



MEGHMANI FINECHEM LTD.

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URL: www.meghmanifinechem.com **CIN:** U24100GJ2007PLC051717

24th January, 2022

To,

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>
SCRIP CODE: MFL	SCRIP CODE: 53332

Dear Sir,

Sub: Q3 FY 22 Earnings Presentation

Ref: Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

With reference to the above, Meghmani Finechem Limited (MFL) submits herewith Q3 FY 22 Earnings Presentation.

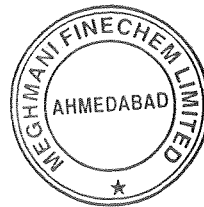
You are requested to take the same on your record and disseminate to the members.

Thanking you.

Yours faithfully,

For Meghmani Finechem Limited

K. D. Mehta
Company Secretary & Compliance Officer





MEGHMANI FINECHEM LIMITED

*Q3FY22 Earnings
Presentation*

24th January, 2022

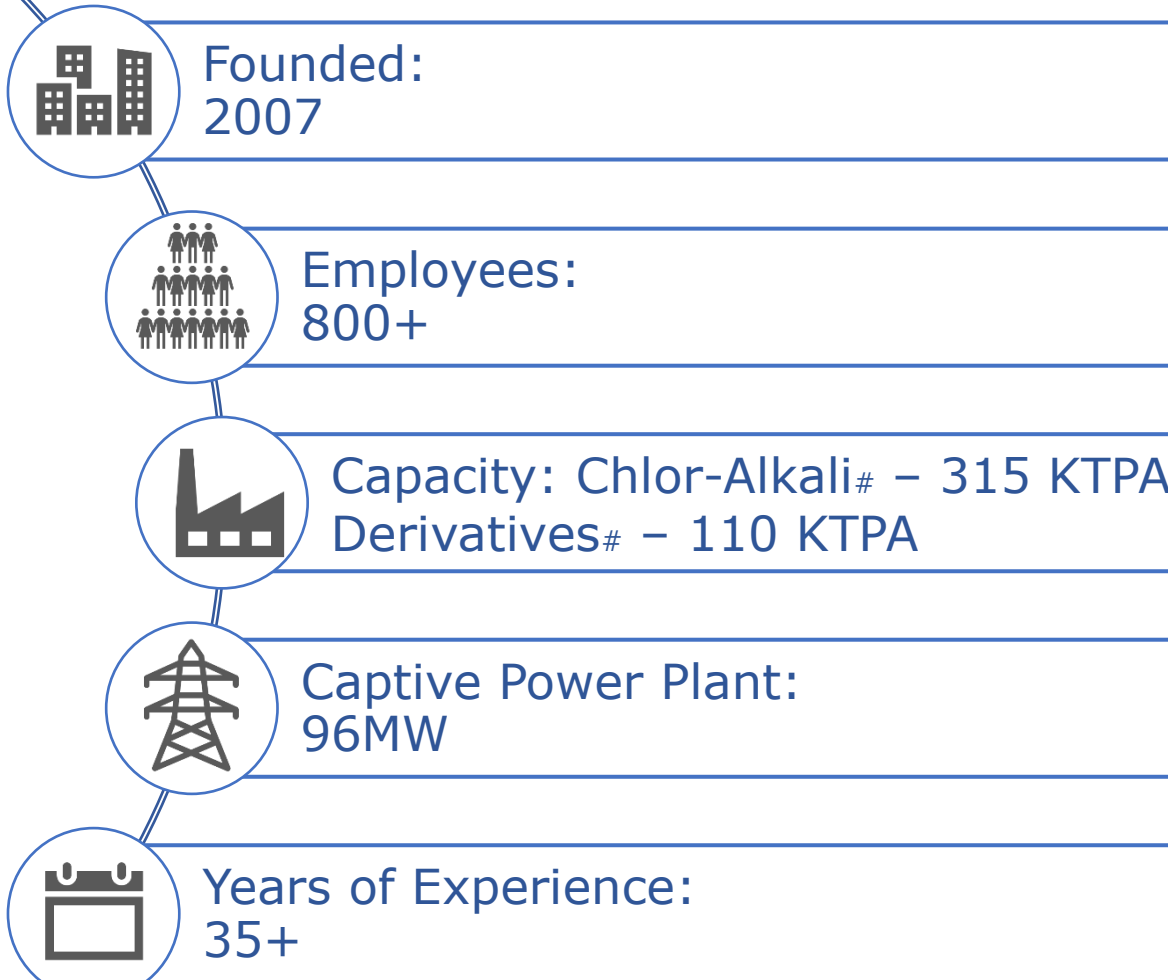
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Certain statements in this presentation concerning our future growth prospects are forward looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking 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



Chlor-Alkali : Caustic Soda - 294 KTPA and Caustic Potash - 21 KTPA
Derivatives : Chloromethanes - 50 KTPA and Hydrogen Peroxide - 60 KTPA

