MEGHMANI
ORGANICS LIMITED

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Site : www.meghmani.com CIN : L24110GJ1995PLC024052

09/02/2016

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: - **Q3 FY16 - Investor Presentation**

We refer to above and forward herewith the presentation prepared on Un Audited Financial Results of the Company for the Third Quarter ended on **31.12.2015** for the information of Member.

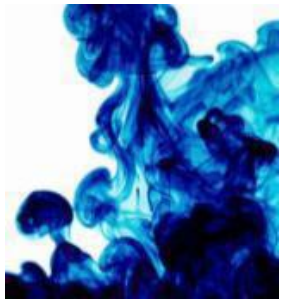
Thanking you.

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





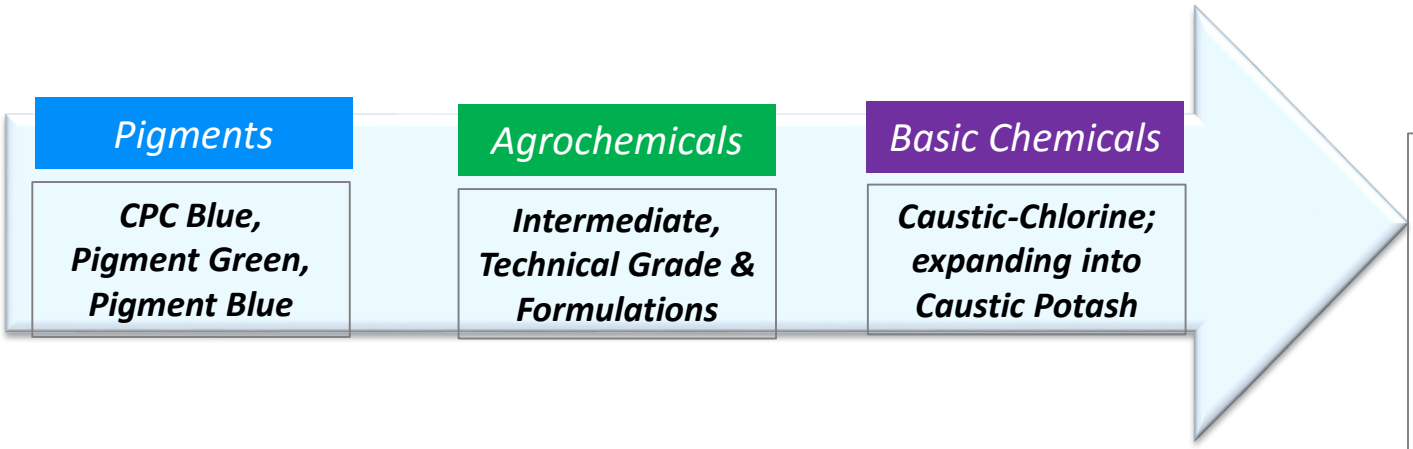
Meghmani Organics Limited (MOL)

Q3 FY16 Investor Presentation

February 2016

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

Q3 FY16 – Strong performance driven by Basic Chemicals

Basic Chemicals up 29% YoY, Pigments up 5% YoY, Agrochemicals down 13% YoY

- Basic Chemicals reported strong increase in both volumes (up 12%) and ECU realizations (up 15%)
- Pigments witnessed 15% volume increase; realizations impacted due to passing on of benefits of reduction in raw material costs to customers
- Agrochemicals business reported 15% increase in volumes; realizations impacted due to change in product mix to match the demand pattern

EBITDA up by a significant 71%; Basic Chemicals leads margin expansion

- EBITDA increased 71% in the quarter to Rs 707 mn driven by improved operational performance, especially in the Basic Chemicals division
- Pigments business performed well driven by domestic Pigments business (up 87% YoY)

PAT at Rs 232 mn as compared with Rs (46) mn in Q3 FY15; benefitting from improved operational performance, lower finance charges and lower tax liability

