

Think
Through



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Snapshot

53.6%	35.5%
Y-o-Y growth in revenues	Y-o-Y growth in EBIDTA
66.5%	140%
Y-o-Y growth in PAT	Dividend for FY22
0.34	19%
Debt-Equity ratio as on March 31, 2022	ROCE
23.6%	0.72
ROE	LT Debt EBIDTA



To view Annual Report 2021-22 online, visit:
<http://meghmani.com>



Or scan this QR code from app in your mobile



Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.



After registering a resilient growth

in the face of adversity, we are poised to scale new orbits.

With our unique product basket and growing global footprint, backed by prudent capital investment plans, we are thinking through tomorrow to ensure sustainable growth in the long term and creating value for our stakeholders and the environment.

Our product offerings help the agricultural, animal husbandry and public health sectors, thus creating value for the society.

Going forward, we are set to be leading players in our industry and improve our market position. As we think through tomorrow to scale up further, we are committed to making a positive difference to our clients, people, shareholders, partners and our communities.

Building a company positioned to win

One of the leading companies in the chemical sector, Meghmani Organics is a fully integrated diversified chemical company with a diverse product portfolio and expansive global presence.

We are among the top 10 producers of pesticides in India having presence across the entire value chain in agrochemical products. Our agrochemical portfolio includes intermediates, technical as well as formulations of Pesticides and Herbicides that find application in crop protection, veterinary, public health and wood protection.

We are among the top 3 Phthalocyanine pigment players globally, specialising in blue and green pigments that find increasing applications in printing inks, paints and coatings and plastic;

Our customer base includes prominent MNCs across 75 countries.

Our R&D team comprises of ~35 qualified and dedicated scientist and engineers, 4 of which are PhDs with 15 years of experience. We have 3 patents and 650+ product registrations. It's R&D lab has earned the recognition of the Ministry of Science and Technology and is focused to develop proprietary products to sustain its expansive market reach.



Vision

To constantly endeavour to create sustainable position as one of the leading and diversified chemical companies with strong manufacturing base in 'Organic Chemistry' aiming global presence with worldwide product acceptability.



Mission

We will lead... through

- Empowered work environment
- Speed of decision making
- Ethical way of functioning
- Business integrity
- Honouring commitments
- Focusing on results
- Innovation & efficiency



Values

- Integrity
- Credibility
- Being Human
- Law abiding
- Environment
- Safety

Key facts

Vertically integrated facilities

for key products

400+

Customer base for agro-chemical and pigment business

3500+

Distributors in India

36+ brands

of various pesticides formulations in India

Our product portfolio

An attractive basket with high growth potential

Our product portfolio comprises of wide range of products catering to several downstream industries. Driving synergies within operations, we have created a niche portfolio of products with market leadership in key products.

Agrochemicals

We are one of the leading agrochemical manufacturers with a strong worldwide presence and rank among the top 10 producers of pesticides in the country. The agrochemical products comprise insecticides, herbicides which ensure crop protection and higher yields.

We have three multifunctional ISO 9001 and 14001 certified production facilities for agrochemicals in Gujarat, India's prime manufacturing belt.

51,060 TPA

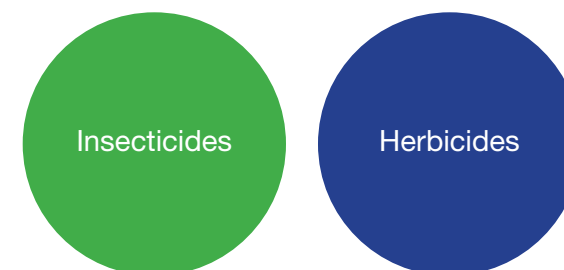
Total capacity

Manufacturing facilities



Product range:

