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Sub: - Q3 & 9M FY18 Investor Presentation- 31.12.2017

Thanking you.

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Stock Exchange



Meghmani Organics Limited (MOL)

Q3 & 9MFY18 Investor Presentation (February 2018)

Q3FY18: Robust growth in net sales and profitability

Net Sales
(In Rs mn) **4,431**
Up 41% YoY

EBITDA
(In Rs mn) **1,172**
Up 93% YoY

Margin **26.5%**

PAT
(In Rs mn) **435**
Up 118%

Margin **9.8%**

Pigments: 33% growth in Net Sales led by higher volumes



- Net Sales up 33% driven by 52% growth in exports
- Sales volume up 23% with increased realisations
- EBITDA increased 6% YoY to Rs 206 mn led by higher Net Sales, EBITDA margin at 14%
- Utilisation at 75%, up from 70% in Q3FY17

Agrochemicals: Net Sales up 54%, EBITDA Margin up at 19%



- Net Sales up 54% led by robust growth in exports (up 64%) and domestic market (up 32%)
- Sales volume up 18% along with higher realisations
- Increased capacity utilisation at 58%
- EBITDA up 4.6X to Rs 282 mn led by higher realization on products & sale of higher margin products, EBITDA Margin up at 19%

Basic Chemicals: Net Sales up 55%, EBITDA Margin up at 45%

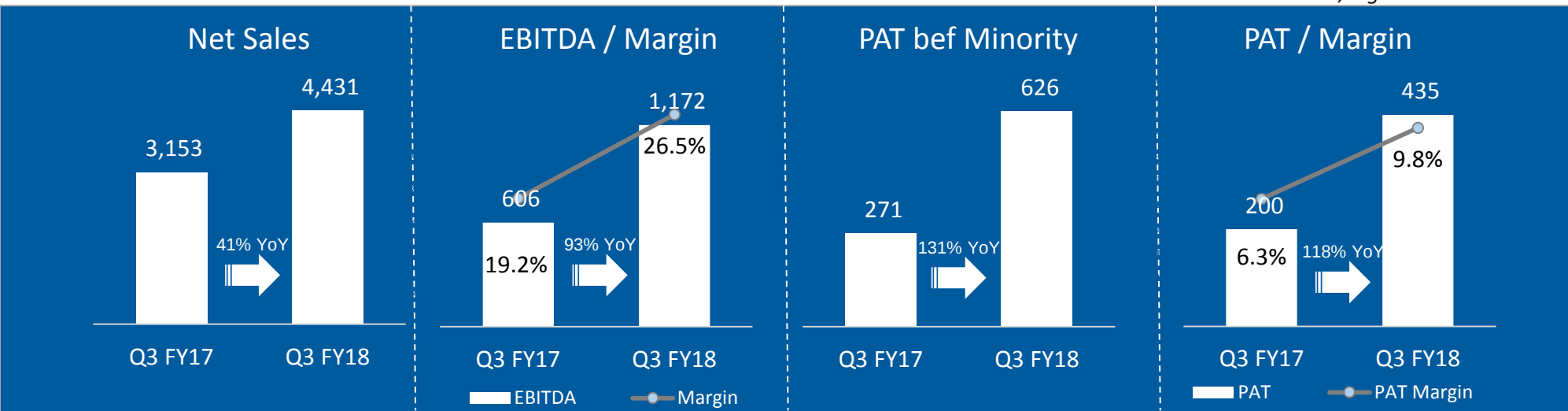


- Net Sales up 55% on account of higher blended realisations and sales volume up 11%
- Utilisation up at 83%
- EBITDA Margin of 45%

Q3FY18 Performance

Stellar performance driven by growth in all segments

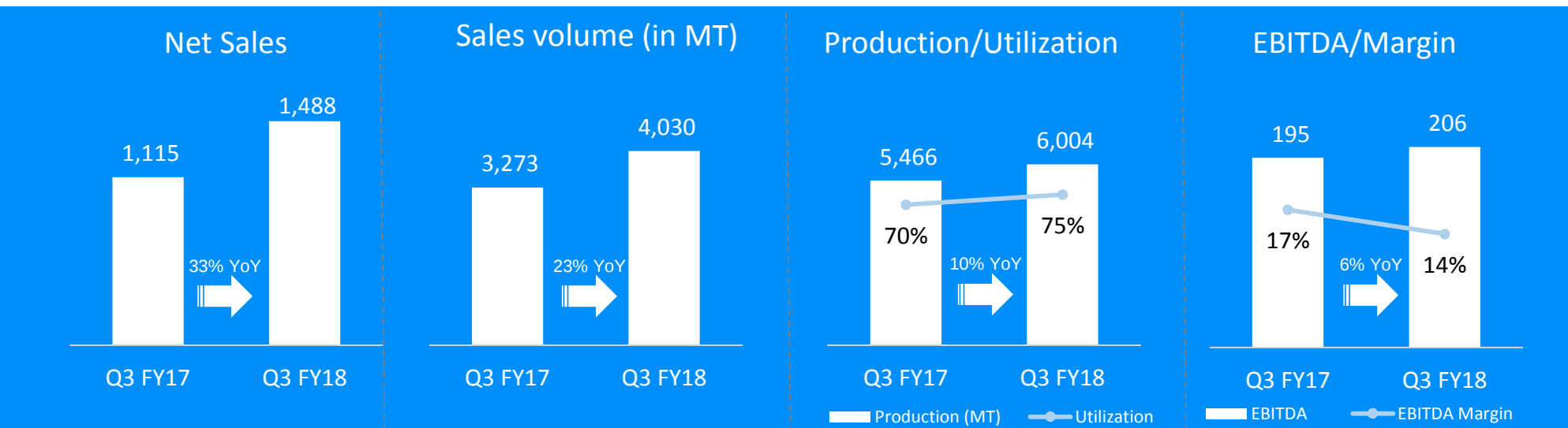
Consolidated, Figures in Rs mn



- Net Sales up 41% at Rs 4,431 mn driven by strong exports growth of 45% and domestic growth of 35%; Exports contributing 56% to Net Sales
- EBITDA up 93% as raw material cost as percentage of Net Sales declined from 54.7% to 52.0% while other costs as a percentage of Net Sales declined from 22.9% to 18.5%
- Interest outflow down 22% to Rs 99 mn compared to Rs 128 mn in Q3FY17 with reduced debt
- PAT increased 118% to Rs 435 mn; PAT margin at 9.8%

