MEGHMANI ORGANICS LIMITED **29.01.2014**

Third Quarter Financial Statements and Dividend Announcement

The Board of Directors of Meghmani Organics Limited ("MOL" or "the Company" or "the Issuer") wishes to make the announcement of the Group's results for the **Third quarter ended December 31, 2013** as follows:

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF YEAR AND FULL YEAR RESULT

1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	3 months ended		%	9 months ended		%
	31.12.2013	31.12.2012	Increase (Decrease)	31.12.2013	31.12.2012	Increase (Decrease)
	Rs '000	Rs '000		Rs' '000	Rs' '000	
Revenue	2,878,557	2,387,730	**20.6**	8,602,912	7,608,690	**13.1**
Cost of sales	(2,396,863)	(2,065,216)	**16.1**	(7,277,888)	(6,269,531)	**16.1**
Gross Profit	**481,694**	**322,514**	**49.4**	**1,325,024**	**1,339,159**	**-1.1**
Other operating income	73,980	48,910	**51.3**	187,442	137,612	**36.2**
Distribution expenses	(165,885)	(147,489)	**12.5**	(490,883)	(451,708)	**8.7**
Administrative expenses	(51,380)	(47,931)	**7.2**	(200,732)	(151,037)	**32.9**
Other operating expenses	(37,450)	94,430	**-139.7**	84,928	34,943	**143.0**
Profit from operations	**300,959**	**270,434**	**11.3**	**905,779**	**908,969**	**-0.4**
Finance cost	(139,187)	(161,116)	**-13.6**	(466,764)	(521,851)	**-10.6**
Income from investments	30	21	**42.9**	30	30	**n.m.**
Profit before tax	**161,802**	**109,339**	**48.0**	**439,045**	**387,148**	**13.4**
Income tax	33,072	(75,762)	**-143.7**	(176,801)	(179,528)	**-1.5**
Profit after income tax	**194,874**	**33,577**	**480.4**	**262,244**	**207,620**	**26.3**
Minority Interest	**(49,992)**	**(15,933)**	**213.8**	(69,821)	(72,727)	**-4.0**
Profit after Minority Interest	**144,882**	**17,644**	**721.1**	**192,423**	**134,893**	**42.6**

1(a) (ii) The net profit attributable to the shareholders includes the following (charges) / credits:

	Group			Group		
	3 months ended		%	9 months ended		%
	31.12.2013	31.12.2012	Increase (Decrease)	31.12.2013	31.12.2012	Increase (Decrease)
	Rs '000	Rs '000		Rs '000	Rs '000	
Bad trade receivables written off /recovered	(20,552)	(13,273)	**54.8**	(21,260)	(26,979)	**-21.2**
Foreign currency exchange adjustment loss/ gain	(17,953)	109,411	**-116.4**	105,544	63,906	**65.2**
Research and development expenditure	956	(2,207)	**-143.3**	(9,872)	(6,648)	**48.5**
Loss/Profit on sales of property, plant	1,055	(1,708)	**-161.8**	644	(1,984)	**-132.5**

Note: n.m. means not meaningful.

1(b)(i) A balance sheet of the Group and the Company together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 31.12.2013	**As at 31.03.2013**	**As at 31.12.2013**	**As at 31.03.2013**
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
ASSETS				
Current assets				
Cash & bank balances	184,111	121,909	79,674	18,010
Available for sale investments	300,000	240,431	-	-
Trade receivables	3,935,821	3,429,428	3,663,493	3,282,265
Other receivables and prepayments	1,885,509	1,877,867	1,396,061	1,573,789
Inventories	2,134,623	1,810,910	1,834,066	1,482,311
Income tax recoverable	72,053	63,975	31,663	64,788
Total current assets	**8,512,117**	**7,544,520**	**7,004,957**	**6,421,163**
Non – current assets				
Property, plant and equipments	8,093,752	7,880,428	3,863,155	3,454,867
Interest in subsidiaries	-	-	1,375,248	1,375,248
Available for sale investments	5,603	5,603	5,593	5,593
Total non – current assets	**8,099,355**	**7,886,031**	**5,243,996**	**4,835,708**
Total assets	**16,611,472**	**15,430,551**	**12,248,953**	**11,256,871**
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	4,137,210	2,957,982	3,468,041	2,332,877
Other borrowings	-	-	-	305,191
Trade payables	1,942,689	1,504,275	1,832,383	1,366,523
Other payables	970,311	701,362	733,899	514,976
Total current liabilities	**7,050,210**	**5,163,619**	**6,034,323**	**4,519,567**
Non – current liabilities				
Long Term Loan	3,221,553	4,216,609	500,000	1,128,146
Deferred tax liabilities	278,019	201,578	230,878	233,823
Total non – current liabilities	**3,499,572**	**4,418,187**	**730,878**	**1,361,969**
Capital & reserves				
Issued capital	254,314	254,314	254,314	254,314
Share premium	1,565,048	1,565,048	1,565,048	1,565,048
General reserve	609,270	609,270	609,270	609,270
Capital Reserve	19,871	19,871	3,122	3,122
Capital redemption reserve	18,433	18,433	18,433	18,433
Dividend reserve	1,949	31524	1,949	31,524
Currency translation reserve	44,666	21,807	-	-
Debenture Redemption Reserve	181,120	138,766	181,120	138,766
Hedge Reserve	(145,676)	(103,093)	(234,027)	(153,032)
Accumulated profits	2,645,891	2,495,822	3,084,523	2,907,890
Minority interest	866,804	796,983	-	-
Total equity	**6,061,690**	**5,848,745**	**5,483,752**	**5,375,335**
Total liabilities and equity	**16,611,472**	**15,430,551**	**12,248,953**	**11,256,871**

