

21st July, 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>
SYMBOL:- MFL	Scrip Code: 543332

Dear Sir,

Sub.: Q1 FY23 Earnings Presentation

Meghmani Finechem Limited submits herewith **Q1 FY23 Earnings Presentation.**

Thanking you,

Yours faithfully,

FOR MEGHMANI FINECHEM LIMITED

K. D. Mehta

(K. D. Mehta)

Company Secretary & Compliance Officer



Meghmani Finechem Limited

Q1FY23 Earnings Presentation

21st July, 2022



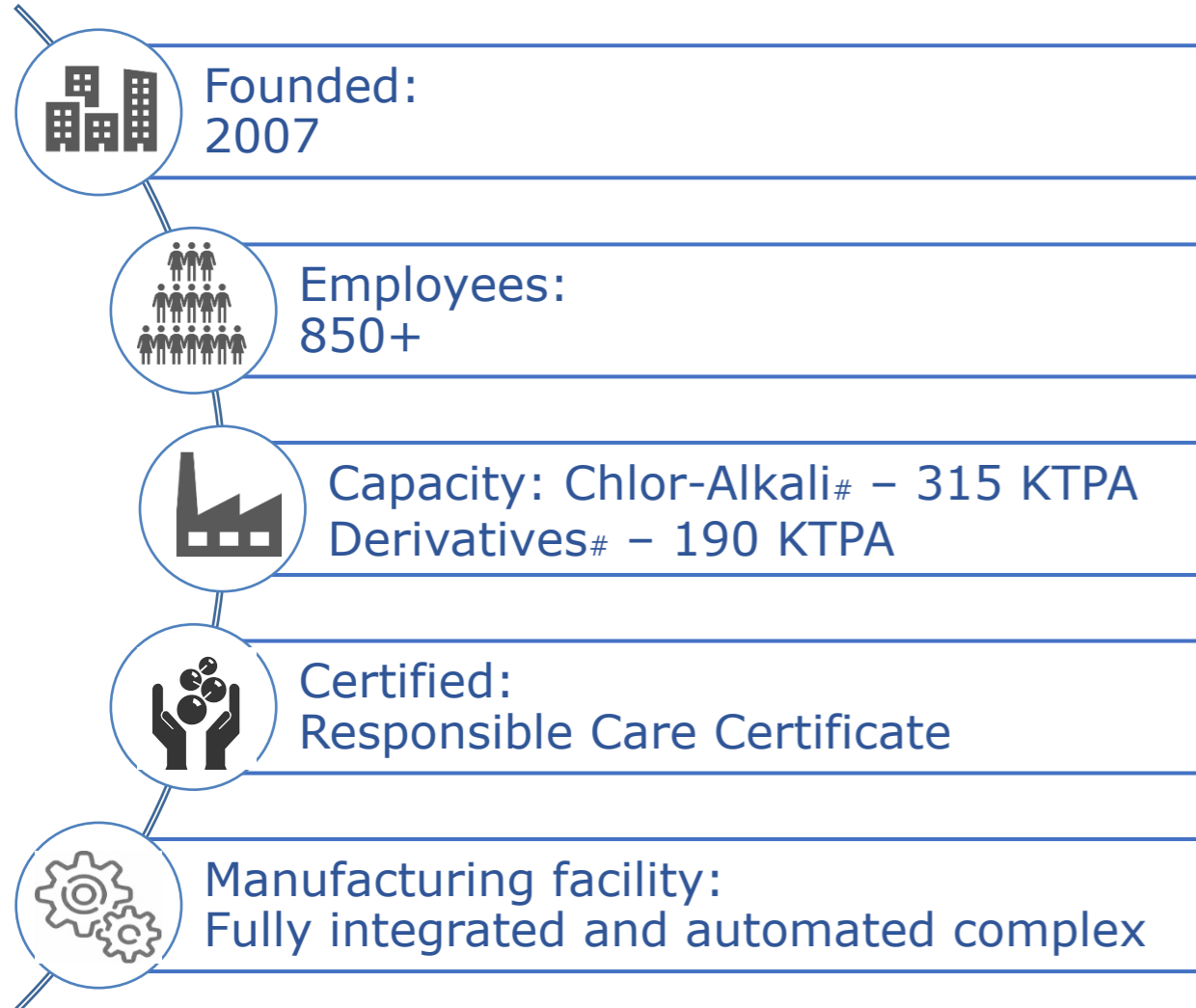
Disclaimer

This presentation and the accompanying slides (the “Presentation”), which have been prepared by Meghmani Finechem Limited (the “Company”) solely for the information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company

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.