Pigments: 33% growth in Net Sales led by higher volumes

Consolidated, Figures in Rs mn

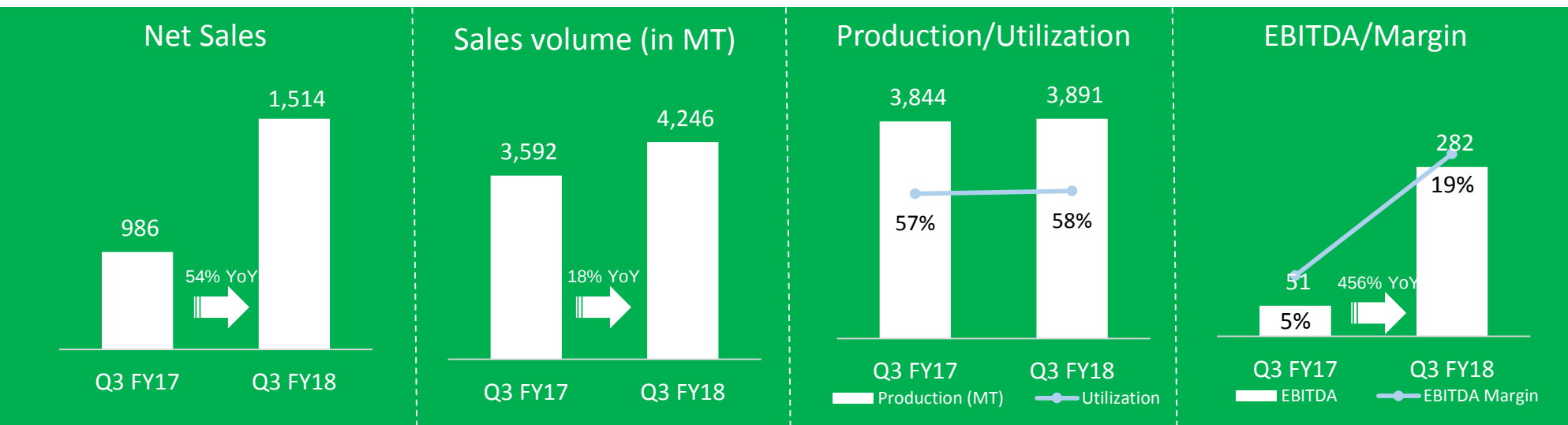


Note: Including intersegment data, excluding Excise duty

- Net Sales up 33% YoY at Rs 1,488 mn, driven by robust growth of 52% in exports; exports share at 85%
 - Net Sales in Domestic market declined due to increased focus on higher margin exports
 - Total sales volume up 23% YoY, with higher blended realization
- EBITDA increased 6% YoY to Rs 206 mn led by higher Net Sales while EBITDA Margin declined marginally to 14%
- Utilization increased to 75% compared to 70% in Q3FY17, production up 10% YoY

Agrochemicals: Net Sales up 54%, EBITDA up 4.6X

Consolidated, Figures in Rs mn

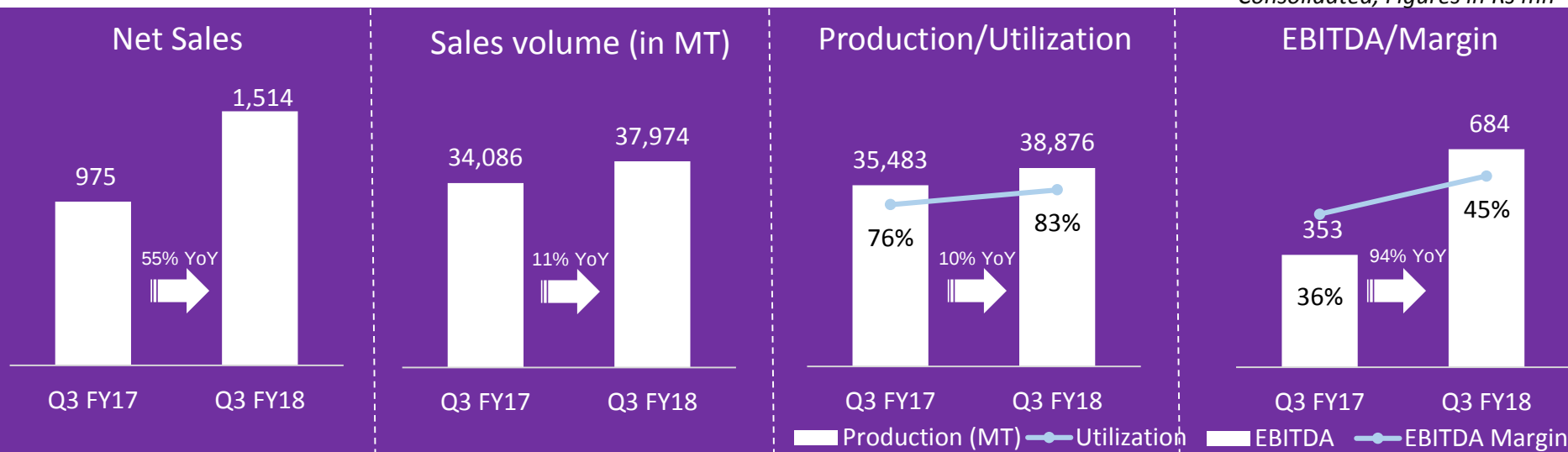


Note: Including intersegment data, excluding Excise duty

- Net Sales increased by 54% YoY to Rs 1,514 mn led by robust growth in Domestic and Exports market, up 32% and 64%, respectively
 - Exports market contributed 69% to Net Sales compared to 64% in Q3FY17
 - Sales volume up 18% coupled with strong growth in blended realizations on account of increased sale of higher margin products
- EBITDA increased 456% on account of higher realization on products; EBITDA Margin up at 19% as compared to 5% in Q3 FY17
- Utilization at 58%, Production increased marginally

Basic Chemicals: Net Sales up 55% and EBITDA up by 94%

Consolidated, Figures in Rs mn

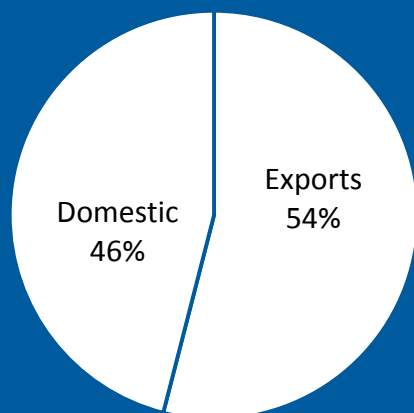


Note: Including intersegment data, excluding Excise duty

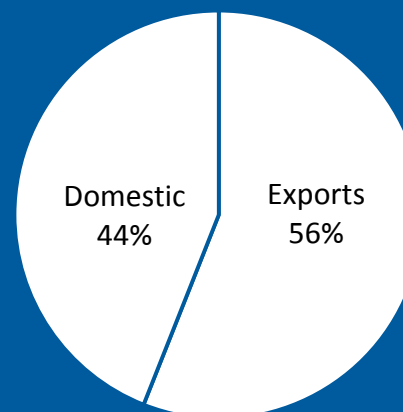
- Net Sales up 55% YoY at Rs 1,514 mn driven by strong growth in blended realisations coupled with higher sales volume
- EBITDA up 94% YoY to reach Rs 684 mn, EBITDA Margin at 45%
- Utilisation at 83%, Caustic potash plant ramped up to a higher level of 70%
- Chloromethane plant of 40,000 MTPA progressing as per plan, expected to be commissioned by Dec'18

