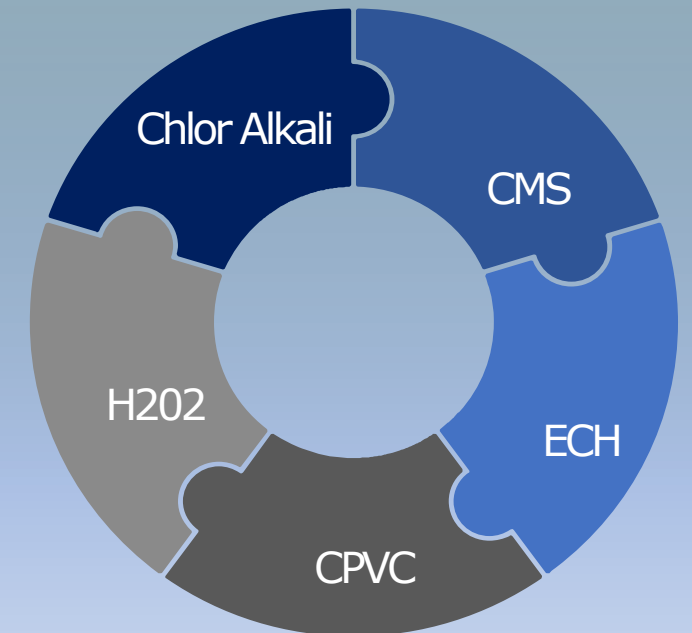
Revenue from operations
(₹ Crores)



Demerger unlocks the value of 'Chloro Alkali and its value added Derivatives' business currently embedded in the value of Meghmani Organics ('MOL')



Setting up India's first bio based ECH manufacturing facility and expanding its product portfolio to value added derivatives



Q4 FY21 & FY21 Earnings



Key Highlights

Operational Highlights:

- Capacity utilisation in all areas of production was at its optimum despite challenging operating conditions due to lockdown
- In the very 2nd year of operations, chloromethanes achieved 100% capacity utilisation
- Successfully commissioned H2O2 plant and phase II of caustic soda

Financial Highlights:

- FY21 revenue from operations 36% higher at Rs.829 Crores despite disruption due to Covid-19
- Stable EBITDA margin of 32% driven by higher production and cost-efficient operations
- Depreciation higher on account of commissioning of new plants; PAT at Rs.101 crores

Strategic Update:

- NCLT order received on 3rd May 2021 / listing application to be filed with BSE by may end.
- MFL is expected to be listed by Q2FY22

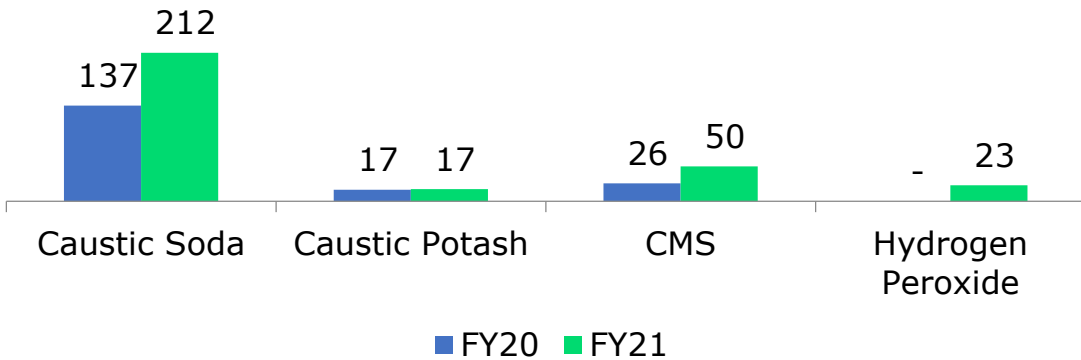
CMD's Message

“The last year has been quite challenging and has brought many economic hardship and a host of other constraints many of us. Throughout the pandemic, our firm has worked tirelessly to fulfill our most fundamental responsibility: supporting our employees, customers, clients, and communities. Despite these disruptions our company showed tremendous resilience and delivered a strong business performance. Our FY21 revenue grew 36% and we maintained a strong EBITDA margin of 32%

