



Meghmani Finechem Limited

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20/10/2022

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/s

Sub: - Q2FY23 Earning Presentation

With reference to Regulation 30 and Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the **Q2FY23 Earning Presentation**

This is for information and records.

Thanking you.

Yours faithfully,

For Meghmani Finechem Limited

K. D. Mehta
Company Secretary & Compliance Officer
Membership No. FCS 2051

Meghmani Finechem Limited

Q2FY23 Earnings Presentation

20th October, 2022





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Company Overview

- 

Founded:
2007
- 

Employees:
850+
- 

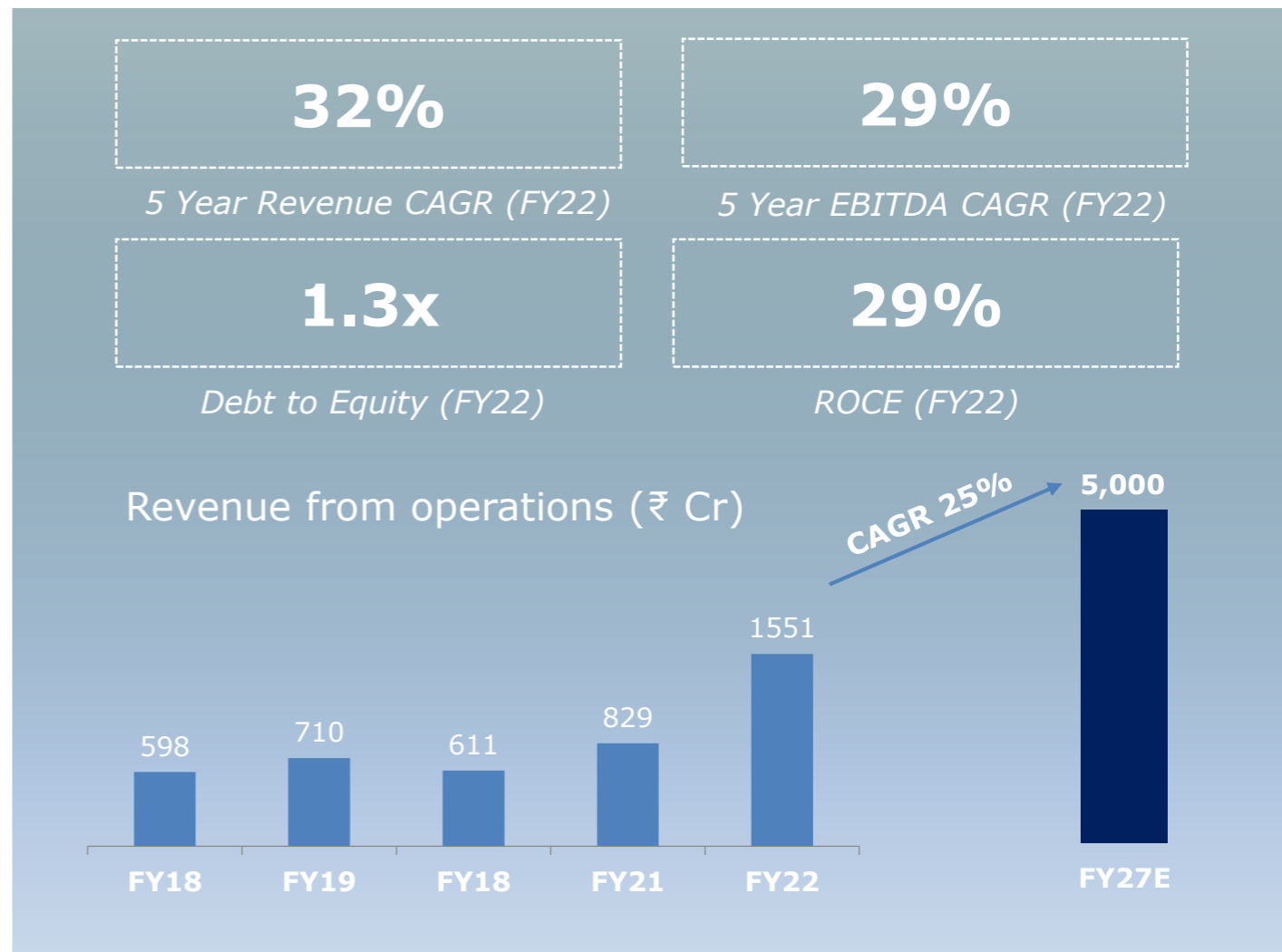
Capacity: Chlor-Alkali# – 421 KTPA
Derivatives# – 190 KTPA
- 

Certified:
Responsible Care Certificate
- 

Manufacturing facility:
Fully integrated and automated complex

Chlor-Alkali : Caustic Soda - 400 KTPA and Caustic Potash - 21 KTPA

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



Key Highlights – Q2FY23

Operational Highlights (YoY):

Capacity utilization for Chlor-Alkali stood at 85%, CMS stood at 104% and H₂O₂ was at it's highest at 97%

Caustic Soda & Caustic Potash ECU realization was up 77% & 120% respectively

CMS sales realization was down 16% and H₂O₂ sales realization was up 14%

Financial Highlights (YoY):