Strong growth in Domestic and Exports market

Q3FY17



Q3FY18



Consolidated, Figures in Rs mn

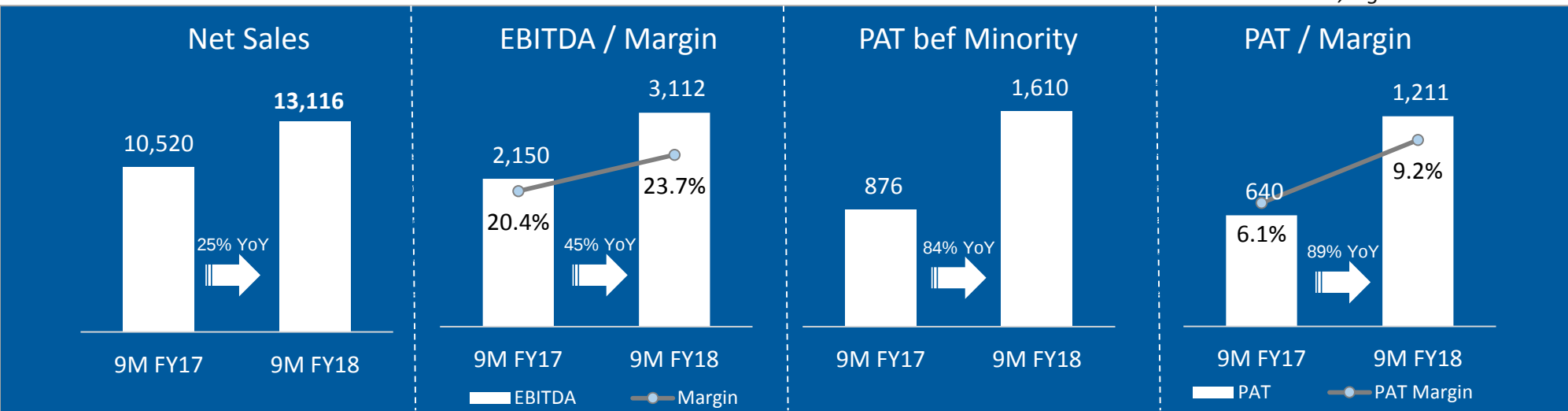
Segmental breakdown						
	Q3FY17			Q3FY18		
	Exports	Domestic	Total	Exports	Domestic	Total
Pigments	770	281	1,051	1,171	207	1,378
Agrochemicals	634	352	986	1,041	465	1,506
Basic Chemicals	74	816	890	110	1,286	1,396
Others	227	0	227	151	0	151
Total	1,704	1,449	3,153	2,473	1,958	4,431

- Exports grew 45% driven by robust growth across Pigments (up 52%), Agrochemicals (64%) and Basic Chemicals (49%).
- Domestic business grew by 35% led by strong growth in Agrochemicals and Basic Chemicals, marginally offset by lower Net Sales in Pigments

9MFY18 Performance

9MFY18: Strong growth in net sales and higher profitability

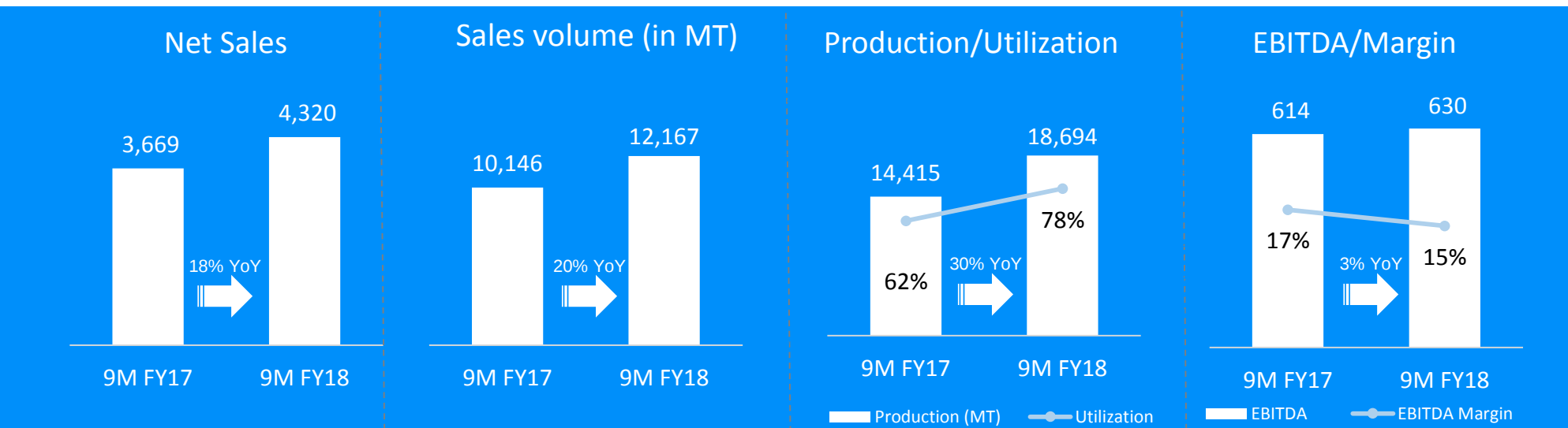
Consolidated, Figures in Rs mn



- Net Sales up 25% at Rs 13,116 mn driven by strong exports growth of 32% and domestic growth of 17%; Exports contributing 53% to Net Sales
- EBITDA up 45% as raw material cost as percentage of Net Sales declined from 57.1% to 53.1% while other cost as a percentage of Net Sales increased from 19.5% to 20.2%
- Interest outflow was down 24% to Rs 307 mn compared to Rs 404 mn in 9MFY17 with reduced debt
- PAT increased 89% to Rs 1,211 mn; PAT margin at 9.2%

