

Ref: MOL/2022-23/53

October 21, 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 Q2/H1 FY2023**

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

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We forward herewith the Investor Presentation prepared on Un-audited Financial Results of the Company for the Second Quarter/Half Year ended on September 30, 2022 for information of the Member, which will also be 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**  
ICSI M. No: A14898

Encl: As above



CHEMISTRY OF SUCCESS AT WORK

# Meghmani Organics Limited

(Erstwhile known as Meghmani Organochem Limited)

**Q2 & H1FY23 Results Presentation**  
October 2022

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



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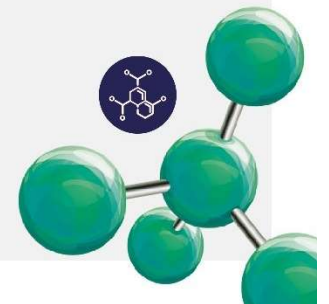
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## Q2 FY23 RESULTS UPDATE



## Q2 & H1FY23 Results: Key Highlights (Standalone)



- Meghmani Organics Ltd. (MOL) revenues grew by 20% YoY to Rs. 6,552 million in Q2FY23 led by better realization from both Pigment and Agrochemical businesses despite volatility in commodity prices globally. The outlook for both segments remains positive. The Company continues to delight its esteemed clients with a diversified product portfolio and quality products.
- During the quarter, the Company's Gross Profit grew by 10% YoY to Rs. 2,568 million as compared to Rs. 2,345 million. EBITDA grew by 9% YoY to Rs. 848 million in Q2 FY23 as compared to Rs. 777 million in Q2 FY22. PAT grew by 13% YoY to Rs. 734 million during the quarter. The Company's PAT margin stood at 11.2% in Q2 FY23.
- On the Balance Sheet front, the Company's Cash balance & short term investments stood at Rs.593 million as on 30<sup>th</sup> September 2022. The Debt-Equity ratio stood at 0.39 during H1 FY23. Meghmani Organics return ratios i.e. ROCE and ROE stand robust at 18.0% and 24.7%, respectively as on 30<sup>th</sup> September 2022.
- The Company's resilient performance amidst a challenging global macro-environment demonstrates the management's acumen towards risk management and financial prudence.
- MOL's capex plans are progressing well as planned. The Company continues to be optimistic about the overall growth with a huge untapped opportunity market in India led by the Government's Atmanirbhar Bharat initiatives pushing the Indian Chemical industry towards import substitution and strengthening R&D capabilities. Additionally, the growing China plus one strategy amongst global nations has put the Indian Chemical industry in a sweet spot. MOL is well placed to benefit from favourable government policies. The management remains committed for sustainable growth and create long-term value for its esteemed stakeholders.

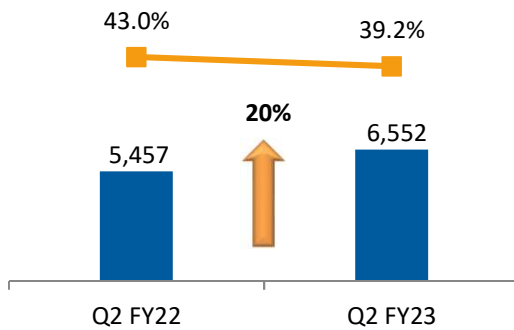
# Q2 & H1FY23 Results: Key Highlights (Standalone)



