CHEMISTRY OF SUCCESS AT WORK




Meghmani Organics Limited (MOL)

Q4 & FY16 Investor Presentation

June 2016

FY16 Key Highlights:

Robust growth in profitability driven by strategic expansion in higher-value products

Product diversification and intensive sales initiatives drive robust financial performance

FY16 Revenue	EBITDA Margin	PAT Margin	D/E	ROCE
Rs 13.4 bn	21.5 %	6.2%	0.9x	17.4%
Up 5% YoY	Up from 16.0% in FY15	Up from 3.5% in FY15	from 1.2x in FY15	Up from 10.4% in FY15

Consolidated financials

Volumes at record levels across all three business segments

Pigments

- Revenue up 10% YoY with 19% YoY increase in volumes driven by strong performance in domestic markets. Increase in volumes off-set impact of lower realisations due to falling input costs
- Exports contribution at 72%
- Capacity utilisation at 63% in FY16 up from 51% in FY15
- EBITDA up 79% YoY

Agrochemicals

- 2% YoY growth in revenue with 21% YoY volume growth as realizations are impacted by low domestic rainfall & falling global crude prices
- Exports' contribution at 69%
- Capacity utilisation increased to 68% in FY16 over 60% in FY15
- EBITDA up 6% YoY

Basic Chemicals

- Revenue up 13% YoY, driven by both volume growth (4%YoY) and higher net realization (up 9% YoY)
- EBITDA up 38% YoY

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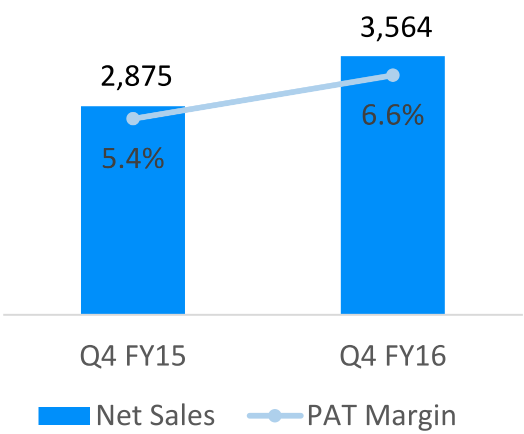
Q4 FY16: Consolidated PAT up 50% YoY with robust double-digit growth

Revenue & PAT Margin



Consolidated financials, figures in Rs Million

Revenue up 24% YoY driven by all three segments

- 22% growth in Pigments led by strong performance in domestic market
- 36% growth in Agrochemicals with increased volumes in both exports & domestic markets
- Basic Chemicals revenue up 22% driven by higher net realisation

EBITDA up 30% YoY driven by both revenue increase & improved margins

- EBITDA increased to Rs 723 mn from Rs 557 mn in Q4FY15. EBITDA margin up from 19.4% in Q4FY15 to 20.3% in Q4FY16
- Raw material costs as a percentage of revenue declined from 56.1% in Q4FY15 to 53.6% in Q4FY16

Profit after tax at Rs 234 mn

- PAT up 50% YoY with improvement in EBITDA and significantly lower financial charges (-24% YoY) with reduced debt
- PAT Margin at 6.6% compared to 5.4% in Q4FY15

Contents

FY16 (Consolidated): Significant increase in Profitability

Consolidated, Figures in Rs mn

	Net Sales	EBITDA/ Margin	PAT before Minority*/ Margin	PAT after Minority/ Margin
FY16	13,370	2,869/ 21.5%	1,130/ 8.5%	826/ 6.2%
	5%	41%	146%	88%
FY15	12,678	2,031/ 16.0%	460/ 3.6%	439/ 3.5%

- Net sales up 5% YoY to reach Rs 13,370 mn in FY16 driven by growth in Pigments & Basic Chemicals businesses
- EBITDA for the year increased 41% YoY to Rs 2,869 mn with EBITDA margin of 21.5% (544 bps higher than 16.0% of FY15) on account of better operational performance and reduction in raw materials prices
  - Raw Material as percentage of revenues declined to 54.1% in FY16 compared to 60.3% in FY15
- PAT before minority interest increased from Rs 460 mn in FY15 to Rs 1,130 mn in FY16 due to lower financial charges with reduced debt
- PAT for the period at Rs 826 mn compared to Rs 439 mn in FY15 benefitting from improved performance

Note: Minority interest refers to the portion of a subsidiary's stock not owned by MOL. Meghmani Finechem is a 57% owned subsidiary of MOL

Reduction in debt by Rs 633 mn bringing down D/E to 0.9x

Consolidated, Figures in Rs Million

	Debt*	D/E	Interest Coverage Ratio
FY16	**5,803**	**0.9x**	**3.3**
FY15	**6,436**	**1.2x**	**1.7**

- Debt reduced by Rs 633 mn due to repayments in long-term debt
  - Reduction of D/E ratio to 0.9x in FY 16 compared to 1.2x in FY15
- Interest coverage improved to 3.3x with better performance and reduced debt cost
- Working capital cycle marginally increased to 89 days from 86 days in FY15

** Includes long term debt, short term debt and current maturities of long term debt*

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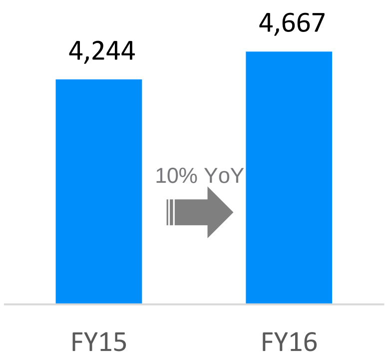
Contents

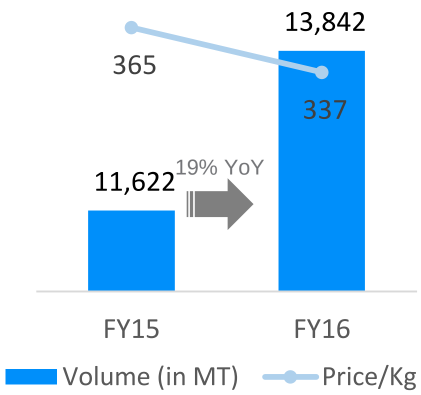
Pigments reports strong growth in revenue and profitability

