



Meghmani Finechem Limited

Registered Office : "Meghmani House", B/h. Safal Profitaire, Corporate Road,
Prahladnagar, Ahmedabad - 380 015. Gujarat. INDIA. | T : +91 79 2970 9600 / 7176 1000
E : helpdesk@meghmanifinechem.com | CIN : L24100GJ2007PLC051717

19.01.2023

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: 543332

Dear Sir/s

Sub:- Q3 FY23 Earnings Presentation.

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

We are enclosing herewith a copy of the **Q3 FY23 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.

Kindly take the same on record.

Yours faithfully,

For Meghmani Finechem Limited

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

Meghmani Finechem Limited

Q3FY23 Earnings Presentation

19th January, 2023

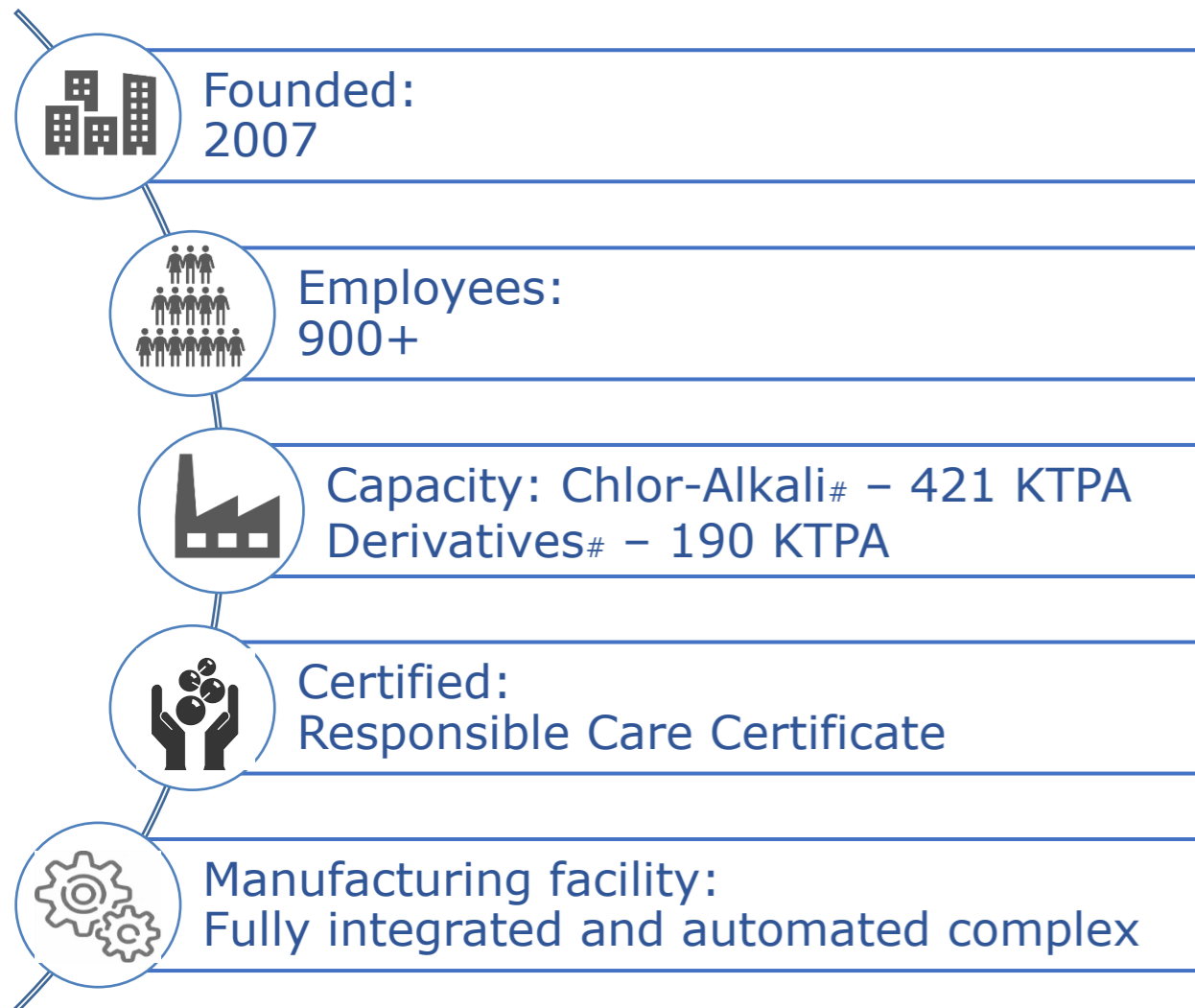


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Certain statements in this presentation concerning our future growth prospects are forward looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking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