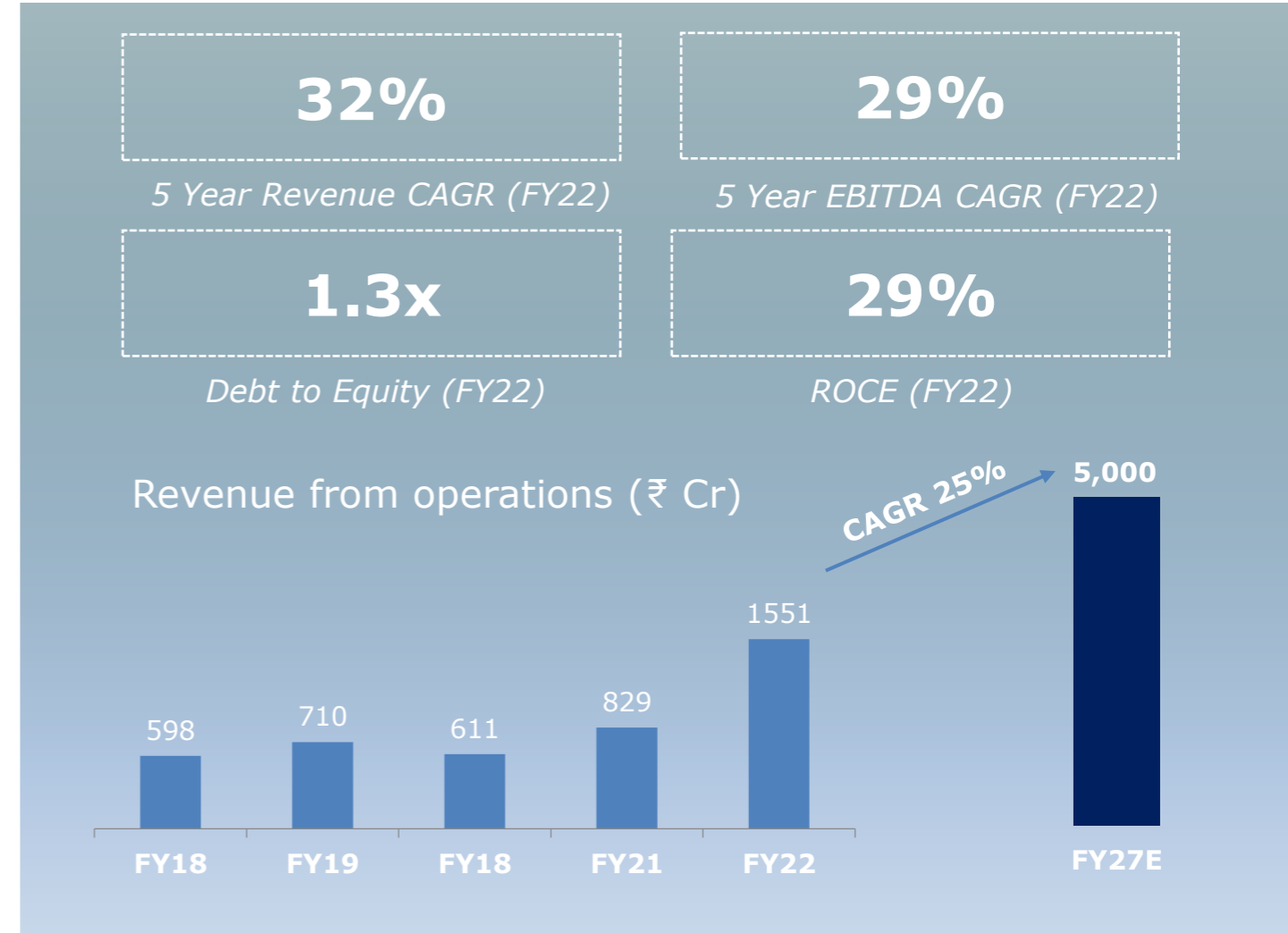
This Presentation has been prepared by the Company based on information and data which the Company considers reliable. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded. The Company does not make any promise to update/provide such presentation along with results to be declared in the coming years.

Company Overview



Chlor-Alkali : Caustic Soda - 294 KTPA and Caustic Potash - 21 KTPA

Derivatives : CPVC Resin – 30 KTPA, Epichlorohydrin – 50 KTPA, Chloromethanes - 50 KTPA and Hydrogen Peroxide - 60 KTPA



Key Highlights – Q1FY2023

Operational Highlights (YoY):

- Overall plant utilisation increased to 94% in Q1FY23 compared to 87% in Q1FY22
- Capacity utilization for Chlor-Alkali stood at 94%, CMS stood at 105% and H₂O₂ stood at 94% (Highest ever)
- Caustic Soda & Caustic Potash ECU realisation was up 104% & 130% respectively
- CMS sales realization was up by 23% and H₂O₂ sales realisation was down by 7%

Financial Highlights (YoY):

- Revenue of ₹ 533 Cr - up 84%, driven by improved realizations and higher sales volume of 5%
- EBITDA doubled to ₹ 187 Cr and EBITDA margin improved to 35% despite high inflationary pressure
- PAT increased 3 times to ₹ 108 Cr and PAT margin stood 20% compared to 13% in Q1FY22
- ROCE and ROE improved to 33% (19% in Q1FY22) and 48% (22% in Q1FY22) respectively

Strategic Updates:

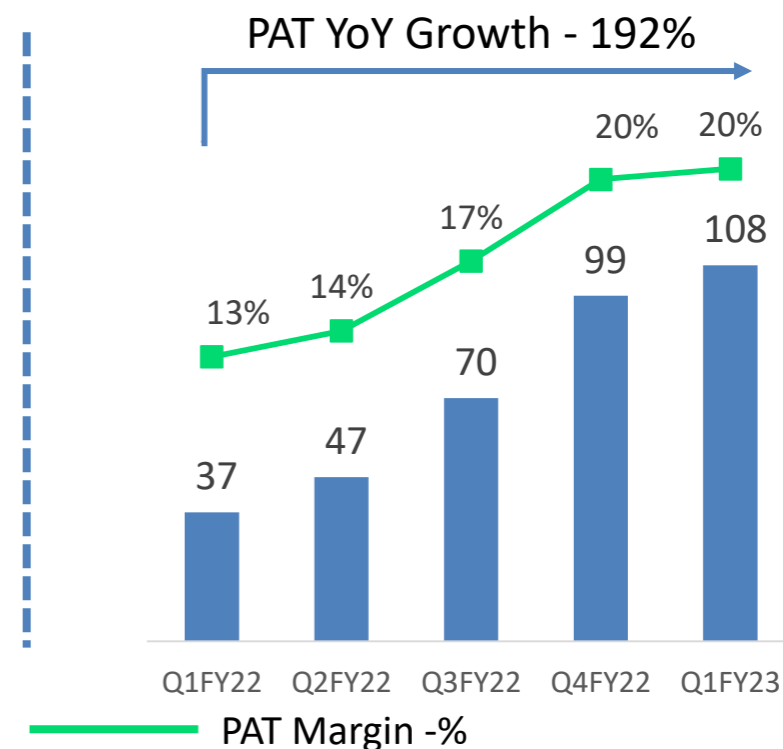
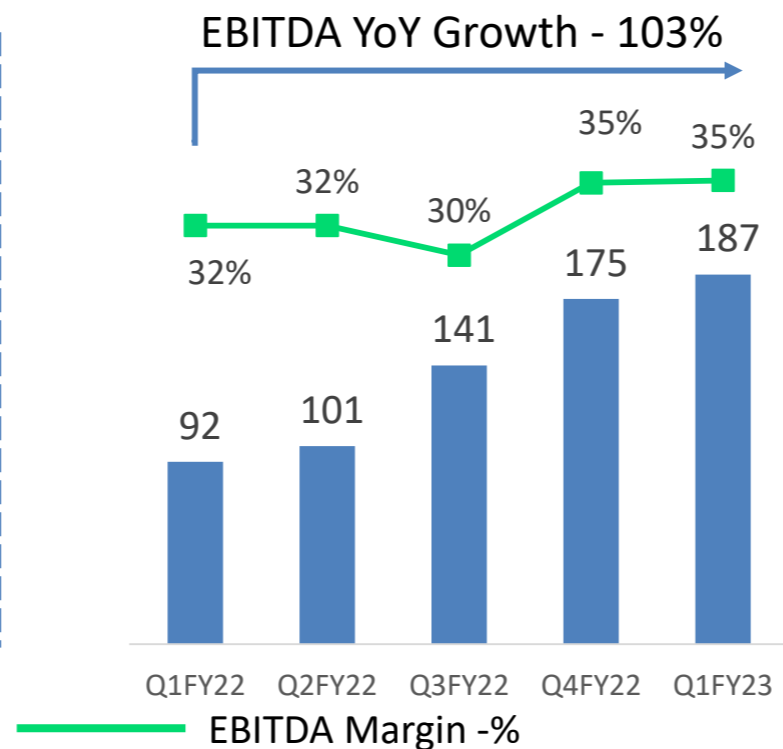
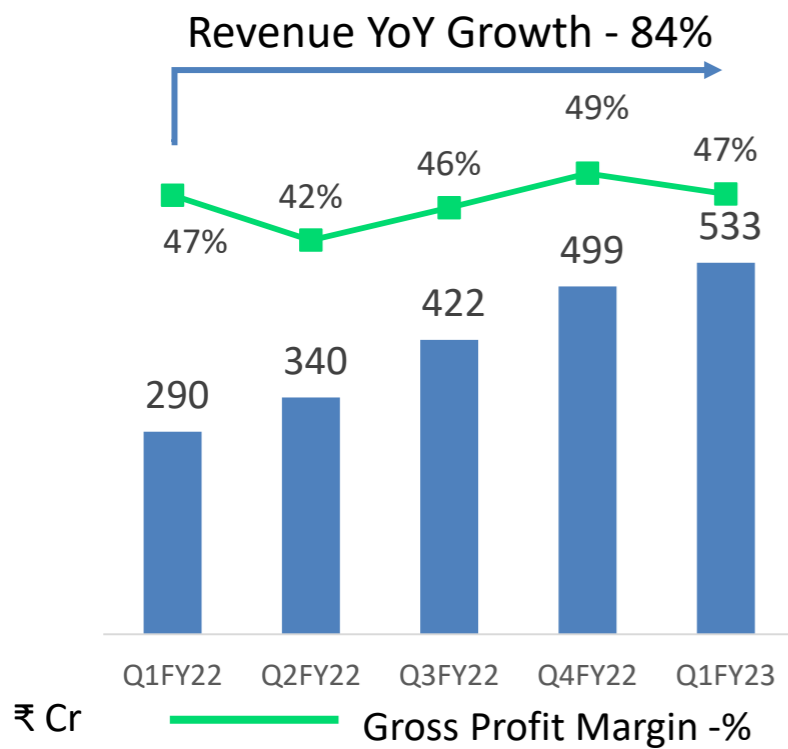
- Epichlorohydrin got commissioned on 1st June 2022 and CPVC got commissioned on 18th July 2022. Both projects were completed within committed timelines and within capex limit
- Expansion project of Caustic Soda is moving as per schedule and should get commission in Q2FY23
- MFL entered into JV to set up 18.34 MW Wind-Solar hybrid power plant. It is expected to get commissioned by Q3FY23 and the power generated will be used for existing as well as future projects

“I am pleased with our performance in Q1FY23. We have delivered record operating and financial performance for the quarter. The growth in the quarter is on account of high realizations and volume growth coming from high efficiency/capacity utilization from all the products.

In this quarter, we have commissioned India’s first Epichlorohydrin (ECH) plant based on the glycerol process and also we have entered into a JV to set up an 18.34 MW Wind-Solar hybrid power plant for internal consumption. Recently in July, we have also commissioned India’s largest CPVC resin plant. Once these new projects stabilize and reach optimum capacity utilization it will start contributing in a sizeable way both to the top line and bottom line. We expect that to happen Q3FY23 onwards.

With all this we are moving in line with our commitments, long term goals and with focus on the environment and sustainability” - Mr Maulik Patel, Chairman and Managing Director