Revenue grew 64% to ₹ 556 Cr on account of high realizations from Chlor-alkali and Hydrogen Peroxide. Chlor-alkali grew by 65% and Derivatives grew by 59%

EBITDA increased 79% to ₹ 180 Cr while maintaining EBIDTA margin of 32% vs 30% in Q2FY22

PAT increased 95% to ₹ 92 Cr and PAT margin improved by 268 bps for Q2FY23

Key Highlights – H1FY23



Financial Highlights (YoY):

Revenue grew 73% to ₹ 1,088 Cr on account of 3% volume growth and high realizations from all the products vs H1FY22

EBITDA grew 91% to ₹ 368 Cr and margin improved to 34% on account of higher realizations vs 31% in H1FY22

ROCE and ROE improved to 37% and 50% respectively on account of higher realization from all the products

Strategic Update:

In H1FY23, MFL commissioned Epichlorohydrin on 1st June, CPVC on 18th July and additional capacity of Caustic Soda on 30th September. All 3 projects were completed within committed timelines and within capex limit.

Expansion projects of Chlorotoluene & its value chain and R&D Centre is moving as per schedule

MFL acquired 2.89,844.41 sq. m. land in Dahej (close to current complex) for future growth plans

MFL entered in JV to set up 18.34 MW Hybrid Power Plant to meet energy requirement at the plant

“We achieved highest-ever revenue in Q2FY23. The performance of the quarter is on account of high realizations from majority of our products.

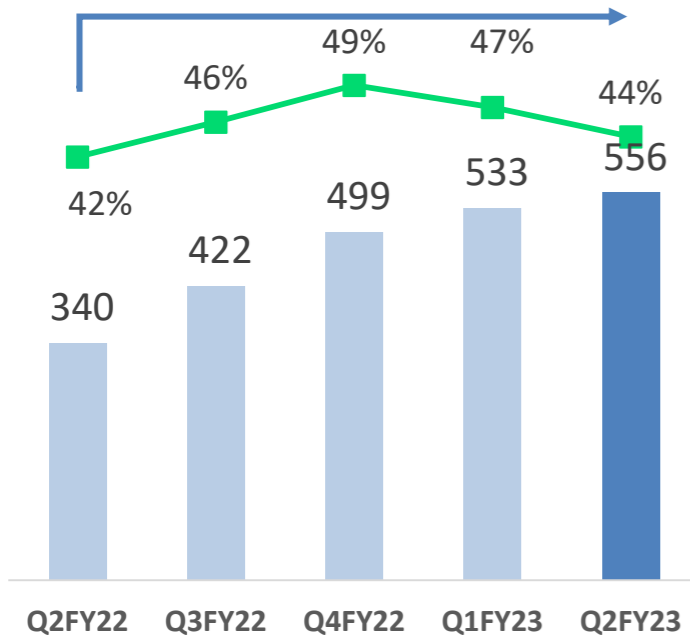
H1FY2023 was an exciting period as we commissioned all our planned expansion projects, namely- India’s first Epichlorohydrin plant, India’s largest CPVC resin plant and additional capacity of Caustic Soda. Our team is working towards maximizing contribution from the new projects. However, we expect substantial revenue impact from these projects by Q3FY23 onwards.

Our vision is to become a fully integrated complex catering to diversified industries, hence we will be further adding downstream chemistries where Chlorine, Hydrogen and other chemicals will be used as a raw material. Our focus is to identify molecules and chemistries which will provide us high margins and are extension of our existing product portfolio.”