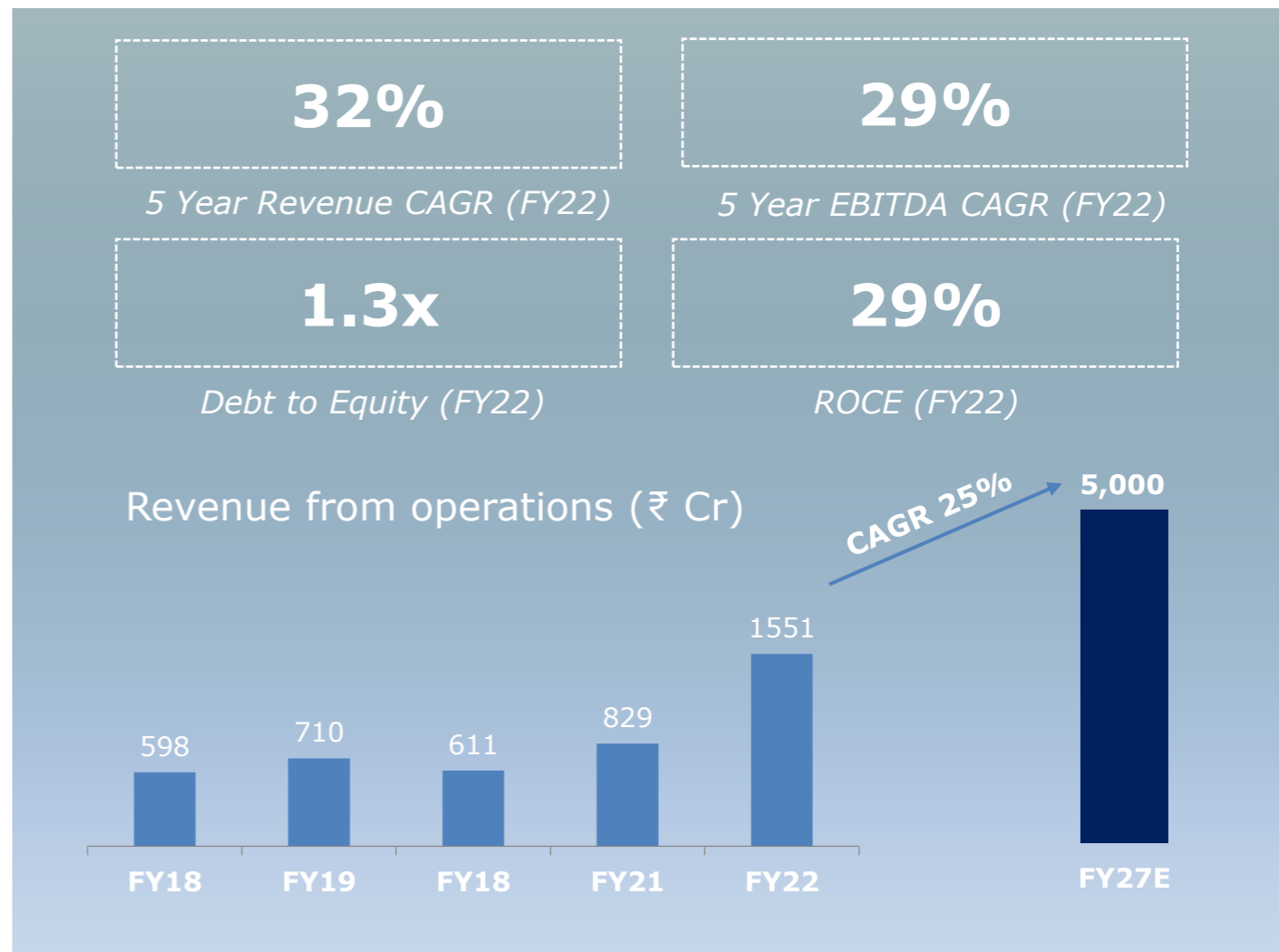
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Company Overview



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 – Strategic Update



Expansion

MFL is expanding its CPVC Resin capacity to 75,000 TPA by adding further 45,000 TPA. The estimated capex for the project will be ₹ 250 Cr and it is expected to get commissioned by Q4FY24

Maiden Interim Dividend

MFL board has declared its 1st maiden interim dividend of 25% on face value of ₹ 10 (₹ 2.5 per equity share)

Strategic Update

- 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
- In 9MFY23, MFL commissioned Epichlorohydrin on 1st June, CPVC on 18th July and additional capacity of Caustic Soda on 30th September which were all completed within their committed timelines and capex limit. These projects will contribute volume partially in FY23 and fully in FY24

Key Highlights – Financial and Operational



Q3FY23 Operational Highlights (YoY):

- 18% volume growth on YoY basis from all the products in Q3FY23
- Caustic Soda & Caustic Potash ECU realization was up 2% & 40% respectively
- CMS sales realization was down 33% and H₂O₂ sales realization was up 9%

Q3FY23 Financial Highlights (YoY):

- Revenue grew 27% to ₹ 538 Cr on account of volume growth of 18% and higher realizations from majority products. Revenue contribution from Derivative & Specialty segment increased to 31% in Q3FY23 vs 25% in Q3FY22
- EBITDA grew 18% YoY. Margin stood strong at 31% (33% Q3FY22) even after high cost raw material compared to realizations
- PAT grew 11% YoY to ₹ 77 Cr and PAT margin dropped by 2.2% on account of higher interest and depreciation due to commissioning of new capacities

9MFY23 Financial Highlights (YoY):

- 9MFY23 Revenue, EBITDA and PAT has surpassed FY22's full year numbers
- Revenue grew 55% to ₹ 1,626 Cr on account of 7% volume growth and high realizations
- PAT grew 80% to ₹ 277 Cr and margin improved to 17% vs 15% in 9MFY22, on account of higher realizations
- ROCE and ROE grew to 35% and 46% respectively on account of higher realization and volume growth

“We have witnessed 18% volume growth in Q3FY23 resulting in Revenue growth of 27% YoY. Even in this volatile market, we have seen volume growth in all our products and have grown on absolute basis. The new products that we commissioned in 9MFY23 have marginally started contributing to P&L and we expect that contribution to increase from Q4FY23 onwards. Revenue contribution from Derivatives & Specialty segment increased to 31% in Q3FY23 vs 25% in Q3FY22.

For CPVC resin, our product is well accepted by all customers and we are expected to reach optimum capacity utilization in Q4FY23. Considering the market size and growth potential, we are increasing our CPVC resin capacity to 75,000 TPA, by adding another 45,000 TPA. We are ready with the basic infrastructure required for CPVC resin expansion; hence we will be able to execute this project faster and at a lower capex compared to the 1st phase. This expansion will further strengthen our integrated complex as Chlorine will be consumed as a key raw material in CPVC resin.

