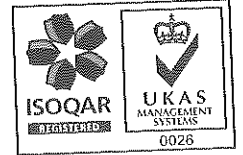


MEGHMANI ORGANICS LIMITED

CORPORATE OFFICE: "MEGHMANI HOUSE", Behind Safal Profitaire, Corporate Road, Prahladnagar,
Ahmedabad-380 015. Gujarat, (INDIA) Phone No.: +91 79 71761000, 29709600 Fax: +91 79 - 29709605
E-mail: helpdesk@meghmani.com Site: www.meghmani.com CIN: L24110GJ1995PLC024052



13/08/2019

National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) <u>Mumbai 400 051</u>	BSE Limited Floor- 25, P J Tower, Dalal Street, <u>Mumbai 400 001</u>
SYMBOL:- MEGH	Scrip Code 532865

Dear Sir

Sub: - Investor Presentation on – Q1 FY 20

We forward herewith the Investor Presentation prepared on Un-Audited Financial of the Company for the **First Quarter ended on 30.06.2019** for information of the Member.

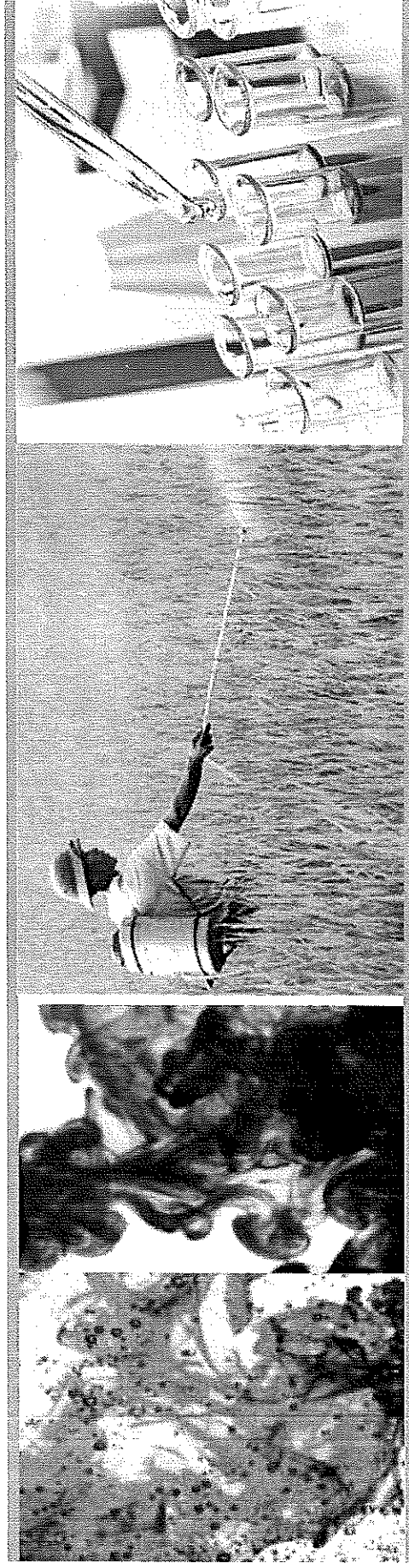
Thanking you.

**Yours faithfully,
For Meghmani Organics Limited**

**(K D Mehta)
Company Secretary & Compliance Officer**

C C to:- Singapore Stock Exchange

:- For information of Members



Meghmani Organics Limited (MOL)

Q1 FY20 Results Presentation
Aug 2019

Disclaimer



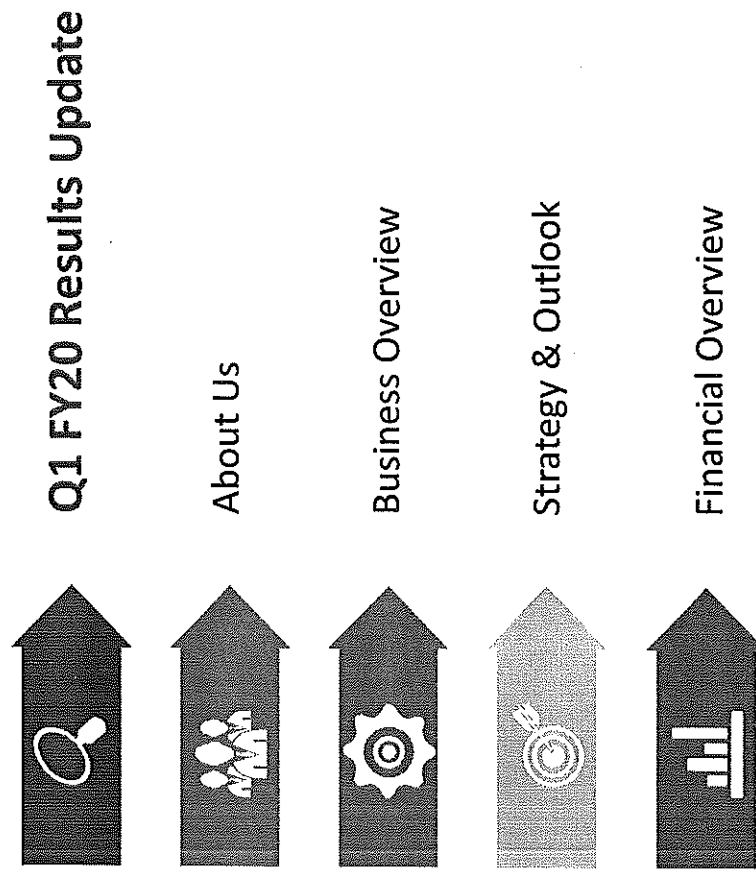
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Discussion Summary