21%

4 Year Revenue CAGR (FY21)

16%

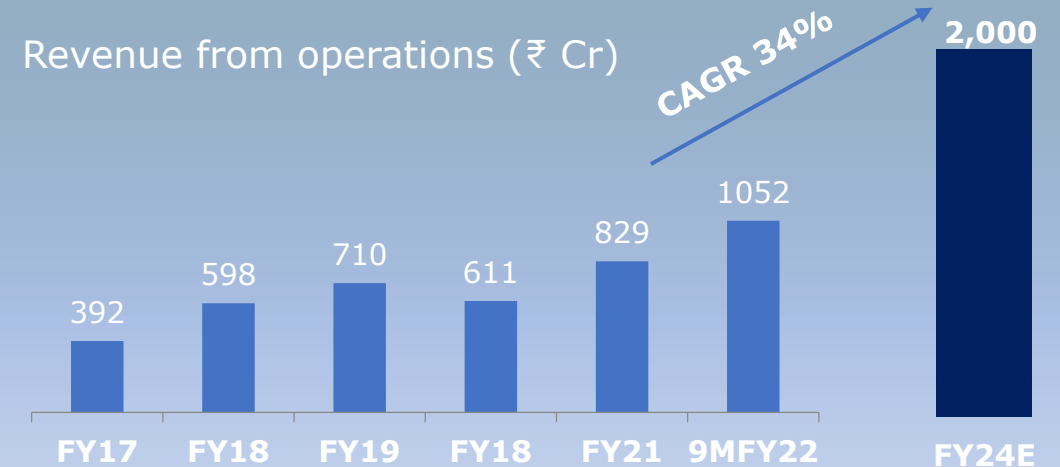
4 Year EBITDA CAGR (FY21)

1.6x

Debt to Equity (9MFY22)

26%

ROCE (9MFY22)



Key Highlights – Q3FY22

Operational Highlights:

- Overall plant utilisation was marginally up at 79% compared to 78% previous year same period
- Caustic Soda ECU realisation is up by 145% YoY; Caustic Potash is up by 60% on a YoY basis
- CMS & Hydrogen Peroxide sales realisation is up by 106% & 25% respectively on YoY basis

Financial Highlights:

- Revenue up by 91% to ₹ 422 Cr backed by increase in revenue of Chlor-Alkali and Derivatives by 104% and 59% respectively
- EBITDA increased by 107% to ₹ 141 Cr and EBITDA margin was up by 260 bps to 33.5%, despite high inflationary pressure on raw materials
- PAT increased by 184% to ₹ 70 Cr and PAT margin was up by 540 bps to 16.5%

Key Highlights – 9MFY22

Operational Highlights:

- Overall plant utilization is at 86%, it is up by 8% on YoY basis

Financial Highlights:

- Revenue up by 85% to ₹ 1052 Cr on YoY, driven by increase in volume, higher utilization and higher realisation for all the products
- EBITDA increased by 85% to ₹ 334 Cr on YoY; margins maintained at 32% despite surge in raw material prices
- ROCE improved to 26% as on 9MFY22 due to higher profitability backed by improved realization in all products and contribution from new capacities of Hydrogen Peroxide and Caustic Soda

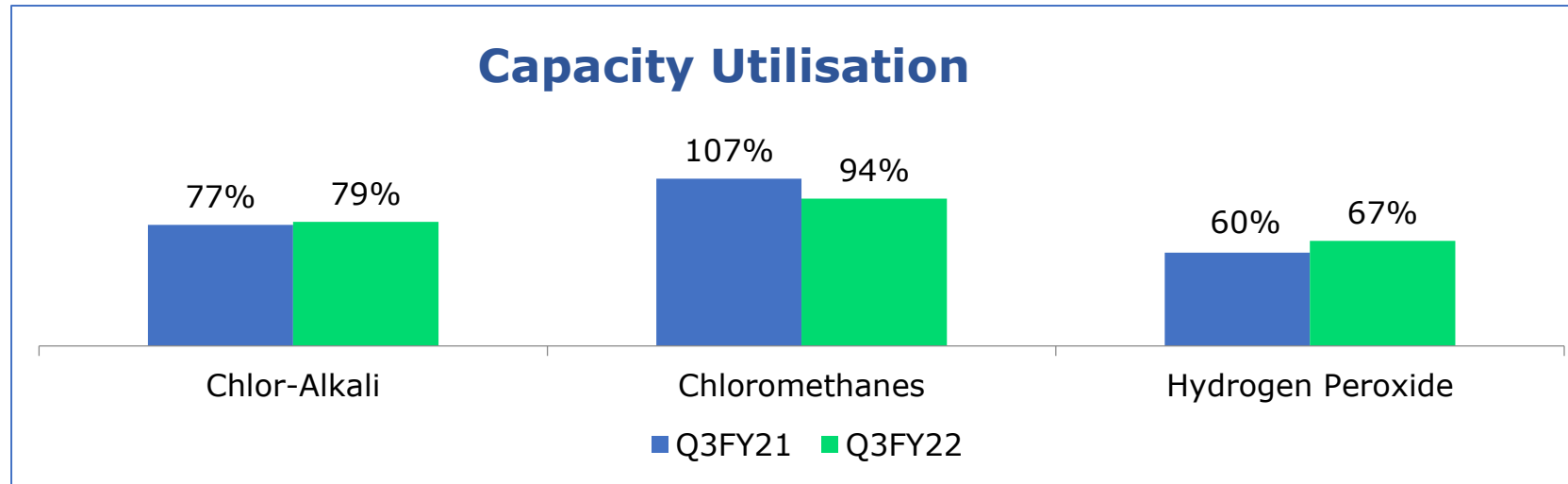
Strategic Updates:

- Crisil upgraded credit rating from A+/Positive to AA-/Stable
- Expansion projects on track for completion as per schedule: ECH – 90%, CPVC Resin – 80% and Caustic Soda – 80%
- In 9MFY22, the Company spent ₹ 365 Cr for expansion of all 3 projects
- We are expanding into Chlorotoluene & its value chain; establishing the R&D facility

“We are glad to report a good performance during the quarter. We have achieved the highest ever topline for 9 months of ₹ 1,052 Cr. The commissioning and optimal utilisation of CMS & H2O2 drove our revenue & profit growth. The investments undertaken in the last couple of years for diversification of products continue to drive growth and increase our competitiveness.

