



Meghmani Organics Limited (MOL)

Q4 & FY18 Investor Presentation

May 2018

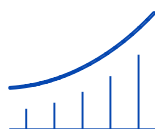
Meghmani Organics reports stellar performance

Consolidated PAT up ~2x. Reports highest ever PAT margin of 9.7%

Robust growth in revenues driven by both exports and domestic markets, result of planned strategic capex of Rs 6.5 bn incurred in last 5 years..



17,747 mn
Consolidated
Revenues FY18



Revenue up 27% YoY
11% FY14-FY18 CAGR



Production crosses 2 Lakh MT
Up 14% YoY, High Utilisation @84%

Focus on Higher-value products; Rs 751 mn debt reduction improves shareholder returns

EBITDA up by 49% YoY

Rs 4,312 mn
22% FY14-FY18 CAGR

PAT up by 95% YoY

Rs 1,713 mn
66% FY14-FY18 CAGR

EBITDA Margin	20.7%	>	24.3%
PAT Margin	6.3%	>	9.7%
ROCE	21.2%	>	32.0%

FY18: Robust growth in all segments

Pigments

Among top 3 (capacity-wise)
global pigments players



Revenue **up 12%**

EBITDA
Margin **15%**

Utilization **81%**

Exports:
Domestic **79:21**

Agrochemicals

Strong exports presence



Revenue **up 33%**

EBITDA
Margin **16%**

Utilization **68%**

Exports:
Domestic **67:33**

Basic Chemicals

4th largest Caustic-Chlorine
capacity in India



Revenue **up 52%**

EBITDA
Margin **43%**

Utilization **86%**

Exports:
Domestic **5:95**

Consolidated financials FY18

Contents

Section 1

FY18 Performance

Section 2

Q4FY18 Performance

Section 3

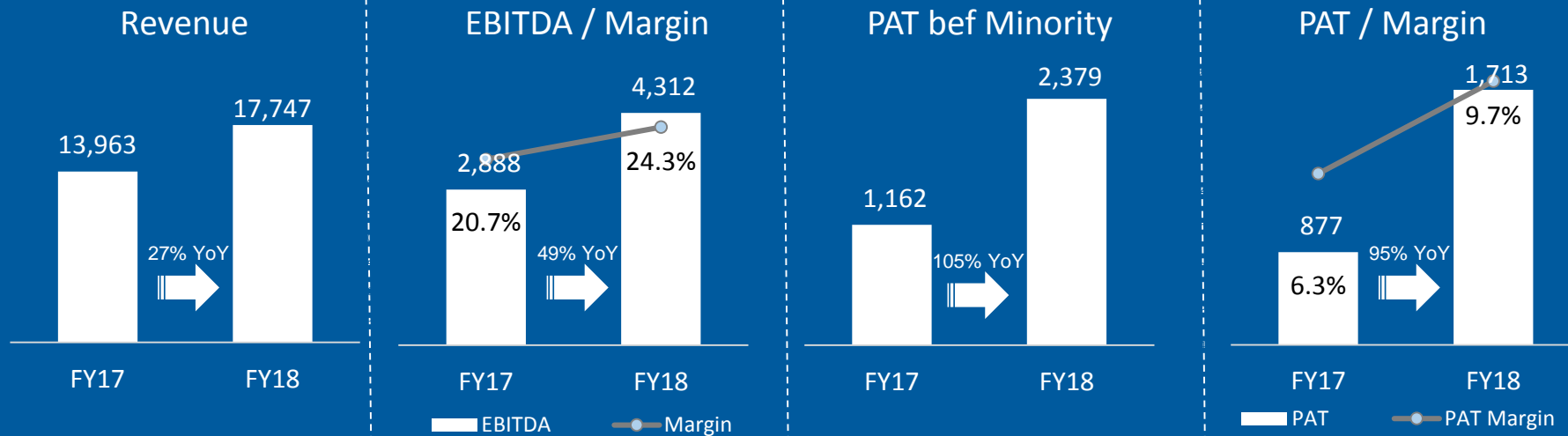
Company Overview

Section 4

Annexure

FY18: Robust growth in both revenue and profitability




Consolidated, Figures in Rs mn



- Revenue up 27% YoY driven by strong growth in both domestic sales (up 25%) and exports (up 29%)
 - Exports contributed 52% while domestic contributed 48% to revenues
- EBITDA up 49% YoY to reach Rs 4,312 mn; EBITDA margin increased from 20.7% in FY17 to 24.3% in FY18
 - Raw Material cost as % of revenue decreased YoY from 56.9% in FY17 to 51.3% in FY18, while employees cost as % of revenue increased from 4.6% in FY17 to 5.6% in FY18
- PBT before exceptional items up 105% YoY at Rs 3,268 mn on account of improved EBITDA and lower interest outflow with reduced debt. Finance cost reduced 22% YoY for FY18
- PAT up 95% YoY to reach Rs 1,713 mn; PAT margin at 9.7%
 - Minority interest for the period at Rs 666 mn compared to Rs 285 mn in FY17

Debt Reduction brings D/E down to 0.4X

Consolidated, Figures in Rs mn

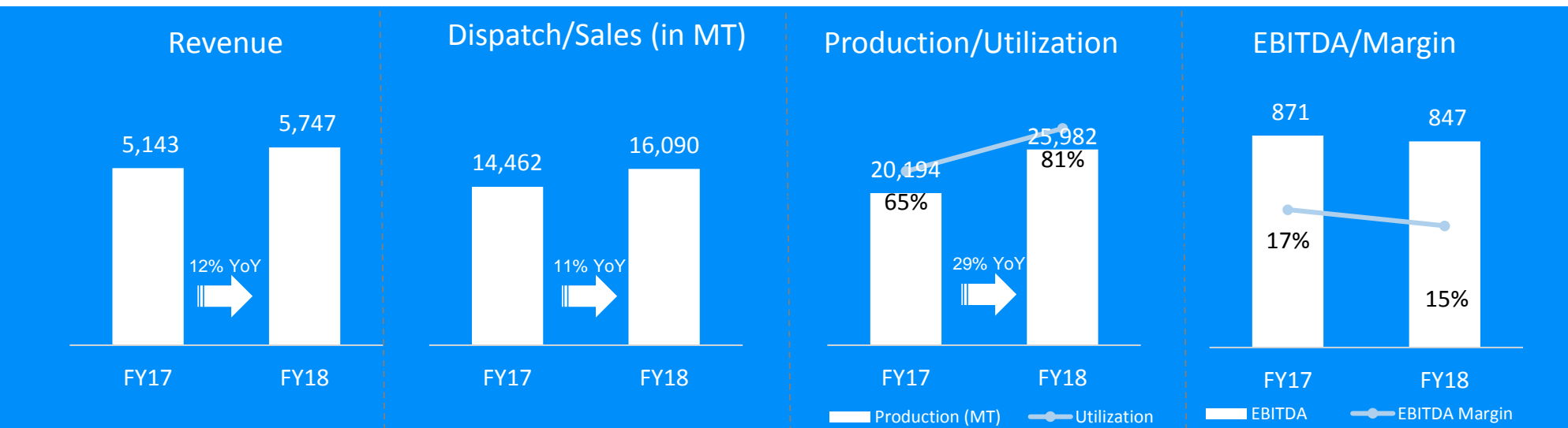
	Debt*	D/E Ratio	Interest Coverage Ratio
FY17	4,610 	0.6x 	3.9 
FY18	3,858	0.4x	8.4