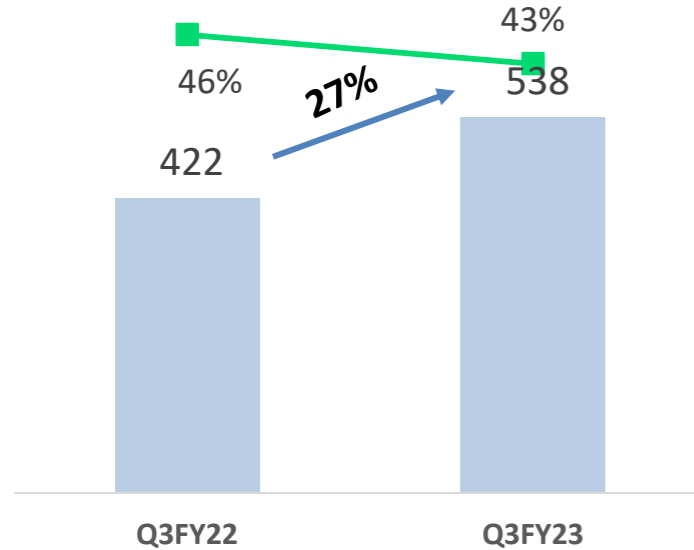
MFL board has declared its 1st maiden interim dividend of 25% on face value of ₹ 10 (₹ 2.5 per equity share).

With our expansion plans, we are moving in line with our long term vision to become fully integrated complex catering to diversified industries and grow consistently.”

- Mr. Maulik Patel, Chairman and Managing Director

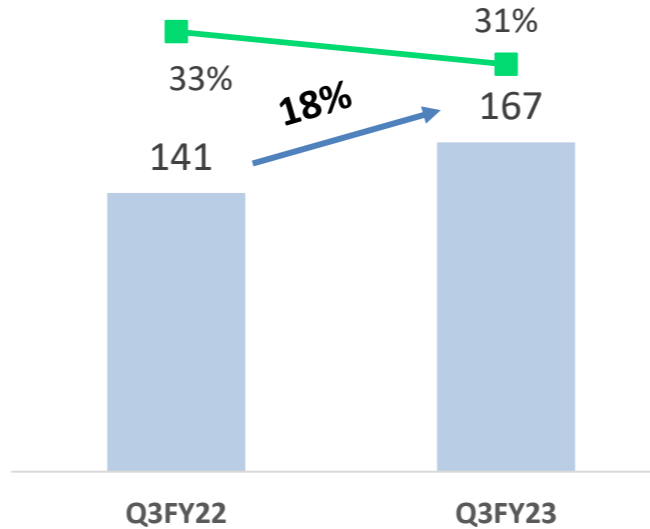
Q3FY23 Financial Highlights

Revenue



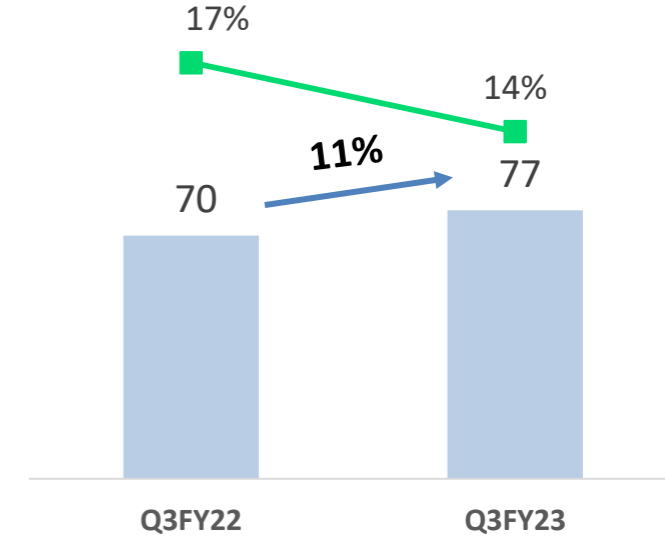
₹ Cr
— Gross Profit Margin -%

EBITDA



— EBITDA Margin -%

PAT

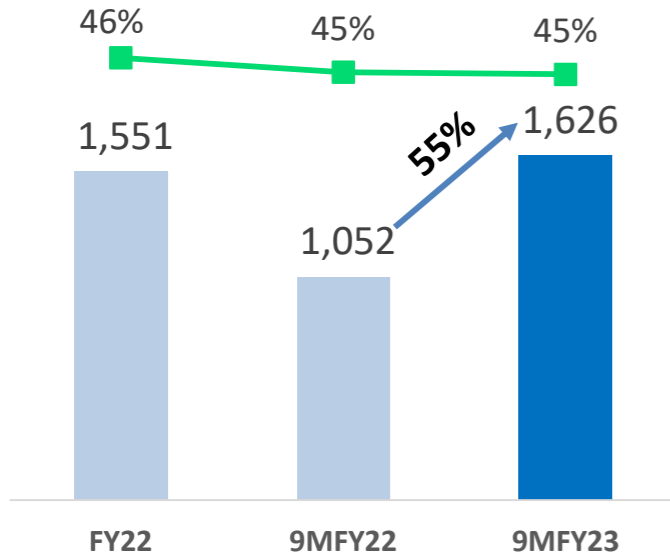


— PAT Margin -%

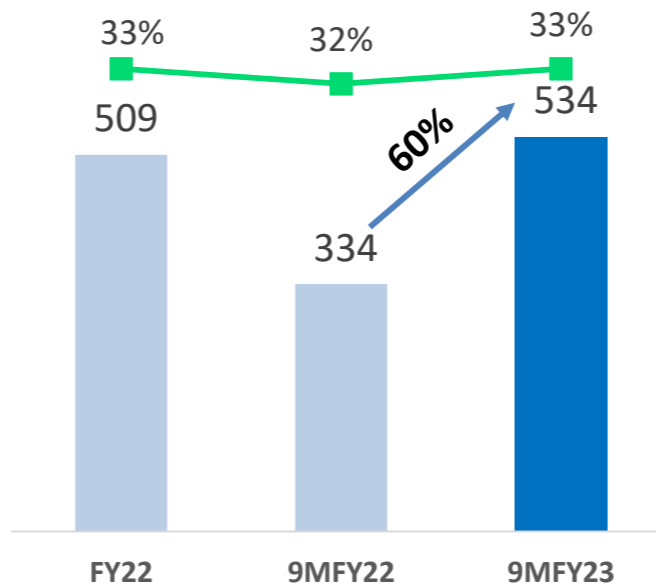
- Revenue grew 27% YoY on account of volume growth of 18% and higher realizations from majority products. Revenue contribution from Derivative & Specialty segment increased to 31% in Q3FY23 vs 25% in Q3FY22
- EBITDA increased 18% YoY. Margin continuous to be strong at 31%, though slightly lower on account of high cost raw material compared to realizations
- PAT grew 11% YoY to ₹ 77 Cr. PAT margin dropped to 14% on account of higher interest and depreciation due to commissioning of new capacities

