



MEGHMANI FINECHEM LTD.

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URL: www.meghmanifinechem.com CIN: L24100GJ2007PLC051717

25th April, 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,

Sub: Earnings Presentation for audited Financial Results of Q4 & FY22

Ref: Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

With reference to the above, Meghmani Finechem Limited (MFL) submits herewith Earnings Presentation for audited Financial Results of Q4 & FY22.

You are requested to take the same on your record and disseminate to the members.

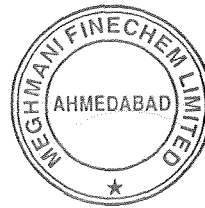
Thanking you.

Yours faithfully,

For Meghmani Finechem Limited

K. D. Mehta

K. D. Mehta
Company Secretary & Compliance Officer



Meghmani Finechem Limited

Q4 & FY22 Earnings Presentation

25th April, 2022



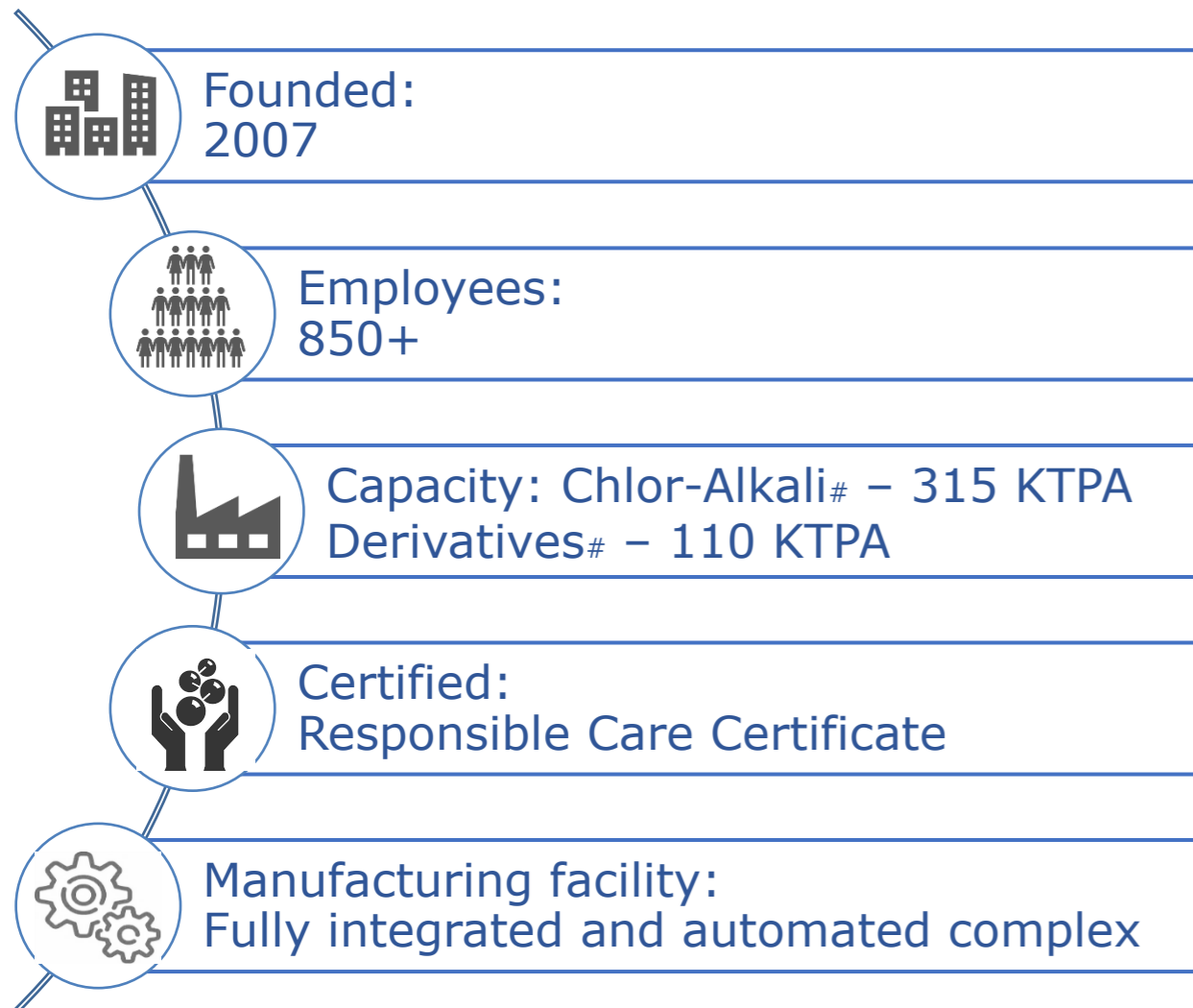
Disclaimer

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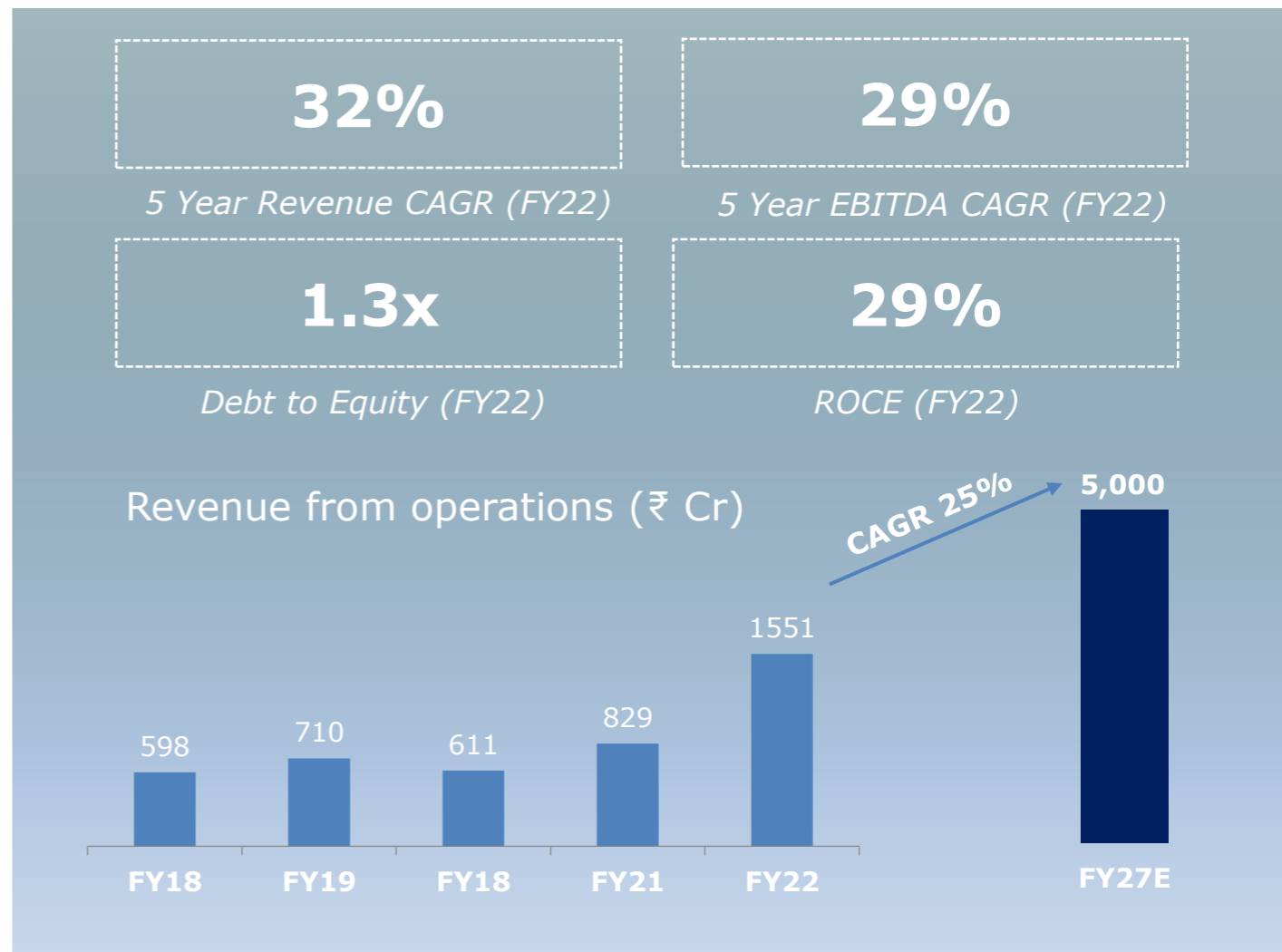
Certain statements in this presentation concerning our future growth prospects are forward looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The Risk and uncertainties relating to the 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 - 294 KTPA and Caustic Potash - 21 KTPA
Derivatives : Chloromethanes - 50 KTPA and Hydrogen Peroxide - 60 KTPA