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

- Overall Debt reduced by Rs 751 mn due to repayments of total debt
- Interest coverage ratio improved to 8.4X with better performance and lower debt cost
- Cash conversion cycle reduced to 54 days in FY18 from 75 days in FY17

Pigments report 12% revenue growth; Utilization at 81%

Consolidated, Figures in Rs mn

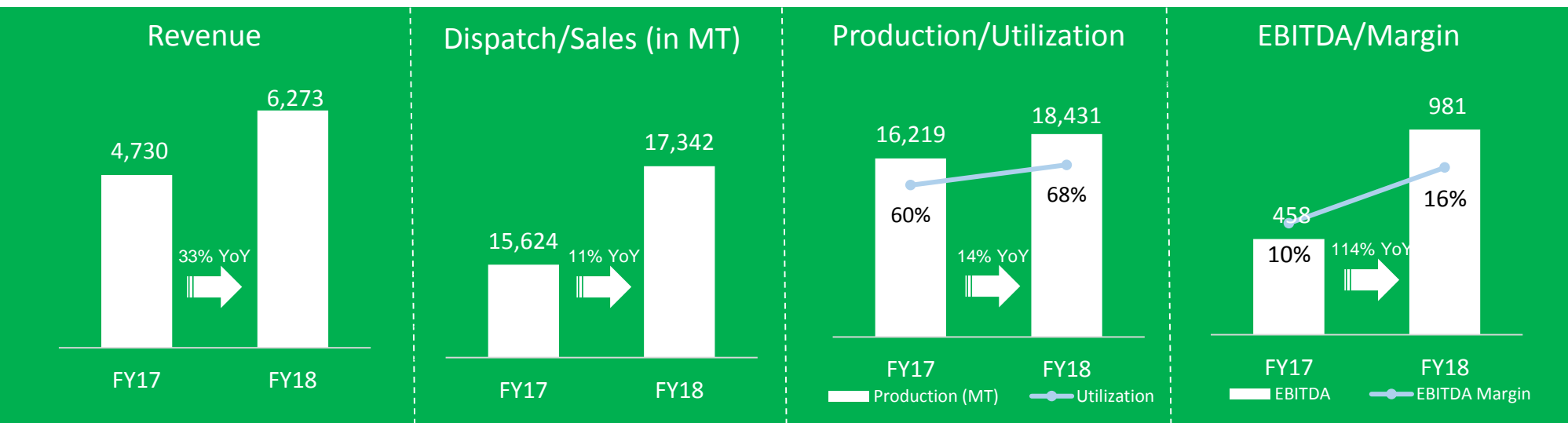


Note: Including intersegment data, excluding Excise duty

- Revenue up 12% driven by robust performance in exports markets, offset by lower domestic sales
 - Exports Revenue up 29% YoY and contributed 79% of Pigments FY18 revenue compared to 68% in FY17
 - Domestic Revenue down -28%, contributed 21% to revenue
 - Dispatch/sales up 11% however, realizations remained flat
- EBITDA declined marginally by -3% YoY at Rs 847 mn in the period as higher input cost could not be passed on to customers fully.
 - EBITDA margin declined from 17% in FY17 to 15% in FY18
- Utilization increased to 81% from 65% in FY17 on the back of 29% YoY increase in production

Agrochemicals: 114% YoY Growth in EBITDA; Margin up at 16%

Consolidated, Figures in Rs mn

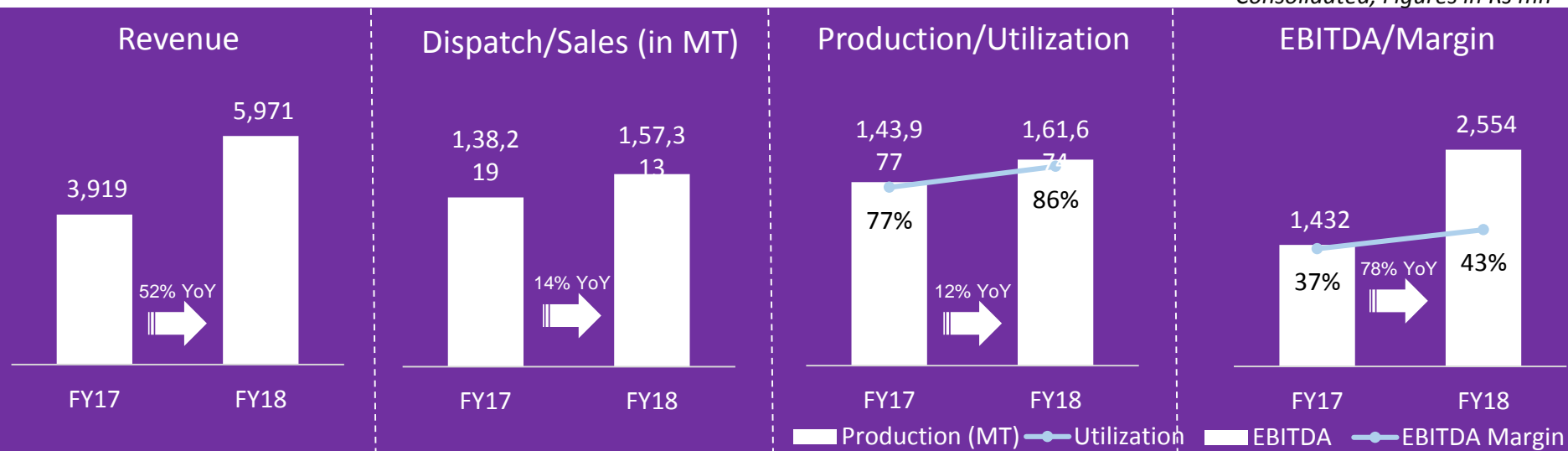


Note: Including intersegment data, excluding Excise duty

- Revenue up 33% driven by robust growth of 43% in exports markets along with 15% growth in domestic market
 - Exports contribution up at 67% from 62% in FY17, domestic contribution at 33%
 - Dispatch/sales witnessed a growth of 11% and realizations were up by 19%
- EBITDA grew 114% driven by positive market conditions and better price realisation to reach Rs 981 mn; EBITDA Margin at 16% as compared to 10% in FY17
- Strong growth in production, up 14% to reach 18,431 MT
 - Utilisation level up from 60% to 68%