Consolidated, Figures in Rs mn

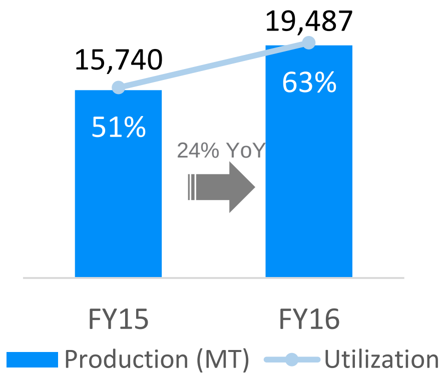
Revenue



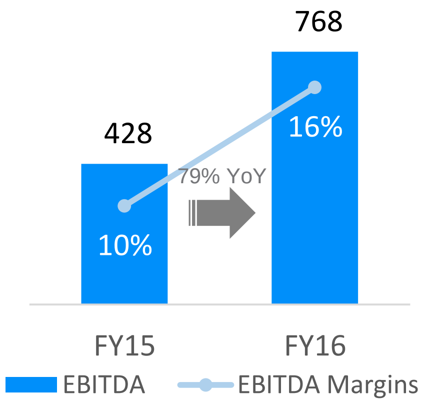
Volume /Realization



Production/Utilization



EBITDA/Margin



- Revenue increased 10% YoY to reach Rs 4,667 mn led by 19% growth in volumes. Realizations in the segment down 8% YoY due to passing on of benefits of reduction in raw material prices and operational efficiencies to long term clients
- EBITDA up 79 % YoY to Rs 768 mn in FY16. Significant increase in EBITDA margin from 10% in FY15 to 16% in FY16 despite passing on of some benefits of raw material prices due to improved operational performance and lower commodity prices
- Overall production of 19,487 MT achieved, up 24%

Note: Includes intersegment data

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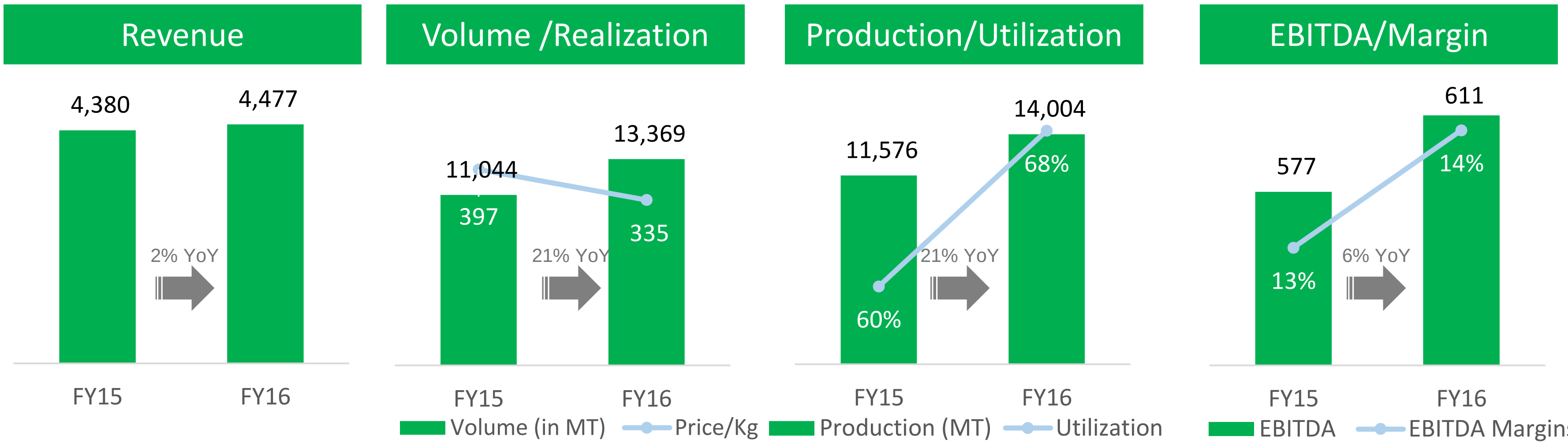
Agrochemicals delivers growth led by increased volumes and utilization

Consolidated, Figures in Rs mn



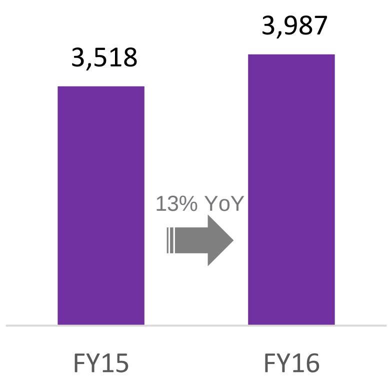
- Revenue increased 2% YoY to reach Rs 4,477 mn on account of 21% growth in volumes, totally offsetting 16% decrease in realization, due to change in product mix to match demand
- EBITDA from the business up 6% to Rs 611 mn in FY16
  - EBITDA Margin increased from 13% to 14% in the year led by increased operational efficiency
- Production increased 21% to reach 14,004 MT
  - Overall production capacity increased from 19,200 MT in FY15 to 20,520 MT in FY16

Note: Includes intersegment data

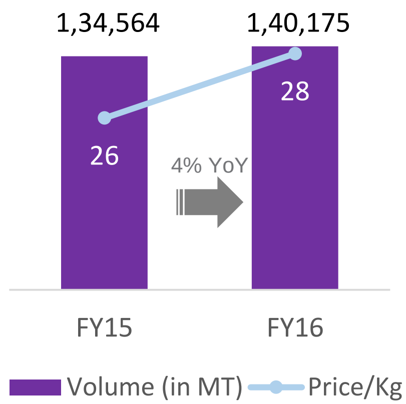
Basic Chemicals continue on growth trajectory