- Mr. Maulik Patel, Chairman and Managing Director

Q2FY23 Financial Highlights

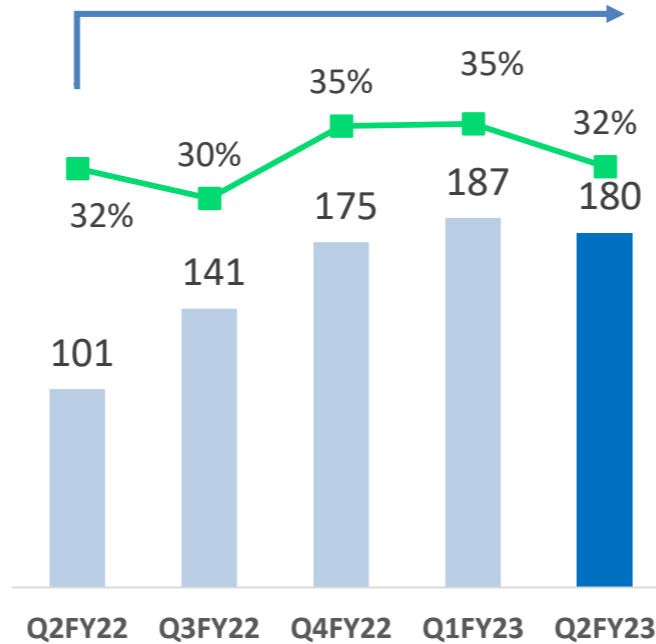
Revenue YoY Growth - 64%



₹ Cr

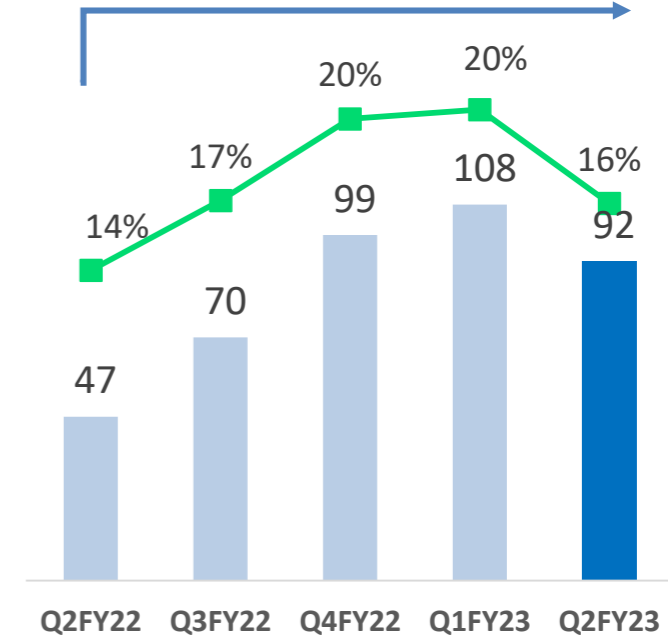
— Gross Profit Margin -%

EBITDA YoY Growth - 79%



— EBITDA Margin -%

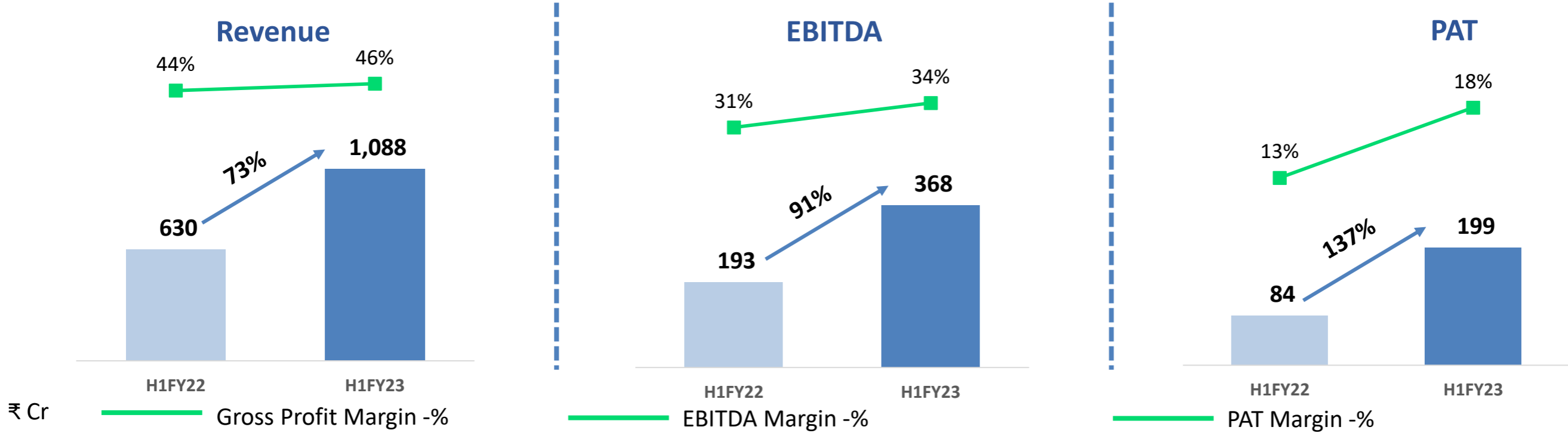
PAT YoY Growth - 95%



— PAT Margin -%

- Revenue grew 64% YoY on account of higher realizations from Caustic Soda, Caustic Potash and Hydrogen Peroxide. Chlor-Alkali grew 65% YoY and Derivatives grew 59% YoY
- EBITDA increased 79% YoY and margin remained flat at 32%. EBITDA margin dropped 3% QoQ on account of drop in realizations
- PAT improved 95% to ₹ 92 Cr with PAT margin stood at 16%