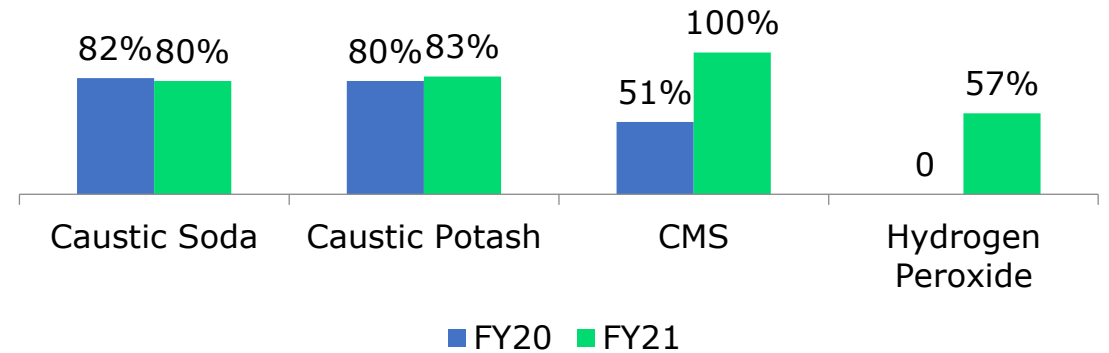
We are extremely excited about the growth prospects of MFL and its transition as in independent company. We will maintain our focus on cost efficient operations and on the value-added derivatives of chlor-alkali. Our state-of-the-art manufacturing facilities provide us with a unique strategic edge. The capacity expansion of our existing products along with our foray into ECH and CPVC will catapult us to a higher growth trajectory and at the same time create superior value for our shareholders. Sustainability and strong governance will continue to be our core focus areas and we will be driven by global best standards and practices.”

FY21 Operational Overview

Production ('000 MT)



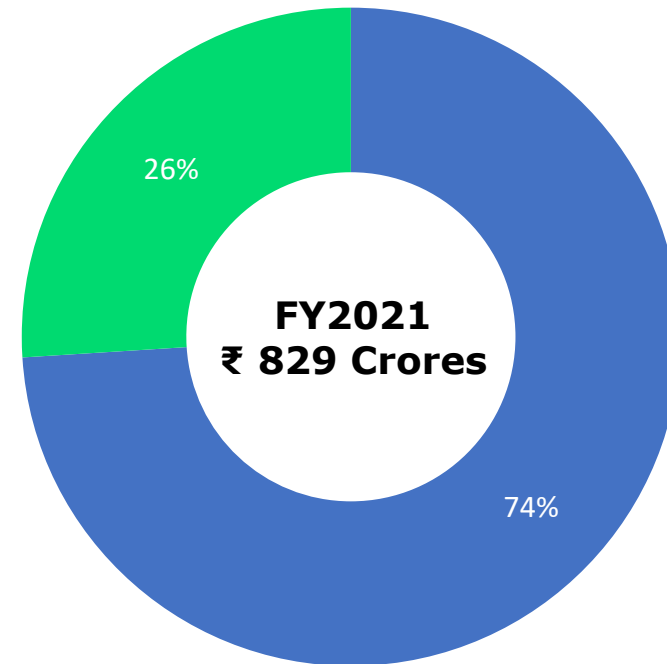
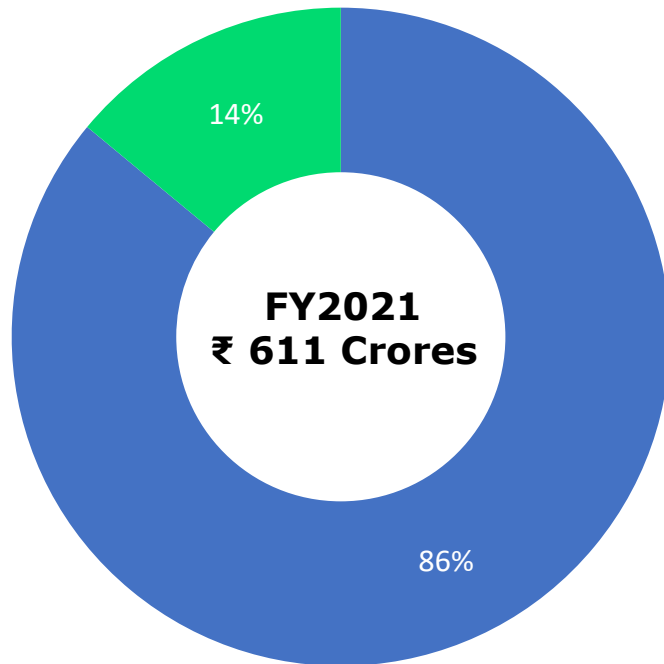
Capacity Utilisation