Consolidated, Figures in Rs mn

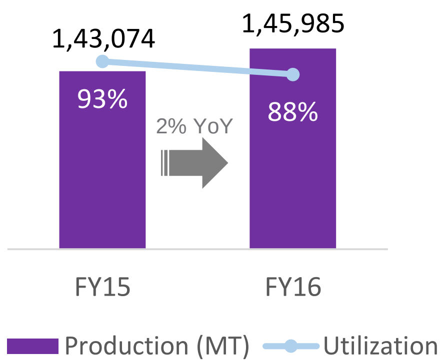
Revenue



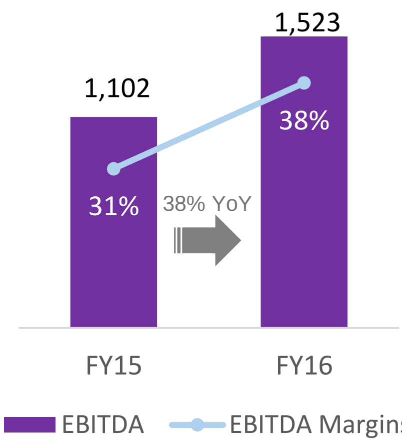
Volume /Realization



Production/Utilization



EBITDA/Margin



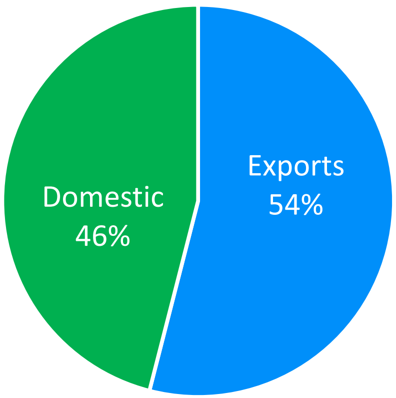
- Net revenue growth of 13% YoY to reach Rs 3,987 mn driven by both volume increase (4% YoY) and ECU realizations increase (9% YoY)
  - ECU realizations increasing due to favourable demand scenario
- EBITDA for the year up 38% YoY to reach Rs 1,523 mn
  - Margin at 38%, up from 31% in FY15 led by both volume growth and higher ECU realizations
- Production increased by 2% YoY to reach 1,45,985 MT
  - Overall production capacity increased from 1,54,100 MT in FY15 to 1,66,600 MT in FY16

Note: Includes intersegment data

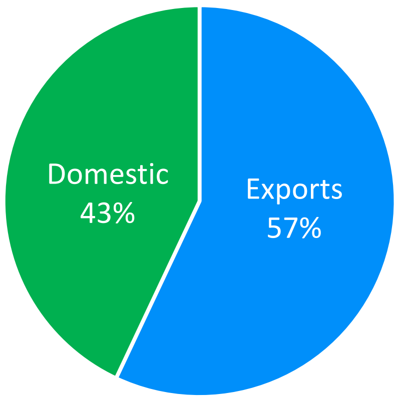
Strong growth in domestic market; revenue share up to 46%

Consolidated, Figures in Rs mn

FY16



FY15



Segmental breakdown

	FY16		FY15	
	Exports	**Domestic**	**Exports**	**Domestic**
Pigments	2,959	1,150	2,898	759
Agrochemicals	3,081	1,396	3,070	1,284
Basic Chemicals	98	3,573	27	3,281
Others	1,101	12	1,291	68
Total	**7,239**	**6,132**	**7,286**	**5,392**

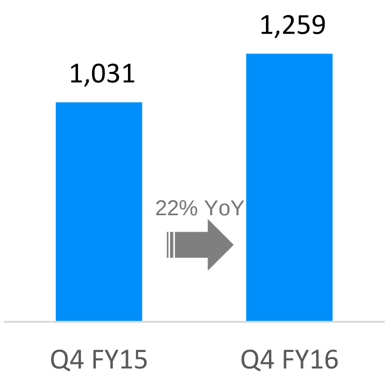
- Domestic business increased 14% YoY in FY16 driven by strong growth in Pigments (post expanded capacity, the Company has increased focus on domestic pigments market) followed by good growth in Agrochemicals and Basic Chemicals
- Stable Exports revenue as Pigments and Agrochemicals witnessed slow growth

Contents

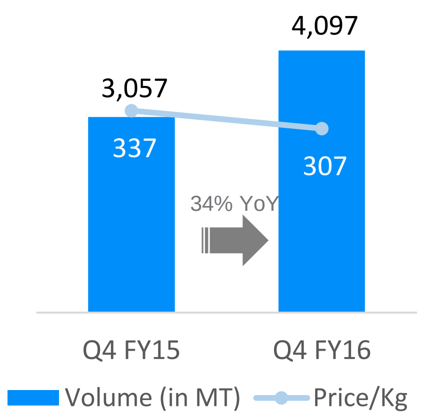
Pigments reports strong revenue growth of 22% , volumes up 34%

Consolidated, Figures in Rs mn

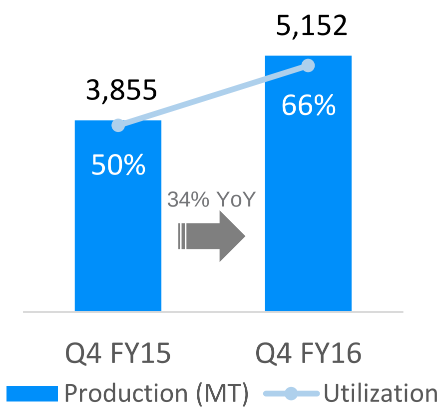
Revenue



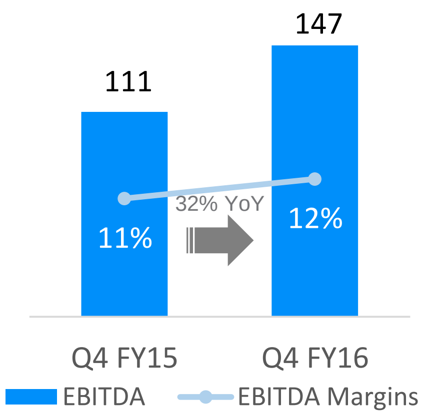
Volume /Realization



Production/Utilization



EBITDA/Margin



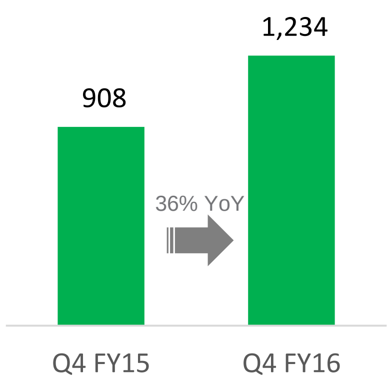
- 22% YoY growth in Revenue driven by 34% YoY growth in volumes. Realizations were down 9% YoY as the benefits of reduction in raw material prices were passed on to long term clients
- EBITDA up 32% YoY at Rs 147 mn in Q4 FY16
  - EBITDA margin improved from 11% to 12% driven by improved operational performance and lower commodity prices benefitting raw material costs
- Overall production for the quarter at 5,152 MT, up 34% YoY