The forward & backward integration expansion plan covering ECH, CPVC, Caustic soda and Captive power is progressing as per plan and will be commissioned as per schedule. We are simultaneously ensuring a sound financial, healthy cash generation and strong liquidity to ensure that we continue to meet all our obligations and commitments timely.

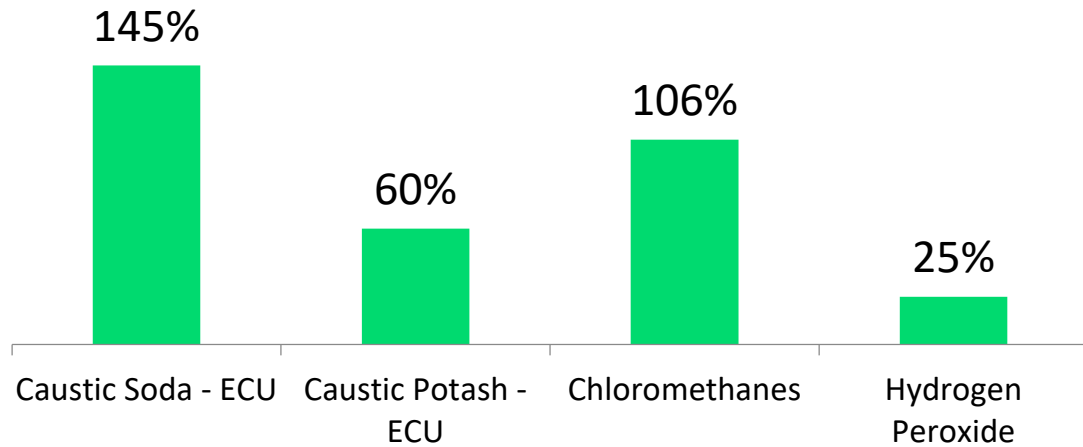
Further in line for continuous growth we have announced our expansion in Chlorotoluene & its value chain and setting up R&D facility, this will help to further strengthen our fully integrated complex. We continue to move forward in our strategic direction of scalability, strengthening integration & achieving lowest cost of operations.”



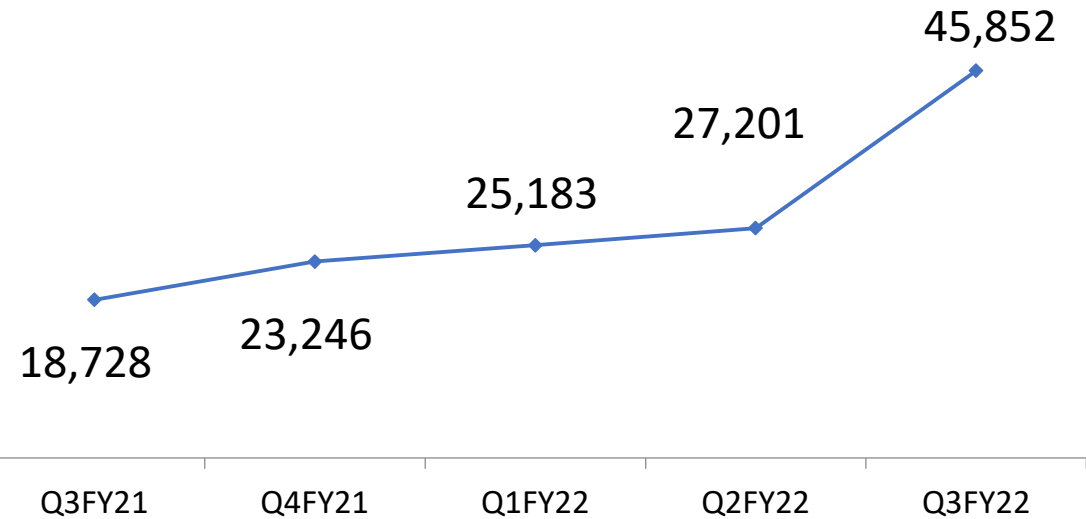
- The overall plant utilisation improved marginally to 79% in Q3FY22 compared to 78% in Q3FY21
- Chlor-Alkali production volume increased by 2% YoY, with capacity utilisation at 79%
- Hydrogen peroxide achieved capacity utilisation of 67% in Q3FY22 with increase in production volume by 13%