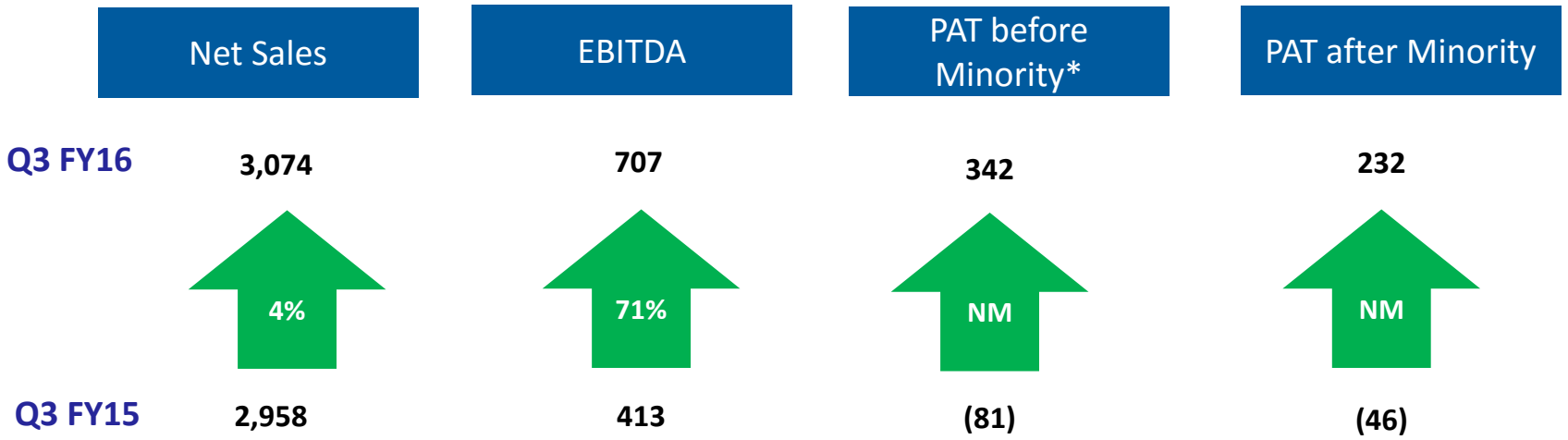
New Caustic Potash facility at Dahej with capacity of 60 TPD and investment of Rs 650 mn financed through internal accruals expected to commence production by April 2016

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

Q3 FY16 (Consolidated): Robust operational performance

Consolidated, Figures in Rs mn



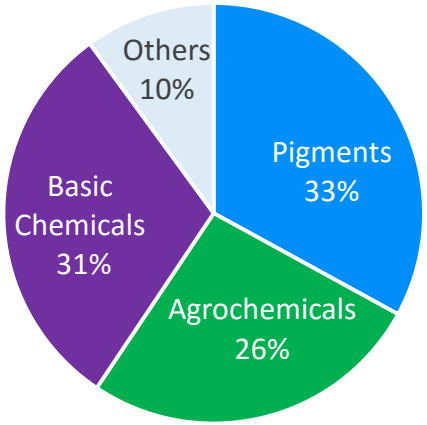
- Net sales increased 4% YoY to Rs 3,074 mn in Q3 FY16 driven by strong performance of Basic Chemicals
- EBITDA for the quarter up by a significant 71% YoY to Rs 707 mn with EBITDA margin at 23% (vs 14% in Q3 FY15)
  - Margins benefitted from improved operations performance, softening of raw materials prices (raw materials cost decreased 14% YoY) partially offset by increase in personnel cost (9% YoY) and increase in other expenditure (2% YoY)
- PAT before minority interest increased from Rs (81) mn in Q3 FY15 to Rs 342 mn in Q3 FY16 benefitting from strong operational performance coupled with lower interest charges
- PAT for the quarter at Rs 232 mn compared with Rs (46) mn in Q3 FY15 benefitting from improved performance and lower tax liability due to deferred tax for Basic Chemicals