Basic Chemicals: 52% growth in Revenue; EBITDA margin at 43%

Consolidated, Figures in Rs mn

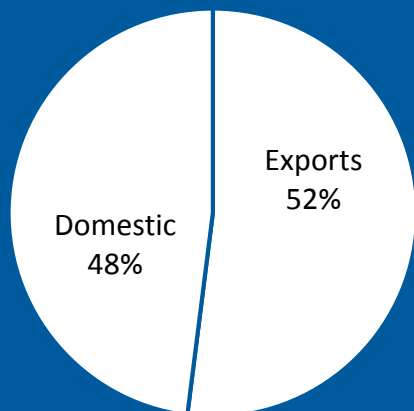


Note: Including intersegment data, excluding Excise duty

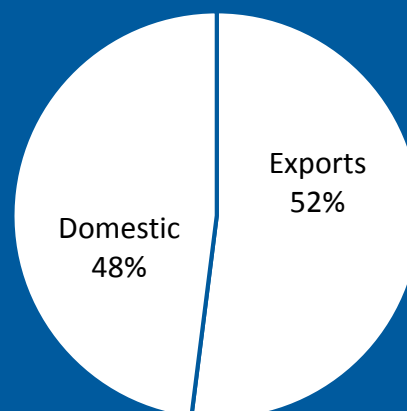
- Revenue grew at 52% YoY to reach Rs 5,971 mn on the back of strong growth in both domestic and exports market
 - Exports contribution up at 5%, domestic contribution at 95%
 - Dispatch/sales was up 14% YoY while realisations were up 34% for FY18
- Utilisation increased to 86% as compared to 77% in FY17 and production increased 12% YoY
- EBITDA up 78% YoY to reach Rs 2,554 mn and margins were up to 43% on account of positive market conditions and better price realisation

Strong growth in both domestic and exports market

FY17



FY18



Segmental breakdown

	FY17			FY18		
	Exports	Domestic	Total	Exports	Domestic	Total
Pigments	3,267	1,560	4,828	4,210	1,124	5,334
Agrochemicals	2,930	1,800	4,730	4,176	2,078	6,255
Basic Chemicals	203	3,396	3,599	254	5,273	5,527
Others	803	3	807	631	-1	630
Total	7,204	6,759	13,963	9,272	8,475	17,747

- Domestic market witnessed 25% increase in FY18 driven by robust 55% and 15% growth in Basic Chemicals and Agrochemicals, respectively. Domestic Pigments sale was down by 28%
- Export revenue was up 29%, led by 43% growth in Agrochemicals and 29% & 25% growth in Pigments and Basic chemicals respectively

Contents

Section 1

FY18 Performance

Section 2

Q4FY18 Performance

Section 3

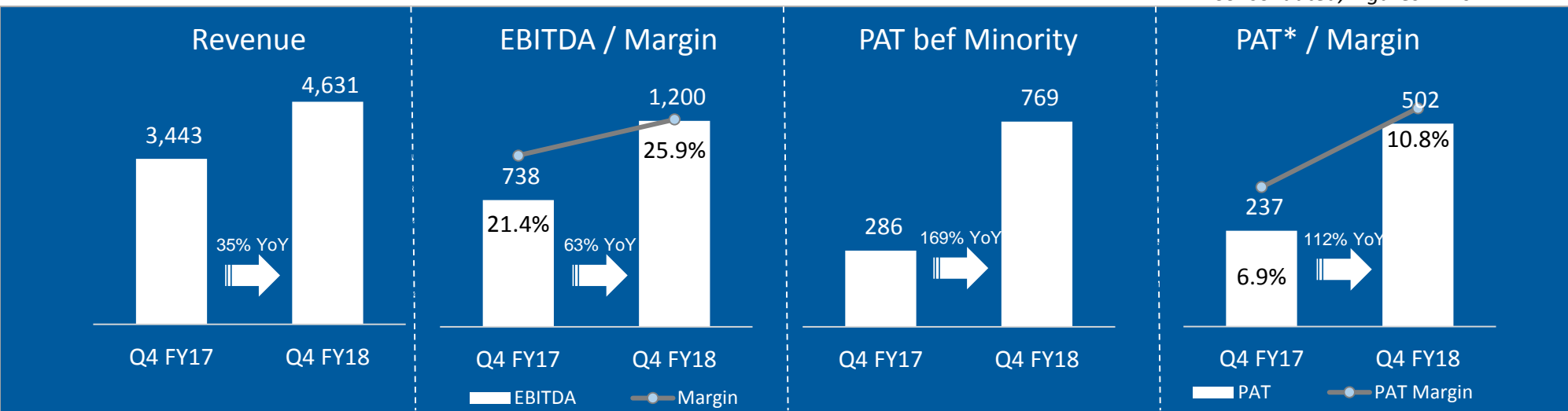
Company Overview

Section 4

Annexure

Q4FY18 reports 35% growth in Revenue; EBITDA Margin at 26%

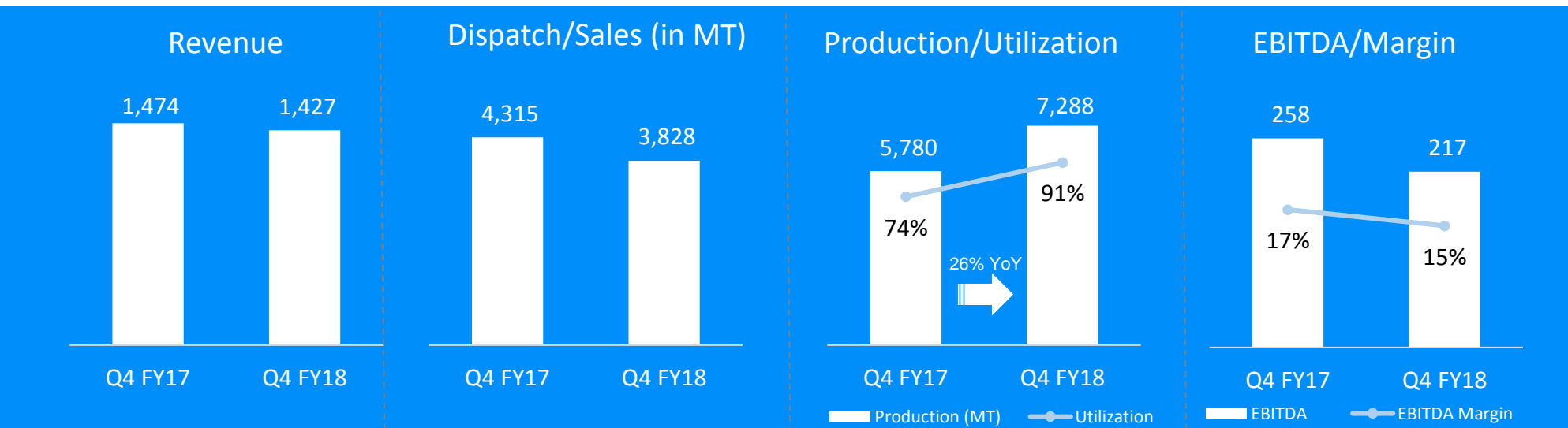
Consolidated, Figures in Rs mn



- Revenue up 35% at Rs 4,631 mn as domestic revenue grew by 53% while exports grew by 20%. Domestic revenue contributed 51% to revenue
- EBITDA grew at 63% YoY as raw material cost as % of revenue declined from 56.1% to 46.2%
- Interest outflow down 12% to Rs 92 mn compared to Rs 105 mn in Q4FY17 with reduced debt
- PAT grew 112% YoY to reach Rs 502 mn as compared to Rs 237 mn in FY17; PAT margin increased to 10.8% as compared to 6.9% in Q4FY17

