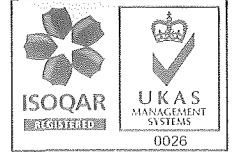


# MEGHMANI ORGANICS LIMITED



CORPORATE OFFICE: "MEGHMANI HOUSE", Behind Safal Profitaire, Corporate Road, Prahladnagar, Ahmedabad-380 015. Gujarat, (INDIA) Phone No.: +91 79 71761000, 29709600 Fax: +91 79 - 29709605 E-mail: helpdesk@meghmani.com Site: www.meghmani.com CIN: L24110GJ1995PLC024052



Ref: MOL/2022-23/10

May 2, 2022

<b>To</b> <b>National Stock Exchange of India Limited</b> "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) Mumbai 400 051 <b>SYMBOL:- MOL</b>	<b>BSE Limited</b> Floor- 25, P J Tower, Dalal Street, Mumbai 400 001 <b>Scrip Code:- 543331</b>
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Dear Sir,

**Sub: - Investor Presentation on Financial Results for Q4 & Year FY 2022**

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

We forward herewith the Investor Presentation prepared on Audited Financial Results of the Company for the Quarter and Year ended on March 31, 2022 for information of the Member, which is also available on the website of the Company [www.meghmani.com](http://www.meghmani.com).

We request you to take on record.

Thanking you.

Yours faithfully,

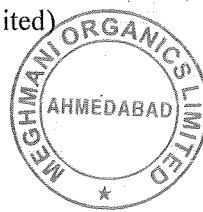
**For Meghmani Organics Limited**

(Formerly known as Meghmani Organochem Limited)

**Jayesh Patel**

**Company Secretary & Compliance Officer**

Mem.No:A14898



Encl: As above



CHEMISTRY OF SUCCESS AT WORK

# Meghmani Organics Limited

(Erstwhile known as Meghmani Organochem Limited)

**Q4 & FY22 Results Presentation**

May 2022

[www.meghmani.com](http://www.meghmani.com)



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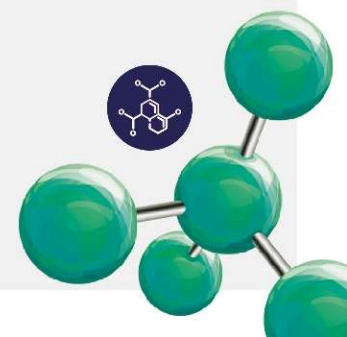
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## Q4 & FY22 RESULTS UPDATE



## Q4 & FY22: Result Highlights



Meghmani Organics Ltd. (MOL) revenue grew by 77.1% YoY to Rs. 8,134 million in Q4 FY22 aided by higher capacity utilization along with improvement in volume & realisation from Pigment and Agrochemicals business. Global commodities prices witnessed sharp inflation, which kept MOL raw material prices marginally higher. Despite challenges due to raw material price volatility and the global supply chain, the Company's Gross Profit grew by 84 % YoY to Rs. 3,339 million. Gross margin expanded by 164 bps YoY to 41.0%. During Q4 FY22, PAT grew by 202.9% YoY to Rs. 1,070 million and PAT margin stood at 13.2% in Q4FY22 against 7.7% in Q4 FY21.

For FY 22, the Company's revenue grew by 53.6% to Rs. 24940 million. PAT is up by 66.5% to Rs. 3080 million against Rs.1850 million in FY 21.

On the Balance Sheet front, the Company's Debt-Equity ratio stood at 0.34 as of 31<sup>st</sup> March 2022. Meghmani Organics return ratios i.e. ROCE and ROE (annualized) stands robust at 19.0% and 23.6%, respectively as of 31<sup>st</sup> March 2022.

During Q3 FY22, Meghmani Organics acquired Kilburn Chemicals Ltd. thereby fast-tracking its foray into new pigment-Titanium Dioxide (TiO<sub>2</sub>). The aforesaid acquisition was funded from the Company's internal accruals. The plant is located at Dahej, Gujarat and its existing Titanium Dioxide (TiO<sub>2</sub>) manufacturing capacity is pegged at 16,500 metric tons per annum (MTPA). MOL anticipates doubling its Titanium Dioxide (TiO<sub>2</sub>) capacity to 33,000 MTPA by Q3 FY24. Phase 1 with 16500 MTPA capacity will be operationalise by Q3 FY23. The aforesaid plant is expected to contribute ~Rs. 6,500-7,000 million to MOL's topline on a full financial year basis at normal capacity utilisation.

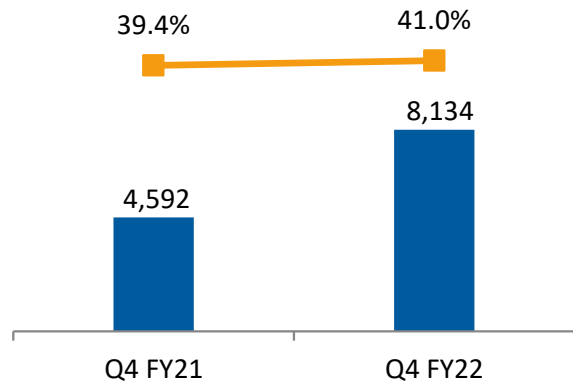
India's chemical industry is at an inflection point thanks to the multinational companies opting 'China plus one' strategy. Meghmani Organics foresees huge untapped growth potential for India's chemical industry and strives to bank on the growth opportunities by remaining committed to maximize its return on investment and create value for its esteemed stakeholders.

