

Meghmani Finechem Limited

Q4 & FY23 Earnings Presentation

25th April, 2023

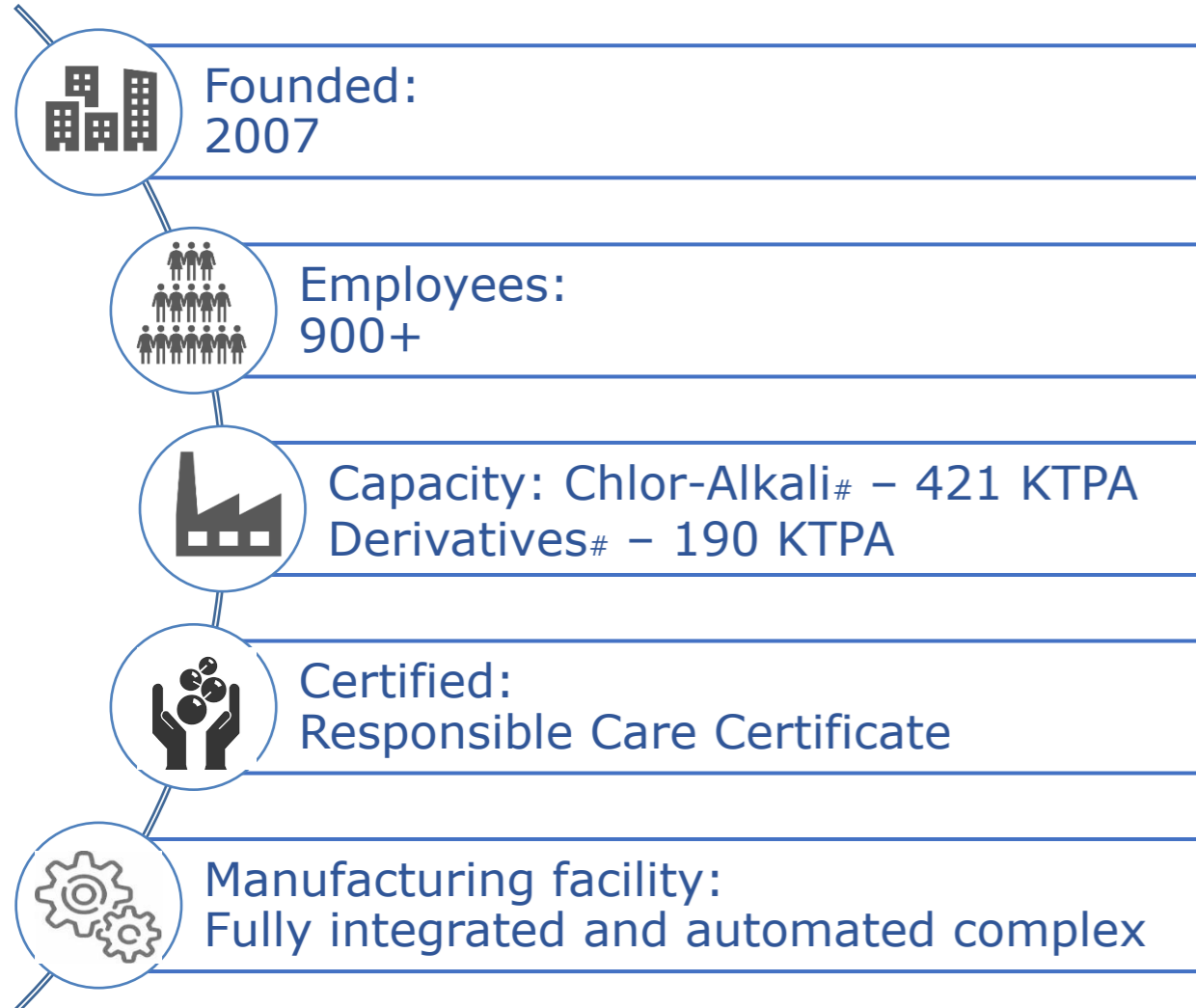


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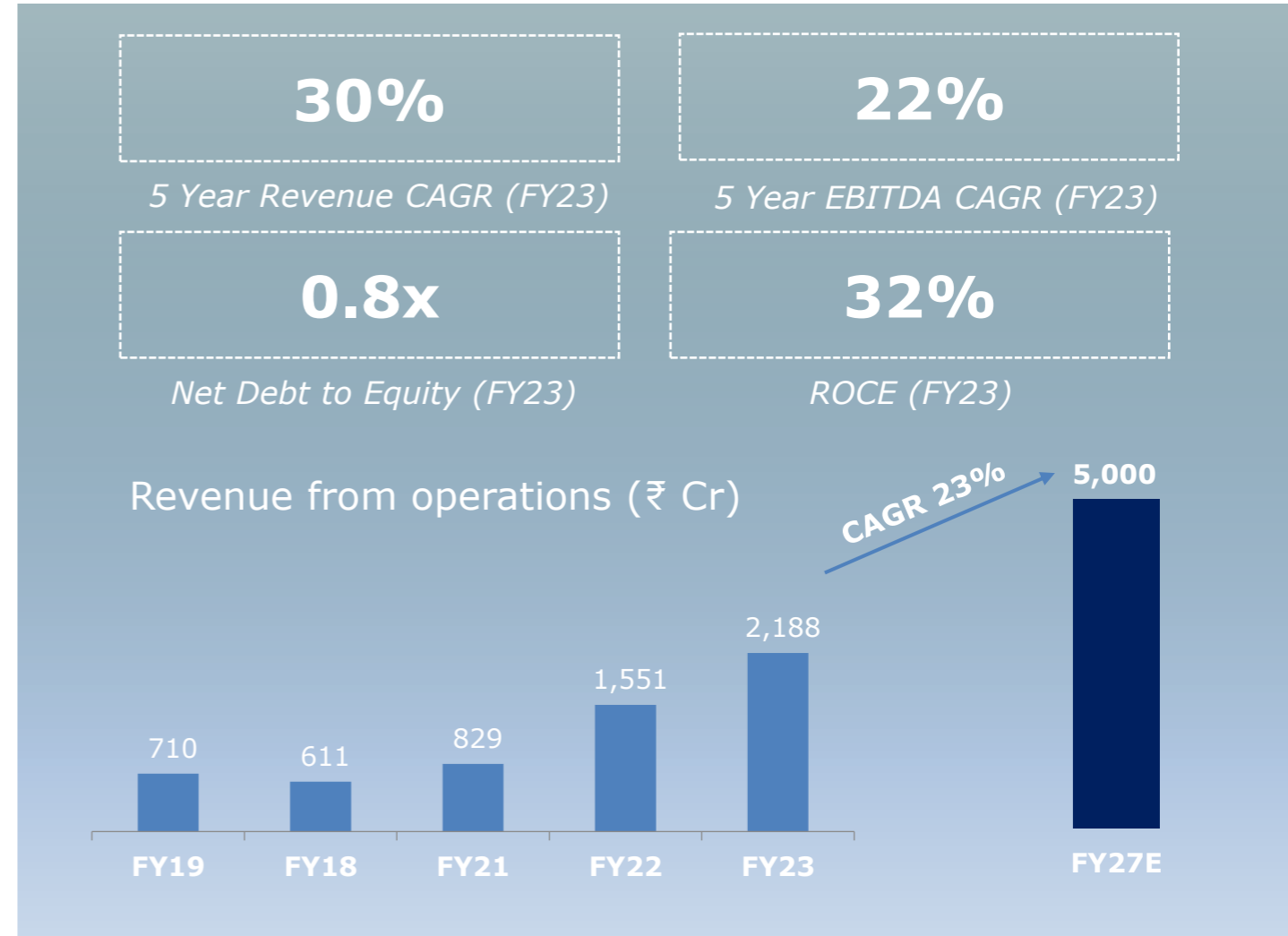
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Company Overview



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



FY23 - Key Highlights

FY23 Operational Highlights:

- Volume growth of 9%, partially led by new product CPVC Resin and Epichlorohydrin and partially by growth in volume of Caustic Soda and Hydrogen Peroxide
- Capacity utilization of Hydrogen Peroxide reached 93% and CMS reached 104%
- Realization - Caustic Soda was up by 24%, CMS was down by 11% and Hydrogen Peroxide was up 5%

FY23 Financial Highlights:

- Revenue from operations grew 41% to ₹ 2,188 Cr on account of higher realization compared to last year and volume growth from existing products as well as new products
- Revenue contribution from Derivatives & Specialty Chemical segment increased to 30% in FY23 vs 25% in FY22
- EBITDA grew 35% to ₹ 689 Cr. Margin stood at 31% (33% FY22) on account of high cost of inventory compared to realization
- PAT grew 40% to ₹ 353 Cr and PAT margin stood at 16% (16% in FY22)
- Net Debt/ EBITDA stood at 1.3x (1.9x in FY22). Net Debt/Equity stood at 0.8x (1.3x in FY22).
- Total debt decreased by ₹ 112 Cr to ₹ 877 Cr (₹ 989 Cr in FY22)

