MEGHMANI
ORGANICS LIMITED

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10/08/2017

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

Dear Sir

Sub: - **Investor Presentation on – Q1 FY 18**

We refer to above and forward herewith the Q1 FY 18 presentation prepared on Un-Audited Financial Results of the Company for the **First Quarter ended on 30.06.2017** for the information of Member.

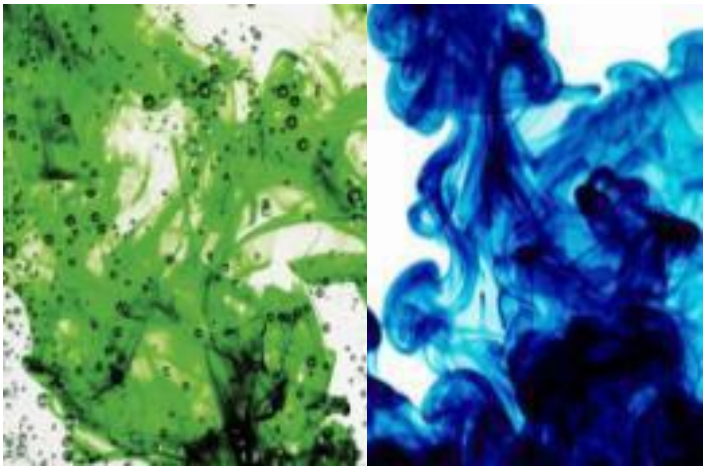
Thanking you.

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 FY18 Investor Presentation (August 2017)

MOL: FY18 starts on a positive note

Revenue
(In Rs mn)

4,150

up 17% YoY

EBITDA
(In Rs mn)

912

Up 22% YoY
EBITDA Margin at 22.0%

PAT
(In Rs Cr)

329

Up 75% YoY
PAT Margin at 7.9%

EBITDA & PAT margins expand by 87 bps & 261 bps, respectively, led by improved profitability in Agrochemicals and Basic Chemicals….

Pigments

- Revenue up 10% driven by robust performance in exports
- Dispatch/sales up 8% coupled with higher blended realisation
- EBITDA declined due to change in product mix and lower margin on some products, EBITDA margin at 16%
- Utilisation up at 79% from 59% in Q1FY17

Agrochemicals

- Revenue up 17% led by robust exports growth (up 33%)
- Dispatch/sales up 5% along with higher realisations
- Capacity utilisation up at 77%, production up 3%
- EBITDA up 219% led by higher realization on products and sale of higher margin products, EBITDA Margin at 16%

Basic Chemicals

- Revenue up 25% on account of higher dispatch/sales
- Production up 24%, utilisation up at 88% from 72% in Q1FY17
- EBITDA Margin at 37%, maintained in the long term range of 30-35%
- Caustic potash plant ramping up as per plan

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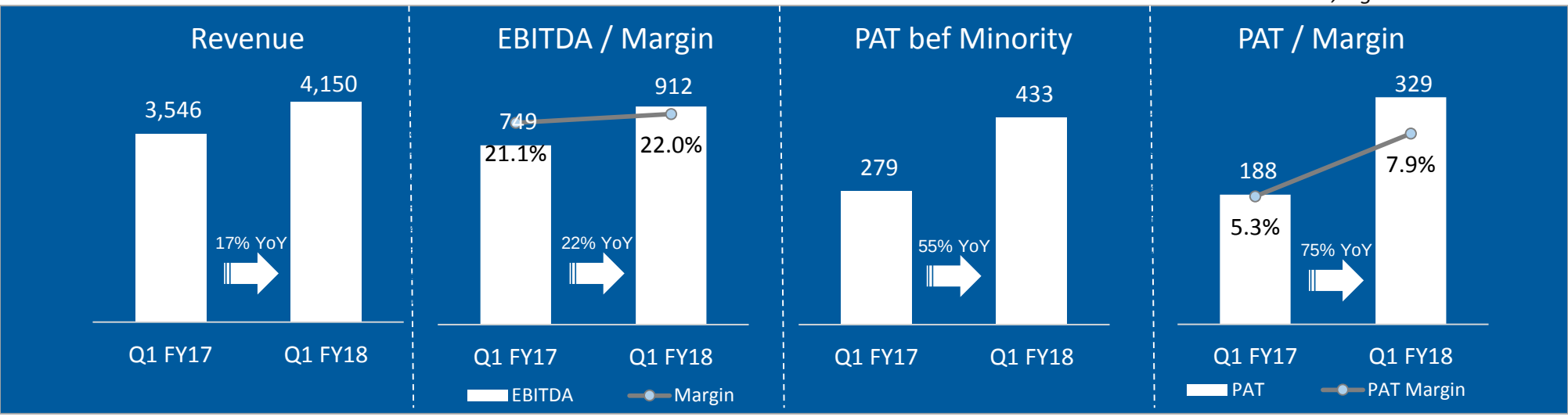
Section 2 **Company Overview**

