



**MEGHMANI FINECHEM LTD.**

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Phone: +91- 635 9953661/62/63/64/65, E-mail : helpdesk@meghmanifinechem.com,  
URL: www.meghmanifinechem.com CIN: L24100GJ2007PLC051717

26.10.2021

To,

<b>National Stock Exchange of India Limited</b> "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) <u>Mumbai 400 051</u>	<b>BSE Limited</b> Floor- 25, P J Tower, Dalal Street, <u>Mumbai 400 001</u>
<b>SCRIP CODE: MFL</b>	<b>SCRIP CODE: 543332</b>

Dear Sir/s

**Sub:- Q-2 FY22 Earnings Presentation.**

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

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We are enclosing herewith a copy of the **Q-2 FY22 Earnings Presentation** of the Company for information of members.

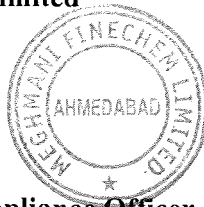
The aforesaid presentation is also being placed on the website of the Company at [www.meghmanifinechem.com](http://www.meghmanifinechem.com).

Kindly take the same on record.

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 feature is a glowing blue chemical structure consisting of several interconnected hexagonal rings, resembling a benzene ring or a similar aromatic compound. The overall color palette is dominated by blues and purples, with a white curved shape on the left side containing the text.

# MEGHMANI FINECHEM LIMITED

*Q2FY22 Earnings  
Presentation*

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*26<sup>th</sup> October, 2021*

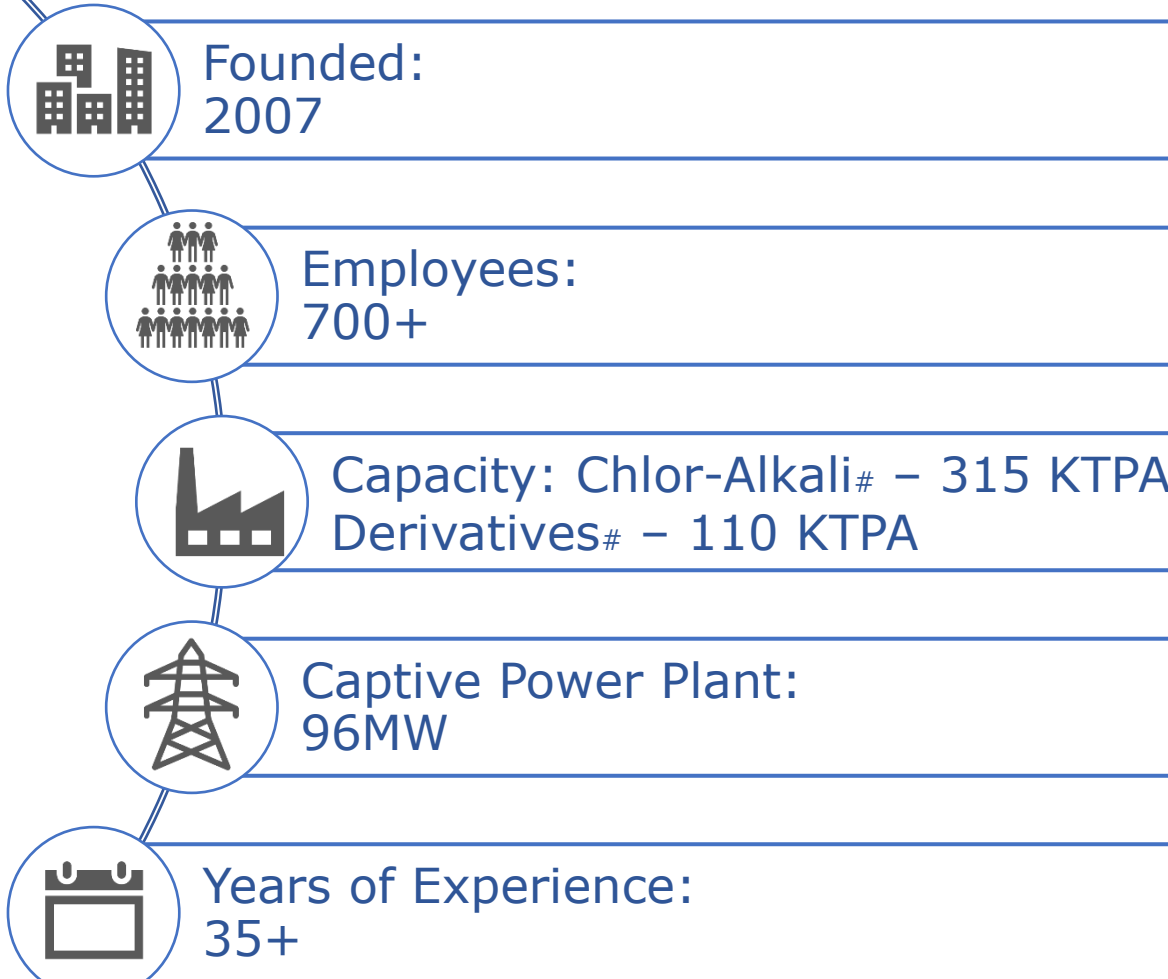
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*Certain statements in this presentation concerning our future growth prospects are forward looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking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