Q4FY23 - Key Highlights



Q4FY23 Operational Highlights (YoY) :

- Volume growth of 15% YoY (13% QoQ) – Led by new product CPVC Resin and Epichlorohydrin contributed and growth in volume of Caustic Soda and Hydrogen Peroxide
- Capacity utilization of Hydrogen Peroxide reached 98% and CMS reached 102%
- Realization - Caustic Soda dropped by 23%, Chloromethanes dropped by 13% and Hydrogen Peroxide increased by 1%

Q4FY23 Financial Highlights (YoY) :

- Revenue grew 13% to ₹ 562 Cr on account of volume growth of 15% and even after drop in realizations from various products
- Revenue contribution from Derivatives & Specialty Chemical segment increased to 38% in Q4FY23 vs 19% in Q4FY22
- EBITDA de-grew 12% YoY. Margin stands at 28% (35% Q4FY22) on account of drop in realizations and high cost of inventory
- PAT de-grew 22% YoY to ₹ 77 Cr on account of higher interest and depreciation due to commissioning of new capacities

Strategic Update

- Following expansion projects are moving as per schedule
 - CPVC Resin – Additional capacity of 45,000 TPA, expected to get commission by Q4FY24
 - Chlorotoluene & its value chain, expected to get commission by Q4FY24
 - R&D centre near Ahmedabad, expected to ready by Q2FY24
- MFL entered in JV to set up 18.34 MW Hybrid Power Plant to meet energy requirement at the plant
- MFL acquired 2,89,844.41 sq. m. land in Dahej (close to current complex) for future growth plans
- In FY23, MFL commissioned Epichlorohydrin on 1st June 2022, CPVC on 18th July 2022 and additional capacity of Caustic Soda on 30th September 2022 which were all completed within their committed timelines and capex limit. These projects contributed volume marginally in FY23 and expected to contribute fully in FY24
- MFL spent ₹ 416 Cr on capex in FY23 vs ₹ 456 Cr in FY22

Maiden Interim Dividend

- MFL board has declared dividend as per below
- Interim Dividend - 25% of face value (₹ 2.5 per equity share)
 - Proposed Final Dividend – 25% of face value (₹ 2.5 per equity share)
 - Total Dividend – 50% of face value (₹ 5.0 per equity share)

“FY 2022-23 was a very exciting year, despite business undergoing through lot of volatility. Realizations were at their peak at the start of the year and dropped sharply by the end of the year. Our strategy to diversify in high value new products and continuous expansion has brought us volume growth of 15% YoY and 13% QoQ. Revenue contribution from Derivatives & Specialty Chemical segment touched 38% of our revenue in Q4FY23 and our efforts are to further enhance revenue share from this segment. All our future expansion plans are towards this segment.

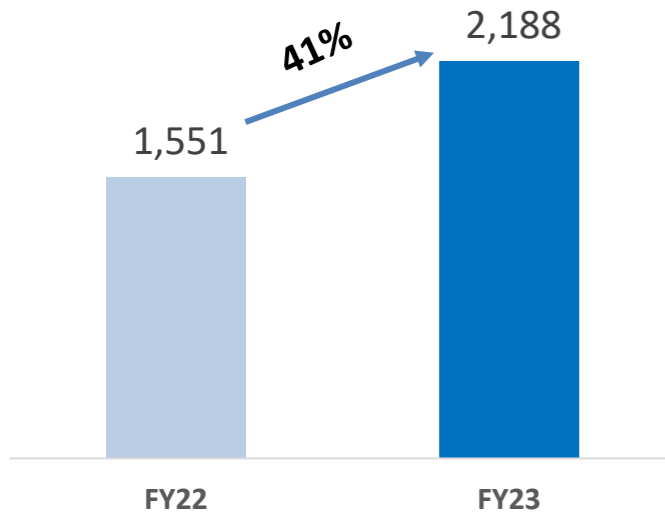
Our new expansions that got commissioned in FY23, contributed marginally in FY23, however in the current fiscal (FY24) a sizeable volume growth is expected from these commissioned plants. Further expansions that we are currently working in FY24 will drive growth for FY25.