- Achieved optimum capacity utilisation in FY21
- CMS plant achieved 100% capacity utilisation driven by surge in demand for Methylene Dichloride
- Caustic Soda production increased 55% post capacity expansion and commissioning
- ECU Realisation was Rs.22,142 (FY21) from Rs.30,023 (FY20), it got impacted by 26% on account of lower demand from end use segments

FY21 Financial Highlights

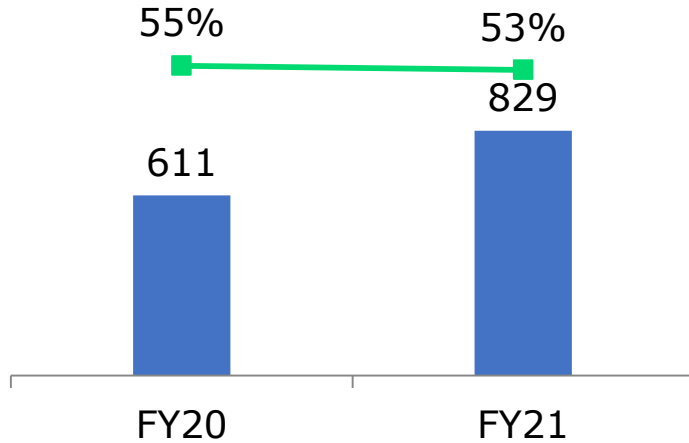
Diversification on Track; Business Model being De-Risked



