MEGHMANI
ORGANICS LIMITED

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Site : www.meghmani.com CIN : L24110GJ1995PLC024052

14/08/2015

The Asst. Vice President National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) Mumbai 400 051	Mr. Marian Dsouza, Bombay Stock Exchange Limited Floor- 25, P J Tower, Dalal Street, Mumbai 400 001

Dear Sir

Sub: - **Q1 FY16 - Investor Presentation**

We refer to above and forward herewith the presentation prepared on Un Audited Financial Results of the Company for the First Quarter ended on **30.06.2015** for the information of Member.

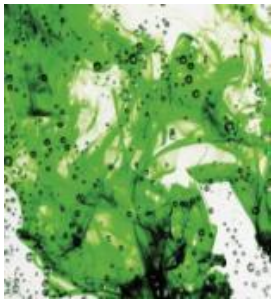
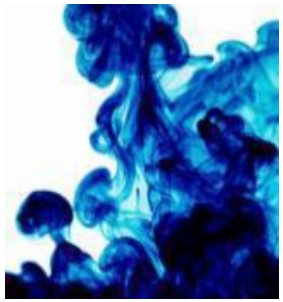
Thanking you.

Yours faithfully,
For Meghmani Organics Limited

(K D Mehta)
Company Secretary & Compliance Officer

C C to:- Singapore Stock Exchange :- **For information of Members**
:- Tricor Evatthouse Corporate Services :- **Singapore – To inform Singapore Stock Exchange**

CHEMISTRY OF SUCCESS AT WORK





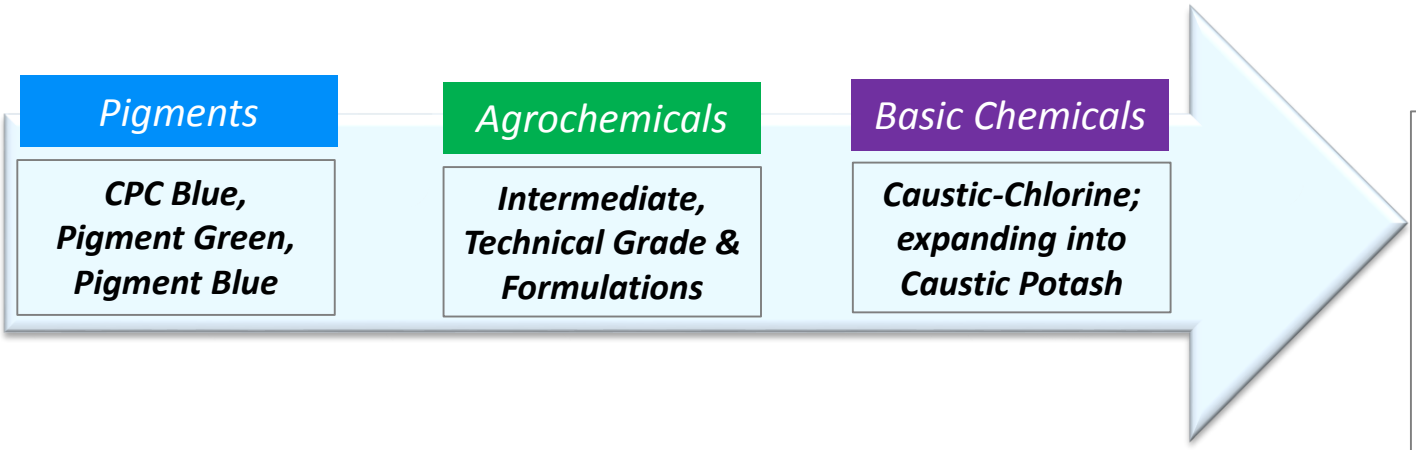
Meghmani Organics Limited (MOL)

Q1 FY16 Investor Presentation

August 2015

MOL – a de-risked business firmly on accelerated growth path

Leading chemical company diversified across products and geographies; exporting to 75 countries and servicing 400+ marquee clients