# Q4 & FY22 Results: Key Highlights



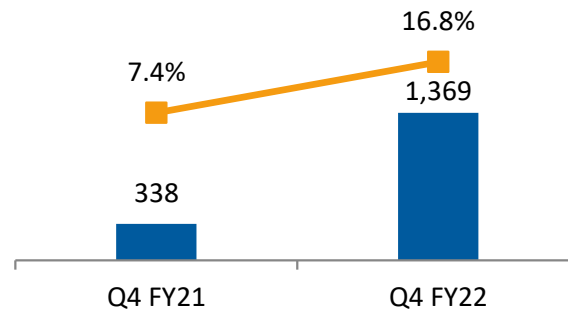
Rs Mn

## Revenues & Gross Margin

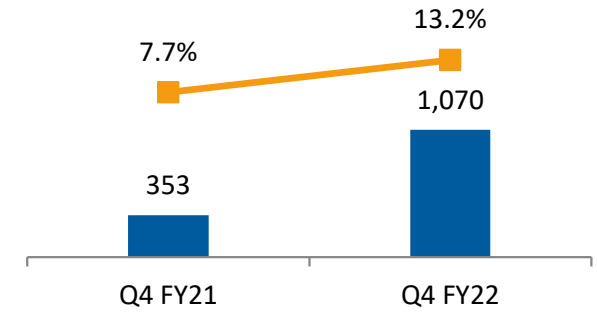


## Q4 FY22 YoY Analysis

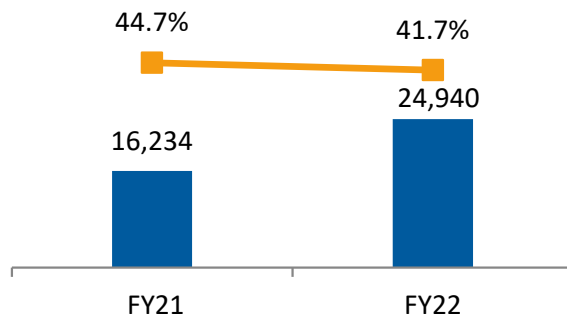
### EBITDA & EBITDA Margin



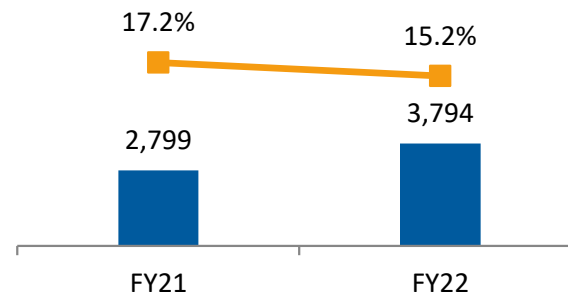
### PAT & PAT Margin



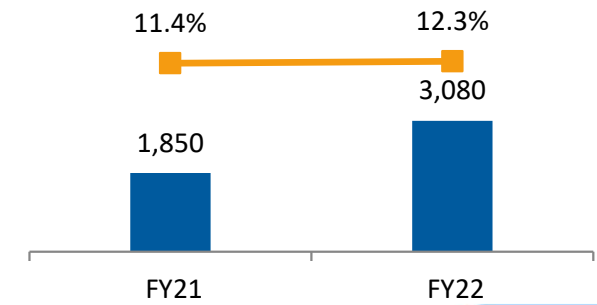
## Revenues & Gross Margin



## EBITDA & EBITDA Margin



## PAT & PAT Margin

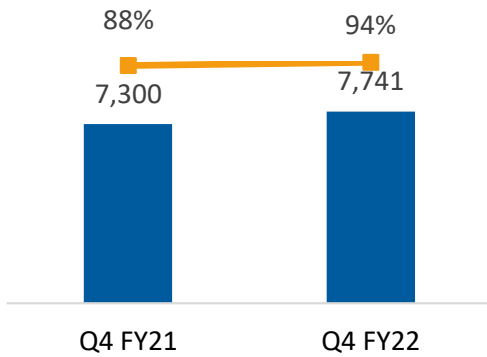


# Q4 & FY22 Results: Pigments Business

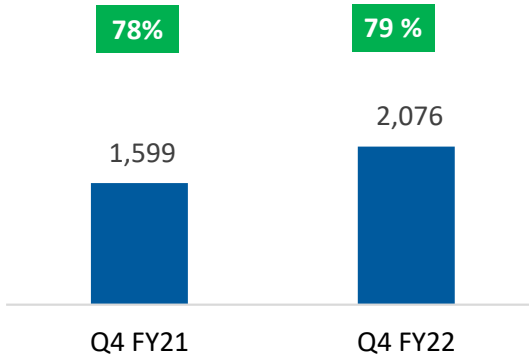


## Q4 FY22 YoY Analysis

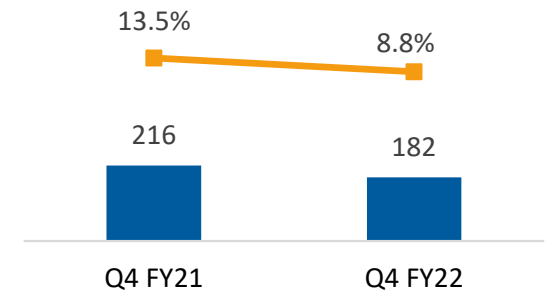
### Production & Utilisation (%)



### Net Revenue (Rs Mn) & Exports\*

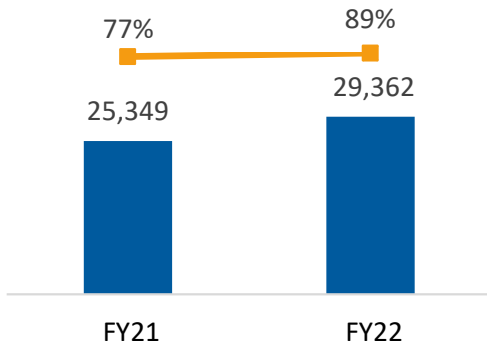


### EBITDA (Rs Mn) & Margin (%)

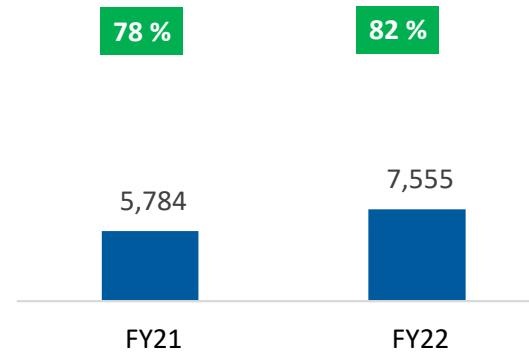


## FY22 YoY Analysis

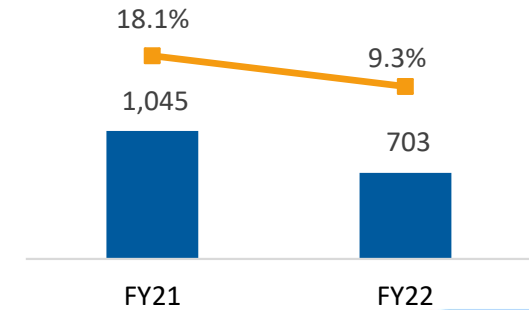
### Production & Utilisation (%)



### Net Revenue (Rs Mn) & Exports\*



### EBITDA (Rs Mn) & Margin (%)



\*Denotes Exports

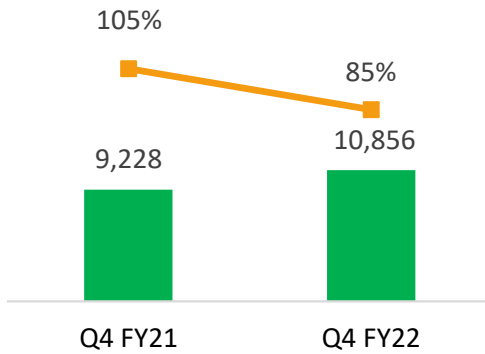
# Q4 & FY22 Results: Agrochemicals Business



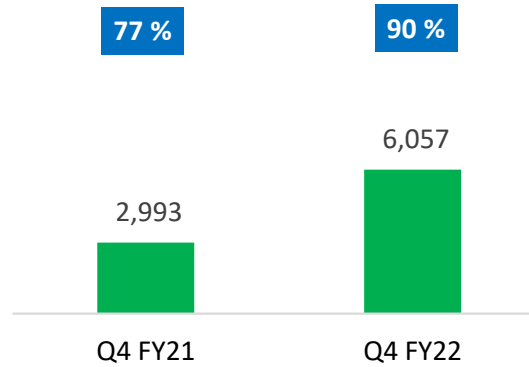
Rs Mn

## Q4 FY22 YoY Analysis

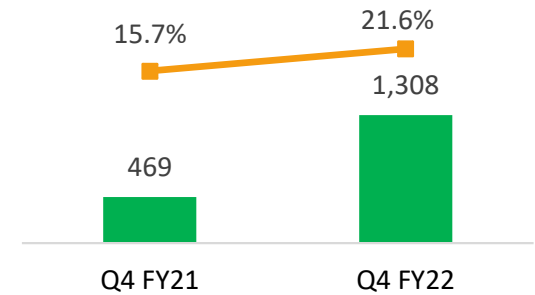
### Production & Utilisation (%)



### Net Revenue (Rs Mn) & Exports\*

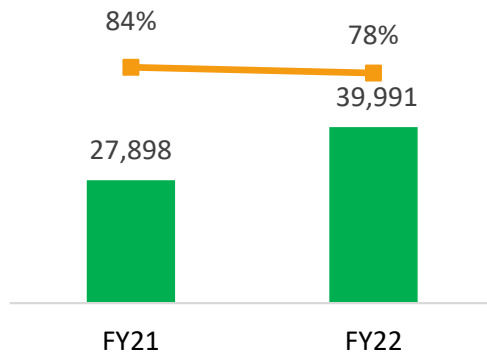


### EBITDA (Rs Mn) & Margin (%)

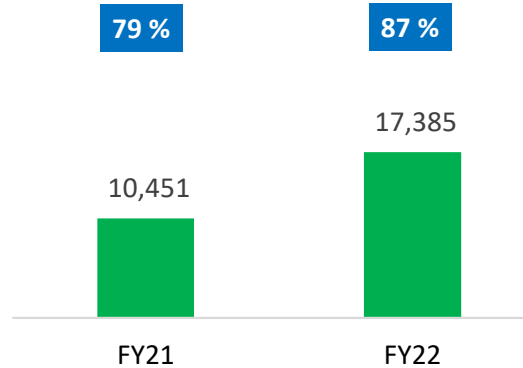


## FY22 YoY Analysis

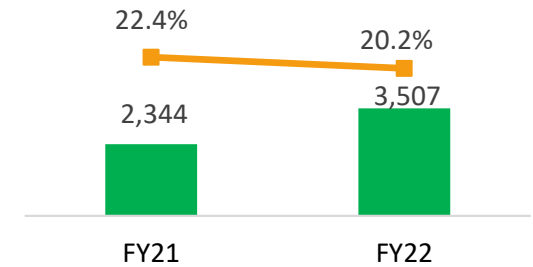
### Production & Utilisation (%)