Key Highlights – FY2022

Operational Highlights:

- Overall plant utilisation increased to 87% in FY22 compared to 81% in FY21
- Hydrogen Peroxide (H₂O₂) achieved capacity utilization of 78% in FY22 , up 21% on a YoY basis
- Caustic Soda & Caustic Potash ECU realisation is up 74% & 27% respectively
- CMS & H₂O₂ sales realisation is up 53% and 20% respectively

Financial Highlights:

- Highest ever revenue of ₹ 1,551 Cr - up 87%, driven by improved realizations across all products and higher sales volume of Caustic Soda and H₂O₂
- EBITDA increased 95% to ₹ 509 Cr and EBITDA margin improved marginally to 33% despite high inflationary pressure
- PAT increased 151% to ₹ 253 Cr and PAT margin was up 412 bps to 16%
- ROCE and ROE of the company improved to 29% (16% in FY21) and 36% (16% in FY21) respectively

Strategic Updates:

- Expansion projects are on track for completion as per schedule: ECH – 95%, CPVC Resin – 90% and Caustic Soda – 85%
- In FY22, the Company spent ₹ 449 Cr on capital expenditure
- Company is expanding into Chlorotoluene & its value chain and establishing the R&D facility
- Crisil upgraded credit rating from A+/Positive to AA-/Stable

Operational Highlights:

- Overall plant utilization was marginally up 90% compared to 89% in the corresponding prior period
- Caustic soda ECU realization is up 112% YoY; Caustic Potash is up 73% on a YoY basis.
- CMS & Hydrogen Peroxide sales realization is up 26% & 16% respectively on a YoY basis
- Hydrogen Peroxide utilization grew significantly to 86% from 74% corresponding prior period

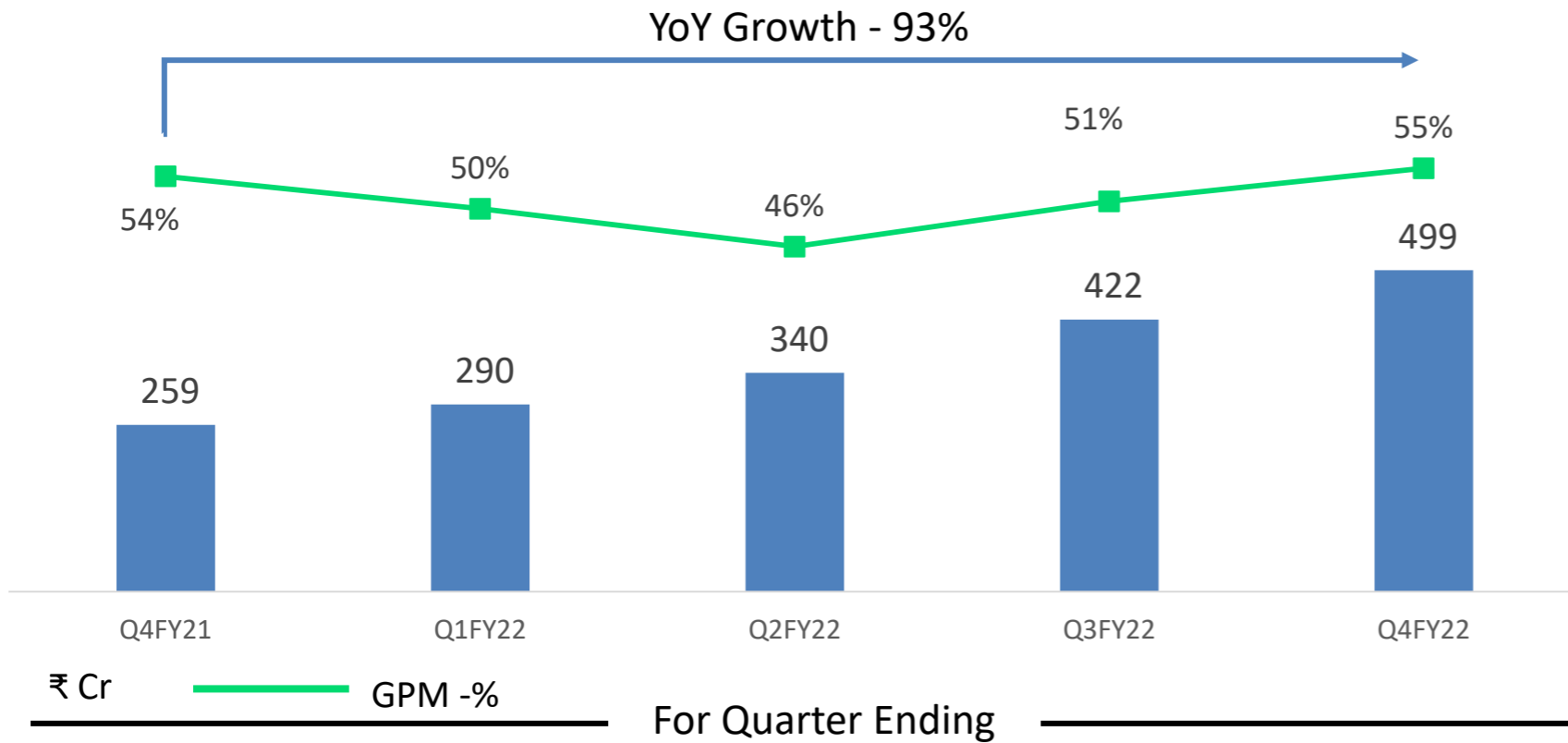
Financial Highlights:

- Revenue up 93% to ₹ 499 Cr on account of higher realizations across product categories
- EBITDA increased 118% to ₹ 175 Cr; EBITDA margin improved by 405 bps to 35% despite high inflationary pressure
- PAT tripled to ₹ 99 Cr from Rs 33 Cr in Q4FY21; PAT margin was up 712 bps to 20%

“This has been a landmark year for MFL. We made a debut on stock exchange as an independent entity in August 2021. I am pleased to announce, we have delivered record financial performance. We have achieved highest ever Revenue & PAT of ₹ 1,551 Cr and ₹ 253 Cr. This is a testimony of our team's effort of delivering excellence despite the tough external environment. Our strong operational efficiency and internal cost control measures allowed us to maintain margins even with the inflationary pressure.