- ✓ **Market leadership** in Blue Pigment with ~7% global market share
- ✓ **Global presence** with ~80% of Pigment revenue from exports
- ✓ **Long term client relationships** with 90% business from repeat clients

- ✓ **Owns registrations which takes 1-3 years to obtain**
- ✓ **Global client base** with ~70% business from exports
- ✓ **Well known brands** such as Megastar, Megacyper, Megaban, Synergy, Courage

- ✓ **Fourth largest Caustic-Chlorine flakes capacity in India**
- ✓ **Latest fourth generation membrane cell technology** imported from Asahi Kasei, Japan
- ✓ **Strategically located facility**

Drivers in place to fuel the next phase of growth. . . .

Invested ₹ ~5.6 bn in last 5 yrs; current capacity can ramp up revenue up to ₹ 20.0 bn

Q1 FY16 – Key Highlights

Net sales up 8% YoY with robust 91% increase in PAT

- Consolidated net sales up 8% YoY to reach ₹ 3,331 mn in Q1 FY16 driven by growth in Pigments and Agrochemicals
- EBITDA up 37% YoY to reach ₹ 683 mn in Q1 FY16
- PAT up 91% YoY to reach ₹ 149 mn in Q1 FY16

All businesses delivering growth - Pigments business up 14% YoY, Agrochemicals 12% YoY and Basic Chemicals 7% YoY

- Agrochemicals and Pigments benefitted from increased capacity utilizations which resulted in strong volume growth and improvement in margins
- Basic Chemicals witnessed moderate growth due to lower volume growth and reduction in ECU realizations

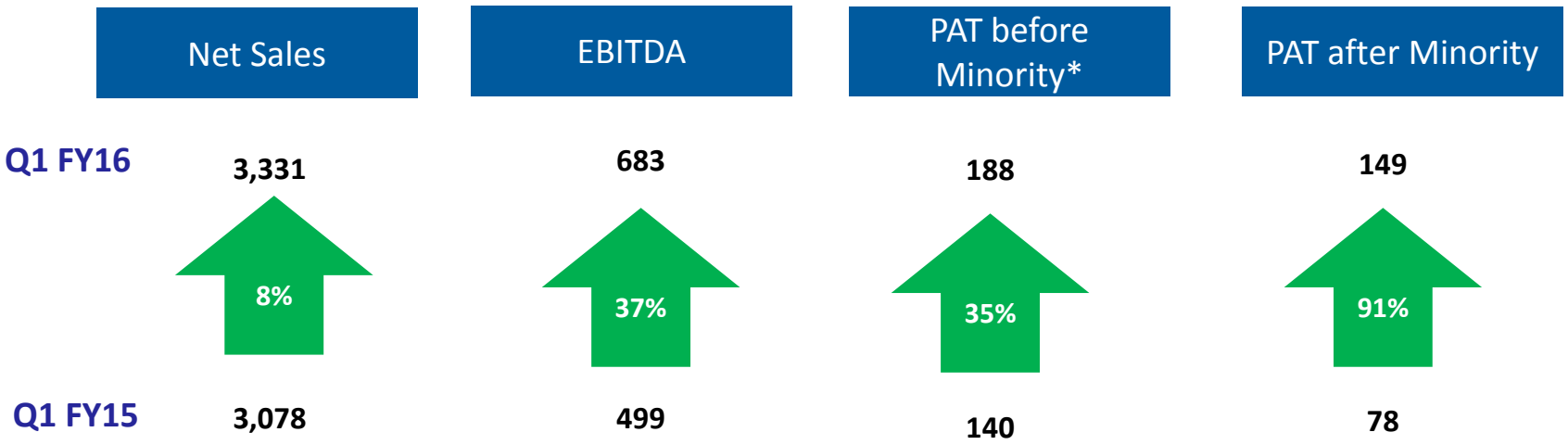
New Caustic Potash facility at Dahej with capacity of 60 TPD and investment of ₹ 650 mn financed through internal accruals expected to commence production by Dec'2015