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

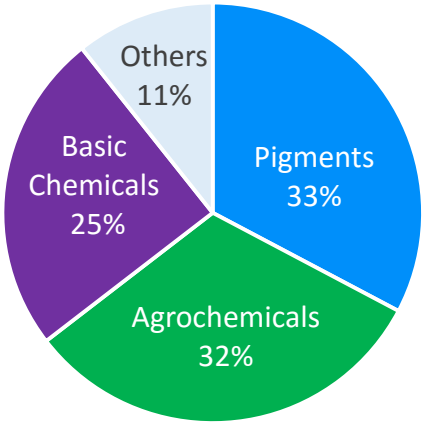
Net sales breakup by segment: Basic Chemicals driving growth

Consolidated, Figures in Rs mn

Q3 FY16



Q3 FY15

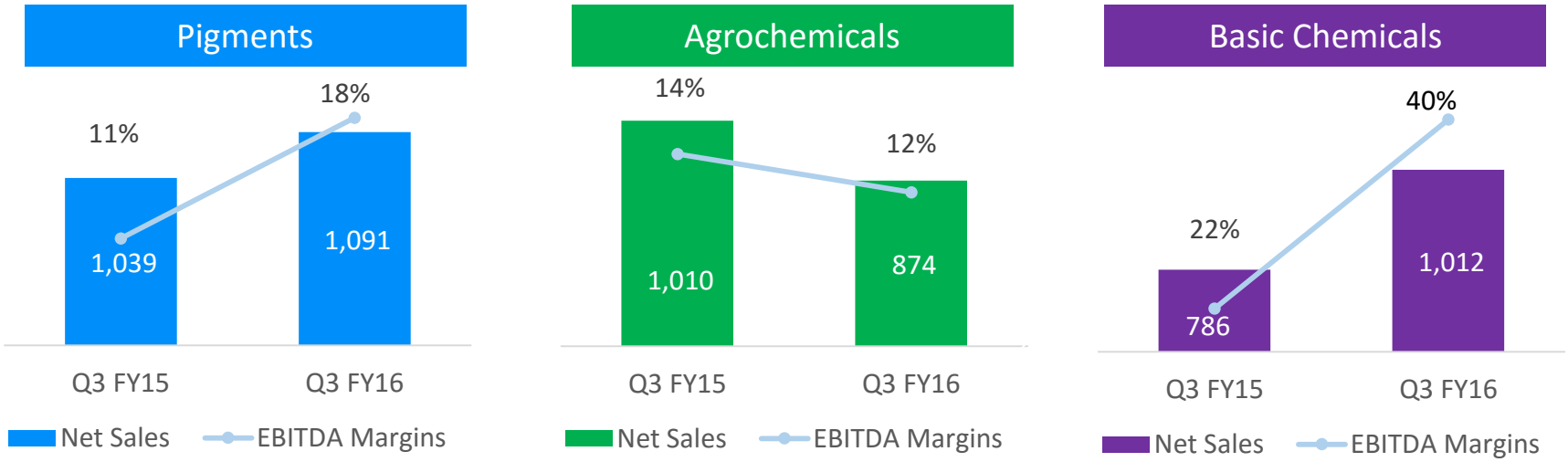


- Basic Chemicals reported a strong quarter with 29% YoY growth in net sales driven by both volume increase (12% YoY) and ECU realizations increase (15% YoY)
  - ECU realizations increasing due to favourable demand supply scenario
- Pigments business up 5% in Q3 FY16 driven by 15% growth in volumes; however realizations were down 8% YoY due to passing on benefits of reduction in raw material prices and operational efficiencies to long term clientele
- Agrochemicals business decreased by 13% YoY - volumes were up 15% YoY; however realizations fell 24% YoY due to change in product mix to match the demand pattern
- Others segment decreased by 2% YoY

Note: Sales breakdown includes intersegment sales of Rs 236 mn in Q3 FY16 and Rs 217 mn in Q3 FY15
Others business segment includes merchant trading