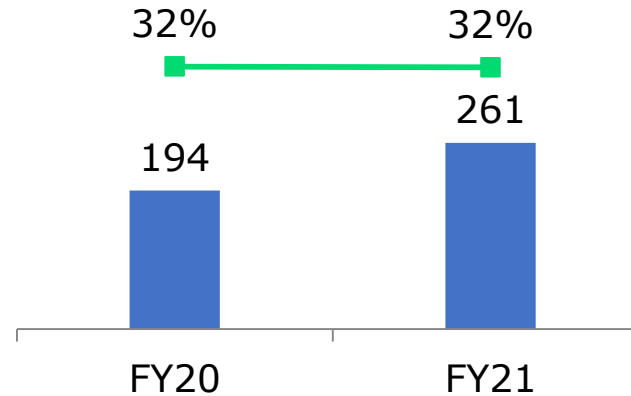
■ Chlor-Alkali ■ Derivatives

FY21 Financial Highlights

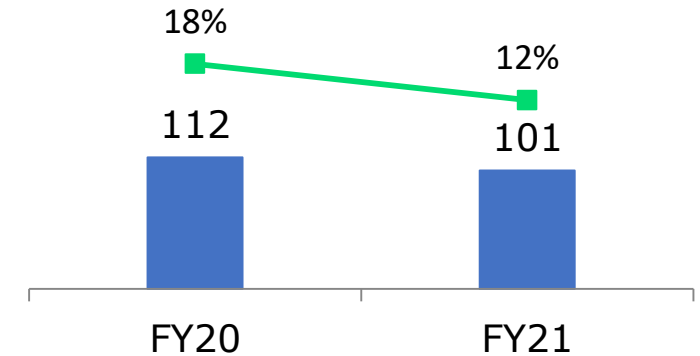
Revenue & Gross Margin



EBITDA & EBITDA Margin



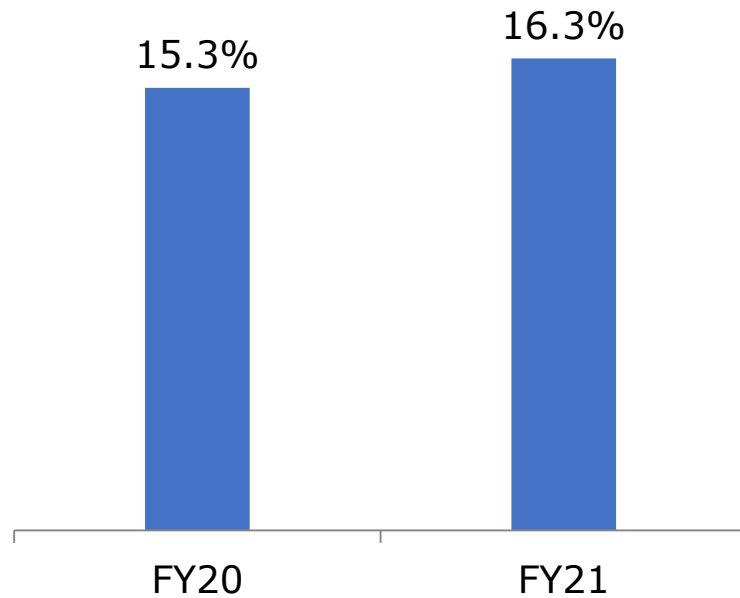
PAT & PAT Margin



- Revenue increased by 36% on account of higher capacity utilisation and CMS demand
- EBITDA margin maintained at 32% on account improved production and cost control measure. EBITDA in absolute terms has increased by 32%.
- In FY21, cash profit has increased to Rs.174 crore compared to Rs. 156 crore in FY20, PAT was Rs.101 crore on account of higher interest and depreciation due to commissioning of new capacities

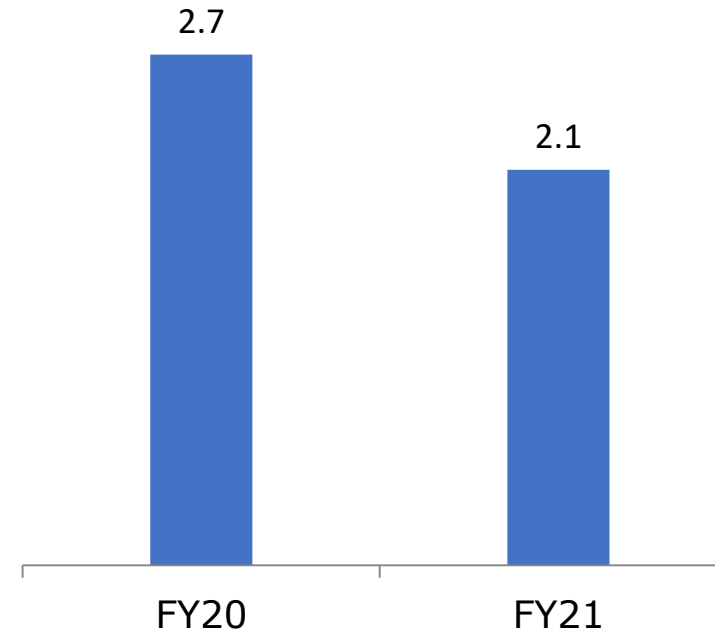
FY21 Financial Highlights

ROCE (%)