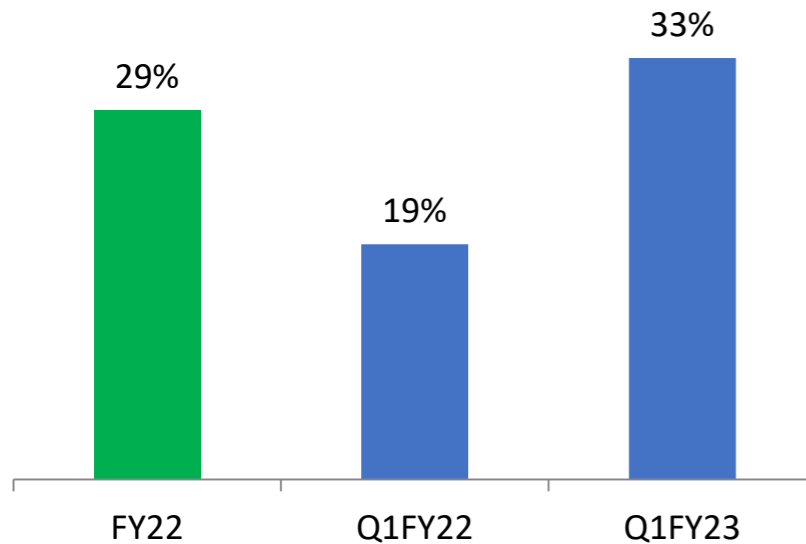
Q1FY23 Financial Highlights



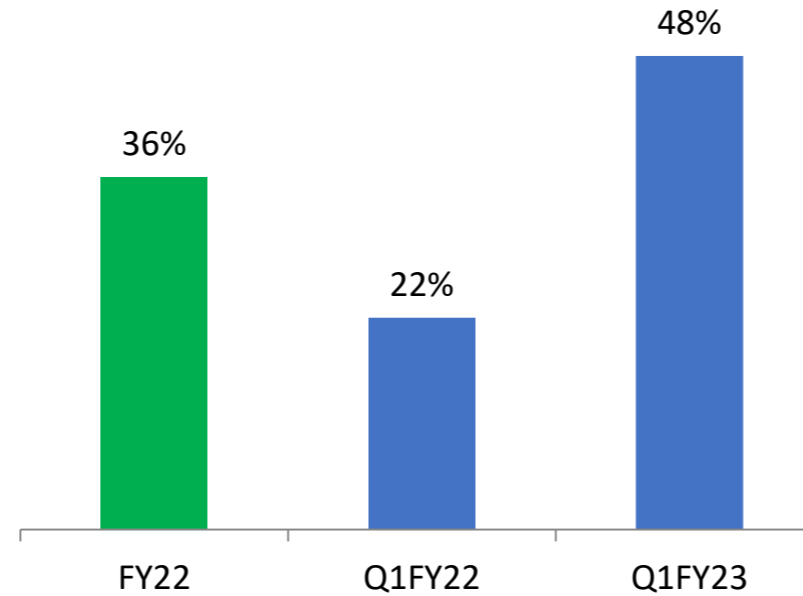
- Revenue grew 84% on account of 5% volume growth due to higher capacity utilization and high realizations from Caustic Soda, Caustic Potash and Chloromethanes
- EBITDA doubled and margin improved to 35% on account of higher realizations and better efficiency at plant
- PAT improved 3x to ₹ 108 Cr with PAT margin stood at 20%

Q1FY23 - Ratios

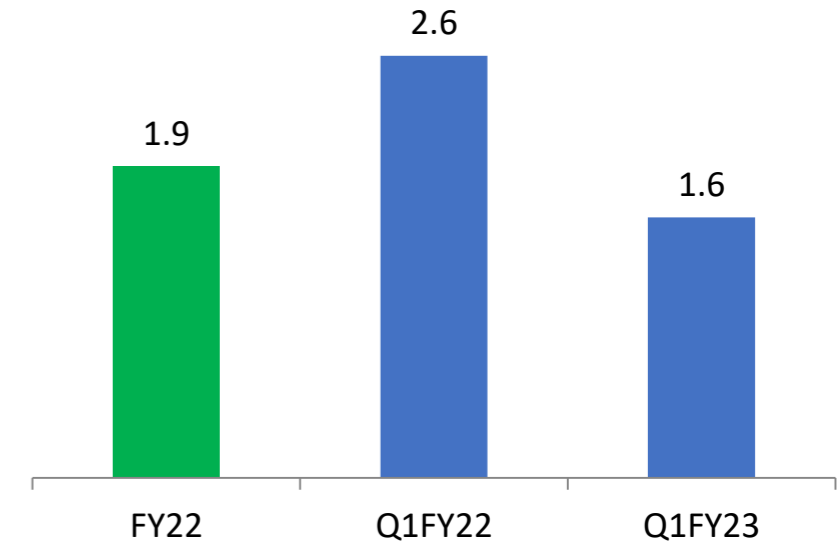
ROCE (%)



ROE (%)



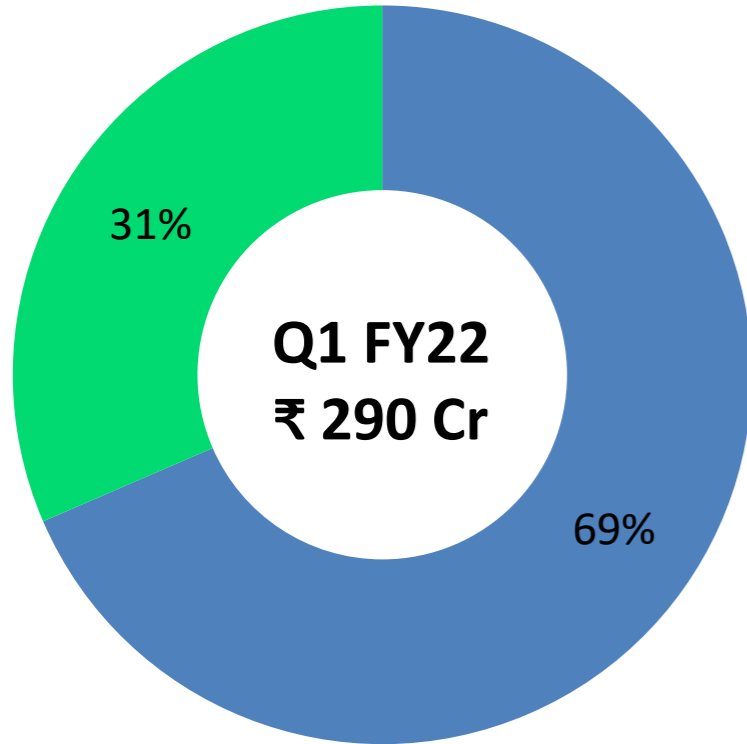
Debt/EBITDA (x)