Section 3 **Annexure**

Q1FY18 sees strong profitable growth

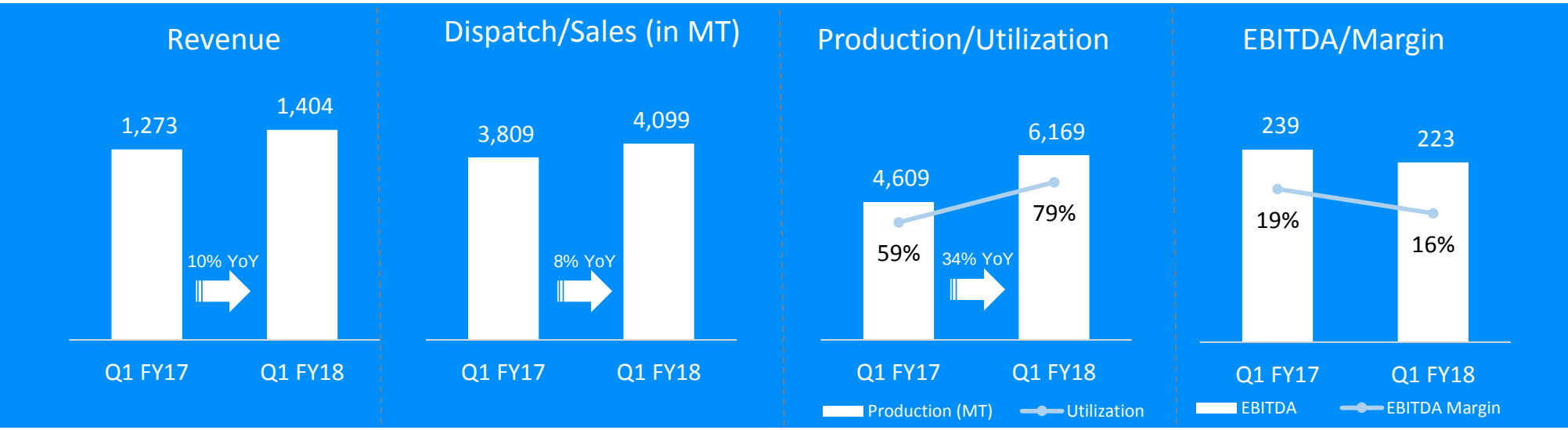
Consolidated, Figures in Rs mn



- Revenue up 17% at Rs 4,150 mn driven by strong exports growth of 26% and domestic revenue growth of 8%; Exports contributing 54% to revenue
- EBITDA up 22% as raw material cost as percentage of revenue declined from 56.9% to 52.9% while other cost as a percentage of revenue increased from 19.2% to 22.5%
- Interest outflow down 26% to Rs 107 mn compared to Rs 144 mn in Q1FY17 with reduced debt
- Depreciation declined 9%
- PAT grew 75% to Rs 329 mn; PAT margin at 7.9%

Pigments revenue up 10% led by higher volumes

Consolidated, Figures in Rs mn

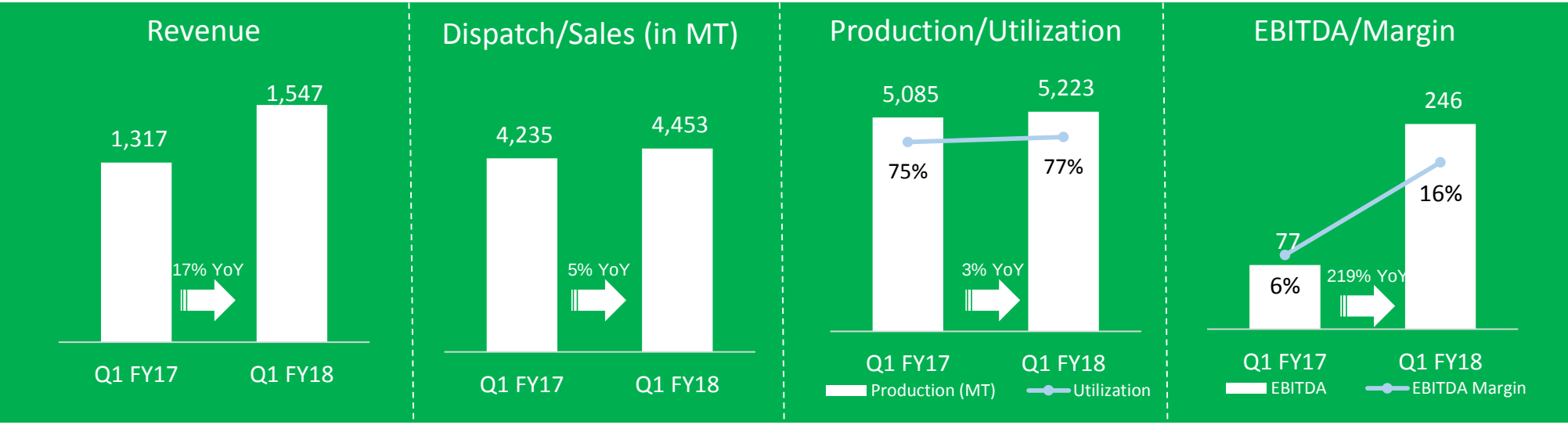


Note: Including intersegment data, excluding Excise duty

- Revenue up 10% YoY at Rs 1,404 mn, driven by robust growth of 25% in exports; exports share at 71%
  - Stable domestic revenue contributed 29% to revenue
  - Total dispatch/sales up 8%YoY coupled with marginally higher blended realization
- EBITDA declined 7% YoY to Rs 223 mn in the quarter due to change in product mix and lower margin on some products, EBITDA margin at 16%
- Utilization increased to 79% compared to 59% in Q1FY17, production up 34% YoY