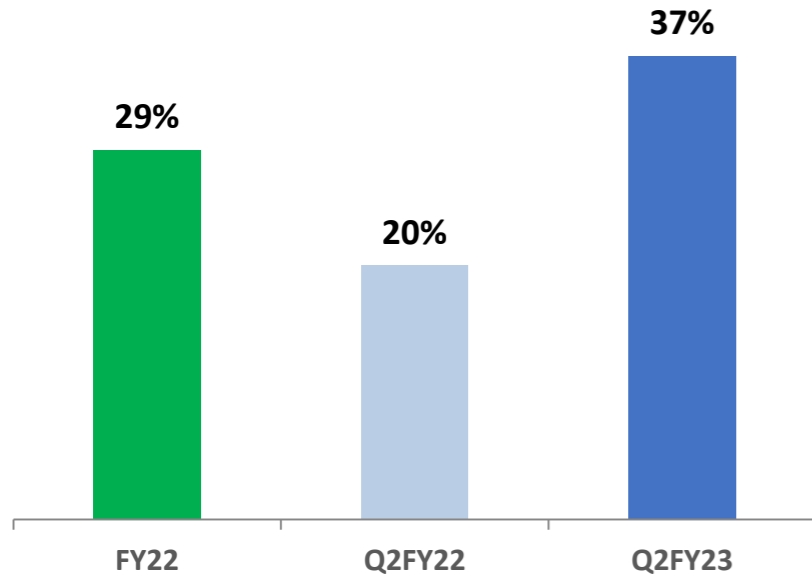
H1FY23 Financial Highlights



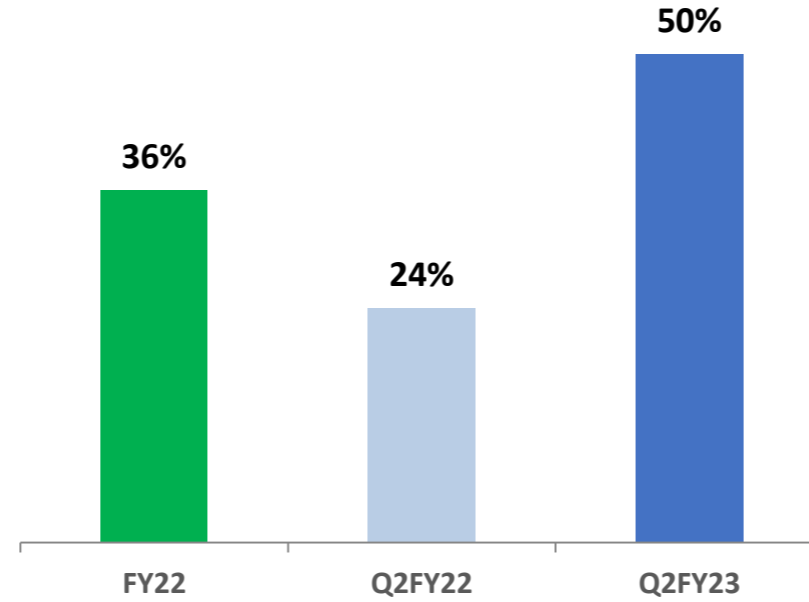
- Revenue grew 73% on account of 3% volume growth and high realizations from all the products compared to H1FY22
- EBITDA grew 91% to ₹ 368 Cr and margin improved to 34% on account of higher realizations
- PAT improved 137% to ₹ 199 Cr with PAT margin improved to 18% compared to 13%

H1FY23 – Key ratios

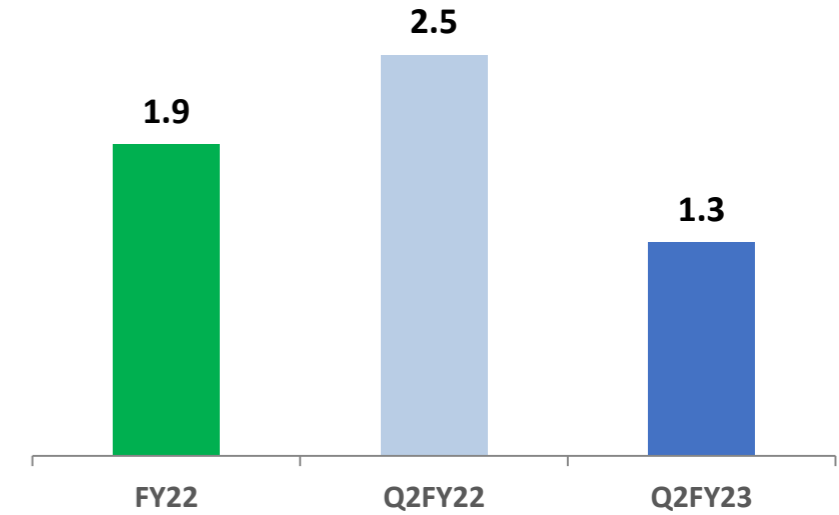
ROCE (%)



ROE (%)



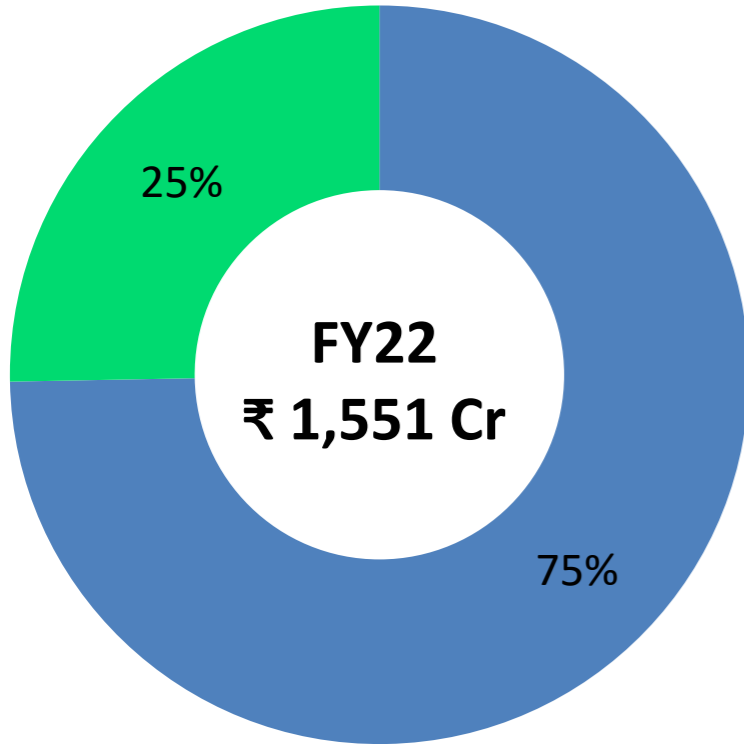
Net Debt/EBITDA (x)