Note: Includes intersegment data

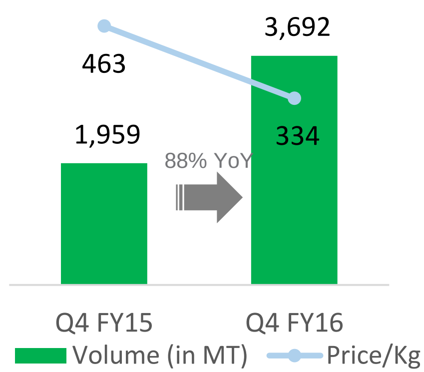
Agrochemicals delivers growth led by increased volumes and utilization

Consolidated, Figures in Rs mn

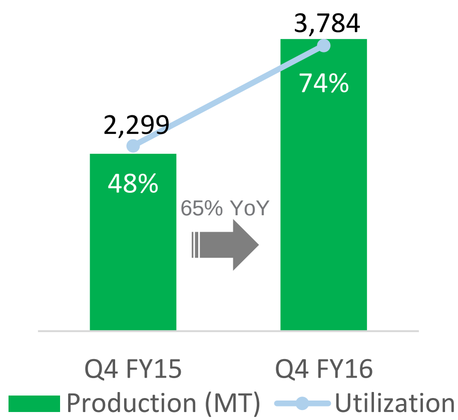
Revenue



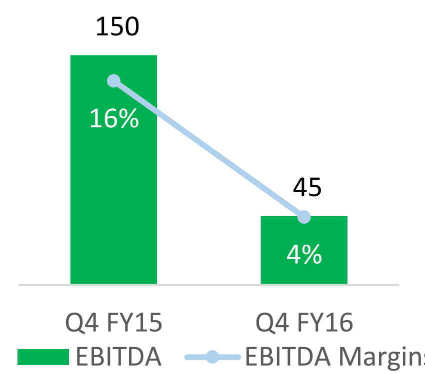
Volume /Realization



Production/Utilization



EBITDA/Margin

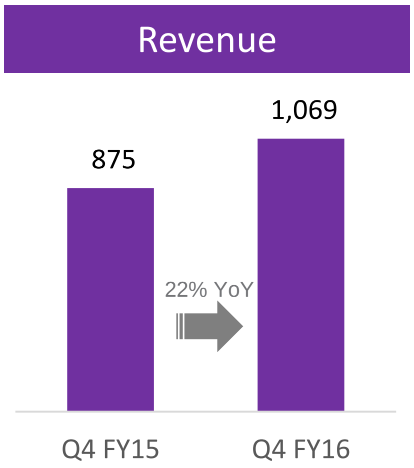


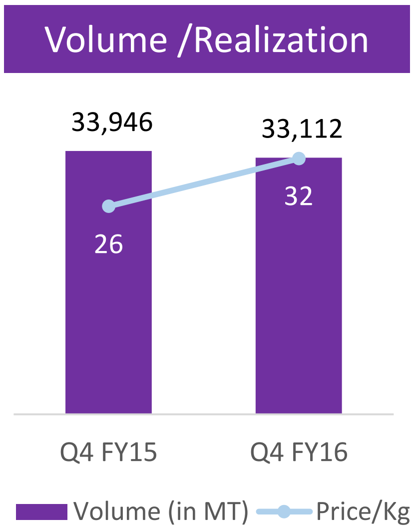
- Robust revenue growth of 36% YoY on account of 88% YoY growth in volumes, however realizations dropped by 28% YoY due to change in product mix to match demand in the market
- EBITDA impacted due to change in product mix and one time **Bad Debt write off** of Rs 35 mn to reach Rs 45 mn
  - Margin decreased from 16% to 4% in Q4FY16
- Strong growth in production, up 65% to reach 3,784 MT
  - Overall production capacity increased from 19,200 MT in Q4 FY15 to 20,520 MT in Q4 FY16

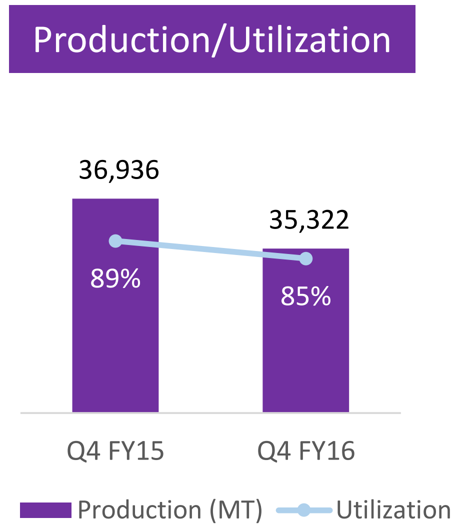
Note: Includes intersegment data

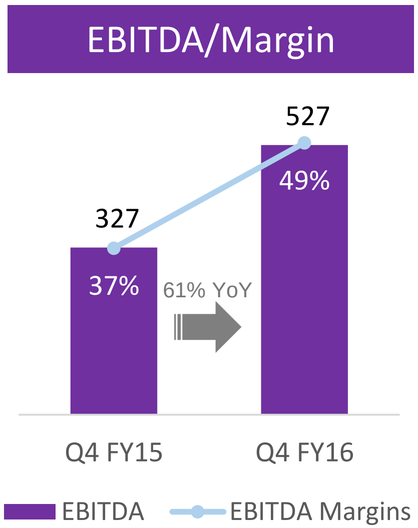
Robust increase in Basic Chemicals, Margins to reach 49%

Consolidated, Figures in Rs mn









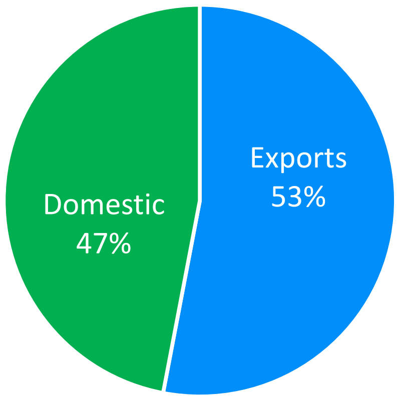
- Revenue up 22% YoY led by 25% YoY growth in ECU realizations, Volumes down as the plant was intermittently stopped due to synchronisation process of Caustic Potash facility
  - ECU realizations increasing due to favourable demand supply scenario
- EBITDA up 61% YoY to reach Rs 527 mn
  - Margin witnessed substantial increase from 37% to 49% led by higher ECU realizations
- Production and Utilisation was impacted on account of synchronisation process of Caustic Potash facility