9MFY23 Financial Highlights

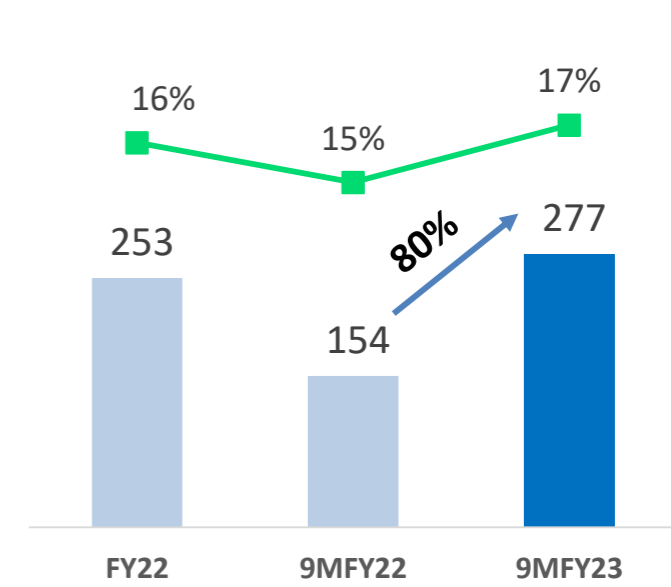
Revenue



EBITDA



PAT



₹ Cr

— Gross Profit Margin -%

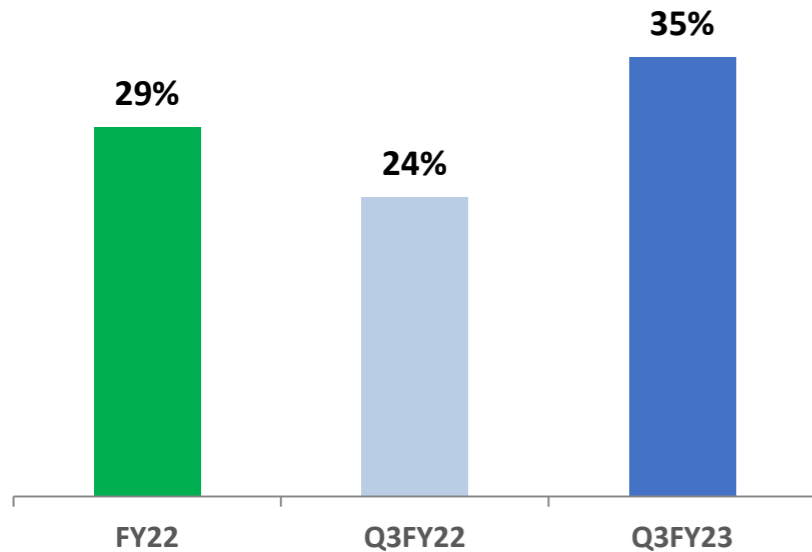
— EBITDA Margin -%

— PAT Margin -%

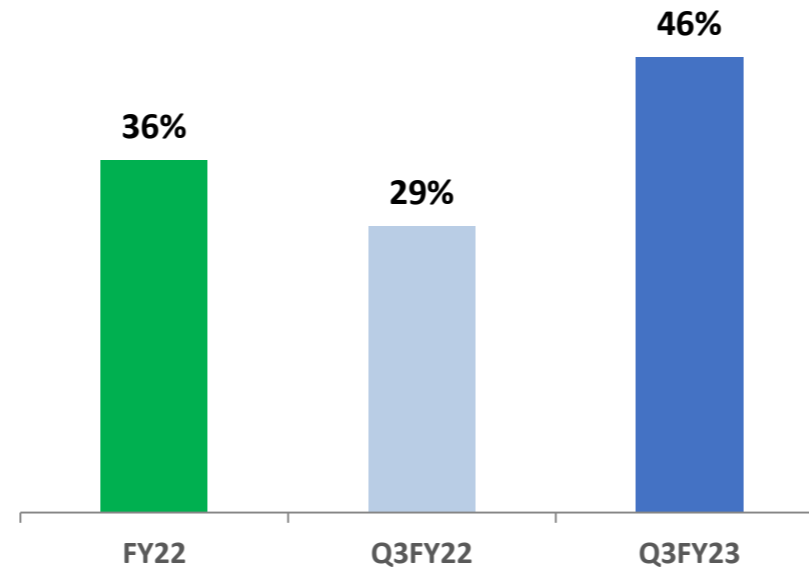
- 9MFY23 Revenue, EBITDA and PAT has surpassed FY22 annual numbers
- Revenue grew 55% on account of 7% volume growth and high realizations from all the products
- EBITDA grew 60% to ₹ 534 Cr and margin improved marginally to 33% on account of higher realizations
- PAT improved 80% to ₹ 277 Cr with PAT margin improved to 17% compared to 15%