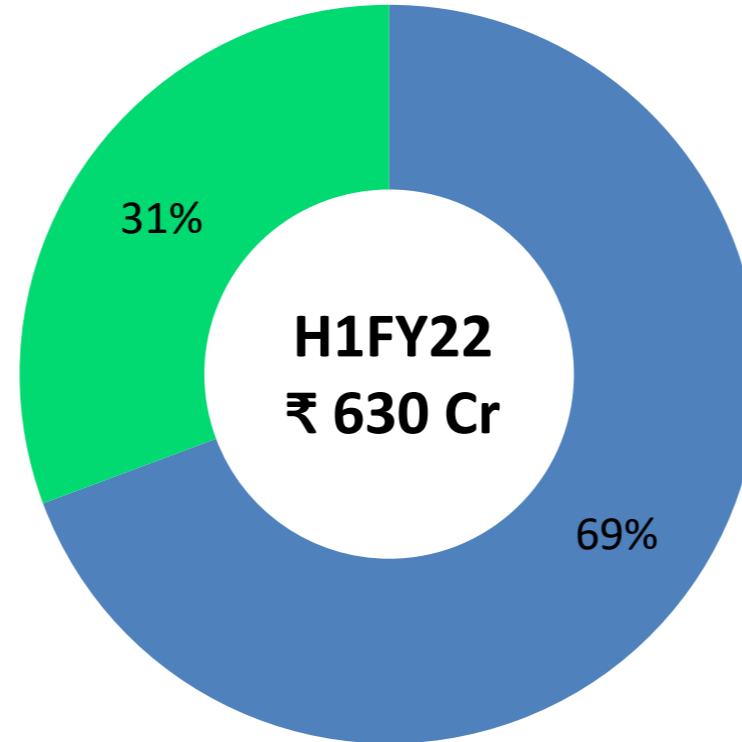
TTM EBIT, PAT and EBITDA are considered for above ratios

- ROCE and ROE improved to 37% and 50% respectively on account of higher realization from all the products
- Debt/EBITDA has improved to 1.3x (Q2FY23) from 2.5x (Q2FY22). The ratio has improved due to the absolute growth in EBITDA and marginal decrease in debt

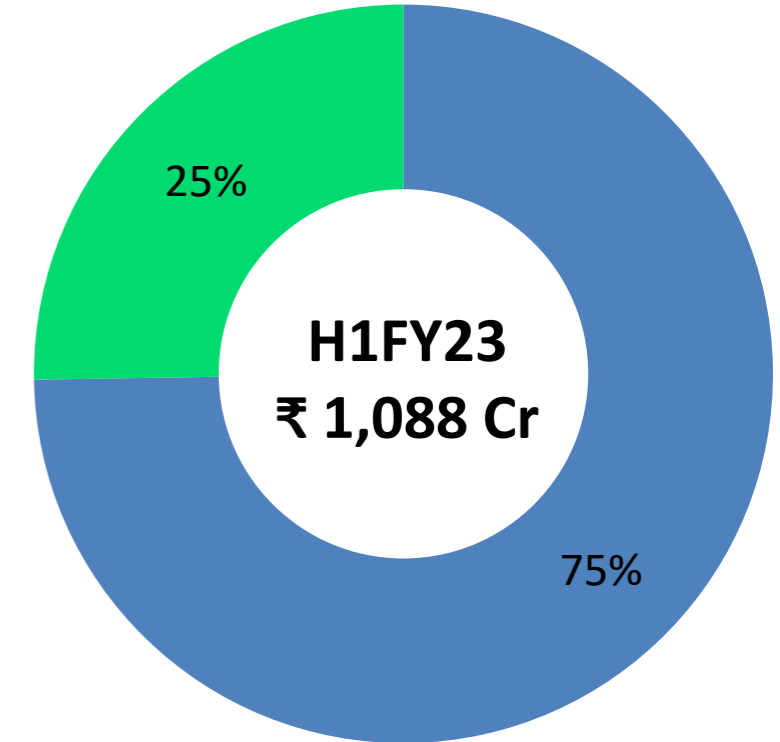
Revenue Break-up – Diversified Business Model