Agrochemicals EBITDA up 219% led by higher margin products

Consolidated, Figures in Rs mn

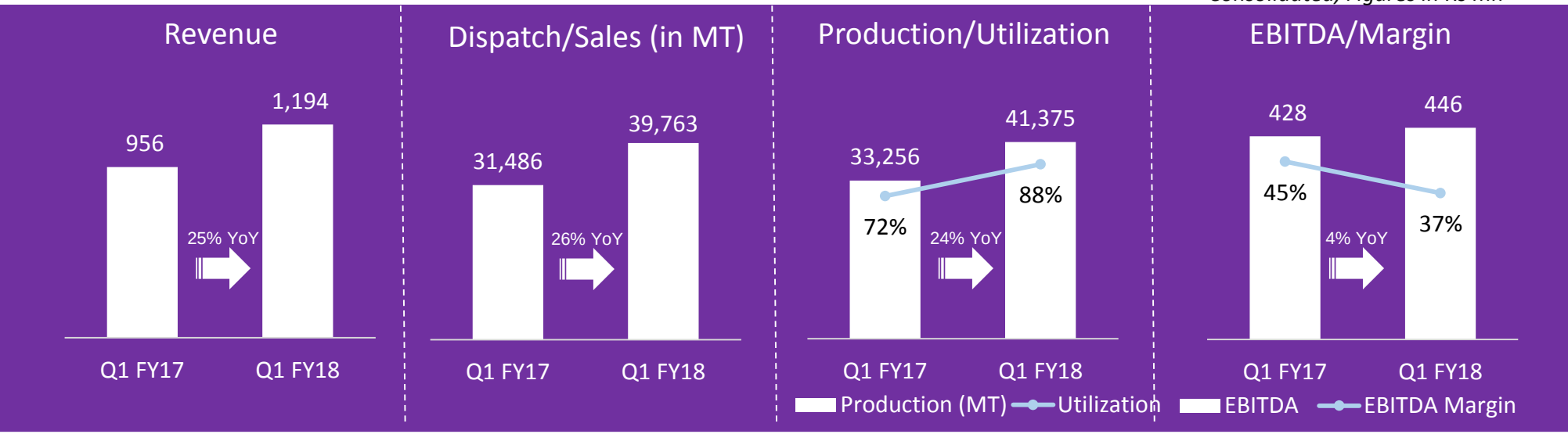


Note: Including intersegment data, excluding Excise duty

- Revenue increased led by strong exports growth, up 33%, while domestic revenue declined by 5%
  - Domestic market now contributes 33% to revenues compared to 41% in Q1FY17
  - Dispatch/Sales up 5% coupled with strong growth in blended realizations
- EBITDA increased 219% on account of higher realization on products and sale of higher margin products; EBITDA Margin at 16%
- Utilization at 77% , Production up 3% YoY