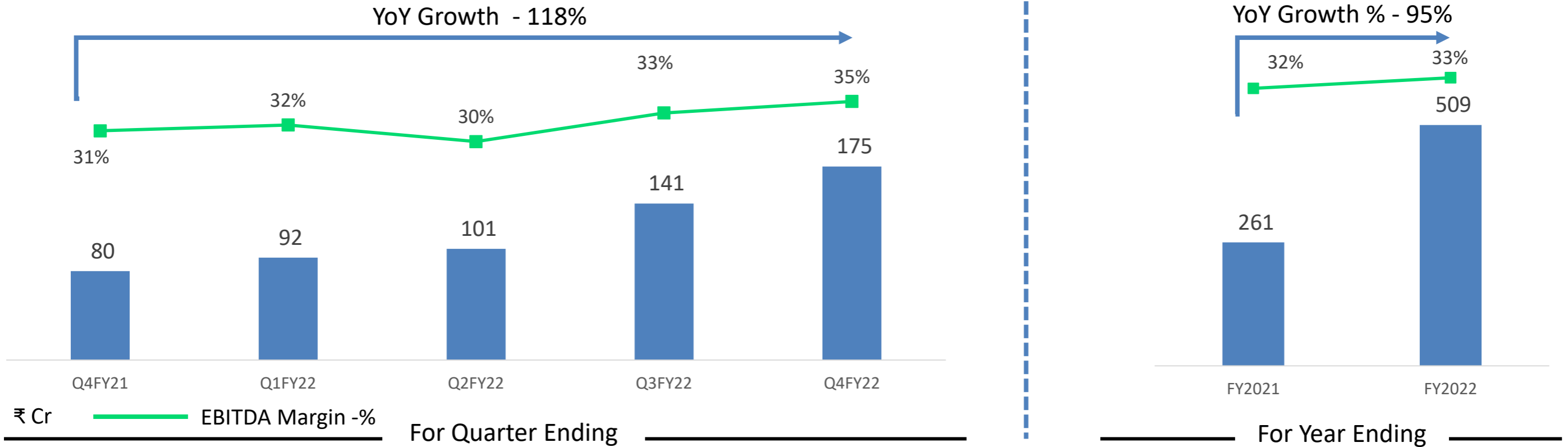
I am happy to announce a 5-year vision of achieving ₹ 5,000 crores in revenue by FY27, translating to a revenue CAGR of 25% from hereon. This growth will come from higher revenue contribution of value-added derivatives & specialty chemical. We have announced to enter in Chlorotoluene & its value chain and in phased manner we will keep on announcing our further capex in the future. We continue to move forward in our strategic direction of expanding scale, strengthening integration and achieving low cost of operations”

Revenue & Gross Margin



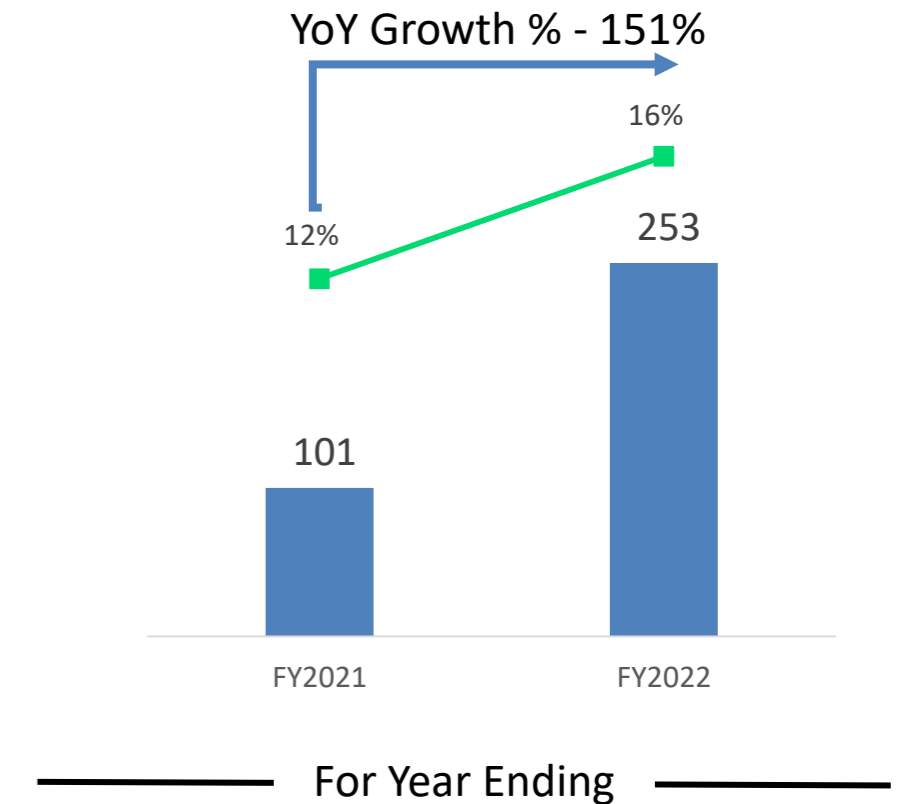
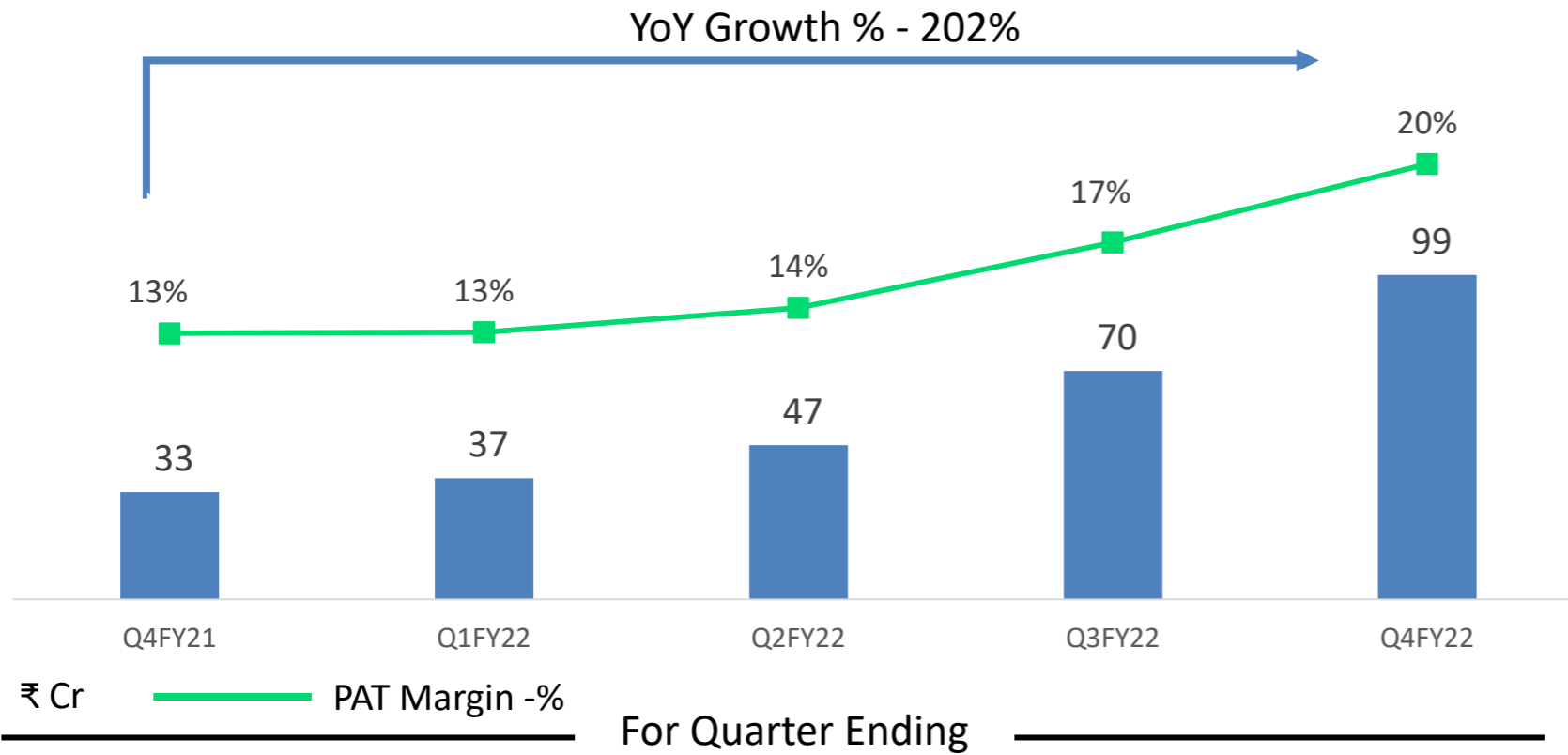
- FY22 ended with highest ever revenue of ₹ 1,551 Cr. It grew 87% on account higher sales volume and better realisations
- FY22 Hydrogen Peroxide sales volume increased 103% and Caustic Soda 16%
- Gross margin was at 51% in FY22 even after a year full of inflationary pressure on raw material prices