Margins by segment: Basic Chemicals margins reach 40%

Consolidated, Figures in Rs mn



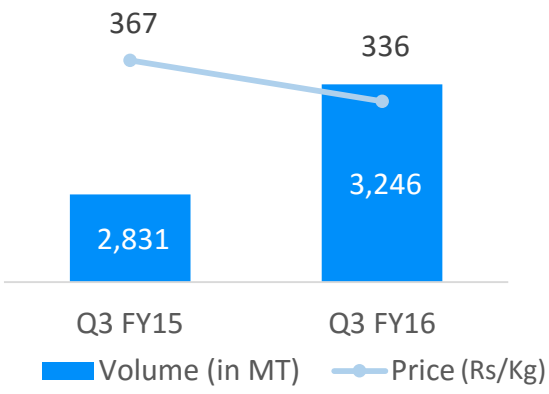
- Net sales from Pigments at Rs 1,091 mn in Q3 FY16, up 5% YoY
  - EBITDA margins improved from 11% to 18% driven by improved operational performance and lower commodity prices significantly benefitting raw material costs
- Net sales from Agrochemicals at Rs 874 mn in Q3 FY16, down 13% YoY
  - Margins decreased from 14% to 12% - third quarter is usually a muted season and change in product mix has also impacted performance
- Net sales from Basic Chemicals reached Rs 1,012 mn in Q3 FY16, up 29% YoY
  - Margins approximately doubled from 22% to 40% led by both volume growth and higher ECU realizations

Note: Includes intersegment data

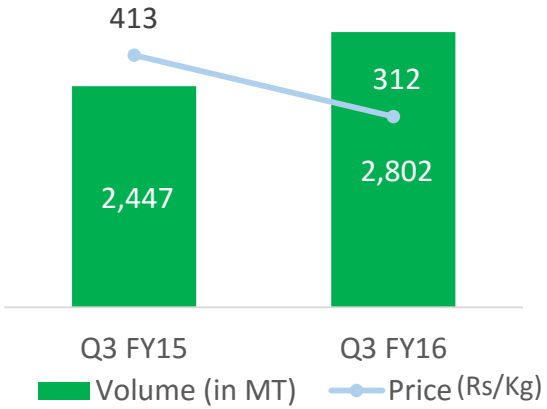
Both volumes and ECU realizations benefit Basic Chemicals

Consolidated, Figures in Rs mn

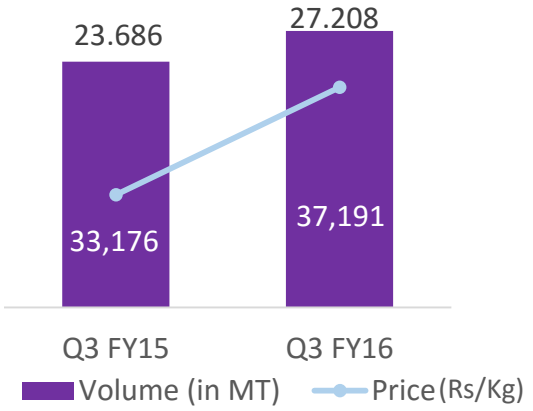
Pigments



Agrochemicals



Basic Chemicals



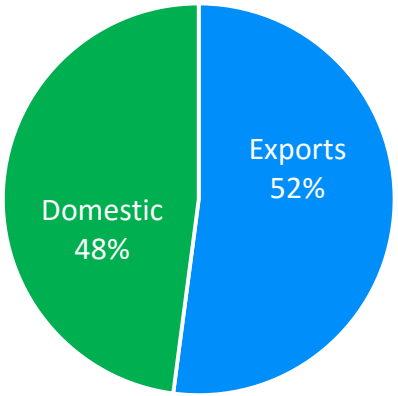
- Volumes of the Pigments business up 15% YoY at 3,246 MT in Q3 FY16
  - However, realizations down 8% due to passing on of benefits of reduction in raw material price to long term customers
- Volumes of Agrochemicals up 15% YoY at 2,802 MT in Q3 FY16
  - However realizations down 24% impacted by change in product mix to match the demand pattern
- Volumes of Basic Chemicals up 12% YoY at 37,191 MT in Q3 FY16
  - ECU realizations also improved 15% compared with Q3 FY15 due to favourable demand supply scenario