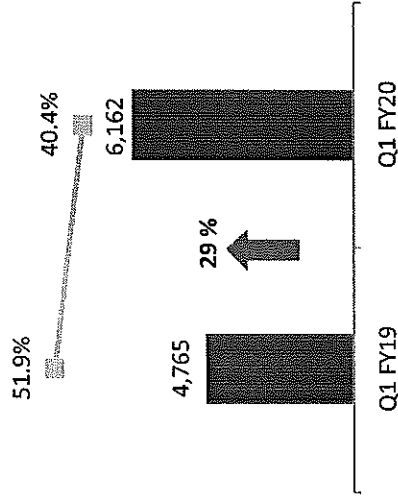
Q1 FY20 Results: Key Highlights



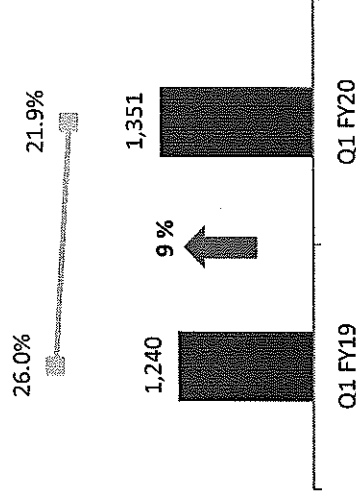
Rs Min

Q1 FY20 YoY Analysis

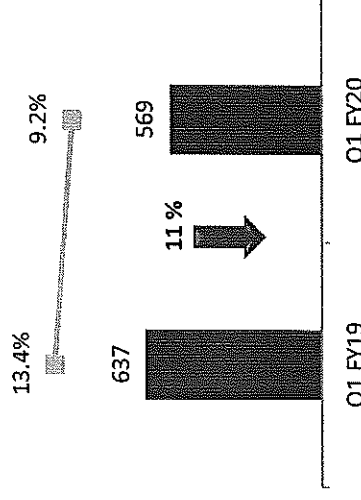
Revenues & Gross Margin



EBITDA & EBITDA Margin



PAT & PAT Margin *



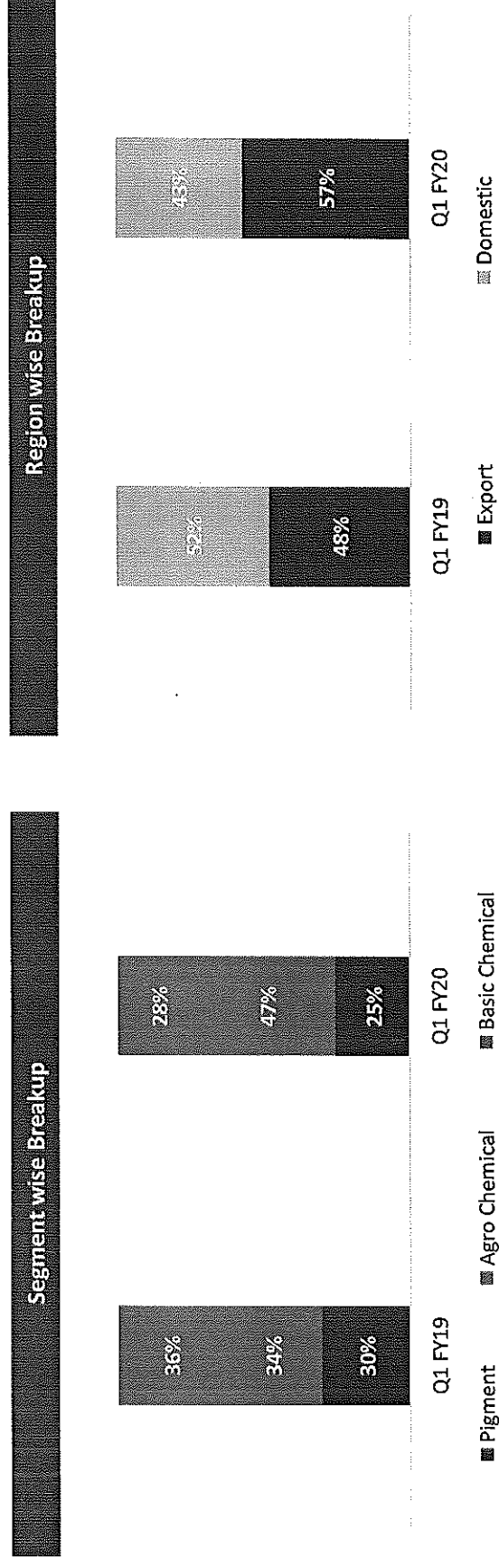
Note: * PAT & PAT Margin are after NCI

Q1 FY20 Results: Revenue Analysis



Rs Mn

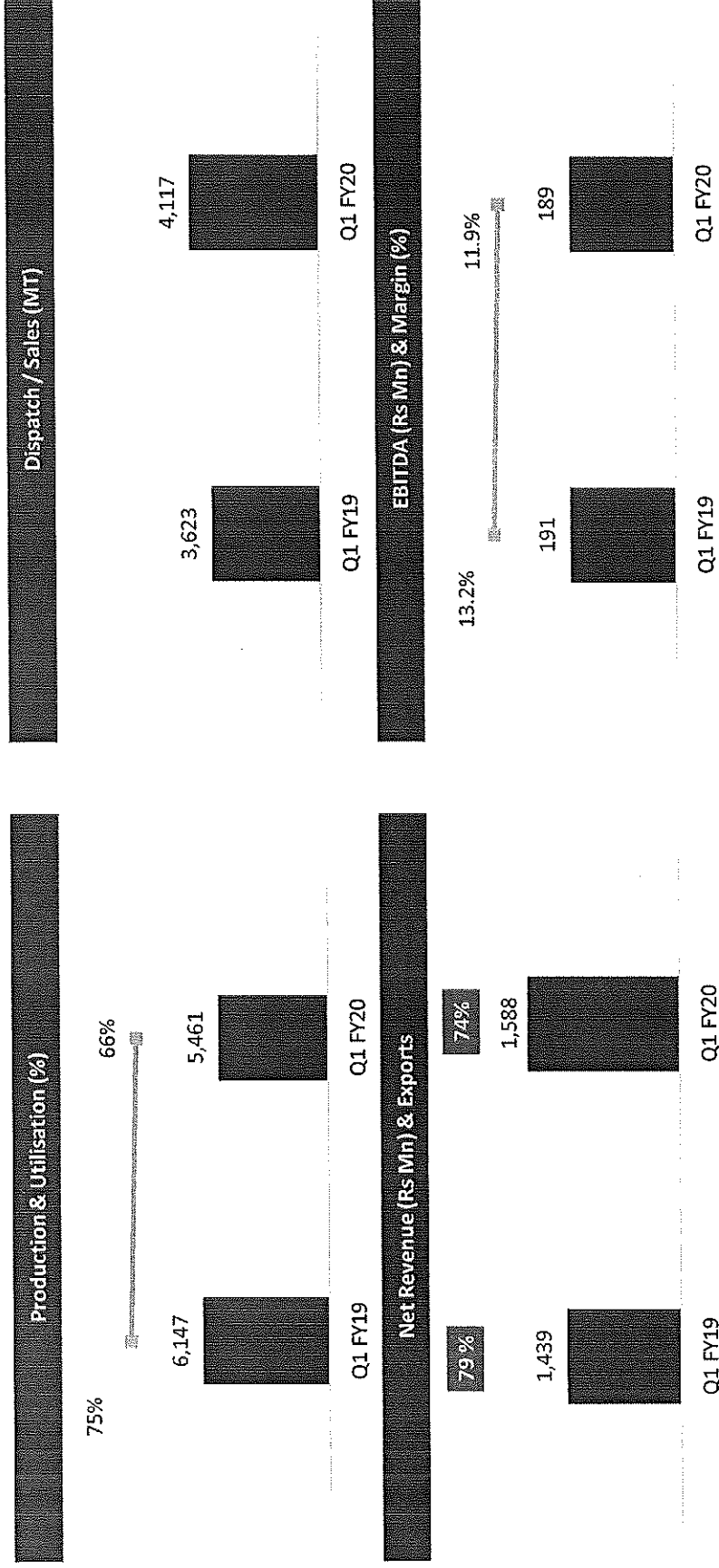
Q1 FY20 YoY Analysis



Q1 FY20 Results: Pigments Business



Q1 FY20 YoY Analysis



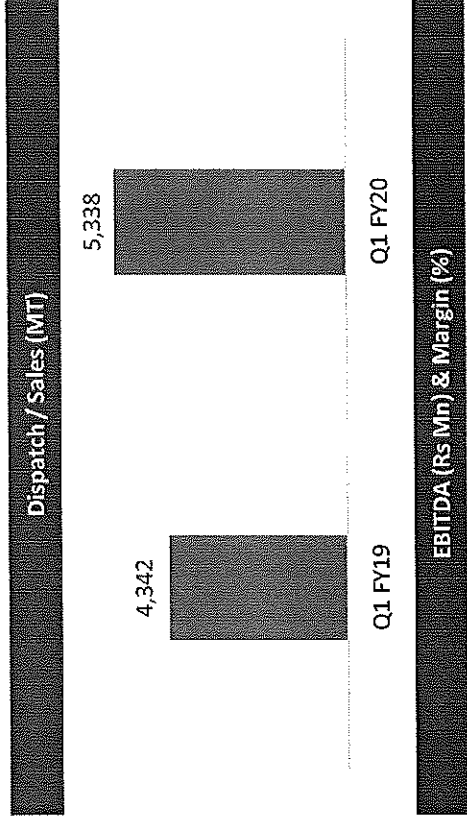
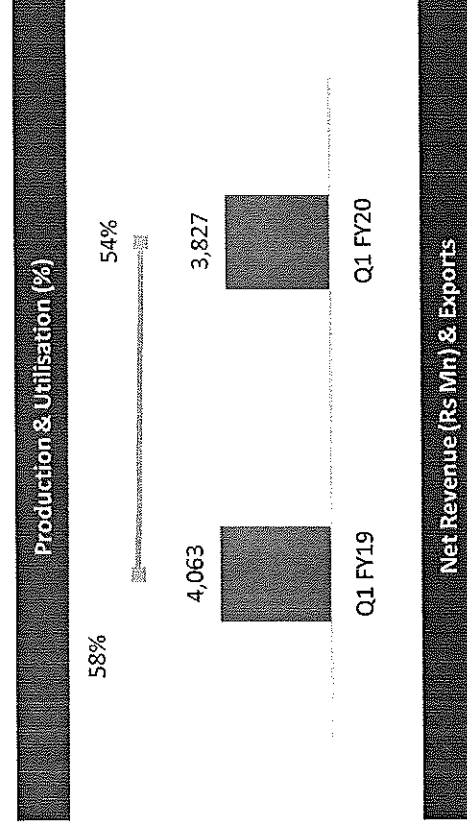
Net Revenue including intersegment sales

Exports

Q1 FY20 Results: Agrochemicals Business



Q1 FY20 YoY Analysis



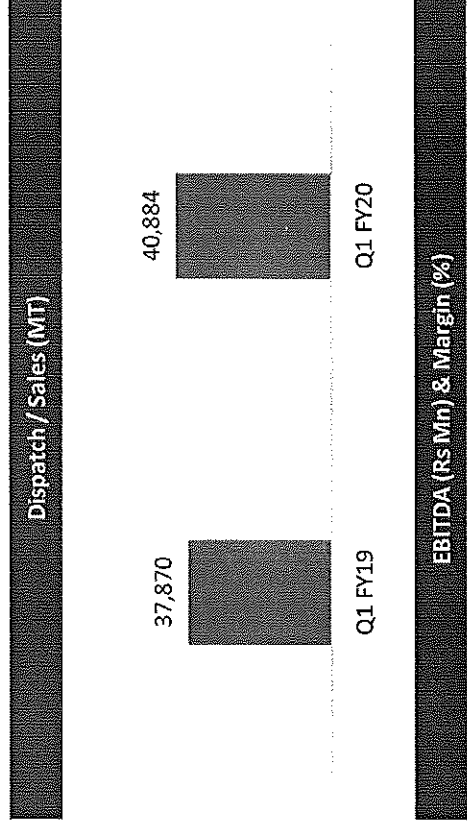
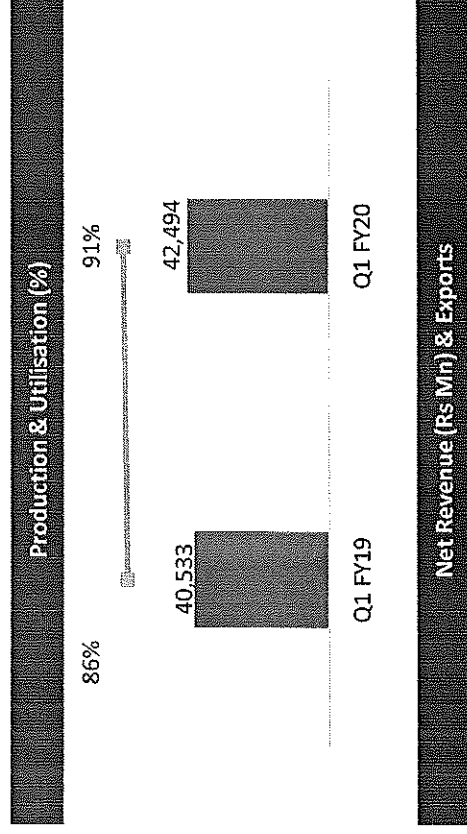
Net Revenue including intersegment sales