Operational overview

Q3FY22 - Change in Realization % YoY



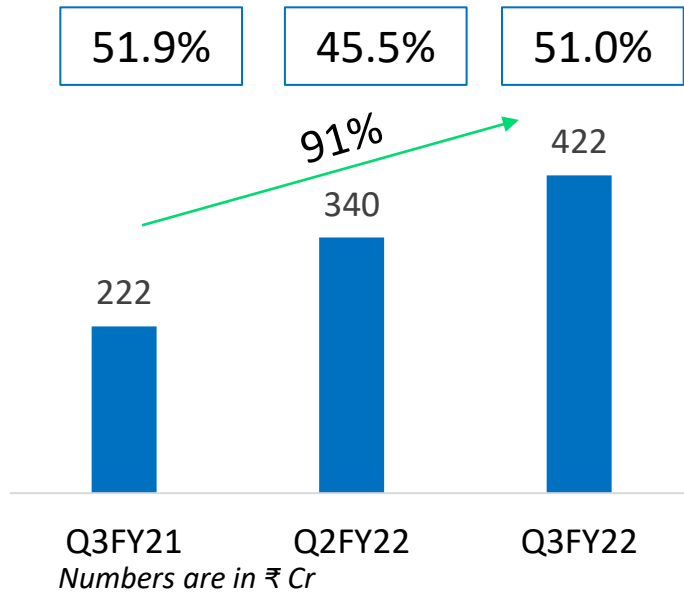
Caustic Soda ECU (₹) Realization/MT



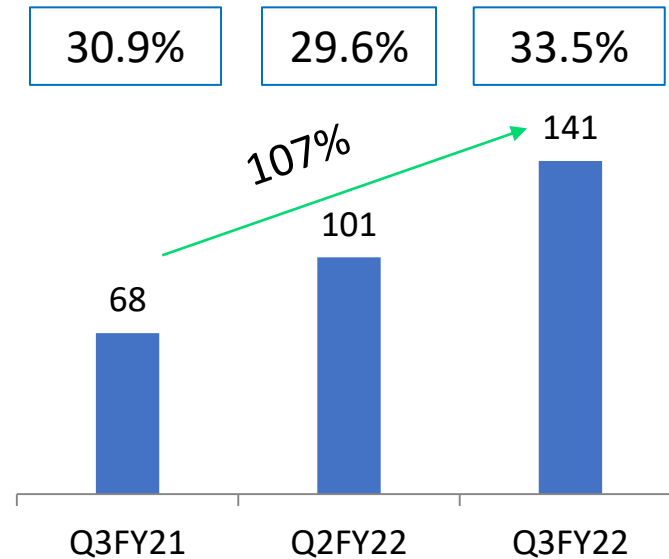
- Improved realizations across all product segments in this quarter due to robust demand globally and domestically.
- ECU realization in Caustic Soda improved by 145% YoY to ₹ 45,852 per ton
- Sales realization of CMS improved by 106% in Q3FY22 on YoY basis
- Sales realization of H2O2 improved by 25% in Q3FY22 on YoY basis

Q3FY22 Financial Highlights

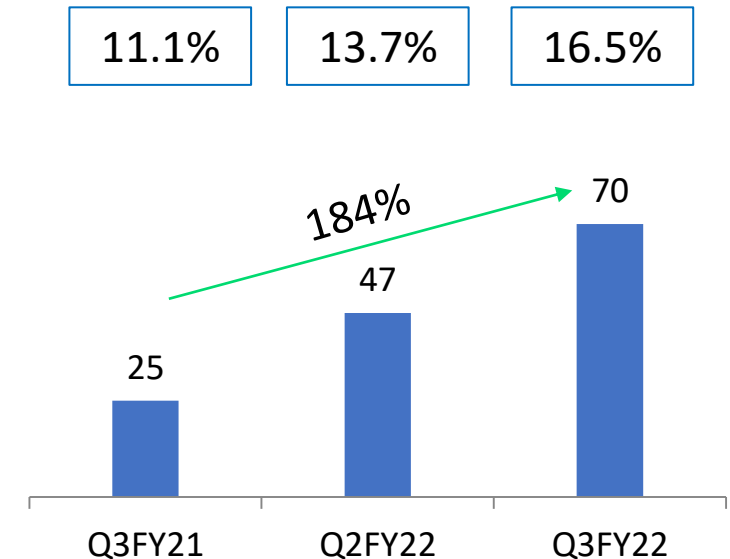
Revenue from operations & Gross Margin



EBITDA & EBITDA Margin

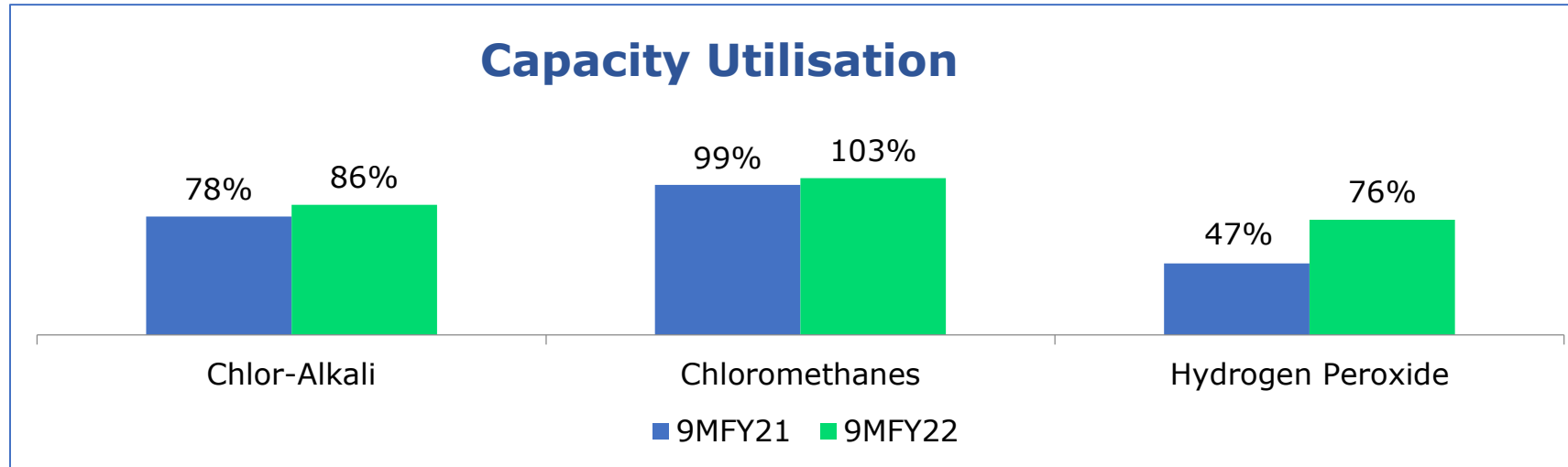


PAT & PAT Margin



- Revenue up by 91% on account Chlor-Alkali and Derivatives revenue up by 104% and 59% respectively
- EBITDA grew by 107% to ₹ 141 Cr and EBITDA Margins improved by 260 bps to 33.5% on YoY basis, despite higher inflationary pressure on raw material prices
- PAT grew by 184% to ₹ 70 Cr and PAT margin improved by 540 bps on YoY basis