Note: Volume includes intersegment data

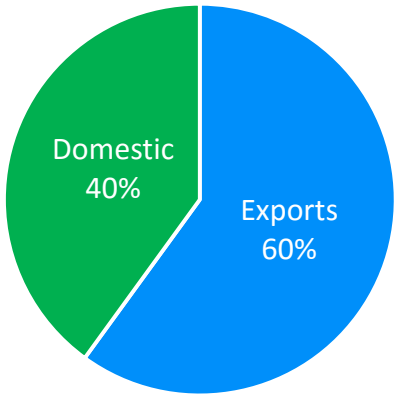
Strength in Basic Chemicals and Pigments drives domestic business

Consolidated, Figures in Rs mn

Q3 FY16



Q3 FY15

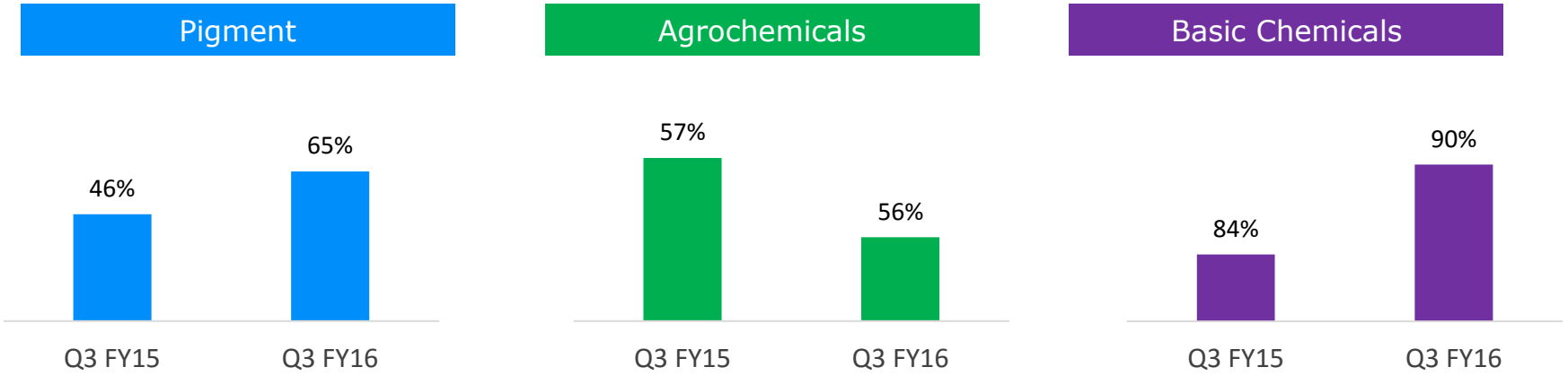


Segmental breakdown

	Q3 FY16		Q3 FY15	
	Exports	**Domestic**	**Exports**	**Domestic**
Pigments	656	273	745	145
Agrochemicals	582	292	734	280
Basic Chemicals	33	906	5	728
Others	330	2	304	15
Total	**1,601**	**1,473**	**1,789**	**1,169**

- Domestic business increased by 26% in Q3 FY16 due to Basic Chemicals growth which is a pure domestic play and 87% growth in domestic Pigments business (as with expanded capacity, the Company is increasing focus on domestic pigments market)
- Exports down 10% during the quarter primarily due to lower Agrochemicals exports (down 21%) as well as lower Pigments exports (down 12%)