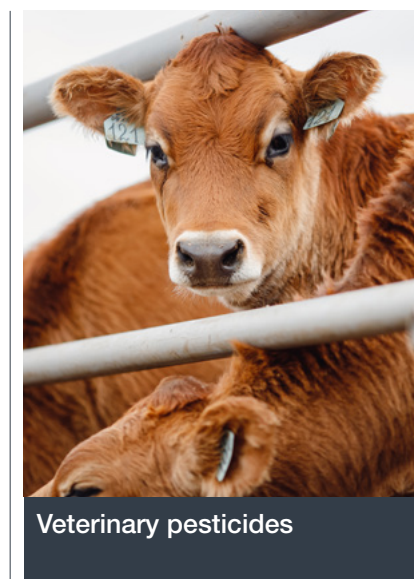
We manufacture intermediates, technical and formulation for the following product range:



Applications



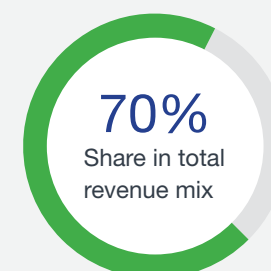
MOL has a basket of products under insecticides, herbicides, plant growth regulator, seed treatment as well as speciality pest management



MOL provides products used by animal health companies that serve animal health owners, livestock farmers and veterinarians.



MOL has a strong presence in controlling of pest management. It extends its presence by offering products for household insecticides and public health products



39,991 MT

Total production in FY22

₹1738.5 Crores

Net sales



Our product portfolio

Continued

Pigments

We are one of the largest manufacturers of Phthalocyanine-based pigments with 14% global market share and is among the top 3 (capacity wise) global players. We serve end-user industries mainly in the areas of printing inks, paints and coatings, and plastics and have a global customer base spanning 75 countries.

Manufacturing facilities

We have three pigment manufacturing facilities at Vatva, Panoli and Dahej in the state of Gujarat



33,180 TPA
Total capacity

Product range

We manufacture wide range of the following products:



Applications



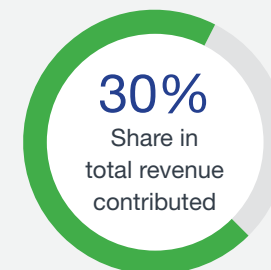
Exclusively designed pigments suitable for paste inks and liquid inks (Flexo and Gravure). 'Meghfast Pigments' also exhibit good flow transparency, gloss and high colour strength.



'Meghfast Pigments' exhibits good performance in Decorative, Industrial and Automotive with lasting durability as well as good environmental performance.



Meghfast Pigments are specially designed for good performance in Polyolefins, Engineering polymers, PVC and Rubber with good dispersion and excellent heat stability



29,362 MT
Total production in FY22

₹755.5 Crores
Net sales



Think through tomorrow

Creating a sustainable business for the long-term

Expanding our footprint

While we continue increasing our export business, we are also building a stronger market for our products in domestic markets. We aspire to grow by 16-18% in next 3 to 4 years.



Diversifying the product portfolio

With sustainable growth in mind, we are looking at pigments beyond Phthalocyanine Pigment Blue and Green. The management team, with our proficient R&D team, have ventured into developing the new and profitable white pigment titanium dioxide (TiO₂). The production of TiO₂ will be completed in two phases. The first phase will be commissioned by FY23 with 16500 TPA with Capital outlay of ₹ 275 Cr, including ₹ 132 Cr spent on acquiring Kilburn Chemicals Ltd. While the second phase will be commissioned by FY24, up to 33000 TPA with an additional Capital outlay of ₹ 325 Cr. The new facility is estimated to contribute ₹ 700 to 750 Crores to the topline.

This will open up growth opportunities in existing markets and new geographies too. The strategic location of our plants to ports and highway will bring additional operational efficiencies and strengthen profitability.

₹ 700-750 Crores

Estimated contribution by new products on full year of Operations



Enhancing capacities

To meet the growing agrochemicals demand in the domestic and global market, we doubled the capacity of 2,4D to 21,600 MTPA and built a new formulation plant. A new multi-purpose facility at Dahej is expected to be commissioned in FY23 with capital outlay of ₹ 350 Crores.