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 December 2013		As at 31 March 2013	
Secured		Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
3,912,794	**3,243,625**	2,805,989	2,180,884

As at 31 December 2013		As at 31 March 2013	
Un –Secured		Un –Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
224,416	**224,416**	151,993	151,993

Amount repayable after one year

As at 31 December 2013		As at 31 March 2013	
Secured		Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
3,221,553	**500,000**	4,216,609	1,128,146

The details of bank borrowings from various banks and securities are shown below:

Bank borrowings from a consortium of banks **(Group and Company) (SBI, HDFC and ICICI)**

As at December 31, 2013, bank borrowings amounting to **Group Rs 1,779,186,000 & Company Rs 1,779,186,000** are secured by:

(a) first ranking pari passu charge in favour of a consortium of banks by way of hypothecation on the Company's trade receivables and inventories ; and

(b) first ranking pari passu charge in favour of a consortium of banks by way of hypothecation and/or legal mortgage over certain of Company's present and future properties, plant and equipment.

Bank borrowings from a consortium of banks **(Group and Company) (SBI, HDFC and ICICI)**

As at March 31, 2013, bank borrowings amounting to **Group Rs. 1,406,691,000 & Company Rs. 1,406,783,000** are secured by:

(a) first ranking pari passu charge in favour of a consortium of banks by way of hypothecation on the Company's trade receivables and inventories ; and

(b) first ranking pari passu charge in favour of a consortium of banks by way of hypothecation and/or legal mortgage over certain of Company's present and future properties, plant and equipment.

Bank A (ICICI Bank Limited - Bahrain)

As at December 31, 2013, bank borrowings are amounting to **Rs. Nil** (repayable after one year) and **Rs. 12,877,000** (repayable within one year) are secured by:

First ranking pari passu charge by way of hypothecation on the Company's current assets

As at March 31, 2013, bank borrowings are amounting to **Rs. 11,309,000** (repayable after one year) and **Rs. 22,619,000** (repayable within one year) are secured by:

First ranking pari passu charge by way of hypothecation on the Company's current assets

Bank B (ECB – Standard Chartered Bank)

As at December 31, 2013, bank borrowings amounting to **Rs. Nil** are secured. (repayable after one year) and **Rs. 194,439,000** (repayable within one year) are secured by:

As at March 31, 2013, bank borrowings amounting to **Rs. 128,146,000** are secured. (Repayable after one year) and Rs. **170,542,000** (repayable within one year)

Bank C (State Bank of India)

As at December 31, 2013, bank borrowings amounting to **Rs. 400,000,000** are secured.

As at March 31, 2013, bank borrowings amounting to **Rs.,403,559,000** are secured.

Bank D (HDFC Bank Limited)

As at December 31, 2013, bank borrowings amounting to **Rs. 370,000,000** are secured.

As at March 31, 2013, bank borrowings amounting to **Rs. 200,000,000** are secured.

Bank E (HDFC Bank Limited)

As at December 31, 2013, bank borrowings amounting to **Rs.8,916,000** are unsecured.

As at March 31, 2013, bank borrowings amounting to **Rs.,Nil** are unsecured.

Bank F (Deutsche Bank AG)

As at December 31, 2013, issued commercial paper of **Rs. 215,500,000** which is Unsecured.

As at March 31, 2013, issued commercial paper of **Rs. 151,993,000** which is Unsecured..

Bank G (Non-Convertible Debenture)

As at December 31, 2013, issued NCD of **Rs. 500,000,000** which is secured and repayable after one year and Rs. 500,000,000 (repayable within one year)

As at March 31, 2013, issued NCD of **Rs. 1,000,000,000** which is secured and repayable after one year.

Bank H (KBC Bank Limited – Meghmani Europe BVBA)

As at December 31, 2013, bank borrowings amounting to **Rs. 28,753,000** are secured by the assets purchased at Europe.

As at March 31, 2013, Bank borrowings amounting to **Rs. 24,875,000** are secured by the assets purchased at Europe.

Bank I (ICICI Bank Limited – Meghmani Finechem Limited (MFL)

As at December 31, 2013, bank borrowings amounting to **Rs. 1,611,211,000** (repayable after one year) and **Rs. 214,829,000** (repayable within one year) are secured by Mortgage/hypothecation of assets

As at March 31, 2013, bank borrowings amounting to **Rs. 1,772,333,000** (repayable after one year) and **Rs. 214,828,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

Bank J (International Financial Corporation (IFC) – MFL)

As at December 31, 2013, bank borrowings amounting to **Rs. 618,051,000** (repayable after one year) and **Rs. 176,585,000** (repayable within one year) are secured by Mortgage/hypothecation of assets

As at March 31, 2013, bank borrowings amounting to **Rs. 697,950,000** (repayable after one year) and **Rs. 155,100,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

Bank K (ECB - Standard Chartered Bank)

As at December 31, 2013, bank borrowings amounting to **Rs. 463,538,000** (repayable after one year) and **Rs. 264,878,000** (repayable within one year) first pari passu charge on movable fixed assets of Meghmani Finechem Ltd. including moveable plant and equipment.