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- **Financial Performance**
- Company Overview
- Annexure

Q1 FY16 (Consolidated): Net sales up 8% YoY with significant expansion in PAT

Consolidated, Figures in ₹ mn



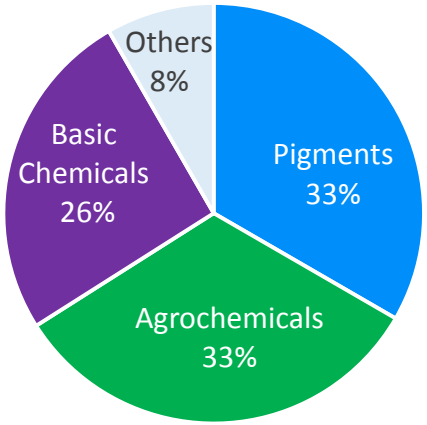
- Net sales up 8% YoY to reach ₹ 3,331 mn in Q1 FY16 driven by growth in Pigments (14% YoY) and Agrochemicals (12% YoY)
- EBITDA for the quarter up 37% YoY at ₹ 683 mn with EBITDA margin at 20.5% (vs 16.2% in Q1 FY15)
  - Margins benefitted from softening of raw materials prices (raw materials cost increased 3% YoY vs sales growth of 8% YoY) and decrease in other expenditure (decreased 2% YoY) partially offset by increase in personnel cost by 15% YoY
- PAT before minority interest up 35% to reach ₹ 188 mn in Q1 FY16
- PAT for the quarter up 91% to reach ₹ 149 mn driven by increase in EBITDA and also decrease in minority interest from ₹ 62 mn in Q1 FY15 to ₹ 39 mn in Q1 FY16

** Minority interest refers to the portion of subsidiary's stock not owned by MOL*

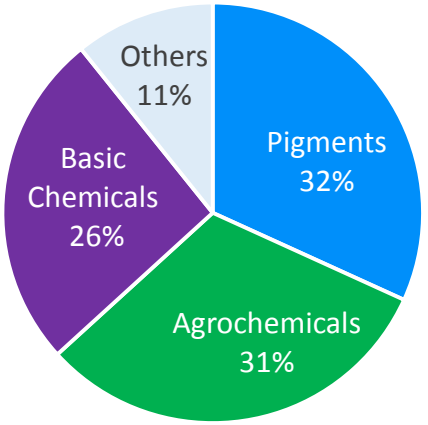
Net sales breakup by segment: Pigments business leads growth