EBITDA & EBITDA Margin



- For FY22 EBITDA grew 95% to ₹ 509 Cr in line with the growth in revenue
- EBITDA margin improved to 33% (FY22) from 32% (FY21) on account of volume growth and cost control measures
- For Q4FY22 on YoY basis EBITDA grew 118% to ₹ 175 Cr with EBITDA margin of 35% (31% in Q4FY21)

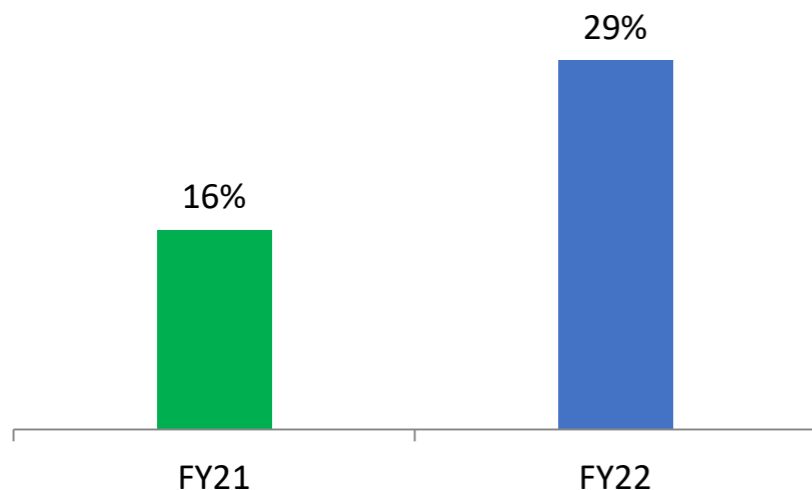
PAT & PAT Margin



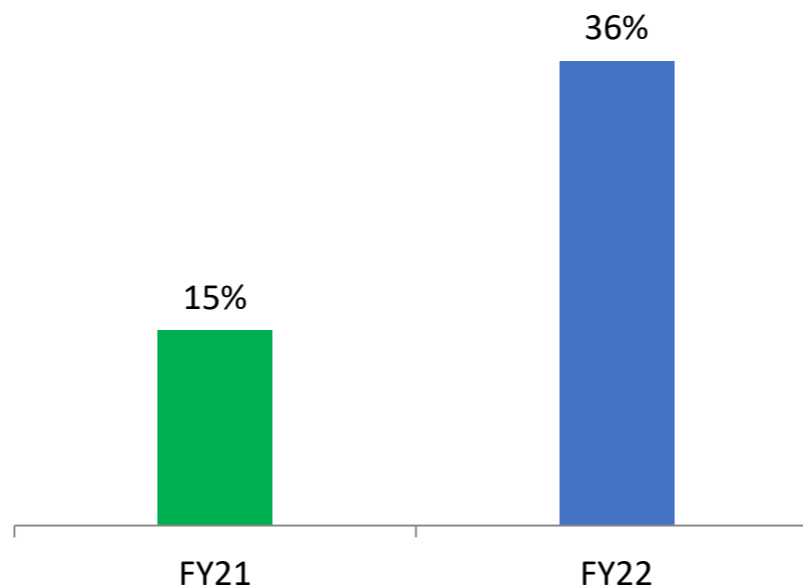
- For FY22 PAT grew 151% to ₹ 253 Cr from ₹ 101 Cr (FY21)
- PAT margin improved 412 bps to 16% (FY22) from 12% (FY21) on account of higher volume, higher realisations and cost control measures
- For Q4FY22 on YoY basis PAT grew by 202% to ₹ 99 Cr with PAT margin of 20% (13% in Q4FY21)