### Net Revenue (Rs Mn) & Exports\*



### EBITDA (Rs Mn) & Margin (%)



\*Denotes

Exports



## Q4 & FY22 Results: Profit & Loss Statement



Particulars (Rs. in Mn)	Q4 FY22	Q4 FY21	YoY%	FY22	FY21	YoY%
<b>Revenue from Operations</b>	<b>8,134</b>	<b>4,592</b>	<b>77.1%</b>	<b>24,940</b>	<b>16,234</b>	<b>53.6%</b>
COGS	4,795	2,782	72.3%	14,539	8,975	62.0%
<b>Gross Profit</b>	<b>3,339</b>	<b>1,810</b>	<b>84.5%</b>	<b>10,401</b>	<b>7,260</b>	<b>43.3%</b>
<b>Gross Margins %</b>	<b>41.0%</b>	<b>39.4%</b>	<b>164 bps</b>	<b>41.7%</b>	<b>44.7%</b>	<b>(301 bps)</b>
Employee Expenses	312	249	25.1%	1,170	1,004	16.5%
Other Expenses	1,658	1,223	35.6%	5,437	3,456	57.3%
<b>EBITDA</b>	<b>1,369</b>	<b>338</b>	<b>305.0%</b>	<b>3,794</b>	<b>2,799</b>	<b>35.5%</b>
<b>EBITDA Margin %</b>	<b>16.8%</b>	<b>7.4%</b>	<b>947 bps</b>	<b>15.2%</b>	<b>17.2%</b>	<b>(203 bps)</b>
Depreciation	152	138	10.9%	600	506	18.4%
<b>EBIT</b>	<b>1,216</b>	<b>200</b>	<b>506.8%</b>	<b>3,194</b>	<b>2,293</b>	<b>39.3%</b>
Finance Cost	68	(91)	N.A.	93	112	(16.4%)
Other Income	266	182	46.3%	962	247	289.3%
Exceptional Items	0	0	N.A.	(61)	(65)	N.A.
<b>PBT</b>	<b>1,415</b>	<b>474</b>	<b>198.6%</b>	<b>4,124</b>	<b>2,493</b>	<b>65.4%</b>
Taxes	345	121	186.1%	1,045	643	62.4%
<b>PAT</b>	<b>1,070</b>	<b>353</b>	<b>202.9%</b>	<b>3,080</b>	<b>1,850</b>	<b>66.5%</b>
<b>PAT Margin %</b>	<b>13.2%</b>	<b>7.7%</b>	<b>546 bps</b>	<b>12.3%</b>	<b>11.4%</b>	<b>95 bps</b>
<b>EPS</b>	<b>4.21</b>	<b>1.39</b>	<b>202.9%</b>	<b>12.11</b>	<b>7.28</b>	<b>66.3%</b>

## Balance Sheet Statement

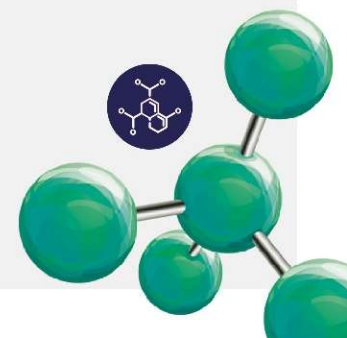


Particulars (Rs. in Mn)	Mar 22	Mar 21
<b>Equity &amp; Liabilities</b>		
Share Capital	254	254
Reserves & Surplus	14,146	11,418
<b>Shareholder's Funds</b>	<b>14,400</b>	<b>11,673</b>
Long-term borrowings	2,088	1,232
Other financial liabilities	46	67
Provisions	160	134
Deferred tax liabilities (Net)	620	443
<b>Non - Current Liabilities</b>	<b>2,914</b>	<b>1,877</b>
Short-term Borrowings	2,855	1,387
Trade Payables	5,724	3,390
Other Current Liabilities	1,246	1,151
Current Tax Liabilities (Net)	189	193
<b>Current Liabilities</b>	<b>10,014</b>	<b>6,121</b>
<b>Total Equity &amp; Liabilities</b>	<b>27,329</b>	<b>19,671</b>

Particulars (Rs. in Mn)	Mar 22	Mar 21
<b>Assets</b>		
Property, Plant & Equipment	7,317	6,286
Capital WIP	1,792	1,059
Intangible Assets	110	111
Financial Assets	2,237	2,126
Other Non-current assets	167	80
Non-current assets (Tax)	205	128
Investment in Subsidiaries	1369	15
<b>Non - Current Assets</b>	<b>13,197</b>	<b>9,805</b>
Inventories	6,279	3,732
Trade Receivables	5,431	4,059
Cash & Cash Equivalentents	98	211
Investment		1,024
Loans and advances	5	4
Other Current Assets	2,319	835
<b>Current Assets</b>	<b>14,133</b>	<b>9,866</b>
<b>Total Assets</b>	<b>27,329</b>	<b>19,671</b>



## ABOUT US



# Leading Diversified Chemicals Company Poised for Rapid Growth



## Pigments

- Started in 1986
- Amongst top 3 global Phthalocyanine based pigment players
- 14% global market share
- FY22 Revenues: Rs 7,555 Mn
- EBITDA Margin: 9.3%
- 30% of Overall Company Revenues
- Expanding into new geographies
- Forayed into white pigments (TiO<sub>2</sub>) by Acquisition of KCL



## Agrochemicals

- Started in 1995
- Among Top 10 producers of pesticides in India
- Products across entire value chain
- FY22 Revenues: Rs 17,385 Mn
- EBITDA Margin: 20%
- 70% of Overall Company Revenues
- Doubled capacity of 2,4-D to 21.6K TPA, Commissioned New Formulation Unit
- Setting up new multipurpose plant (New Molecules)

## Financials Highlights: FY22

Revenues – Rs 24,940 Mn  
(19.0% CAGR\*)

EBITDA – Rs 3,794 Mn  
(22.0% CAGR\*)

PAT – Rs 3,080 Mn  
(41.0% CAGR\*)

EBITDA Margin – 15.2%  
PAT Margin – 12.3%

Debt / Equity – 0.34x

ROCE –19%  
ROE 23.6%

## Experienced & Qualified Management and Technical Team

- Rich experience of many decades in chemical sector among the founding members of the company
- Highly qualified technical staff having earlier experience with MNCs and large Indian corporates

## Highly Respected Name in Global Chemical Industry

- Amongst top 3 global pigment players
- Well-recognized agrochemical brands (Megaking, Megastar, Megacyper, Megaban, Synergy, and Courage)
- More than 36 brands of various pesticides formulations in India



## Diversified Customer Base

- 400+ customer base in Pigments & Agro-Chemicals across diverse industries
- 3,000 + distributors and dealers across India
- Close to 80 % of revenue derived from export market

## Strong Financial Performance

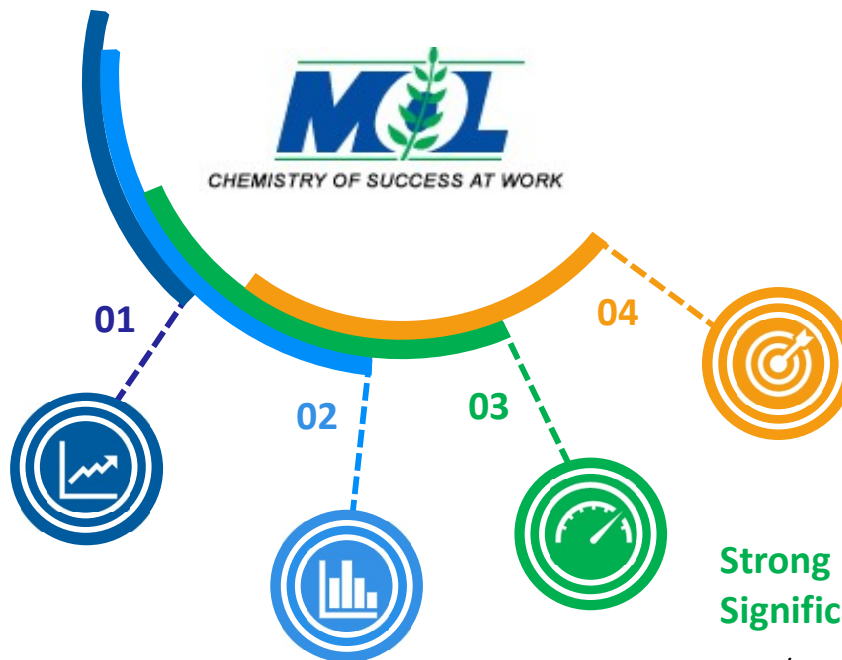
- Consistent Revenue Growth
- Improving Profitability & Return Ratios
- Healthy Balance Sheet

## Distinct Cost Advantage

- Vertical integration of production processes
- Effective control on costs & raw material supply
- Produce agrochemical products across entire value chain (intermediates, technical, formulations)
- Strategic location of production facilities with close proximity to sources of raw materials
- Proximity to port leading to easier access to exports market

## Consistent Revenue Growth

- Revenues have grown at CAGR 19.0% over FY18-22, with higher contribution from Agrochemical division
- New capex in Agrochemical will further provide significant scope for growth over coming years
- Acquisition of Kilburn Chemicals Ltd will faster growth in new EBITDA lucrative white pigment-  $\text{TiO}_2$ .