This facility is projected to contribute a total revenue of ₹ 600 Crores on full year of Operations.

Phase-II expansion in Agro division will be announced in due course.

₹ 600 Crores

Contribution to revenue by this facility on full year of Operations



Emerging industry opportunities

Both AgroChem as well as Pigment industries are poised for sustainable growth for the next foreseeable 5-7 years time span. The China plus one factors strengthens this premise.

Limited arable land coupled with increasing use of Crop protections chemicals for better yield.

Preference for Indian Chemical Manufacturers against China in the Global Market.



Robust financials

Meghmani has strong balance sheet with the RoCE of 19% and ROE of 24%. The Company generates healthy free cash flow, translating into improved leverage ratios i.e. Debt Equity of 0.34 and long term debt/ EBITDA of 0.72 as on March 31, 2022. With Strong business model and efficient

Working capital management has led to significant improvement in net working capital cycle to 76 days as on March 31, 2022 compared to 113 days as on March 31, 2021.

Emerging stronger

“

Amid the volatile circumstances, raw material fluctuations, commodity inflation and supply disruptions, our company exhibited a stellar growth in terms of revenue and profitability.

₹ 308 Crores

PAT
in the financial year 2022



“

The Chairman has been bestowed upon Lala Shriram National Award for Leadership in Chemical Industry for the year 2021 by Indian Institute of Chemical Engineers (IICChE).

”

Dear Shareholders,

As the world along with the economy recovers from the effects of the waning pandemic, humanity is once again at crossroads. The rising geopolitical tension in Europe between Russia and Ukraine alongwith the ensuing sanctions upon Russia is opening up a Pandora's Box of supply chain issues, demand supply gap, fuel and commodity price hikes.

Amid the volatile circumstances, raw material fluctuations, commodity inflation and supply disruptions, our company exhibited a stellar growth in terms of revenue and profitability. This was achieved through higher capacity utilization along with improvement in volume and realization from the pigment and Agrochemical business. The rise in other income and decline in finance costs also contributed towards further improving the company's results.

Global challenges and impediments we faced only proved to be testimonials to the salience and resilience of our company. Deriving insights from the pandemic struck precedent year, we maintained copious amounts of cash balances and a strong liquidity profile as evidenced by our strong balance sheet.

Financial Performance

In the Fiscal year 2022, the company's revenue grew by an impressive 53.6% to ₹ 2494 Crores compared to 1623 Crores in the previous year. Profitability also witnessed significant growth due to better capacity utilization and operational efficiencies. PAT was up by 66.5% to ₹ 308 Crores against ₹ 185 Crores in the financial year 2021.

On the Balance Sheet front, at the end of the fiscal year 2022, the Company's

₹ 2494 Crores

Revenue
in the financial year 2022

“

In India, Agriculture accounts for a fifth of the gross value added and more than half the population engages in agricultural and related activities.

Debt-Equity ratio stood at 0.34. The improvement is Debt to equity ratio was achieved through strong free cash flow generation leading to debt repayment. The company's annualized ROCE and ROE return ratios came in strongly at 19% and 24%, respectively. Our working capital cycle has also improved significantly from 113 days in the last financial year to 76 days in 2022

Ethics and transparency

While achieving company objectives and maximising stakeholders' value, we stayed true to the ethical values that our organisation is founded upon. Our businesses and their operations continue to remain entirely transparent.

Segmental Performance

With revenue of ₹ 1738 Crores, Meghmani Organics' Agrochemical division performed extremely well during the fiscal year 2022. Exports amounted to 82% of total sales. EBITDA for the year was ₹ 351 Crores, with an EBITDA margin of 20%.