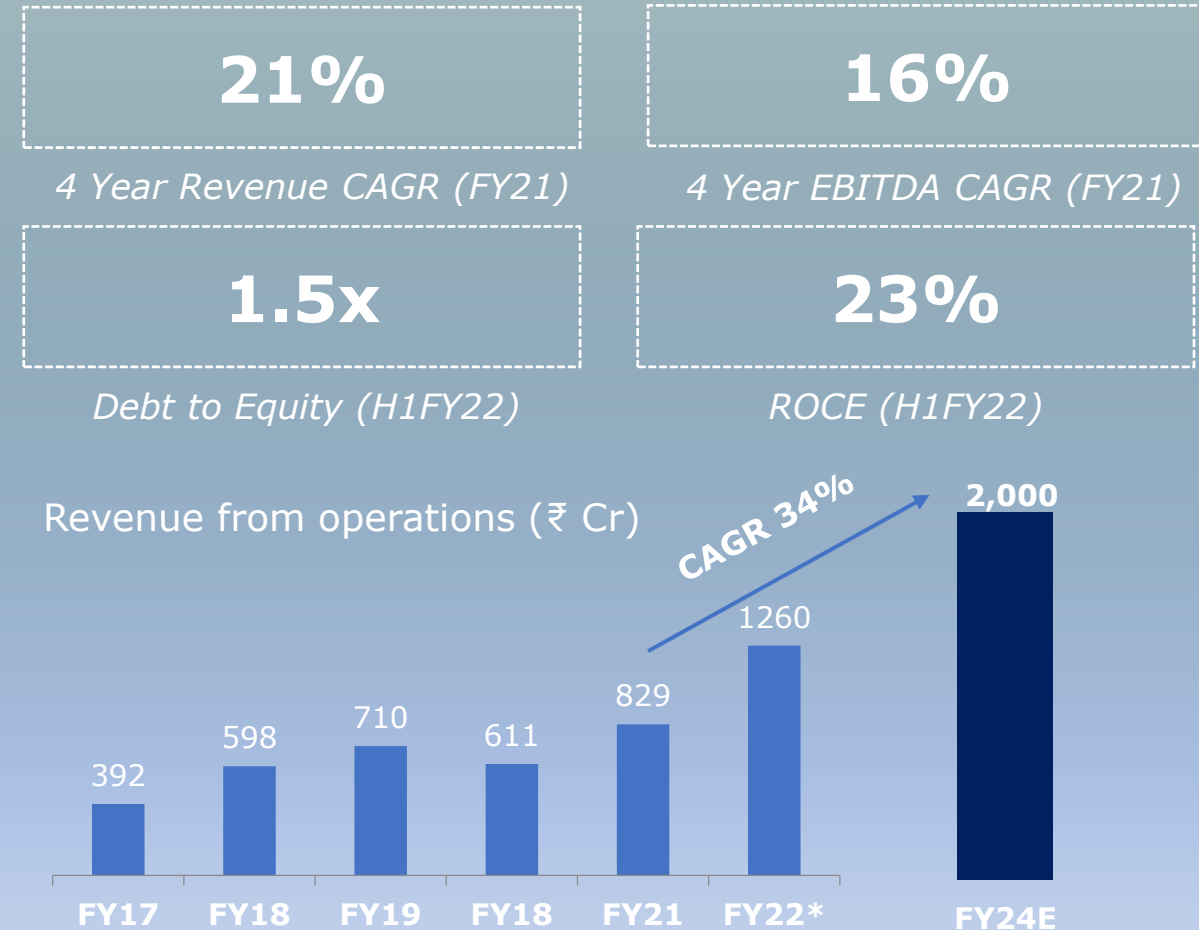
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# Company Overview

## The Next Gen Business



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



\*FY22 figure is annualized based on H1FY22

## Operational Highlights:

- Overall plant utilization improved by 16% YoY to 90% in Q2FY22.
- H2O2 Plant capacity ramped up and at 85% utilization in Q2FY22
- In Q2FY22, Caustic Soda ECU realisation up 28% YoY; Caustic Potash up 5% on a YoY basis
- In Q2FY22, CMS sales realisation up 53% on YoY basis

## Financial Highlights H1FY22:

- Revenue up 81% YoY driven by higher sales of Chlor-Alkali (up 66%) and its Derivatives (up 125%)
- EBITDA increased by 71% to ₹ 193 Cr for H1FY22; margins maintained at 31% despite surged in raw material prices
- ROCE improved to 23% in H1FY22 due to improved realization in all products and contribution from new capacities of Hydrogen Peroxide and Caustic Soda

## Financial Highlights Q2FY22:

- Chlor-Alkali and Derivatives revenue up 50% and 96% respectively for Q2FY22 , which led to overall revenue growth of 61% for the period.
- PAT increased 83% to ₹ 47 Cr and PAT margin improved 169 bps for Q2FY22

## Strategic Update:

- In H1FY22, the Company spent ₹ 230 Cr for expansion of all 3 projects
- All the Expansion Projects are progressing as per schedule

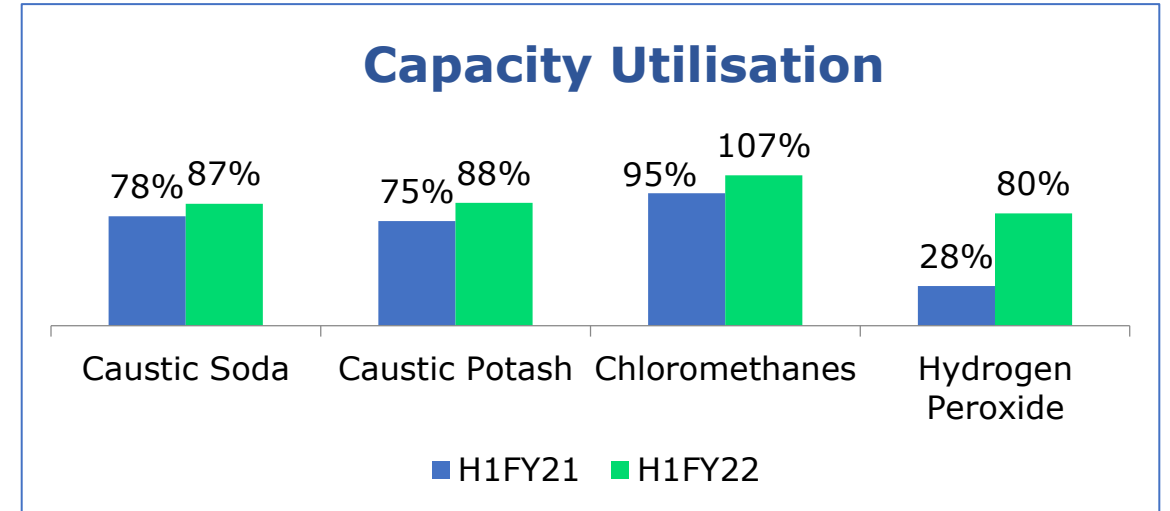
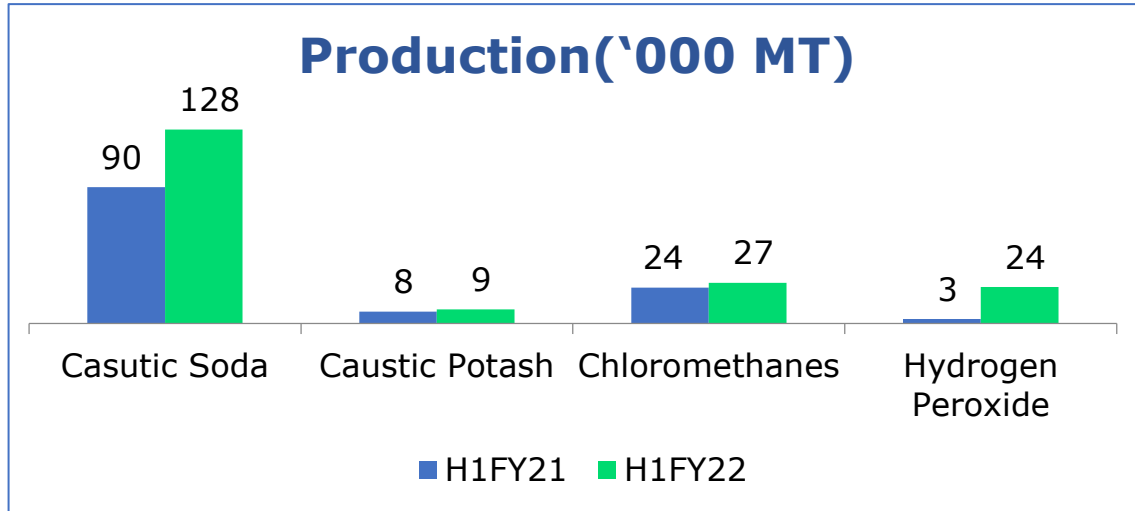
*“We are delighted with the stellar performance delivered in H1FY22. Our plants have achieved higher capacity utilization and our projects are on track for completion as per the schedule provided. While the demand environment remains robust our margins were marginally impacted due to inflationary pressure on raw material prices, primarily coal. Despite this, we are confident that our margins would be sustained in the similar range of 28-32%.*