## Efficient Working Capital Management

- Net working capital reduced from 106 days in FY18 to 76 days in FY22

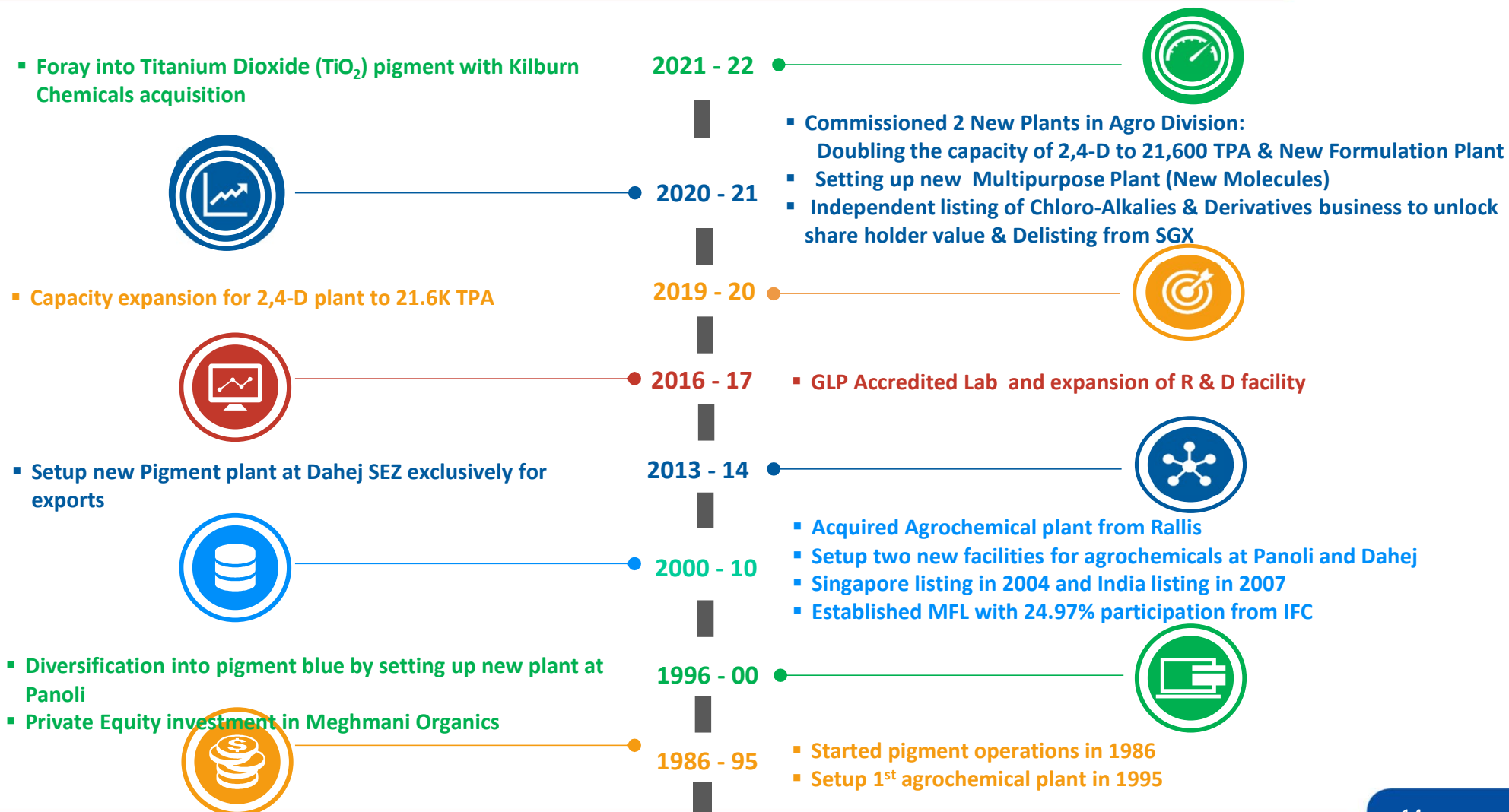
## Robust Return Ratios

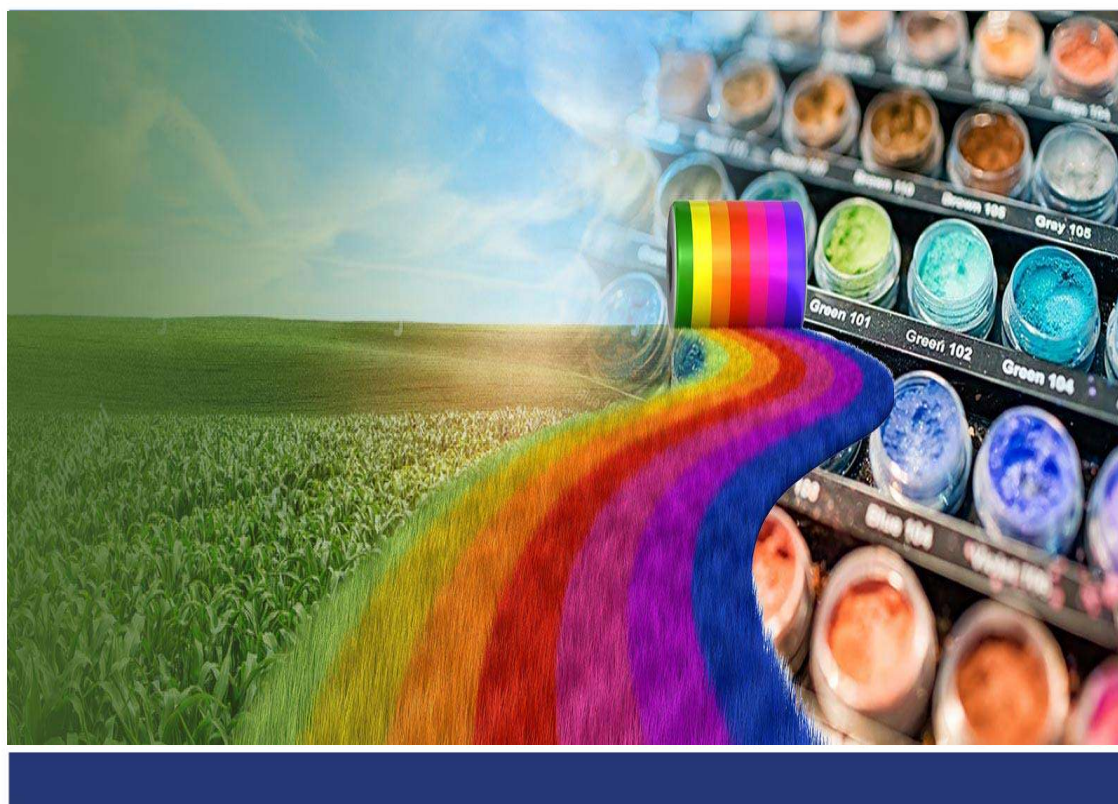
- Improving profitability
- Strong & lean Balance Sheet
- Significant improvement in return ratios
- ROCE – 12.2% in FY18 to 19% in FY22
- ROE – 11.6% in FY18 to 23.6% in FY22

## Strong FCF Generation leading to Significant Debt Repayment

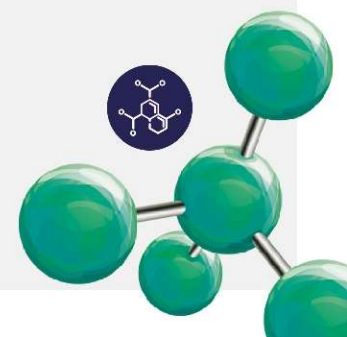
- D/E improved from 0.60x in FY18 to 0.34x in FY22

# Key Milestones





## BUSINESS OVERVIEW





# Pigments Business: Key Highlights



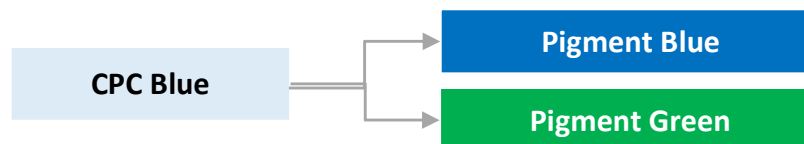
## Established Business Profile

- Largest manufacturers of Phthalocyanine-based pigments with 14% global market share & amongst top 3 (capacity wise) global pigments players
- Strong global presence in 70 countries,
- Global distribution network - direct presence with subsidiaries in the US and a representative office in China
- Strong client relationships (90% business from repeat clients). High degree of product customisation, consistent quality and compliance regulations add to client stickiness.
- Diversification into new white pigment- Titanium Dioxide (TiO<sub>2</sub>)