The pigment division had a revenue of ₹ 756 Crores. Unfavourable market circumstances, commodity price inflation and exceptional increase in logistic costs due to global supply chain disruptions resulted in a slight dip in EBITDA to ₹ 70 Crores in the fiscal.

Industry outlook

The epidemic slowed market development in the short term, but also sparked renewed interest in food security and sustainable agricultural production. For customers and businesses, there is a new found importance associated to sustainability and environment conservation. Following Covid, there was a shift in consumer preferences toward vegetarian foods, which boosted agricultural yields and boosted the agrochemical business.

In India, Agriculture accounts for a fifth of the gross value added and more than half the population engages in agricultural and related activities. Growth in agricultural products like fertilizers are bolstered by a favourable policy environment. In the financial year 2022, an estimated 330 LMT of fertilizers were produced in India. The agrochemical industry is expected to sustain its steady growth at a CAGR of 9.3% until 2025.

According to Fortune Business Insights, the worldwide dyes and pigments market is expected to grow at a CAGR

Message of Chairman
Continued

“Diversification of our existing products is expected to further drive our growth in overall margin profile and return ratios. We are poised to achieve our ₹ 3000 Crores target ahead of our timeline of Fiscal Year 2024.

“With capex commitment of ₹ ~750 Crores spread in next three years, we aspires to achieve revenue of ₹ ~4000 Crores and EBITDA of ₹ ~675 Crores by Fiscal Year 2025.

of 4.9 per cent from 2016 to 2026, reaching USD 54.64 billion. A major growth driver will be the rising demand for ink for a variety of applications.

From 2021 to 2028, the worldwide titanium dioxide market is predicted to develop at a compound annual growth rate (CAGR) of 6.0 per cent. The usage of the material as pigments in paints and coatings formulations is expected to fuel market expansion in the coming years. The automotive industry’s continued development, particularly in light cars, has resulted in increased paint and coatings consumption, which is likely to boost TiO2 demand.

Outlook

Your Company has diversified into new white pigment titanium dioxide (TiO2) by acquiring Kilburn Chemicals Limited, which provides significant scope for our growth aspirations in our pigments segment. The capacity of the existing facility of 16500 TPA will be doubled to 33000 TPA by Fiscal Year 2024 with total capital outlay of ₹ 600 Crores and will contribute ₹ 700 to 750 Crores to the topline on full year of operations.

The expansion of the paint segment in India is expected to drive the demand for Titanium oxide. Owing to high logistics and utility costs in import/export from US, Europe and other markets, we aspire to cater to the domestic demand initially and then expand into other geographies.

In the agro segment, your Company will continue to stick to backwards integration that ensures lower dependency on raw materials from China. Furthermore, the capacity of

2,4D is doubled to 21,600 MTPA and commissioned a new formulation plant in Fiscal Year 2021, which has significantly contributed to the topline

in Fiscal Year 2022. A new multi-purpose facility at Dahej is expected to be commissioned in Fiscal Year 2023 with capital outlay of ₹ ~350 Crores. This facility is projected to contribute a total revenue of ₹ ~600 Crores on full year of Operations.

Your Company is working on next phase of expansion in Agro division, which will be announced in due course of time.

We are poised to achieve our ₹ 3000 Crores target well ahead of our timeline of Fiscal Year 2024. While existing production will amount to a significant portion of this growth, the majority contribution is expected to come our novel products. Your Company has ambitious business expansion plans with capex commitment of ₹ ~750 Crores spread in next three years funded by a mix of internal accruals and a low cost debt and aspires to achieve revenue of ₹ ~4000 Crores and EBITDA of ₹ ~675 Crores by Fiscal Year 2025.

The stellar performance exhibited amid challenging circumstances is a testimony to the resilience and diligence of our team and employees.

I wouldn’t miss this opportunity to show my gratitude to all the employees for their continuous effort in driving the growth of our organization and attaining company objectives while providing value to our stakeholders.

I also take it upon myself to show my gratitude towards all stakeholders for their unwavering support and trust towards the company.