Exports

Q1 FY20 Results: Basic Chemicals Business



Q1 FY20 YoY Analysis



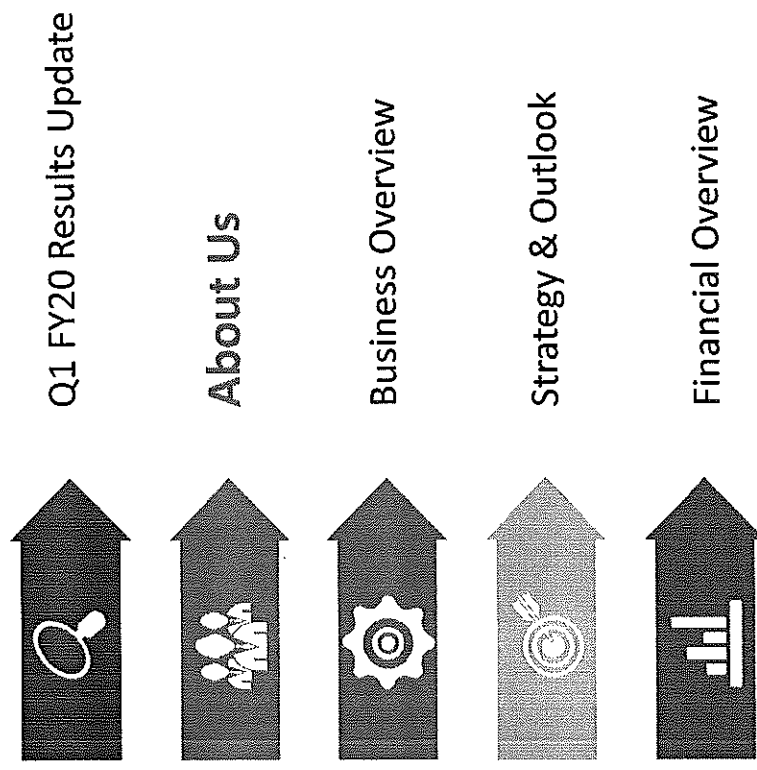
Net Revenue including intersegment sales

Exports

Q1 FY20 Results: Consolidated Profit & Loss Statement

Particulars (Rs. in Mn)	Q1 FY20	Q1 FY19	YoY%	FY19
Revenue from Operations	6,162	4,765	29.3%	20,880
COGS	3,670	2,294	60.0%	10,330
Gross Profit	2,492	2,471	0.8%	10,550
Gross Margins %	40.4%	51.9%	-1142 bps	50.5%
Employee Expenses	356	215	65.2%	1,247
Other Expenses	785	1,016	-22.7%	3,859
EBITDA	1,351	1,240	9.0%	5,445
EBITDA Margin %	21.9%	26.0%	-410 bps	26.1%
Depreciation	219	243	-10.0%	973
EBIT	1,132	997	13.6%	4,472
Finance Cost	74	135	-45.3%	560
Other Income	38	141	-73.3%	332
Exceptional Items	-	-	-	159
PBT	1,097	1,004	9%	4,086
Taxes	319	233	36.6%	1,132
PAT	778	771	1.0%	2,954
PAT Margin %	12.6%	16.2%	-355 bps	14.1%
PAT after Minority	569	637	-10.7%	2,513

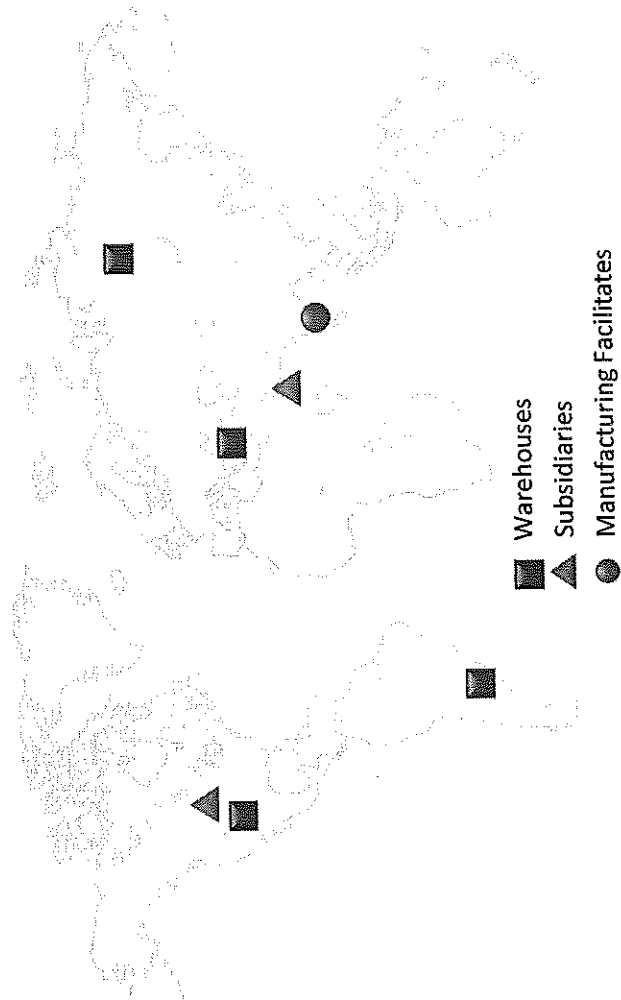
Discussion Summary



Well-Established Presence Across International & Domestic Markets



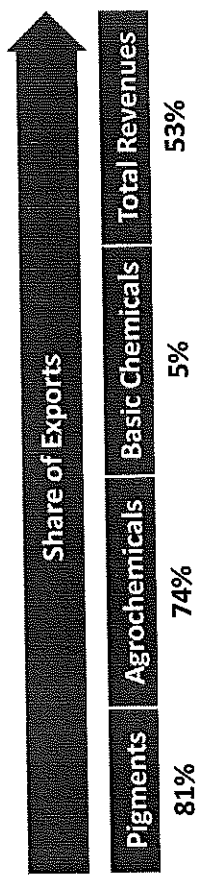
- ✓ Presence in more than 75 countries, serving over 400 customers across all three business segments
- ✓ Global distribution network with subsidiaries in the US, Dubai and a representative office in China
- ✓ 4 Warehouses in Turkey, Russia, USA and Uruguay
- ✓ 7 Dedicated manufacturing facilities in India



2 Distribution Subsidiaries

Megham Organics USA INC.

Megham Overseas FZE (Dubai)



Leading Diversified Chemicals Company Poised for Rapid Growth



CHEMISTRY OF SUCCESS AT WORK



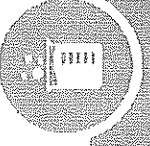
Pigments

- Started in 1986
- Amongst top 3 global Phthalocyanine based pigment players
- 14% global market share
- FY19 Revenues: Rs 6,048 Mn
- EBITDA Margin: 13.5%
- 29% of Overall Company Revenues



Agrochemicals

- Started in 1995
- One of the largest producers of pesticides in India
- Products across entire value chain
- FY18 Revenues: Rs 7,905 Mn
- EBITDA Margin: 22.7%
- 37% of Overall Company Revenues



Basic Chemicals

- Started in 2009
- 7th largest caustic-chlorine player in India
- One of the lowest cost producers of caustic soda in India
- FY18 Revenues: Rs 7,104 Mn
- EBITDA Margin: 43.9%
- 34% of Overall Company Revenues

Consolidated Financials Highlights: FY18-19

Revenues – Rs 20,880 Mn
(12.7% CAGR*)

EBITDA Margin – 26.1%
PAT Margin – 14.1%

EBITDA – Rs 5,445 Mn
(28.0% CAGR*)

Debt / Equity – 0.62x

PAT – Rs 2,954 Mn
(58.8% CAGR*)

ROCE – 29.2%
ROE – 26.3%

Based on FY19 Financials, * FY15-FY19 CAGR

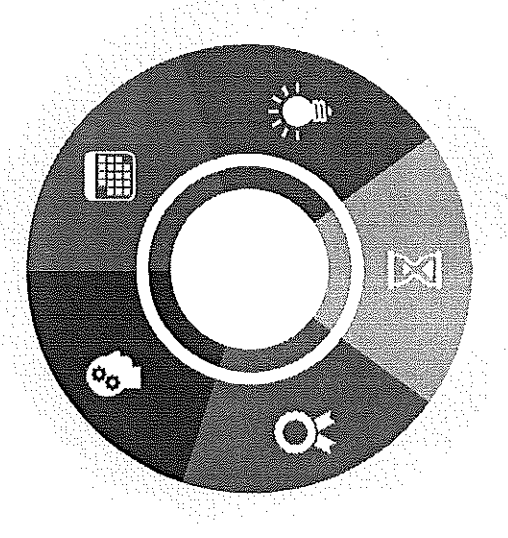
Sustainable Competitive Advantages

Experienced & Qualified Management and Technical Team

- Rich experience of many decades in chemical sector among the founding members of the company
- Highly qualified technical staff having earlier experience with MNCs and large Indian corporates

Highly Respected Name in Global Chemical Industry

- Amongst top 3 global pigment players
- 7th largest caustic-chlorine player in India
- Well-recognized agrochemical brands (Megaking, Megastar, Megacyper, Megaban, Synergy, and Courage)
- More than 36 brands of various pesticides formulations in India



Strong Financial Performance

- Consistent Revenue Growth
- Improving Profitability & Return Ratios
- Healthy Balance Sheet