## Vertically Integrated Manufacturing Facilities

Total Capacity – 33,180 TPA		
Location	Capacity (MTPA)	Products
GIDC Vatva, Ahmedabad	3,180	Pigment Green and AZO pigment
GIDC Panoli, Bharuch	17,400	CPC Blue, Alpha and Beta Blue
Dahej SEZ	12,600	CPC Blue, Alpha and Beta Blue

## Products Portfolio



**Upstream product:**  
Sold to other pigments manufacturers

**End products:** Sold to industrial users  
**Robust demand** due to multiple applications - printing inks, plastics, paints, coatings, textiles, leather, paper and rubber

# Titanium Dioxide (TiO<sub>2</sub>): Industry Overview



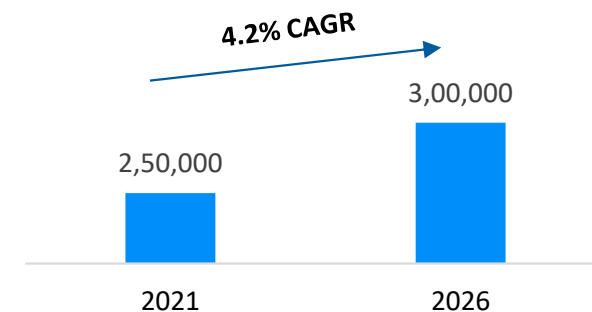
## Titanium Dioxide (TiO<sub>2</sub>): Snapshot

- Titanium Dioxide (TiO<sub>2</sub>) is a naturally occurring white opaque mineral used as a bright white pigment
- Key raw materials are ilmenite ore and sulphuric acid
- TiO<sub>2</sub> is majorly available in two grades: Rutile Grade and Anatase Grade.
- Organic Pigments growth is linked to end-user industries mainly printing inks, paints and coatings and textile industries
- Industrial applications are in Paint, Coating, Plastic, Polymers, Ink, Dyes, Paper etc. and also used in sunscreens and cosmetics

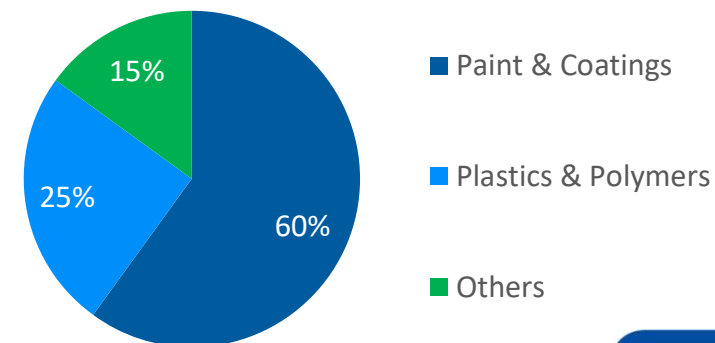
## Domestic Demand Dynamics

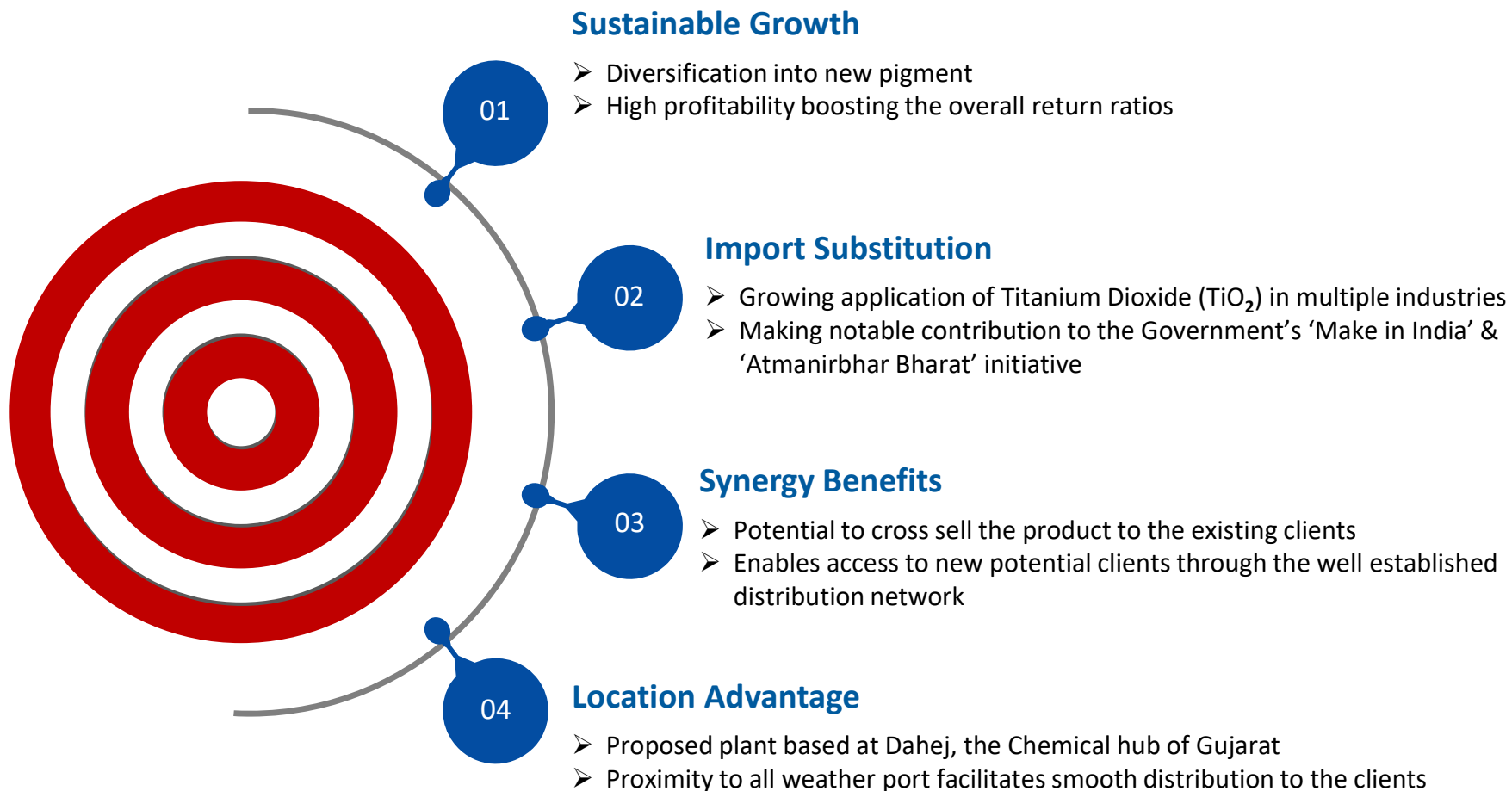
- India's total production Titanium Dioxide (TiO<sub>2</sub>) capacity: 81,000 MTPA with 80% demand fulfilled by imports
- India's Titanium Dioxide (TiO<sub>2</sub>) expected to grow at 4.2% CAGR reaching 3,00,000 MTPA by 2026
- Meghmani's foray into Titanium Dioxide (TiO<sub>2</sub>) to promote import substitution thereby contributing to the Government's 'Make in India' and Atmanirbhar Bharat vision