■ Chlor-Alkali ■ Derivatives



■ Chlor-Alkali ■ Derivatives

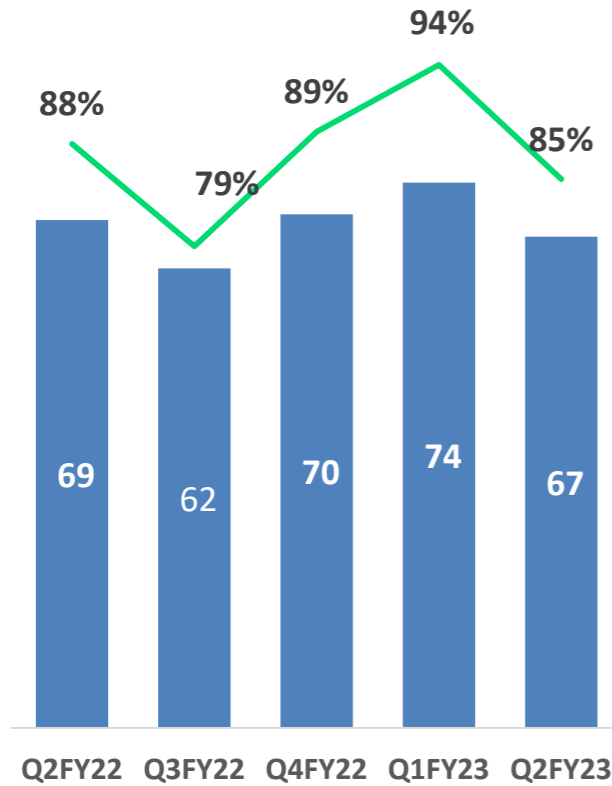


■ Chlor-Alkali ■ Derivatives

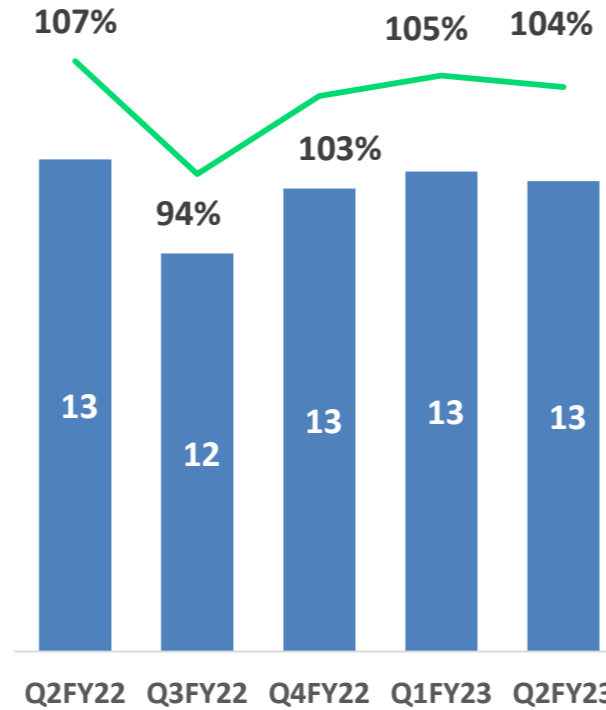
Operational Overview (Production - KTPA and Utilization - %)