Note: Includes intersegment data

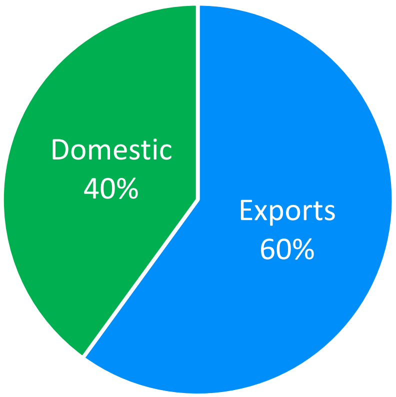
Increased focus on Domestic market leads to 47% YoY growth

Consolidated, Figures in Rs mn

Q4 FY16



Q4 FY15



Segmental breakdown

	Q4 FY16		Q4 FY15	
	Exports	**Domestic**	**Exports**	**Domestic**
Pigments	735	406	672	192
Agrochemicals	914	319	793	113
Basic Chemicals	30	948	9	825
Others	209	1	264	7
Total	**1,889**	**1,675**	**1,738**	**1,137**

- Domestic business increased by 47%YoY in Q4 FY16 driven by non linear YoY growth of 112% and 182% in Pigments and Agrochemicals, respectively. Basic Chemicals, which is a pure domestic play, grew by 15%
- Exports YoY growth of 9% during the quarter primarily led by 15% growth in Agrochemical & 9% growth in Pigments

CHEMISTRY OF SUCCESS AT WORK

Contents

Meghmani Organics Ltd – a leading high growth chemical company

Rs 13.4 bn company with 5% CAGR (5-year) in revenue & 17% CAGR (5-year) in profits

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

Pigments since 1986

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% of pigments revenue from exports, strong presence across North America, South America, Asia & Europe. Network of 70 distributors
- Long term client relationships with 90% business from repeat clients
- Total Capacity: 31,140 MTPA - Dahej: 10,800 MTPA, Panoli: 17,400 MTPA, Vatva: 2,940 MTPA

Agrochemicals since 1995

Intermediate, Technical Grade & Formulations

Agrochemicals: Products across the entire value chain

- Wide range of bulk & branded products - Megastar, Megacyper, Megaban, Synergy, Courage
- Competitive advantage via 215 export registrations; 400 registrations in pipeline; 247 CIB registrations; 27 registered trademarks
- Global client base with ~69% business from exports
- Total Capacity: 20,520 MTPA - Dahej: 10,260 MTPA, Panoli: 3,600 MTPA, Ankleshwar: 6,660 MTPA

Basic Chemicals since 2009

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
- Strategic facility location at Dahej – proximity to raw material and customers
- 5-year CAGR of ~18% ; contributing 28% to net sales in FY16
- Total Capacity (Dahej): 1,87,600 MTPA - Caustic Soda: 1,66,600 MTPA, Caustic Potash: 21,000 MTPA

Strategic expansion for growth and higher margins

~Rs 5.6 bn invested in last 5 years to enter new products as well as backward integration
Total Production up to 2,18,260 MTPA

Added Pigments capacity | **Added Basic Chem capacity** | **Diversified to Caustic Potash**

FY13 → FY14 → FY15 → FY16 →

Current capacity can ramp up revenue to Rs 20 bn by FY18-19

Dahej SEZ Plant

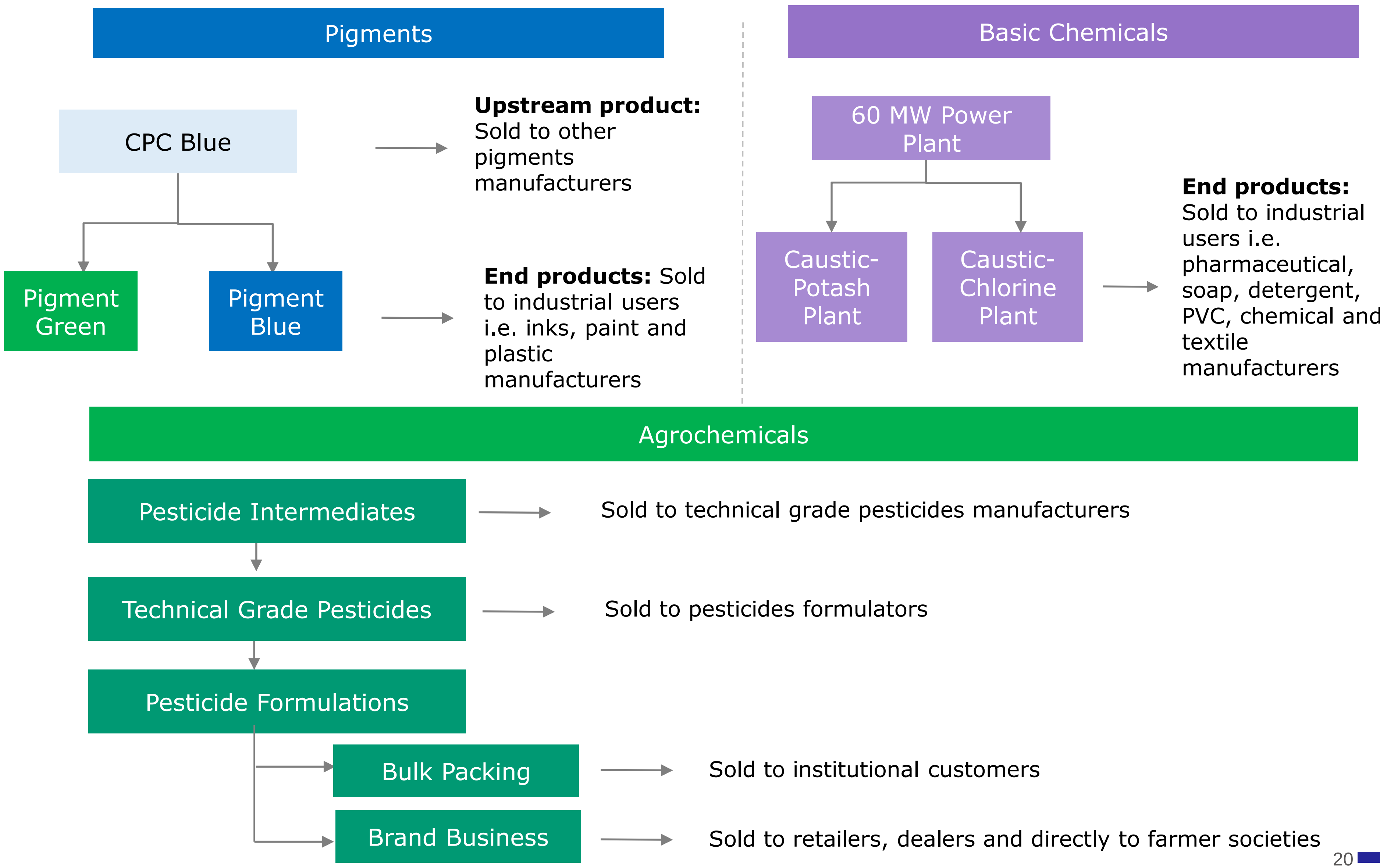
- **Commenced:** 2013 (December)
- **Production Capacity: 10,800 MTPA –** 7,200 MTPA for CPC Blue; 1,200 TPA for Alpha Blue and 2,400 TPA for Beta Blue