*As per the growth outlook, we are convinced that the demand will continue to be robust, and we are strategically positioned to fully capture this demand. We are sure of achieving our long-term revenue guidance of Rs 2,000 Crores by FY24.*

*The strategic investment done in various capacity enhancements in the last 3 years are now yielding results. Similarly, currently also we are investing in further expansion and new products capacities, to maintain this growth and create exceptional value for shareholders.”*



# H1FY22 Operational Overview

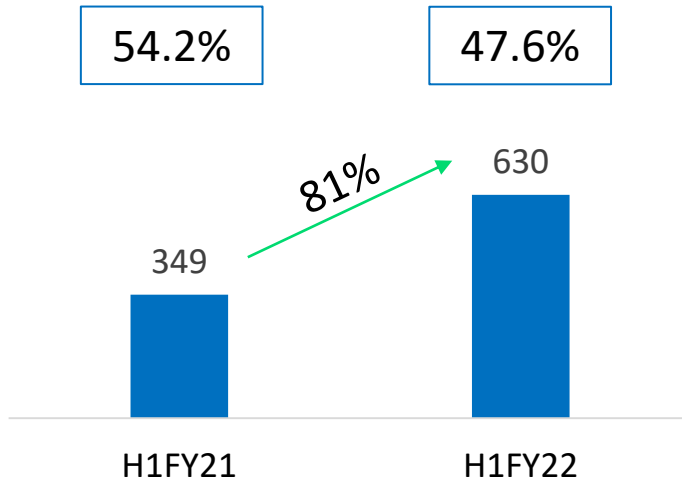


*\*Annualized*

- Plant utilisation reached 89% in H1FY22 compared to 78 % in H1FY21
- Caustic Soda production volume increased 42% YoY due to capacity expansion and subsequently higher utilisation
- Caustic Potash capacity utilisation improved to 88%, production volume increased 17% in H1FY22
- CMS plant achieved capacity utilization of 107% , production volume increased 14% in H1FY22