Key ratios as on 31st December 2022

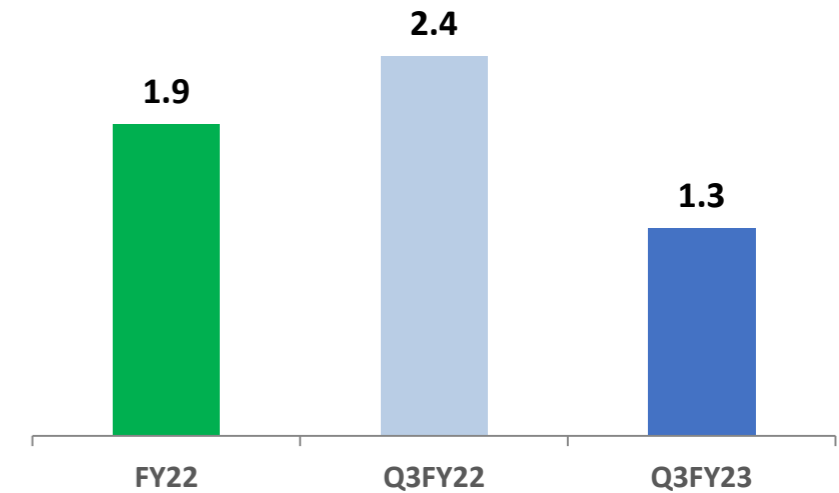
ROCE (%)



ROE (%)



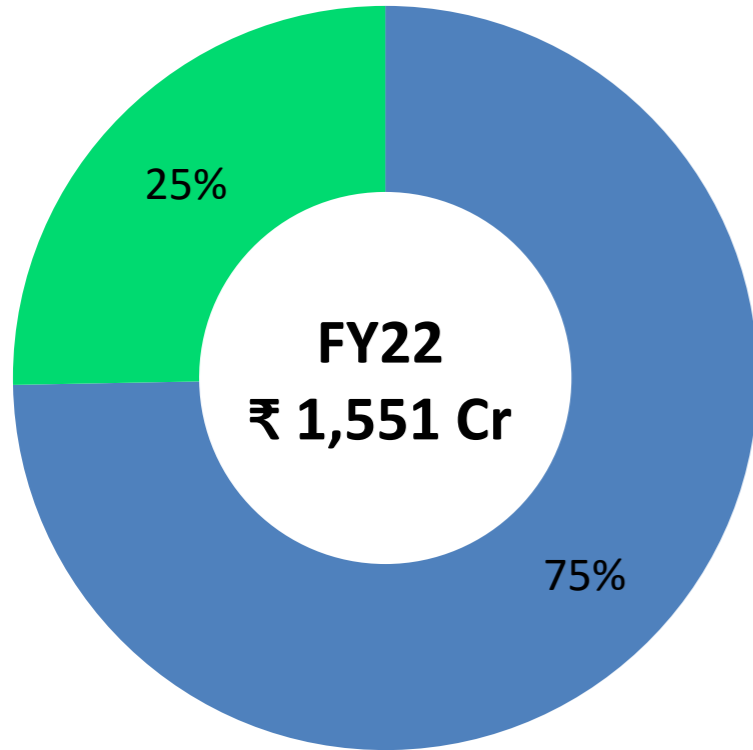
Net Debt/EBITDA (x)



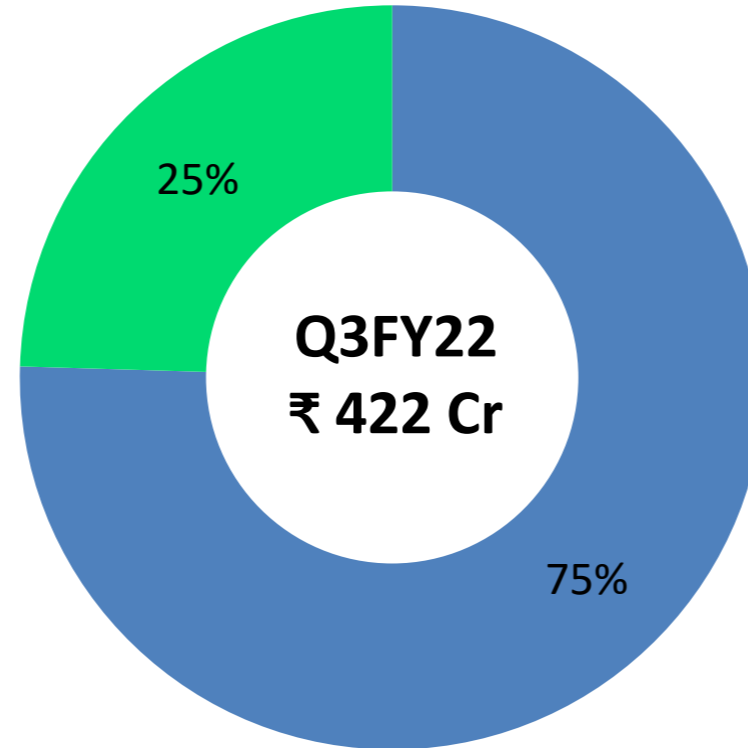
TTM EBIT, PAT and EBITDA are considered for above ratios

- ROCE and ROE improved to 35% and 46% respectively on account of higher realization and volume growth
- Net Debt/EBITDA has improved continuously to 1.3x (Q3FY23) from 2.4x (Q3FY22). The ratio has improved due to the absolute growth in EBITDA and marginal decrease in debt