With our focus on continuous expansion and strengthening our integrated complex, we are geared to bring consistent growth to business.”

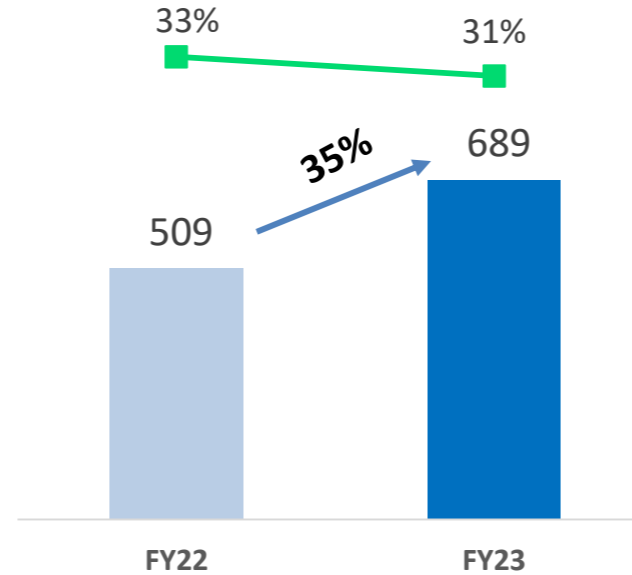
- Mr. Maulik Patel, Chairman and Managing Director

