



MEGHMANI FINECHEM LTD.

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URL: www.meghmani.com CIN: U24100GJ2007PLC051717

18/08/2021

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:- MFL	Scrip Code 543332

Dear Sir

Sub.: - Earnings Presentation of Q1 F.Y. 2022

Ref.: - Regulation 30 of SEBI (LODR) Regulations, 2015

We forward herewith the Earnings Presentation of Q1 F.Y. 2022 for information of the Members.

The aforesaid information is also being placed on the website of the Company at www.meghmanifinechem.com.

Thanking you.

**Yours faithfully,
For Meghmani Finechem Limited**


(K D Mehta)
Company Secretary & Compliance Officer



The background features a laboratory setting with various glassware like beakers and test tubes. A prominent blue-tinted pipette is shown dispensing liquid into a beaker. Overlaid on this is a glowing cyan chemical structure consisting of several interconnected hexagonal rings. The overall aesthetic is scientific and professional, with a color palette dominated by blues and purples.

MEGHMANI FINEHCEM LIMITED

*Q1 FY22 Earnings
Presentation*






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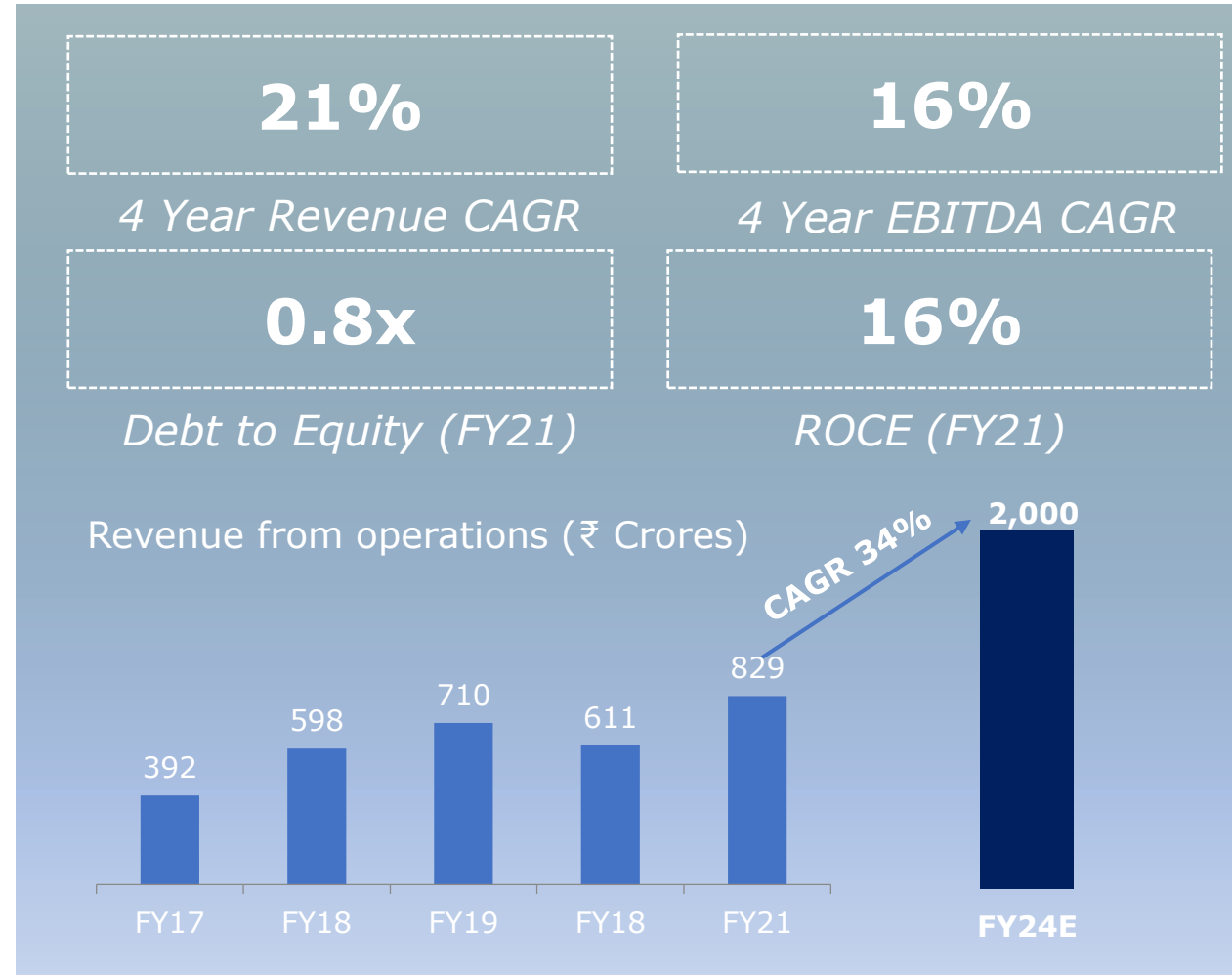
Certain statements in this presentation concerning our future growth prospects are forward looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The Risk and uncertainties relating to the statements include, but are not limited to, risks and uncertainties regarding fiscal policy, competition, inflationary pressures and general economic conditions affecting demand / supply and price conditions in domestic and international markets. The company does not undertake to update any forward -looking statement that may be made from time to time by or on behalf of the company.