Consolidated, Figures in ₹ mn

Q1 FY16



Q1 FY15

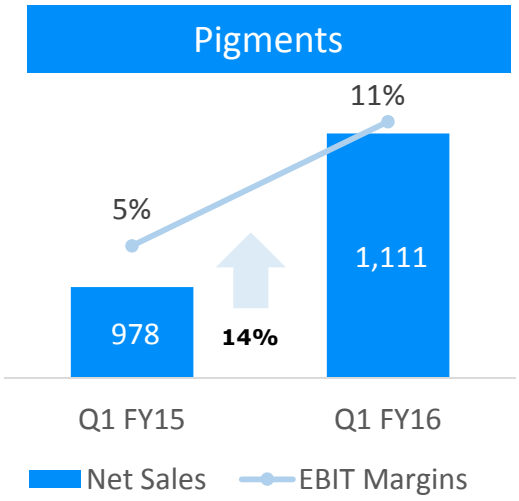


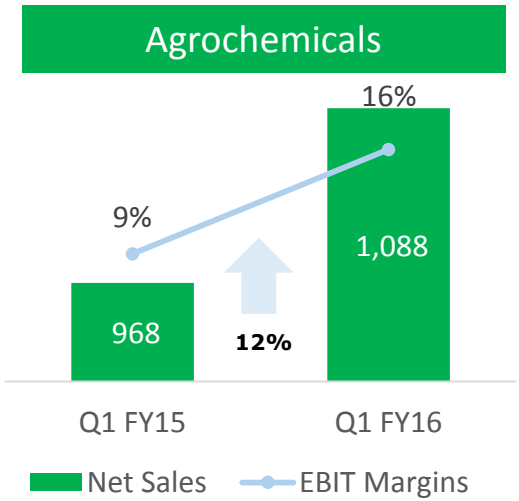
- Pigments business increased by 14% in Q1 FY16 driven by sales of Alpha Blue manufactured at Dahej SEZ plant (not there in Q1 FY15)
- Agrochemicals business grew 12% driven by increased volumes of 2-4 D, Cypermethrin and formulations
- Basic Chemicals grew 7% due to comparatively lower volume growth and reduction in Electrochemical Unit (ECU) realization
- Other segment decreased by 16% due to strategic decision of the company to focus more on the higher value manufacturing activities

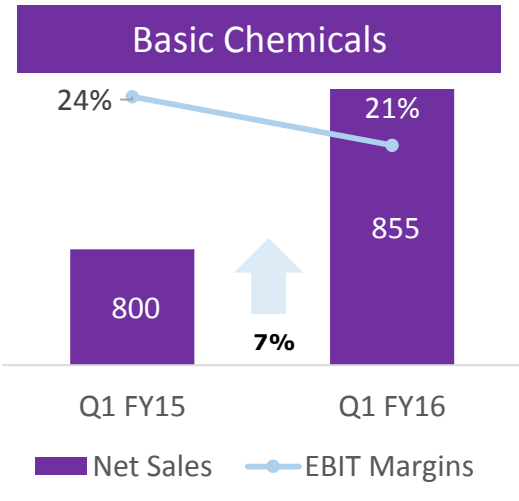
Others business segment includes merchant trading

Margins by segment: Significant expansion in Pigments and Agrochemicals

Consolidated, Figures in ₹ mn





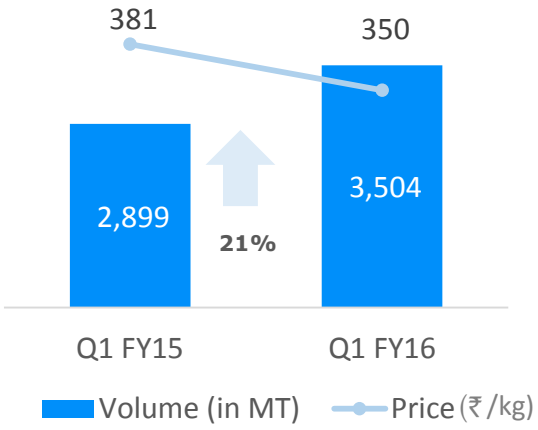


- Net sales from Pigment business increased to ₹ 1,111 mn in Q1 FY16, up 14% YoY
  - Margins more than doubled from 5% to 11% driven by improved operational performance which resulted in better absorption of overheads; the segment also benefitted because of exchange rate gains
- Net sales from Agrochemicals increased to ₹ 1,088 mn in Q1 FY16, up 12% YoY
  - Margins increased from 9% to 16% driven by substantial reduction in raw material prices and improved capacity utilization
- Net sales from Basic Chemicals increased to ₹ 855 mn in Q1 FY16, up 7% YoY
  - Margins impacted due to lower volume growth and ~2% reduction in ECU realization

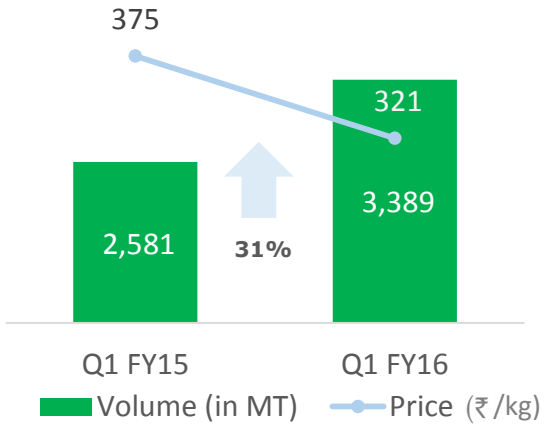
Volumes and price realizations: Strong momentum in volumes