FY23 Financial Highlights

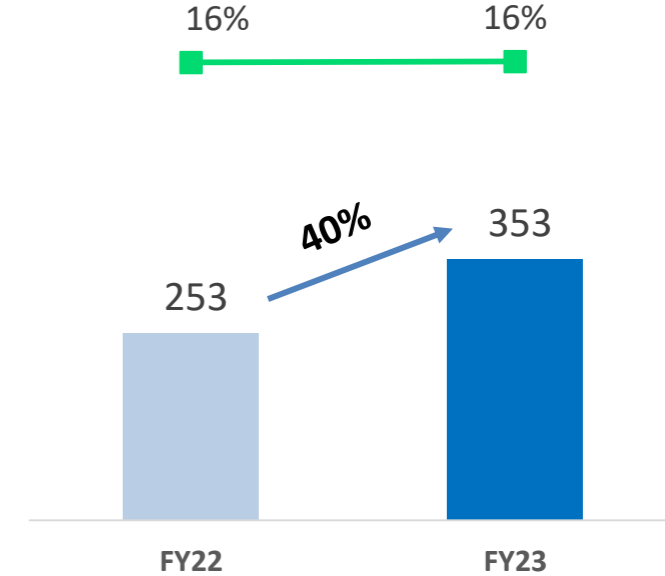
Revenue



EBITDA



PAT



₹ Cr

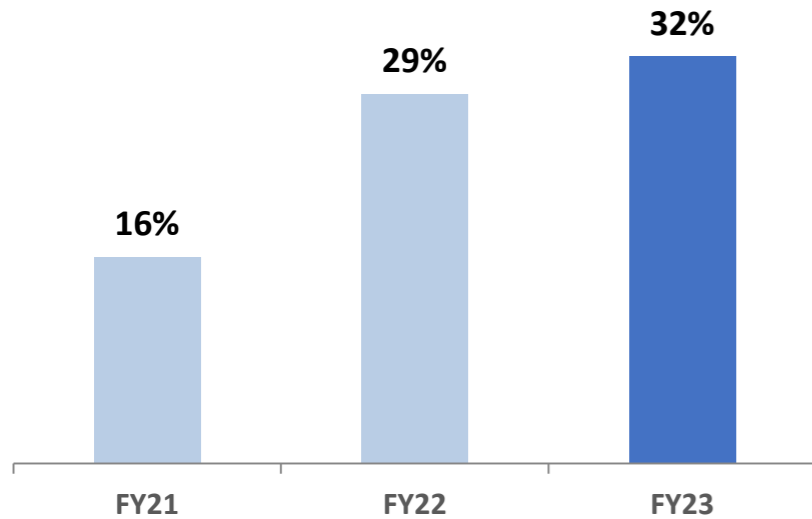
EBITDA Margin -%

PAT Margin -%

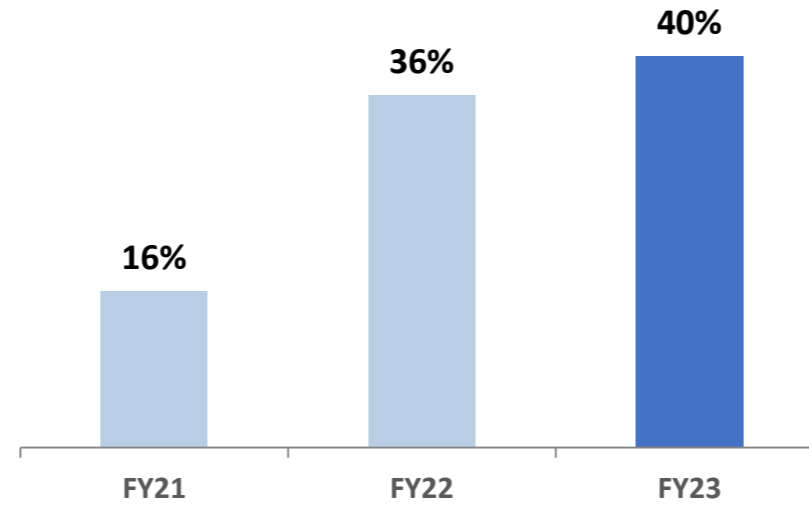
- FY23 revenue grew on account of higher realizations and 9% volume growth (from new and existing products)
- EBITDA margin stood at 31% in FY23 vs 33% in FY22 on account high cost of inventory compared to realizations
- CPVC Resin, ECH and additional capacity of Caustic Soda contributed marginally in FY23 and is expected to contribute fully and drive volume growth for FY24

Key ratios as on 31st March 2023

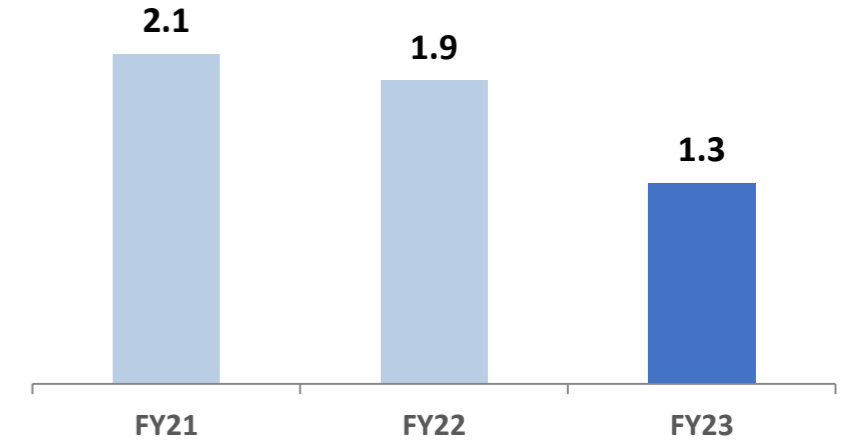
ROCE (%)



ROE (%)



Net Debt/EBITDA (x)