Pigments: Net Sales up 18%, EBITDA Margin at 15%

Consolidated, Figures in Rs mn

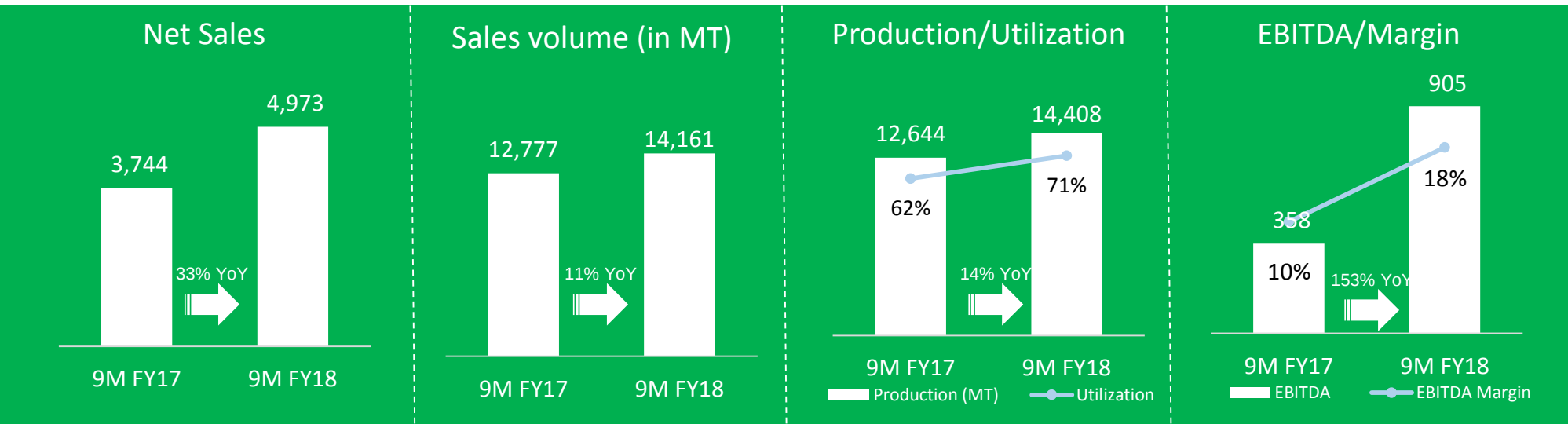


Note: Including intersegment data, excluding Excise duty

- Net Sales up 18% YoY at Rs 4,320 mn, driven by robust growth of 39% in exports; exports contribution at 78%
 - Net Sales in Domestic market declined, contributing 22%
 - Total sales volume up 20% YoY while blended realization was marginally down
- EBITDA increased by 3% to Rs 630 mn in the period, EBITDA margin at 15%
- Utilization increased to 78%, production up 30% YoY

Agrochemicals: Significant margins expansion with EBITDA up 153%

Consolidated, Figures in Rs mn

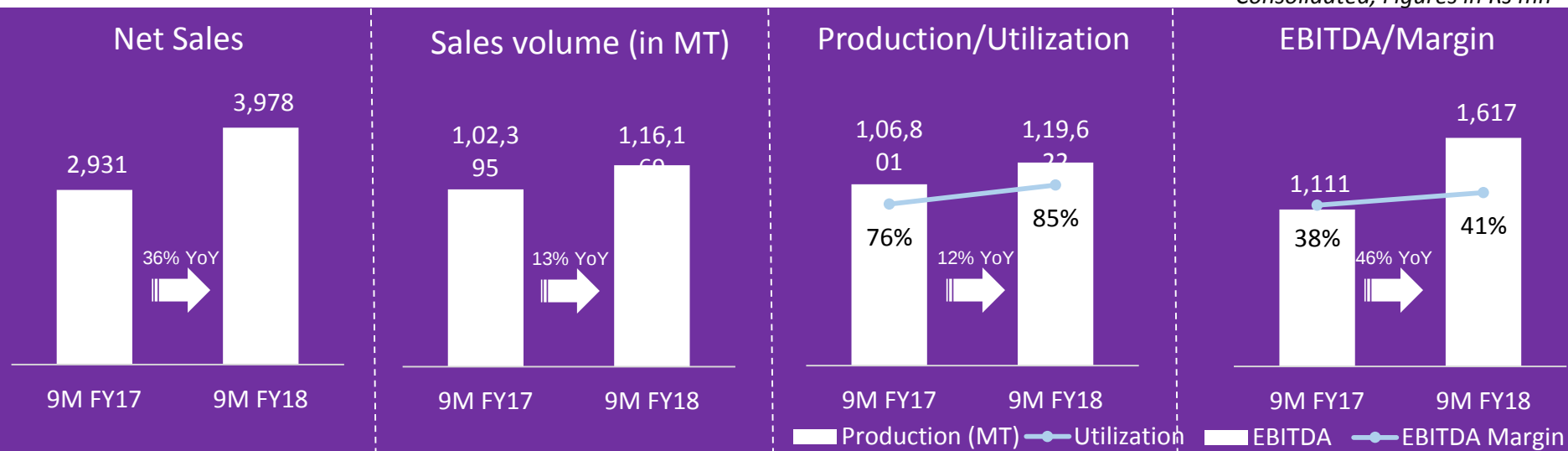


Note: Including intersegment data, excluding Excise duty

- Net Sales increased by 33% YoY led by strong growth in exports as well as domestic market, up 39% and 23%, respectively.
 - Exports market contributed 64% to Net Sales compared to 61% in 9MFY17
 - Sales volume up 11% coupled with strong growth in blended realizations
- EBITDA increased 153% on account of higher realization on products and sale of higher margin products; EBITDA Margin up at 18%
- Utilization at 71%, Production up 14% YoY

Basic chemicals: Net Sales up 36% and EBITDA up 46%

Consolidated, Figures in Rs mn

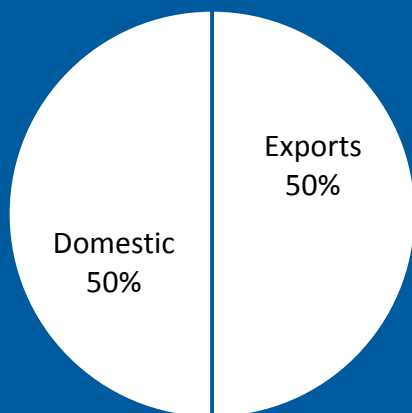


Note: Including intersegment data, excluding Excise duty

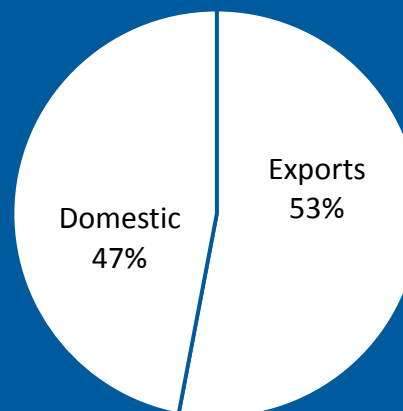
- Net Sales up 36% YoY at Rs 3,978 mn driven by strong growth in sales volume and higher realisations
- EBITDA up 46% YoY to reach Rs 1,617 mn
 - EBITDA Margin at 41% as compared to 38% YoY
- Utilisation up at 85%, Production increased 12%

Exports and Domestic markets deliver strong Net Sales growth

9MFY17



9MFY18



Consolidated, Figures in Rs mn

Segmental breakdown						
	9MFY17			9MFY18		
	Exports	Domestic	Total	Exports	Domestic	Total
Pigments	2,277	1,184	3,461	3,158	871	4,029
Agrochemicals	2,271	1,473	3,744	3,159	1,806	4,965
Basic Chemicals	144	2,545	2,689	220	3,433	3,653
Others	620	6	626	469	0	469
Total	5,312	5,208	10,520	7,006	6,110	13,116

- Exports segment grew 32% driven by robust growth across Pigments (up 39%), Agrochemicals (39%) and Basic Chemicals (52%).
- Domestic business increased 17% led by strong growth in Basic Chemicals (up 35%) and Agrochemicals (up 23%) 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
- 78% Net Sales from exports in 9MFY18, 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
- 64% Net Sales from exports in 9MFY18; 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 41% in 9MFY18

	FY17	9MFY18
Net Sales (Rs bn)	14.0	13.1
EBITDA Margin	20.6	23.7%
PAT Margin	6.3%	9.2%
ROCE	16.6%	19.4%*
Domestic: Exports	49:51	47:53

Rs 6.5 bn Capex (last 5 yrs)

450+ Marquee Clients

75+ Countries

750+ Registrations

* ROCE is as on Sep'17

With strong execution capabilities. .