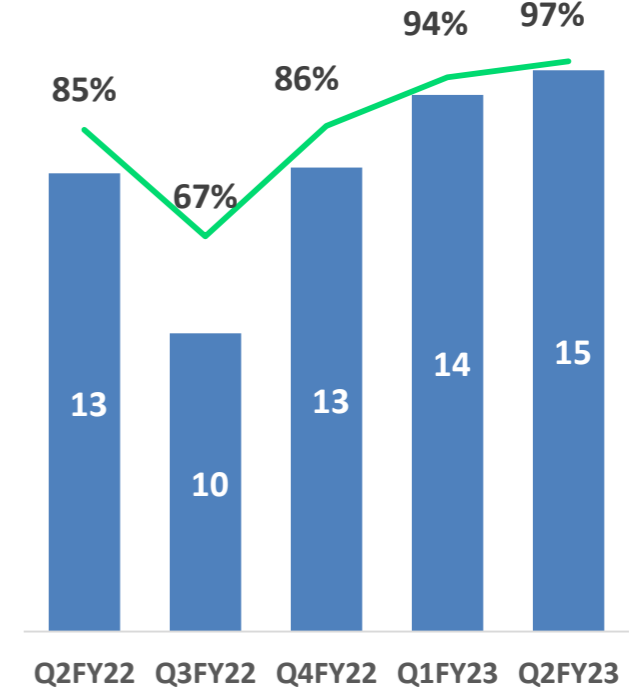
Chlor-Alkali



Chloromethanes

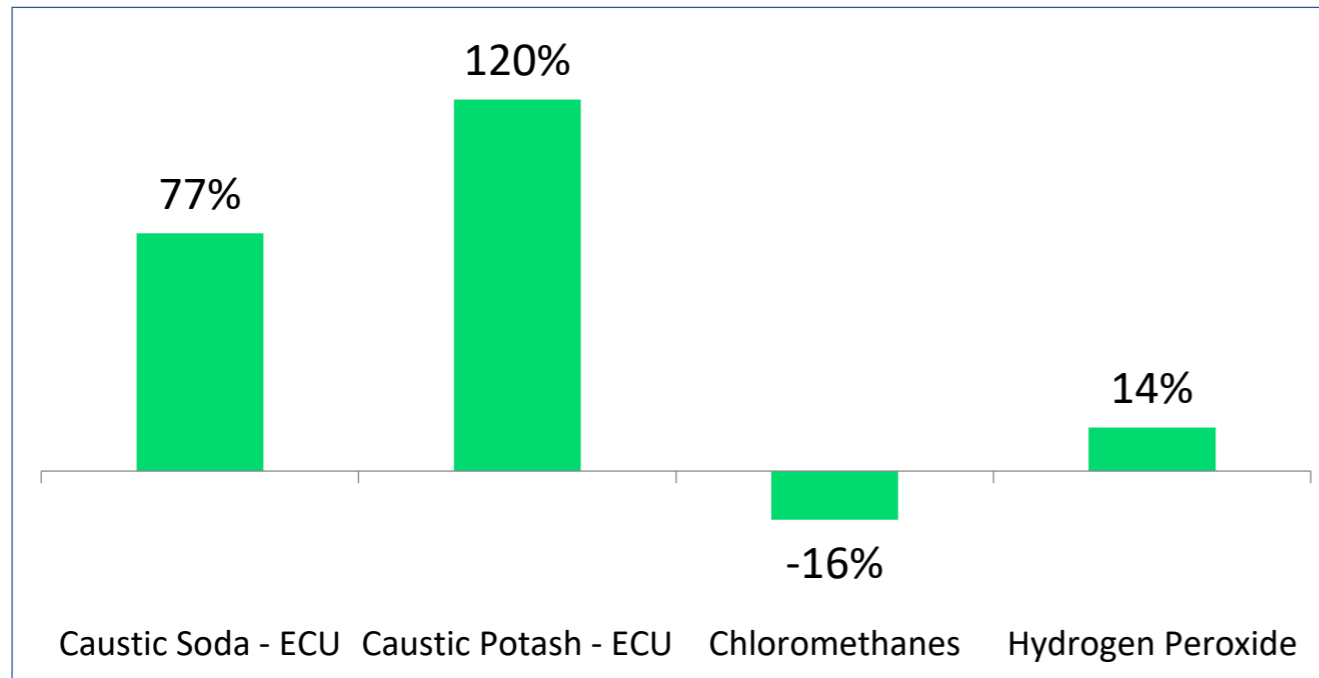


Hydrogen Peroxide

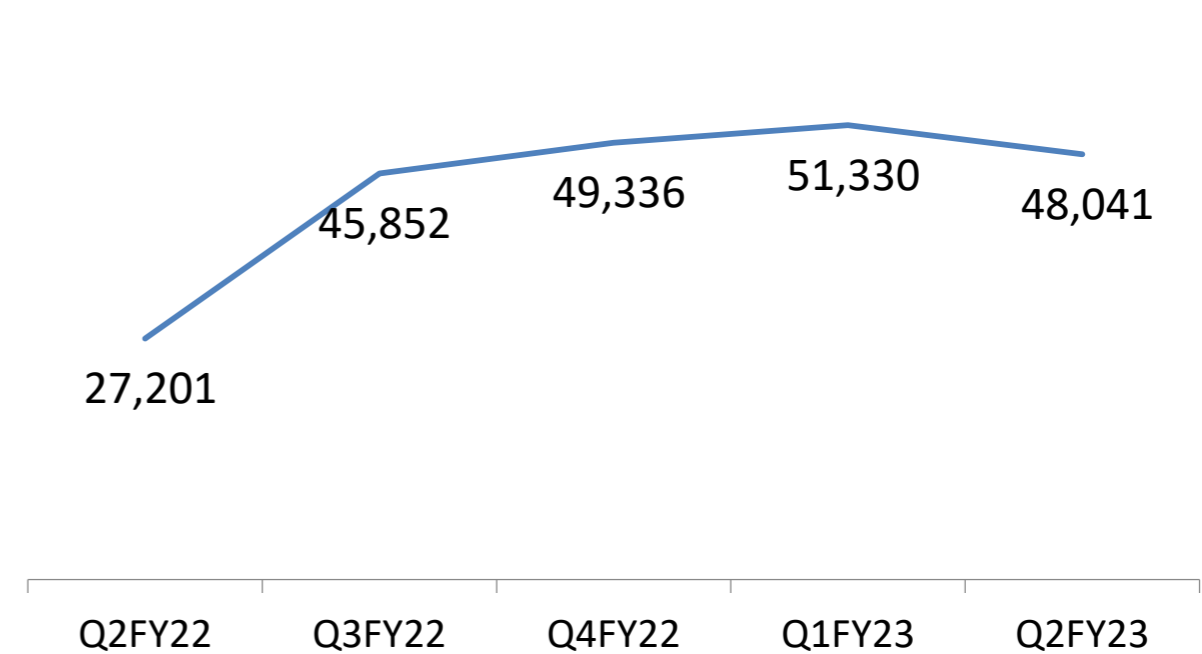


Operational Overview – Realisations

Q2FY23 - Change in ECU and Sales Realization % YoY



Caustic Soda ECU Realization



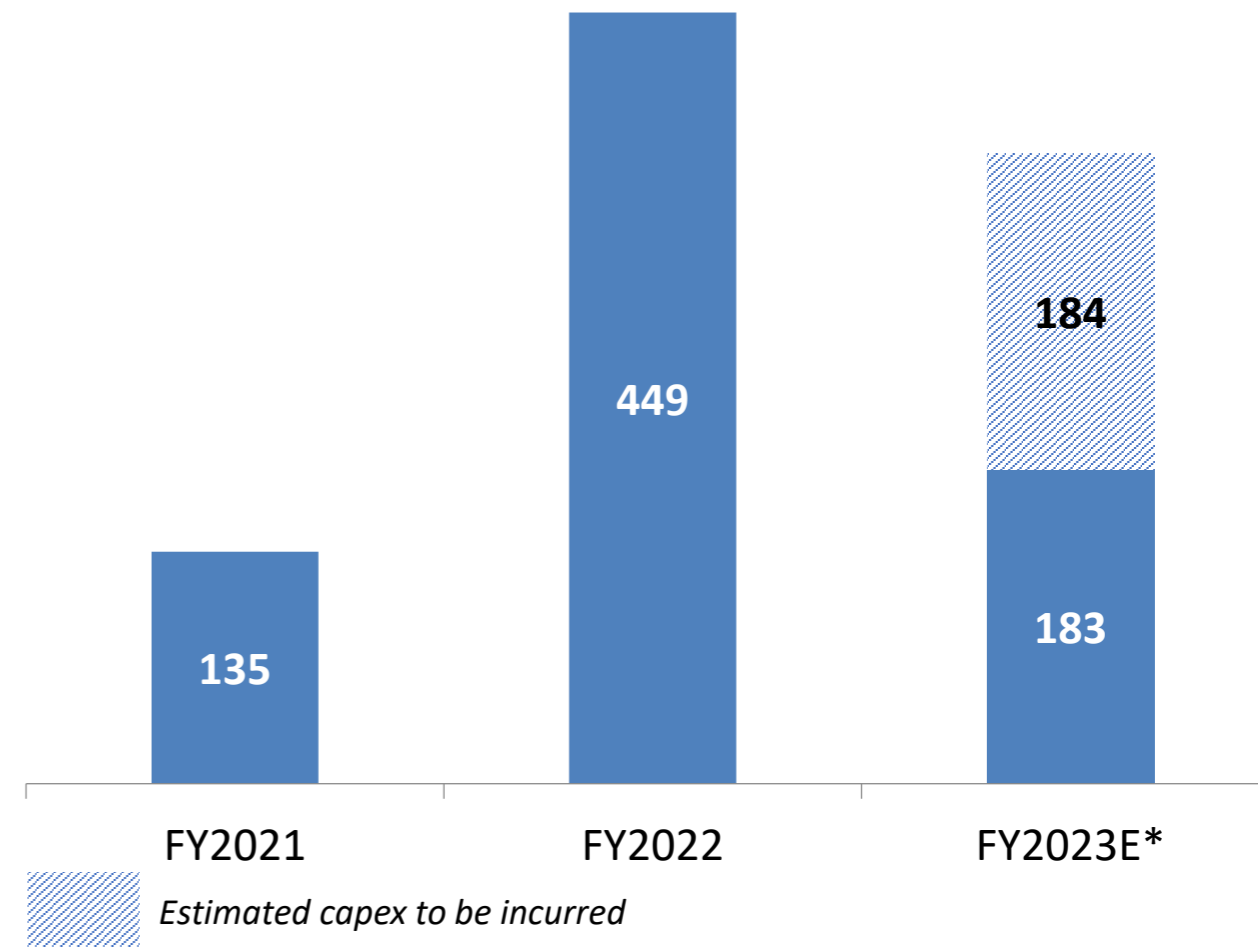
- On a yearly basis ECU realization for Caustic Soda remained elevated in line with high energy prices and on account of good demand and supply issues. ECU realization from Caustic Soda dropped 6% QoQ.
- Sales realization for Chloromethane dropped 16% YoY in line with the decrease in the raw material price
- Sales realization for H₂O₂ increased 14% YoY on good demand and supply issues globally

Project Update as on 30th September 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	Commissioned 30 th Sept 2022
Chlorotoluene & its value chain	-	Q4FY24	15%
R&D Centre	-	Q2FY24	30%

**All announced capex and projects under implementation*

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



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 imbibing 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)	Q2FY23	Q2FY22	% Change	H1FY23	H1FY22	% Change