As at March 31, 2013, bank borrowings amounting to **Rs.581,625,000** (repayable after one year) and **Rs. 232,650,000** (repayable within one year) first pari passu charge on movable fixed assets of Meghmani Finechem Ltd. including moveable plant and equipment.

Bank L (PT. Astrasedaya Finance – PT Meghmani Indonesia)

As at December 31, 2013, bank borrowings amounting to **Rs. Nil** are secured by the Vehicle purchased at Indonesia.

As at March 31, 2013, bank borrowings amounting to **Rs. 371,000** are secured by the Vehicle purchased at Indonesia.

1(c) A cash flow statement of the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Particulars	Group		Company	
	Nine Months ended		Nine Months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities:				
Profit from operations	905,779	908,969	584,491	345,777
Adjustments for :				
Depreciation on property, plant and equipment	604,358	574,022	222,922	207,491
Unrealized foreign exchange gain (loss)	(81,073)	75,463	(40,642)	92,927
Interest Received	(34,659)	(11,573)	(25,100)	(8,796)
Loss on disposal of property, plant and equipment	(644)	1,984	(1,646)	401
Operating cash flows before movement in working capital	**1,393,761**	**1,548,865**	**740,025**	**637,800**
Trade receivables	(506,393)	(1,475)	(381,227)	(13,787)
Other receivables and prepayments	73,431	(197,085)	218,370	(225,263)
Inventories	(323,713)	(161,963)	(351,755)	(71,453)
Trade payables	438,415	395,596	465,858	298,147
Bills payables	72,710	(290,292)	72,710	(290,292)
Other payables	268,951	(52,979)	218,924	(9,141)
Cash generated from operations	**1,417,162**	**1,240,667**	**982,905**	**326,011**
Income taxes paid	(108,437)	(38,965)	(65,875)	(4,493)
Interest and finance charges paid	(466,764)	(521,852)	(269,480)	(229,303)
Net cash from operating activities	**841,961**	**679,850**	**647,550**	**92,215**
Cash flows from investing activities:				
Purchase of property, plant & equipments	(823,529)	(794,235)	(634,632)	(357,656)
Proceeds on disposal of property, plant & equipments	6,491	3,575	5,069	3,575
Investment in Subsidiary	-	-	-	(166,590)
Interest received	34,659	11,573	25,100	8,796
Investment income received`	30	30	30	30
Net cash used in investing activities	**(782,349)**	**(779,057)**	**(604,433)**	**(511,845)**
Cash flows from financing activities:				
Dividend and Dividend tax paid	(29,576)	(29,380)	(29,576)	(29,380)
Decrease in Hedge Reserve	(42,584)	71,768	(80,995)	29,581
Proceeds from bank borrowings, net of repayments	39,038	159,789	361,886	416,664
Proceeds from other borrowings, net of repayments	72,423	(582,698)	72,423	(282,698)
Increase in Minority Interest	-	118,367	-	-
Increase in Unsecured Loan	-	-	(305,191)	211,874
Net cash from financing activities	**39,301**	**(262,154)**	**18,547**	**346,041**
Net effect of exchange rate change in consolidation	22,858	16,222	-	-
Net (decrease) increase in cash and cash equivalents	121,771	(345,139)	61,664	(73,589)
Cash and cash equivalents at the beginning of the year	**362,340**	**640,068**	**18,010**	**98,553**
Cash and cash equivalents at the end of the year	**484,111**	**294,929**	**79,674**	**24,964**

1(d)(i) A statement (Group and Company) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Rs '000

Group	Issued capital	Share premium	General reserve	Capital reserve	Capital redemption reserve	Hedge Reserve	Debenture Redemption Reserve	Dividend reserve	Currency Translation Reserve	Accumulated Profits	Minority Interest	Total
Balance as at 30 September, 2012	**254,314**	**1,565,048**	**609,270**	**19,871**	**18,433**	**(104,460)**	**110,736**	**2,429**	**26,265**	**2,498,686**	**743,014**	**5,743,606**
Dividend Paid	-	-	-	-	-	-	-	(651)	-	-	-	(651)
Net profit for the period	-	-	-	-	-	-	-	-	-	17,644	-	17,644
Addition during the year	-	-	-	-	-	(33,905)	14,169	-		(14,169)	15,933	(17,972)
Currency Translation Reserve	-	-	-	-	-	-	-	-	599	-	-	599
Balance as at 31 December, 2012	**254,314**	**1,565,048**	**609,270**	**19,871**	**18,433**	**(138,365)**	**124,905**	**1,778**	**26,864**	**2,502,161**	**758,947**	**5,743,226**
Balance as at 30 September, 2013	**254,314**	**1,565,048**	**609,270**	**19,871**	**18,433**	**(154,178)**	**166,951**	**2,006**	**50,341**	**2,515,178**	**816,812**	**5,864,046**
Dividend Paid	-	-	-	-	-	-	-	(57)	-	-	-	(57)
Net profit for the period	-	-	-	-	-	-	-	-	-	144,882	-	144,882
Addition during the year	-	-	-	-	-	8,502	14,169	-	-	(14,169)	49,992	58,494
Currency Translation Reserve	-	-	-	-	-	-	-	-	(5,675)	-	-	(5,675)
Balance as at 31 December, 2013	**254,314**	**1,565,048**	**609,270**	**19,871**	**18,433**	**(145,676)**	**181,120**	**1,949**	**44,666**	**2,645,891**	**866,804**	**6,061,690**