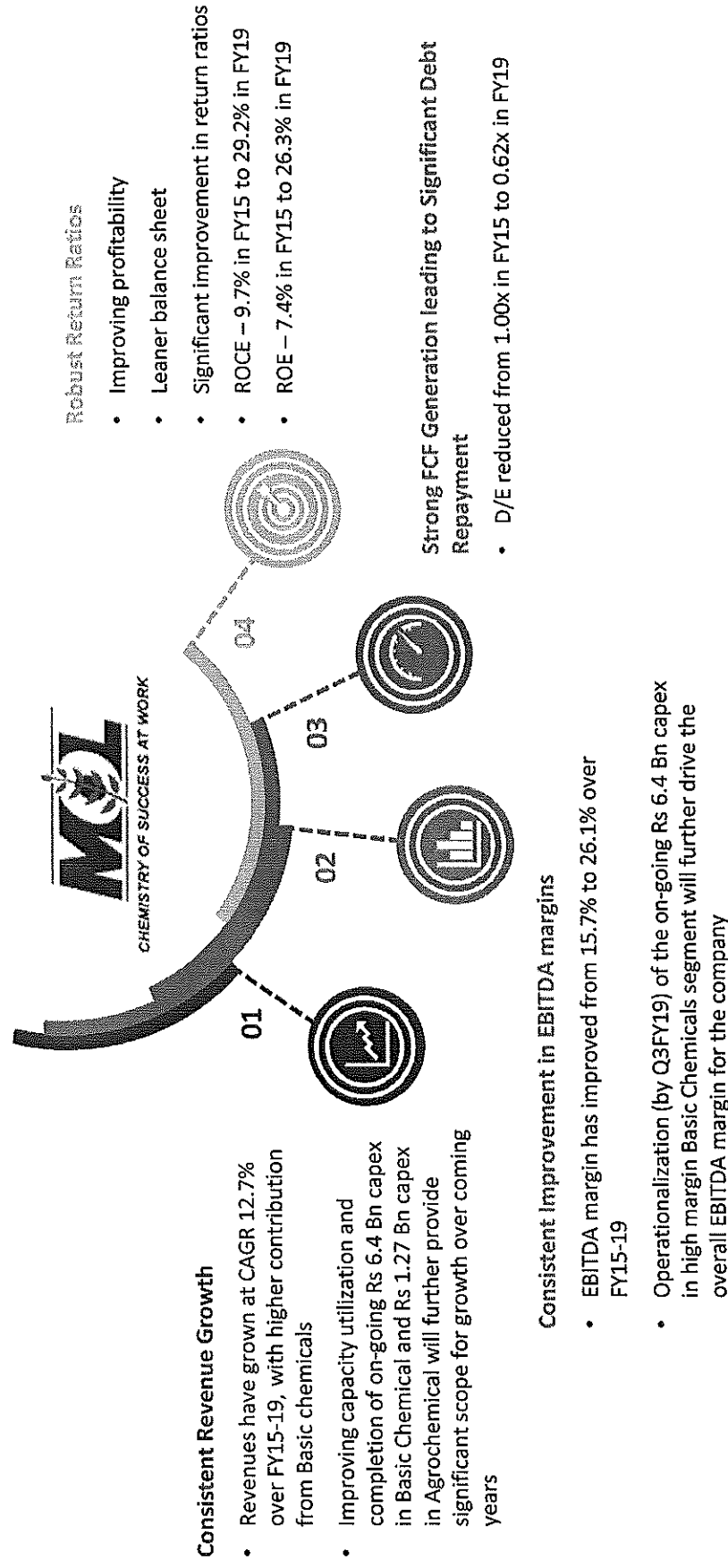
Distinct Cost Advantage

- Vertical integration of production processes
- Effective control on costs & raw material supply
- Produce agrochemical products across entire value chain (intermediates, technical, formulations)
- Strategic location of production facilities with close proximity to sources of raw materials
- Proximity to port leading to easier access to exports market

Diversified Customer Base

- 400+ customer base in Pigments & Agro-Chemicals across diverse industries
- 2,800 stockists, agents, distributors and dealers across India
- Close to 50% of revenue derived from export market

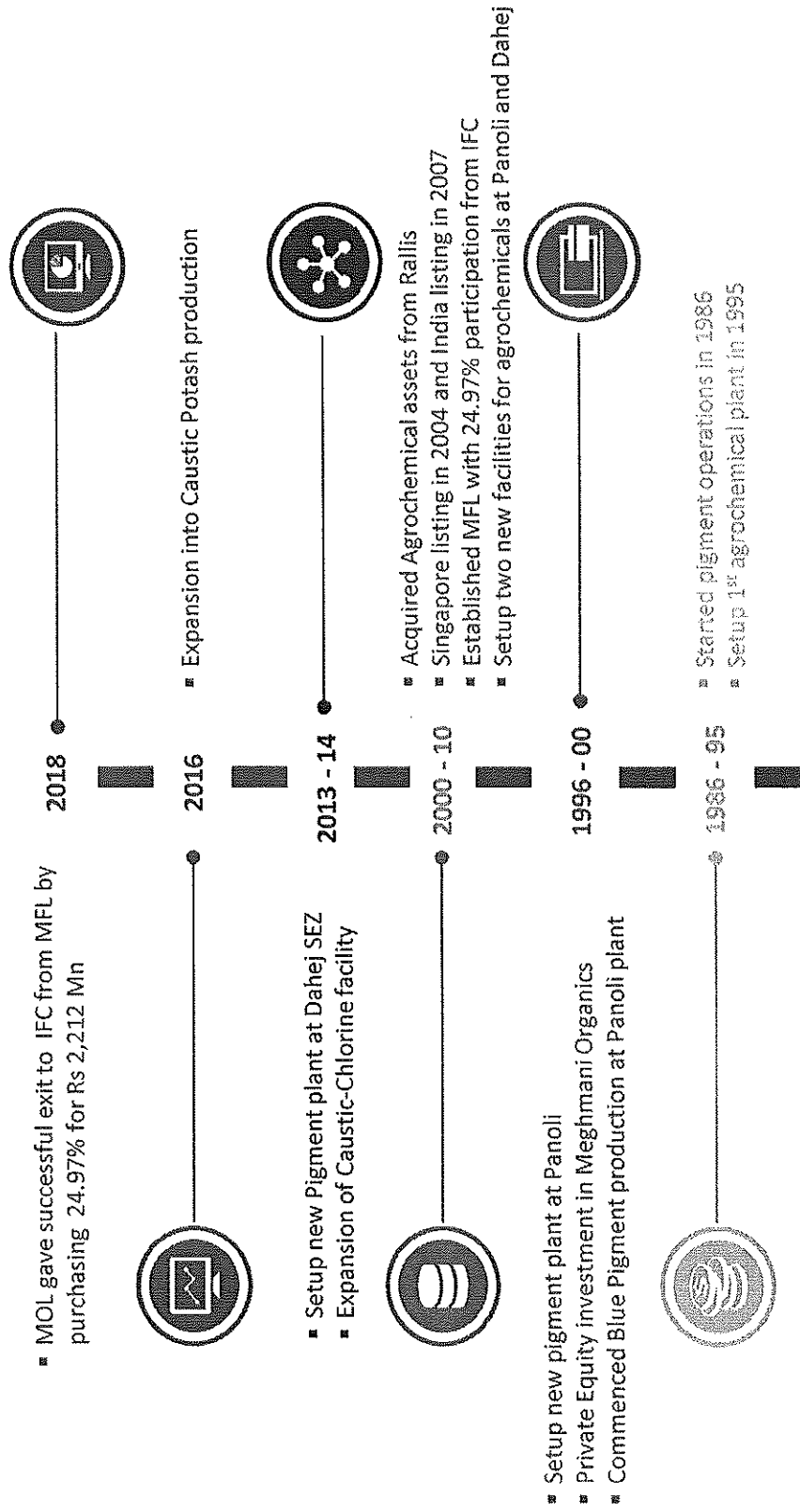
Key Financial Metrics



Key Milestones



CHEMISTRY OF SUCCESS AT WORK



Strong Leadership Team to Deliver Long Term Growth



Experienced Leadership Team



Mr. Jayanti Patel
Executive Chairman

- 37 yrs of experience
- Overseas international marketing
- B.E (Chemical)



Mr. Ashish Soparkar
Managing Director

- 37 yrs of experience
- Overseas corporate affairs & finance
- B.E (Chemical)



Mr. Natwarlal Patel
Managing Director

- 35 yrs of experience
- Overseas technical matters & marketing in Agrochemical division
- MSc degree



Mr. Ramesh Patel
Executive Director

- 31 yrs of experience
- Overseas purchasing function & liaisons with govt. / regulatory bodies
- B.A degree



Mr. Anand Patel
Executive Director

- 28 yrs of experience
- Overseas pigments marketing, manufacturing
- BSc degree

Well-qualified Second Generation of Management



Mr. Ankit Patel
CEO (MOL)

- 10 yrs of experience
- Executive Director at MFL
- M.S. (Engg Management) from Australia & MBA from Singapore



Mr. Maulik Patel
CMD (MFL)

- 12 yrs of experience
- Heads Basic Chemicals
- M.S. (Chemical) & MBA from USA



Mr. Kaushal Soparkar
MD (MFL)

- 11 yrs of experience
- Heads Basic Chemicals
- B.S (Chemical) and M.S (Engg Management) from USA