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Company Overview

The Next Gen Business

-  **Founded:**
2007
-  **Employees:**
700+
-  **Capacity: Chlor-Alkali – 315 KTPA**
Derivatives – 110 KTPA
-  **Captive Power Plant:**
96MW
-  **Years of Experience:**
35+



What are we into

ESG Focus

- Strong focus on sustainability - awarded with **the 'Responsible Care' Logo by ICC**

Our Business

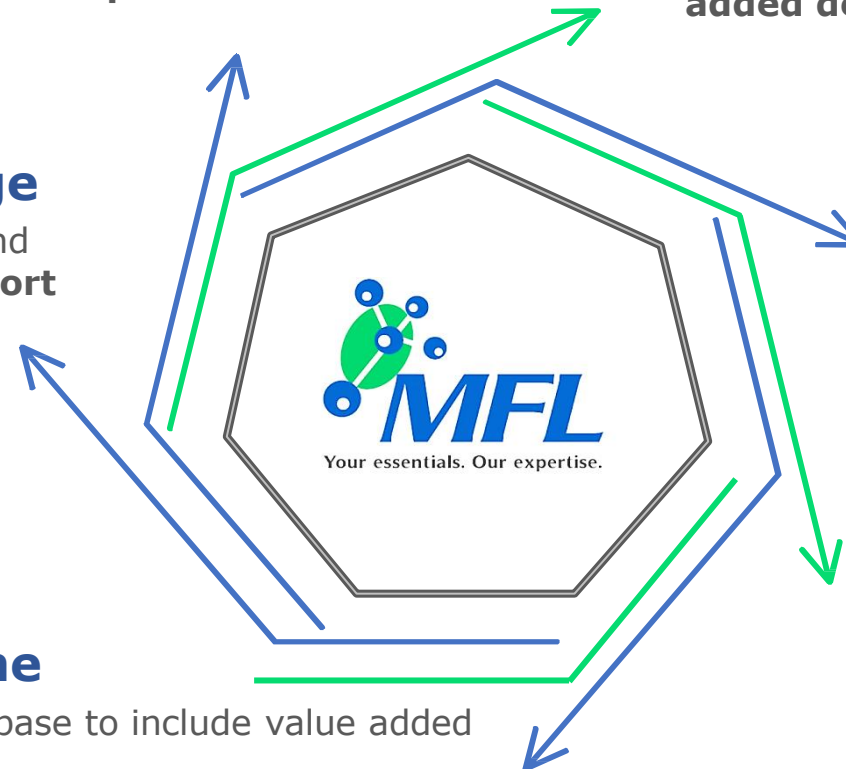
- Leading producer of **Chlor-alkali products and value added derivatives**

Competitive Advantage

- Domestically produced ECH and CPVC to **largely replace import**

Strategic Location

- State of the art manufacturing facilities in Gujarat, **Dahej –India's leading PCPIR region**



Product Pipeline

- Expanding product base to include value added products
 - **Epichlorohydrin [ECH]**
 - **Chlorinated Polyvinyl Chloride [CPVC]**

Our Products

- Currently product profile comprises of
 - **Chlor-Alkali**
 - **Chloromethane**
 - **Hydrogen Peroxide**

Key Highlights

Operational Highlights:

- Achieved highest ever capacity utilisation across divisions, despite a challenging operating environment on account of covid second wave
- H2O2 plant reached 75% capacity utilisation in Q1FY22 in the very 2nd year of operation
- On YoY, ECU realisation for Caustic Soda improved by 12% and sales realisation for CMS improved by 40%.
- Sales realisation in H2O2 improved by 36% on QoQ

Financial Highlights:

- Revenue grew by 111% on YoY on account of higher sales volume of Chlor-Alkali and its Derivatives
- EBITDA margin improved by 190 bps to 31.9% in Q1FY22
- ROCE improved to 22.3% in Q1FY22 on account of improved earnings and contribution from Hydrogen Peroxide