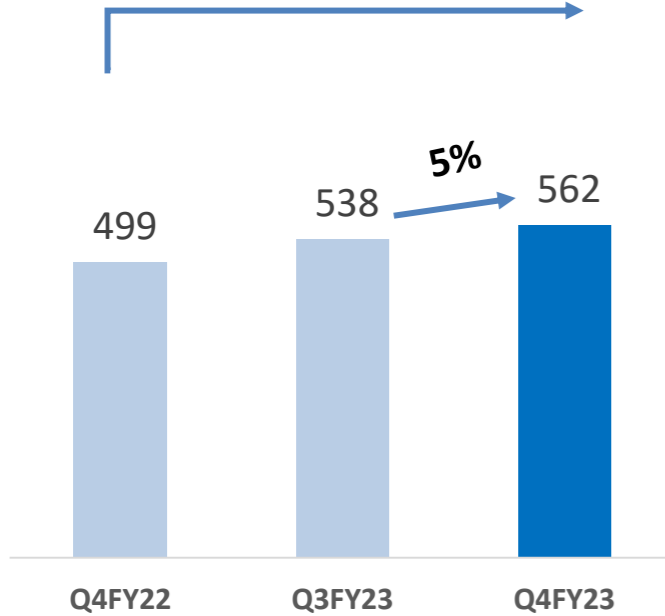


TTM EBIT, PAT and EBITDA are considered for above ratios

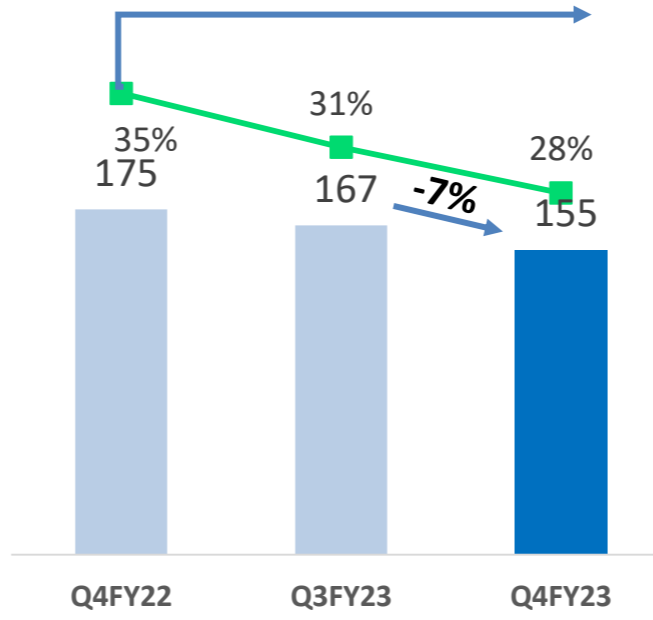
- ROCE and ROE improved to 32% and 40% respectively on account of higher realization and volume growth
- Net Debt/EBITDA has improved to 1.3x (1.9x in FY22) on account of absolute growth in EBITDA and net debt reduction by ₹ 112 cr. The improvement is even after considering capex of ₹ 416 Cr
- Net Debt/Equity stood at 0.8x in FY23 compared to 1.3x in FY22.