Pigments Utilization up at 91%, EBITDA margin at 15%

Consolidated, Figures in Rs mn

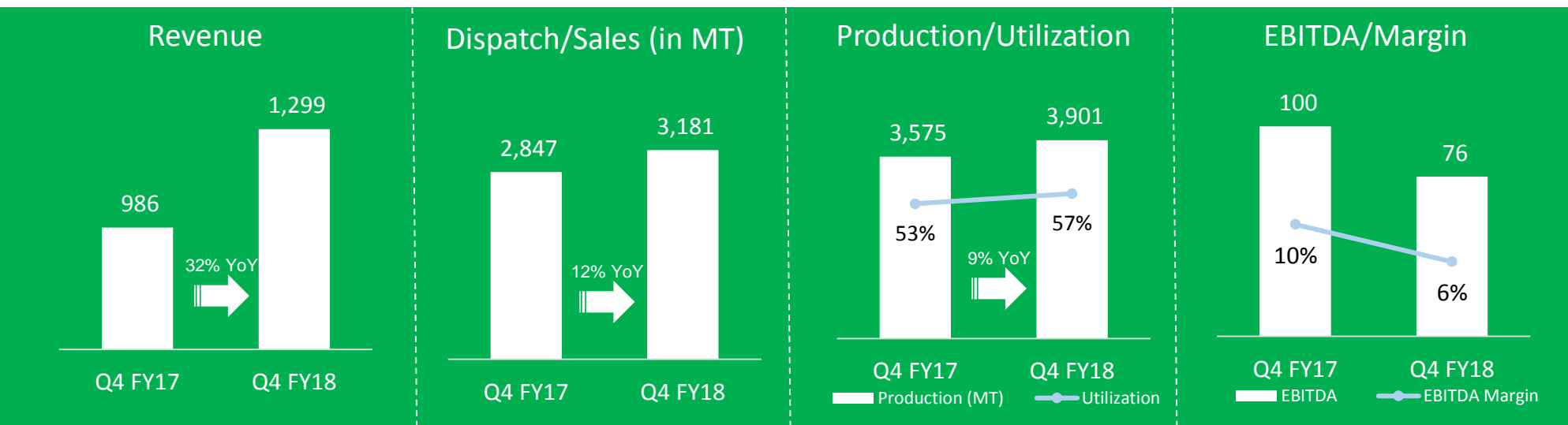


Note: Including intersegment data, excluding Excise duty

- Revenue declined marginally by -3% YoY at Rs 1,427 mn
 - Total Dispatch/sales down 11%
 - However strong growth in realizations (9% YoY) partially offset the volume degrowth
 - Export revenues up 6% YoY, contributed 81% to revenues
- EBITDA margin declined to 15% from 17% in Q4FY17, due to higher input cost which could not be fully passed on to the customers
- Utilization increased to 91% compared to 74% in Q4FY17, Production up 26% YoY

Agrochemicals revenues up by 32%

Consolidated, Figures in Rs mn

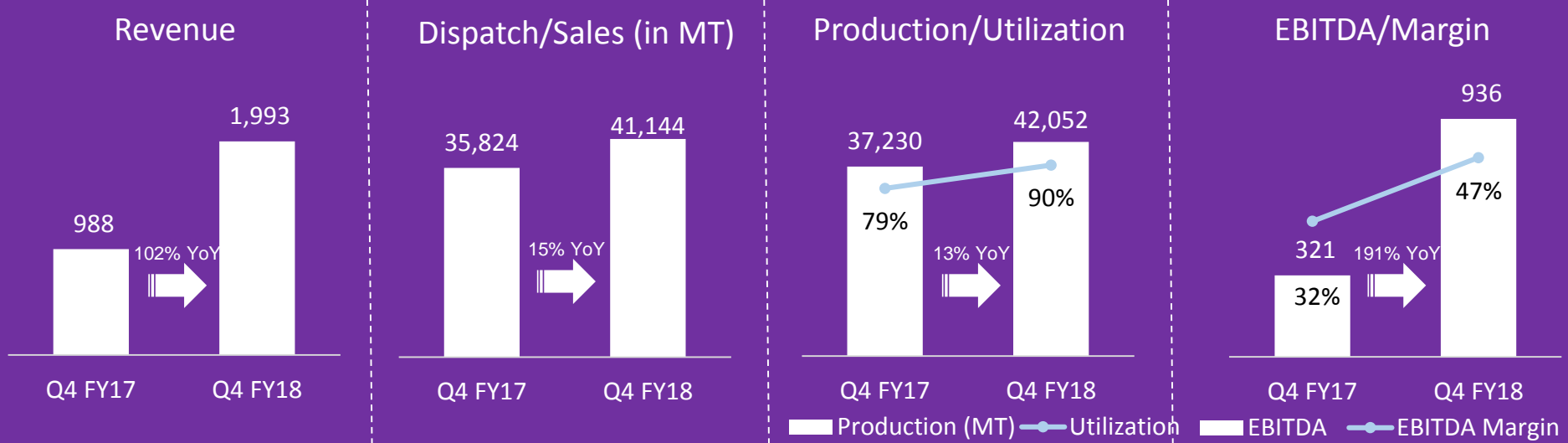


Note: Including intersegment data, excluding Excise duty

- Revenue grew by 32% YoY to reach Rs 1,299 mn in Q4 FY18 on the account of strong growth of 54% in exports
 - Domestic market was down by 17% and now contributes 21% to revenues
 - Dispatch/Sales increased by 12% while realizations grew by 18%
- EBITDA margin at 6% in Q4FY18
- Utilization at 57% , Production up 9% YoY

Basic Chemicals revenue growth 102% ; EBITDA ~3x YoY basis

Consolidated, Figures in Rs mn

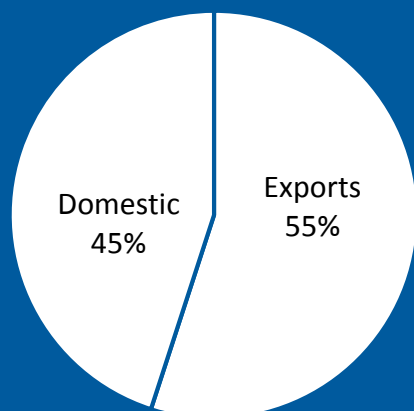


Note: Including intersegment data, excluding Excise duty

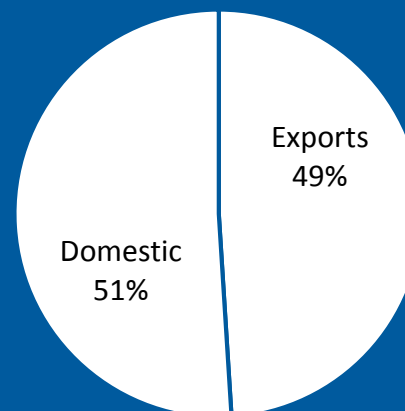
- Revenue up by 102% YoY to reach Rs 1,993 mn due to robust growth of 116% YoY in domestic market
 - Overall Dispatch/Sales were up 15% while realisations were up by 76%
- EBITDA up~3x to reach Rs 936 mn with margin at 47% as compared to 32% in FY17
- Utilisation improved to 90% in FY18 with 13% growth in the production