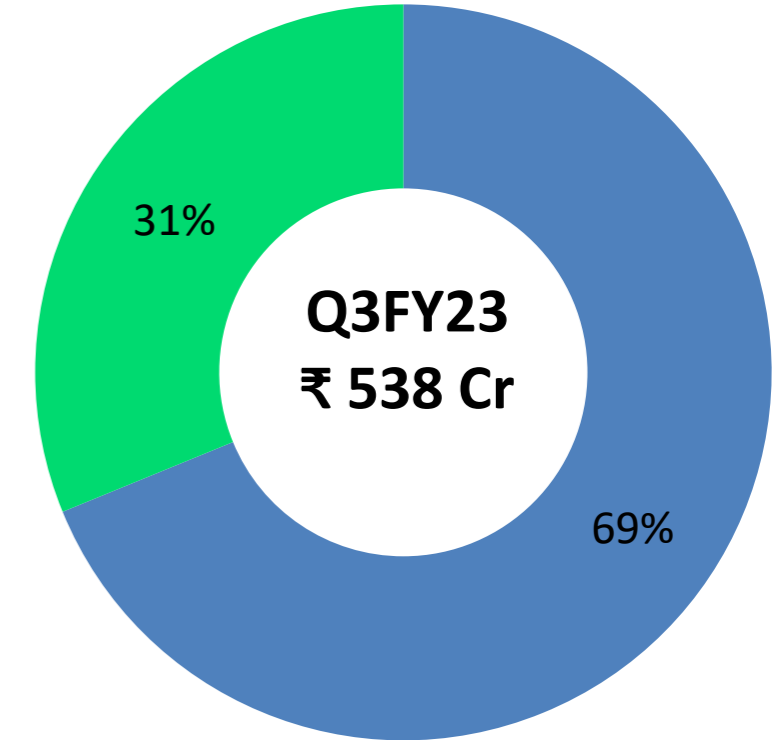
Revenue Break-up – Diversified Business Model



■ Chlor-Alkali ■ Derivatives



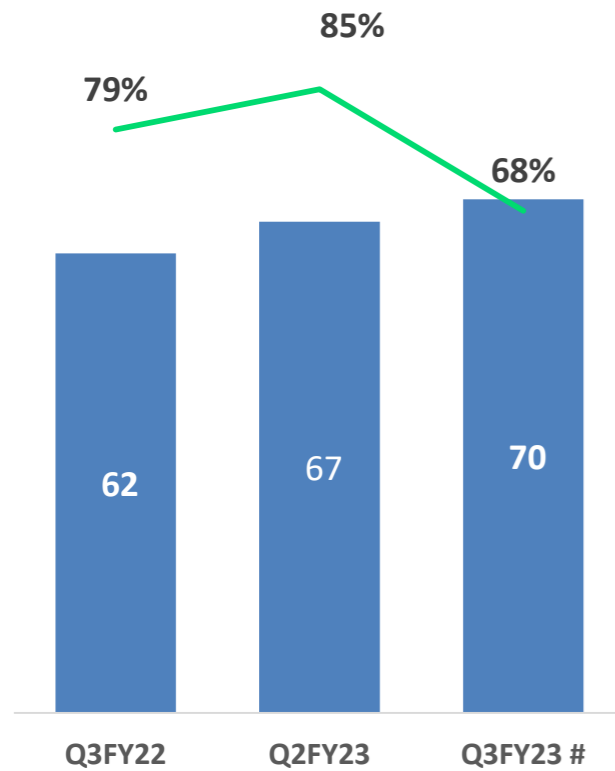
■ Chlor-Alkali ■ Derivatives



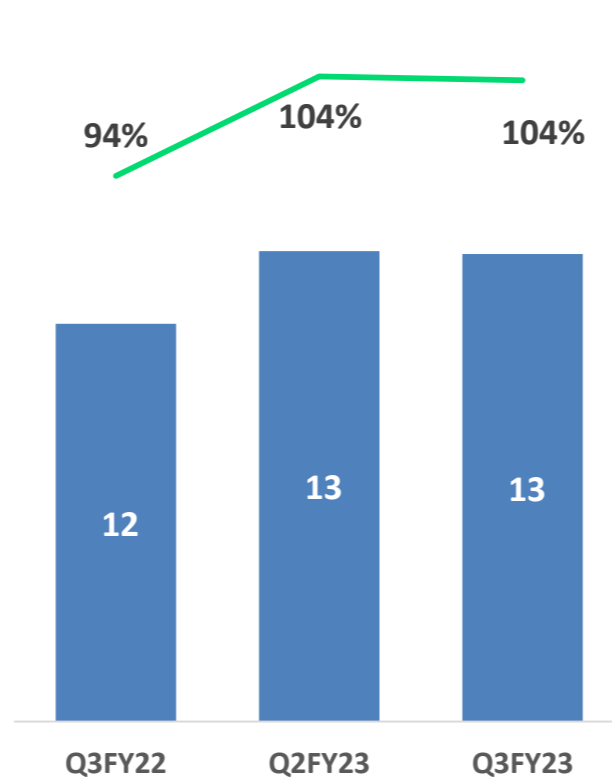
■ Chlor-Alkali ■ Derivatives & Specialty Chemicals

Operational Overview (Production - KTPA and Utilization - %)