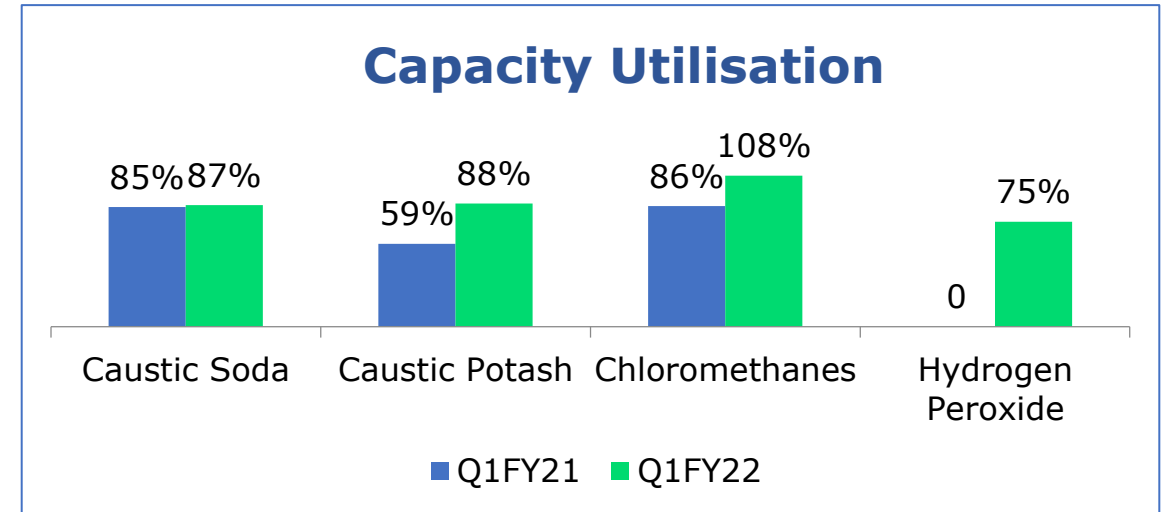
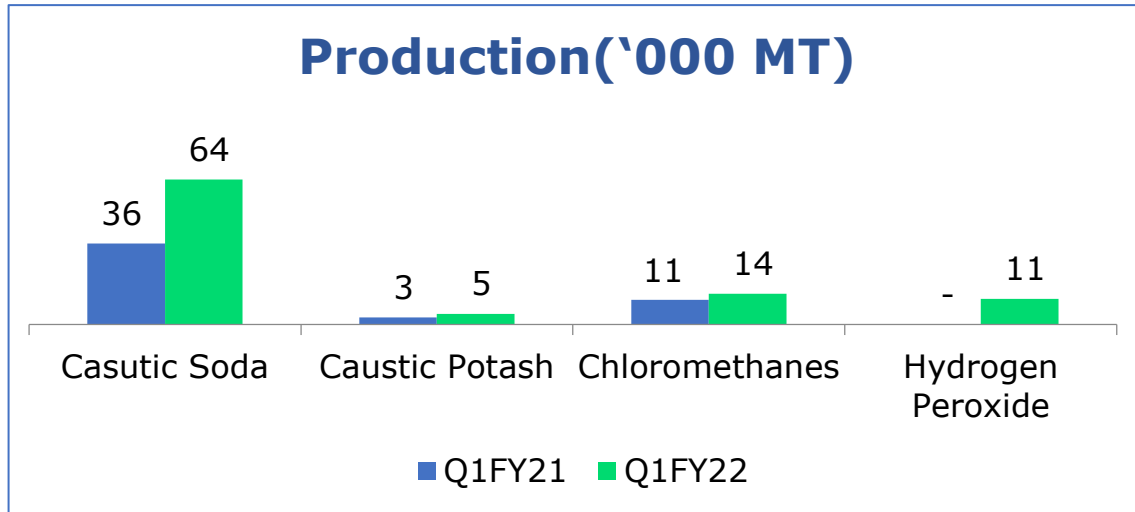
Strategic Update:

- MFL got listed on NSE and BSE as a separate entity on 18th August 2021, and had stellar opening at ₹ 387.10 per share (180% up from ₹ 138.25 per share) and reached at ₹ 406.45 at upper circuit
- Capacity expansion progressing as per schedule

The listing of MFL as a separate entity is a key milestone in our journey towards sustainable and long term value creation. We at MFL have a singular focus of creating a world-class chemicals company with strong focus on sustainability.