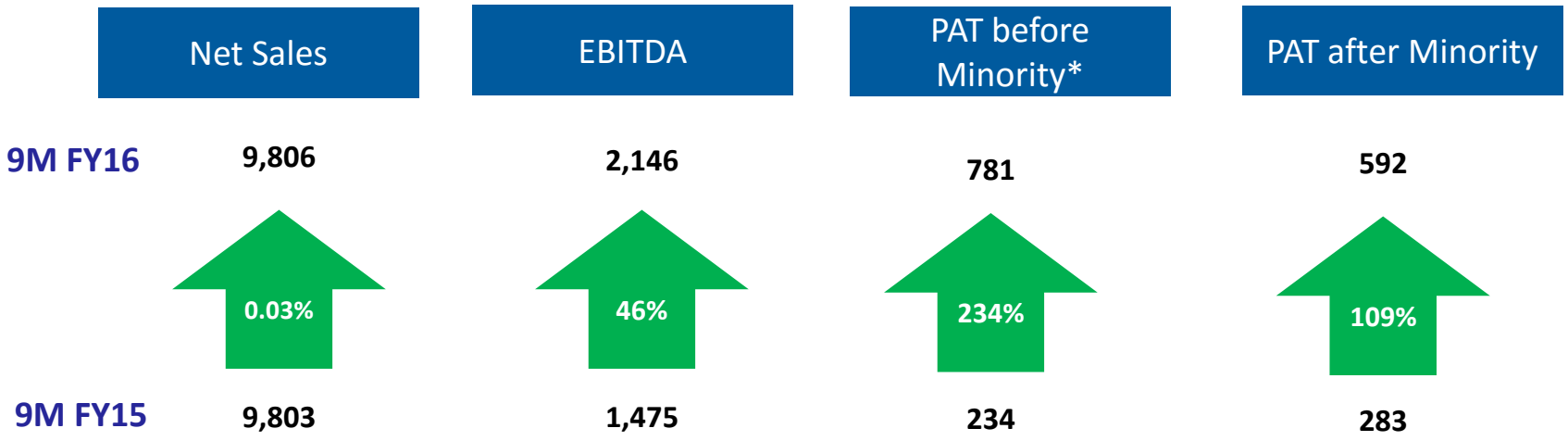
Improved production across segments



Note: Capacity of Dahej Agro Plant increased from 8,940 MTPA in Q3 FY15 to 10,260 MTPA in Q3 FY16. The Agrochemicals business had a higher production of 2,894 MT as compared with 2,749 in Q3 FY15

9M FY16 (Consolidated): Significant expansion in profitability

Consolidated, Figures in Rs mn



- Net sales stable YoY at Rs 9,806 mn in 9M FY16 compared with Rs 9,803 mn in 9M FY15. While H1 FY16 was down 2% YoY, Q3 FY16 was up 4% YoY driving 9M FY16 performance
- EBITDA for 9M FY16 up 46% YoY at Rs 2,146 mn with EBITDA margin at 22% (vs 15% in 9M FY15)
  - Margins benefitted from improved operational performance, softening of raw materials prices (raw materials cost decreased 12% YoY) and decrease in other expenditure (decreased 3% YoY) partially offset by increase in personnel cost by 11% YoY
- PAT before minority interest increased from Rs 234 mn in 9M FY15 to Rs 781 mn in 9M FY16 benefitting from strong operational performance coupled with lower interest charges
- PAT for 9M FY16 increased from Rs 283 mn in 9M FY15 to Rs 592 mn in 9M FY16

- *Minority interest refers to the portion of subsidiary's stock not owned by MOL*
- *Meghmani Finechem, a 57% owned subsidiary declared dividend which resulted in negative minority interest in 9M FY15*

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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