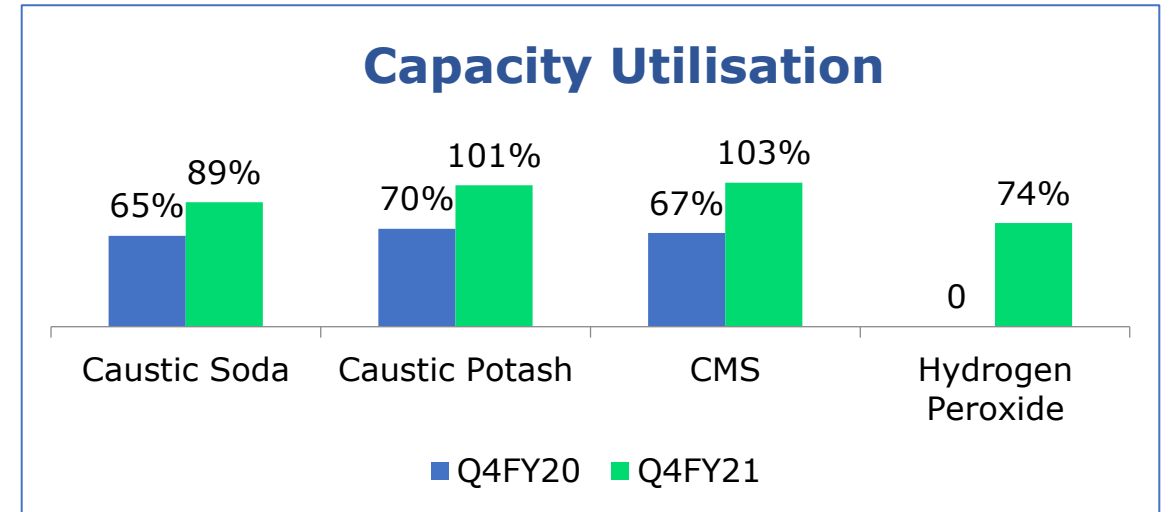
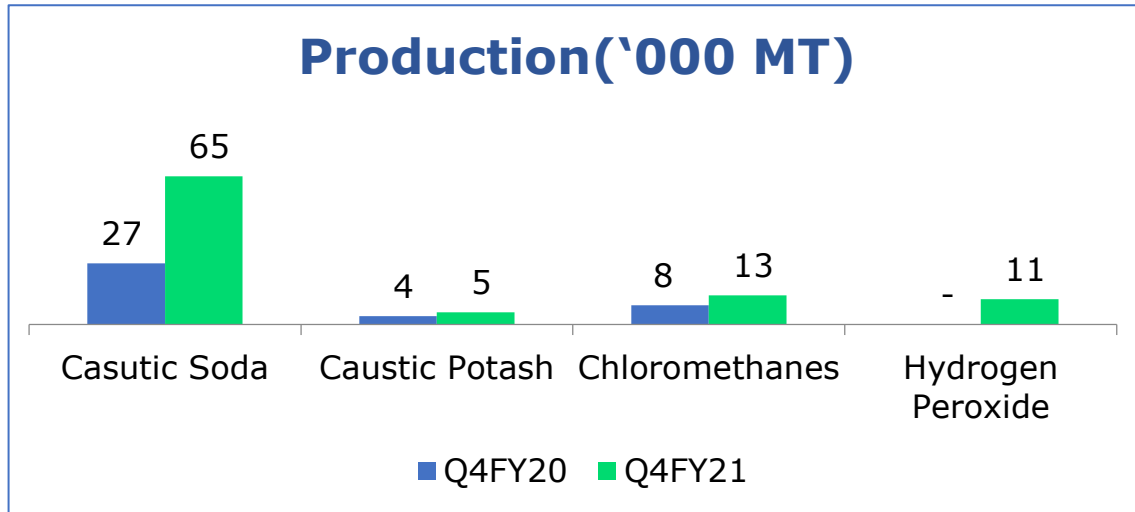
ROCE% increased marginally at 16.3% even on larger capital employed base after the expansion

Debt/EBITDA (x)



Debt/EBITDA has improved on account of improvement in earnings and regular repayment of debt