Our highly capable management team and our motivated workforce are ensuring that we continue our strong growth trajectory. This is also evident from the fact that we delivered on of our best operational and financial performance in Q1FY22, despite an extremely challenging environment on account of 2nd wave of Covid. Our revenue and profitability both grew 2.1x compared to Q1 of last year. We have been able to maintain our balance sheet strength and our growth have primarily been financed through strong internal cash flows. We hope to maintain similar momentum in the coming quarter and are confident of delivering superior stakeholder value.

Operational Overview

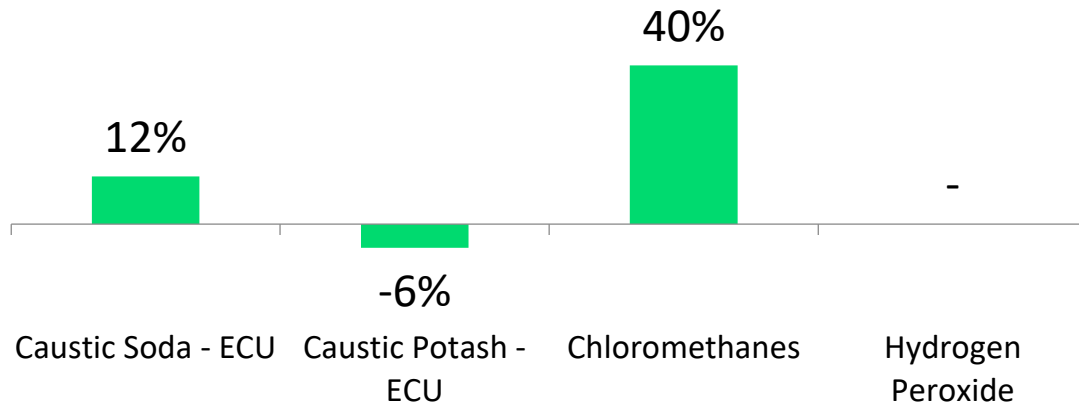


**Annualized*

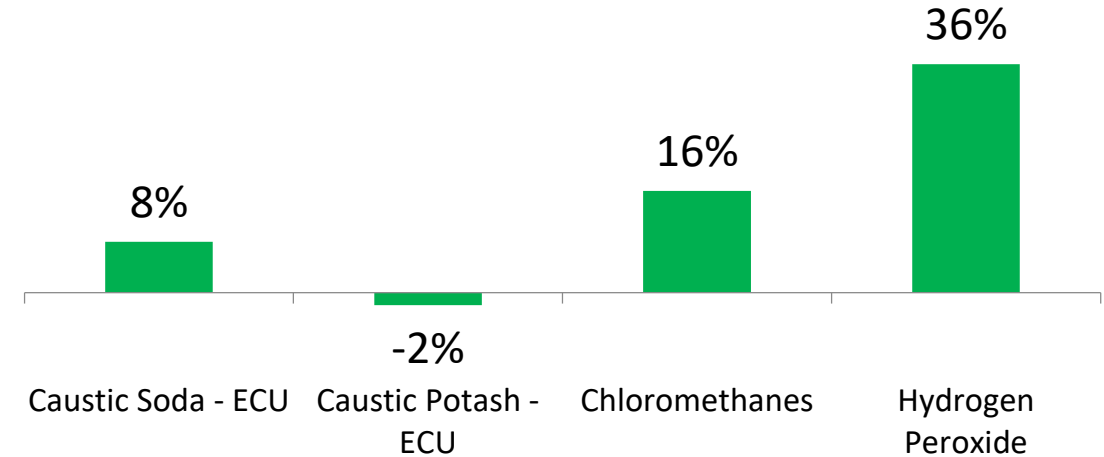
- Higher capacity utilisation across products on account of improved demand
- Caustic Soda production volume increased by 79% YoY on account of capacity expansion
- The capacity utilisation of Caustic Potash is 88% on account of high demand, even on YoY the production volume increased by 48%
- CMS plant achieved capacity utilization of 108% on account of high demand
- Hydrogen peroxide plant had achieved capacity utilisation of 75% in Q1FY22, in the very 2nd year of operation

Operational Overview – ECU and sales realisation

Change in ECU and Sales Realization % YoY



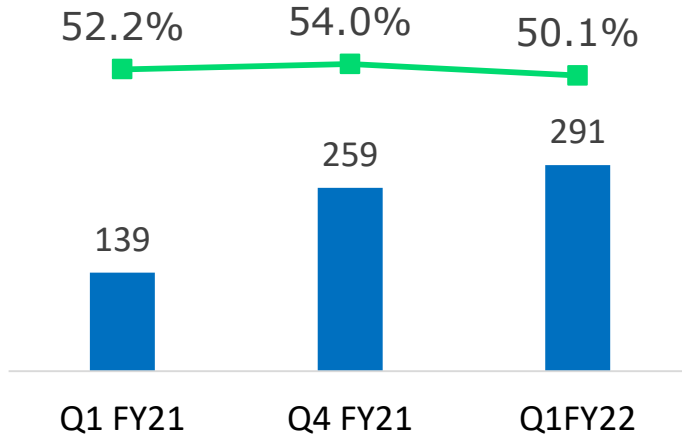
Change in ECU and Sales Realization % QoQ