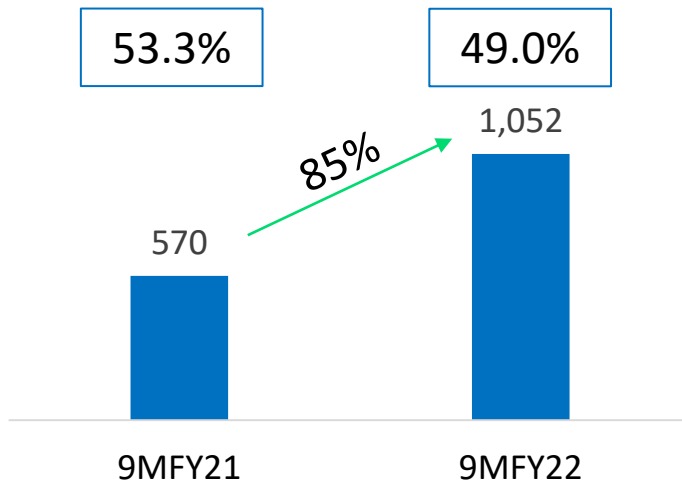
9MFY22 Operational Overview



- Plant utilisation reached 86% compared to 78% on YoY basis
- Chlor-Alkali production volume increased 31% YoY due to capacity expansion and subsequently higher utilisation
- Hydrogen Peroxide capacity utilisation at 76% with increase in production by 190% on YoY basis
- CMS plant achieved capacity utilization of 103% , production volume increased 4% on YoY basis