## Domestic Market Size (MTPA)



## Demand Driver – Diverse Industrial Use

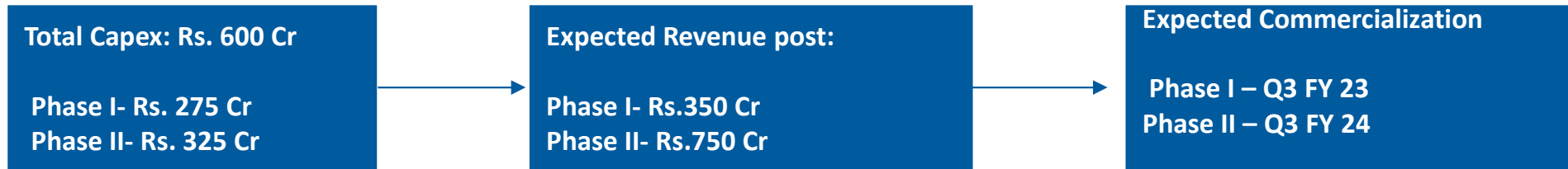




# Titanium Dioxide (TiO<sub>2</sub>): Project Dynamics



Existing Capacity : 16500 TPA  
Proposed Capacity: 33,000 TPA



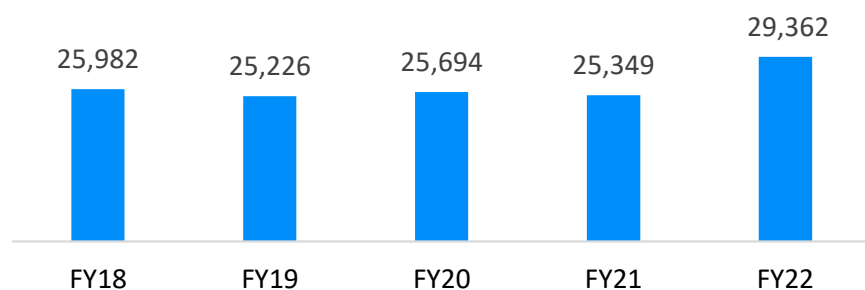
## Expected Margin/Ratios



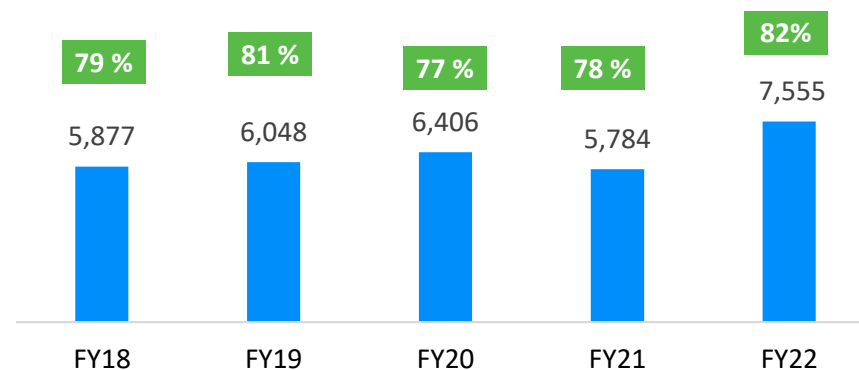
# Pigments Business: Operational Overview



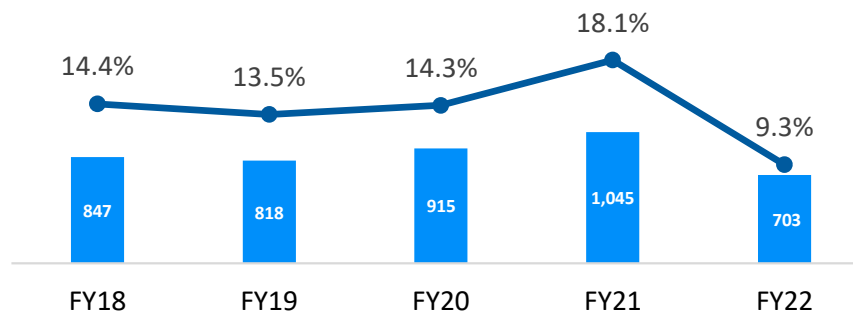
## Production (MT)



## Net Sales & Exports\* (Rs Mn)



## EBITDA (Rs Mn) & EBITDA Margin (%)



\*Denotes Exports

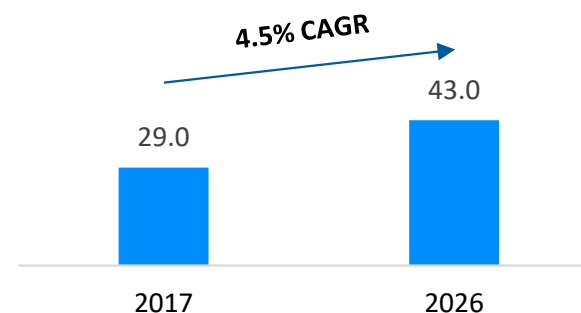
# Pigments Business: Industry Overview



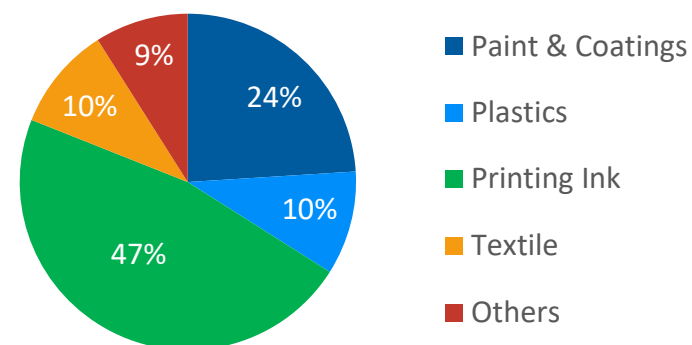
## Global Pigments Market

- The global pigments industry consists of three segments – organic, in-organic and specialty pigment
- Organic pigments account for 35-40% mkt. share out of total pigments industry
- Organic pigments include Azo Pigments (yellow & red) (50-55% share), Phthalocyanine Pigments (blue & green) (20% share) and other Pigments (25-30% share)
- Organic Pigments growth is linked to end-user industries mainly printing inks, paints and coatings and textile industries
- Paints & coatings and plastics industry have been the major growth drivers (especially from automotive sector)
- India and China are fast becoming the centre of the global Organic Pigments market
- India is leader in Phthalocyanine blue and green pigments
- India's pigment sales have been growing at 13-14% CAGR driven by exports due to India's good quality products, stricter environmental standards and higher regulatory compliance

## Global Pigments Market Size (USD Bn)



## Demand Driver – Diverse Industrial Use



# Agrochemicals Business: Key Highlights



## Established Business Profile

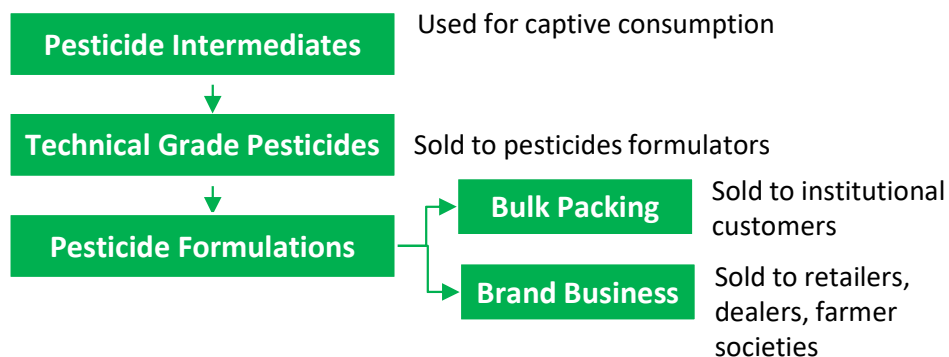
- Leading manufacturer of pesticides – products across entire value chain
- Established global presence across Africa, Brazil, LatAm, US and Europe
- Strong pan-India presence across 19 states, with 3,000 + distributors and dealers network
- Well-recognized formulation brands – Megastar, Megacyper, Megaban, Synergy, Courage
- Major products – 2,4-D, Cypermethrin, Permethrin, Bifenthrin, Lambda cyhalothrin, Profenophos and Chlorpyrifos
- **Completed project in FY21:** Doubling 2,4-D Capacity to 21,600 TPA and New Formulation Plant
- **New Capex:** New Multipurpose plant (MPP) at Dahej with capex of Rs 3.50 Bn (Q2 FY23)

## Vertically Integrated Manufacturing Facilities

Total Capacity – 51,060 TPA

Location	Capacity (MTPA)
GIDC Panoli	13,500
GIDC Ankleshwar	6,840
GIDC Dahej	30,720

## Product Profile



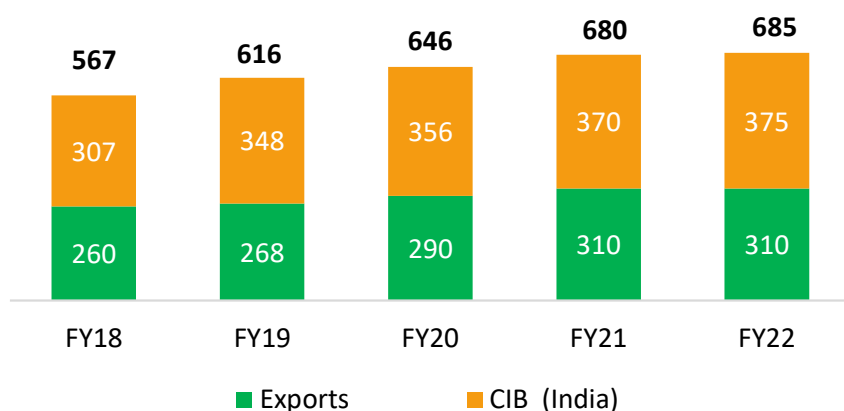
## Branded Agrochemical Formulations



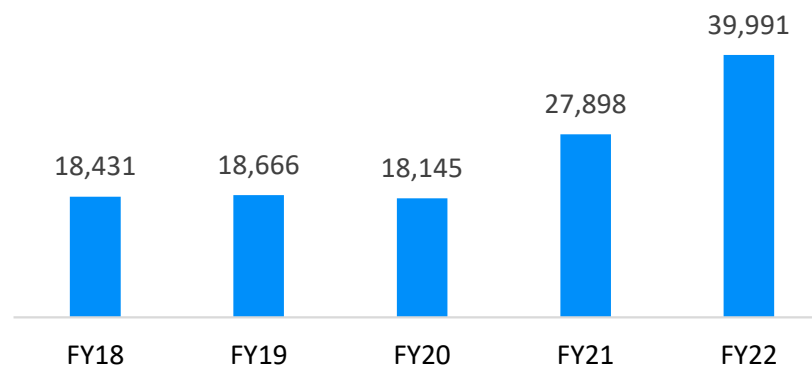
# Agrochemicals Business: Operational Overview