Mr. Darshan Patel
COO (Pigments) MOL

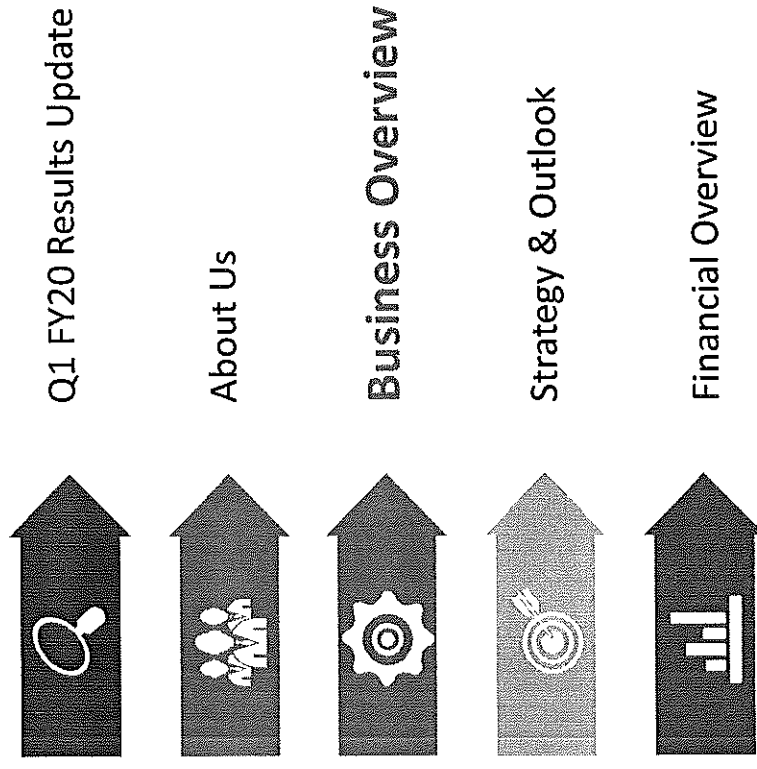
- 7 yrs of experience
- Heads Pigments
- M.S. (Engg Management) from Australia



Mr. Karana Patel
COO (Agrochemicals) MOL

- 11 yrs of experience
- Heads liaisoning & procurement
- Diploma & BSc (Chemical)

Discussion Summary



Pigments Business: Key Highlights



CHEMISTRY OF SUCCESS AT WORK

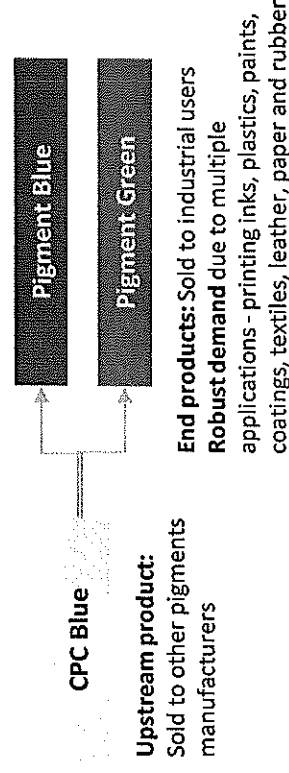
Established Business Profile

- Largest manufacturers of Phthalocyanine-based pigments with 14% global market share & amongst top 3 (capacity wise) global pigments players
- Strong global presence in 70 countries,
- Global distribution network - direct presence with subsidiaries in the US, Dubai and a representative office in China
- Strong client relationships (90% business from repeat clients). High degree of product customisation, consistent quality and compliance regulations add to client stickiness.

Vertically Integrated Manufacturing Facilities

Total Capacity – 32,940 MTPA			
Location	Capacity (MTPA)	Products	
GIDC Vatva, Ahmedabad	2,940	Pigment Green	
GIDC Panoli, Bharuch	17,400	CPC Blue, Alpha and Beta Blue	
Dahej SEZ	12,600	CPC Blue, Alpha and Beta Blue	

Products Portfolio

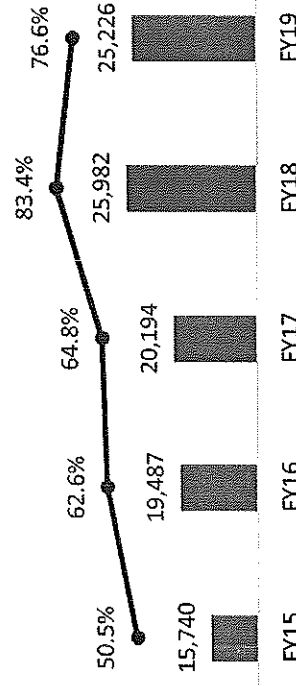


Pigments Business: Operational Overview

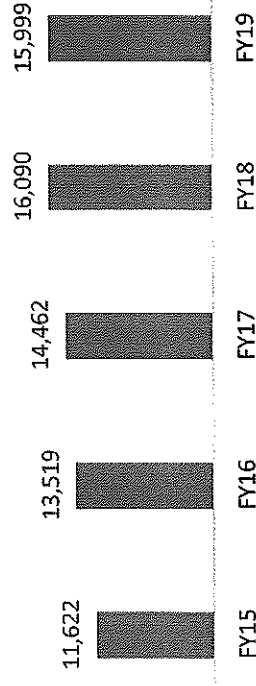


CHEMISTRY OF SUCCESS AT WORK

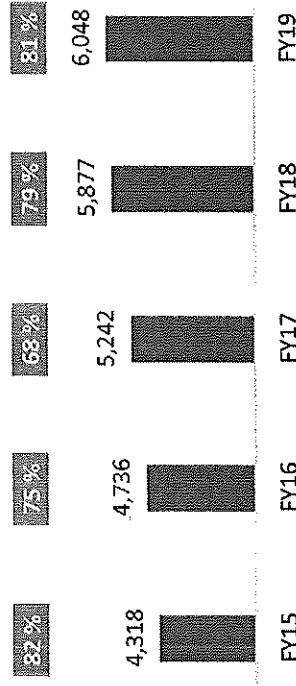
Production (MT) & Capacity Utilisation (%)



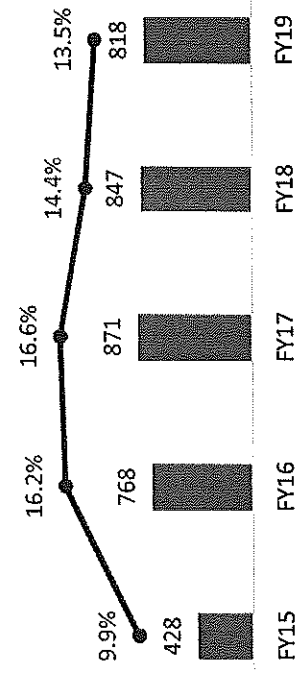
Dispatch / Sales (MT)



Net Sales (Rs Mn)



EBITDA (Rs Mn) & EBITDA Margin (%)



Net Sales (excl. excise duty) including intersegment sales

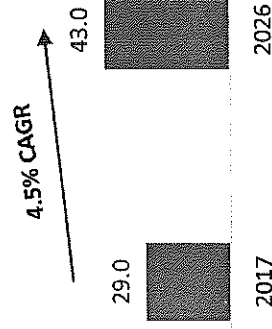
Exports %

Pigments Business: Industry Overview

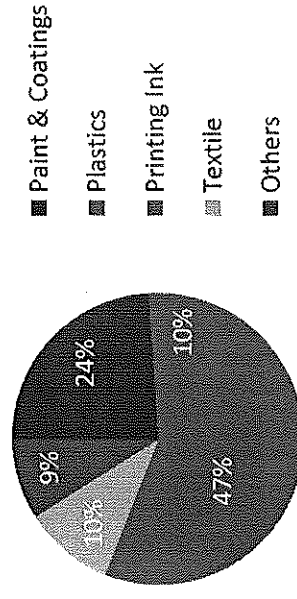
Global Pigments Market

- The global pigments industry consists of three segments – organic, in-organic and specialty pigment
- Organic pigments account for 35-40% mkt. share out of total pigments industry
- Organic pigments include Azo Pigments (yellow & red) (50-55% share), Phthalocyanine Pigments (blue & green) (20% share) and other Pigments (25-30% share)
- Organic Pigments growth is linked to end-user industries mainly printing inks, paints and coatings and textile industries
- Paints & coatings and plastics industry have been the major growth drivers (especially from automotive sector)
- India and China are fast becoming the centre of the global Organic Pigments market
- India is leader in Phthalocyanine blue and green pigments
- India's pigment sales have been growing at 13-14% CAGR driven by exports due to India's good quality products, stricter environmental standards and higher regulatory compliance

Global Pigments Market Size (USD Bn)



Demand Driver – Diverse Industrial Use

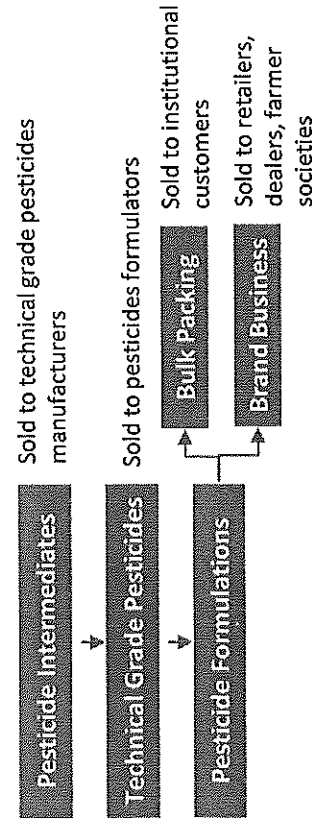


Agrochemicals Business: Key Highlights

Established Business Profile

- Leading manufacturer of pesticides – products across entire value chain
- Established global presence across Africa, Brazil, LatAm, US and Europe
- Strong pan-India presence across 17 states, with ~2,800 stockists, agents, distributors, and dealers network
- Major products – 2,4-D, Cypermethrin, Permethrin, Chlorpyrifos and Profenophos
- Well-recognized formulation brands – Megastar, Megacyper, Megaban, Synergy, Courage
- **Phase 1 Capex:** Doubling 2,4-D Capacity by addition of 10,800 MTPA with capex of Rs 127 crores (Operational by June 2020).