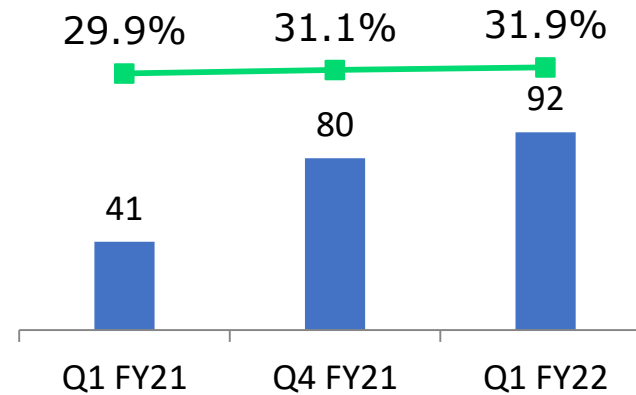
- ECU realization from caustic soda improved to ₹ 25,183 in Q1FY22 compared to ₹ 22,541 in Q1FY21. ECU realization from Caustic Soda has improved in last few months and it is expected to further improve. ECU realization from Caustic Potash was impacted marginally
- Chloromethanes sales realization improved by 40% YoY and by 16% QoQ. It is expected to remain firm on account of huge demand from pharmaceutical segment
- H2O2 realization also improved by 36% on QoQ basis, mainly on account of increase in demand for textile and paper industry, they are optimizing their capacity utilization after lockdown