Domestic Revenues up 53%, contribute 51% to revenues

Q4FY17



Q4FY18



Consolidated, Figures in Rs mn

Segmental breakdown						
	Q4FY17			Q4FY18		
	Exports	Domestic	Total	Exports	Domestic	Total
Pigments	990	376	1,366	1052	253	1,305
Agrochemicals	659	327	986	1,017	273	1,290
Basic Chemicals	59	851	910	34	1,841	1,875
Others	184	-3	181	162	-1	161
Total	1,892	1,551	3,443	2,266	2,365	4,631

- Domestic business up by 53% led by robust growth of 116% in Basic Chemicals while Pigments and Agrochemicals segment were down
- Exports revenue grew 20% driven by strong growth of 54% in Agrochemicals revenue, offset by Pigments and Basic Chemicals

Contents

Section 1

FY18 Performance

Section 2

Q4FY18 Performance

Section 3

Company Overview

Section 4

Annexure

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 includes CPC Blue, Pigment Green, Pigment Blue
- 79% revenue from exports, brand presence in 70 countries
- Strong Client relationship; 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
- 67% revenue from exports; 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 43% in FY18

Rs 17.7 bn Revenue *

24.3% EBITDA Margin *

9.7% PAT Margin *

32.0% ROCE*

48:52 Domestic : Exports*

Rs 6.5 bn Capex (last 5 yrs)

400+ Marquee Clients

75+ Countries

691 Registrations

* FY18 Numbers

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:
27,160 MTPA

- Ankleshwar Plant: 6,420 MTPA
- Panoli Plant: 7,200 MTPA
- Dahej Plant: 13,540 MTPA

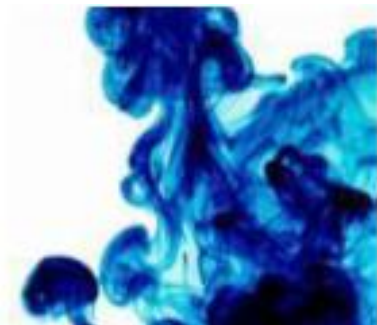


Basic Chemicals

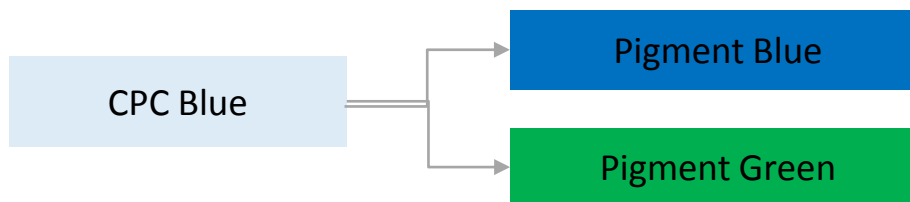
Total Capacity:
187,600MTPA

- 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

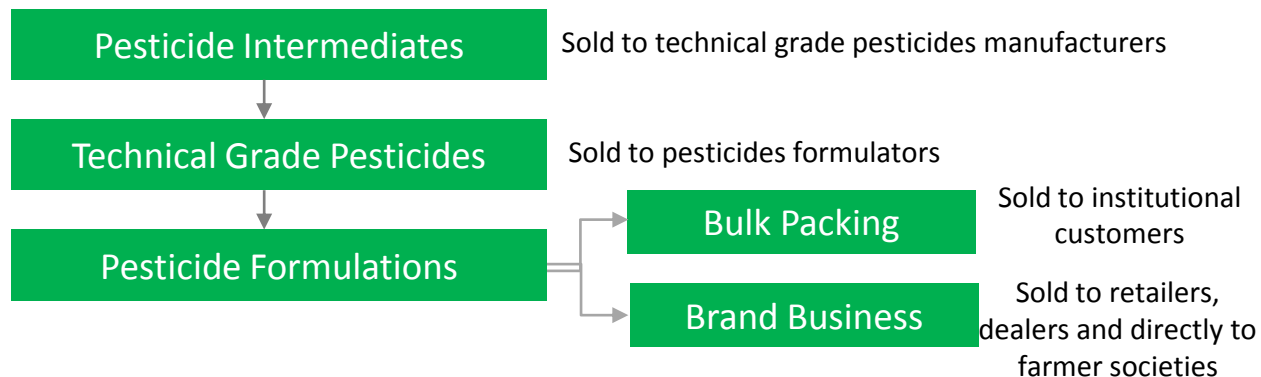


Upstream product: Sold to other pigments manufacturers

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



Agrochemicals



Sold to technical grade pesticides manufacturers

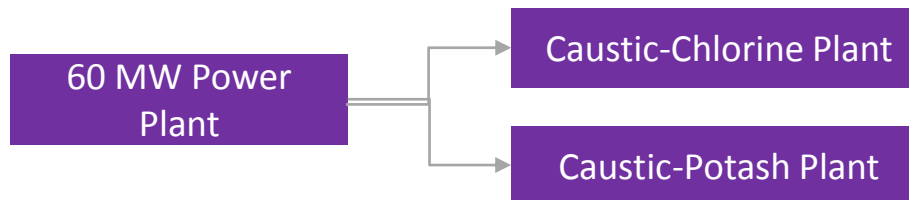
Sold to pesticides formulators

Sold to institutional customers

Sold to retailers, dealers and directly to farmer societies



Basic Chemicals



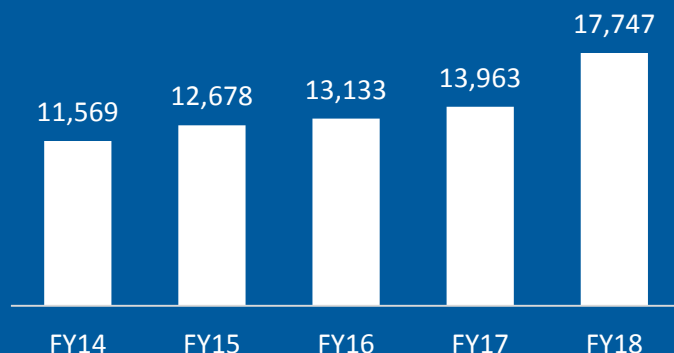
Power is a major raw material to manufacture Basic Chemicals