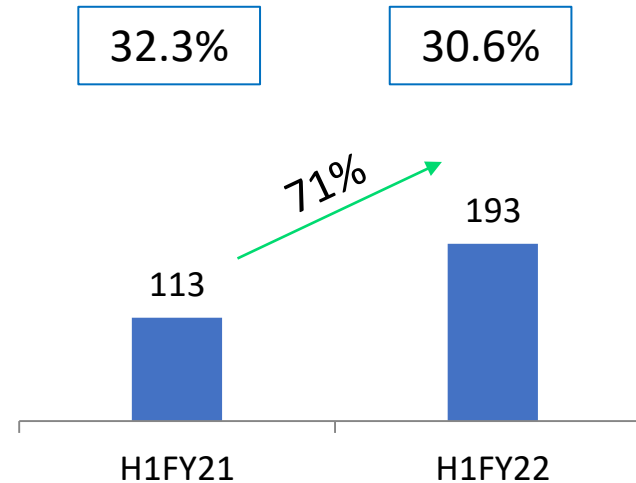
# H1FY22 Financial Highlights

## Revenue from operations & Gross Margin

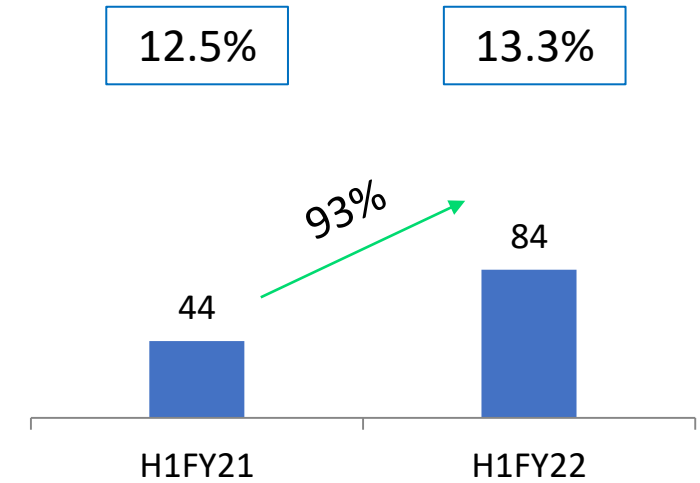


Numbers are in ₹ Cr

## EBITDA & EBITDA Margin



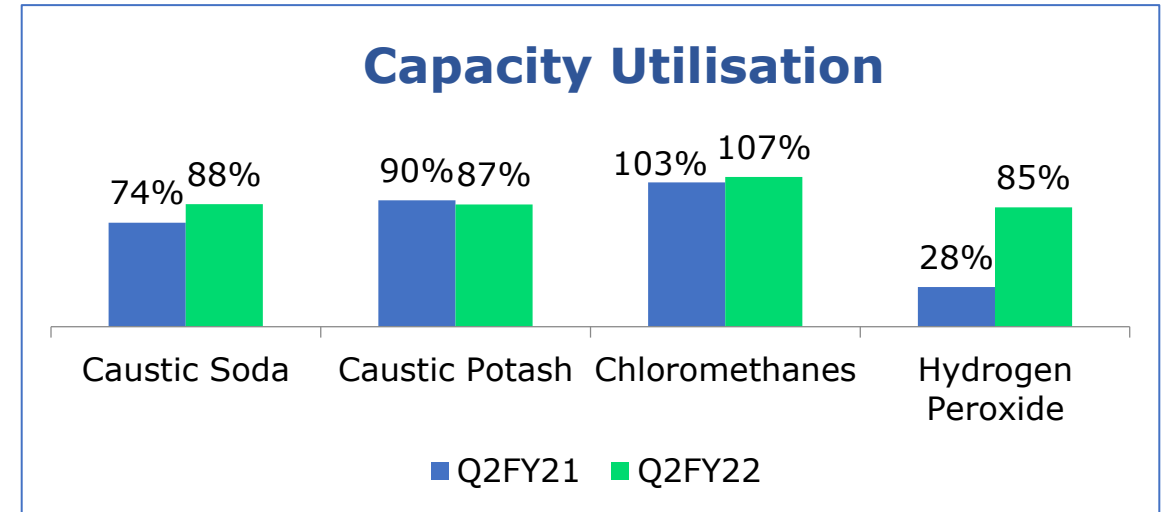
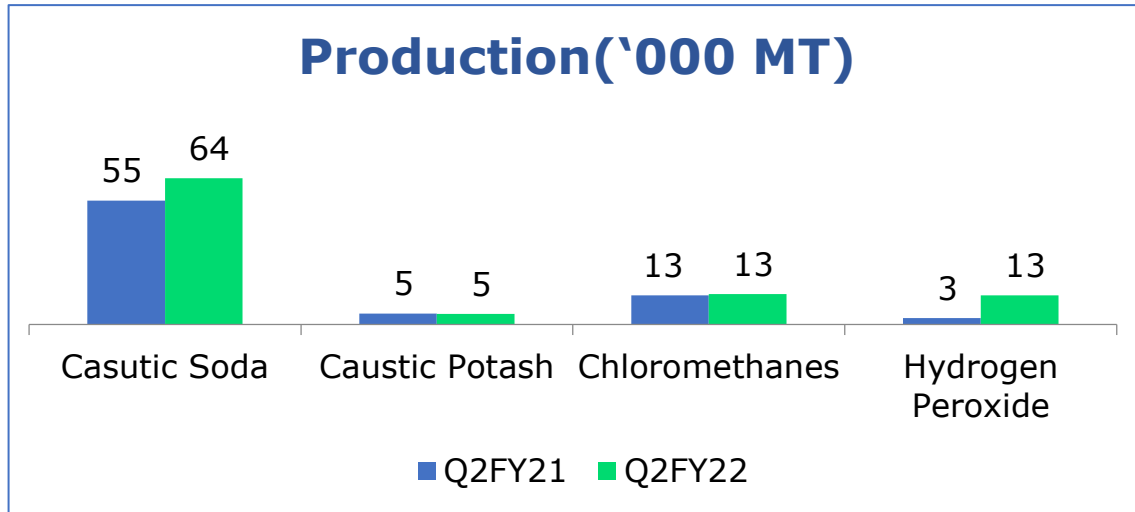
## PAT & PAT Margin



- Revenue from operations increased by 81% YoY driven by higher sales volume across both segments. Chlor-Alkali up by 66% and Derivatives up by 125%.
- Derivative segment grew 125% driven by higher sales realization for Chloromethane and capacity addition of Hydrogen Peroxide.
- Increase in volume led to EBITDA growth of 71% to ₹ 193 Crores; margins maintained despite inflationary pressure of input costs. PAT Subsequently up 93% to ₹ 84 Cr