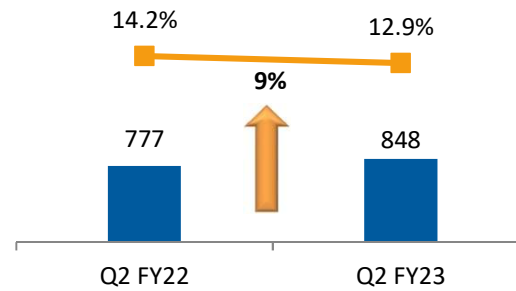
Rs Mn

## Q2 FY23 YoY Analysis

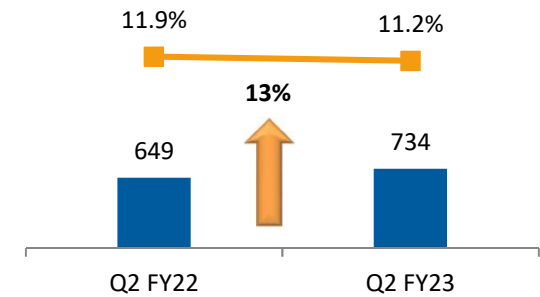
### Revenues & Gross Margin



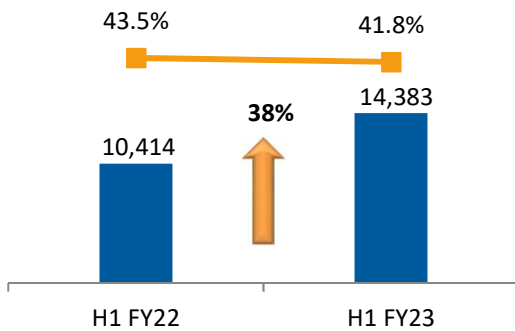
### EBITDA & EBITDA Margin



### PAT & PAT Margin

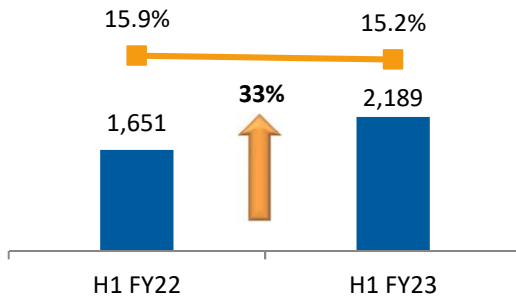


### Revenues & Gross Margin

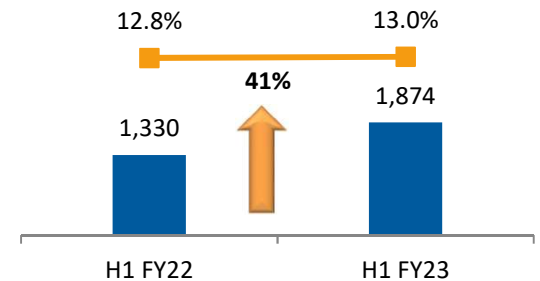


## H1 FY23 YoY Analysis

### EBITDA & EBITDA Margin



### PAT & PAT Margin

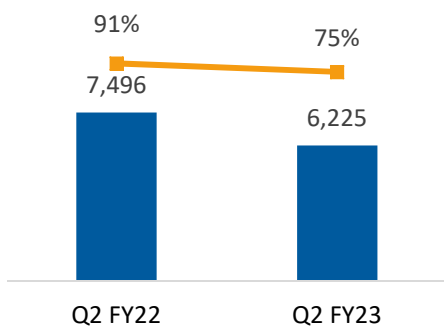


# Q2 & H1FY23 Results: Pigments Business

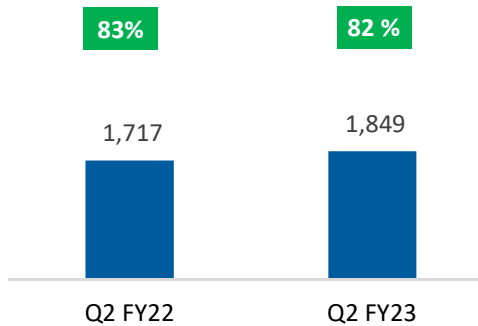


## Q2 FY23 YoY Analysis

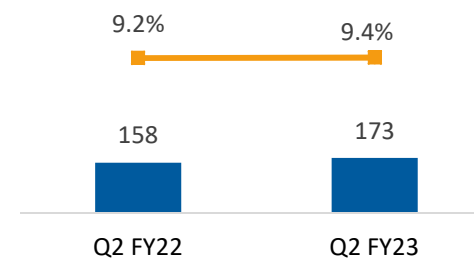
### Production & Utilisation (%)



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

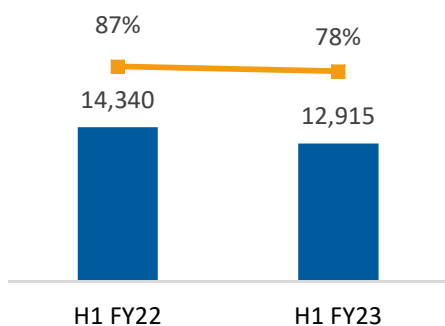


### EBITDA (Rs Mn) & Margin (%)

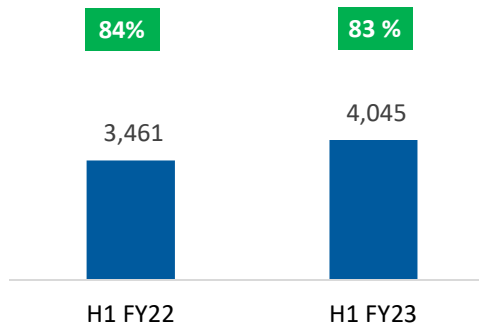


## H1 FY23 YoY Analysis

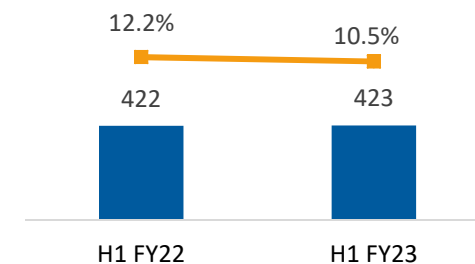
### Production & Utilisation (%)



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



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



\*Denotes Exports

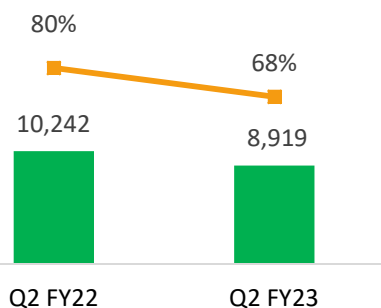
# Q2 & H1FY23 Results: Agrochemicals Business



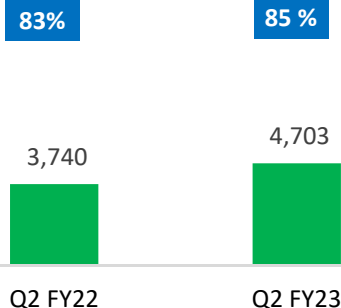
## Q2 FY23 YoY Analysis

Rs Mn

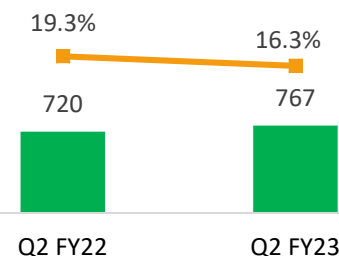
### Production & Utilisation (%)



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

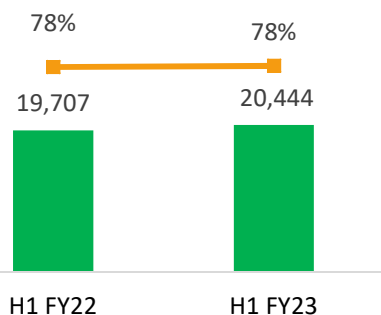


### EBITDA (Rs Mn) & Margin (%)

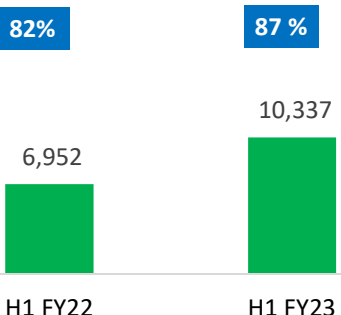


## H1 FY23 YoY Analysis

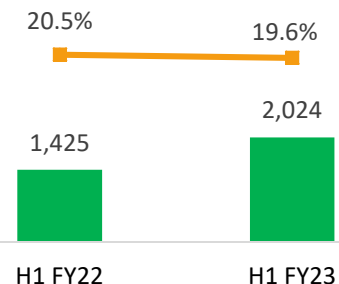
### Production & Utilisation (%)