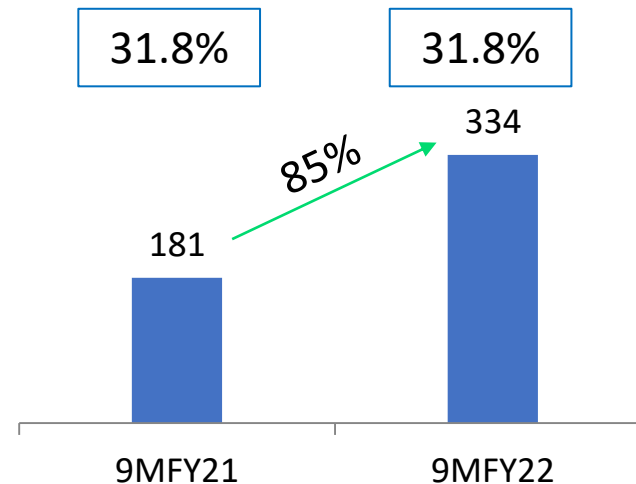
9MFY22 Financial Highlights

Revenue from operations & Gross Margin

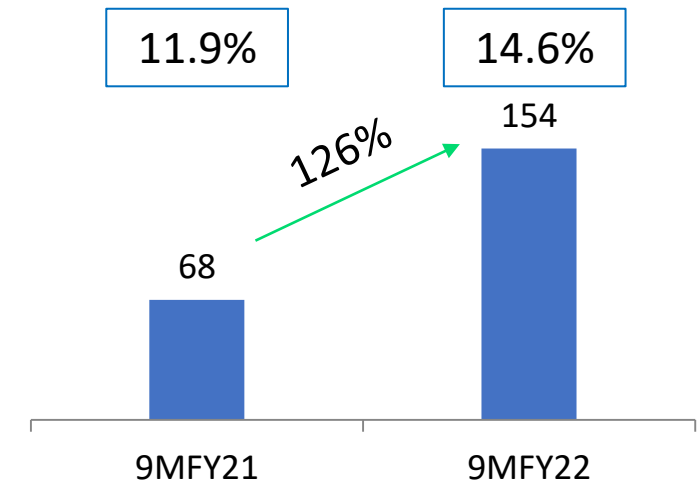


Numbers are in ₹ Cr

EBITDA & EBITDA Margin

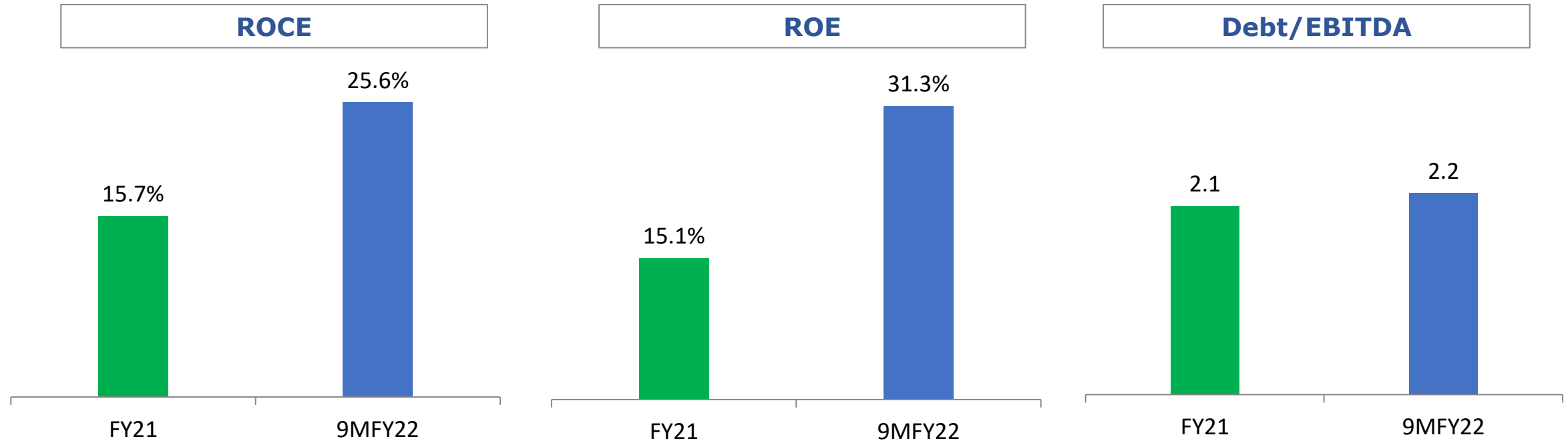


PAT & PAT Margin



- Revenue from operations increased 85% YoY. It is backed by increase in volume (addition of Caustic Soda and Hydrogen Peroxide capacity), higher utilization and higher realisation for all the products
- Increase in volume led to EBITDA growth of 85% to ₹ 334 Cr; margins maintained despite inflationary pressure of input costs.
- PAT Subsequently up 126% to ₹ 154 Cr. PAT margin up by 270 bps for 9MFY22 on YoY basis.