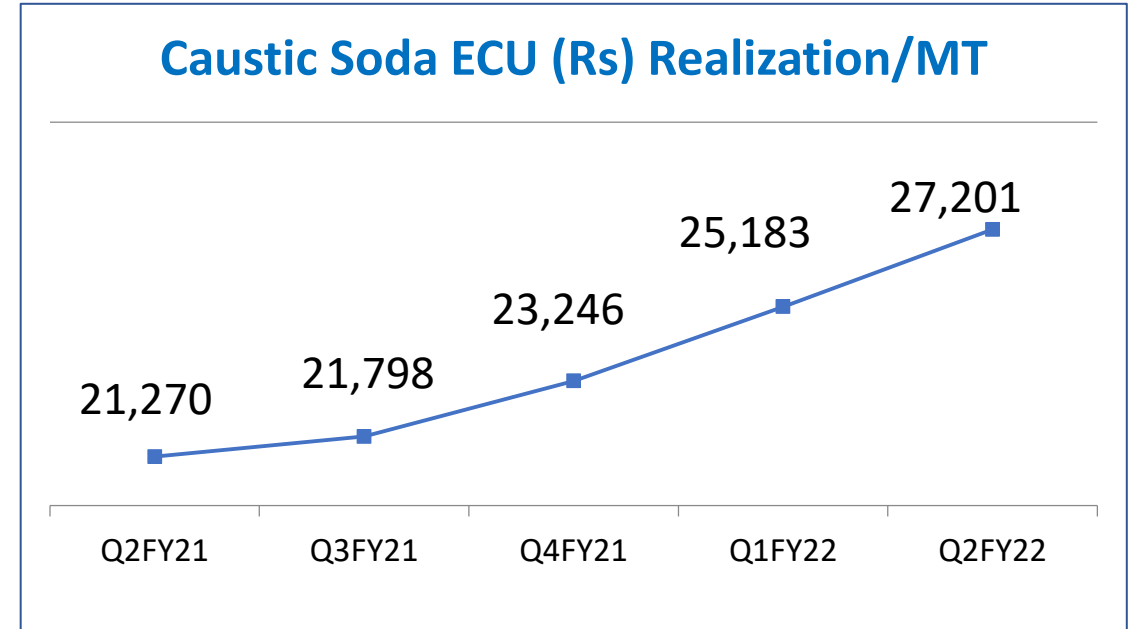
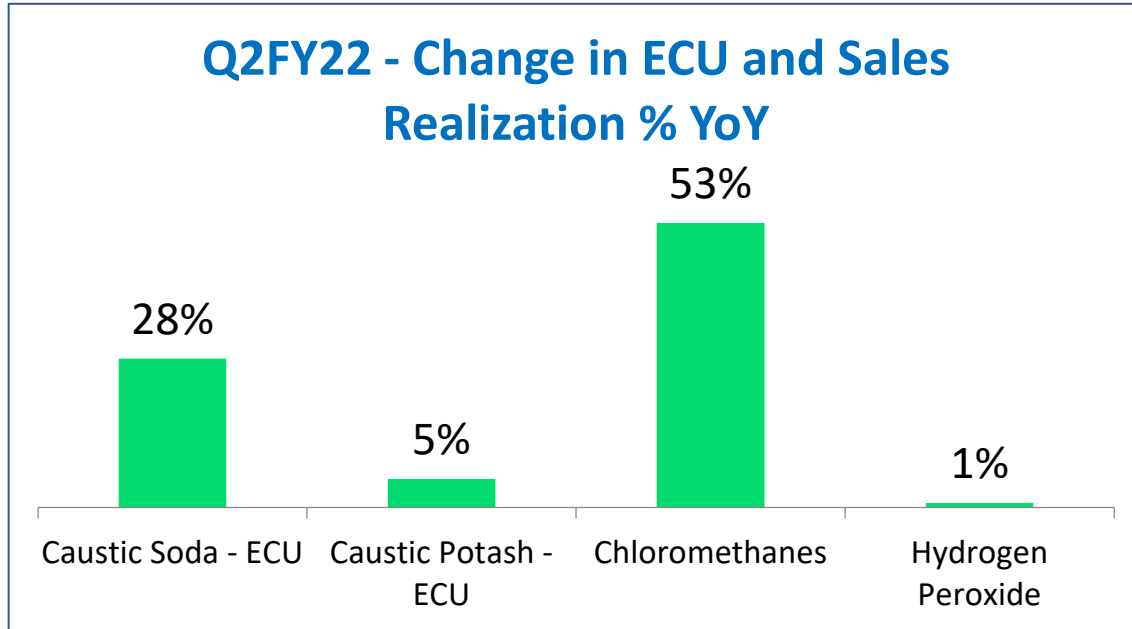
# Q2FY22 Operational Overview



*\*Annualized*

- The overall plant utilisation improved to 90% in Q2FY22 compared to 74% in Q2FY21
- Caustic Soda production volume increased 18% YoY on account of capacity expansion and surge in demand in India and globally
- CMS plant achieved capacity utilization of 107% on an annualised basis
- Hydrogen peroxide plant had achieved capacity utilisation of 85% in Q2FY22 from 28% in Q2FY21

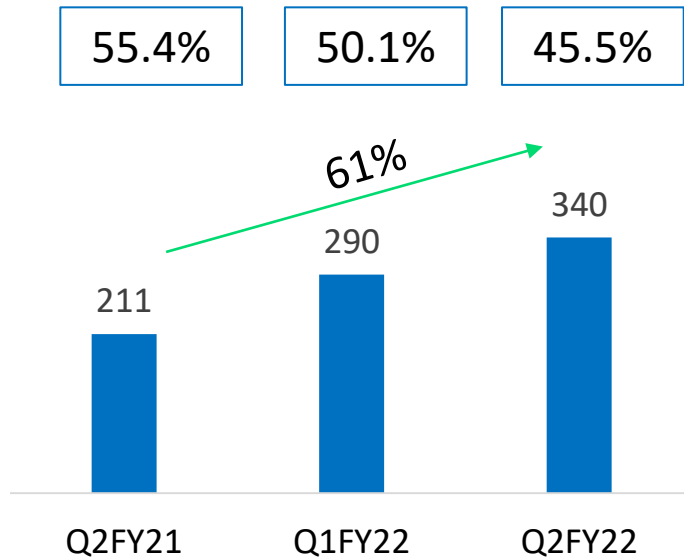
# Operational overview (ECU & Sales realization)



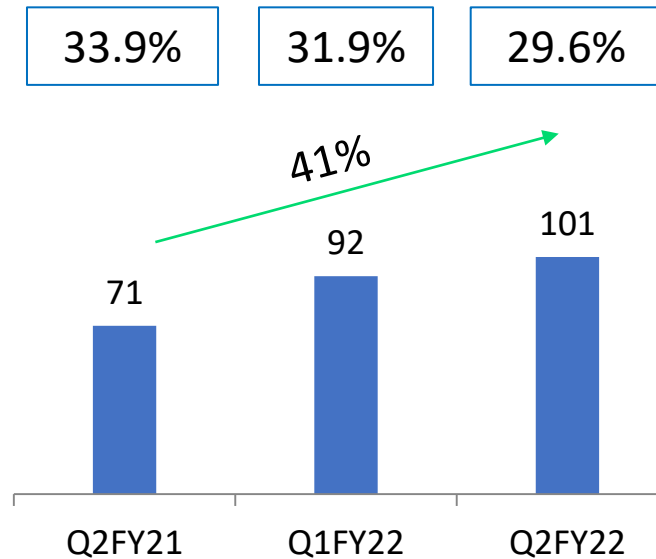
- Improved realizations across all product segments this quarter due to robust demand globally and domestically.
- Chloromethane realizations improved 53% YoY and expected to remain firm on account of positive demand outlook.
- ECU realization in Caustic Soda improved 28% YoY; higher demand expected to drive realizations.
- Sales realization in H2O2 maintained at the same level on YoY basis