Basic Chemicals revenue up 25% on the back of higher utilisation

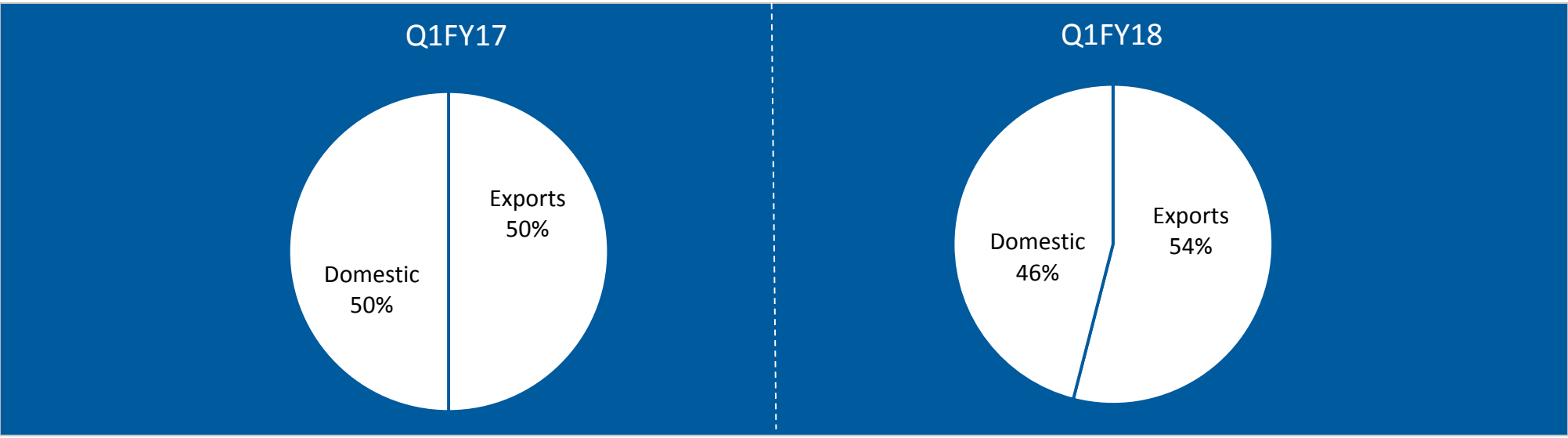
Consolidated, Figures in Rs mn



Note: Including intersegment data, excluding Excise duty

- Revenue up 25%YoY at Rs 1,194 mn driven by strong growth in dispatch/sales, however realisations were stable
- Production increased 24%
- EBITDA up 4%YoY on higher base (exceptionally well Q1FY17) to reach Rs 446 mn
  - EBITDA Margin at 37%, above the long term range
- Utilisation up at 88%, production increases by 24%
- Caustic potash plant ramping up as per plan

Exports grew 26%, contributed 54% to revenues



Consolidated, Figures in Rs mn

Segmental breakdown						
	Q1FY17			**Q1FY18**		
	Exports	**Domestic**	**Total**	**Exports**	**Domestic**	**Total**
Pigments	761	391	**1,152**	950	392	**1,342**
Agrochemicals	783	534	**1,317**	1,039	508	**1,547**
Basic Chemicals	36	832	**868**	101	997	**1,098**
Others	208	1	**209**	162	0	**162**
Total	**1,788**	**1,758**	**3,546**	**2,252**	**1,898**	**4,150**

- Exports revenue grew 26% driven by robust growth across Agrochemicals (33%) and Pigments (up 25%) while others segment were down.
- Domestic business grew by 8% led by strong growth in Basic Chemicals, marginally offset by lower revenues in Agrochemicals, while Pigments business had stable revenue.

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MOL – Leading diversified chemical company

Strategic expansion in higher-value products coupled with increasing utilisations drive strong performance. . .

Pigments

- 8% global market share; among top 3 (Capacity wise) global pigments players
- Products include CPC Blue, Pigment Green, Pigment Blue
- 68% revenue from exports, brand presence in 70 countries
- Strong client relationships; 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
- 62% 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 36% in FY17

Rs 14 bn	**Revenue ***
20.6%	**EBITDA Margin ***
6.3%	**PAT Margin ***
16.6%	**ROCE***
49:51	**Domestic : Exports**
Rs 6.5 bn	**Capex (last 5 yrs)**
400+	**Marquee Clients**
75+	**Countries**
691	**Registrations**

*** FY17 Numbers**

With strong execution capabilities. .

Pigments

Total Capacity:
31,140 MTPA

- Vatva Plant: 2,940 MTPA
- Panoli Plant: 17,400 MTPA
- Dahej SEZ Plant: 10,800 MTPA

Agrochemicals

Total Capacity:
27,060 MTPA

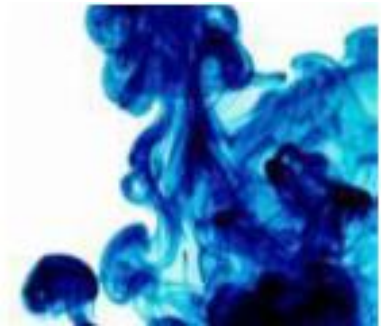
- Ankleshwar Plant: 6,420 MTPA
- Panoli Plant: 7,200 MTPA
- Dahej Plant: 13,440 MTPA

Basic Chemicals

Total Capacity:
187,600MTPA

- Caustic Soda: 1,66,600 MTPA to be increased to 2,40,000 MTPA by June’19
- Caustic Potash: 21,000 MTPA
- CMS: 40,000 MTPA by April’18
- Hydrogen Peroxide: 25,000 MTPA by June’19

Vertically integrated facilities across all businesses



Pigments

CPC Blue → Pigment Blue, Pigment Green

Upstream product: Sold to other pigments manufacturers

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

Agrochemicals

Pesticide Intermediates → Technical Grade Pesticides → Pesticide Formulations

Sold to technical grade pesticides manufacturers

Sold to pesticides formulators

Pesticide Formulations → Bulk Packing, Brand Business

Sold to institutional customers

Sold to retailers, dealers and directly to farmer societies

Basic Chemicals

60 MW Power Plant → Caustic-Chlorine Plant, Caustic-Potash Plant

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

Rs 5.4 bn capex underway for strong future growth

MOL holds 57% stake in MFL, which is planning the Capex of Rs 5.4 bn

Rs 1.4 bn

Dichloro Chloromethane (CMS Project)

- Setting up a Chloromethane plant of 40,000 MTPA
- Will cater to captive consumption of chlorine and produce MDC (for which India is currently a net importer), Chloroform and Carbon Tetra Chloride
- Expected to be commissioned by Apr'18
- Expected to add Rs 1.2 bn of Revenue post full year of operation