Q1FY22 Financial Highlights

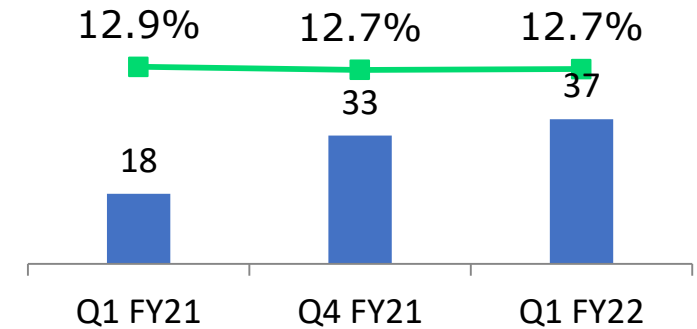
Revenue & Gross Margin



EBITDA & EBITDA Margin



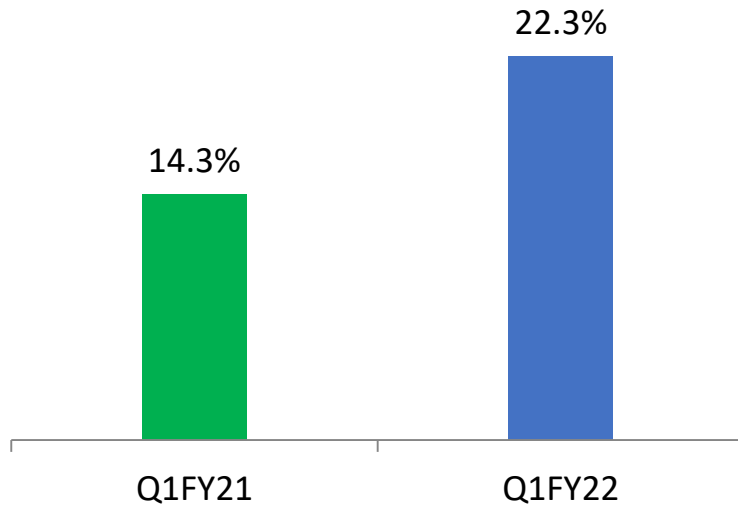
PAT & PAT Margin



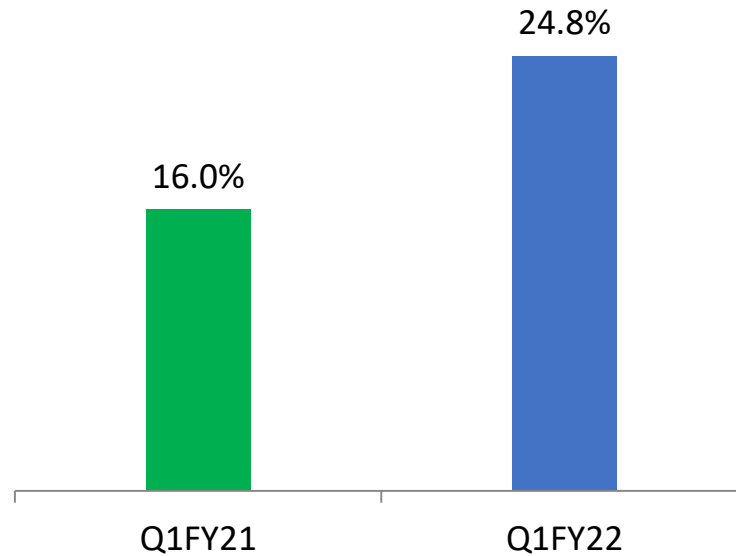
- YoY sales increased by 111% YoY driven by higher sales of Chlor-Alkali and its Derivatives. Chlor-Alkali grew by 92% with growth in caustic soda by 98% and caustic potash by 48%. Derivative segment grew by 170% on account growth in sales of Chloromethanes and Hydrogen Peroxide in Q1FY22
- EBITDA % was improved to 31.9 % (Q1FY22) from 29.9% in Q1FY21. Absolute EBITDA grew by 124% YoY and by 15% QoQ to reach at ₹ 92 Cr on account of improvement in realization and cost control
- PAT increased by 107% to ₹ 37 Cr and PAT margin was maintained at 12.7%

Key Ratios

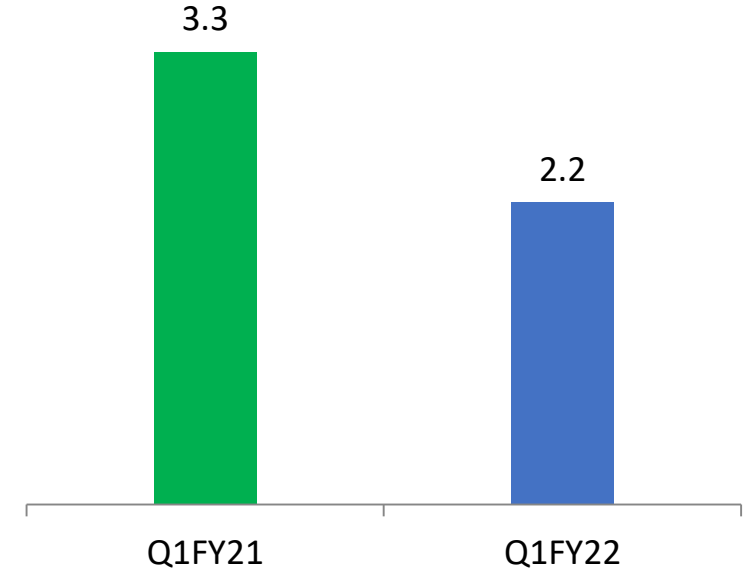
ROCE (%)



ROE (%)



Debt* / EBITDA (x)