# Q2FY22 Financial Highlights

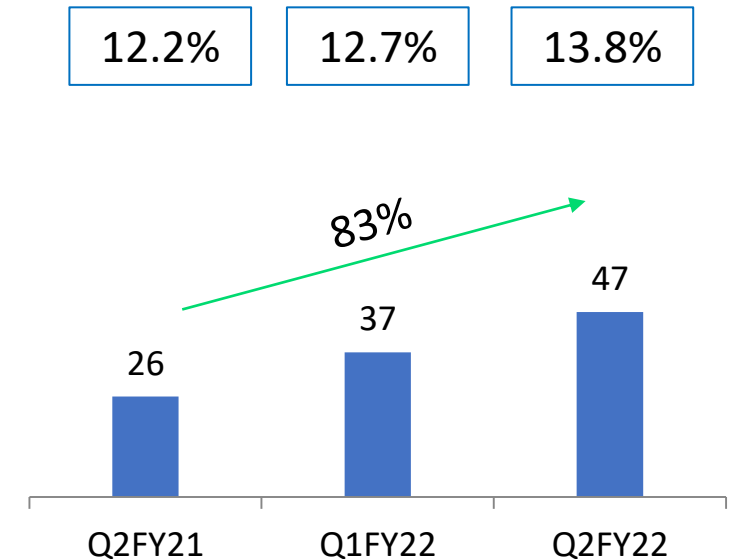
## Revenue from operations & Gross Margin



## EBITDA & EBITDA Margin



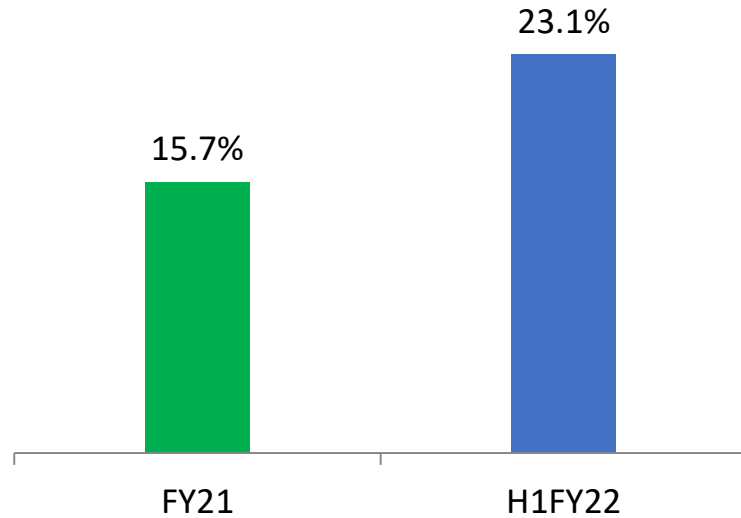
## PAT & PAT Margin



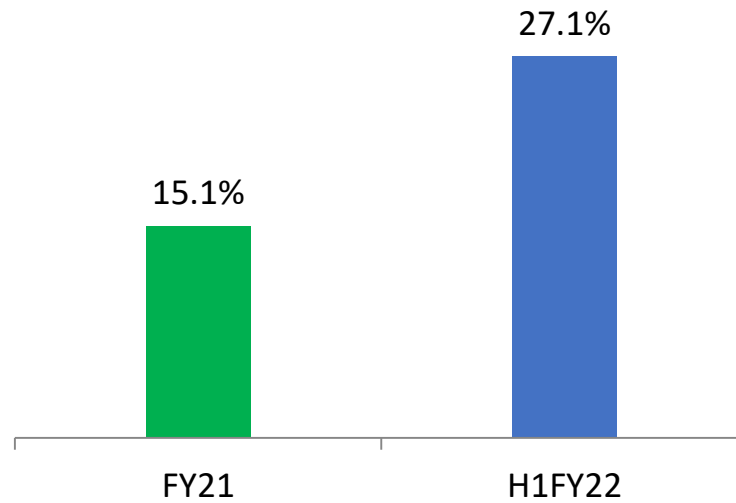
- Chlor-Alkali and derivatives revenue up 50% and 96% respectively led to overall revenue growth of 61% YoY.
- EBITDA grew 41% to ₹ 101 Cr in Q2FY22 on a YoY basis. Margin maintained at 29.6% despite increase in raw material prices
- PAT increased 83% to ₹ 47 Cr and PAT margin improved by 169 bps on YoY basis

# H1FY22 Key Ratios

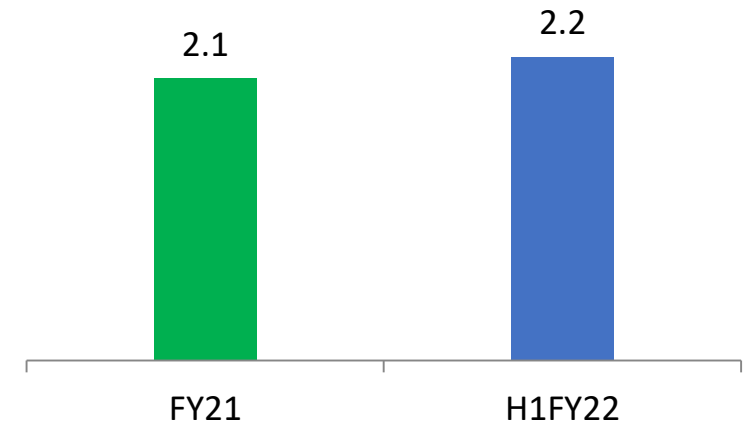
## ROCE (%)