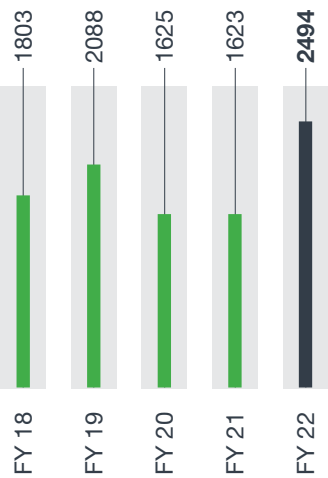
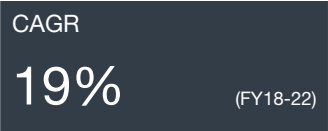
Regards

Jayanti Patel
Executive Chairman

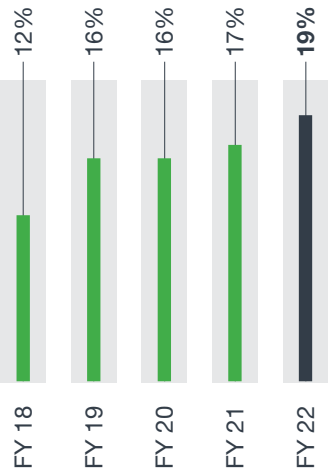
Financial highlights

Delivering on
our promises

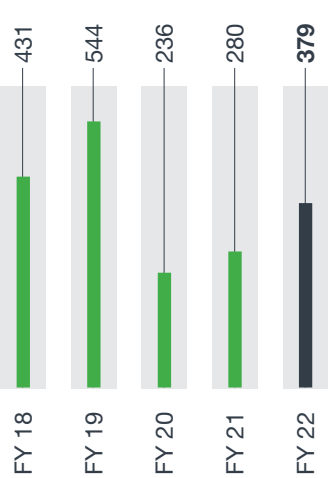
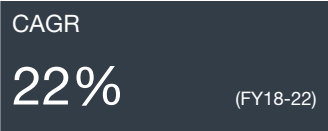
Revenues
(INR Crores)



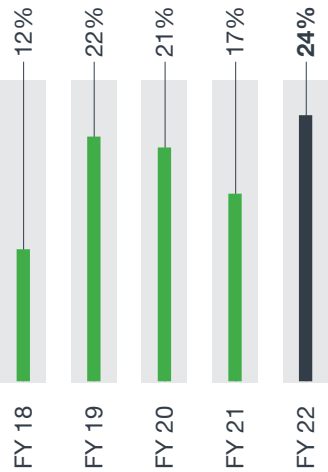
ROCE
(%)



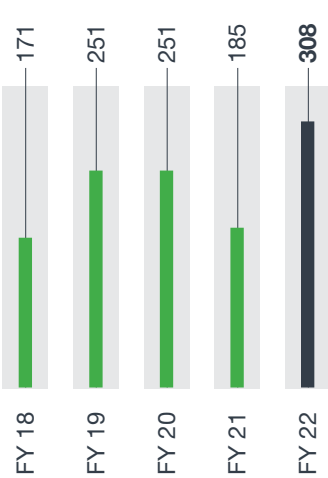
EBITDA
(INR Crores)



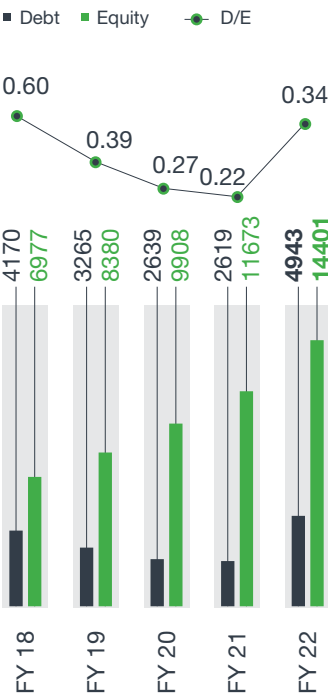
ROE
(%)



PAT
(INR Crores)



Leverage analysis
(INR Crores)



Our ESG commitments

Balancing sustainability priorities

At Meghmani Organics, we aim to create value for all our stakeholders not only through our products but by striking a balance between our sustainability priorities and our business. Initiatives that have a positive impact on people and the environment, while also enriching the lives of our stakeholders, is intrinsic to our business.