Pigments

Total Capacity:
31,890 MTPA

- Vatva Plant: 2,940 MTPA
- Panoli Plant: 17,400 MTPA
- Dahej SEZ Plant: 11,550 MTPA



Agrochemicals

Total Capacity:
27,060 MTPA

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

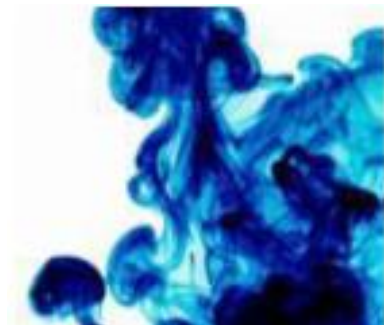


Basic Chemicals

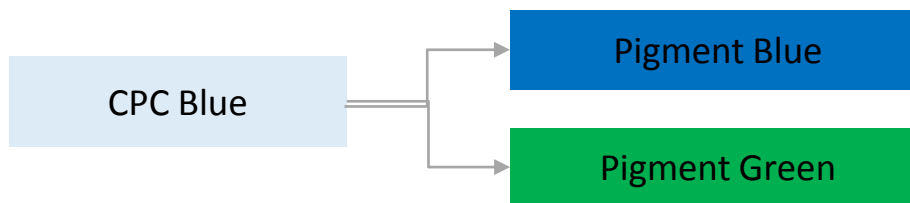
Total Capacity:
187,600MTPA

- 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 Dec'18
- Hydrogen Peroxide: 25,000 MTPA by June'19