Consolidated, Figures in ₹ mn

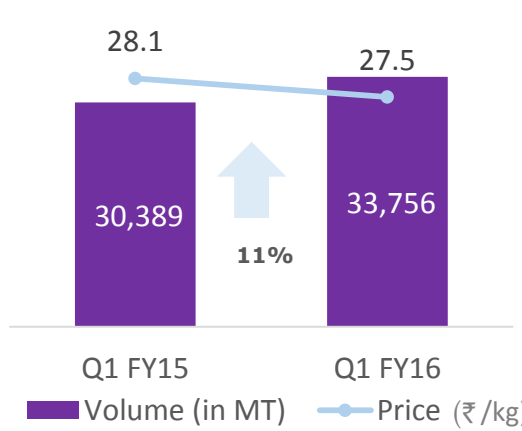
Pigments



Agrochemicals



Basic Chemicals



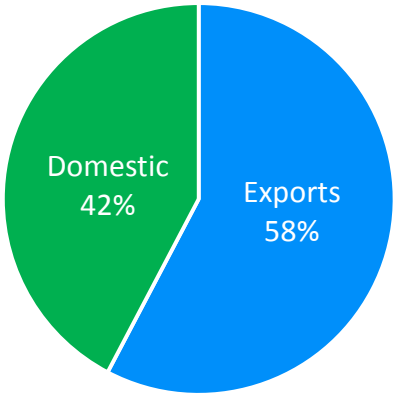
- Volumes of the Pigments business grew 21% YoY to reach 3,504 MT in Q1 FY16
  - However, realizations were down 8% due to pressure on selling price as a result of reduction in raw material price
- Volumes of Agrochemicals grew by a strong 31% YoY to 3,389 MT in Q1 FY16
  - However, realizations were down 14% YoY due to pressure on selling price as a result of reduction in raw material price
- Volumes of Basic Chemicals grew 11% to 33,756 MT in Q1 FY16
  - However, realizations were down 2% YoY due to reduction in ECU realization

** Note: Volume includes intersegment data*

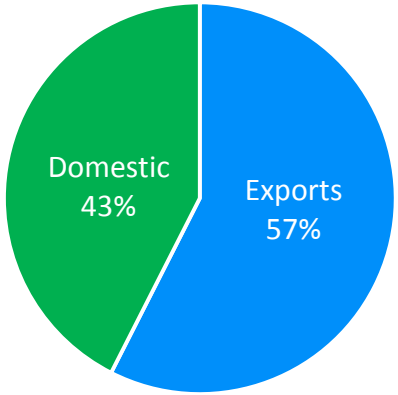
Net sales breakup by geography: Both exports and domestic sales witnessing strong growth