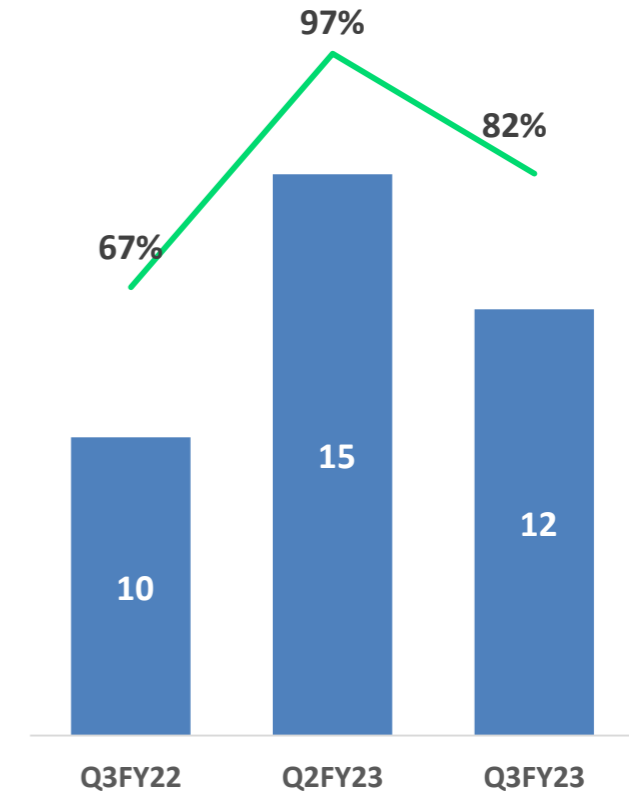
Chlor-Alkali



Chloromethanes



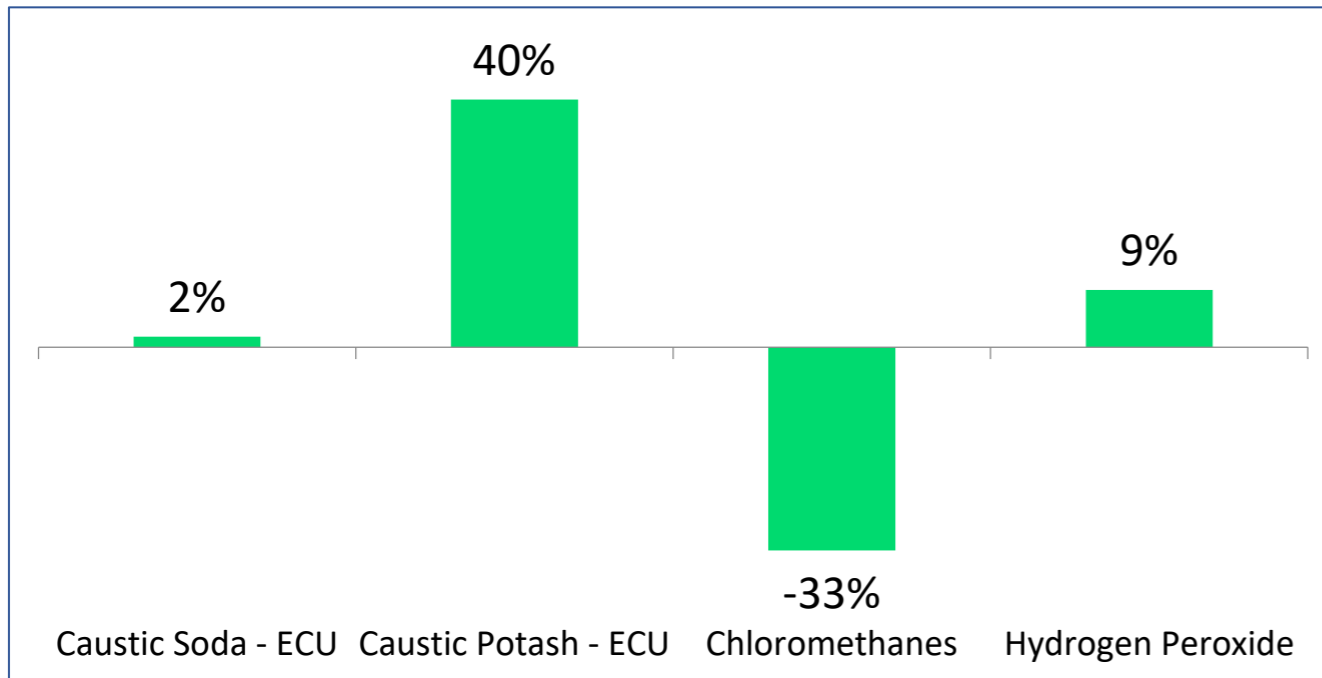
Hydrogen Peroxide



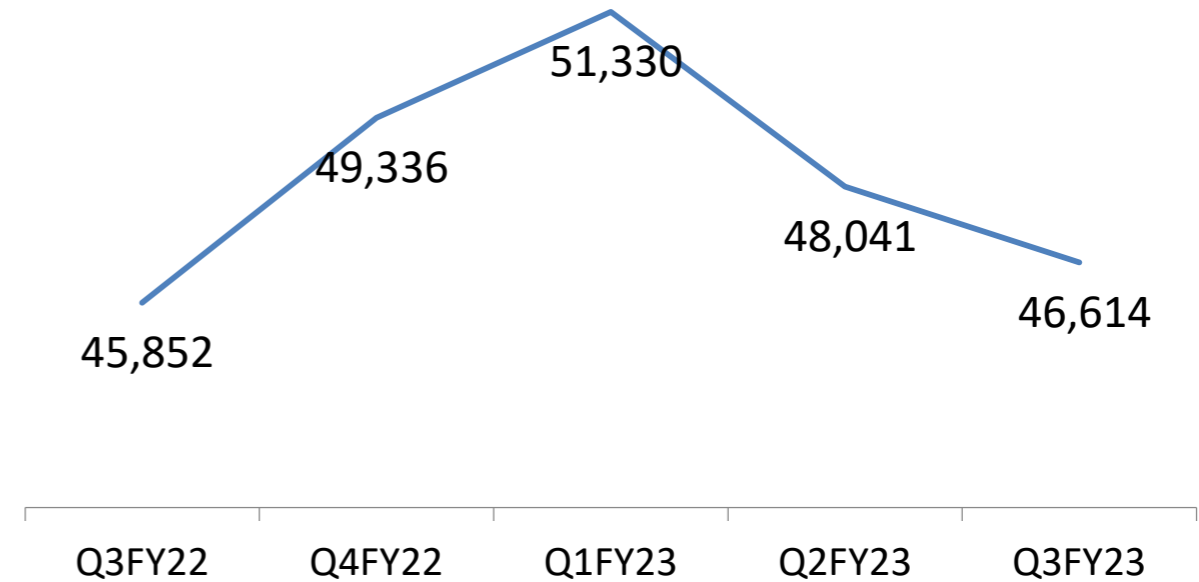
Q3FY23 – Chlor-Alkali capacity utilization was 68% as additional capacity of 1,06,000 TPA was commissioned on 30th September 2022. This new capacity will reach optimum capacity of utilization by end of Q4FY23