## ROE (%)



## Debt\* /EBITDA (x)

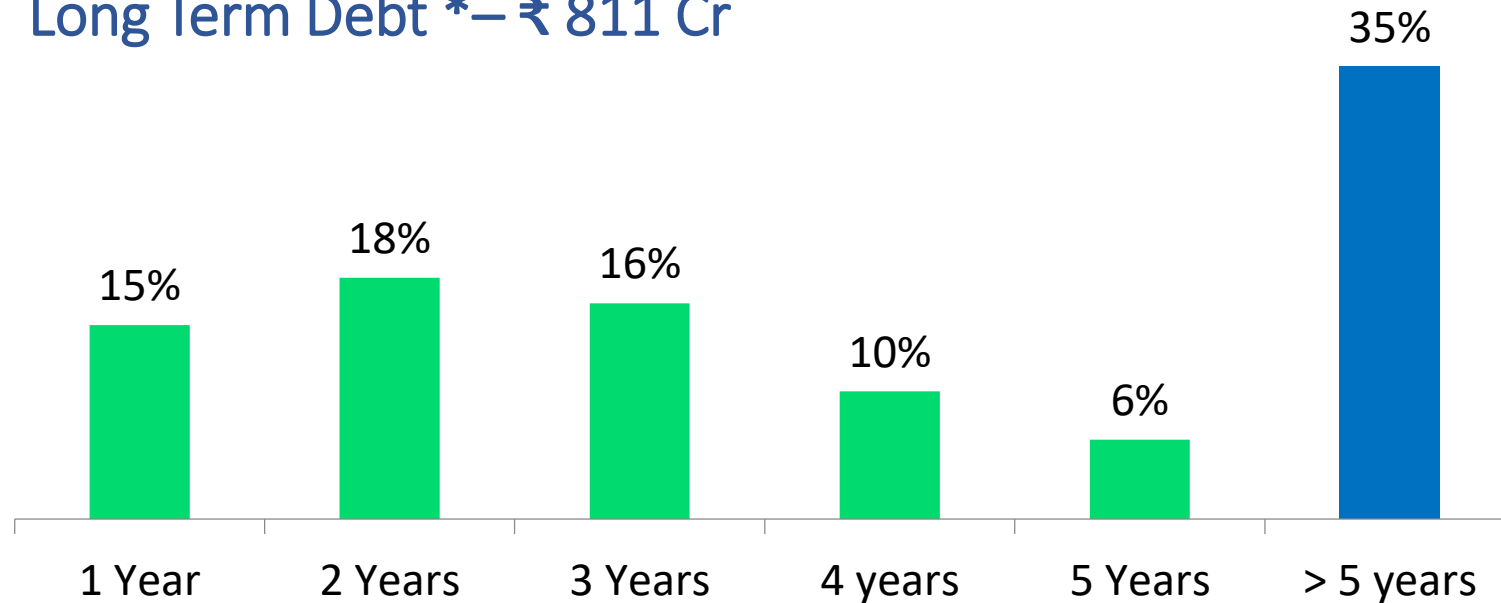


All the above ratios are annualized. \* Debt includes working capital

- ROCE% and ROE% improved on account of higher ECU realization of Caustic Soda; sales realization of Chloromethanes and on account of volume growth in H2O2 and Caustic Soda due to additional capacity
- Debt/EBITDA has remained at 2.2x in H1FY22 compared to 2.1x of FY21, this is after considering Preference Shares worth ₹ 211 Cr allotted to MOL, as debt pursuant to the Scheme of Arrangement and availed additional net debt of ₹ 137 Cr for expansions in H1FY22. For an apple to apple comparison for H1FY22 vs FY21, we should exclude Preference Shares from debt. Based on that Debt/EBITDA for H1FY22 stands at 1.7x against 2.1x as on FY21.

# Debt Maturity Profile as on 30-09-2021

## Long Term Debt \* – ₹ 811 Cr

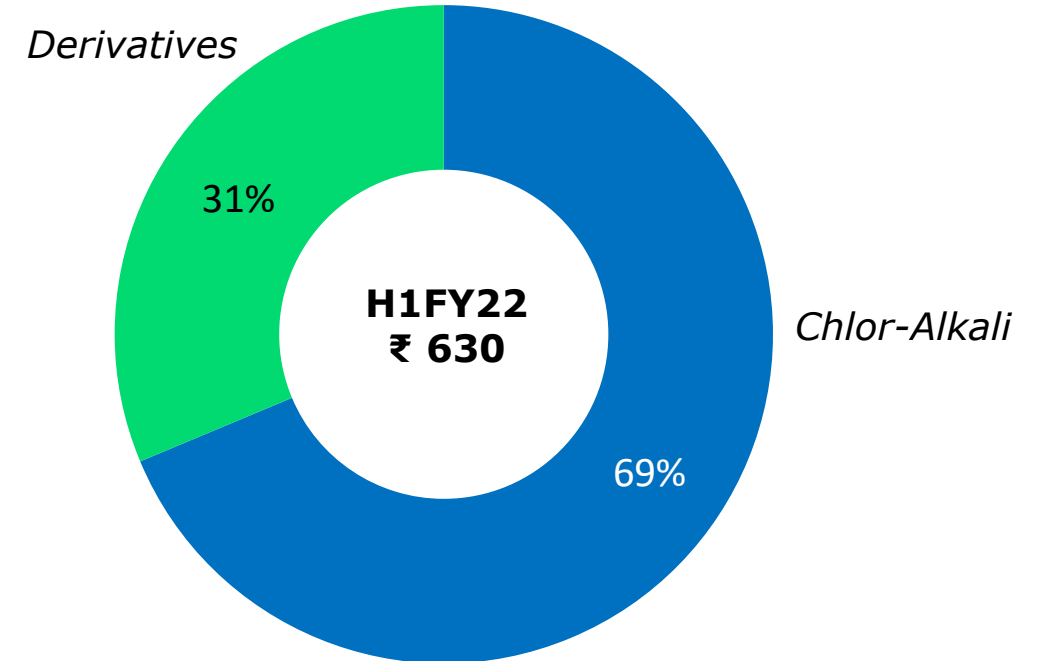
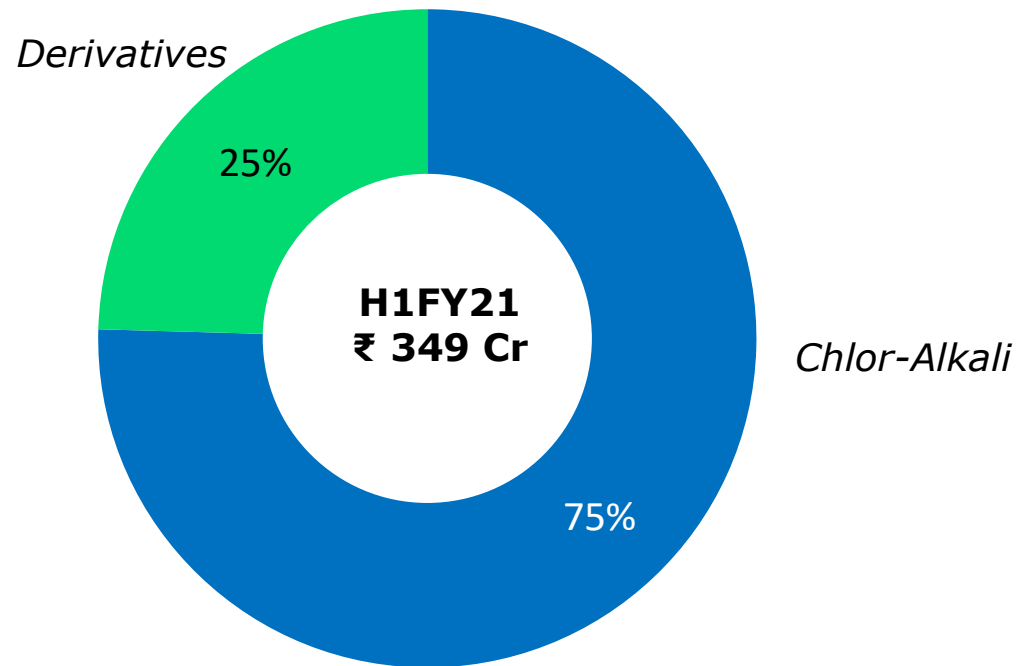