Revenue from Operations	556	340	64%	1,088	630	73%
Gross Profit*	246	144	71%	496	280	77%
Gross Margin (%)	44%	42%		46%	44%	
EBITDA	180	101	79%	368	193	91%
EBITDA Margin (%)	32%	30%		34%	31%	
Depreciation	26	22	19%	48	43	12%
Finance Cost	14	10	48%	25	22	15%
PBT	142	71	99%	298	130	129%
PAT	92	47	95%	199	84	137%
PAT Margin (%)	16%	14%		18%	13%	
Cash Profit	118	69	71%	247	127	95%
EPS (₹)	22.0	11.3	95%	48.0	20.2	137%

*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)	FY21	FY22	H1FY23	Liabilities (₹ Cr)	FY21	FY22	H1FY23
Fixed Assets	1,228	1,657	1,890	Share Capital	42	42	42
Financial Assets	10	8	8	Reserves & Surplus	643	684	884
Other Non-current Assets	29	11	13	Long-Term Borrowings	340	557	487
Inventories	54	154	266	Redeemable Preference Shares	-	211	199
Trade Receivables	119	256	216	Other Non-current Liabilities	35	97	142
Cash & Bank Balances	1	25	23	Short Term Borrowings	75	221	253
Loans & Advances	0	0	0	Trade Payables	73	88	113
Other Current Assets	8	11	32	Other Current Liabilities	240	223	329
				Short Term Provisions	0	0	0
Total	1,449	2,124	2,449	Total	1,449	2,124	2,449

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](#).

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