Operational Overview – Realisations

Q3FY23 - Change in ECU and Sales Realization % YoY



Caustic Soda ECU Realization

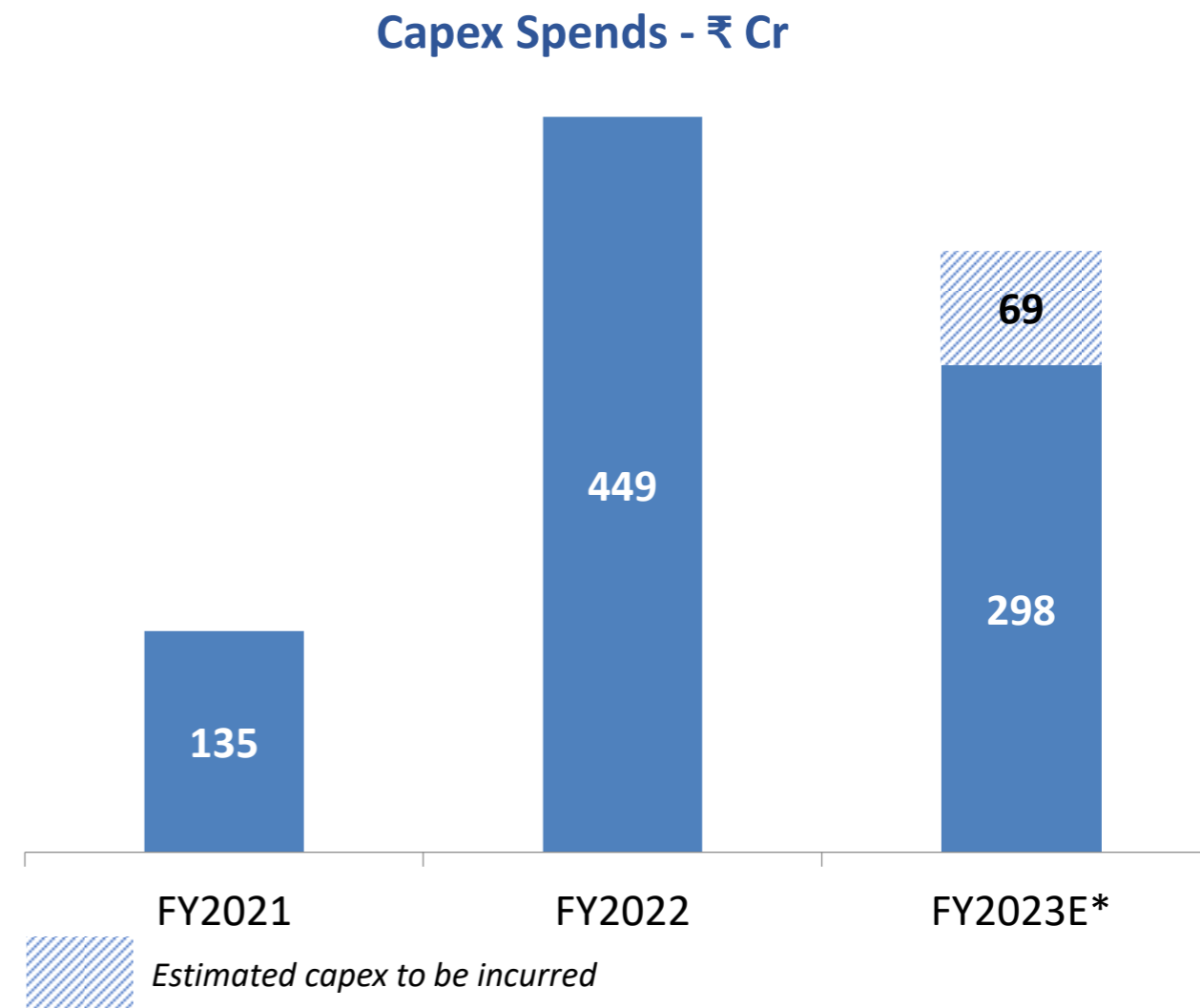


- On a YoY basis ECU realization for Caustic Soda was marginally up (2%) and on QoQ it dropped marginally by 3%.
- Sales realization for Chloromethane dropped 33% YoY in line with the decrease in the raw material price. QoQ realization was flat.
- Sales realization for H₂O₂ increased 9% YoY and 8% QoQ.

Project Update as on 31st December 2022

Product	Capacity	Expected Commissioning Date	% of project completed
Epichlorohydrin	50 KTPA	Q1FY23	Commissioned 1 st June 2022
CPVC Resin	30 KTPA	Q2FY23	Commissioned 18 th July 2022
Caustic Soda with CPP	106 KTPA	Q2FY23	Commissioned 30 th Sept 2022
Chlorotoluene & its value chain	-	Q4FY24	45%
R&D Centre	-	Q2FY24	50%
CPVC Resin (Additional)	45 KTPA	Q4FY24	-

**All announced capex and projects under implementation*





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)	Q3FY22	Q3FY23	% Change	9MFY22	9MFY23	% Change
Revenue from Operations	422	538	27%	1,052	1,626	55%
Gross Profit*	192	231	20%	472	727	54%
Gross Margin (%)	46%	43%		45%	45%	
Operating EBITDA	141	167	18%	334	534	60%
EBITDA Margin (%)	33%	31%		32%	33%	
Depreciation	22	31	41%	65	79	22%
Finance Cost	10	21	103%	32	47	43%
PBT	109	114	5%	239	412	72%
PAT	70	77	11%	154	277	80%
PAT Margin (%)	17%	14%		15%	17%	
Cash Profit	92	108	18%	219	355	63%
EPS (₹)	16.8	18.6	11%	37.0	66.6	80%

*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 and expanding its capacity of CPVC resin to 75 KTPA. 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 – Head Investor Relations
Milind.Kotecha@meghmani.com

Go India Advisors
CIN: AAH-6471
Kruti Patel
kruti@goindiaadvisors.com