Vertically integrated facilities across all businesses



Pigments

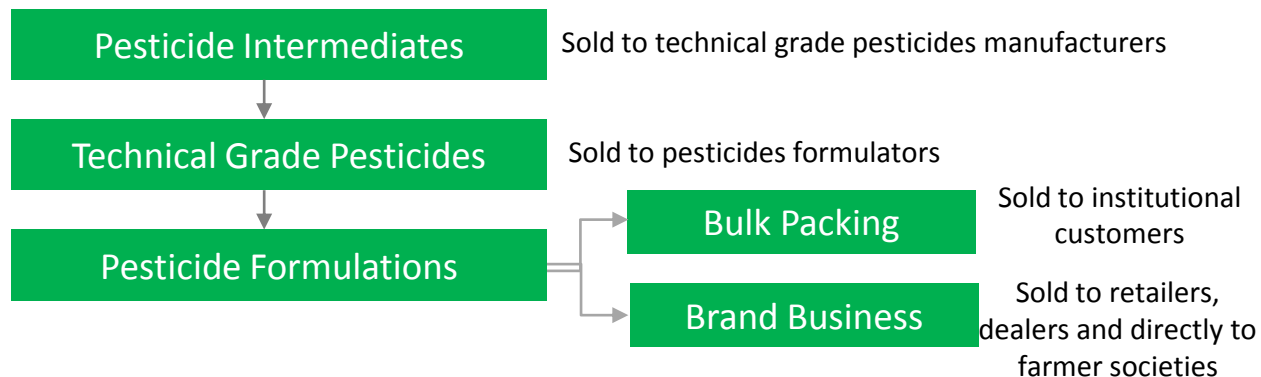


Upstream product: Sold to other pigments manufacturers

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



Agrochemicals



Sold to technical grade pesticides manufacturers

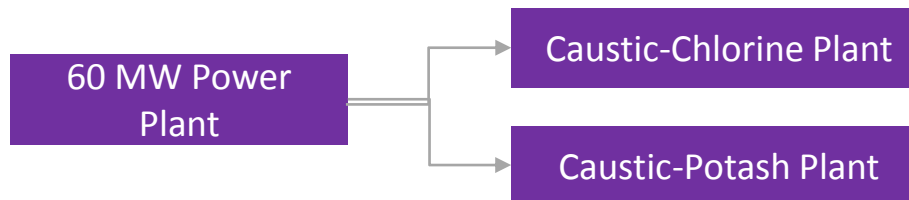
Sold to pesticides formulators

Sold to institutional customers

Sold to retailers, dealers and directly to farmer societies



Basic Chemicals

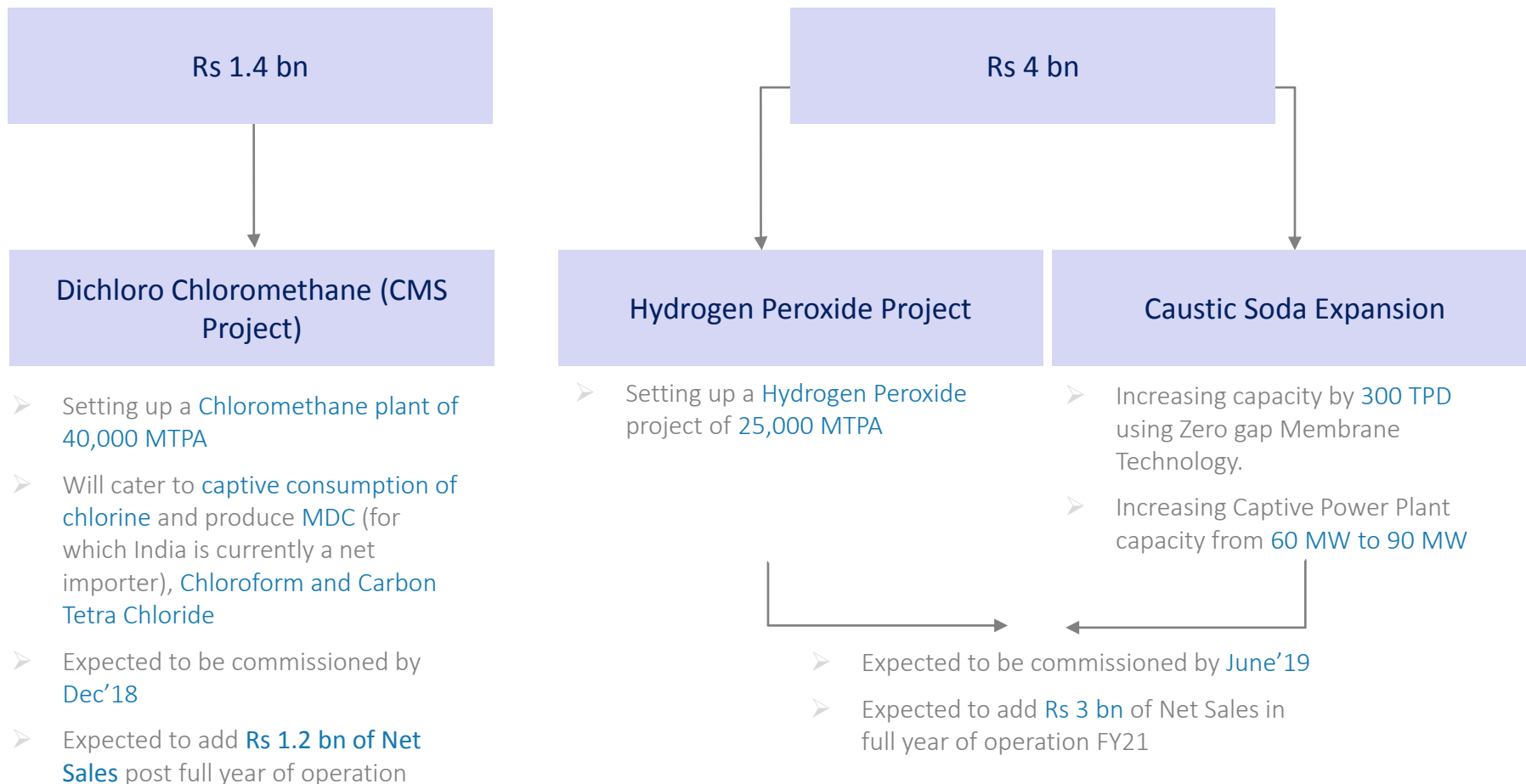


Power is a major raw material to manufacture Basic Chemicals

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

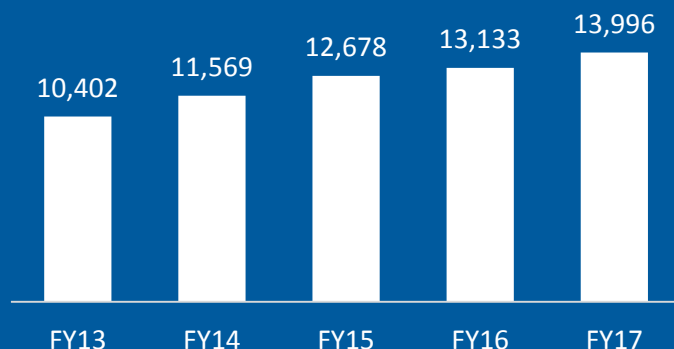
MOL holds 57% stake in MFL, which is planning the Capex of Rs 5.4 bn



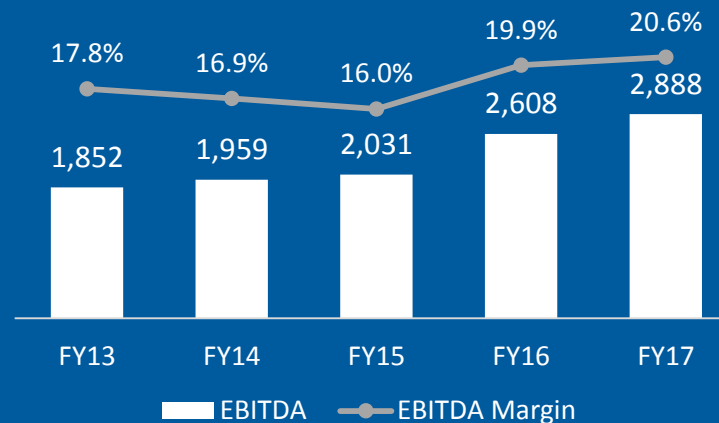
High growth: 5 year EBITDA CAGR of 12%

Consolidated, Figures in Rs mn

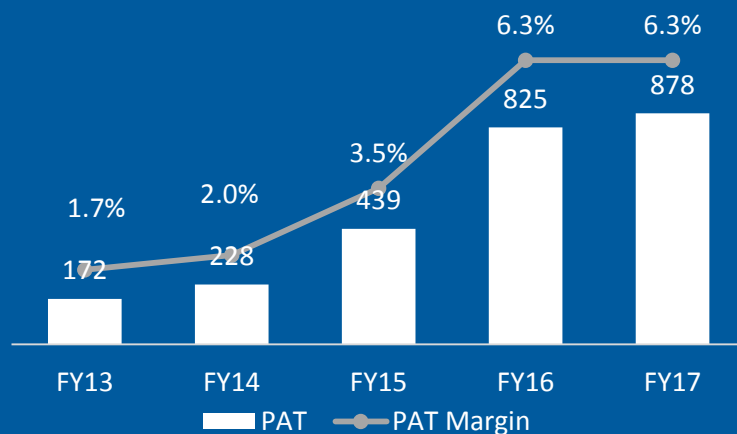
Net Sales and Growth



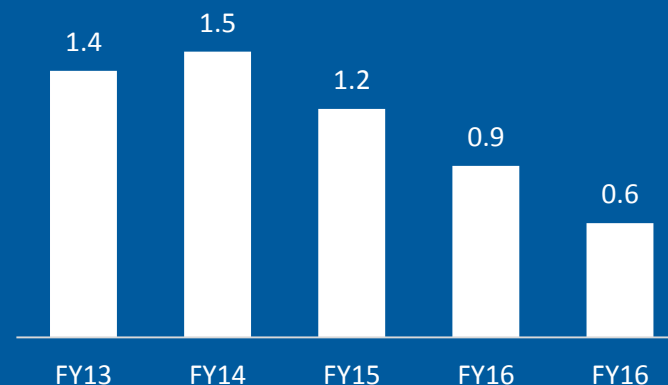
EBITDA and EBITDA Margin



PAT and PAT Margin



Debt Equity Ratio

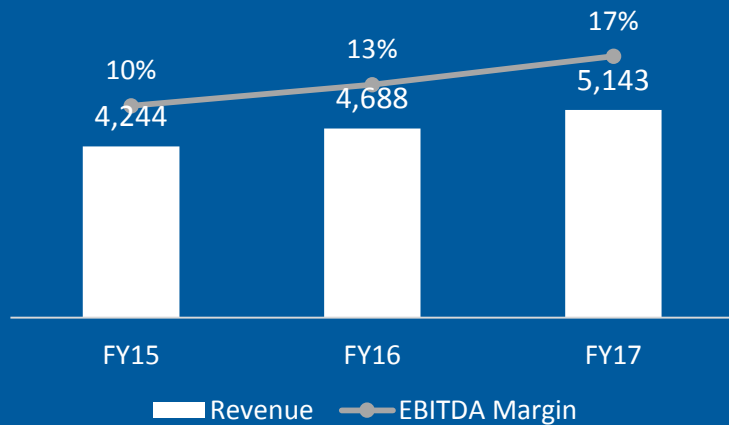


Note: FY16 & FY17 are INDAS adjusted, rest all figures are as per previously applicable Indian GAAP