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



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



\*Denotes

Exports



## Q2 & H1FY23 Results: Profit & Loss Statement

Particulars (Rs. in Mn)	Q2 FY23	Q2 FY22	YoY%	H1 FY23	H1 FY22	YoY%	FY22
<b>Revenue from Operations</b>	<b>6,552</b>	<b>5,457</b>	<b>20.1%</b>	<b>14,383</b>	<b>10,414</b>	<b>38.1%</b>	<b>24,940</b>
COGS	3,984	3,112	28.0%	8,369	5,887	42.2%	14,539
<b>Gross Profit</b>	<b>2,568</b>	<b>2,345</b>	<b>9.5%</b>	<b>6,014</b>	<b>4,527</b>	<b>32.9%</b>	<b>10,401</b>
<b>Gross Margins %</b>	<b>39.2%</b>	<b>43.0%</b>	<b>(377 bps)</b>	<b>41.8%</b>	<b>43.5%</b>	<b>(166 bps)</b>	<b>41.7%</b>
Employee Expenses	273	293	(6.7%)	667	582	14.7%	1,170
Other Expenses	1,447	1,275	13.5%	3,157	2,294	37.7%	5,437
<b>EBITDA</b>	<b>848</b>	<b>777</b>	<b>9.1%</b>	<b>2,189</b>	<b>1,651</b>	<b>32.6%</b>	<b>3,794</b>
<b>EBITDA Margin %</b>	<b>12.9%</b>	<b>14.2%</b>	<b>(130 bps)</b>	<b>15.2%</b>	<b>15.9%</b>	<b>(64 bps)</b>	<b>15.2%</b>
Depreciation	161	146	10.2%	319	299	6.8%	600
<b>EBIT</b>	<b>687</b>	<b>631</b>	<b>8.8%</b>	<b>1,870</b>	<b>1,352</b>	<b>38.3%</b>	<b>3,194</b>
Finance Cost	(28)	(35)	(19.6%)	65	59	9.9%	93
Other Income	259	150	72.6%	634	433	46.4%	962
Exceptional Items	-	(61)	N.A.	-	(61)	N.A.	(61)
<b>PBT</b>	<b>974</b>	<b>878</b>	<b>11.0%</b>	<b>2,439</b>	<b>1,788</b>	<b>36.5%</b>	<b>4,124</b>
Taxes	240	229	4.9%	565	457	23.7%	1,045
<b>PAT</b>	<b>734</b>	<b>649</b>	<b>13.1%</b>	<b>1,874</b>	<b>1,330</b>	<b>40.8%</b>	<b>3,080</b>
<b>PAT Margin %</b>	<b>11.2%</b>	<b>11.9%</b>	<b>(69 bps)</b>	<b>13.0%</b>	<b>12.8%</b>	<b>25 bps</b>	<b>12.3%</b>
<b>EPS</b>	<b>2.89</b>	<b>2.55</b>	<b>13.3%</b>	<b>7.37</b>	<b>5.23</b>	<b>40.9%</b>	<b>12.11</b>

## Balance Sheet Statement

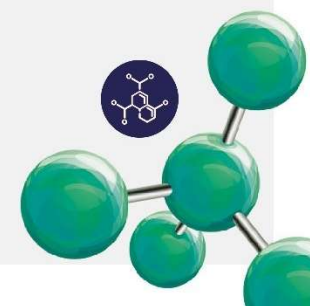


Particulars (Rs. in Mn)	Sep 22	Mar 22
<b>Equity &amp; Liabilities</b>		
Share Capital	254	254
Reserves & Surplus	15,666	14,146
<b>Shareholder's Funds</b>	<b>15,921</b>	<b>14,400</b>
Long-term borrowings	3,058	2,088
Other financial liabilities	136	46
Provisions	171	160
Deferred tax liabilities (Net)	584	620
<b>Non - Current Liabilities</b>	<b>3,948</b>	<b>2,914</b>
Short-term Borrowings	3,220	2,855
Trade Payables	5,758	5,724
Other Current Liabilities	1,832	1,246
Current Tax Liabilities (Net)	506	189
<b>Current Liabilities</b>	<b>11,317</b>	<b>10,014</b>
<b>Total Equity &amp; Liabilities</b>	<b>31,186</b>	<b>27,329</b>

Particulars (Rs. in Mn)	Sep 22	Mar 22
<b>Assets</b>		
Property, Plant & Equipment	7,215	7,317
Capital WIP	3,628	1,792
Intangible Assets	110	110
Financial Assets	2,123	2,237
Other Non-current assets	205	167
Non-current assets (Tax)	91	205
Investment in Subsidiaries	1,845	1,369
<b>Non - Current Assets</b>	<b>15,217</b>	<b>13,197</b>
Inventories	7,573	6,279
Trade Receivables	6,084	5,431
Cash & Cash Equivalents	293	98
Investment	300	
Loans and advances	4	5
Other Current Assets	1,714	2,319
<b>Current Assets</b>	<b>15,968</b>	<b>14,133</b>
<b>Total Assets</b>	<b>31,186</b>	<b>27,329</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 the 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%

# Sustainable Competitive Advantages



## 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-TiO2



### 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



Foray into Titanium Dioxide (TiO<sub>2</sub>) pigment with Kilburn Chemicals acquisition



2021 - 22



2020 - 21

- Commissioned 2 New Plants in Agro Division: Doubling the capacity of 2,4-D to 21,600 TPA & New Formulation Plant
- Setting up new Multipurpose Plant (New Molecules)
- Independent listing of Chloro-Alkalies & Derivatives business to unlock share holder value & Delisting from SGX

Capacity expansion for 2,4-D plant to 21.6K TPA

2019 - 20



2016 - 17

GLP Accredited Lab and expansion of R & D facility

Setup new Pigment plant at Dahej SEZ exclusively for exports

2013 - 14



2000 - 10

- Acquired Agrochemical plant from Rallis
- Setup two new facilities for agrochemicals at Panoli and Dahej
- Singapore listing in 2004 and India listing in 2007
- Established MFL with 24.97% participation from IFC