Creating Superior Shareholder Value

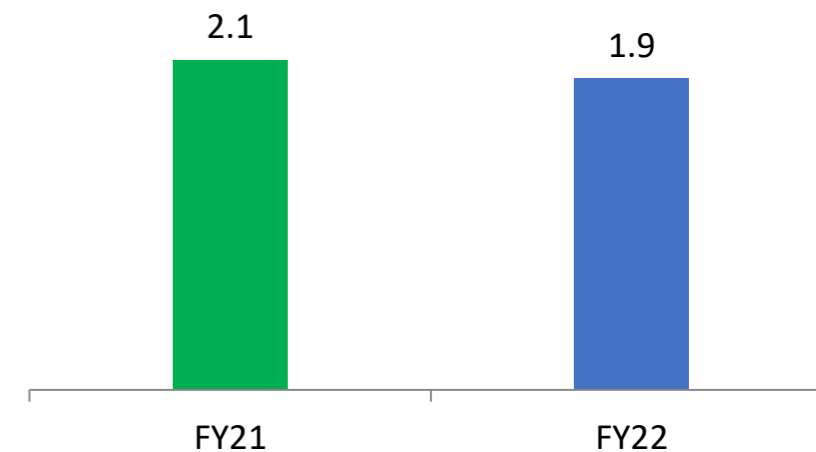
ROCE (%)



ROE (%)

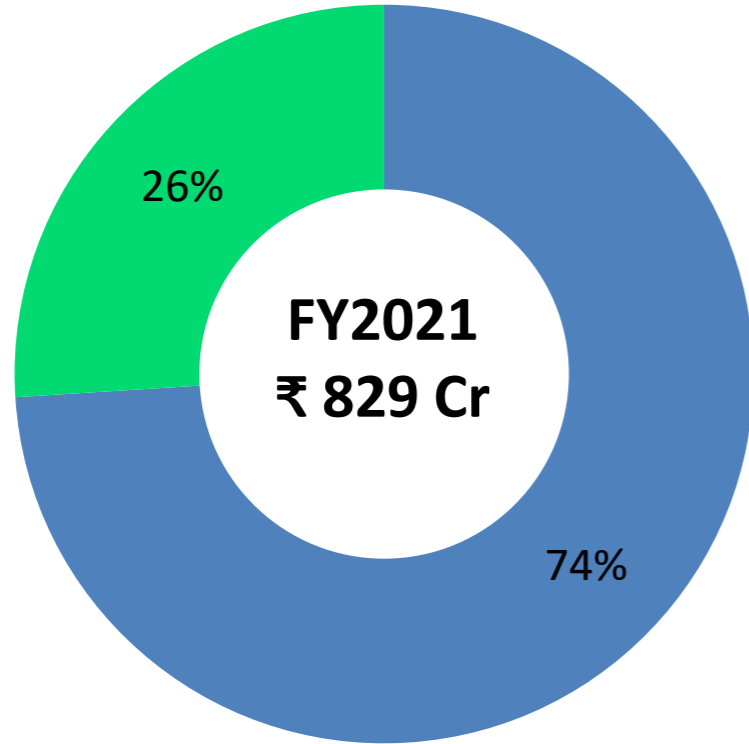


Debt/EBITDA (x)

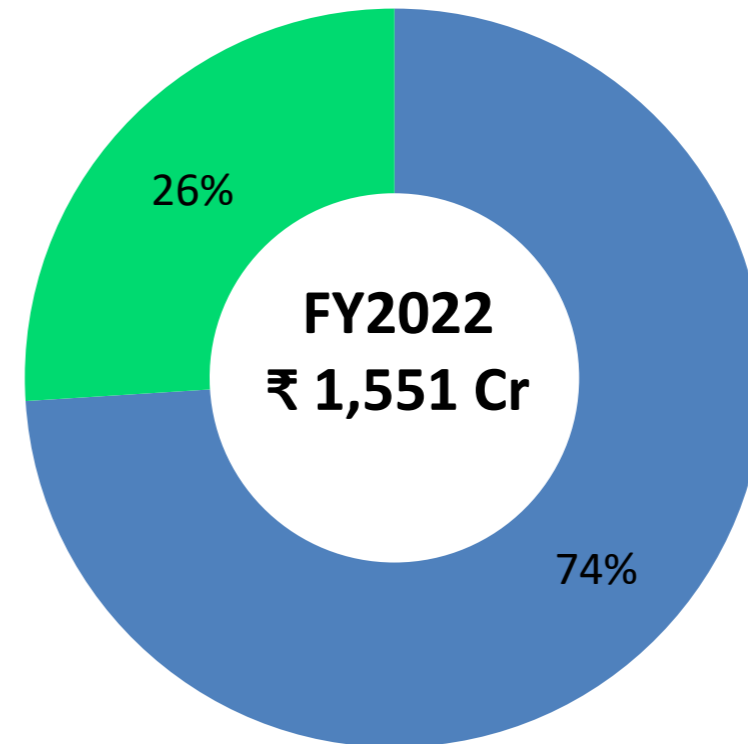


- ROCE and ROE improved on account of higher realization from all the products; and supported by volume growth on account of expansion of H₂O₂ and Caustic Soda
- Debt/EBITDA has remained at 1.9x in FY22 compared to 2.1x of FY21. The ratio has improved due to the absolute growth in EBITDA even on an increased debt on account of capex