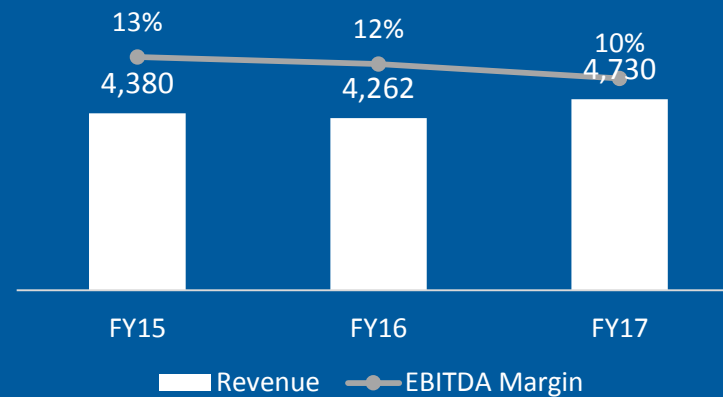
Historical Segmental Analysis

Consolidated, Figures in Rs mn

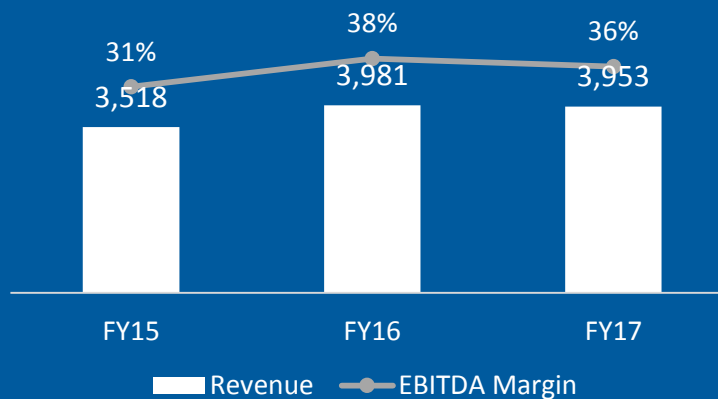
Pigments



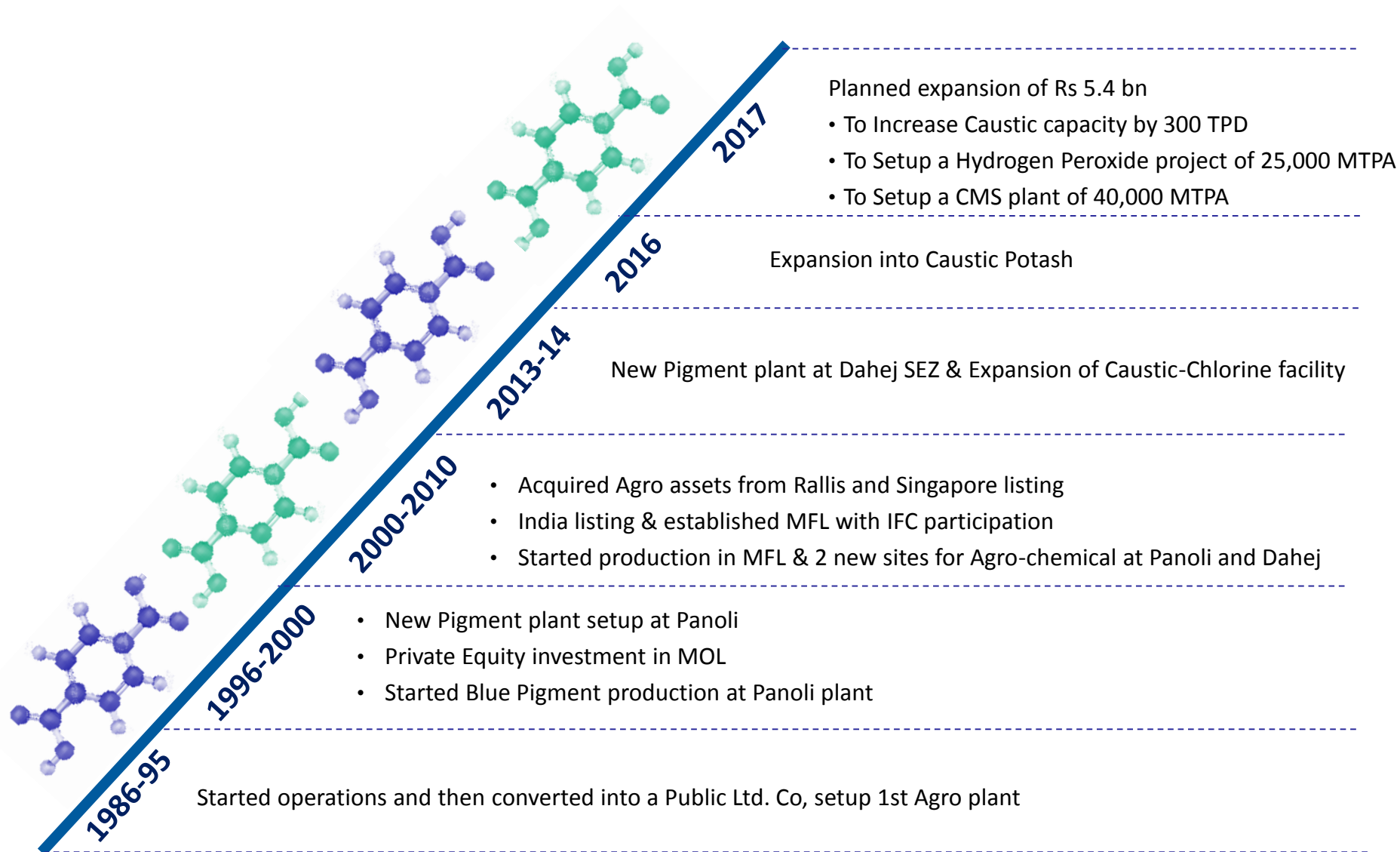
Agrochemicals



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 net sales; 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 net sales 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 **9.2% in 9MFY18**