Rs '000

Company	Issued capital	Share premium	General reserve	Capital Reserve	Capital redemption reserve	Hedge Reserve	Debenture redemption reserve	Dividend reserve	Accumulated Profits	Total
Balance as at 30 September, 2012	**254,314**	**1,565,048**	**609,270**	**3,122**	**18,433**	**(127,626)**	**110,736**	**2,429**	**2,959,938**	**5,395,664**
Dividend Paid	-	-	-	-	-	-	-	(651)	0	(651)
Net profit for the period	-	-	-	-	-			-	33,405	33,405
Addition during the year	-	-	-	-	-	(40,546)	14,169	-	(14,169)	(40,546)
Balance as at 31 December, 2012	**254,314**	**1,565,048**	**609,270**	**3,122**	**18,433**	**(168,172)**	**124,905**	**1,778**	**2,979,174**	**5,387,872**
Balance as at 30 September, 2013	**254,314**	**1,565,048**	**609,270**	**3,122**	**18,433**	**(257,768)**	**166,951**	**2,006**	**30,51,144**	**5,412,520**
Dividend Paid	-	-	-	-	-	-	-	(57)	-	(57)
Net profit for the period	-	-	-	-	-	-	-	-	47,548	47,548
Addition during the year	-	-	-	-	-	23,741	14,169	-	(14,169)	23,741
Balance as at 31 December, 2013	**254,314**	**1,565,048**	**609,270**	**3,122**	**18,433**	**(234,027)**	**181,120**	**1,949**	**3,084,523**	**5,483,752**

1(d)(ii) Details of any changes in the Group's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities , issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There is no change in the Company's share capital.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.

	31 December 2013	**31 March 2013**
Total number of issued ordinary shares **Excluding treasury shares**	**51228150**	**51228150**

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company does not have any treasury shares.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual Financial Statements have been applied.

The Group's financial statements have been prepared from those accounting records maintained under General Accepted Accounting Practices in India ('Indian GAAP").

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 March 2013.

5. If there are any changes in the accounting policies and methods of computation , including any required by an accounting standard , what has changed , as well as the reasons for and the effect of, the change.

There is no change in accounting policy.

6. Earning per ordinary share of the Group and the Company for the current financial period reported on and the corresponding period of the immediately preceding financial year , after deducting and provision for preference dividends.

	Group		Company	
Earnings per Ordinary shares	**9 months ended**		**9 months ended**	
	31.12.2013	**31.12.2012**	**31.12.2013**	**31.12.2012**
(a) Based on weighted average number of ordinary shares in issue (Rs)	**0.76**	0.53	**0.86**	0.34
Earning per SDS (Rs)	**0.38**	0.27	**0.43**	0.17
(b) On a fully diluted basis (detailing any adjustments made to the earnings) (Rs)	**0.76**	0.53	**0.86**	0.34
Earning per SDS (Rs.)	**0.38**	0.27	**0.43**	0.17
Weighted average number of ordinary shares (Nos.)	**254,314,211**	254,314,211	**254,314,211**	254,314,211

7. Net asset value (for the issuer and Company) per ordinary share based on issued share capital of the issuer at the end of the :-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	As at 31.12.2013	**As at 31.03.2013**	**As at 31.12.2013**	**As at 31.03.2013**
Net assets value per ordinary share based on issued share capital at the end of the period / year reported in Rs.	**23.84**	23.00	**21.56**	21.14

8 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

The principal activities of the Group are (i) manufacturing and trading of Pigments, Agrochemicals, Basic Chemicals (ii) trading of Pigments and its intermediates (iii) Agrochemicals technical and intermediates products and Power.

Revenue Analysis –Group - Quarter to Quarter:-

Breakdown of Revenue by Product

(Rs. in Millions)

Products	**3 Q FY 2013-14**	**3 Q FY 2012-13**	**Increase/ Decrease**	**%**
Pigments	870.17	605.64	264.53	43.7
Agrochemicals	922.40	748.38	174.02	23.3
Power *	0.00	0.00	0.00	0.00
Caustic Chlorine	612.98	643.10	-30.12	-4.7
Trading	473.01	390.61	82.40	21.1
Total	**2878.56**	**2387.73**	**490.83**	**20.6**

Breakdown of Domestic Sales by Product

(Rs. in Millions)

Domestic Sales	3 Q FY 2013-14	3 Q FY 2012-13	Increase/ Decrease	%
Pigments	218.80	72.69	146.11	201.0
Agrochemicals	236.04	202.60	33.44	16.5
Power	0.00	0.00	0.00	0.00
Caustic Chlorine	609.19	635.84	-26.65	-4.2
Trading	26.68	29.98	-3.30	-11.0
Total	**1090.71**	**941.11**	**149.60**	**15.9**

Breakdown of Exports Sales by Product

(Rs. in Millions)

Export Sales	3 Q FY 2013-14	3 Q FY 2012-13	Increase/ Decrease	%
Pigments	651.37	532.95	118.42	22.2
Agrochemicals	686.36	545.78	140.58	25.8
Caustic Chlorine	3.79	7.26	-3.47	-47.8
Trading	446.33	360.63	85.70	23.8
Total	**1787.85**	**1446.62**	**341.23**	**23.6**

Group revenue increased by 20.6**%** from Rs. 2387.73 million in 3Q FY 2013 to Rs.2878.56 million in 3Q FY 2014. This is on account of increase in Sales of Agro Chemicals, Pigment and Trading Sales.