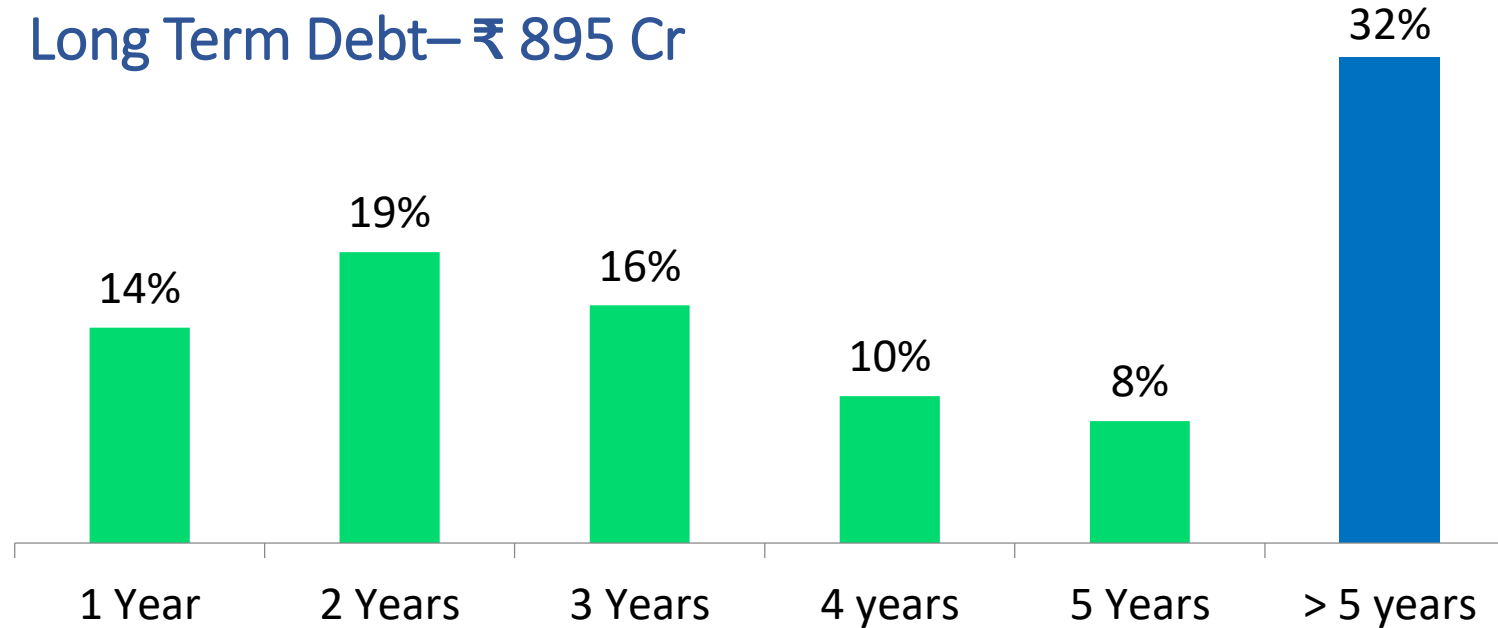
9MFY22 Key Ratios



All the above ratios are annualized

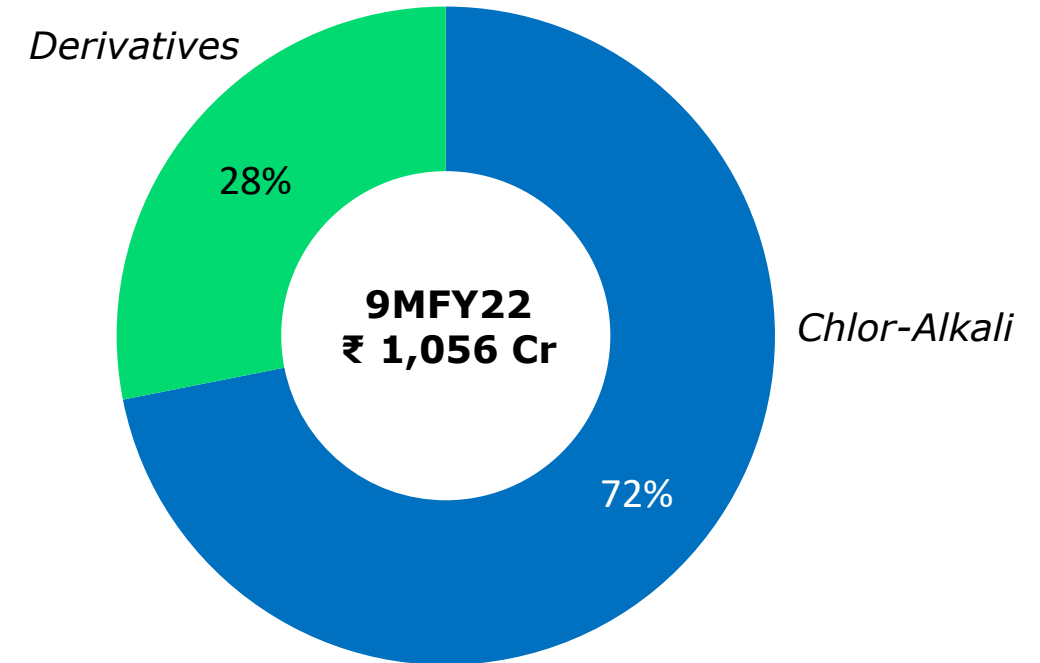
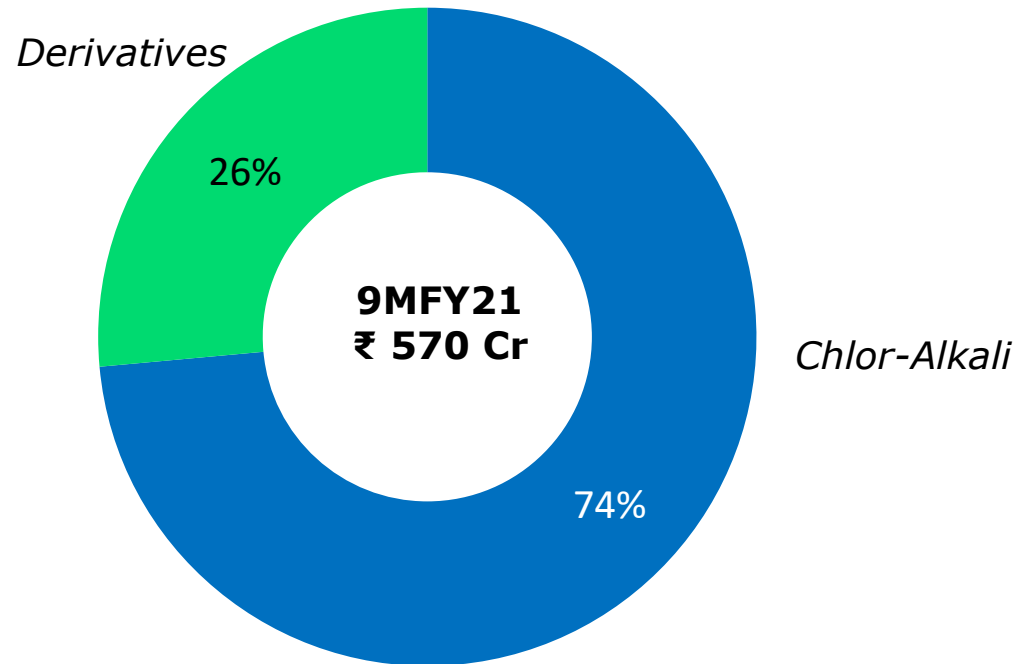
- ROCE and ROE improved on account of higher ECU realization of Caustic Soda; sales realization of Chloromethanes and Hydrogen Peroxide; and supported by volume growth in H2O2 and Caustic Soda due to additional capacity
- Debt/EBITDA is maintained at 2.2x as on 9MFY22, due to absolute growth in EBITDA even on additional borrowing for the ongoing expansion of the company

Debt Maturity Profile as on 31-12-2021



- More than 40% of our debt have average maturity of more than 4 years
- The debt maturity profile indicates a strong Free Cash flow
- Net long-term debt increased by ₹ 221 Cr in 9MFY22
- Long term debt includes preference shares of ₹ 211 Cr reclassified as debt pursuant to Scheme of Arrangement