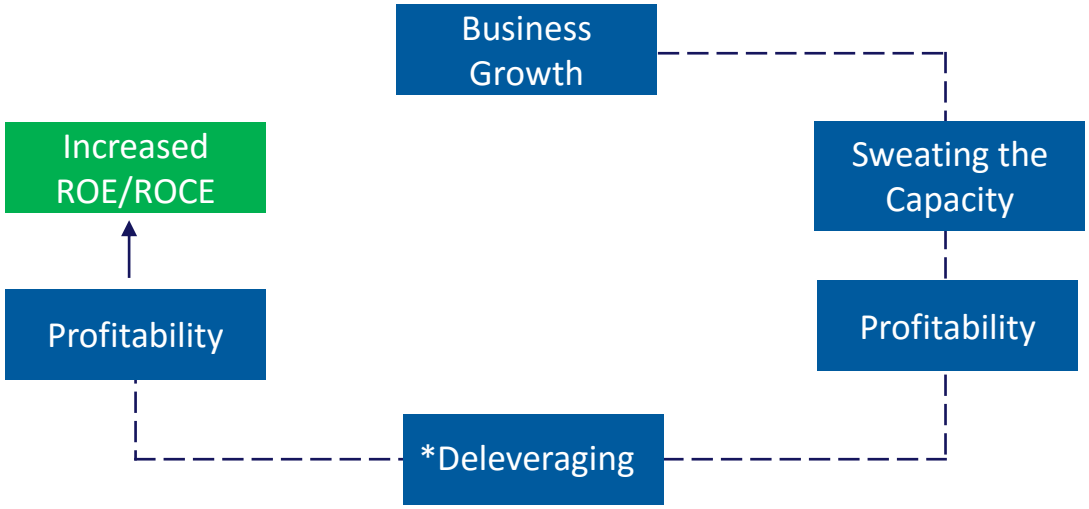
- Increase export revenue from untapped markets such as Japan
- Increase focus on domestic market for better utilizations
- Expand value added product offerings
- Focus on the higher margin paint & plastic market

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 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 Rs 2.25 by March 2017*

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P&L statement (Consolidated): Q3 & 9M FY16

Figures in Rs Million

Consolidated								
Particulars	**Q3 FY16**	**Q3 FY15**	**YoY (%)**	**Q2 FY16**	**QoQ (%)**	**9M FY16**	**9M FY15**	**YoY (%)**
Net sales / income from operations	3,074	2,958	**4%**	3,401	-10%	9,806	9,803	0%
Other Operating Income	35	81	-56%	55	-36%	145	189	-23%
Total Income from Operations	**3,110**	**3,039**	**2%**	**3,456**	**-10%**	**9,952**	**9,992**	**0%**
Total Expenditure	**2,402**	**2,626**	**-9%**	**2,701**	**-11%**	**7,806**	**8,518**	**-8%**
Consumption of Raw Material	1,566	1,817	-14%	1,835	-15%	5,316	6,026	-12%
Personnel Cost	203	186	9%	202	1%	598	541	11%
Other Expenditure	634	623	2%	663	-4%	1,892	1,951	-3%
EBITDA	**707**	**413**	**71%**	**756**	**-6%**	**2,146**	**1,475**	**46%**
Depreciation & Amortisation	193	191	1%	193	0%	577	549	5%
EBIT	**515**	**222**	**132%**	**563**	**-9%**	**1,569**	**926**	**69%**
Interest & Finance Charges	149	211	-29%	186	-20%	514	585	-12%
Other Income	11	7	55%	8	34%	22	34	-34%
PBT before exceptional items	**376**	**18**	**2005%**	**385**	**-2%**	**1,077**	**374**	**188%**
Exceptional items	-	-	NM	-	NM	-	-	NM
PBT	**376**	**18**	**2005%**	**385**	**-2%**	**1,077**	**374**	**188%**
Tax Expense	35	99	-65%	134	-74%	296	141	110%
PAT (From ordinary activities)	**342**	**(81)**	**NM**	**251**	**36%**	**781**	**234**	**234%**
Extraordinary items	-	-	NM	-	NM	-	-	NM
PAT	**342**	**(81)**	**NM**	**251**	**36%**	**781**	**234**	**234%**
Minority Expense	110	(36)	NM	41	170%	189	(50)	NM
PAT after Minority	**232**	**(46)**	**NM**	**211**	**10%**	**592**	**283**	**109%**