Increase in domestic sales

Group revenue from domestic sales increased by 15.9% from Rs. 941.11 million in 3Q FY 2013 to Rs. 1090.71 million in 3Q FY 2014. Domestic sales of Pigment increased due to higher quantity sales.

Increase in export sales

Group revenue derived from export sales increased by 23.6% from Rs. 1446.62 million in 3Q FY 2013 to Rs. 1787.85 million in 3Q FY 2014. The increase in export sales is due to higher quantity sales of Pigment Products such as CPC Blue and Beta Blue and also increase in sales of Agrochemicals products such as CPP,MPB, CMAC and Cypermethrin.

Gross profit Analysis – Group - Quarter to Quarter:-

Breakdown of Gross Profit by Division

(Rs. in Millions)

Division	3 Quarter FY 2014	GP Margin 3 Q FY 2014 (%)	3 Quarter FY 2013	GP Margin 3 Q FY 2013 (%)	Increase/ Decrease	%
Pigments	133.46	15.3	107.98	17.8	25.48	23.6
Agrochemicals	144.75	15.7	24.61	3.3	120.14	488.2
Power	-5.79	n.m.	-5.97	n.m.	0.18	-3.0
Caustic Chlorine	145.82	23.8	177.87	27.7	-32.05	-18.0
Trading	63.45	13.4	18.02	4.6	45.43	252.1
Total	**481.69**	**16.7**	**322.51**	**13.5**	**159.18**	**49.4**

Overall, gross profit of the Group increased by Rs. 159.18 million (or 49.4%) from to Rs 322.51 million in Q3 FY 2013 to Rs 481.69 million in Q3 FY 2014. The gross profit percentage increased from 13.5 % in Q3 FY 2013 to 16.7 % in Q3 FY 2004. The gross profit margin of Pigment decreased from 17.8% to 15.3%, while Agrochemical increased from 3.3% to 15.7% mainly due to higher quantity sales of CPP,MPB, CMAC and Cypermethrin.

Other Operating Income

Other operating income of the Group consists mainly of export benefits such as duty entitlement passbook benefit (DEPB), Duty Draw Back, etc, which increased by Rs. 25.07 million to Rs. 73.98 million in Q3 FY 2014. The other income increased due to interest received on VAT refund and DEPB Income received under focus market Scheme of DGFT.

Distribution, Administrative and Other Operating Expenses

Distributions costs of the Group increased by 12.5 % to Rs 165.89 million in Q3 FY 2014. This is due to increase in Sales.

Administrative costs of the Group increased by 7.2 % to Rs 51.38 million in Q3 FY 2014. This is due to increase in Legal & Professional fees, Travelling, Postage & Telephone and Rent, Rates & Taxes.

Other operating expenses increased by 139.7% to Rs 37.45 million in Q3 FY 2014 mainly due to foreign exchange fluctuations. The main contributory is Foreign exchange adjustments.

Finance costs

Finance costs in Q3 FY 2014 decreased by Rs. 21.93 million (or 13.6%) due to repayment of term loan.

Income from Investments :-

During the quarter Income from investments increased marginally by Rs. 0.03 million.

Taxation

Income tax decreased by Rs. 108.83 million i.e. from Rs.75.76 million (expenses) in Q3 FY 2013 to Rs. -33.07 million (income) in Q3 FY 2014 due to decrease in Income Tax expenses.

Interest in Subsidiaries

1. Meghmani Organics USA Inc., is a 100% wholly owned subsidiary of the Company set up for trading business.

2. Meghmani Europe BVBA is a 100% wholly owned subsidiary of the Company set up for trading business.

3. Meghmani Energy Limited (MEL) is a Special Purpose Vehicle (SPV) company formed to set up a Captive Power Plant. Meghmani Organics Limited holds 100% of the Equity.

4. Meghmani Finechem Limited (MFL) is a Special Purpose Vehicle (SPV) company formed to set up Caustic Chlorine project. Meghmani Organics Limited holds 57% of the Equity.

5. Meghmani Chemtech Limited has been formed to set up the project in Dahej Special Economic Zone. Meghmani Organics Limited holds 97% of the Equity.