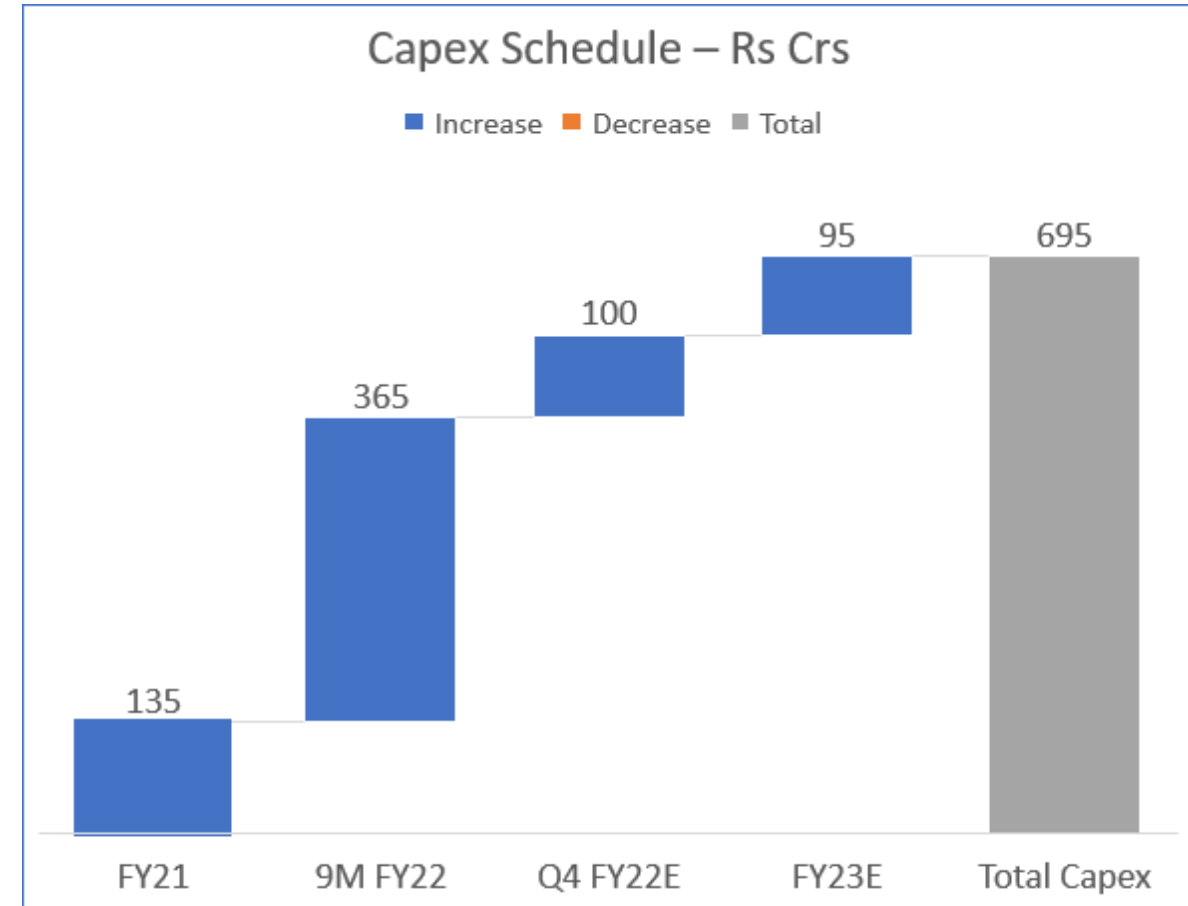
Chlor-Alkali vs Derivatives



Diversification on Track; Business Model being De-Risked

Projects Update

Product	Capacity	Expected Commissioning Date	% of project completed
Epichlorohydrin	50KTPA	Q1FY23	90%
CPVC Resin	30KTPA	Q2FY23	80%
Additional Caustic Capacity	106KTPA	Q2FY23	80%





ENVIRONMENT

- Focused on using **best technology** to manage critical resources, to moderate the consumption of energy and natural resources and drive operations efficiently
- Focus is to manufacture more from less, basis for environment responsibility
- Commitment towards reduce energy intensity, graduate to cleaner processes and fuels
- Intend is to minimize effluents discharge while moderating water consumption
- **First company to produce sustainable bio-based Epichlorohydrin**
- **Safety protocols imbining in the culture** of the company and timely management review safety systems with quantified leading and lagging indicators



SOCIAL RESPONSIBILITY

- **Employees** – Investment in culture of excellence, timely training, scope for growth, talent investment, extensive safety provisions and supporting financially and mentally in difficult times
- **Community** – Engaged community around manufacturing plant. Supporting them in difficult times. Deeply rooted CSR in the area of education, health & family welfare, sustainable livelihood, infrastructure and other social activities
- **Customers and vendors** – Strong and long relation with customers and vendors. Over a period built on eco-system of vendors and primary customers



GOVERNANCE

- Focus on managing the business with all stakeholders in transparent manner
- Proactive in communicating and maintaining transparency with all our stakeholders
- All the strategic decisions are taken considering interest of minority shareholders
- Timely disclosure of material announcements

Income Statement

Particulars (₹ Cr)	Q3FY22	Q3FY21	% Change	9MFY22	9MFY21	% Change
Revenue from Operations	422	222	91%	1052	570	85%
Gross Profit	215	115	87%	515	304	70%
Gross Margin (%)	51.0%	51.9%		49.0%	53.3%	
EBITDA	141	68	107%	334	181	85%
EBITDA Margin (%)	33.5%	30.9%		31.8%	31.8%	
Depreciation	22	21	3%	65	52	24%
Finance Cost	10	11	(7)%	32	25	30%
PBT	109	37	197%	239	106	126%
PAT	70	25	184%	154	68	126%
PAT Margin (%)	16.5%	11.1%		14.6%	11.9%	
Cash Profit	92	46	100%	219	120	81%
EPS (₹)	16.8	5.9	184%	37.0	16.4	126%

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)	FY20	FY21	H1FY22	Liabilities (₹ Cr)	FY20	FY21	H1FY22
Fixed Assets	1,131	1,228	1,416	Share Capital	42	42	42
Financial Assets	4	10	10	Reserves & Surplus	542	643	516
Other Non-current Assets	5	29	57	Long-Term Borrowings	418	340	477
Inventories	48	54	66	Redeemable Preference Shares	-	-	211
Trade Receivables	76	119	151	Long-term Provisions	7	35	58
Cash & Bank Balances	0	1	1	Short Term Borrowings	20	75	168
Loans & Advances	0	0	0	Trade Payables	47	73	82
Other Current Assets	7	8	15	Other Current Liabilities	198	240	156
				Short Term Provisions	0	0	8
Total	1,273	1,449	1,717	Total	1,273	1,449	1,717

About Us & 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 products like Epichlorohydrin (ECH), Chlorinated Polyvinyl Chloride (CPVC) and Chlorotoluene & its value chain, 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 been awarded with the responsible care certificate.

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

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