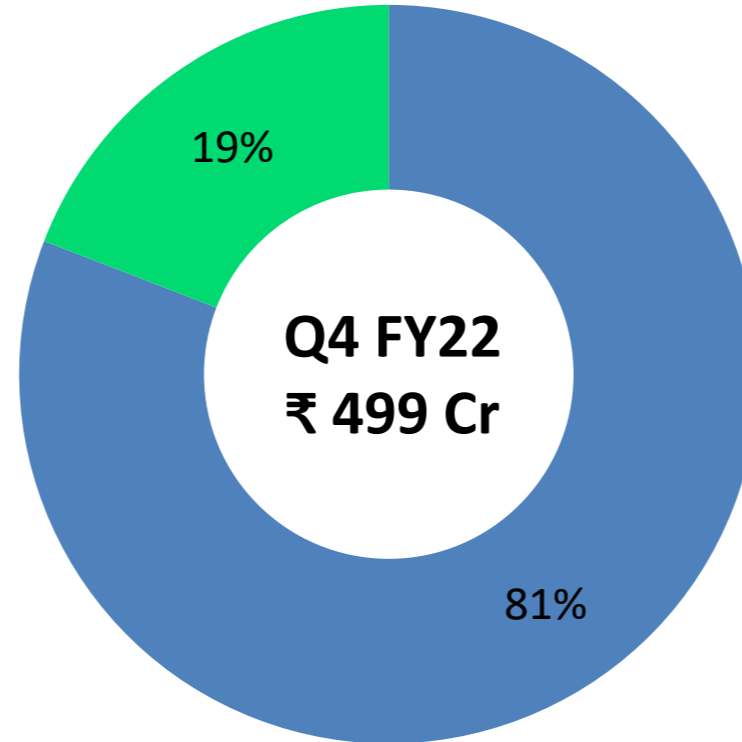
TTM EBIT, PAT and EBITDA are considered for above ratios

- ROCE and ROE improved on account of higher realization from Caustic Soda, Caustic Potash and Chloromethanes; and supported by high capacity utilization from all the products
- Debt/EBITDA has improved to 1.6x (Q1FY23) from 2.6x (Q1FY22). The ratio has improved due to the absolute growth in EBITDA even on an increased debt on account of capex

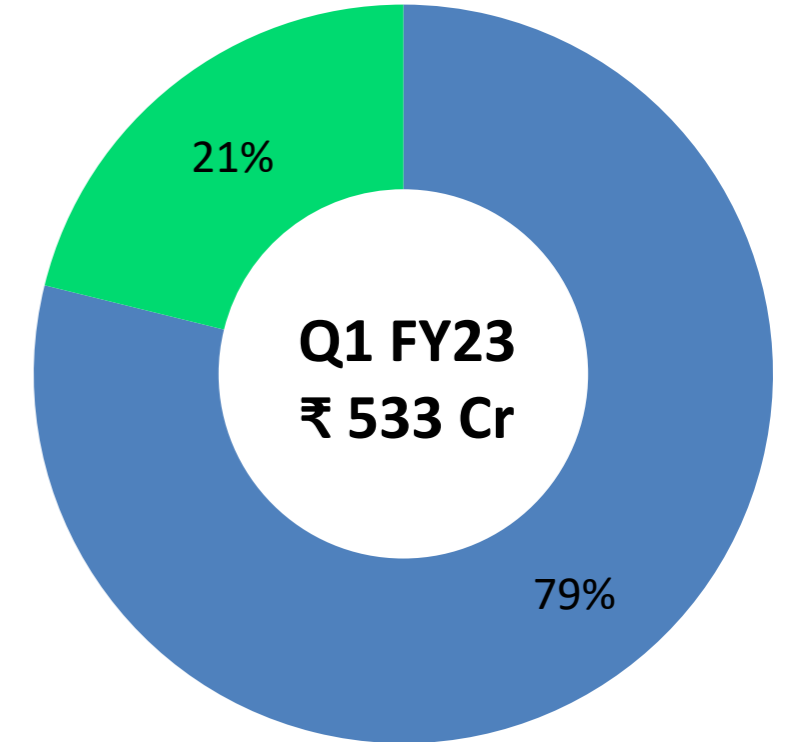
Revenue Break-up – Diversified Business Model