6. P T Meghmani Indonesia is a 100% wholly owned subsidiary of the Company set up for the trading purpose.

7. Meghmani Overseas FZE, Sharjah **is** a 100% wholly owned subsidiary of the Company set up for trading business.

Group Revenue Analysis :- Nine Months to Nine Months

Breakdown of Revenue by Product

(Rs. in Millions)

Division	**9 months FY 2014 Actual**	**9 months FY 2013 Actual**	**Variance**	**%**
Pigments	2478.33	1893.19	585.14	30.9
Agrochemicals	2958.07	2560.39	397.68	15.5
Power	0.00	0.00	0.00	0.00
Caustic Chlorine	1868.21	2083.38	-215.17	-10.3
Trading	1298.30	1071.73	226.57	21.1
Total	**8602.91**	**7608.69**	**994.22**	**13.1**

Division wise Domestic Sales

Rs. in Mn

Particulars	**9 months FY 2014 Actual**	**9 months FY 2013 Actual**	**Variance**	**%**
	Rs.	**Rs.**	**Rs.**	
Pigment	563.07	233.22	329.85	141.4
Agro	803.83	790.93	12.90	1.6
Power	0.00	0.00	0.00	0.00
Caustic Chlorine	1855.68	2065.86	-210.18	-10.2
Trading	57.65	74.78	-17.13	-22.9
Total	**3280.23**	**3164.79**	**115.44**	**3.6**

Division wise Export Sales

Rs. in Mn

Particulars	**9 months FY 2014 Actual**	**9 months FY 2013 Actual**	**Variance**	**%**
	Rs.	**Rs.**	**Rs.**	
Pigment	1915.26	1659.97	255.29	15.4
Agro	2154.24	1769.46	384.78	21.7
Caustic Chlorine	12.53	17.52	-4.99	-28.5
Trading	1240.65	996.95	243.70	24.4
Total	**5322.68**	**4443.90**	**878.78**	**19.8**

Group revenue for 9 months FY 2014 increased by Rs. 994.22 million (by 13.1%) i.e. from Rs. 7608.69 million in 9 Months FY 2013 to Rs. 8602.91 million in 9 Months FY 2014 on account of increase in Pigment, Agro Chemical and Trading Sales.

Increase in domestic sales

Group revenue of domestic sales has increased marginally by Rs. 115.44 million (by 3.6%) i.e. from Rs 3164.79 million in 9 Months FY 2013 to Rs 3280.23 million in 9 Months FY 2014. This is due to increase of Pigment sales.

Increase in export sales

Group revenue derived from export sales increased by Rs. 878.78 million (19.8%) from Rs. 4443.90 million in 9 Months FY 2013 to Rs. 5322.68 million in 9 Months FY 2014. This is due to increase in Pigment, Agro Chemical and Trading Sales.

Group Gross Profit Analysis :- Nine Months to Nine Months:-

Breakdown of Gross Profit by Division

(Rs. in Millions)

Division	9 months FY 2014	GP Margin 9 months FY 2014 (%)	9 months FY 2013	GP Margin 9 months FY 2013 (%)	Increase/ Decrease	%
Pigments	360.95	14.6	348.98	18.4	11.97	3.4
Agrochemicals	361.20	12.2	265.01	10.4	96.19	36.3
Power*	-15.54	n.m.	-16.86	n.m.	1.32	-7.8
Caustic Chlorine	496.60	26.6	682.86	32.8	-186.26	-27.3
Trading	121.81	9.4	59.17	5.5	62.64	105.9
Total	**1325.02**	**15.4**	**1339.16**	**17.6**	**-14.14**	**-1.1**

Group gross profit for 9 Months FY 2014 decreased marginally by Rs. 14.14 million (i.e. 1.1 %) from Rs 1339.16 million in 9 Months FY 2013 to Rs 1325.02 million in 9 Months FY 2014.

Other Operating Income

Other Operating Income of the Group which consists mainly of export benefits such as Duty Entitlement Passbook Benefit (DEPB), and duty drawback etc. has increased by 36.2% to Rs. 187.44 million in 9 Months FY 2014. The other income increased due to interest received on VAT refund and DEPB Income received under focus market Scheme of DGFT.

Distribution, Administrative and Other Operating Expenses

Distribution expenses of the Group for 9 Months FY 2014 increased by 8.7% i.e. by Rs. 39.17 million. This is in correspond to sales.

Administrative expenses for 9 Months FY 2014 increased by Rs. 49.69 million from Rs. 151.04 million in 9 Months FY 2013 to Rs. 200.73 million in 9 Months FY 2014.

Other operating expenses of the Group for 9 Months FY 2014 decreased by Rs. 49.99 million mainly due to foreign currency exchange adjustment.

Finance costs

Finance costs of the Group for 9 Months FY 2014 decreased by Rs.. 55.09 million (or 10.6%) due to Repayment of term loan.

Balance sheet

Trade receivables

Trade receivables of Group increased by Rs. 506.39 million from Rs. 3429.43 million in FY 2013 to Rs. 3935.82 million in at 9 Months FY 2014.

Trade receivables at Company level increased by Rs. 381.23 million from Rs. 3282.26 million in FY 2013 to Rs. 3663.49 million in at 9 Months FY 2014.

Other receivables & Prepayments

During 9 Months period FY 2014, other receivables & prepayments at Group level increased by Rs. 7.64 million (or 0.4%), and Company level decreased by Rs. 177.73 million (or -11.3 %) .

Inventories

The Inventories at Group level increased by Rs. 323.71 million i.e. Rs. 1810.91 million at FY 2013 to Rs. 2134.62 million at 9 Months FY 2014 and Inventories at company level increased by Rs. 351.76 million from Rs. 1482.31million in FY 2013 to Rs. 1834.07 million in 9 Months FY 2014.