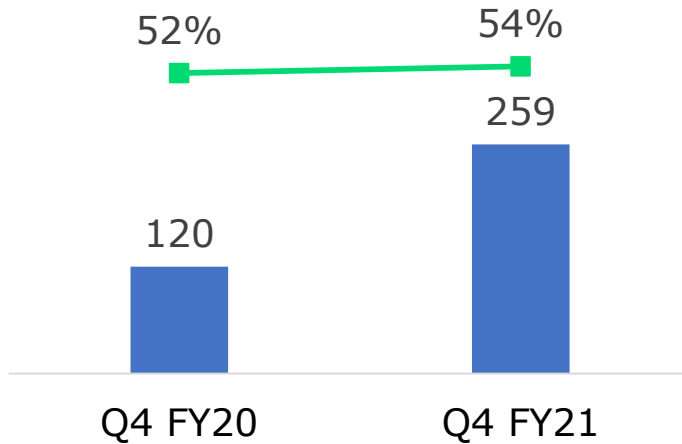
Q4 FY21 Operational Overview



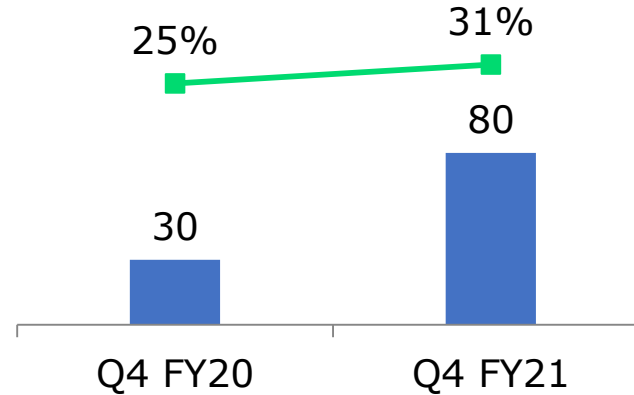
- Caustic Soda production increased 143% YOY on account of capacity expansion and commissioning
- CMS production increased 52% YOY in the first full year of CMS operations
- ECU Realisation was Rs. 23,246 (Q4FY21) from Rs. 25,722 (Q4FY20), it got impacted by 10% on account of lower demand from end use segments
- Despite covid-19 disruptions, Hydrogen Peroxide and Caustic Soda phase II plant was commissioned as per schedule

Q4FY21 Financial Highlights

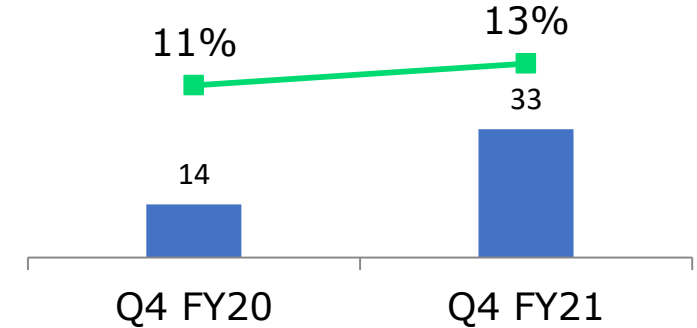
Revenue & Gross Margin



EBITDA & EBITDA Margin



PAT & PAT Margin



- Sales increased 115% YOY driven by higher sales of Chlor-alkali and its derivatives (98% & 183% respectively)
- EBITDA margin expanded 600 bps to 31% compared with 25% in Q4FY20; Absolute EBITDA grew 165% to Rs. 80 crore
- PAT increased 142% to Rs. 33 crore due to better capacity utilization

Project Update

Product	Capacity	Expected Commissioning Date
Caustic Soda – Additional Capacity	106KTPA	Q2FY23
Epichlorohydrin	50KTPA	Q1FY23
CPVC	30KTPA	Q2FY23

- Total Capex of all three projects would be ~ Rs. 695 Crores
- Amount spent for capex of above projects in FY21 is Rs. 134 Crores
- Amount that will be spent for above capex in FY22 would be ~ Rs. 350 Crores
- Expansion projects completion status
 - Epichlorohydrin – 60%,
 - CPVC – 40%
 - Caustic Soda – 40%.