■ Chlor-Alkali ■ Derivatives



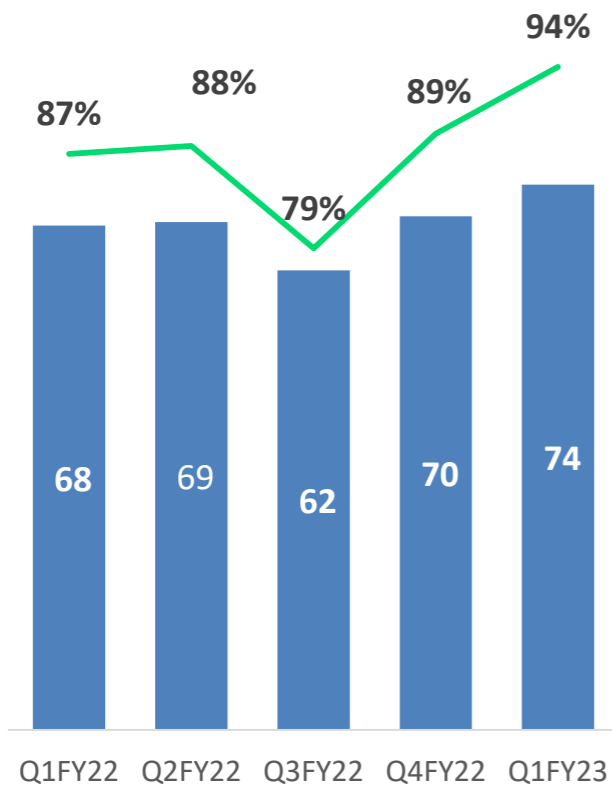
■ Chlor-Alkali ■ Derivatives



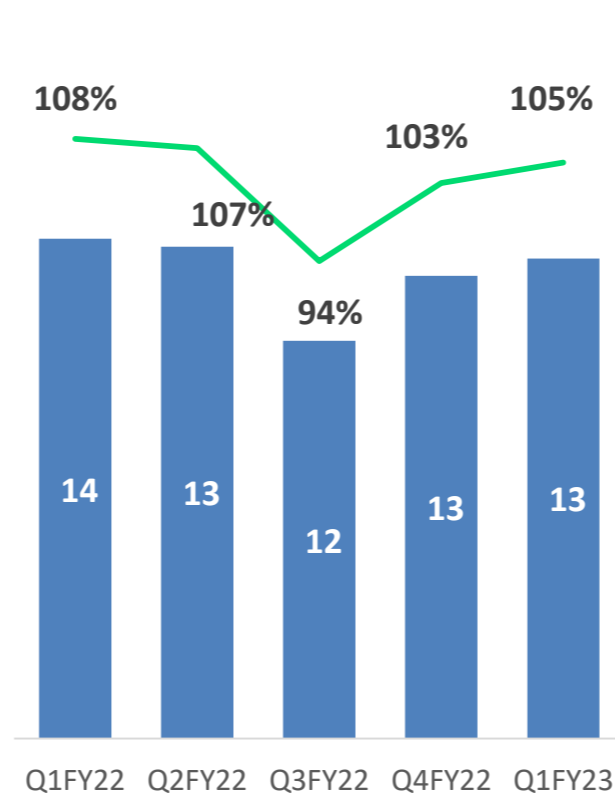
■ Chlor-Alkali ■ Derivatives

Operational Overview (Production - KTPA and Utilization - %)