Consolidated, Figures in ₹ mn

Q1 FY16



Q1 FY15

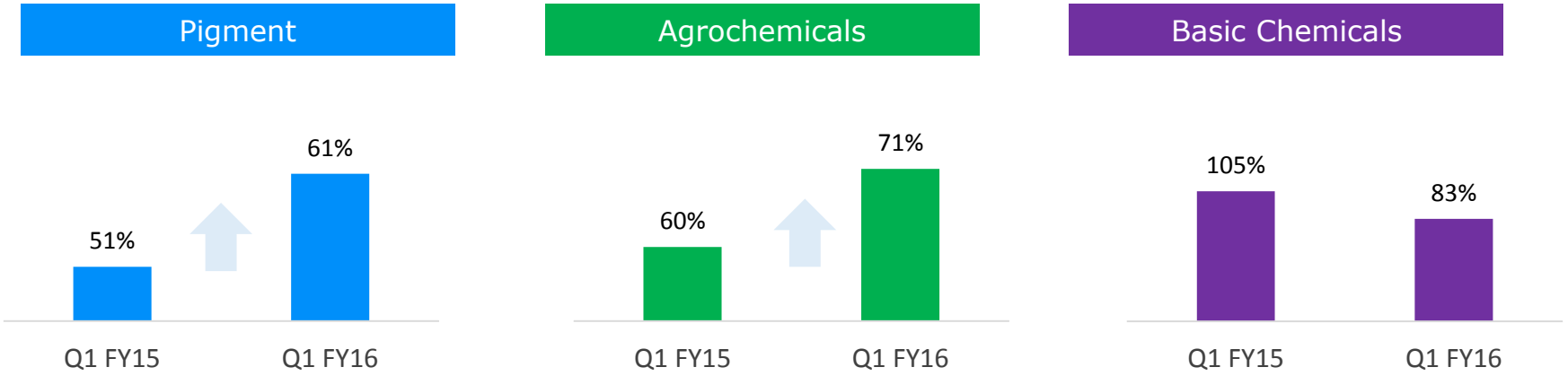


Segmental breakdown

	Q1 FY16		Q1 FY15	
	Exports	**Domestic**	**Exports**	**Domestic**
Pigments	77%	23%	75%	25%
Agrochemicals	72%	28%	73%	27%
Basic Chemicals	1%	99%	1%	99%
Others	99%	1%	97%	3%
Total	**58%**	**42%**	**57%**	**43%**

- Exports business increased by 9% during the quarter driven by 16% growth in exports of Pigments and 12% growth in Agrochemicals exports
- Domestic business increased by 8% in Q1 FY16 driven by 15% growth in domestic Agrochemicals business

Utilizations: Increasing utilizations to aid growth and enhance margins



- Reduction in utilization levels for Basic Chemicals as the capacity has increased from 1,19,000 MTPA in Q1 FY15 to 1,66,600 MTPA in Q1 FY16

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Leading diversified chemical company

	Pigment	Agrochemicals	Basic Chemicals
Established in	 *Since 1986*	 *Since 1995*	 *Since 2009*
Installed Capacity	Total: 31,140 MTPA Dahej: 10,800 MTPA Panoli: 17,400 MTPA Vatva: 2,940 MTPA	Total: 20,520 MTPA Dahej: 10,260 MTPA Panoli: 3,600 MTPA Ankleshwar: 6,660 MTPA	Total: (Dahej): 1,66,600 MTPA
Backward Integration	In-house production of CPC Blue - used to manufacture Pigment Green and Pigment Blue	In-house production of intermediates and technical grade - used to manufacture formulations (Bulk and Brand)	In-house captive power plant of 60MW supplying to the Caustic-Chlorine plant
Strengths	▪ **Market leadership** in Blue Pigment with ~7% global market share ▪ **Global presence** with ~80% of Pigment revenue from exports ▪ **Long term client relationships** with 90% business from repeat clients	▪ **Owns registrations that take 1-3 years to obtain** ▪ **Global client base** with ~70% business from exports ▪ **Well known brands** such as Megastar, Megacyper, Megaban, Synergy, Courage	▪ **Fourth largest Caustic-Chlorine flakes capacity in India** ▪ **Latest fourth generation membrane cell technology** imported from Asahi Kasei, Japan ▪ **Strategically located facility**