Dahej Chlor Alkali Complex

- Expanded Caustic-Chlorine capacity from 340 TPD to 476 TPD & power plant capacity from 40MW of earlier to 60 MW
- Investment of Rs 970 mn

- 60 TPD Caustic Potash plant at Dahej with an investment of Rs 650 mn Commenced production in April 2016
- Higher optimisation of Caustic-Chlorine plant due to shared resources like building, manpower, utilities, etc.

Vertically integrated facilities



Robust plan for next phase of growth

Pigments

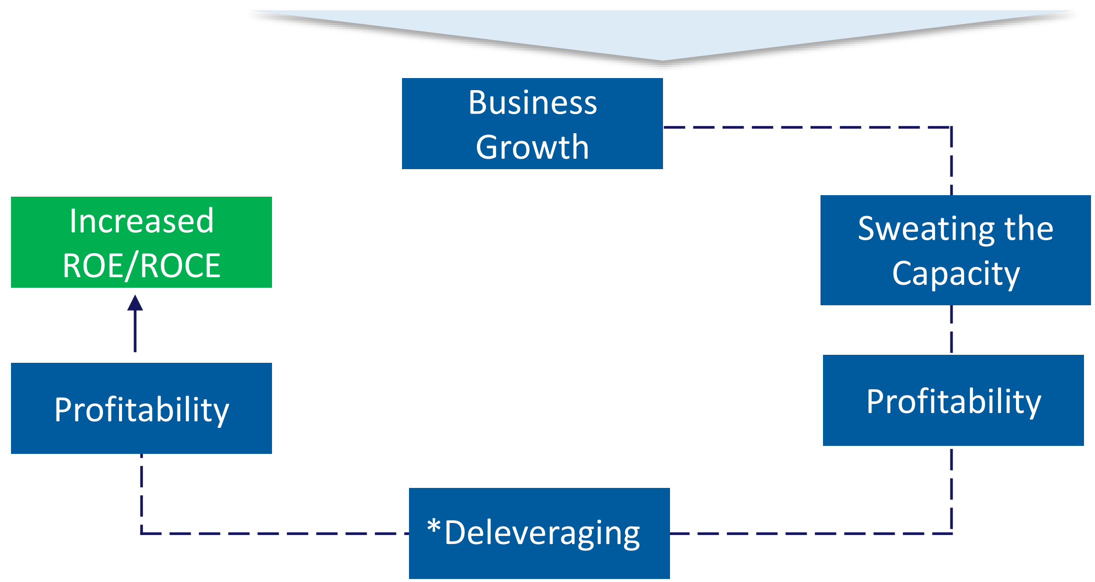
- Increase export revenue from untapped markets such as Japan
- Increase focus on domestic market for better utilizations
- Expand value added product offerings
- Focus on the higher margin paint & plastic market

Agrochemicals

- Increase exports and harvest CRAMS opportunity; 400 registrations in process stage
- Maintain focus on domestic markets as India has significant potential for higher use of Agrochemicals
- Increase branded formulation revenue to Rs 2.5 bn in 2-3 years

Basic Chemicals

- Diversifying into Caustic Potash with investment of Rs 650 mn financed from internal accruals
- Economies of scale due to ready infrastructure, shared manpower and utilities



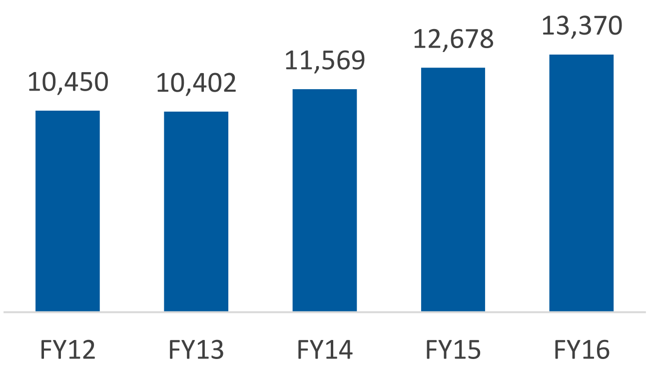
- No additional/major capex required in the next 2 years
- Sweating of capacity – increasing utilization at existing plants
- Cost reduction initiatives
- Focus on health, safety, environmental parameters

**Plan to reduce debt by Rs 1000mn by March 2017*

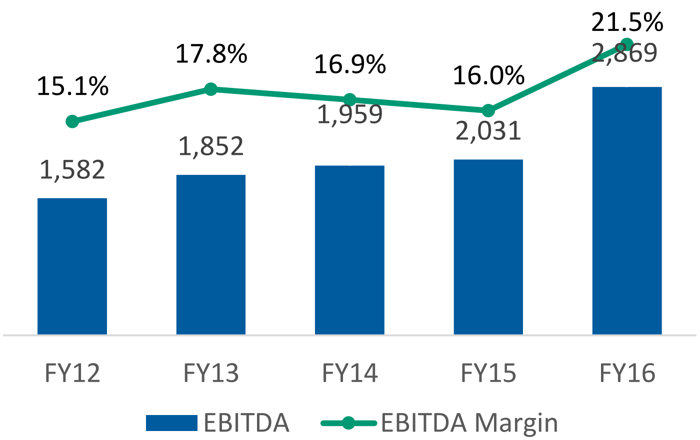
Historical performance: 17% 5-year CAGR in PAT