Revenue Break-up – Diversified Business Model



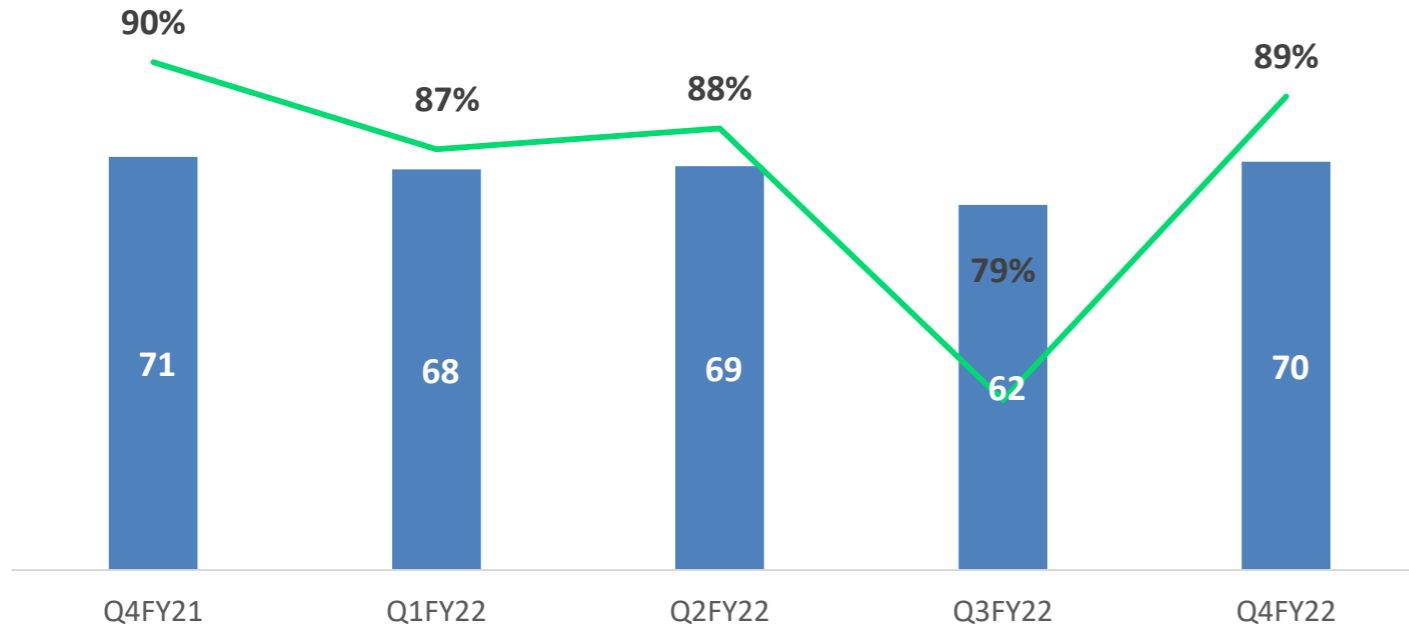
■ Chlor-Alkali ■ Derivatives



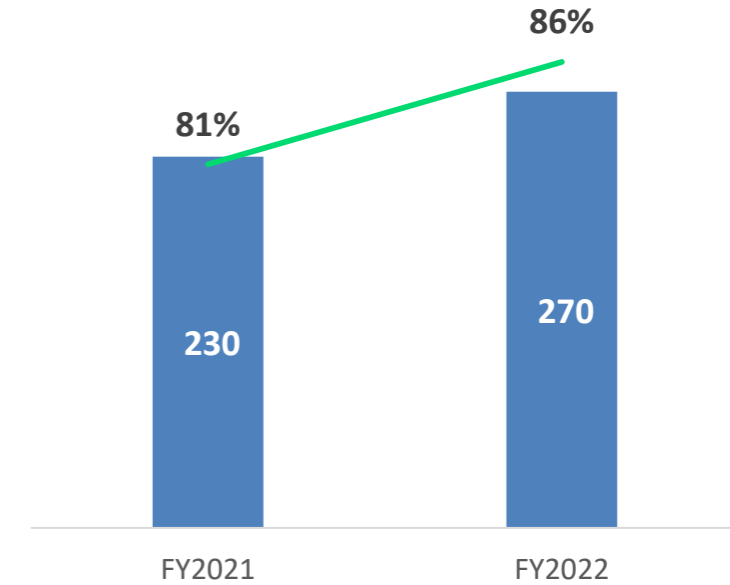
■ Chlor-Alkali ■ Derivatives

Operational Overview – Chlor-Alkali

Chlor-Alkali Production (KTPA) & Utilisation (%)



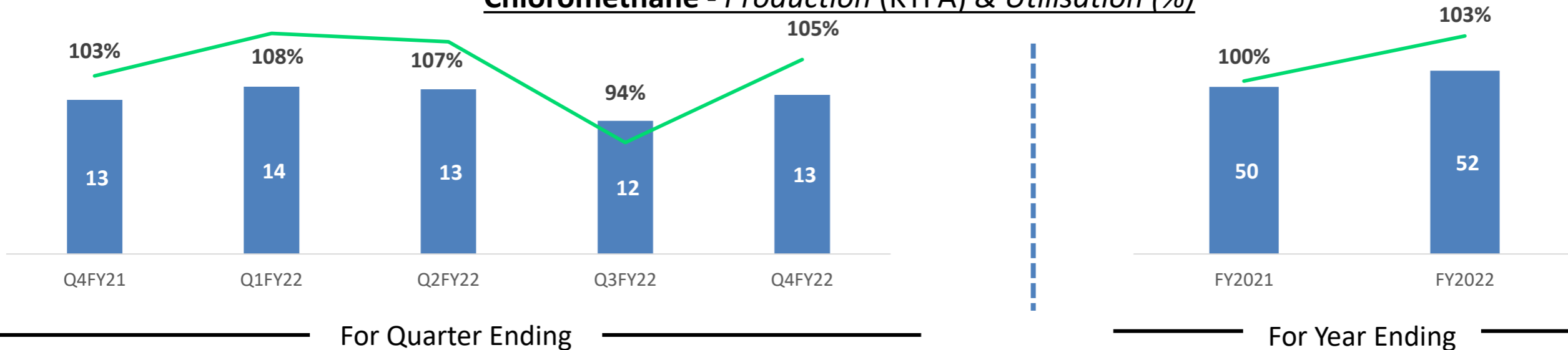
For Quarter Ending



For Year Ending

Operational Overview – Derivatives

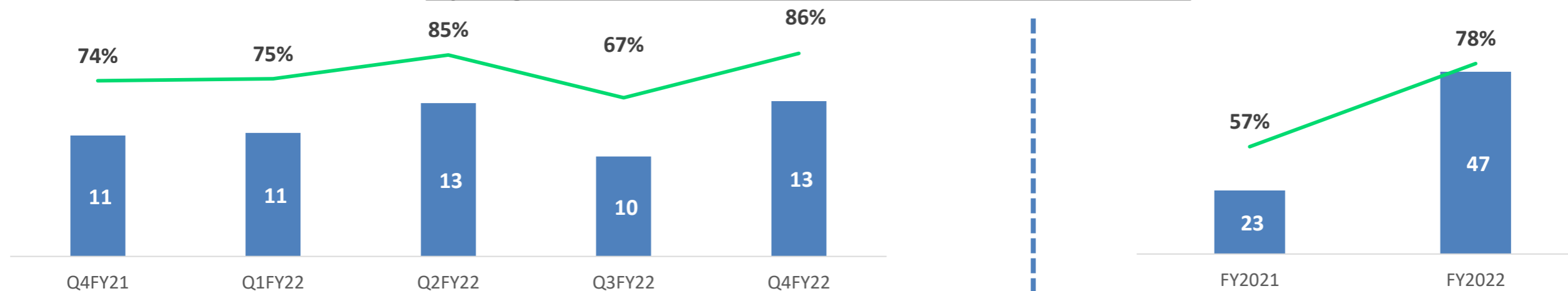
Chloromethane - Production (KTPA) & Utilisation (%)