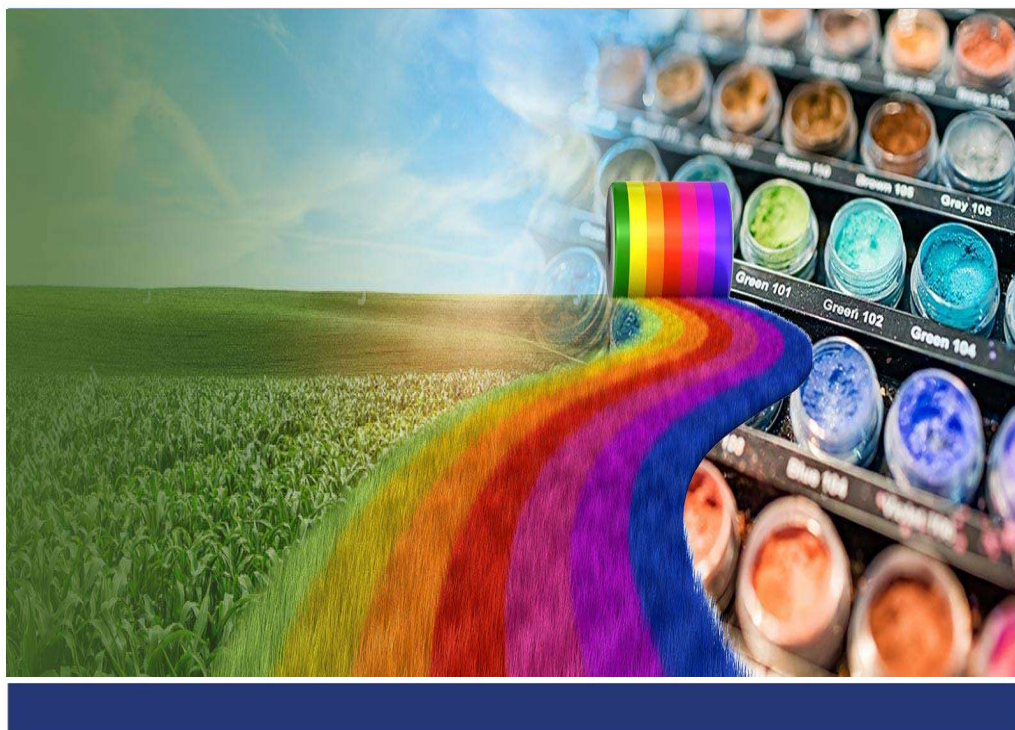
Diversification into pigment blue by setting up new plant at Panoli  
Private Equity investment in Meghmani Organics

1996 - 00

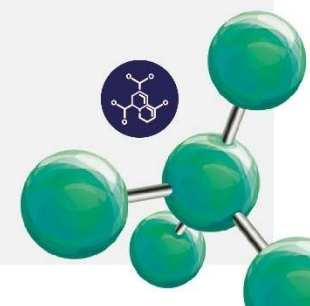


1986 - 95

- Started pigment operations in 1986
- Setup 1<sup>st</sup> agrochemical plant in 1995



## BUSINESS OVERVIEW





# Pigments Business: Key Highlights

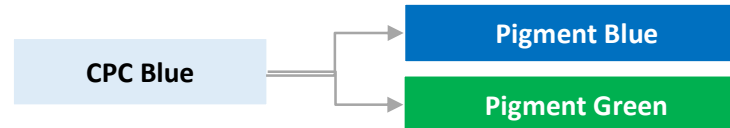
## Established Business Profile

- Largest manufacturers of Phthalocyanine-based pigments with 14% global market share & amongst top 3 (capacity wise) global pigments players
- Strong global presence in more than 85 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

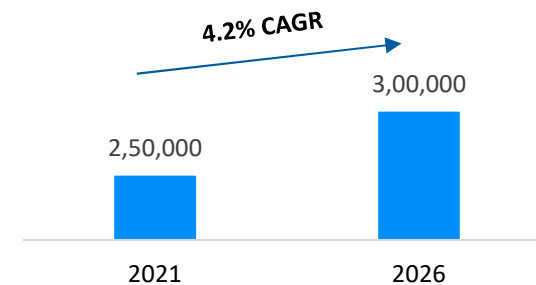
## Titanium Dioxide (TiO<sub>2</sub>): Snapshot