Property, plant and equipment

Fixed assets at 9 Months FY 2014 at Group and Company level increased by Rs. 213.32 million and Rs. 408.29 million respectively due to increase in assets base of Meghmani Finechem Limited and Meghmani Organics Limited.

Bank Borrowings and Long Term Loan

Bank borrowings at 9 Months FY 2014 at Group and Company level increased by Rs. 184.17 million and Rs. 507.02 million respectively.

Trade payables

Trade payables at 9 Months FY 2014 at Group and Company level increased by Rs. 438.41 million and Rs. 465.86 million respectively.

Other payable

Other payable at 9 Months FY 2014 at Group and Company level increased by Rs.268.95 million and Rs. 218.92 million respectively.

Cash flow statement

At 9 Months FY 2014 period, the Group has generated a positive net cash flow of Rs. 841.96 million.

Financial Analysis **Rs. in millions**

Group Key Financial Highlights	As at 31.12.2013	As at 31.12.2012	Variance	Variance (%)
Profitability				
Sales	8,603	7,609	994	13.1
Gross Profit	1,325	1,339	-14	-1.0
Gross Profit Margin (%)	15.4	17.6	-2.2	-12.5
Profit before tax	439	387	52	13.4
Profit before tax Margin (%)	5.1	5.1	0	0.0
Net profit	192	135	57	42.2
Net profit Margin (%)	2.2	1.8	0.4	22.2
Earning per Share (EPS in Rs.)	0.76	0.53	0.23	43.4
Annualized return on equity (ROE)	3.17	2.35	0.82	34.9
Financial position				
Net tangible assets	6,062	5,743	319	5.6
Debt (short term +long term)	7,359	6,916	443	6.4
Capital Gearing ratio	1.21	1.20	0.01	0.8
Net tangible assets per share	20.43	19.60	0.83	4.2
Stock turnover (days)	81	83	-2	-2.4
Trade debts turnover (days)	126	120	6	5.0

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

<u>Industry Prospects :- Pigment</u>

The global pigments market revenues are expected to reach USD 14.7 billion in 2018, growing at a CAGR of 4.5% from 2013 to 2018. In terms of volumes, pigments demand is expected to reach 4.4 million tons by 2018. Specialty pigments market is expected to have fastest growth potential among the global pigments market, growing at a CAGR of 5.4% during the analysis period. Availability of large variety of products and ability to encompass high and unique visual effects is primarily fueling the growth of the specialty pigments market..

While the textile industry will remain the largest consumer of dyes and organic pigments, faster growth is expected in other markets such as printing inks, paint and coatings, and plastics. Market value will benefit from consumer preferences for environmentally friendly products, which will support consumption of high performance dyes and organic pigments.

ASIA/PACIFIC REGION TO REMAIN FASTEST GROWING

Asia Pacific was the largest regional market for Pigments accounting for 40.7% of Global demand in 2011. Major factors fuelling the growth of Asia Pacific market is increasing spending capacity of consumer along with preference for high products with attractive packing.

Asia Pacific pigment market revenue is expected to reach market size over US $ 6.4 billion by 2018. China alone is expected to account for about two-fifths of global value gains in dye and organic pigment demand between 2008 and 2013. Strong gains will also occur in other developing areas such as the Africa/Mideast region and Eastern Europe, while market maturity will limit advances in developed areas such as North America, Western Europe and Japan

ORGANIC PIGMENT DEMAND TO OUTPACE DYE CONSUMPTION

Growth in dye consumption will trail increases in organic pigment demand, although dyes will continue to represent the lion's share of the overall market both in volume and value. Among the different dye product types, disperse dyes are expected to see the most rapid gains, due to their usage in the fast-growing polyester fiber industry. For their part, organic pigments find increasing use in inks and coatings due to their ability to provide intense and bright colors. However, drawbacks to the use of organic pigments include their generally higher price points than those of inorganics and their only moderate ability to provide opacity. The best prospects are for high-performance products such as quinacridones, which will experience favorable gains as end users require more exacting properties from their coloring agents while specialized pigment grades will offer good opportunities due to their enhanced environmental acceptability and superior performance characteristics, classical or conventional grades are expected to continue to dominate the organic market. These relatively lower priced commodity organic pigments will remain widely employed in large-volume markets with less exacting performance standards for colorants, such as printing inks. Demand and production of pigments are continually shifting from the USA, Western Europe and Japan to the emerging markets of Asia, especially China and India. This is mainly because of lower wages. Within emerging countries, especially India and China, themselves, domestic demand for consumer products containing pigments is growing. While a few large suppliers of pigments dominate the relatively saturated markets of industrialized countries, Asian markets remain fragmented.

Agrochemicals

India's agrochemical industry can be divided into producers of technical agrochemicals - the bulk actives - and formulators who compound actives in forms that enable use. The industry is highly fragmented at both levels, with around 125 technical producers and more than 800 formulators, serving a few million farmers through a few thousand retail distributors. Many technical producers are forward-integrated into formulations, unlike in the pharmaceutical industry where there are who make nothing but active pharmaceutical ingredients (APIs).