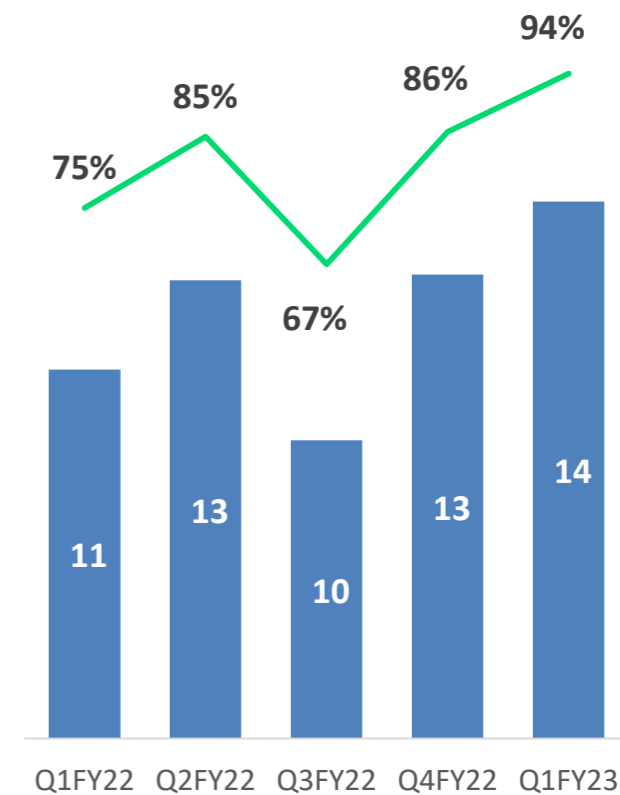
Chlor-Alkali



Chloromethanes

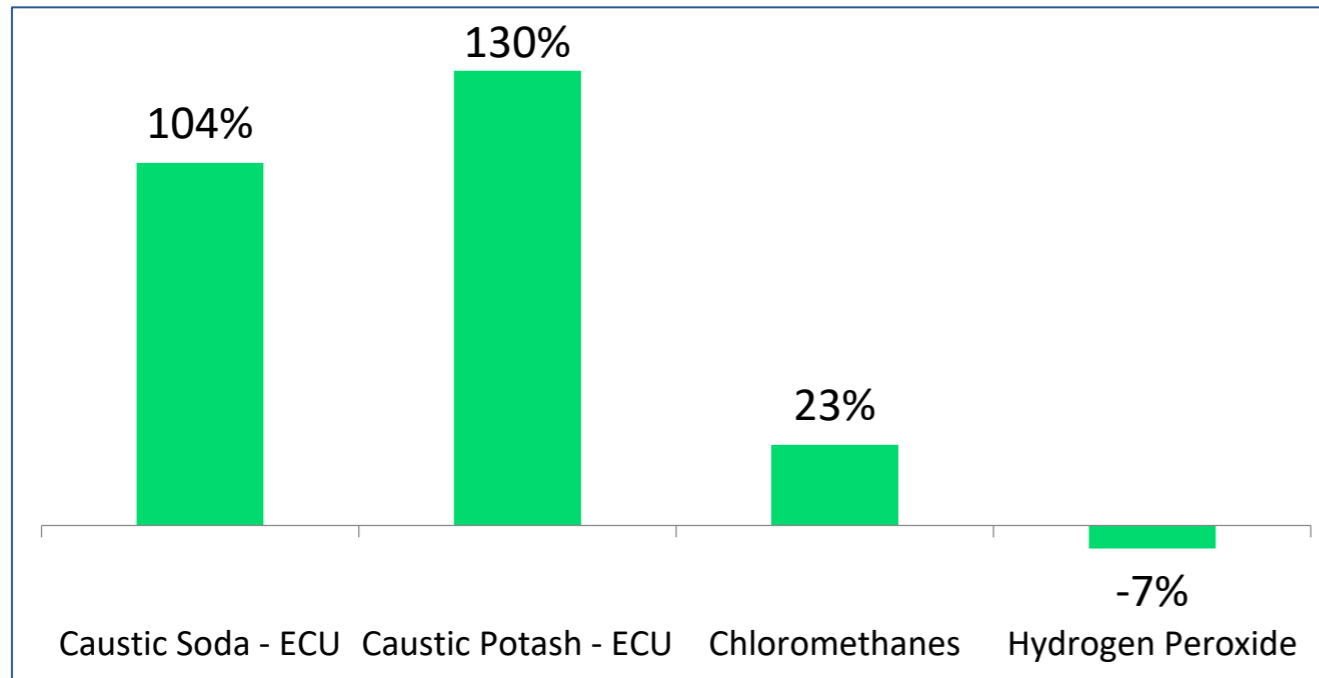


Hydrogen Peroxide

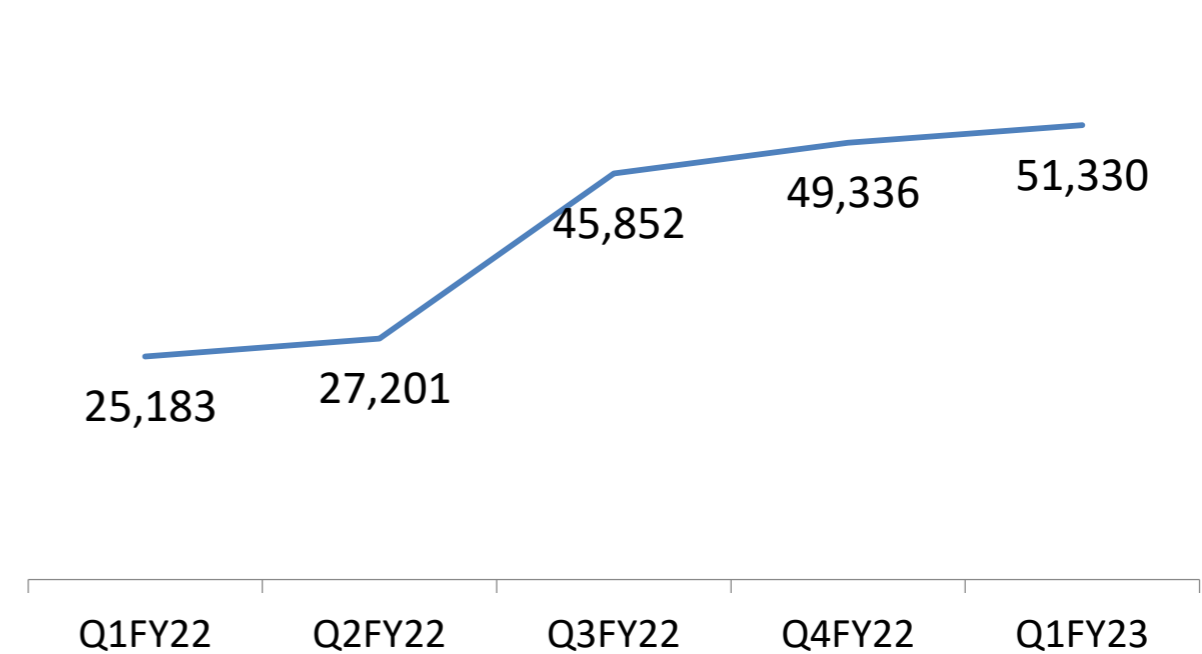


Operational Overview – Realisations

Q1FY23 - Change in ECU and Sales Realization % YoY



Caustic Soda ECU Realization

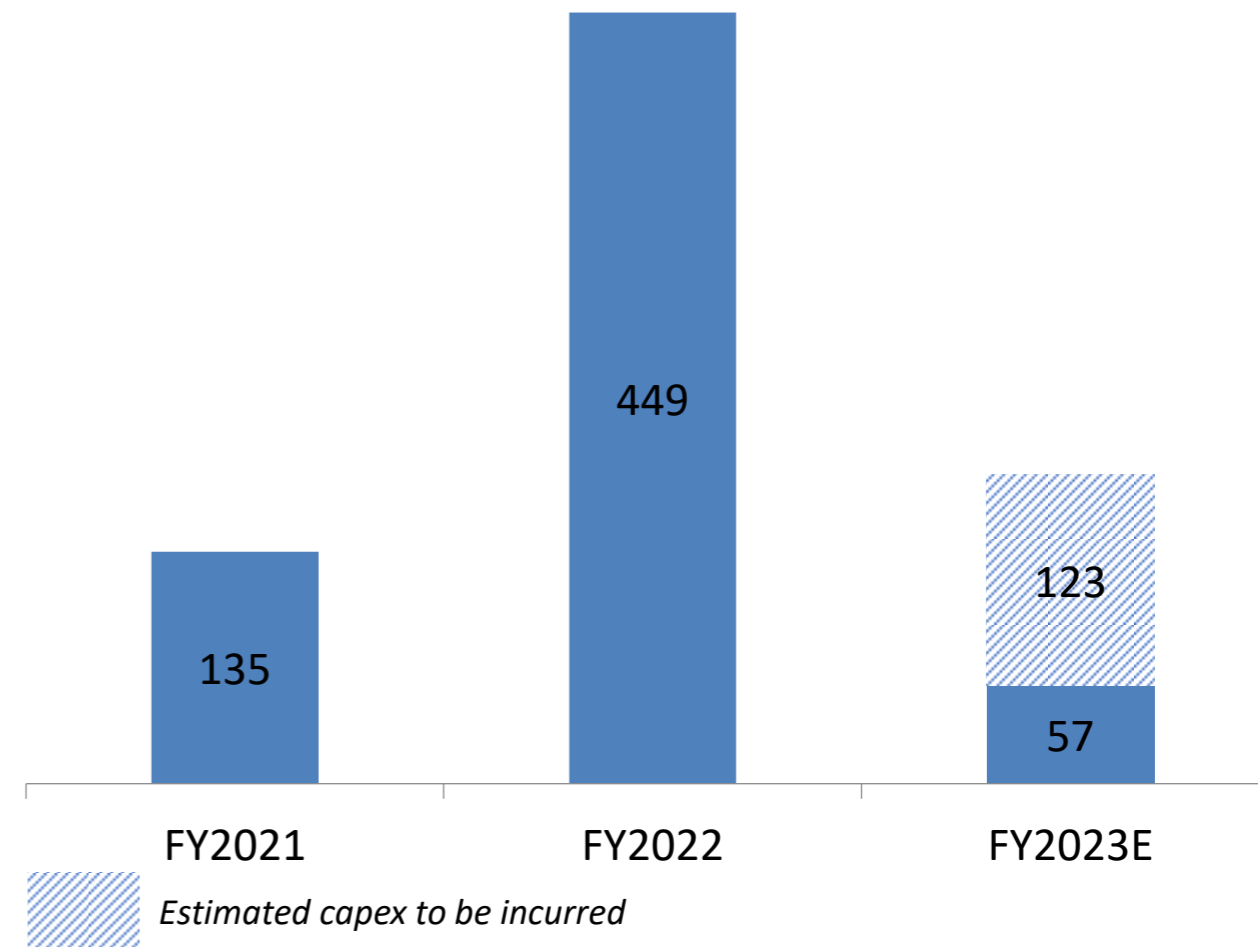


- ECU realization for Caustic Soda and Caustic Potash was high on account of robust demand.
- On QoQ basis, ECU realization in Caustic Soda and Caustic Potash improved by 4% and 31% respectively
- Sales realization for CMS improved by 23% on YoY basis
- Sales realization for H₂O₂ dropped by 7% on YoY basis. It was up by 9% on QoQ basis

Project Update as on 30th June 2022

Product	Capacity	Expected Commissioning Date	% of project completed
Epichlorohydrin	50KTPA	Q1FY23	Commissioned 1 st June 2022
CPVC Resin	30KTPA	Q2FY23	Commissioned 18 th July 2022
Caustic Soda with CPP	106KTPA	Q2FY23	95%
Chlorotoluene & its value chain	-	Q4FY24	5%
R&D Centre	-	Q2FY24	10%

Capex Spends - ₹ Cr



~50%

Sales Growth

~26% +

EBITDA Margin

~25% +

Return on Capital
Employed

<2.0x

Target to sustain Net
Debt to EBIDITA

Vision – To achieve revenue of ₹ 5,000 Cr by FY2027

Focused on ESG



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
- **Entered in JV to set up 18.34 MW Wind-Solar Hybrid Power Plant for internal consumption**
- Intend is to minimize effluents discharge while moderating water consumption
- **First company to produce sustainable bio-based Epichlorohydrin**
- **Safety protocols imbuing 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)	Q1 FY23	Q1 FY22	% Change	FY22	FY21	% Change
Revenue from Operations	533	290	84%	1,551	829	87%
Gross Profit*	250	136	84%	716	407	76%
Gross Margin (%)	47%	47%		46%	49%	
EBITDA	187	92	103%	509	261	95%
EBITDA Margin (%)	35%	32%		33%	32%	
Depreciation	22	21	3%	86	74	17%
Finance Cost	11	12	-10%	44	29	52%
PBT	156	59	165%	383	161	138%
PAT	108	37	192%	253	101	151%
PAT Margin (%)	20%	13%		16%	12%	
Cash Profit	130	58	123%	339	174	94%
EPS (₹)	25.9	8.9	192%	60.8	24.3	151%

*Gross profit – Power related cost which were part of other expense, has been moved as a separate heading “Power and Fuel” and has been considered while calculating Gross profit for all the period specified above