Consolidated, Figures in Rs mn

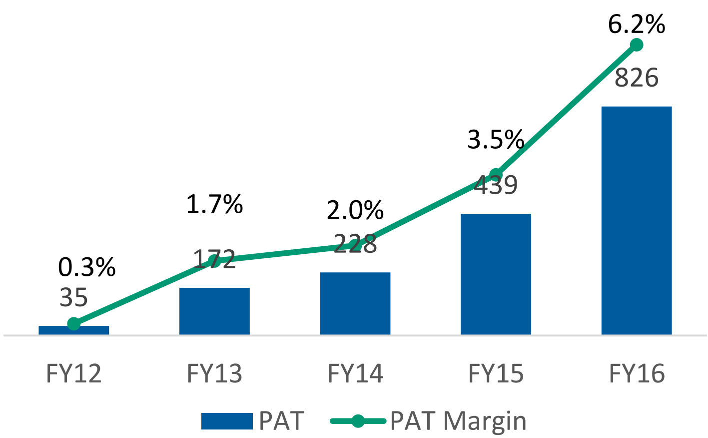
Net Sales and Growth



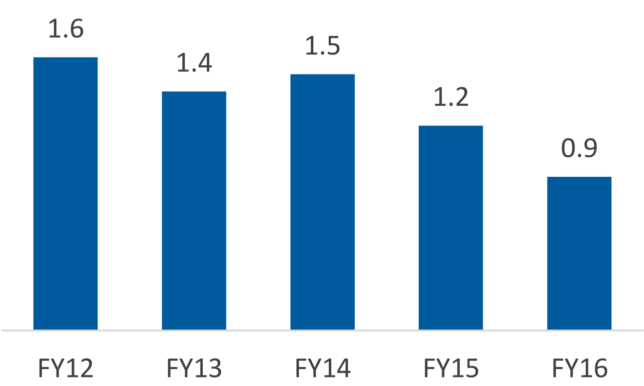
EBITDA and EBITDA Margin



PAT and PAT Margin



Debt Equity Ratio



CHEMISTRY OF SUCCESS AT WORK

Contents

CHEMISTRY OF SUCCESS AT WORK

P&L statement (Consolidated): Q4 & FY16

Figures in Rs Million

Particulars	Q4 FY16	Q4 FY15	YoY (%)	Q3 FY16	QoQ (%)	FY16	FY15	YoY (%)
Net sales / income from operations	3,564	2,875	24%	3,074	16%	13,370	12,678	5%
Other Operating Income	44	75	-41%	35	25%	189	264	-28%
Total Income from Operations	**3,608**	**2,950**	**22%**	**3,110**	**16%**	**13,559**	**12,942**	**5%**
Total Expenditure	**2,885**	**2,393**	**21%**	**2,402**	**20%**	**10,691**	**10,911**	**-2%**
Consumption of Raw Material	1,911	1,614	18%	1,566	22%	7,227	**7,640**	**-5%**
Personnel Cost	193	185	5%	203	-5%	791	725	9%
Other Expenditure	781	594	31%	634	23%	2,672	2,545	5%
EBITDA	**723**	**557**	**30%**	**707**	**2%**	**2,869**	**2,031**	**41%**
Depreciation & Amortisation	190	198	-4%	193	-1%	768	747	3%
EBIT	**532**	**358**	**49%**	**515**	**3%**	**2,101**	**1,284**	**64%**
Interest & Finance Charges	122	161	-24%	149	-18%	637	746	-15%
Other Income	17	30	-45%	11	55%	39	64	-39%
PBT before exceptional items	**426**	**227**	**88%**	**376**	**13%**	**1,504**	**602**	**150%**
Exceptional items	-	2	NM	-	NM	-	2	NM
PBT	**426**	**225**	**89%**	**376**	**13%**	**1,504**	**600**	**151%**
Tax Expense	77	(1)	NM	35	123%	373	140	167%
PAT (From ordinary activities)	**349**	**226**	**54%**	**342**	**2%**	**1,130**	**460**	**146%**
Extraordinary items	-	-	NM	-	NM	-	-	NM
PAT	349	226	**54%**	**342**	**2%**	1,130	**460**	**146%**
Minority Expense	115	71	63%	110	5%	305	21	NM
PAT after Minority	**234**	**155**	**50%**	**232**	**1%**	**826**	**439**	**88%**

Key Ratios as a % of Total Revenue	Q4 FY16	Q4 FY15	Q3 FY16	FY16	FY15
EBITDA	**20.3%**	**19.4%**	**23.0%**	**21.5%**	**16.0%**
PAT	**6.6%**	**5.4%**	**7.5%**	**6.2%**	**3.5%**
Total Expenditure	81.0%	83.2%	78.1%	80.0%	86.1%
Raw material	53.6%	56.1%	50.9%	54.1%	60.3%
Employee Cost	5.4%	6.4%	6.6%	5.9%	5.7%
Other Expenditure	21.9%	20.7%	20.6%	20.0%	20.1%