Q4FY23 Financial Highlights

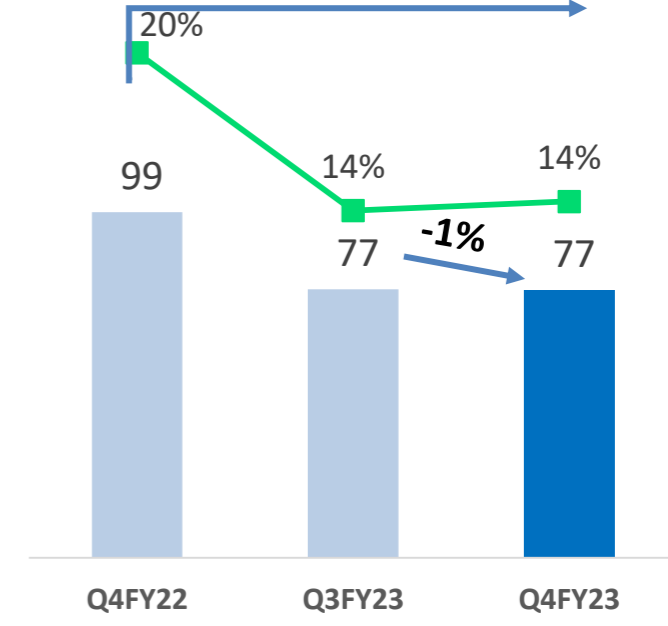
Revenue YoY Growth: 13%



EBITDA YoY Growth: -12%



PAT YoY Growth: -22%



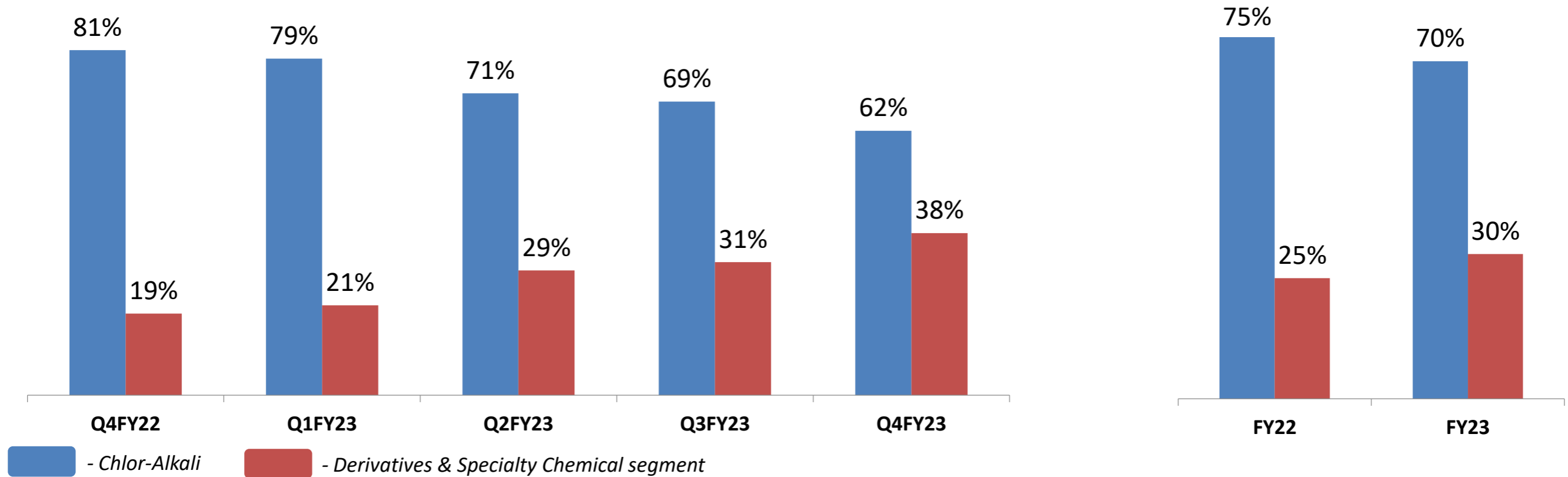
₹ Cr

EBITDA Margin -%

PAT Margin -%

- Revenue grew on account of volume growth of 15% YoY and 13% QoQ, majority of this is from new products (CPVC Resin and ECH)
- Derivatives & Specialty Chemical segment contributed 38% of revenue compared to 19% in Q4FY22
- YoY EBITDA and PAT degrew on account of drop in realization, high cost of inventory and higher depreciation and finance cost on account of new capacities commissioned

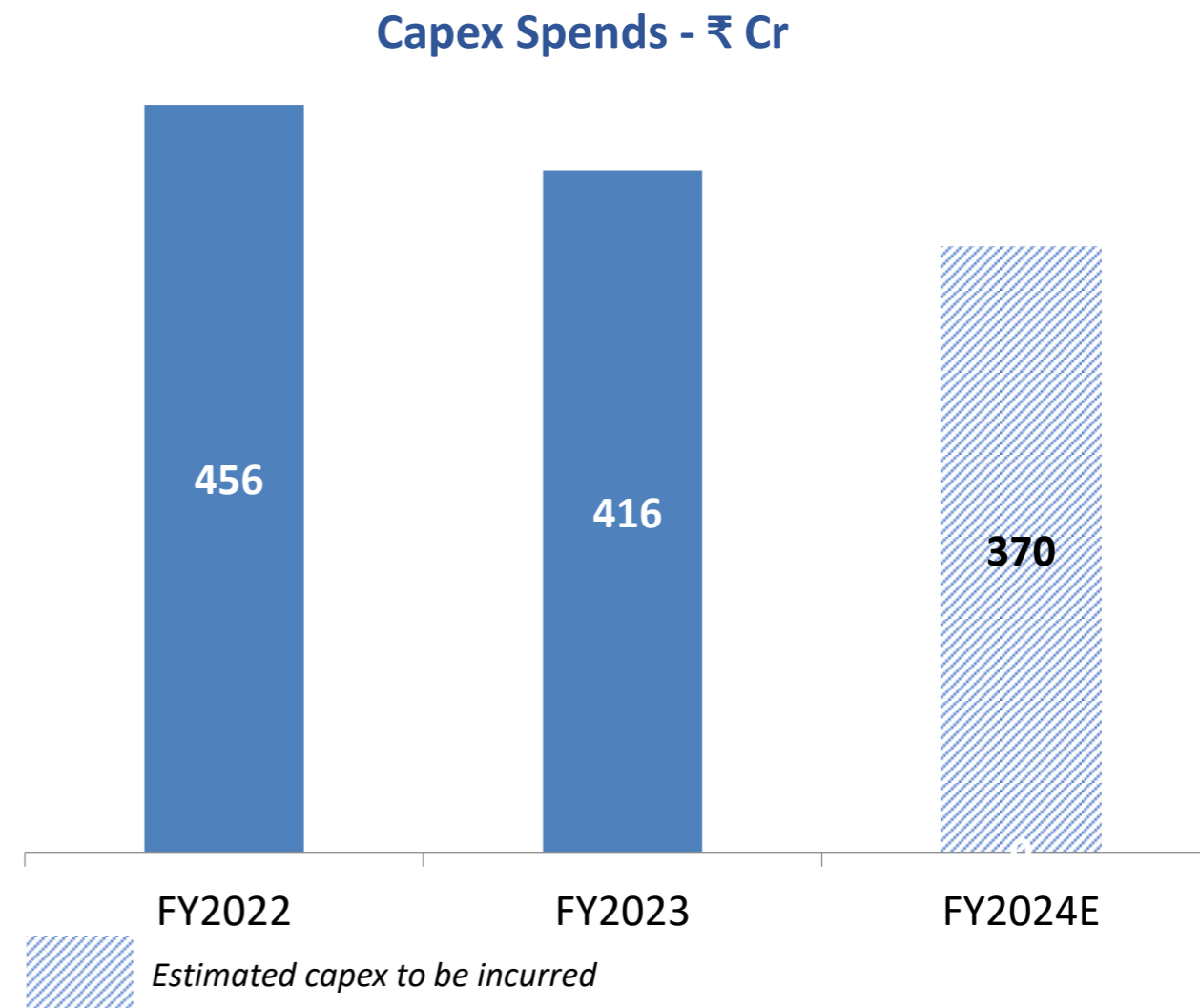
Revenue Transition towards Derivatives & Specialty Chemicals