- 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

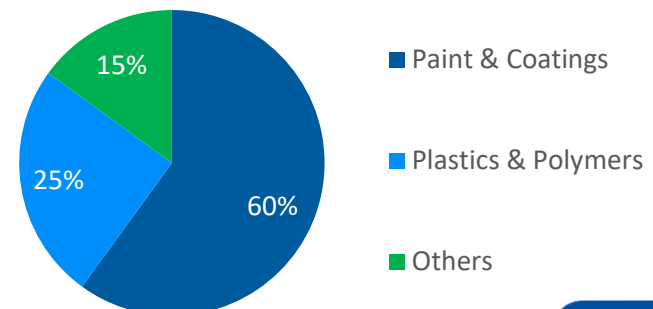
## Domestic Demand Dynamics

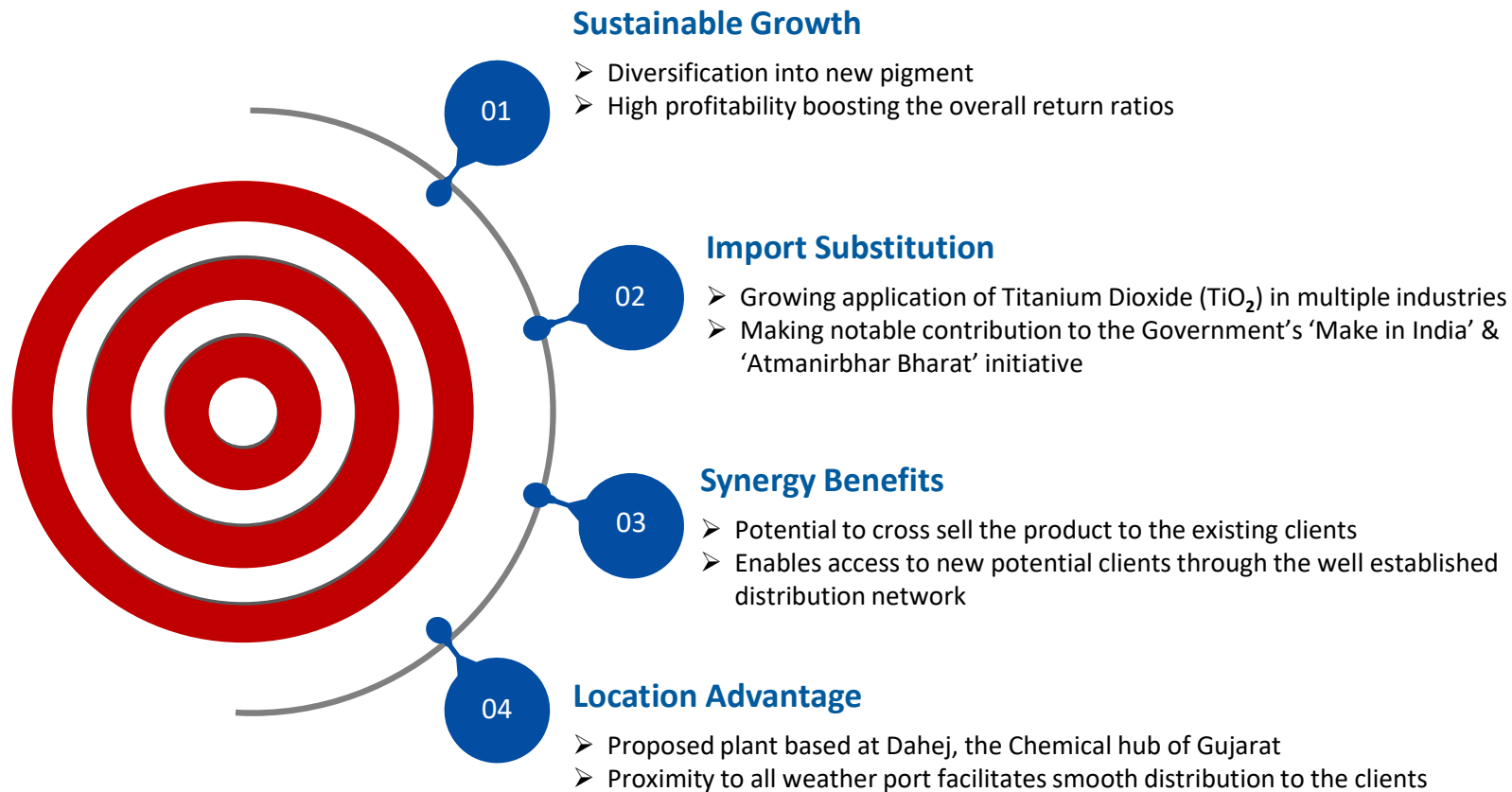
- India's total production Titanium Dioxide (TiO<sub>2</sub>) capacity: 81,000 MTPA with 80% demand fulfilled by imports
- India's Titanium Dioxide (TiO<sub>2</sub>) expected to grow at 4.2% CAGR reaching 3,00,000 MTPA by 2026
- Meghmani's foray Titanium Dioxide (TiO<sub>2</sub>) to promote import substitution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

## Domestic Market Size (MTPA)



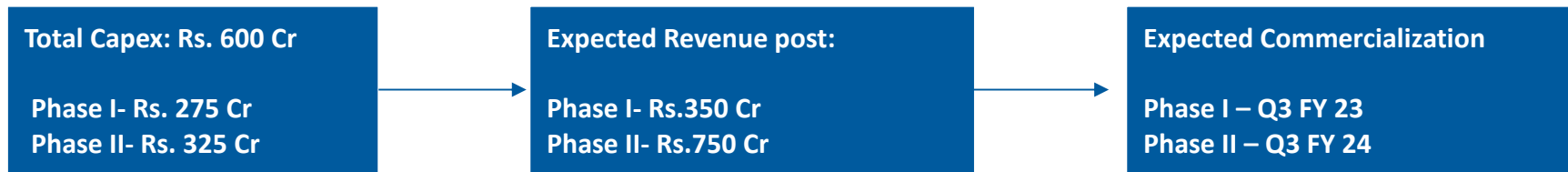
## Demand Driver – Diverse Industrial Use





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

Existing Capacity : 16,500 TPA  
Proposed Capacity: 33,000 TPA



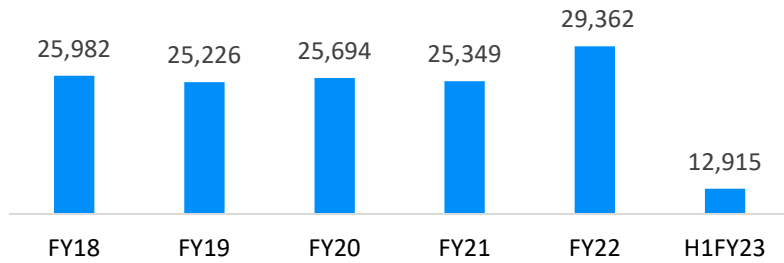
## Expected Margin/Ratios



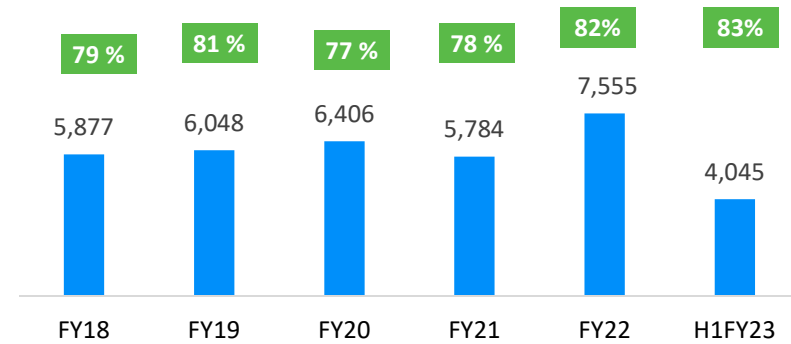
# Pigments Business: Operational Overview