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

Planned capex of Rs 5.4 bn

Annexure

P&L Statement (Consolidated): Q3 FY18

Figures in Rs Million

Particulars	Q3 FY18	Q3 FY17	YoY (%)	Q2 FY18	QoQ (%)	9M FY18	9M FY17	YoY (%)
Net sales / income from operations	4,431	3,153	41%	4,536	-2%	13,116	10,520	25%
Excise Duty on Sales	-	307	-100%	-	#DIV/0!	398	899	-56%
Other Operating Income	74	56	31%	71	4%	207	174	19%
Total Income from Operations	4,504	3,516	28%	4,607	-2%	13,722	11,593	18%
Total Expenditure	3,332	2,910	14%	3,579	-7%	10,609	9,443	12%
Consumption of Raw Material	2,304	1,723	34%	2,464	-7%	6,965	6,008	16%
Personnel Cost	209	157	32%	214	-2%	591	489	21%
Other Expenditure	820	722	13%	901	-9%	2,655	2,047	30%
Excise Duty	-	307	-100%	-	#DIV/0!	398	899	-56%
EBITDA	1,172	606	93%	1,028	14%	3,112	2,150	45%
Depreciation & Amortisation	244	190	29%	236	4%	710	683	4%
EBIT	928	416	123%	792	17%	2,402	1,467	64%
Interest & Finance Charges	99	128	-22%	101	-2%	307	404	-24%
Other Income	15	74	-79%	106	-85%	166	138	20%
PBT before exceptional items	844	363	133%	797	6%	2,261	1,200	88%
Exceptional items	-	-	NM	-	NM	-	24	NM
PBT	844	363	133%	797	6%	2,261	1,177	92%
Tax Expense	218	92	138%	246	-11%	651	301	116%
PAT (From ordinary activities)	626	271	131%	551	14%	1,610	876	84%
Extraordinary items	-	-	NM	-	NM	-	-	NM
PAT	626	271	131%	551	14%	1,610	876	84%
Minority Expense	191	72	167%	103	86%	399	236	69%
PAT after Minority	435	200	118%	448	-3%	1,211	640	89%
Key Ratios as a % of Total Net Sales	Q3 FY18	Q3 FY17		Q2 FY18		9M FY18	9M FY17	
EBITDA	26.5%	19.2%		22.7%		23.7%	20.4%	
PAT	9.8%	6.3%		9.9%		9.2%	6.1%	
Total Expenditure	75.2%	82.6%		78.9%		77.9%	81.2%	
Raw material	52.0%	54.7%		54.3%		53.1%	57.1%	
Employee Cost	4.7%	5.0%		4.7%		4.5%	4.7%	
Other Expenditure	18.5%	22.9%		19.9%		20.2%	19.5%	

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

P&L Statement (Standalone): Q3 FY18

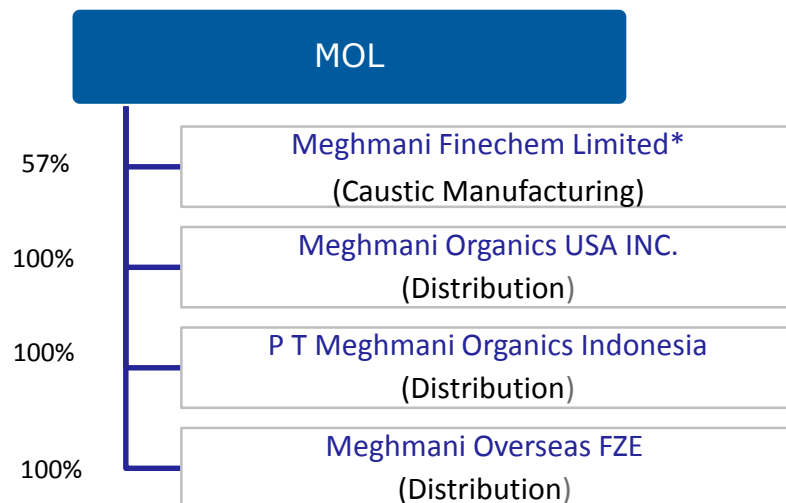
Figures in Rs Million

Particulars	Q3 FY18	Q3 FY17	YoY (%)	Q2 FY18	QoQ (%)	9M FY18	9M FY17	YoY (%)
Net sales / income from operations	3,002	2,214	36%	3,364	-11%	9,375	7,688	22%
Excise Duty on Sales	-	179	-100%	-	#DIV/0!	225	526	-57%
Other Operating Income	71	56	26%	71	0%	203	173	17%
Total Income from Operations	3,073	2,450	25%	3,434	-11%	9,803	8,388	17%
Total Expenditure	2,599	2,203	18%	2,885	-10%	8,323	7,411	12%
Consumption of Raw Material	1,786	1,326	35%	2,002	-11%	5,496	4,889	12%
Personnel Cost	155	120	29%	144	8%	419	368	14%
Other Expenditure	657	578	14%	739	-11%	2,184	1,628	34%
Excise Duty	-	179	-100%	-	#DIV/0!	225	526	-57%
EBITDA	474	247	92%	550	-14%	1,479	976	52%
Depreciation & Amortisation	113	97	16%	104	8%	316	289	9%
EBIT	362	149	142%	446	-19%	1,163	687	69%
Interest & Finance Charges	80	90	-11%	75	7%	235	281	-16%
Other Income	7	74	-91%	80	-91%	134	119	13%
PBT before exceptional items	288	133	117%	450	-36%	1,062	525	102%
Exceptional items	-	-	NM	12	NM	12	24	NM
PBT	288	133	117%	438	-34%	1,050	501	109%
Tax Expense	117	45	159%	150	-22%	399	216	85%
PAT (From ordinary activities)	171	88	95%	288	-40%	651	285	128%
Extraordinary items	-	-	NM	-	NM	-	-	NM
PAT	171	88	95%	288	-40%	651	285	128%
Minority Expense	-	-	NM	-	NM	-	-	NM
PAT after Minority	171	88	95%	288	-40%	651	285	128%

Key Ratios as a % of Total Net Sales	Q3 FY18	Q3 FY17	Q2 FY18	9M FY18	9M FY17
EBITDA	15.8%	11.1%	16.3%	15.8%	12.7%
PAT	5.7%	4.0%	8.6%	6.9%	3.7%
Total Expenditure	86.6%	91.4%	85.8%	86.4%	89.6%
Raw material	59.5%	59.9%	59.5%	58.6%	63.6%
Employee Cost	5.2%	5.4%	4.3%	4.5%	4.8%
Other Expenditure	21.9%	26.1%	22.0%	23.3%	21.2%

Corporate structure and shareholding pattern

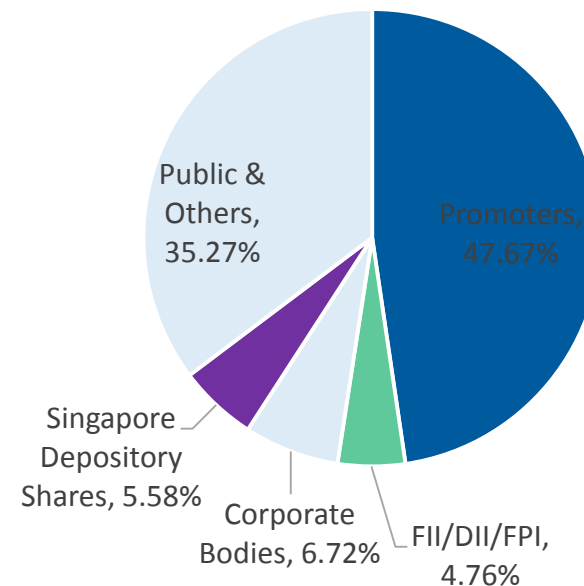
Corporate Structure



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

Shareholding Pattern (Dec 31, 2017)

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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