Income Statement

Particulars (INR Cr)	Q4FY21	Q4FY20	% Change	FY21	FY20	% Change
Revenue from Operations	259	120	115%	829	611	36%
Gross Profit	140	62	124%	443	335	32%
Gross Margin (%)	54.0%	51.7%		53.5%	54.9%	
EBITDA	80	30	165%	261	194	35%
EBITDA Margin (%)	31.1%	25.1%		31.5%	31.8%	
Depreciation	21	10	109%	74	44	66%
Finance Cost	4	5	(24)%	29	11	161%
PBT	55	15	278%	161	141	14%
PAT	33	14	142%	101	112	(10)%
PAT Margin (%)	12.7%	11.3%		12.1%	18.3%	
Cash Profit	54	24	128%	174	156	12%
EPS (INR.)	7.9	3.3	142%	24.3	27.0	(10)%

Balance Sheet

Assets (₹ Cr)	FY21	FY20	Liabilities (₹ Cr)	FY21	FY20
Fixed Assets	1,228	1,131	Share Capital	42	42
Financial Assets	10	4	Reserves & Surplus	643	542
Other Non-current Assets	29	5	Long-Term Borrowings	340	418
Inventories	54	48	Long-term Provisions	35	7
Trade Receivables	119	76	Short Term Borrowings	75	20
Cash & Bank Balances	1	0	Trade Payables	73	47
Loans & Advances	0	0	Other Current Liabilities	240	198
Other Current Assets	8	7	Short Term Provisions	0	0
Total	1,449	1,273	Total	1,449	1,273