Rs 4 bn

Hydrogen Peroxide Project

- Setting up a Hydrogen Peroxide project of 25,000 MTPA

Caustic Soda Expansion

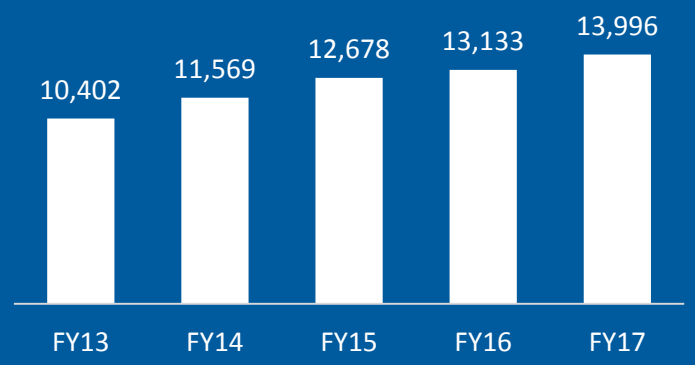
- Increasing capacity by 250 TPD (50% Increase) using Zero gap Membrane Technology.
- Increasing Captive Power Plant capacity from 60 MW to 90 MW

- Expected to be commissioned by June'19
- Expected to add Rs 3 bn of revenue in full year of operation FY21