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

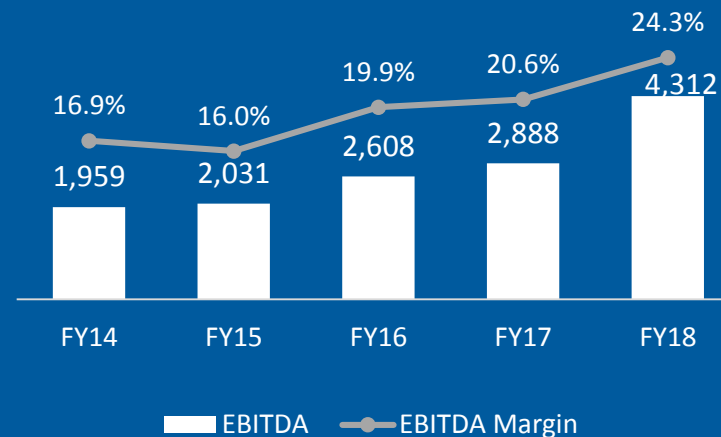
High growth: 4 year PAT CAGR of 66%

Consolidated, Figures in Rs mn

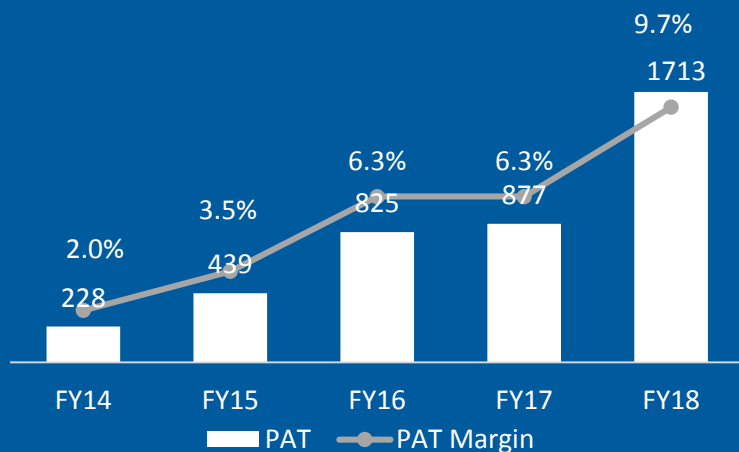
Net Sales and Growth



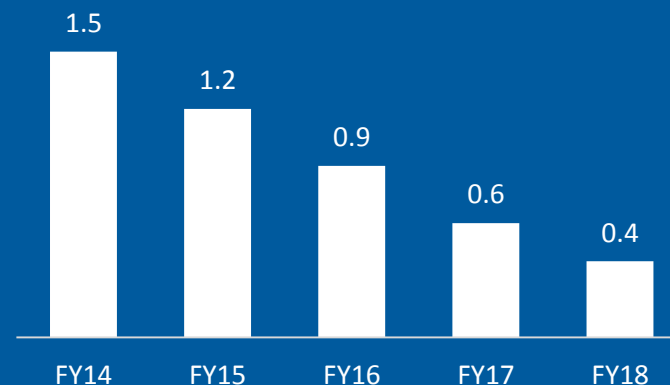
EBITDA and EBITDA Margin



PAT and PAT Margin



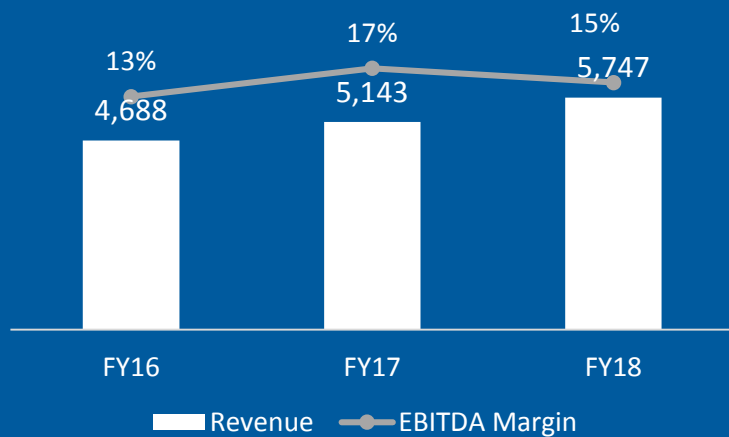
Debt Equity Ratio



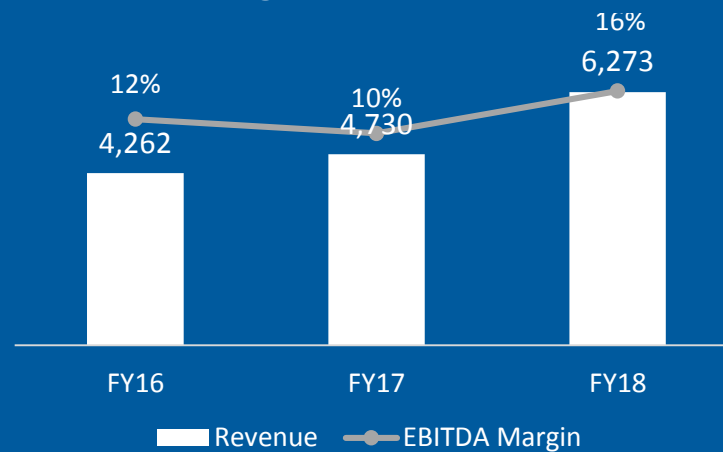
Historical Segmental Analysis

Consolidated, Figures in Rs mn

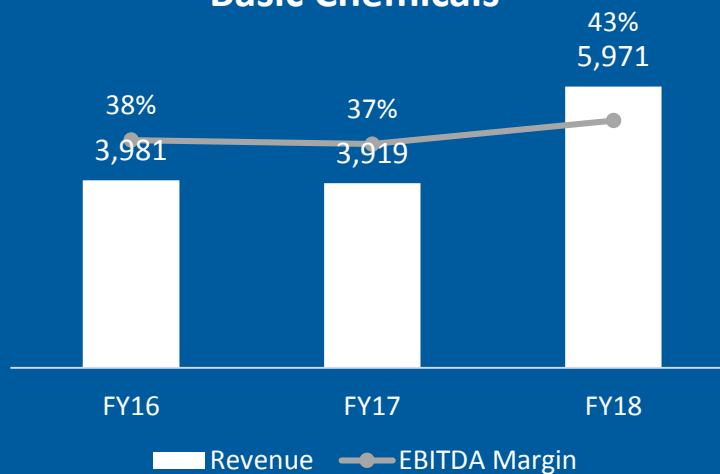
Pigments



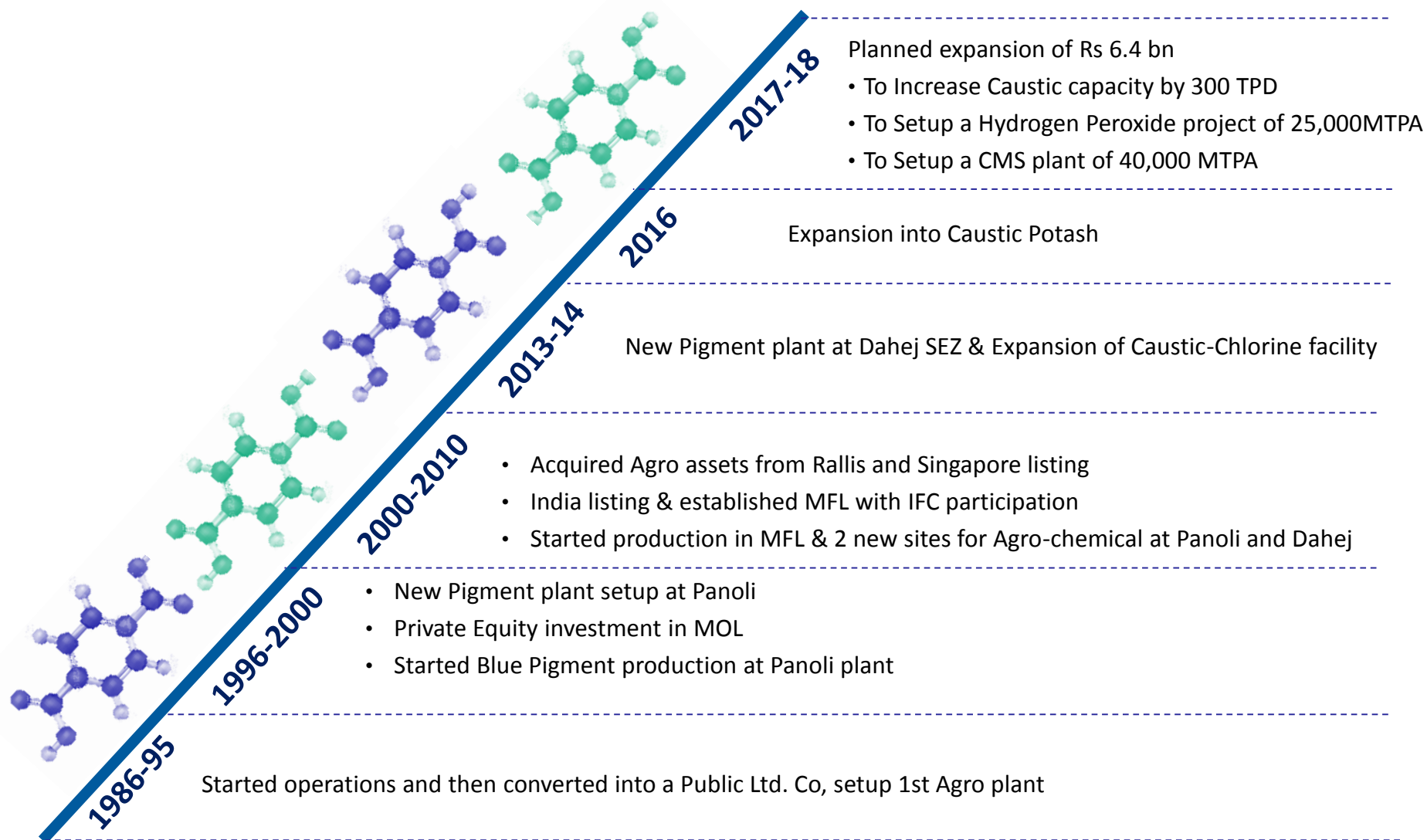
Agrochemicals



Basic Chemicals



Journey of growth. . .



Contents

Section 1

FY18 Performance

Section 2

Q4FY18 Performance

Section 3

Company Overview

Section 4

Annexure

P&L Statement (Consolidated): Q4 & FY18

Figures in Rs Million

Particulars	Q4 FY18	Q4 FY17	YoY (%)	Q3 FY18	QoQ (%)	FY18	FY17	YoY (%)
Net sales / income from operations	4,631	3,443	35%	4,431	5%	17,747	13,963	27%
Excise Duty on Sales	-	335	-100%	-	#DIV/0!	398	1,233	-68%
Other Operating Income	79	59	35%	74	8%	286	233	23%
Total Income from Operations	4,710	3,836	23%	4,504	5%	18,432	15,429	19%
Total Expenditure	3,511	3,098	13%	3,332	5%	14,120	12,542	13%
Consumption of Raw Material	2,138	1,931	11%	2,304	-7%	9,103	7,940	15%
Personnel Cost	407	159	157%	209	95%	998	648	54%
Other Expenditure	966	674	43%	820	18%	3,620	2,721	33%
Excise Duty	-	335	-100%	-	#DIV/0!	398	1,233	-68%
EBITDA	1,200	738	63%	1,172	2%	4,312	2,888	49%
Depreciation & Amortisation	238	224	6%	244	-3%	948	907	4%
EBIT	962	513	87%	928	4%	3,364	1,980	70%
Interest & Finance Charges	92	105	-12%	99	-7%	399	509	-22%
Other Income	137	-14	NM	15	797%	303	124	144%
PBT before exceptional items	1,008	395	155%	844	19%	3,268	1,596	105%
Exceptional items	11	14	NM	-	NM	11	38	NM
PBT	996	381	162%	844	18%	3,257	1,558	109%
Tax Expense	227	95	140%	218	4%	878	396	122%