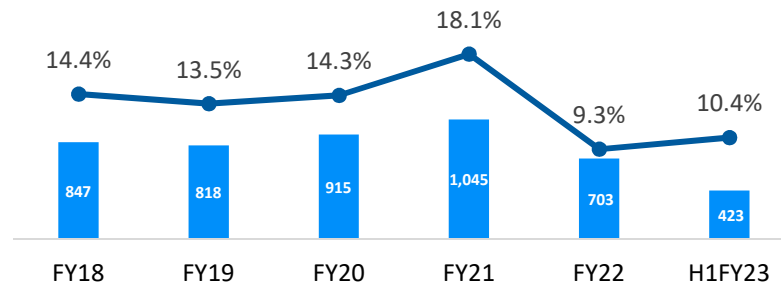
Production (MT)



Net Sales & Exports\* (Rs Mn)



EBITDA (Rs Mn) & EBITDA Margin (%)



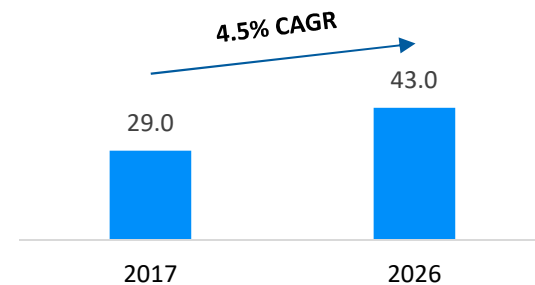
\*Denotes Exports

# Pigments Business: Industry Overview

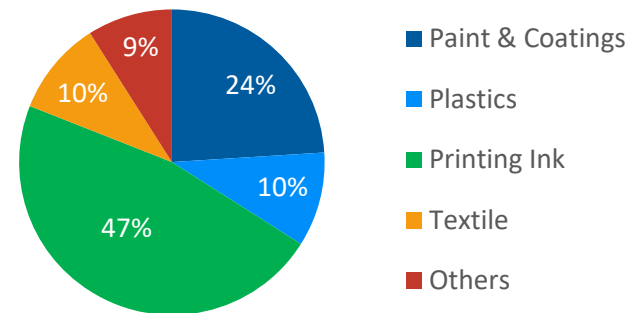
## Global Pigments Market

- 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

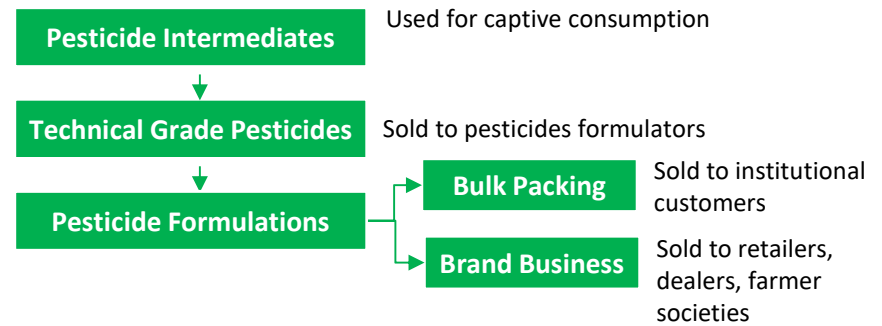
- Leading manufacturer of pesticides – products across entire value chain
- Established global presence across Africa, Brazil, LatAm, US and Europe
- Strong pan-India presence across 19 states, with 3,000 + distributors and dealers network
- Well-recognized formulation brands – Megastar Power, Megaban, Megakill, Correct, 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 (Q3 FY23)

## Vertically Integrated Manufacturing Facilities

Total Capacity – 52,140 TPA

Location	Capacity (MTPA)
GIDC Panoli	13,500
GIDC Ankleshwar	7,800
GIDC Dahej	30,840