ESG/CSR Initiatives

Caring for Our Community

Distributed medical & PPE kits in the Viramgam region

Donation of Ventilator in Bharuch

Medical Check ups for salt workers in Dahej

Distribution of food kits in Bharuch amid the pandemic

Hostel Facility for 1500 girls at Umiyadham Campus

Water consumption decreased by 11%

Power consumption decreased by 4% - 12%

Chemical consumption decreased by ~ 8%

Employees productivity increased by 16%

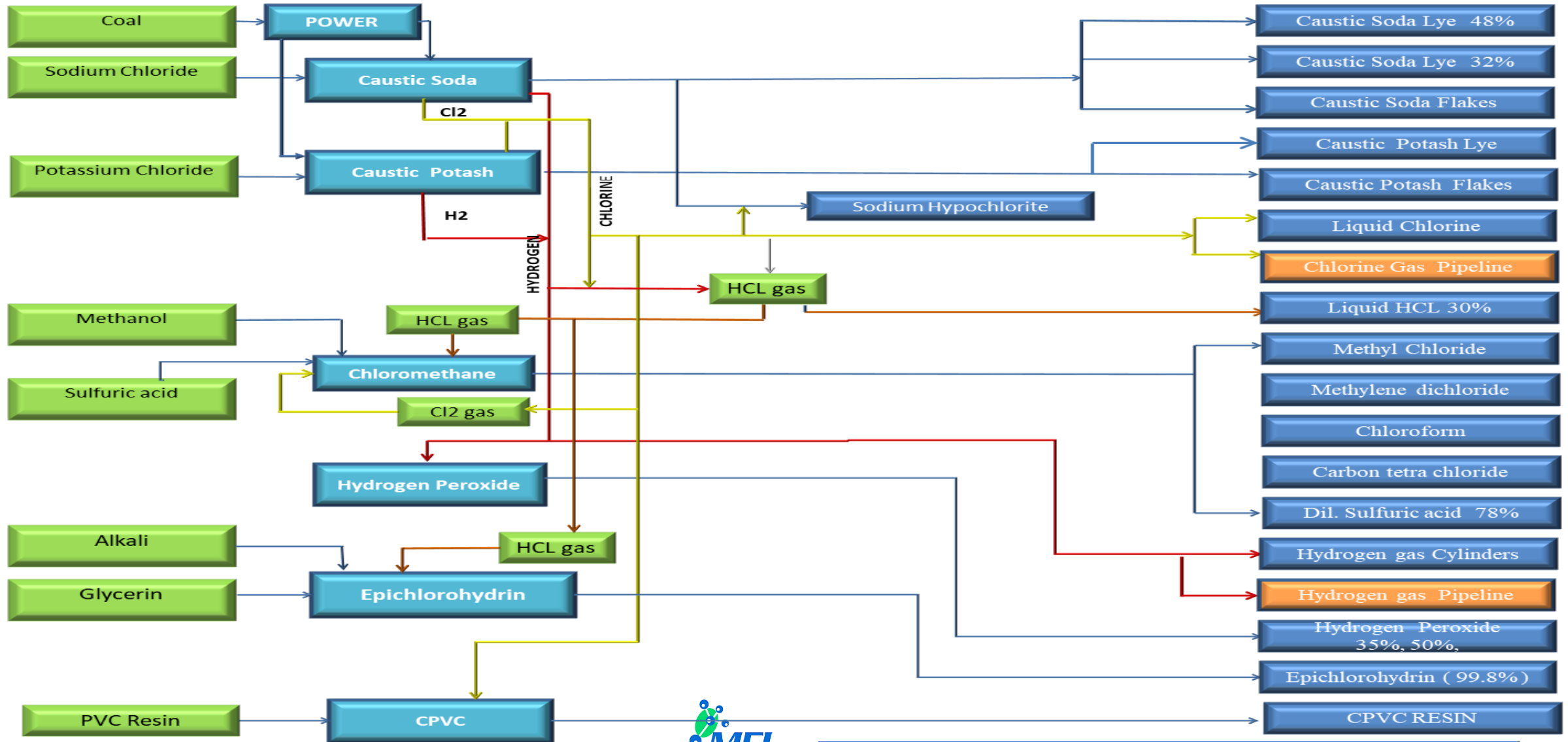
Tree plantation activities in Dahej

APPENDICES



Fully Integrated Complex

Process flow chart at Dahej Plant



Historic Income Statement

Particulars (₹ Cr)	FY17	FY18	FY19	FY20	FY21
Total Revenue	393	602	720	613	831
Gross Profit	167	359	455	335	443
Gross Margin (%)	43%	60%	64%	55%	53%
EBITDA	144	255	312	194	261
EBITDA Margin (%)	37%	43%	44%	32%	32%
Depreciation	55	55	54	44	74
Finance Cost	14	9	25	11	29
PBT	75	195	242	141	161
PAT	67	155	183	112	101
PAT Margin (%)	17%	26%	25%	18%	12%
EPS (₹)	9.4	22.0	25.1	27.0	24.3

Historic Balance Sheet

Assets (₹ Cr)	FY19	FY20	FY21	Liabilities (₹ Cr)	FY19	FY20	FY21
Fixed Assets	763	1,131	1,228	Share Capital	41	42	42
Financial Assets	5	4	10	Reserves & Surplus	452	542	643
Other Non-current Assets	22	5	29	Long-Term Borrowings	365	418	340
Inventories	41	48	54	Long-term Provisions	9	7	35
Trade Receivables	77	76	119	Short Term Borrowings	2	20	75
Cash & Bank Balances	129	0	1	Trade Payables	36	47	73
Loans & Advances	1	0	0	Other Current Liabilities	136	198	240
Other Current Assets	6	7	8	Short Term Provisions	2	0	0
Total	1,044	1,273	1,449	Total	1,044	1,273	1,449

About Us & Investor Contacts

Meghmani Finechem Limited (“MFL”), incorporated in 2007, is a leading manufacturer of ChlorAlkali products and value-added derivatives. The company has state of the art manufacturing facilities in Gujarat, Dahej – a leading PCPIR region in the country. MFL’s Dahej facility is a fully integrated complex with a well-established infrastructure and captive power plants. The company is India’s 4th largest manufacturer of Caustic Soda Lye Chlorine and Hydrogen and a leading manufacturer of Caustic Potash Chloromethanes and Hydrogen Peroxide. MFL is now expanding its product base to include value added derivative products like Epichlorohydrin (ECH) and Chlorinated Polyvinyl Chloride (CPVC), which are a key raw material for multiple end user industries but are currently fully imported. The company is focused on sustainable value creation for all its stakeholders and has recently been awarded with the responsible care logo.

For more information on the company, its products & services please log on to www.meghmanifinechem.com or watch this [video](#).

Milind Kotecha

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Surabhi Sutaria

surabhi@goindiaadvisors.com