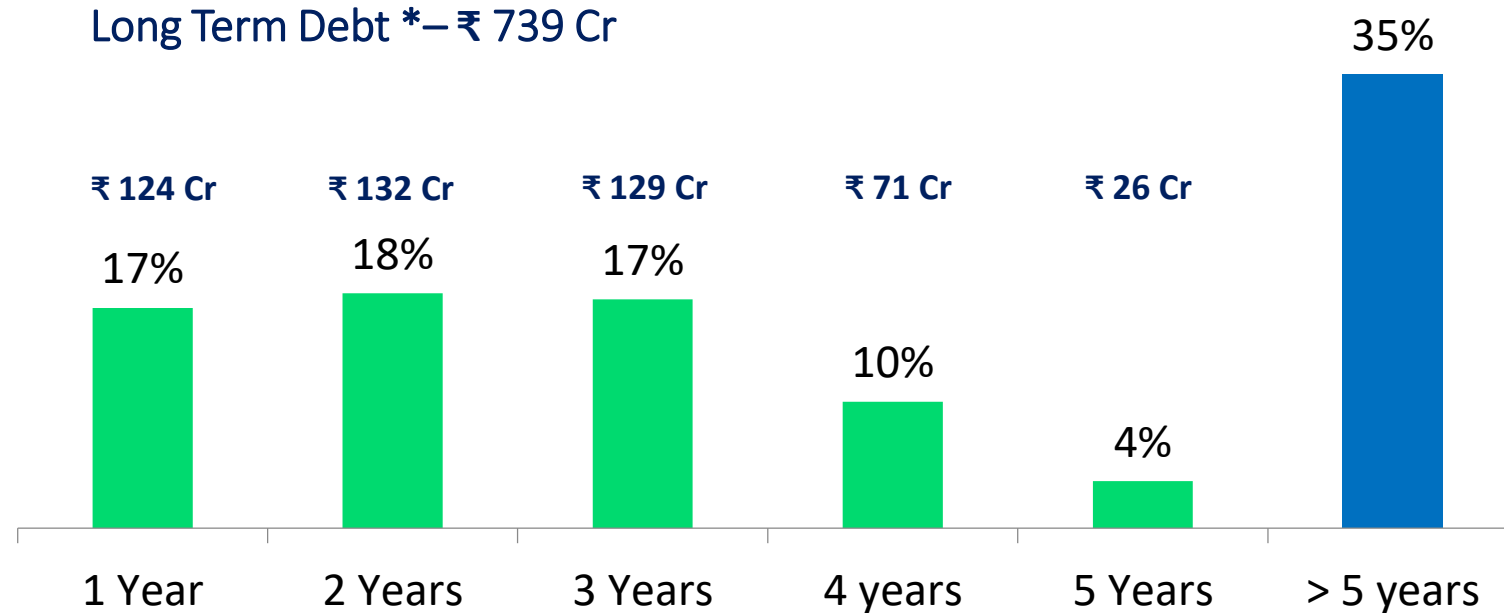


All the above ratios are annualized.

* Debt includes working capital

- ROCE% and ROE% improved on account of increase in ECU realization and sales realization of Chloromethanes and Hydrogen Peroxide and surplus from Hydrogen Peroxide's new plant and Caustic Soda's additional expansion plant
- Preference Shares allotted to MOL worth ₹211 Crores is reclassified as debt according to scheme of arrangement approved by NCLT. Additional ₹75 Cr raised for expansion plans. Despite that, Net Debt/EBITDA has improved to 2.2x in Q1FY22 from 3.3 in Q1FY21

Long Term Debt maturity profile as on 30.06.21

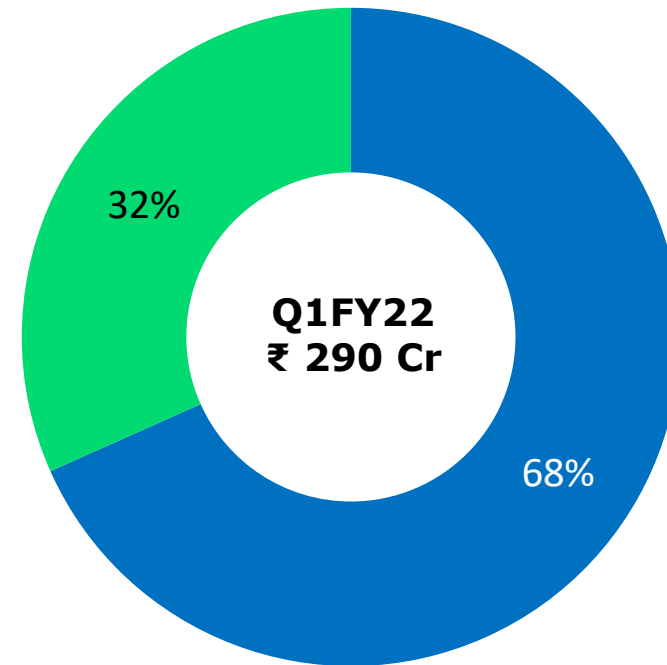
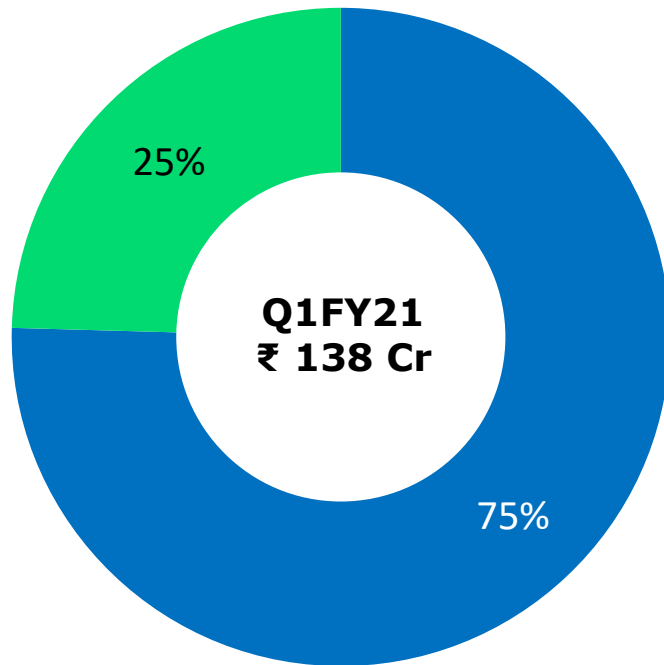