For Quarter Ending

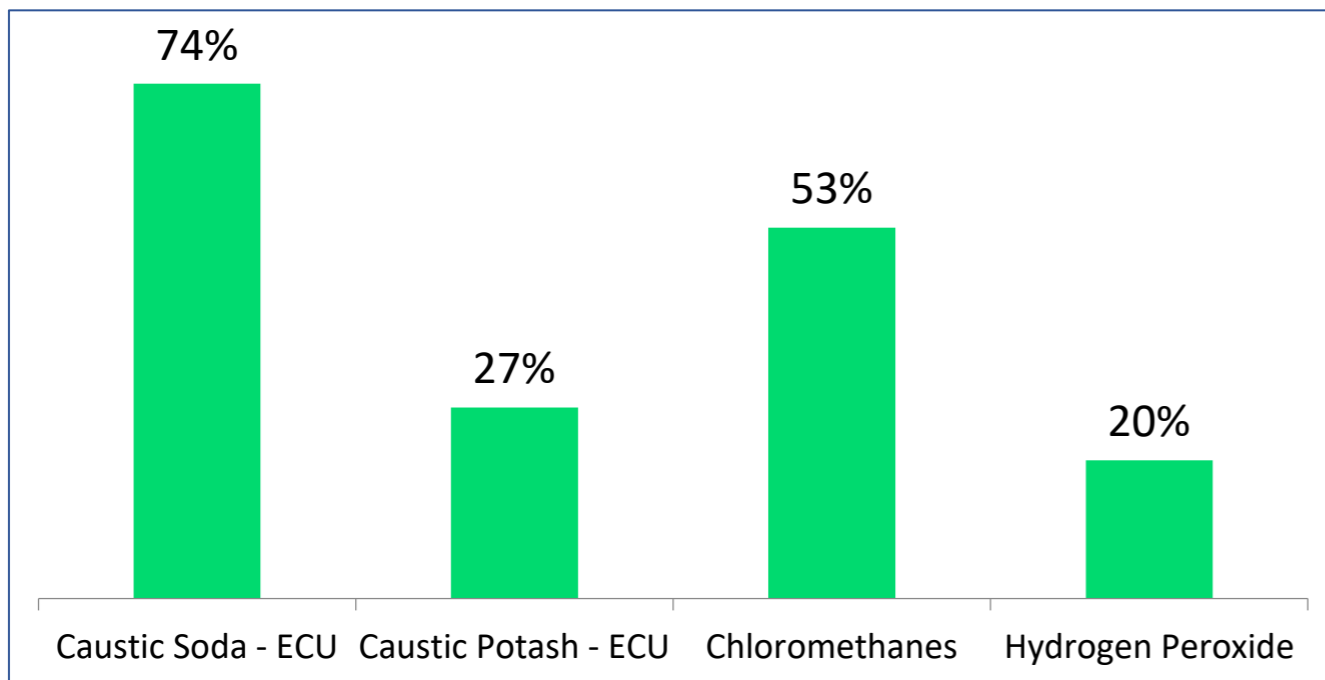
For Year Ending

Hydrogen Peroxide – Production (KTPA) & Utilisation (%)