*\*Includes preference shares of Rs. 211 Cr reclassified as debt according to Scheme of Arrangement  
Above does not include working capital*

- Net long term debt increased by ₹ 137 Cr in H1FY22
- The debt maturity profile indicates a strong Free Cash flow
- More than 50% of our debt have average maturity of more than 4 years

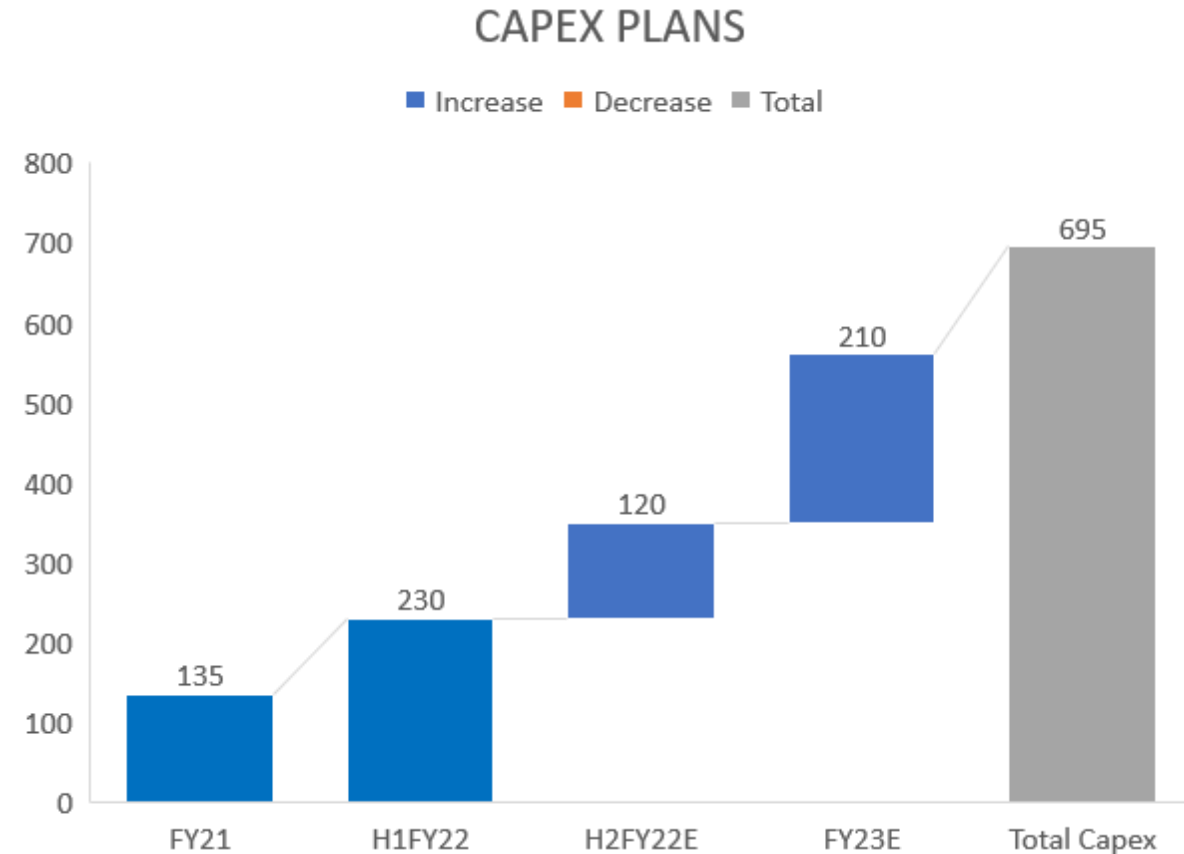
# Chlor-Alkali vs Derivatives (CMS & H2O2)

*Diversification on Track; Business Model being De-Risked*



# Projects Update

Product	Capacity	Expected Commissioning Date
Epichlorohydrin	50KTPA	Q1FY23
CPVC Resin	30KTPA	Q2FY23
Additional Caustic Capacity	106KTPA	Q2FY23



- 70% of all overall expansion plans are completed and we are moving as per schedule





## 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)	Q2FY22	Q2FY21	% Change	H1FY22	H1FY21	% Change
Revenue from Operations	340	211	61%	630	349	81%
Gross Profit	155	117	32%	300	189	59%
<b>Gross Margin (%)</b>	<b>45.5%</b>	<b>55.4%</b>		<b>47.6%</b>	<b>54.2%</b>	
EBITDA	101	71	41%	193	113	71%
<b>EBITDA Margin (%)</b>	<b>29.6%</b>	<b>33.9%</b>		<b>30.6%</b>	<b>32.3%</b>	
Depreciation	22	20	7%	43	31	38%
Finance Cost	10	10	(1)%	22	14	59%
PBT	71	42	71%	130	69	88%
PAT	47	26	83%	84	44	93%
<b>PAT Margin (%)</b>	<b>13.8%</b>	<b>12.2%</b>		<b>13.3%</b>	<b>12.5%</b>	
Cash Profit	69	46	50%	127	75	70%
EPS (₹)	11.3	6.2	83%	20.2	10.5	93%

# Historic Income Statement

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

# Historic Balance Sheet

<b>Assets (₹ Cr)</b>	<b>FY20</b>	<b>FY21</b>	<b>H1FY22</b>	<b>Liabilities (₹ Cr)</b>	<b>FY20</b>	<b>FY21</b>	<b>H1FY22</b>
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
<b>Total</b>	<b>1,273</b>	<b>1,449</b>	<b>1,717</b>	<b>Total</b>	<b>1,273</b>	<b>1,449</b>	<b>1,717</b>

# 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 4<sup>th</sup> 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](http://www.meghmanifinechem.com) or watch this [video](#).

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