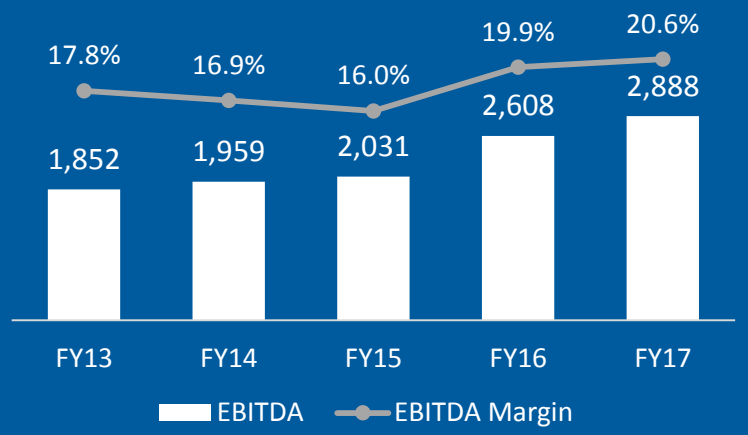
High growth: 5 year EBITDA CAGR of 12%

Consolidated, Figures in Rs mn

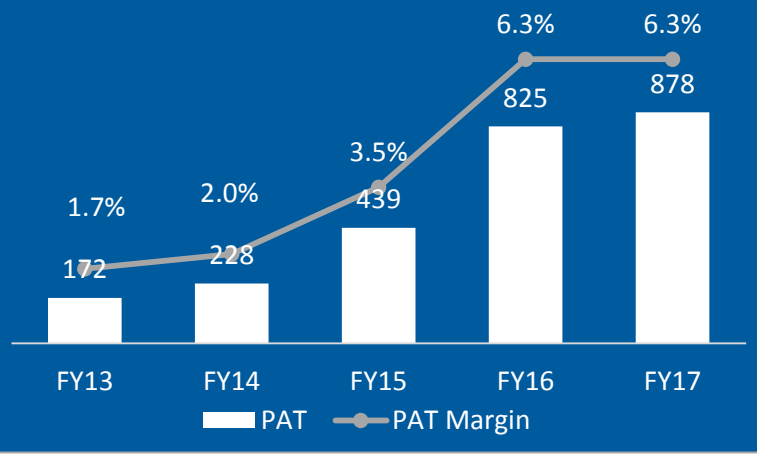
Net Sales and Growth



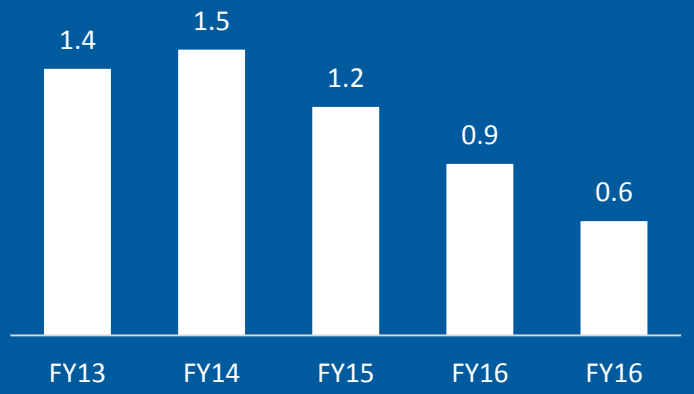
EBITDA and EBITDA Margin



PAT and PAT Margin



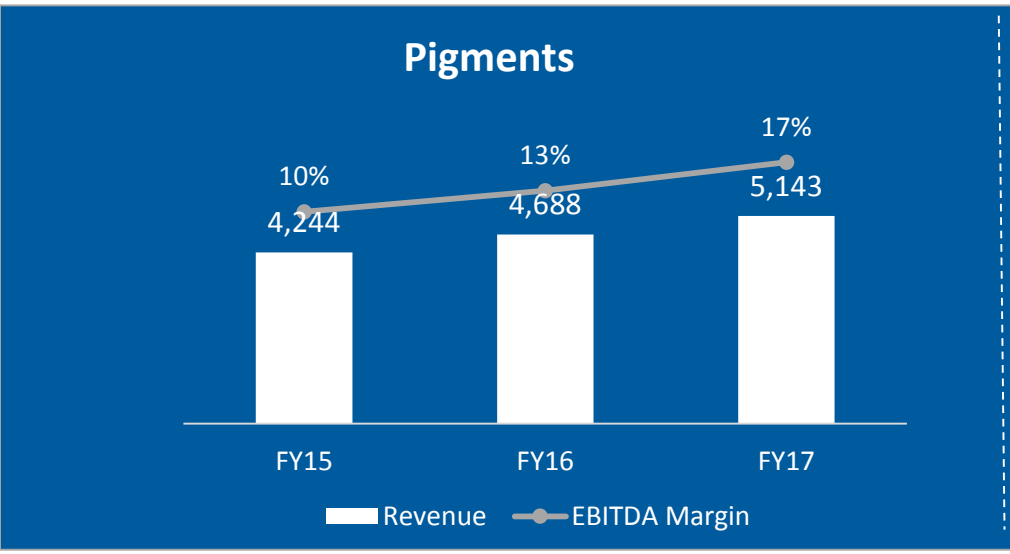
Debt Equity Ratio

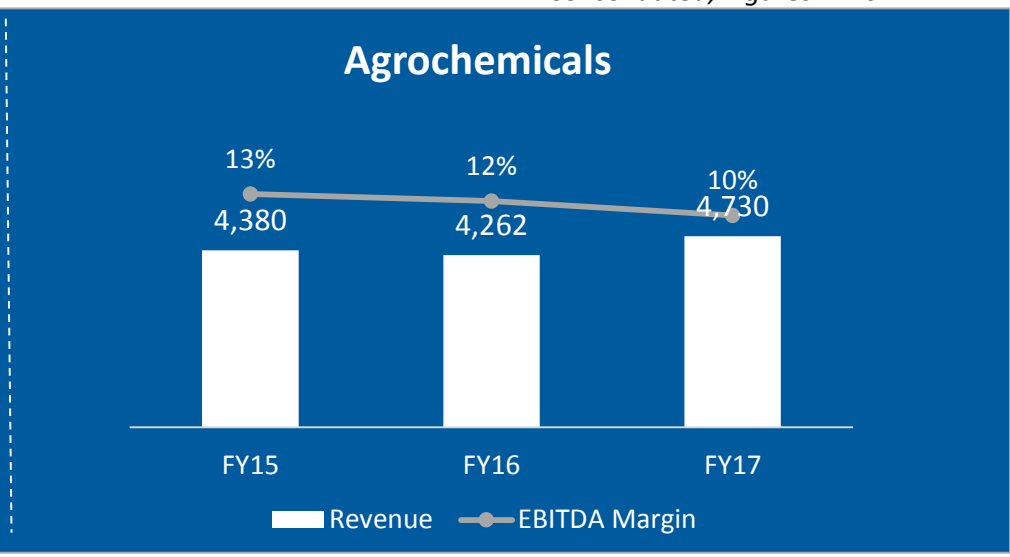


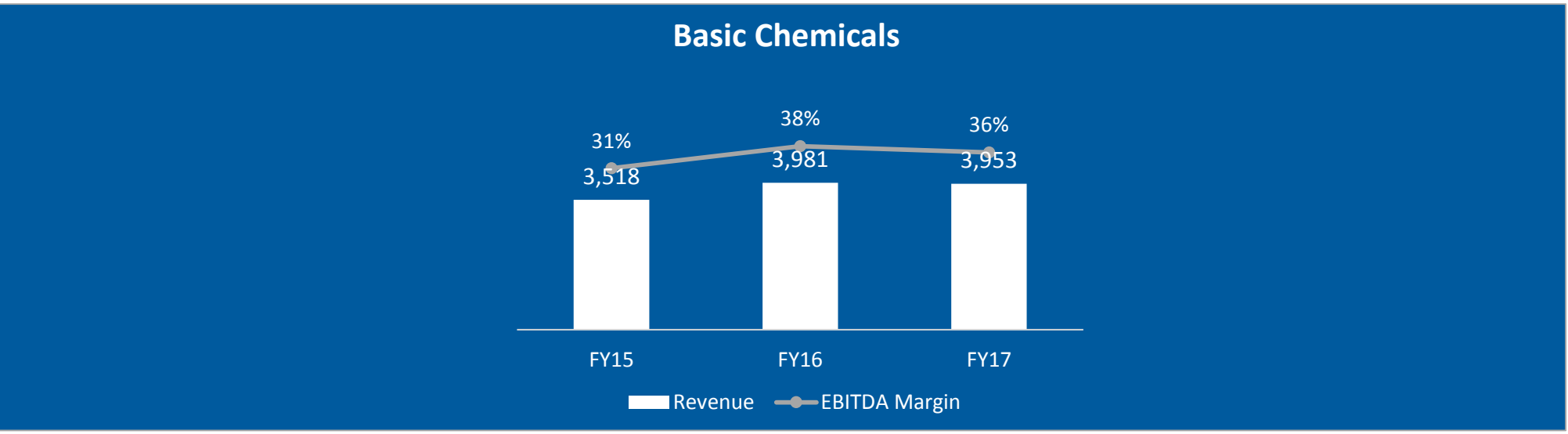
Note: FY16 & FY17 are INDAS adjusted, rest all figures are as per previously applicable Indian GAAP

Historical Segmental Analysis

Consolidated, Figures in Rs mn







Journey of growth. . .