P&L statement (Standalone): Q4 & FY16

Figures in Rs Million

Particulars	Q4 FY16	Q4 FY15	YoY (%)	Q3 FY16	QoQ (%)	FY16	FY15	YoY (%)
Net sales / income from operations	2,573	2,018	**27%**	2,119	21%	9,619	9,219	4.3%
Other Operating Income	44	74	-41%	35	24%	188	263	-28.5%
Total Income from Operations	**2,616**	**2,092**	**25%**	**2,154**	**21%**	**9,807**	**9,482**	**3%**
Total Expenditure	**2,315**	**1,845**	**25%**	**1,867**	**24%**	**8,432**	**8,483**	**-1%**
Consumption of Raw Material	1,631	1,216	34%	1,163	40%	5,640	5,813	-3%
Personnel Cost	141	136	4%	149	-5%	585	544	8%
Other Expenditure	542	493	10%	555	-2%	2,206	2,126	4%
EBITDA	**301**	**247**	**22%**	**287**	**5%**	**1,376**	**998**	**38%**
Depreciation & Amortisation	90	91	0%	91	-1%	362	350	3%
EBIT	**211**	**157**	**35%**	**196**	**8%**	**1,014**	**648**	**56%**
Interest & Finance Charges	82	121	-32%	119	-31%	408	477	-14%
Other Income	15	21	-27%	10	45%	31	186	-83%
PBT before exceptional items	**145**	**57**	**155%**	**87**	**67%**	**636**	**358**	**78%**
Exceptional items	22	35	NM	-	NM	81	35	NM
PBT	**123**	**22**	**467%**	**87**	**42%**	**555**	**322**	**72%**
Tax Expense	(40)	7	-657%	22	-284%	154	60	156%
PAT (From ordinary activities)	**163**	**15**	**NM**	**65**	**149%**	**401**	**262**	**53%**
Extraordinary items	-	-	NM	-	NM	-	-	NM
PAT	**163**	**15**	**NM**	**65**	**149%**	**401**	**262**	**53%**
Minority Expense	-	-	NM	-	NM	-	-	NM
PAT after Minority	**163**	**15**	**NM**	**65**	**149%**	**401**	**262**	**53%**

Key Ratios as a % of Total Revenue	Q4 FY16	Q4 FY15	Q3 FY16	FY16	FY15
EBITDA	**11.7%**	**12.3%**	**13.5%**	**14.3%**	**10.8%**
PAT	**6.3%**	**0.7%**	**3.1%**	**4.2%**	**2.8%**
Total Expenditure	90.0%	91.4%	88.1%	87.7%	92.0%
Raw material	63.4%	60.2%	54.9%	58.6%	63.1%
Employee Cost	5.5%	6.7%	7.0%	6.1%	5.9%
Other Expenditure	21.1%	24.4%	26.2%	22.9%	23.1%

CHEMISTRY OF SUCCESS AT WORK

Balance Sheet

	Consolidated		Standalone	
Particulars (in Rs Mn)	**31-Mar-16**	**31-Mar-15**	**31-Mar-16**	**31-Mar-15**
Liabilities				
Shareholders' Funds	6420	5515	6032	5660
Minority Interest	1248	943	0	0
Non-Current Liabilities				
Long Term Borrowings	2181	3129	1038	1335
Deferred tax liabilities (Net)	572	471	296	275
Other Long Term Liabilities/ provisions	38	44	27	21
Current Liabilities				
Short Term Borrowings	2677	1973	2586	1973
Trade Payables	1800	1434	1650	1277
Other current liabilities	1425	1674	528	780
Short Term Provisions	20	261	15	255
Total Liabilities	**16,381**	**15,444**	**12,172**	**11,575**
Assets				
Net Fixed Assets	8274	8043	4055	4035
Non-current investments	66	6	1305	1326
Long-term Loans and advances	107	134	48	66
Other non-current assets	100	188	0	0
Current Assets				
Current Investments	0	173	0	0
Inventories	2447	2158	1900	1808
Trade Receivables	4052	3167	3805	3026
Cash & Equivalents	110	156	96	112
Short-terms loans and advances	1028	1245	770	1030
Other current assets	197	176	192	172
Total Assets	**16,381**	**15,444**	**12,172**	**11,575**

CHEMISTRY OF SUCCESS AT WORK

Key Balance Sheet Ratios

	Consolidated	
Key Ratios	**31-Mar-16**	**31-Mar-15**
Debt-Equity Ratio	0.9	1.2
Net Fixed Assets Turnover (x)	1.8	1.6
Inventory turnover (days)	67	62
Debtor turnover (days)	111	91
Payable turnover (days)	89	67
Cash conversion cycle	89	86

Key milestones

1986
Started operations

1995
Converted into a Public Ltd. Co.
1st Agro plant setup

1996
New Pigment plant setup at Panoli

1997
Private Equity investment in MOL

1999
Started Blue Pigment production at Panoli plant

2004
Acquired Agro assets from Rallis
Singapore listing

2007
India listing
Established MFL with IFC participation

2009
Started production in MFL
2 new sites for Agro-chemical at Panoli and Dahej

2013/14
New Pigment plant at Dahej SEZ
Expansion of Caustic-Chlorine facility

2015/16
Expansion into Caustic Potash

Corporate structure and shareholding pattern

Corporate Structure

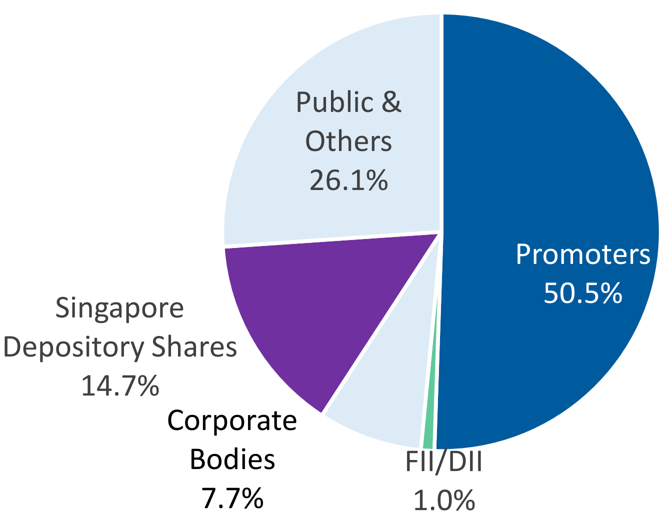
MOL

57%	Meghmani Finechem Limited* (Caustic Manufacturing)
100%	Meghmani Europe BVBA (Distribution)
100%	Meghmani Organics USA INC. (Distribution)
100%	P T Meghmani Organics Indonesia (Distribution)
100%	Meghmani Overseas FZE (Distribution)

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

Shareholding Pattern (March 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.

Contact us

For any Investor Relations queries, please contact:

Email: ir@meghmani.com
Phone: +91-79-71761000

Nisha.kakran/ Seema Shukla
Four-S Services Pvt Ltd
Phone: +91-124-4251442/+91 7718811182
Email: nisha.kakran@four-s.com
seema@four-s.com