PAT (From ordinary activities)	769	286	169%	626	23%	2,379	1,162	105%
Extraordinary items	-	-	NM	-	NM	-	-	NM
PAT	769	286	169%	626	23%	2,379	1,162	105%
Minority Expense	267	49	444%	191	40%	666	285	134%
PAT after Minority	502	237	112%	435	15%	1,713	877	95%

Key Ratios as a % of Total Revenue	Q4 FY18	Q4 FY17	Q3 FY18	FY18	FY17
EBITDA	25.9%	21.4%	26.5%	24.3%	20.7%
PAT	10.8%	6.9%	9.8%	9.7%	6.3%
Total Expenditure	75.8%	80.3%	75.2%	77.3%	81.0%
Raw material	46.2%	56.1%	52.0%	51.3%	56.9%
Employee Cost	8.8%	4.6%	4.7%	5.6%	4.6%
Other Expenditure	20.9%	19.6%	18.5%	20.4%	19.5%

P&L Statement (Standalone): Q4 & FY18

Figures in Rs Million

Particulars	Q4 FY18	Q4 FY17	YoY (%)	Q3 FY18	QoQ (%)	FY18	FY17	YoY (%)
Net sales / income from operations	2,723	2,542	7%	3,002	-9%	12,098	10,230	18%
Excise Duty on Sales	-	186	-100%	-	NM	225	713	-68%
Other Operating Income	79	58	35%	71	11%	282	232	22%
Total Income from Operations	2,802	2,787	1%	3,073	-9%	12,605	11,175	13%
Total Expenditure	2,570	2,431	6%	2,599	-1%	10,893	9,843	11%
Consumption of Raw Material	1,572	1,525	3%	1,786	-12%	7,068	6,415	10%
Personnel Cost	197	117	69%	155	27%	616	484	27%
Other Expenditure	800	603	33%	657	22%	2,984	2,231	34%
Excise Duty	-	186	-100%	-	NM	225	713	-68%
EBITDA	232	356	-35%	474	-51%	1,712	1,332	29%
Depreciation & Amortisation	110	96	15%	113	-2%	426	385	11%
EBIT	123	260	-53%	362	-66%	1,286	947	36%
Interest & Finance Charges	73	83	-11%	80	-9%	309	364	-15%
Other Income	127	(9)	NM	7	NM	261	110	138%
PBT before exceptional items	176	168	5%	288	-39%	1,238	693	79%
Exceptional items	11	14	NM	-	NM	24	38	NM
PBT	165	153	7%	288	-43%	1,214	655	85%
Tax Expense	46	24	94%	117	-60%	445	240	86%
PAT (From ordinary activities)	119	130	-9%	171	-31%	769	415	85%
Extraordinary items	-	-	NM	-	NM	-	-	NM
PAT	119	130	-9%	171	-31%	769	415	85%
Minority Expense	-	-	NM	-	NM	-	-	NM
PAT after Minority	119	130	(0.9)	171	-31%	769	415	85%