## Product Profile

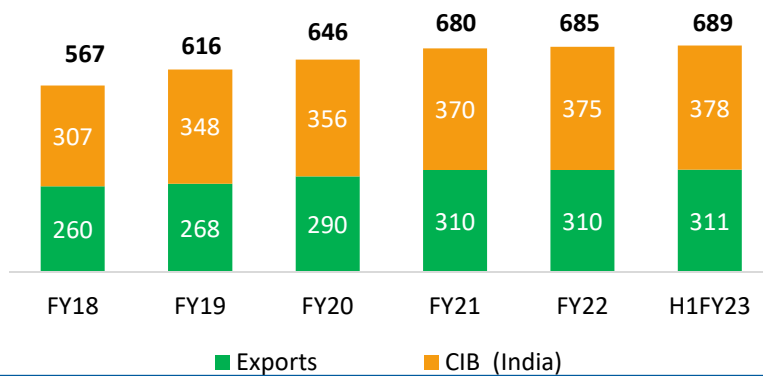


## Branded Agrochemical Formulations

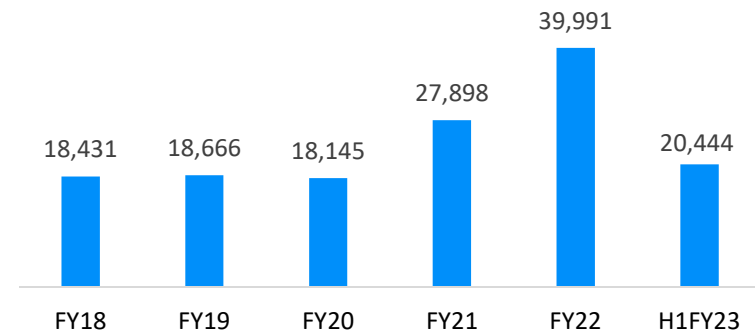


# Agrochemicals Business: Operational Overview

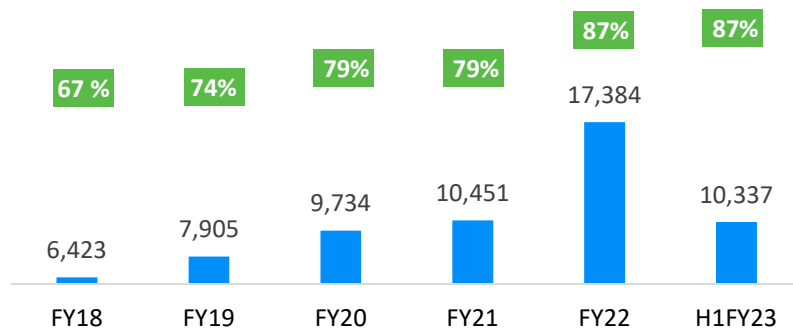
## Registrations Base



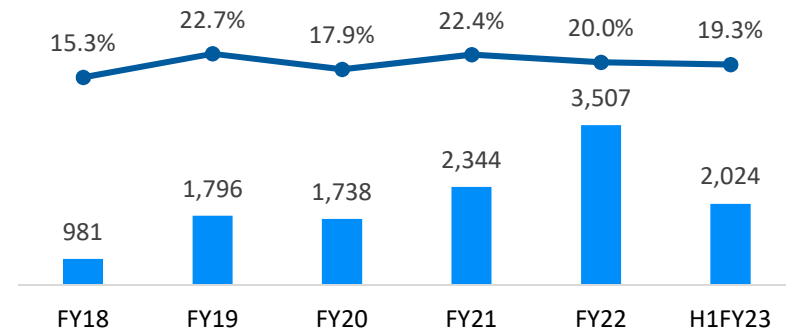
## Production (MT)



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



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



\*Denotes Exports

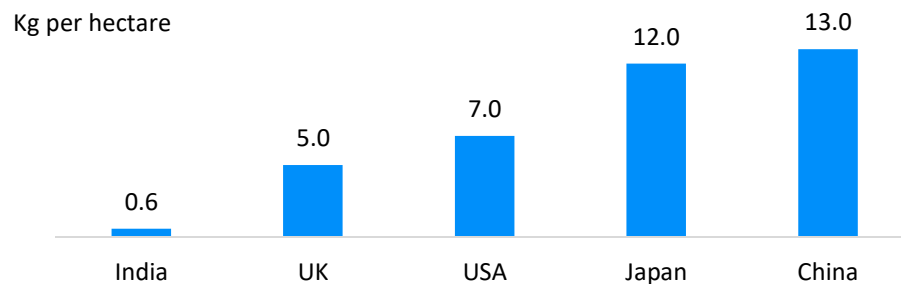


# Agrochemicals Business: Crop-protection Industry Overview

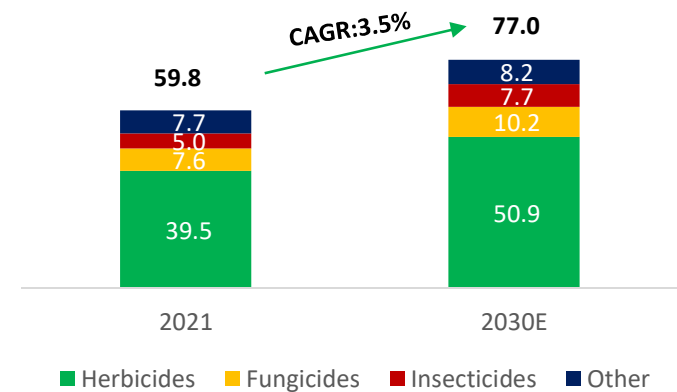
## Global Crop Protection Market

- 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

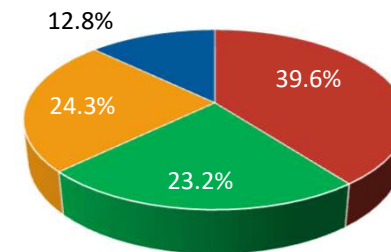
## Pesticide Consumption is still Lowest in India



## Global Crop Protection Market (USD Bn)



■ Herbicides ■ Fungicides ■ Insecticides ■ Other

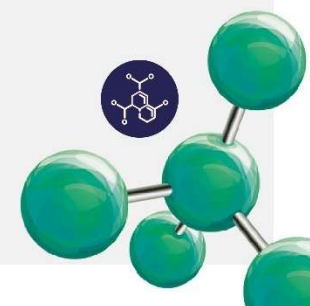


■ Asia ■ North America ■ Rest of World ■ Europe

Source – Magma Information Centre



## STRATEGY & OUTLOOK



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



### Pigments

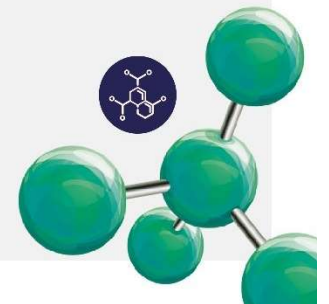
- Among Top 3 producer of phthalocyanine pigments globally
- Continue to focus on increasing domestic presence and capture market share
- Expanding into new geographies
- Diversification into new and lucrative white pigment TiO<sub>2</sub>.
- **The management eyes a revenue target of Rs. 1,500 Cr by FY25 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 agrochemicals demand in the domestic and global market
- New Multipurpose plant (MPP) at Dahej expected to be commissioned in Q3 FY23
- Expand branded products portfolio to penetrate into the growing domestic market
- **The management eyes a revenue target of Rs. 3,000 Cr by FY25 for Agrochemicals Division**