- Revenue contribution from Derivatives and Specialty chemical Segment increased from 19% in Q4FY22 to 38% Q4FY23
- Revenue contribution % from Derivatives and Specialty chemical segment will keep on increasing, as future capex plans are all towards Derivatives and Specialty chemical segment

Project Update as on 31st March 2023

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	60%
R&D Centre	-	Q2FY24	70%
CPVC Resin (Additional)	45 KTPA	Q4FY24	30%



Focused on ESG



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 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 ecosystem 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)	Q4FY22	Q4FY23	% Change	FY22	FY23	% Change
Revenue from Operations	499	562	13%	1,551	2,188	41%
Gross Profit*	244	224	-8%	716	951	33%
Gross Margin (%)	49%	40%		46%	43%	
Operating EBITDA	175	155	-12%	509	689	35%
EBITDA Margin (%)	35%	28%		33%	31%	
Depreciation	21	30	43%	86	109	27%
Finance Cost	12	19	61%	44	66	48%
PBT	144	110	-24%	383	523	36%
PAT	99	77	-22%	253	353	40%
PAT Margin (%)	20%	14%		16%	16%	
Cash Profit	120	107	-11%	284	625	120%
EPS (₹)	23.8	18.5	-22%	60.8	85.0	40%

*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)	FY18	FY19	FY20	FY21	FY22	FY23
Total Revenue	602	720	613	831	1,555	2,196
Gross Profit*	335	431	300	407	716	951
Gross Margin (%)	56%	61%	49%	49%	46%	43%
EBITDA	255	312	194	261	510	689
EBITDA Margin (%)	43%	44%	32%	32%	33%	31%
Depreciation	55	54	44	74	86	109
Finance Cost	9	25	11	29	44	66
PBT	195	242	141	161	383	523
PAT	155	183	112	101	253	353
PAT Margin (%)	26%	25%	18%	12%	16%	16%
EPS (₹)	22.0	25.1	27.0	24.3	60.8	85.0

**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	FY23	Liabilities (₹ Cr)	FY21	FY22	FY23
Fixed Assets	1,228	1,657	1,962	Share Capital	42	42	42
Financial Assets	10	8	28	Reserves & Surplus	643	684	1,028
Other Non-current Assets	29	11	23	Long-Term Borrowings	340	557	396
Inventories	54	154	212	Redeemable Preference Shares	-	211	149
Trade Receivables	119	256	166	Other Non-current Liabilities	35	97	171
Cash & Bank Balances	1	25	15	Short Term Borrowings	75	221	332
Loans & Advances	0	0	0	Trade Payables	73	88	110
Other Current Assets	8	11	26	Other Current Liabilities	240	223	205
				Short Term Provisions	0	0	0
Total	1,449	2,124	2,432	Total	1,449	2,124	2,432

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. In India, MFL is the 1st to set up an Epichlorohydrin plant and largest capacity plant of CPVC Resin. MFL 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 strengthening its position in specialty chemical segment by expanding CPVC Resin capacity to 75,000 TPA, entering into Chlorotoluene & value chain and setting up R&D centre. The company is focused on sustainable value creation for all its stakeholders and has been awarded with the Responsible Care certificate.

For further information

Please log on to website - www.meghmanifinechem.com
Corporate film - [Video](#)

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