Robust plan for next phase of growth

Pigments

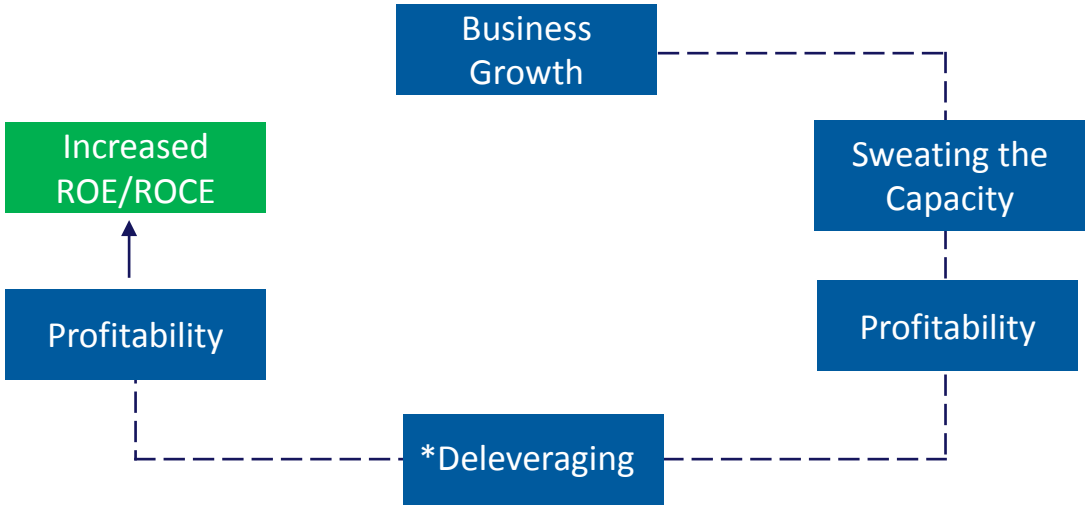
- Increase export revenue from untapped markets such as Japan
- Expand value added product offerings such as Beta Blue 15.4
- Focus on the higher margin paint & plastic market

Agrochemicals

- Increase exports and harvest CRAMS opportunity ; 400 registrations in process stage
- Increase branded formulation revenue to ₹ 2.5 bn in 2-3 years; strengthened marketing & field activities

Basic Chemicals

- Diversifying into Caustic Potash with investment of ₹ 650 mn to be 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 ₹ 2.25 by March 2017*

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P&L statement (Consolidated): Q1 FY16

Figures in ₹ Million

	Consolidated					
Particulars	**Q1 FY16**	**Q1 FY15**	**YoY (%)**	**Q4'FY15**	**QoQ (%)**	**FY15**
Net sales / income from operations	3,331	3,078	**8%**	2,875	16%	12,678
Other Operating Income	55	50	11%	75	-26%	264
Total Income from Operations	**3,386**	**3,127**	**8%**	**2,950**	**15%**	**12,942**
Total Expenditure	**2,703**	**2,628**	**3%**	**2,393**	**13%**	**10,911**
Consumption of Raw Material	1,915	1,851	3%	1,614	19%	7,640
Personnel Cost	192	167	15%	185	4%	725
Other Expenditure	595	610	-2%	594	0%	2,545
EBITDA	**683**	**499**	**37%**	**557**	**23%**	**2,031**
Depreciation & Amortisation	192	202	-5%	198	-3%	747
EBIT	**491**	**297**	**65%**	**358**	**37%**	**1,284**
Interest & Finance Charges	179	177	1%	161	11%	746
Other Income	4	18	-80%	30	-88%	64
PBT before exceptional items	**316**	**138**	**129%**	**227**	**39%**	**602**
Exceptional items	-	-	NM	2	NM	2
PBT	**316**	**138**	**129%**	**225**	**40%**	**600**
Tax Expense	127	(2)	NM	(1)	NM	140
PAT (From ordinary activities)	**188**	**140**	**35%**	**226**	**-17%**	**460**
Extraordinary items	-	-	NM	-	NM	-
PAT	**188**	**140**	**35%**	**226**	**-17%**	**460**
Minority Expense	39	62	-36%	71	-44%	21
PAT after Minority	**149**	**78**	**91%**	**155**	**-4%**	**439**