Product Profile



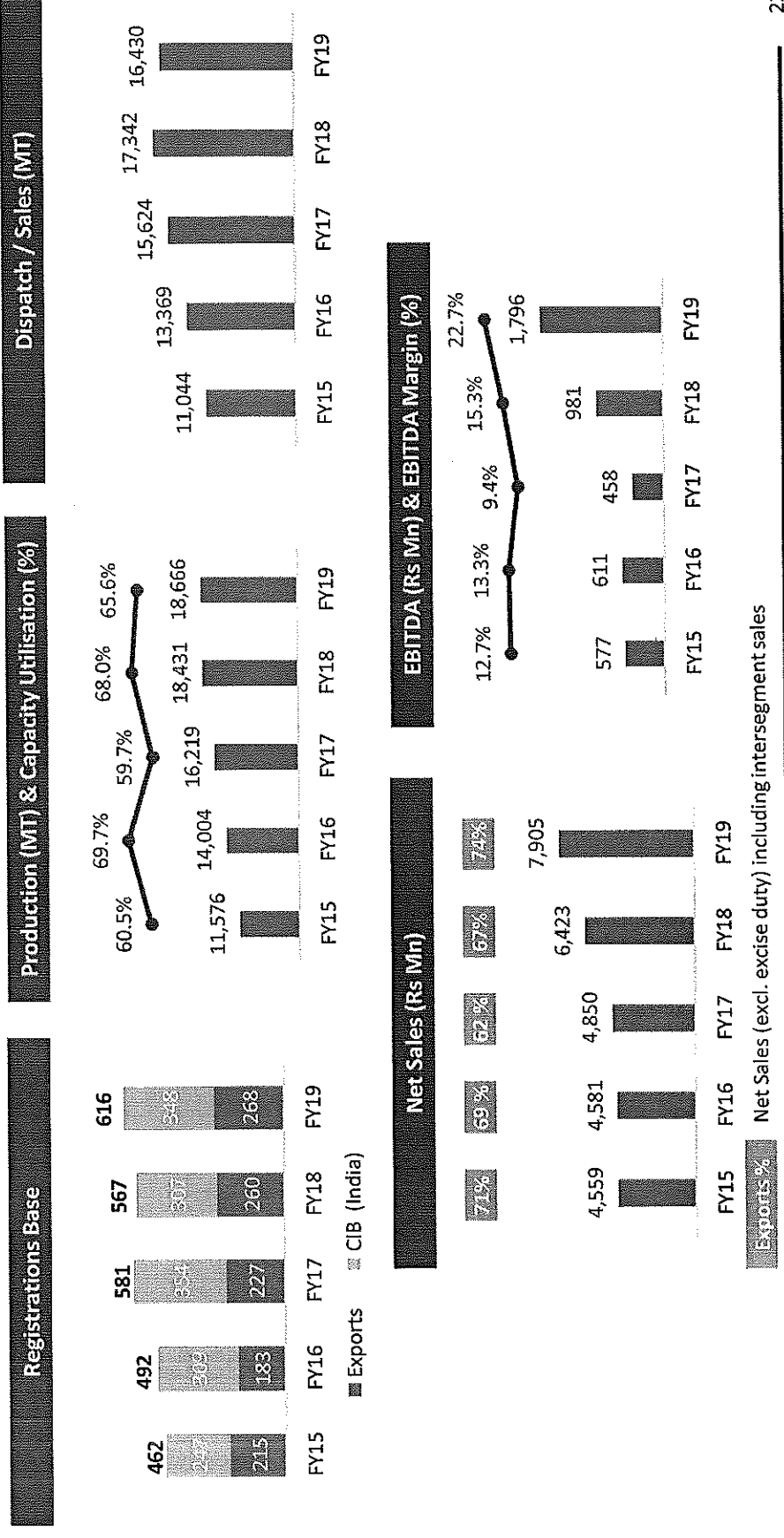
Branded Agrochemical Formulations



Vertically Integrated Manufacturing Facilities

Total Capacity – 28,260 MTPA		
Location	Capacity (MTPA)	
GIDC Panoli	7,200	
GIDC Ankleshwar	6,420	
GIDC Dahej	14,640	

Agrochemicals Business: Operational Overview

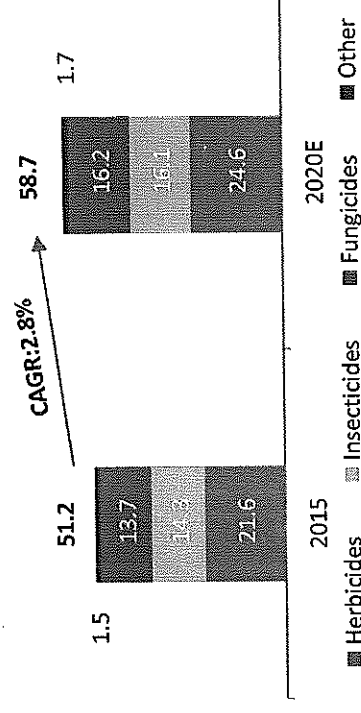


Agrochemicals Business: Crop-protection Industry Overview

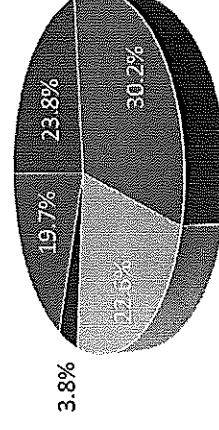
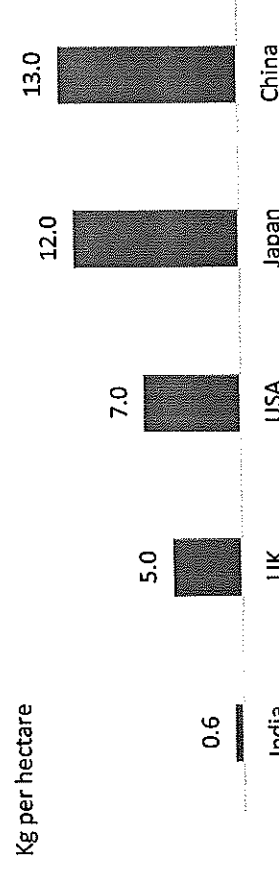
Global Crop Protection Market

- The global crop protection market is set to grow steadily to reach USD 58.7 Bn by 2020
- Key drivers - growing population, declining arable land & rising pest concerns
- Products worth ~USD 3 Bn to go off-Patent over 2017-20, gives strong opportunity to generic agrochemical players
- India is the 4th largest global producer of Pesticides with an estimated market size of USD 4.9 Bn in FY17 after United States, Japan and China
- The demand for agrochemicals in India is split in equal proportions between domestic consumers and exports

Global Crop Protection Market (USD Bn)



Pesticide Consumption is still Lowest in India



■ Latin America ■ Asia ■ Europe ■ Middle East/Africa ■ NAFTA
Source – Phillip McDougall

Basic Chemicals Business: Key Highlights



Established Business Profile

- 7th largest (by capacity) Caustic-Chlorine producer in India
- Latest 4th generation 'Zero Gap Membrane Technology' sourced from Asahi Kasei Chemical Corp, Japan
- One of the most efficient caustic soda producers (CPP of 60MW)
- Strategically located with close proximity to the port (importing coal) and customers (Caustic Soda & Chlorine supplied via pipeline), leading to lower logistics costs
- New 60 TPD facility to manufacture Caustic Potash

Products Profile

Caustic Soda

Used in soap & detergents, pulp & paper, textiles processing, Organic & Inorganic Chloro solvents

Chlorine

Used in PVC manufacturing, aluminizing, dyes & dyes intermediates, organic & inorganic chemicals, drinking water disinfection, pharmaceuticals

Caustic Potash

Used in Soaps, Detergents, Fertilizers Chemicals

Vertically Integrated Manufacturing Facilities

Products	Dahej Facility	Capacity (MTPA)
Caustic-Chlorine		166,600
Caustic Potash		21,000
CMS		40,000

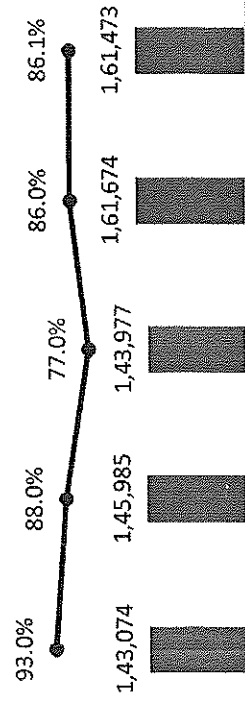
Rs 6.4 Bn Capex Plan:

- Strategic investment in 3 projects to expand basic chemicals business
- Project 1: CMS project of 40,000 MTPA (commenced in July 2019)
 - Produce MDC, Chloroform and Carbon Tetra Chloride
- Project 2: Expansion of Caustic Soda capacity to 2,71,600 MTPA and CPP capacity to 96 MW (operational by Q3FY20)
- Project 3: Hydrogen Peroxide capacity of 30,000 MTPA (operational by Q3FY20)
- The expansion will be margin accretive at company level due to higher EBITDA margins in the basic chemicals business

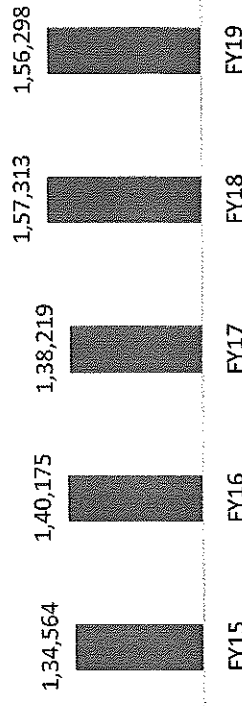
CPP: Captive Power Plant, CMS: Chloromethane, MDC: Methylene dichloride