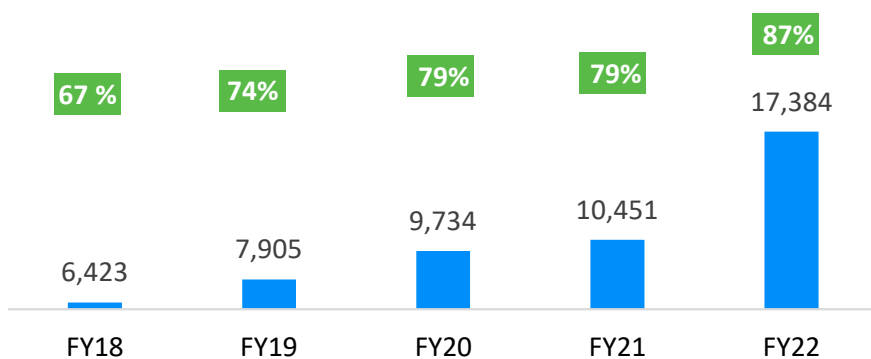
## Registrations Base



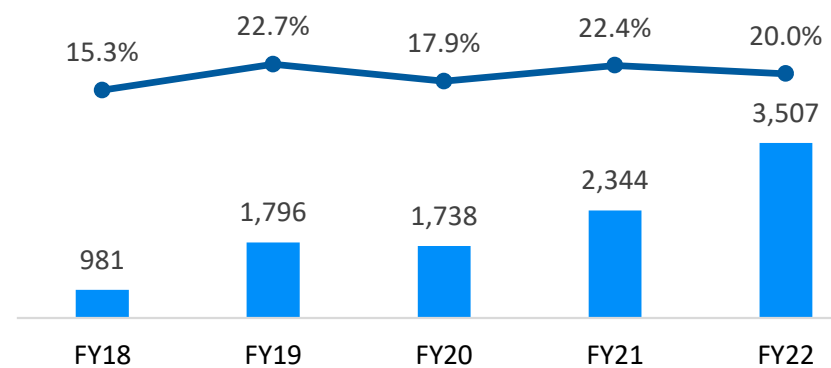
## Production (MT)



## Net Sales and Exports\* (Rs Mn)



## EBITDA (Rs Mn) & EBITDA Margin (%)



\*Denotes Exports



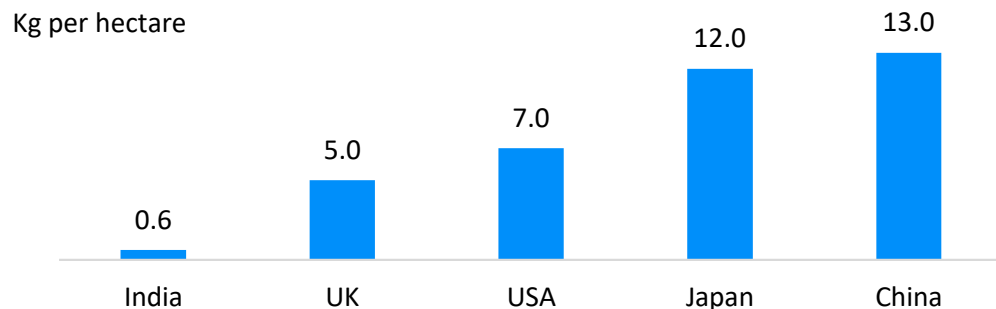
# Agrochemicals Business: Crop-protection Industry Overview



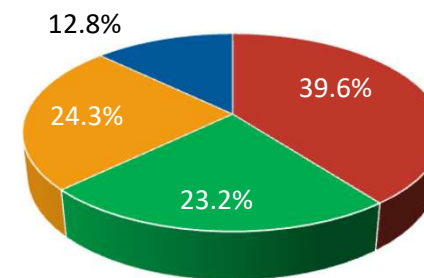
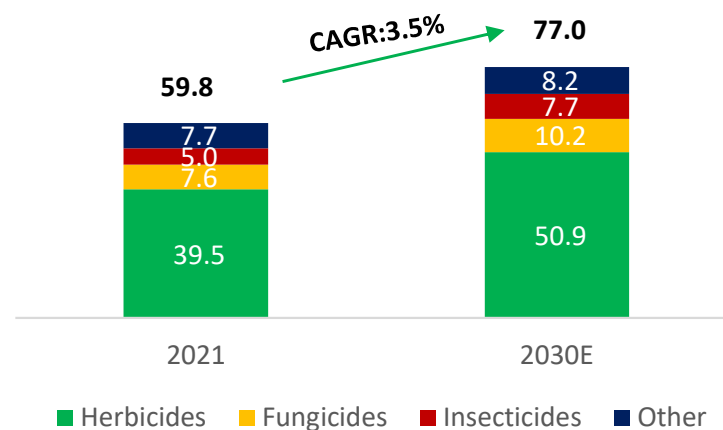
## Global Crop Protection Market

- The global crop protection market is set to grow steadily to reach USD 77 Bn by 2030
- Key drivers - growing population, declining arable land & rising pest concerns
- As per FICCI 9<sup>th</sup> Agrochemical Conference 2020 report, India is the fourth-largest producer of agrochemicals in the world
- India's agrochemicals market is valued at Rs 42.0 Bn in FY20 (Domestic Market: Rs. 20 Bn and Exports: Rs. 22 Bn). The industry is expected to grow at 8-10% CAGR till 2025

## Pesticide Consumption is still Lowest in India



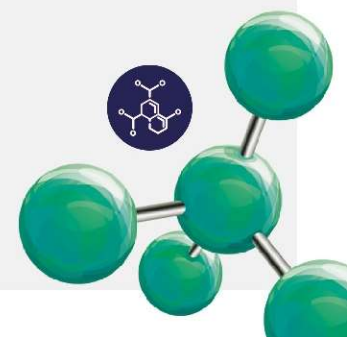
## Global Crop Protection Market (USD Bn)



Source – Magma Information Centre



## STRATEGY & OUTLOOK



## Roadmap for achieving 20% + top-line growth in next 3 years



### Pigments

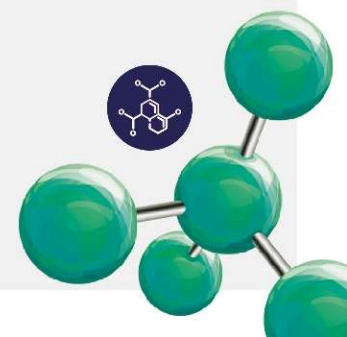
- Among Top 3 producer of phthalocyanine pigments globally
- Continue to focus on increasing domestic presence and capture market share
- Expanding into new geographies
- Diversification into new and lucrative white pigment  $TiO_2$ .
- **The management eyes a revenue target of Rs. 1,000 Cr by FY24 for the Pigments Division**

### Agrochemicals

- MOL's backward integrated facilities ensure sustainability and lower dependency on raw material prices from China
- Completed projects in FY21: 2,4-D Capacity addition of 10,800 MTPA and new formulation plant to cater the growing agrichemicals demand in the domestic and global market
- New Multipurpose plant (MPP) at Dahej expected to be commissioned in Q2 FY23
- Expand branded products portfolio to penetrate into the growing domestic market
- **The management eyes a revenue target of Rs. 2,000 Cr by FY24 for Agrochemicals Division**