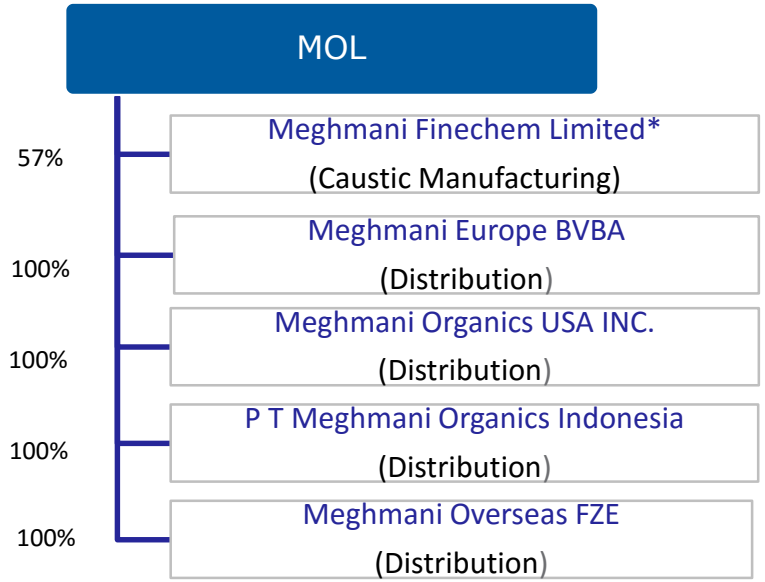
P&L statement (Standalone): Q3 & 9M FY16

Figures in Rs Million

Standalone								
Particulars	**Q3 FY16**	**Q3 FY15**	**YoY (%)**	**Q2 FY16**	**QoQ (%)**	**9M FY16**	**9M FY15**	**YoY (%)**
Net sales / income from operations	2,119	2,238	**-5%**	2,493	-15%	7,046	7,201	-2.1%
Other Operating Income	35	80	-56%	55	-36%	145	189	-23.4%
Total Income from Operations	**2,154**	**2,318**	**-7%**	**2,547**	**-15%**	**7,191**	**7,389**	**-3%**
Total Expenditure	**1,867**	**2,051**	**-9%**	**2,103**	**-11%**	**6,117**	**6,638**	**-8%**
Consumption of Raw Material	1,163	1,397	-17%	1,394	-17%	4,009	4,598	-13%
Personnel Cost	149	141	6%	151	-1%	444	408	9%
Other Expenditure	555	514	8%	558	-1%	1,664	1,632	2%
EBITDA	**287**	**267**	**7%**	**445**	**-35%**	**1,074**	**751**	**43%**
Depreciation & Amortisation	91	88	3%	90	1%	272	260	5%
EBIT	**196**	**179**	**9%**	**354**	**-45%**	**802**	**491**	**63%**
Interest & Finance Charges	119	127	-6%	99	20%	327	356	-8%
Other Income	10	6	64%	4	147%	16	165	-90%
PBT before exceptional items	**87**	**58**	**49%**	**259**	**-66%**	**492**	**301**	**64%**
Exceptional items	-	-	NM	60	NM	60	-	NM
PBT	**87**	**58**	**49%**	**200**	**-56%**	**432**	**301**	**44%**
Tax Expense	22	14	49%	90	-76%	194	53	265%
PAT (From ordinary activities)	**65**	**44**	**49%**	**110**	**-41%**	**238**	**248**	**-4%**
Extraordinary items	-	-	NM	-	NM	-	-	NM
PAT	**65**	**44**	**49%**	**110**	**-41%**	**238**	**248**	**-4%**
Minority Expense	-	-	NM	-	NM	-	-	NM
PAT after Minority	**65**	**44**	**49%**	**110**	**-41%**	**238**	**248**	**-4%**

Corporate structure & shareholding pattern

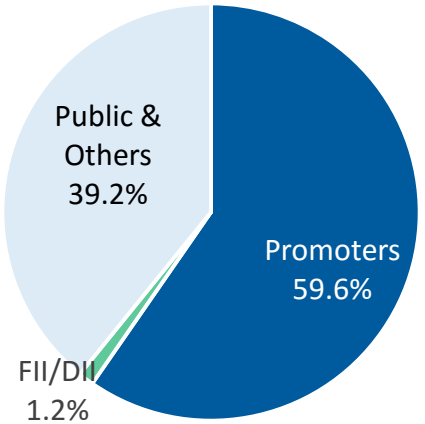
Corporate Structure



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

Shareholding Pattern (December 31 , 2015)

No of shares: 217 mn



Note: Shares held by Depository Receipts (~38 mn) not included in the above calculation

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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