Basic Chemicals Business: Operational Overview

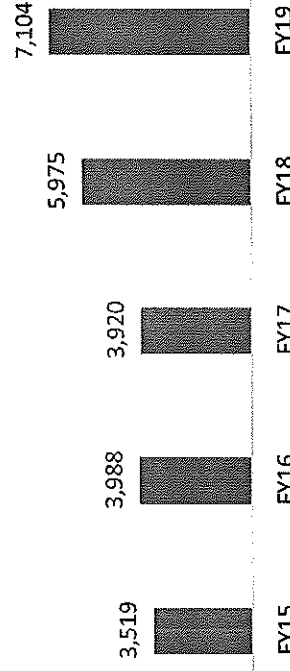
Production (MT) & Capacity Utilisation (%)



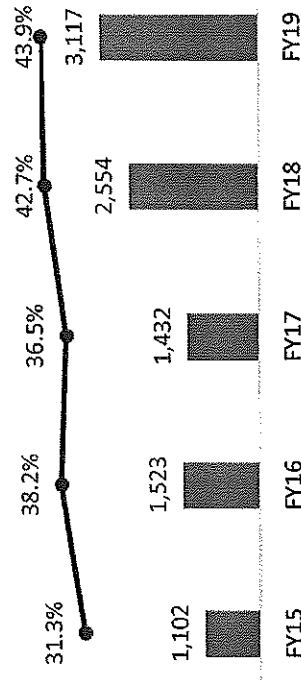
Dispatch / Sales (MT)



Net Sales (Rs Mn)



EBITDA (Rs Mn) & EBITDA Margin (%)



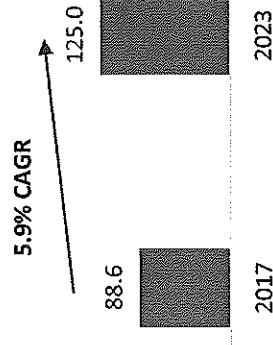
Net Sales (excl. excise duty) including intersegment sales

Basic Chemicals Business: Industry Overview

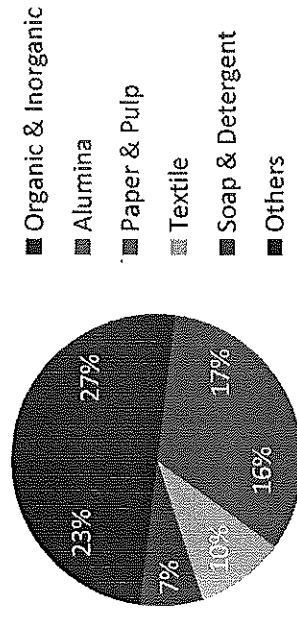
Global Chlor-Alkali Market

- The global Chlor-Alkali industry is expected to grow at 5.3-5.9% CAGR (2017-2023), to reach USD 125 Bn by 2023
- The global demand for Chlor-Alkali products will continue to grow driven by diverse industrial uses - glass, alumina, vinyl, water treatment, polyvinyl Chloride (PVC) plastics, soaps, detergents, pulp and paper, textiles etc
- APAC region will continue to dominate the market due to its growing economies, increasing infrastructure and manufacturing base and large population base
- Indian Chlor-Alkali Industry is poised to grow a CAGR of 6.5% during 2017-2022
- The Indian Caustic industry is a well-established mature industry with a capacity of 3.8 Mn MTPA (Caustic Soda) and an annual turnover of Rs 70 Bn
- The Indian industry is regarded by global peers as being among the most efficient, eco-friendly and progressive industries

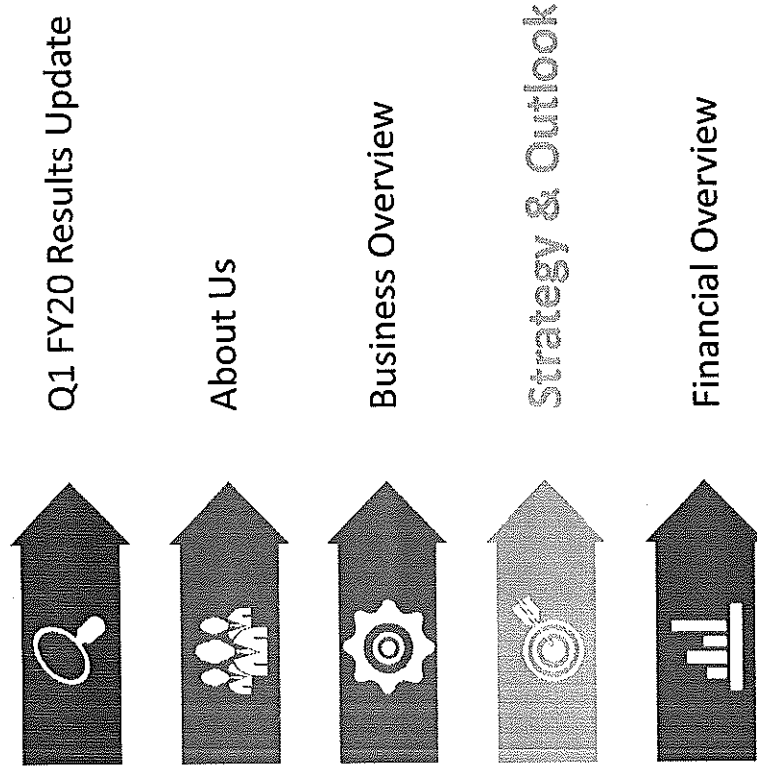
Global Chlor-Alkali Market Size (USD Bn)