## FINANCIAL OVERVIEW



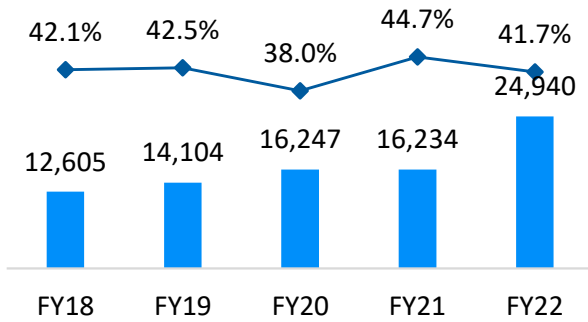
# Financial Snapshot



Rs Mn

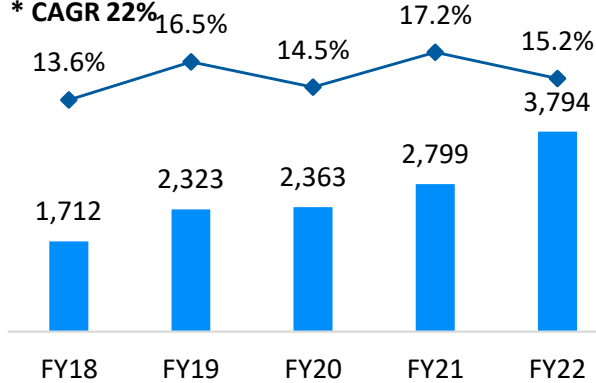
## Revenues & Gross Margin

\* CAGR 19%



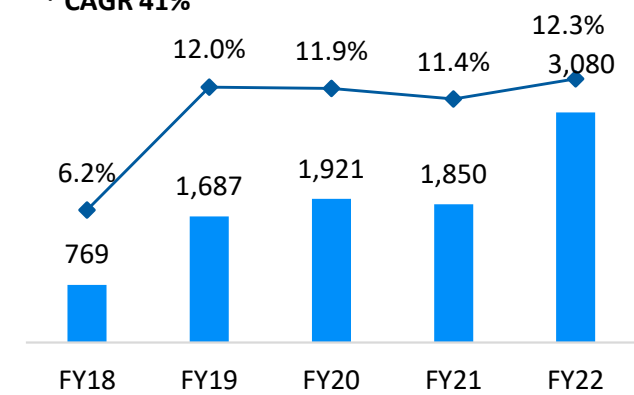
## EBITDA & EBITDA Margin

\* CAGR 22%

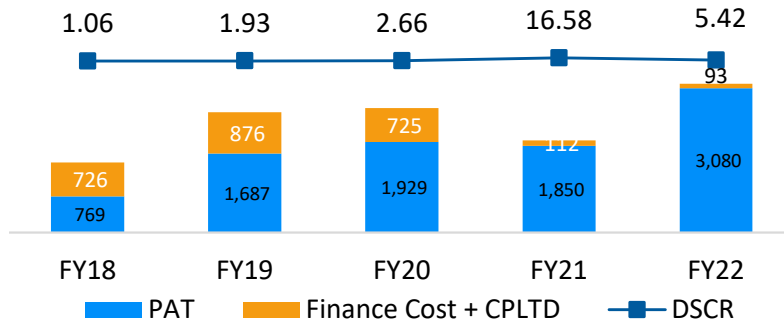


## PAT & PAT Margin

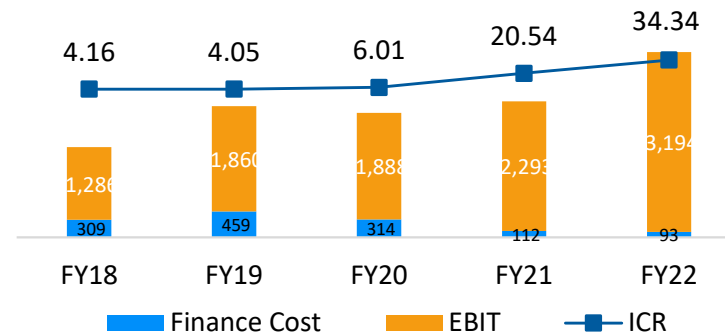
\* CAGR 41%



## Debt Service Coverage Ratio (DSCR)



## Interest Coverage Ratio (ICR)



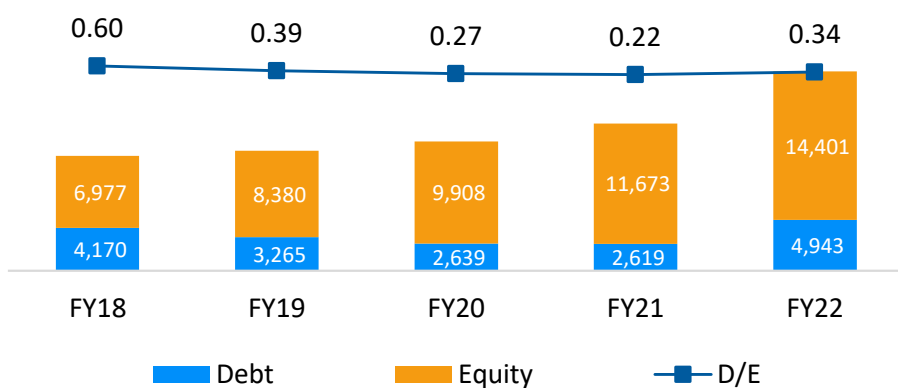
\* CAGR calculated for FY18-22

# Financial Snapshot

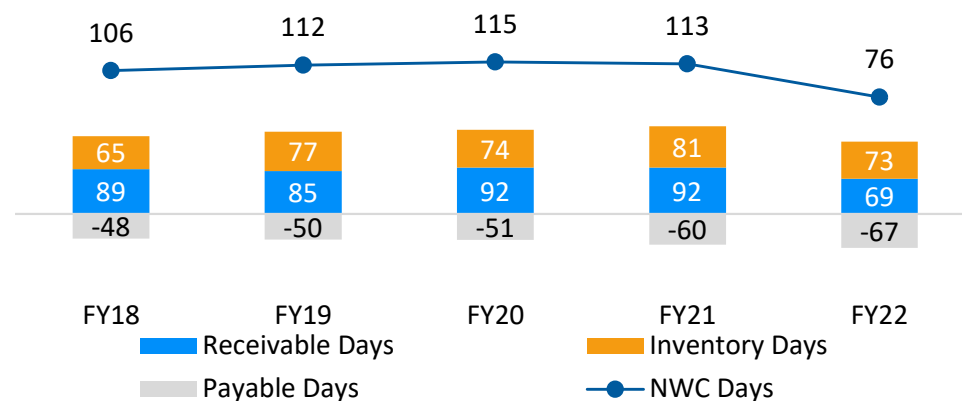


Rs Mn

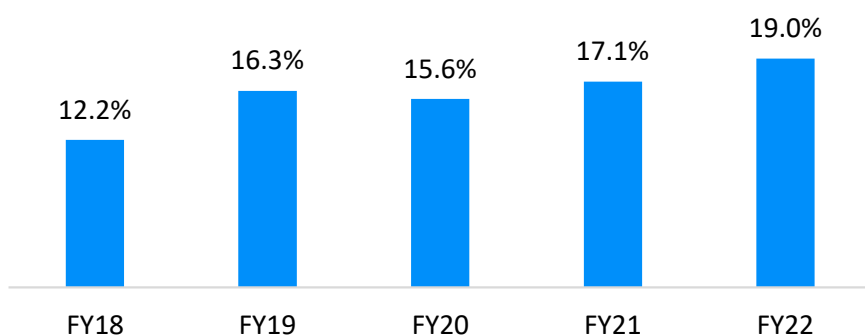
## Leverage Analysis



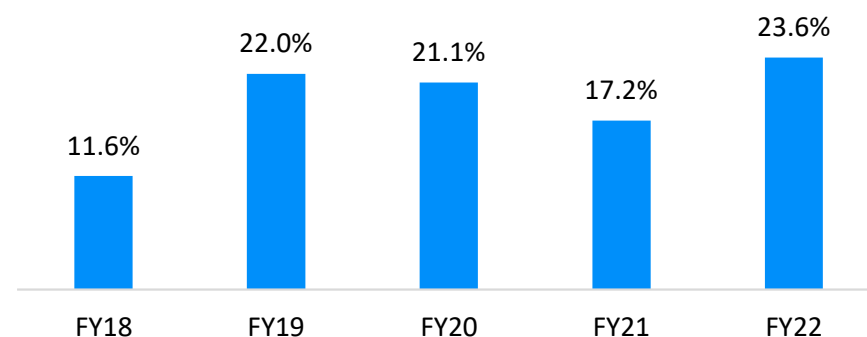
## Working Capital Analysis \*



## Return on Capital Employed



## Return on Equity



\* Calculated on Net Sales, ROCE = EBIT / Average Capital Employed (Debt + Equity + Minority Interest), ROE = PAT / Average (Equity + Minority Interest)

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