Key Ratios as a % of Total Revenue	Q4 FY18	Q4 FY17	Q3 FY18	FY18	FY17
EBITDA	8.5%	14.0%	15.8%	14.2%	13.0%
PAT	4.4%	5.1%	5.7%	6.4%	4.1%
Total Expenditure	94.4%	88.3%	86.6%	88.2%	89.2%
Raw material	57.7%	60.0%	59.5%	58.4%	62.7%
Employee Cost	7.3%	4.6%	5.2%	5.1%	4.7%
Other Expenditure	29.4%	23.7%	21.9%	24.7%	21.8%

Balance Sheet

Figures in Rs Million

Particulars (in Rs Mn)	As on 31 Mar 2018	As on 31 Mar 2017
<u>Assets</u>		
1. Non-current assets		
(a) Property Plant and Equipment	7,793	7,689
(b) Capital work-in-progress	747	97
(c) Other Intangible assets	156	93
(d) Intangible assets under development	287	94
(e) Financial assets		
(i) Non-current investments	6	6
(ii) Other Non Current Financial Assets	108	103
(f) Deferred Tax Assets (net)	75	52
(g) Non-current tax assets	105	184
(g) Other non-current assets	516	132
Total non current assets	9,792	8,450
2. Current assets		
(a) Inventories	2,677	2,417
(b) Financial Assets		
(i) Current investments	714	285
(ii) Trade receivables	3,745	3,309
(iii) Cash and Bank Balance	43	21
(iv) Bank balances other than (iii) above	57	81
(v) Short-term Loans and Advances	4	3
(vi) Other current assets	325	577
(c) Assets for Current Tax (Net)	-	-
(d) Other current assets	827	710
Total current assets	8,392	7,403
Total Assets	18,184	15,853

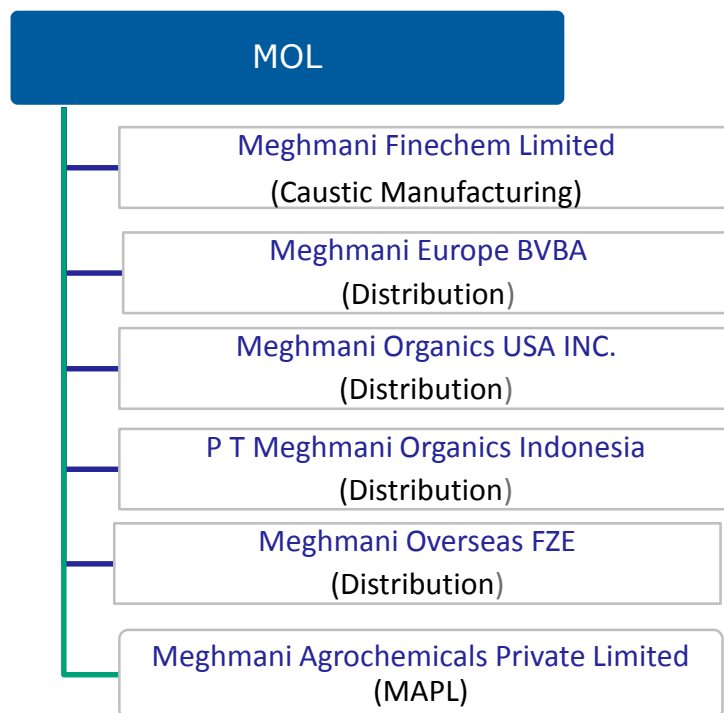
Particulars (in Rs Mn)	As on 31 Mar 2018	As on 31 Mar 2017
<u>Equity and Liabilities</u>		
1. Equity		
(a) Share capital	254	254
(b) Other Equity		
(i) Retained earnings	8,451	6,930
Non-controlling interests	2,214	1,547
Total equity	10,919	8,732
2. Share application money pending allotment		
3. Non-current liabilities		
(a) Financial liabilities		
(i) Long-term borrowings	2,183	1,217
(ii) Other non-current financial liabilities	-	2
(b) Long-term Provision	52	44
(c) Deferred tax liabilities (Net)	506	337
(d) Other non-current liabilities		
Total non current liabilities	2,741	1,600
4. Current liabilities		
(a) Financial liabilities		
(i) Short-term borrowings	814	2,496
(ii) Trade payables	1,951	1,630
(iii) Other Financial liabilities	1,514	1,196
(b) Other current liabilities	104	139
(c) Short-term provisions	1	1
(d) Liabilities for current tax (net)	141	58
Total Current liabilities	4,524	5,521
Total Liabilities	18,184	15,853

Key Balance Sheet Ratios

Key Ratios	As on 31 Mar 2017	As on 31 Mar 2018
Debt-Equity Ratio	0.6	0.4
Net Fixed Assets Turnover (x)	1.8	2.6
Inventory turnover (days)	63	55
Debtor turnover (days)	87	77
Payable turnover (days)	75	78
Cash conversion cycle	75	54

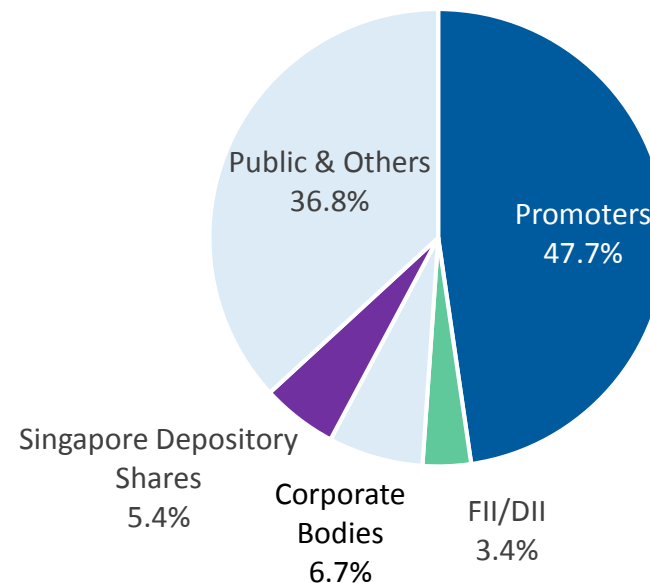
Corporate structure and shareholding pattern

Corporate Structure



Shareholding Pattern (March 31, 2018)

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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