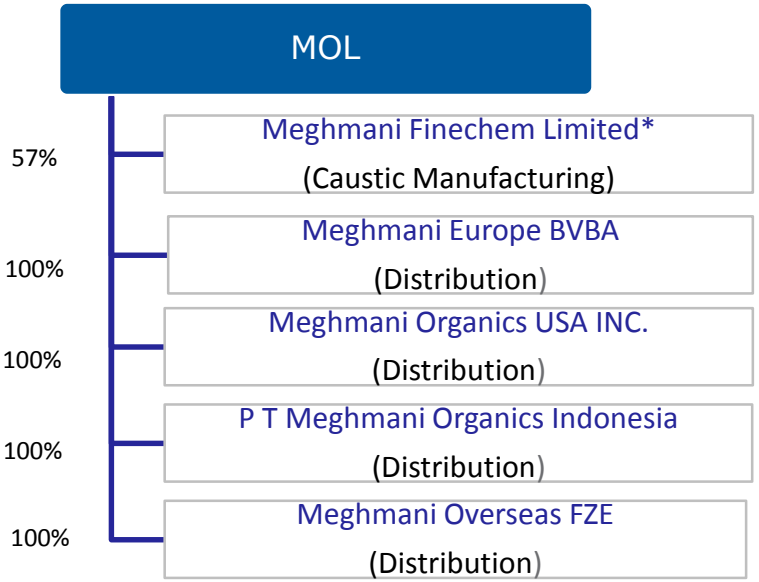
P&L statement (Standalone): Q1 FY16

Figures in ₹ Million

	Standalone					
Particulars	**Q1 FY16**	**Q1 FY15**	**YoY (%)**	**Q4'FY15**	**QoQ (%)**	**FY15**
Net sales / income from operations	2,435	2,205	**10%**	2,018	21%	9,219
Other Operating Income	55	49	11%	74	-26%	263
Total Income from Operations	**2,490**	**2,254**	**10%**	**2,092**	**19%**	**9,482**
Total Expenditure	**2,147**	**2,054**	**5%**	**1,845**	**16%**	**8,483**
Consumption of Raw Material	1,452	1,396	4%	1,216	19%	5,813
Personnel Cost	143	125	15%	136	5%	544
Other Expenditure	552	534	3%	493	12%	2,126
EBITDA	**343**	**200**	**71%**	**247**	**39%**	**998**
Depreciation & Amortisation	90	87	4%	91	0%	350
EBIT	**253**	**113**	**123%**	**157**	**61%**	**648**
Interest & Finance Charges	108	112	-4%	121	-10%	477
Other Income	1	11	-87%	21	-93%	186
PBT before exceptional items	**146**	**12**	**1079%**	**57**	**157%**	**358**
Exceptional items	-	-	NM	35	NM	35
PBT	**146**	**12**	**1079%**	**22**	**572%**	**322**
Tax Expense	83	8	967%	7	NM	60
PAT (From ordinary activities)	**63**	**5**	**1265%**	**15**	**333%**	**262**
Extraordinary items	-	-	NM	-	NM	-
PAT	**63**	**5**	**1265%**	**15**	**333%**	**262**
Minority Expense	-	-	NM	-	NM	-
PAT after Minority	**63**	**5**	**1265%**	**15**	**333%**	**262**

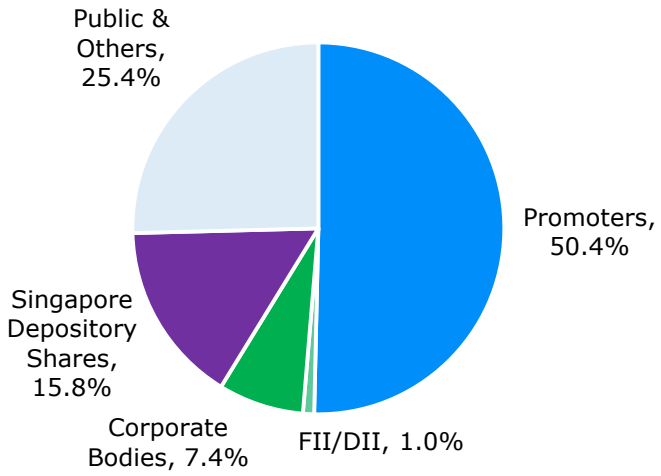
Corporate structure & shareholding pattern

Corporate Structure



Shareholding Pattern (June 30, 2015)

No of shares: 254 mn



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

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

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