Historic Income Statement

Particulars (₹ Cr)	FY17	FY18	FY19	FY20	FY21	FY22
Total Revenue	393	602	720	613	831	1,555
Gross Profit*	199	335	431	300	407	716
Gross Margin (%)	51%	56%	61%	49%	49%	46%
EBITDA	144	255	312	194	261	510
EBITDA Margin (%)	37%	43%	44%	32%	32%	33%
Depreciation	55	55	54	44	74	86
Finance Cost	14	9	25	11	29	44
PBT	75	195	242	141	161	384
PAT	67	155	183	112	101	253
PAT Margin (%)	17%	26%	25%	18%	12%	16%
EPS (₹)	9.4	22.0	25.1	27.0	24.3	60.8

**Gross profit – Power related cost which were part of other expense, has been moved as a separate heading “Power and Fuel” and has been considered while calculating Gross profit for all the period specified above*

Historic Balance Sheet

Assets (₹ Cr)	FY20	FY21	FY22	Liabilities (₹ Cr)	FY20	FY21	FY22
Fixed Assets	1,131	1,228	1,657	Share Capital	42	42	42
Financial Assets	4	10	8	Reserves & Surplus	542	643	684
Other Non-current Assets	5	29	11	Long-Term Borrowings	418	340	557
Inventories	48	54	154	Redeemable Preference Shares	-	-	211
Trade Receivables	76	119	256	Other Non-current Liabilities	7	35	97
Cash & Bank Balances	0	1	25	Short Term Borrowings	20	75	221
Loans & Advances	0	0	0	Trade Payables	47	73	88
Other Current Assets	7	8	11	Other Current Liabilities	198	240	213
				Short Term Provisions	0	0	10
Total	1,273	1,449	2,123	Total	1,273	1,449	2,123

About Us & Investor Contact



Meghmani Finechem Limited (“MFL”), incorporated in 2007, is a leading integrated manufacturer of chemicals in India. 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 backward and forward integrated and automated complex with a well-established infrastructure and Captive Power Plants. The company is India’s 4th largest manufacturer of Caustic Soda, Chlorine and Hydrogen and a leading manufacturer of Caustic Potash, Chloromethanes and Hydrogen Peroxide. MFL is the 1st to set up an Epichlorohydrin plant and largest capacity plant of CPVC resin, in India.

MFL is further expanding into Chlorotoluene & its value chain to strengthen its position in the Specialty Chemical segment. 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](#).

Meghmani Finechem Ltd
CIN: L24299GJ2019PLC110321
Milind Kotecha – Investor Relations Officer
Milind.Kotecha@meghmani.com

Go India Advisors
CIN: AAH-6471
Monali Jain
monali@goindiaadvisors.com