Social

We strive to uplift the communities in which we operate through our various social initiatives. Our CSR initiatives are focused around health, education, social infrastructure and women empowerment, especially in rural areas. We also strive to ensure upliftment of human rights and build an open, inclusive and diverse workplace.



Empowering our human asset

We consider our employees integral to our being. Our employees form a community of problem-solvers that help us deliver innovative solutions and optimal customer experience while crafting a sustainable future and transforming industries.

We're committed in fostering a culture of inclusion, diversity and continuous learning to ensure every MOL employee is respected, valued and encouraged to make their fullest contribution.

We take proactive efforts to strengthen our EHS Management System. To provide a safe and healthy workplace and a clean

environment for both employees and the surrounding community, we are introducing modern systems, hardware, and enhancing systems. Accreditations in ISO 14001 and ISO18001 are demonstration of our commitment towards EHS.

Process safety is extremely important in the agrochemicals industry. We ensure highest safety standards. As a proactive precaution, we've begun documenting and investigating 'Process Safety Near Misses'. Company is also pursuing for "Responsible Care" logo for safety standards.

MOL believes that by investing in activities to enhance employee engagement, we can increase the productivity and work quality and retain top talent.

Employees play a vital part in establishing a company culture. Our employees' competencies and well-being have a direct impact on our operational performance and the workplace culture.

We initiated a monthly evaluation of employee involvement in safety to engage employees actively in the EHS system. Each department is ranked according to predetermined criteria. This system enhances compliance, process safety management, risk mitigation, and skill development.

Structured Management Review Meetings for EHS reviews are also critical, and they're becoming significant drivers in increasing site leaders' involvement. For quarterly evaluations, we use 40+ leading indicators and 13+ lagging indicators, which have begun to yield outcomes.

1,952

Employees

Employee engagement

Employee engagement has become one of the most important indicators of work satisfaction. It helps to increase productivity and quality of work as well as aids in retaining top talent. We organise various employee engagement activities including inter-plant cricket tournament, women cricket tournament, Celebration of International Women's Day, Safety Day Republic Day, blood donation camps, Meghmani talk serious inviting employees and their family members, health awareness sessions, vaccination camps, and Diwali celebration. A family library is also available at the plant site.

Training and development

We are committed to enhance knowledge and leadership quotient of our employees through constant training and development. Refresher training for existing employees hones the skills required to ensure smooth operations. Scope of training programmes mainly covers refresher training on plant safety, process safety, emergency response, first aid, on job training and behaviour-based

training. We also conduct training on environment, health and safety (EHS) and technical knowhow.

12 hours

Average training hours per person

90%

Employees trained



CSR Initiatives

We at Meghmani believe that the overall development of communities is of paramount importance. Therefore, we work towards assisting communities with their social and economic well-being. Our projects are designed to improve the lives of many people by empowering them and assisting them in achieving a higher standard of living. Our major focus areas include preventive healthcare, education, women empowerment, environment awareness

and promoting rural sports. These have helped us contribute towards the society in a positive way and strengthen our relationships with our costumers and the community.