2017

Planned expansion of Rs 5.4 bn

- To Increase Caustic capacity by 250 TPD
- To Setup a Hydrogen Peroxide project of 25,000 MTPA
- To Setup a CMS plant of 40,000 MTPA

2016

Expansion into Caustic Potash

2013-14

New Pigment plant at Dahej SEZ & Expansion of Caustic-Chlorine facility

2000-2010

- Acquired Agro assets from Rallis and Singapore listing
- India listing & established MFL with IFC participation
- Started production in MFL & 2 new sites for Agro-chemical at Panoli and Dahej

1996-2000

- New Pigment plant setup at Panoli
- Private Equity investment in MOL
- Started Blue Pigment production at Panoli plant

1986-95

Started operations and then converted into a Public Ltd. Co, setup 1st Agro plant

Robust plan for next phase of growth

Growth drivers across businesses

Pigments

- Higher focus on Domestic market
- Focus on untapped exports market
- Expand Value added product offerings

Agrochemicals

- Increase branded revenue; expand distribution network
- Enter new geographies via new registrations

Basic Chemicals

- New caustic potash plant
- Planned capex of Rs 5.4 bn towards
  - Increasing Caustic capacity (50%) by 250 TPD and Power plant capacity to 90MW from 60 MW
  - Setting up Chloromethane plant (40,000 MTPA)
  - Setting up Hydrogen Peroxide project of 25,000MTPA

Financial plan

Sweating the Capacity

Rs 6.5bn already spent over last 5 years to increase capacity

Installed capacity to clock revenue of **Rs 20bn** by FY19

Deleveraging

DE Ratio reduced from 1.6x in FY12 to **0.6x in FY17**

Plan to pay-out debt of **Rs 91 crore** in FY18

Higher Margins

PAT margins improved from 0.3% in FY12 to **6.3% in FY17**

Better product mix, de-leveraging, capacity sweating will lead to margin expansion

Planned capex of Rs 5.4 bn

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P&L Statement (Consolidated): Q1 FY18

Figures in Rs Million

Particulars	Q1 FY18	Q1 FY17	YoY (%)	Q4 FY17	QoQ (%)	FY17
Net sales / income from operations	4,150	3,546	17%	3,476	19%	13,996
Excise Duty on Sales	398	322	24%	335	19%	1,233
Other Operating Income	62	59	6%	59	6%	233
Total Income from Operations	**4,611**	**3,927**	**17%**	**3,870**	**19%**	**15,463**
Total Expenditure	**3,699**	**3,178**	**16%**	**3,132**	**18%**	**12,575**
Consumption of Raw Material	2,197	2,017	9%	1,931	14%	7,940
Personnel Cost	169	157	8%	159	6%	648
Other Expenditure	934	682	37%	707	32%	2,754
Excise Duty	398	322	24%	335	19%	1,233
EBITDA	**912**	**749**	**22%**	**738**	**24%**	**2,888**
Depreciation & Amortisation	230	254	-9%	224	3%	907
EBIT	**682**	**495**	**38%**	**513**	**33%**	**1,980**
Interest & Finance Charges	107	144	-26%	105	2%	509
Other Income	45	50	-10%	-14	NM	124
PBT before exceptional items	**620**	**401**	**55%**	**395**	**57%**	**1,596**
Exceptional items			NM	14	NM	38
PBT	**620**	**401**	**55%**	**381**	**63%**	**1,558**
Tax Expense	187	122	53%	95	98%	396
PAT (From ordinary activities)	**433**	**279**	**55%**	**286**	**51%**	**1,162**
Extraordinary items	-	-	NM	-	NM	
PAT	**433**	**279**	**55%**	**286**	**51%**	**1,162**
Minority Expense	105	91	15%	49	115%	284
PAT after Minority	329	188	**75%**	238	**38%**	878

Key Ratios as a % of Total Revenue	Q1 FY18	Q1 FY17	Q4 FY17	FY17
EBITDA	**22.0%**	**21.1%**	**21.2%**	**20.6%**
PAT	**7.9%**	**5.3%**	**6.8%**	**6.3%**
Total Expenditure	79.5%	80.5%	80.5%	81.0%
Raw material	52.9%	56.9%	55.6%	56.7%
Employee Cost	4.1%	4.4%	4.6%	4.6%
Other Expenditure	22.5%	19.2%	20.3%	19.7%

Note Exceptional item is loss due to fire at Beta blue plant in Aug 2016, Ratios as % of revenue is calculated based on Net Sales from Operations