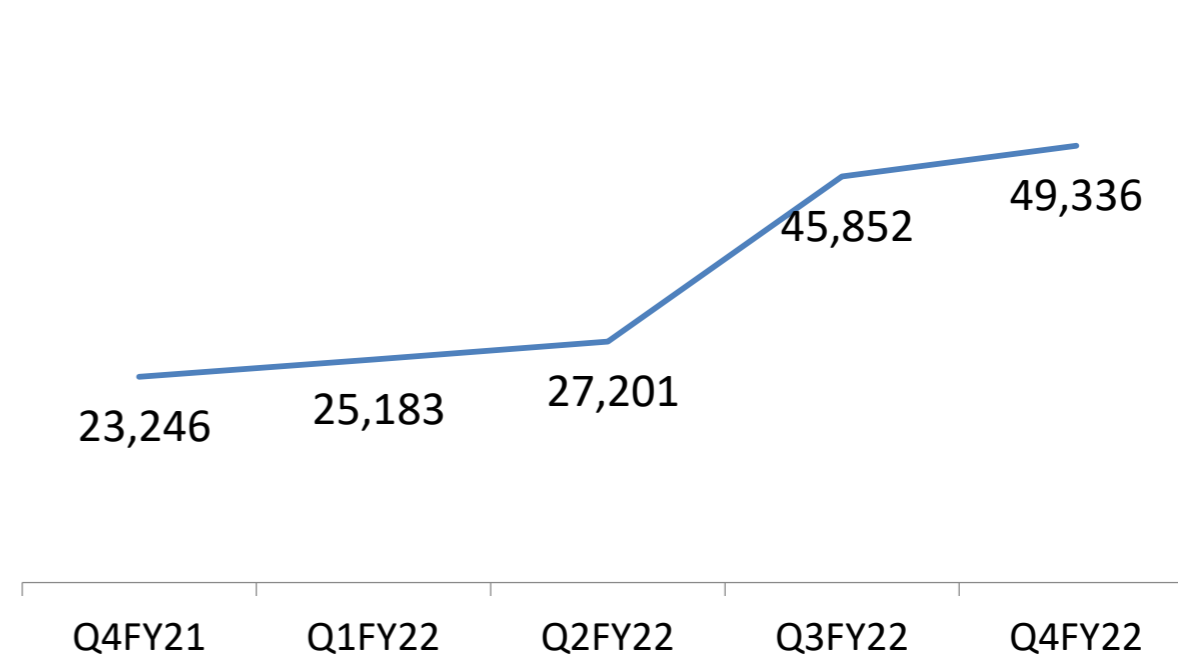


Operational Overview – Realisations

FY22 - Change in ECU and Sales Realization % YoY



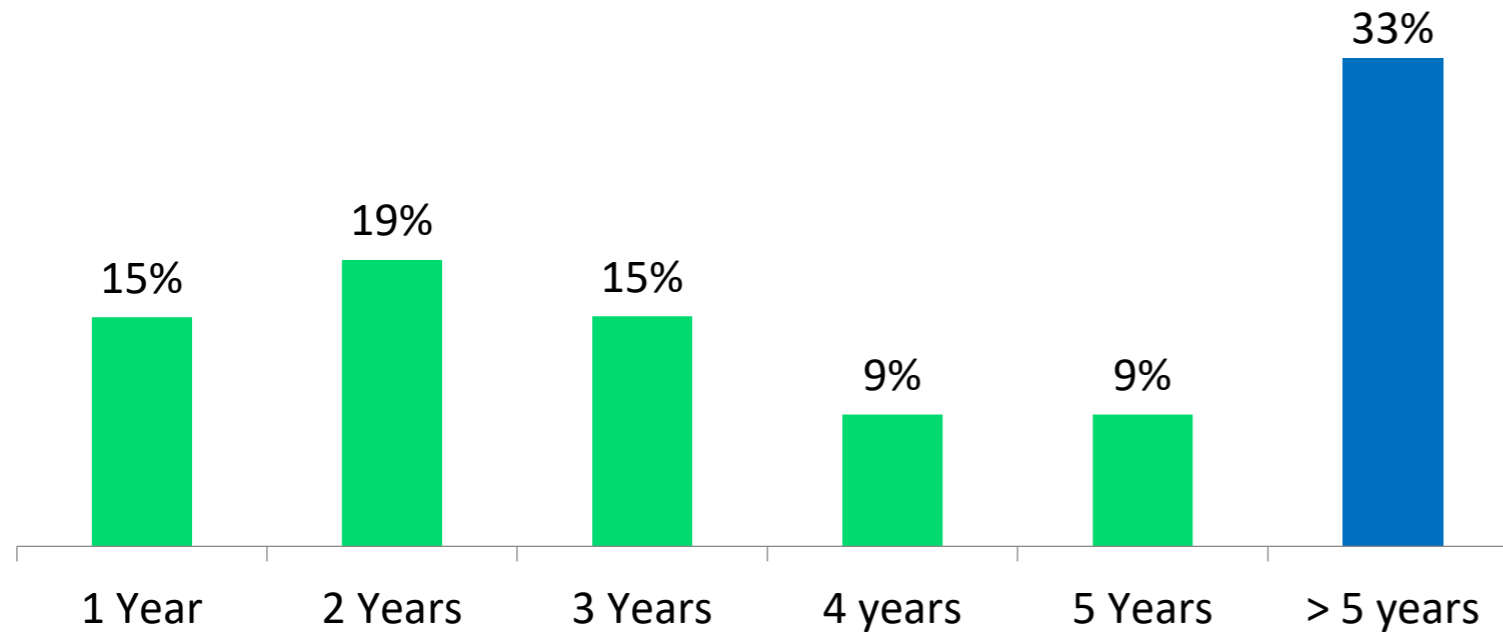
Caustic Soda ECU Realization



- Improved realizations across all product segments due to robust demand both domestically and globally
- ECU realization in Caustic Soda improved by 74% on yearly basis to ₹ 37,062 per ton
- Sales realization for CMS improved by 53% on yearly basis, all time high
- H2O2 sales realization also improved by 20% on yearly basis

Debt Maturity Profile as on 31st March 2022

Long Term Debt * – ₹ 909 Cr



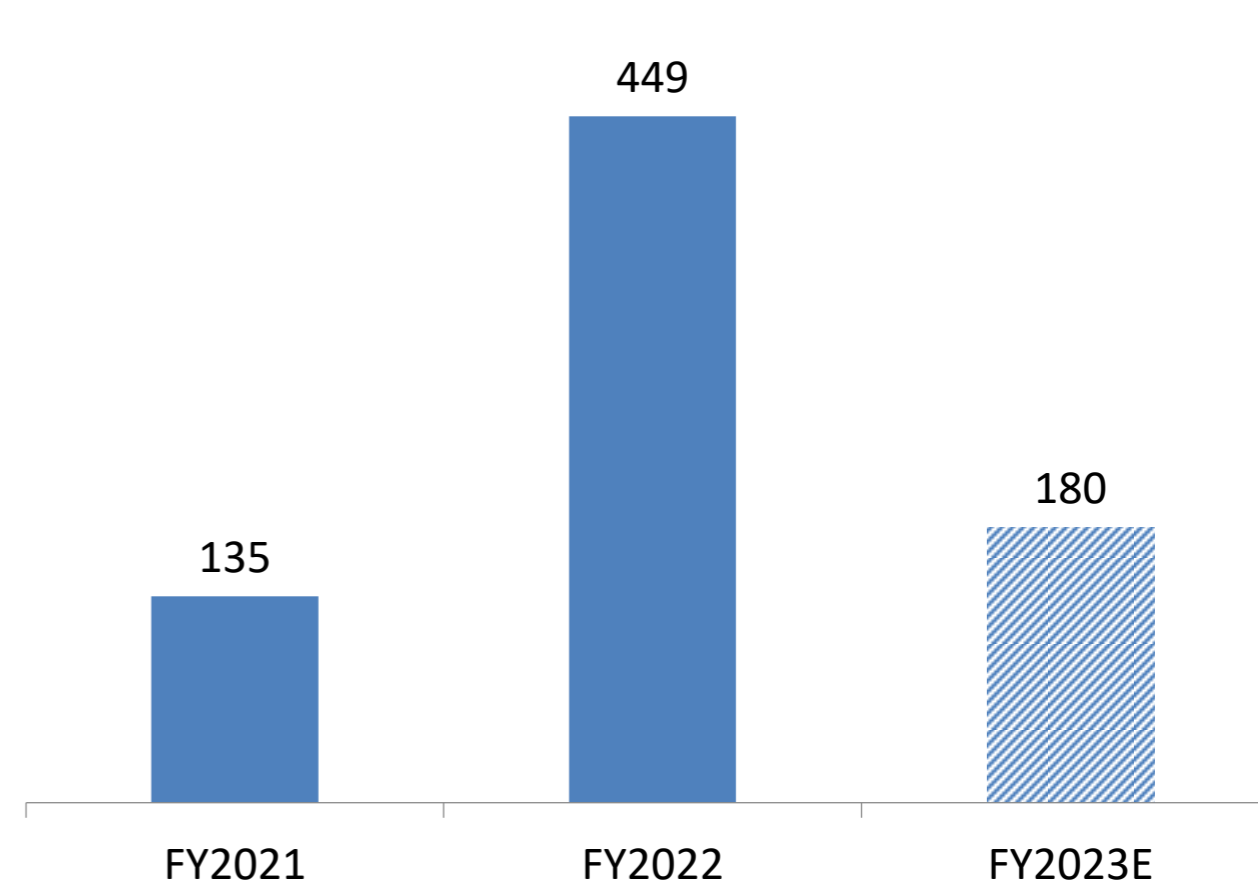
**Includes preference shares of ₹ 211 Cr reclassified as debt according to Scheme of Arrangement
Above does not include working capital*

- Net long-term debt increased by ₹ 239 Cr in FY22
- The debt maturity profile indicates a strong Free Cash flow
- More than 40% of our debt have average maturity of more than 4 years

Project Update

Product	Capacity	Expected Commissioning Date	% of project completed
Epichlorohydrin	50KTPA	Q1FY23	95%
CPVC Resin	30KTPA	Q2FY23	90%
Caustic Soda with CPP	106KTPA	Q2FY23	85%
Chlorotoluene & its value chain	-	Q4FY24	-
R&D Centre	-	Q2FY24	-

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
- 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 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)	Q4 FY22	Q4 FY21	% Change	FY22	FY21	% Change
Revenue from Operations	499	259	93%	1,551	829	87%
Gross Profit	275	140	97%	790	443	78%
Gross Margin (%)	55%	54%		51%	54%	
EBITDA	175	80	118%	509	261	95%
EBITDA Margin (%)	35%	31%		33%	32%	
Depreciation	21	21	-1%	86	74	17%
Finance Cost	12	4	184%	44	29	52%
PBT	144	55	163%	383	161	138%
PAT	99	33	202%	253	101	151%
PAT Margin (%)	20%	13%		16%	12%	
Cash Profit	120	54	123%	339	174	94%
EPS (₹)	23.8	7.9	202%	60.8	24.3	151%

Historic Income Statement

Particulars (₹ Cr)	FY17	FY18	FY19	FY20	FY21	FY22
Total Revenue	393	602	720	613	831	1,555
Gross Profit	167	359	455	335	443	790
Gross Margin (%)	43%	60%	64%	55%	53%	51%
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

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	1,717	Total	1,273	1,449	1,717

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 4th largest manufacturer of Caustic Soda, Chlorine and Hydrogen and a leading manufacturer of Caustic Potash, Chloromethanes and Hydrogen Peroxide.

MFL is now expanding its product base to include derivative and specialty chemical products like Epichlorohydrin (ECH), Chlorinated Polyvinyl Chloride (CPVC) and Chlorotoluene & its value chain, which are a key raw material for multiple end user industries, which are presently catered by 100% import. 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
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