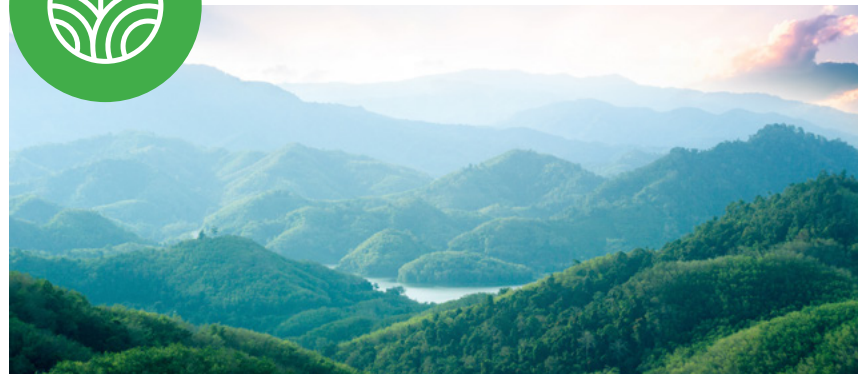
Our ESG commitments

Continued

Environment

Climate change is a significant challenge that the world faces. We are consistently moving towards adopting and implementing projects based on innovative production technologies that are more sustainable. We have taken proper control measures in addressing issues of climate change, pollution management, and emission control.

In addition to GHG emissions, we keep a close eye on our key air emissions, such as SO_x, NO_x, and Particulate Matters (PM). To ensure ambient air quality, all of our factories adhere to the National Ambient Air Quality Standards (NAAQS) and also have the essential controls in place to keep emissions under acceptable limits. We have installed Continuous Emissions Monitoring System (CEMS), to keep a check on our emissions. The CEMS collects data continuously and is more exact than off-line monitoring.



We are constantly endeavouring to reduce our energy consumption in an effort to reduce our carbon footprint. We have erected four wind turbine generators in order to lessen its reliance on other energy sources and move toward green energy. The majority of our workplaces have LED lighting, making them extremely energy efficient. We, in support of the Ministry of Corporate Affairs' 'Green initiative', use electronic methods to send documents to limit our paper usage.

8 Lakhs units

Reduction in energy consumption

23%

Energy sourced from renewable source

Water conservation

Water is one of the most essential components of our activities. We have taken a strategic operational measures to handle water-related concerns. We've developed a holistic approach to water management, which includes water conservation activities and water recycling operations.

- 1) steam condensed recycling
- 2) usage of sewage treated water for developing green belt
- 3) recycling of water for usage
- 4) assiting to community in rain water harvesting



Effluent/waste water management

We strive towards reducing waste and reusing treated water at different stages of our operations. We have taken a strategic approach to limiting wastewater discharge at our manufacturing locations, as part of our efforts to improve environmental stewardship. We have installed phenol recovery plant to recover phenol from the waste water thus helps us in reducing cost of raw material. We also recycle water from scrubber and recover 100% of bromine from process water to reduce effluent load.

Additionally, we monitor our wastewater quality on a regular basis to ensure we comply to the statutory requirements of the Central and/or State Pollution Control Boards. Our plants' effluents have no discernible impact on any of the water bodies in our immediate vicinity.



Biodiversity management

In our journey to be a Company that is responsible and reliable, we try to integrate the principles of biodiversity to address ecological concerns.

Our efforts to manage ecosystems and biodiversity contribute to the UN's Sustainable Development Goals of 'protecting, restoring, and promoting' the sustainable use of terrestrial ecosystems, sustainable forest management, combating desertification, halting and reversing land degradation, and halting biodiversity loss. By substantial tree planting in our working surroundings, we participate in and foster the community's green development programme.



Governance

We believe an effective corporate governance system empowers us to create a culture of integrity, leading to sustainable and ethical business operations. Thus, we are committed to maintain high standards of Corporate Governance in conducting our business and ensure that an effective self-regulatory mechanism exists to protect the interest of various stakeholders. We assure this through regular monitoring of policies, establishing of a culture that promotes ethical code of conduct and timely communicating about various key policies to our employees. Our endeavour is achieve excellence at all fronts of operations and strive to conduct our business in a transparent and ethical way.