**Includes preference shares of Rs. 211 Cr reclassified as debt according to Scheme of Arrangement
Above does not include working capital*

- The debt maturity profile indicates a strong Free Cash flow
- More than 50% of our debt have average maturity of more than 4 years

Chlor-Alkali vs Derivatives (CMS and H2O2)

Diversification on Track; Business Model being De-Risked



■ Chlor-Alkali ■ Derivatives

Focused on Sustainable Operations

Strong ESG Focus

Our Sustainability Standards



Employee & Community Care

- We support, develop and inspire our people to achieve their personal best and treat them with dignity and respect.



Resource Efficiency

- We manage critical resources to minimize consumption and waste, increase reuse and recycle of materials, and drive operations efficiently.



Energy & Climate Cognizance

- We strategically manage our energy and carbon footprint, driving greater efficiency and increasing utilization of renewable resources.



Process Innovation

- We seek to maintain this commitment through an intensive practice of "never-ending process of improvement."

MFL's upcoming ECH plant is India's first plant to run on **100% renewable sources.**

MFL has been awarded the highly recognized "Responsible Care" logo and committed to the **highest standards of health, safety and environment performance.**



Income Statement

Particulars (₹ Cr)	Q1FY22	Q1FY21	% Change	Q4FY21	% Change	FY21
Revenue from Operations	290	138	111%	259	12%	829
Gross Profit	145	72	102%	140	4%	443
Gross Margin (%)	50.1%	52.2%		54.0%		53.5%
EBITDA	92	41	124%	80	15%	261
EBITDA Margin (%)	31.9%	29.9%		31.1%		31.5%
Depreciation	21	11	96%	21	1%	74
Finance Cost	12	4	203%	4	197%	29
PBT	59	28	114%	55	7%	161
PAT	37	18	107%	33	13%	101
PAT Margin (%)	12.7%	12.9%		12.7%		12.1%
Cash Profit	58	29	103%	54	8%	174
EPS (₹)	8.9	4.3	107%	7.9	13%	24.3

Historic Income Statement

Particulars (₹ Cr)	FY17	FY18	FY19	FY20	FY21
Total Revenue	393	602	720	613	831
Gross Profit	167	359	455	335	443
Gross Margin (%)	43%	60%	64%	55%	53%
EBITDA	144	255	312	194	261
EBITDA Margin (%)	37%	43%	44%	32%	32%
Depreciation	55	55	54	44	74
Finance Cost	14	9	25	11	29
PBT	75	195	242	141	161
PAT	67	155	183	112	101
PAT Margin (%)	17%	26%	25%	18%	12%
EPS (₹)	9.4	22.0	25.1	27.0	24.3

Historic Balance Sheet

Assets (₹ Cr)	FY19	FY20	FY21	Liabilities (₹ Cr)	FY19	FY20	FY21
Fixed Assets	763	1,131	1,228	Share Capital	41	42	42
Financial Assets	5	4	10	Reserves & Surplus	452	542	643
Other Non-current Assets	22	5	29	Long-Term Borrowings	365	418	340
Inventories	41	48	54	Long-term Provisions	9	7	35
Trade Receivables	77	76	119	Short Term Borrowings	2	20	75
Cash & Bank Balances	129	0	1	Trade Payables	36	47	73
Loans & Advances	1	0	0	Other Current Liabilities	136	198	240
Other Current Assets	6	7	8	Short Term Provisions	2	0	0
Total	1,044	1,273	1,449	Total	1,044	1,273	1,449

About Us and Investor Contact



Meghmani Finechem Limited (“MFL”), incorporated in 2007, is a leading manufacturer of Chlor-Alkali products and value-added derivatives. The company has state of the art manufacturing facilities in Gujarat, Dahej – a leading PCPIR region in the country. MFL’s Dahej facility is a fully integrated complex with a well-established infrastructure and captive power plants. The company is India’s 4th largest manufacturer of Caustic Soda Lye Chlorine and Hydrogen and a leading manufacturer of Caustic Potash Chloromethanes and Hydrogen Peroxide. MFL is now expanding its product base to include value added derivative products like Epichlorohydrin (ECH) and Chlorinated Polyvinyl Chloride (CPVC), which are a key raw material for multiple end user industries but are currently fully imported. The company is focused on sustainable value creation for all its stakeholders and has recently been awarded with the responsible care logo.

For more information on the company, its products & services please log on to www.meghmanifinechem.com or watch this [video](#).

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