Demand Driver – Diverse Industrial Use



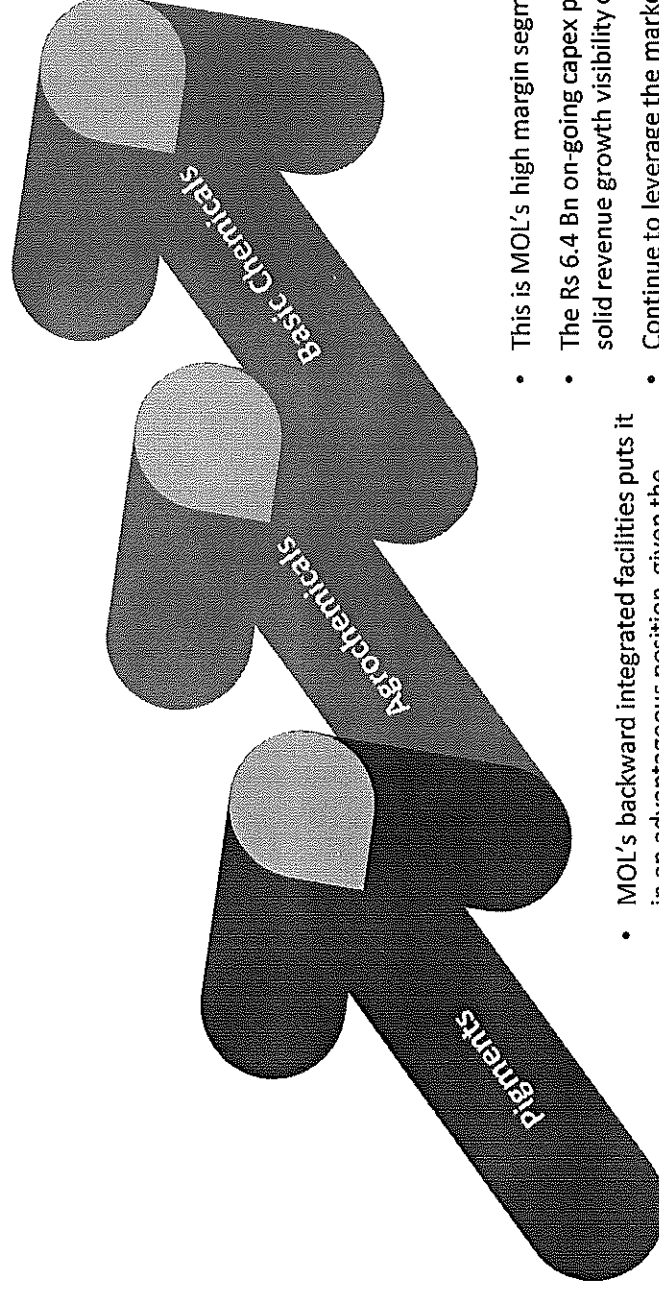
Discussion Summary



Revenue Target Rs 10 Bn From Each Business Segment

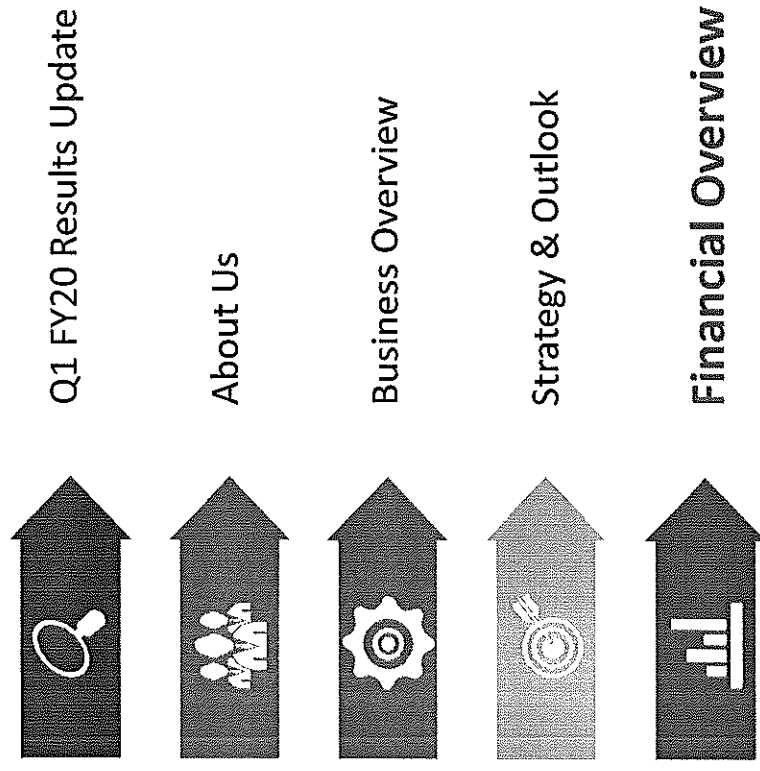


CHEMISTRY OF SUCCESS AT WORK



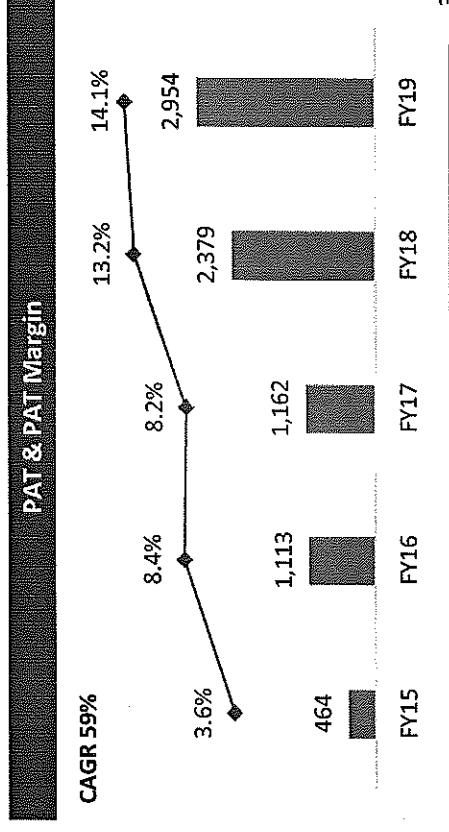
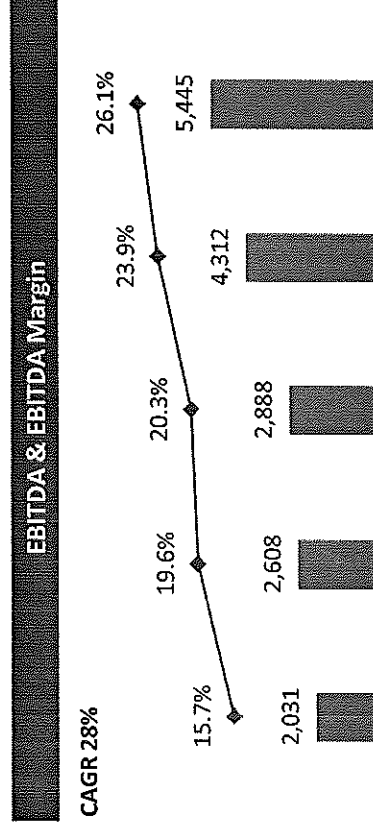
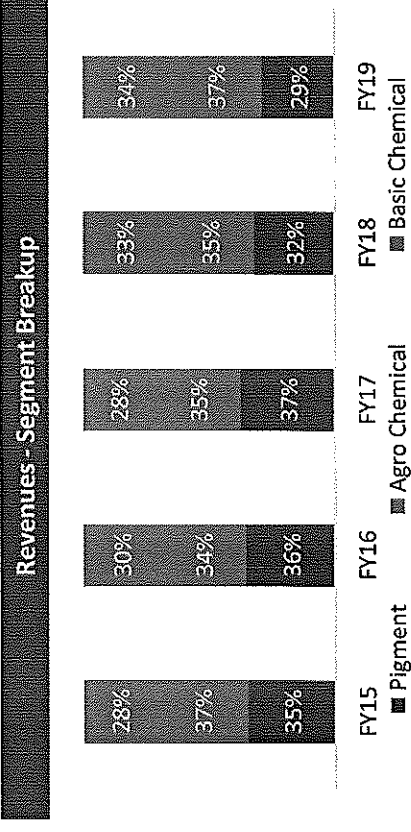
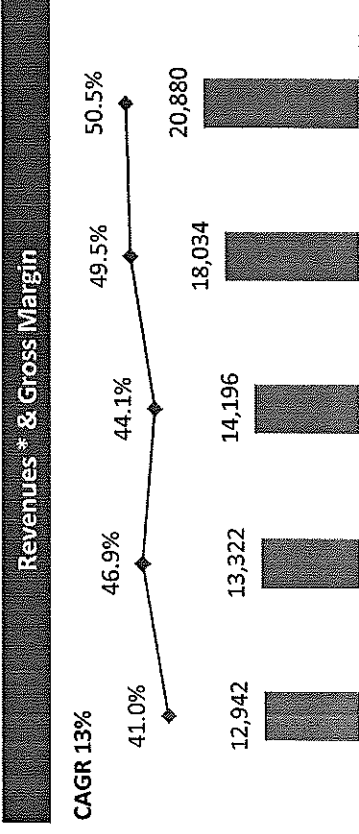
- MOL is one of the largest producer of phthalocyanine pigments
- Diversify into new pigment products
- Continue to focus on increasing domestic presence and capture market share
- MOL's backward integrated facilities puts it in an advantageous position, given the current rising raw material prices from China
- **Phase 1 Capex:** Doubling 2,4-D Capacity by addition of 10,800 MTPA with capex of Rs 127 crores (Operational by June 2020).
- Expand branded products portfolio
- This is MOL's high margin segment
- The Rs 6.4 Bn on-going capex plan provides a solid revenue growth visibility over coming years
- Continue to leverage the market leadership position and capitalise on domestic market demand

Discussion Summary



Last Five Years Summary

Rs Mn



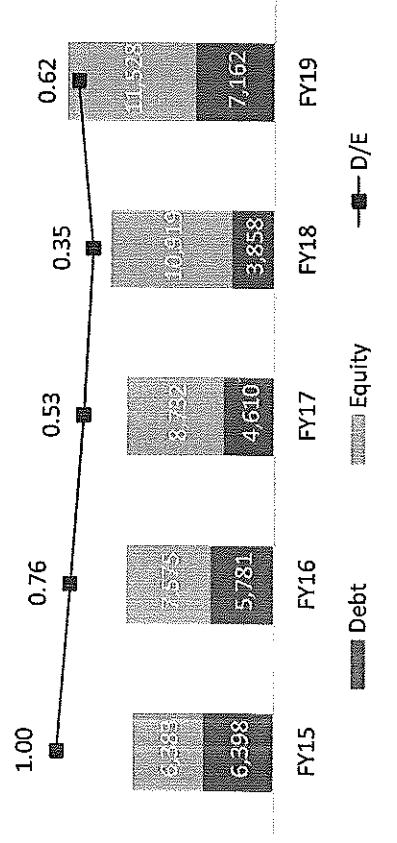
Revenues net of excise duty, P&L for FY14 & FY15 are I-GAAP while FY16 – 19 are IND-AS

Last Five Years Summary

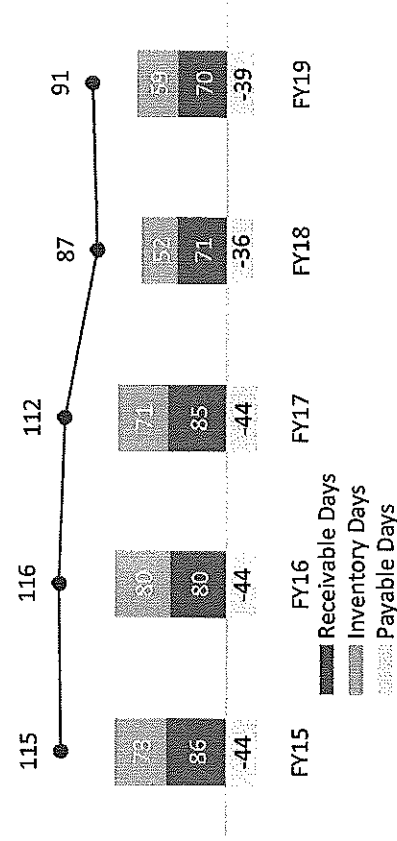


Rs Mn

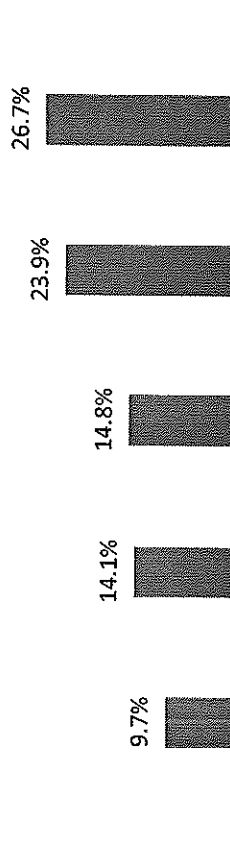
Leverage Analysis



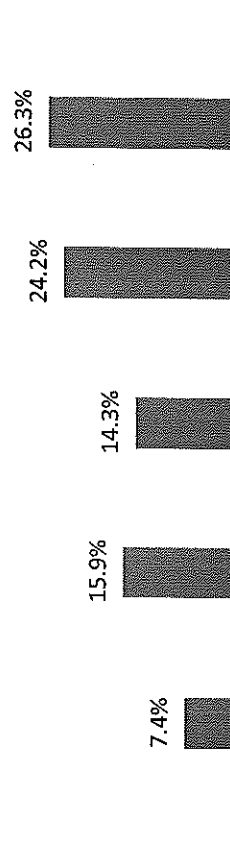
Working Capital Analysis *



Return on Capital Employed



Return on Equity



* Calculated on Net Sales, ROCE = EBIT / Average Capital Employed (Debt + Equity + Minority Interest), ROE = PAT / Average (Equity + Minority Interest)

For Further Queries:



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