## FINANCIAL OVERVIEW



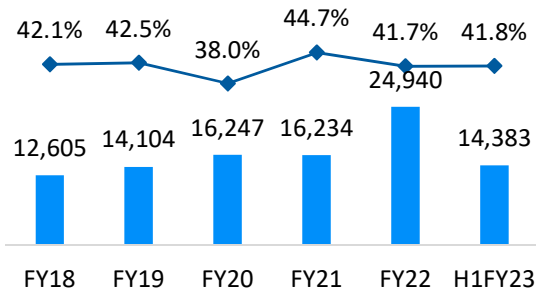
# Financial Snapshot



Rs Mn

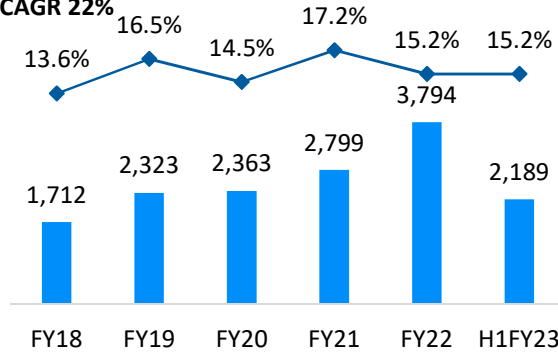
## Revenues & Gross Margin

\* CAGR 19%



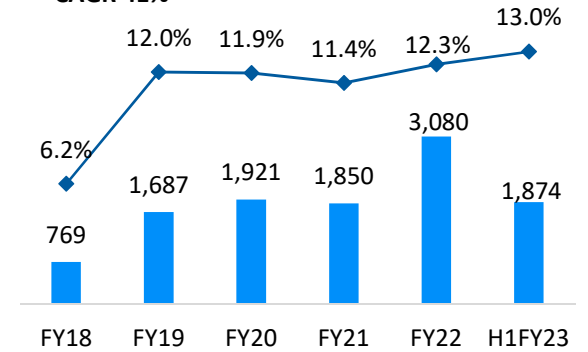
## EBITDA & EBITDA Margin

\* CAGR 22%

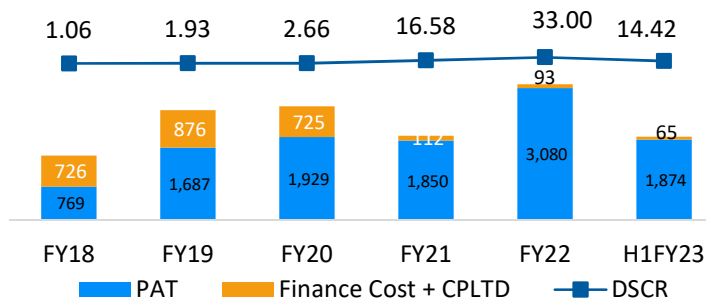


## PAT & PAT Margin

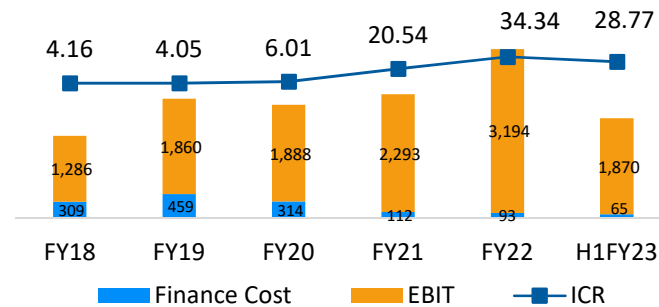
\* CAGR 41%



## Debt Service Coverage Ratio (DSCR)



## Interest Coverage Ratio (ICR)



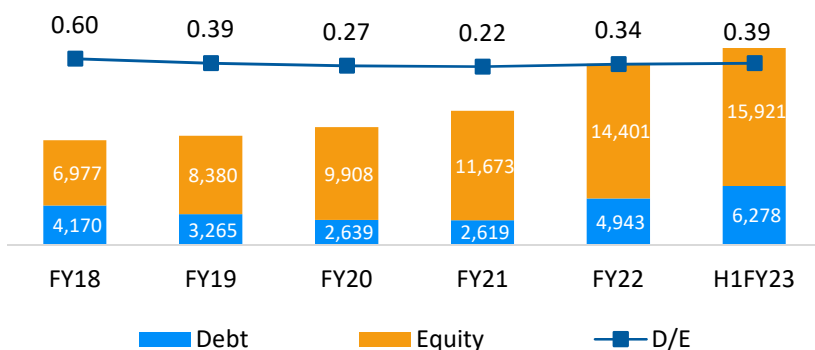
\* CAGR calculated for FY18-22

# Financial Snapshot

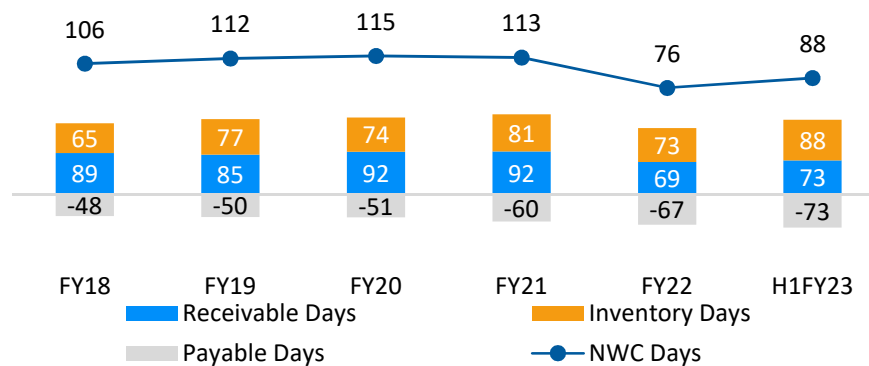


Rs Mn

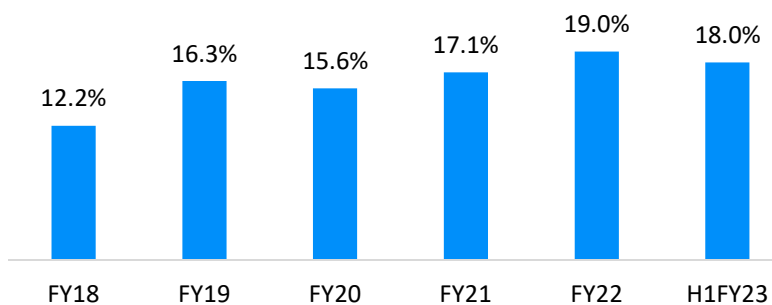
## Leverage Analysis



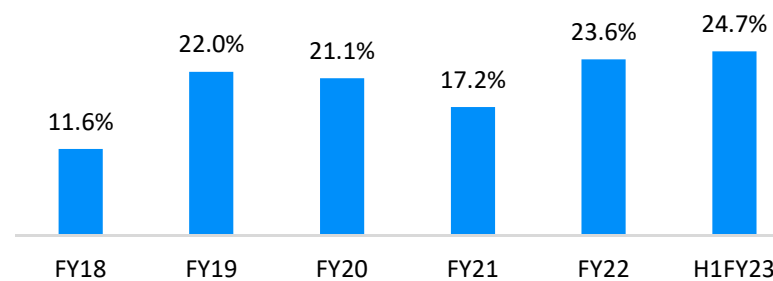
## Working Capital Analysis \*



## 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)

For Further Queries:



CHEMISTRY OF SUCCESS AT WORK

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