P&L Statement (Standalone): Q1 FY18

Figures in Rs Million

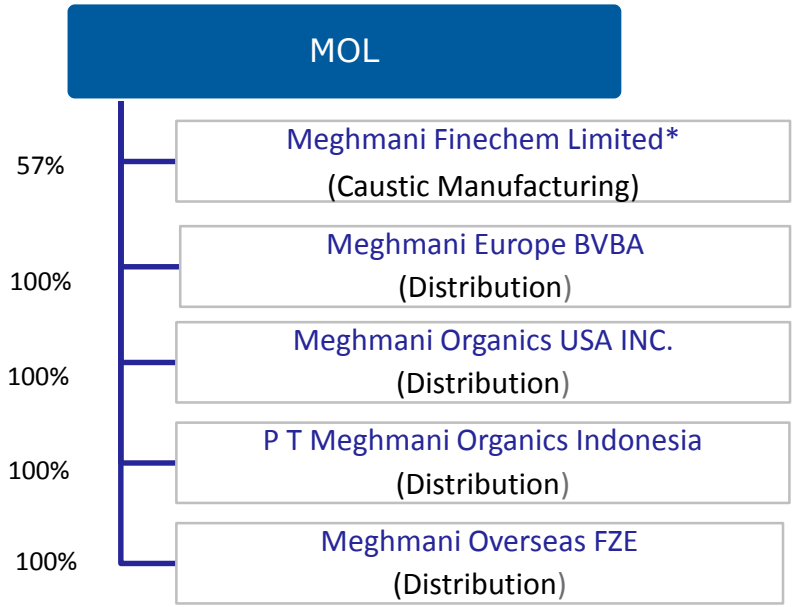
Particulars	Q1 FY18	Q1 FY17	YoY (%)	Q4 FY17	QoQ (%)	FY17
Net sales / income from operations	3,009	2,686	**12%**	2,542	18%	10,230
Excise Duty on Sales	225	205	10%	186	21%	713
Other Operating Income	62	59	6%	58	6%	232
Total Income from Operations	**3,295**	**2,949**	**12%**	**2,787**	**18%**	**11,175**
Total Expenditure	**2,840**	**2,630**	**8%**	**2,431**	**17%**	**9,843**
Consumption of Raw Material	1,707	1,760	-3%	1,525	12%	6,415
Personnel Cost	119	116	3%	117	2%	484
Other Expenditure	788	550	43%	603	31%	2,231
Excise Duty	225	205	10%	186	21%	713
EBITDA	**456**	**319**	**43%**	**356**	**28%**	**1,332**
Depreciation & Amortisation	100	96	4%	96	4%	385
EBIT	**356**	**223**	**59%**	**260**	**37%**	**947**
Interest & Finance Charges	79	102	-22%	83	-4%	364
Other Income	48	43	9%	(9)	NM	110
PBT before exceptional items	**324**	**165**	**96%**	**168**	**93%**	**693**
Exceptional items			NM	14	NM	38
PBT	**324**	**165**	**96%**	**153**	**111%**	**655**
Tax Expense	132	92	43%	24	455%	240
PAT (From ordinary activities)	**191**	**73**	**163%**	**130**	**48%**	**415**
Extraordinary items			NM		NM	
PAT	**191**	**73**	**163%**	**130**	**48%**	**415**
Minority Expense			NM		NM	
PAT after Minority	191	73	**1.6**	130	**48%**	415

Key Ratios as a % of Total Revenue	Q1 FY18	Q1 FY17	Q4 FY17	FY17
EBITDA	**15.1%**	**11.9%**	**14.0%**	**13.0%**
PAT	**6.4%**	**2.7%**	**5.1%**	**4.1%**
Total Expenditure	86.9%	90.3%	88.3%	89.2%
Raw material	56.8%	65.5%	60.0%	62.7%
Employee Cost	4.0%	4.3%	4.6%	4.7%
Other Expenditure	26.2%	20.5%	23.7%	21.8%

Note Ratios as % of revenue is calculated based on Net Sales from Operations

Corporate structure and shareholding pattern

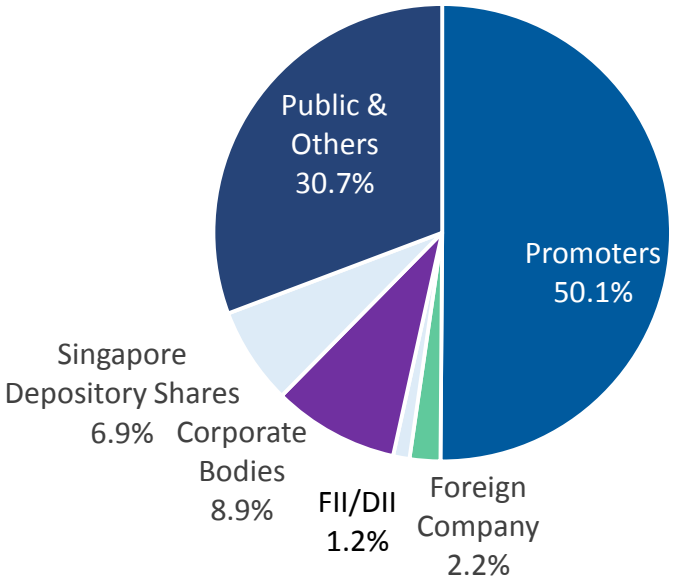
Corporate Structure



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

Shareholding Pattern (June 30, 2017)

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.

Contact us

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