The industry can also be divided on the basis of ownership. About 10 MNCs with a portfolio comprising patented & generic molecules, serve the local markets; compete with a much larger number of domestically-owned companies largely in the generics space and serving local & international markets. The manufacture of technical is mostly in the hands of the latter, as many MNCs prefer outsourcing of actives from India, or increasingly China.

GLOBAL AGROCHEMICALS MARKET:-

The global agrochemicals industry experienced robust growth over the last five years but is expected to experience moderate CAGR of 5.4% over next five years (2012-2017) and reach approximately US $262 billion in 2017. New product development and innovation at competitive prices are anticipated to drive the agrochemicals industry.

The global market, in terms of active ingredient volume was estimated at 2,075.5 metric tons in 2011, and is expected to reach 3,136.1 kilo tons by 2018, growing at a CAGR of 3.2% from 2013 to 2018. Growth in revenue is expected to be higher than volume, owing to the increasing cost of pesticides. Development and registration of a pesticide active ingredient is one of the biggest components of cost for a pesticide company. Presently, the cost of innovation and registration of an active ingredient is about $200 million, which is a 25% increase from 2000.

Developing countries such as China and India are demanding higher crop volumes and nutritious food, which is likely to increase agrochemicals market over the forecast period. Soil infertility is a serious issue across the African continent so fertilizer usage in Africa is expected to increase in the coming years.

Lucintel's research indicates that in 2011, the industry witnessed good growth due to continuous expansion of developing agriculture based economies in the Asia Pacific (APAC) region. Companies spend extensively on the research and development of new chemicals and improving the performance of the existing ones.

Technologies that increase the efficiency of pesticides and fertilizers products that reduce negative environmental impacts are bound to have significant markets internationally. In Latin America, increased production of crops such as soybeans and sugarcane for animal feed as well as for biofuels drove the growth of agrochemicals consumption during recent years.

Available arable land per capita is declining globally. The pressure, therefore, is for the agriculture industry to increase yields per acre, which can be achieved through increased usage of agrochemical products.

As the study indicates, a large untapped market, shrinking of arable land in recent years, increasing demand for food grain production, and increasing population are anticipated to drive the global agrochemicals industry. The industry is expected to face certain challenges such as regulatory standards to reduce toxicity, high inventory, low profit margins, and patent expirations.

The report shows that the global market has been witnessing lot of technological advancements and developments over the past few years. The changing buyers' preferences, stringent environmental regulations, changing weather conditions, increased agricultural trade and improved farming practices are triggering the innovations and research efforts of the industry.

The global market, owing to its significant impact not only on human health, but also on the environment, is a highly regulated market. Major chemicals such as glyphosate (herbicide), atrazine (herbicide), chlorpyrifos (insecticide) and many others are constantly under review, and face the risk of being phased out or outright banned if more environment-friendly alternatives are available.

North America dominates the global herbicide market and has the largest market share in terms of volume and revenue. Europe is the second largest market for herbicides. North America and Europe are mature markets and are dominated by a few major players. To survive intense competition, companies in this region are focused on new product development

INDIAN AGROCHEMICAL MARKET:-

The Indian Agrochemical Market is characterized with low capacity utilization. The total installed capacity in Fy 2011 was 146,000 Tons and total production was 87,000 Tons leading to a low capacity utilization of 60%. The demand is also seasonal. India due to its inherent strength low cost manufacturing and qualified low cost manpower is a net exporter of pesticides to countries such as USA and some European and African Countries. Exports formed 47% of total Industry turn over in FY 2011.

India's pesticide market, long stifled by various government controls and poor demand, is projected to more than double to $5 billion by 2017. India's per capita pesticide consumption is of 600 gm. while consumption of China is 14 kg and Japan 12 kg.

India is the 13th largest exporter of pesticides and disinfectants in the world, and in terms of volume, is the 12th largest producer of chemicals.

India has raised the level of its export competency with a consistent quality and supply record and possession of a vast unexplored market. Chemicals manufacturers have targeted product awareness campaigns at Indian farmers, as the country's affordability has increased with the cultivation of high-value crops. '

Besides increasing in domestic consumption, the exports by the Indian Agrochemicals Industry can be doubled in the next five years if proper strategies and sophisticated technologies are adopted by the industry

India's agrochemicals (Pesticides) consumption is one of the lowest in the world with per hectare consumption of just 0.58 Kg compared to US (4.5 Kg/ha) and Japan (10.8 Kg/ha). (Source 3rd National Agrochemicals conclave 2013)

The demand will also be driven by the rising food grain demand and increasing awareness about pesticide usage among the farmer community. However, threat of illegal, cheap imports from China is ever present and becoming a big factor in performance of local Indian producers.

Outlook for FY 2014

Raw Material Price

The volatility in foreign exchange market and the increase in raw material prices may impact on finished goods prices; as a result, our profitability is likely to be affected in Q3 FY 2014.

Market Price

The global markets for Pigment and Agrochemical products were under pressure. The Caustic Chlorine prices are cyclical.

Profitability

The Group and Company revenue for Q 3 FY 2014 has increased due to increase in production, resulting increase in sales and ultimately higher profitability. We expect to see further improvements in revenue once production of Agro – III Plant, Dahej SEZ Plant of

Meghmani Organics limited stabilizes and Captive power plant of 40 MW of Meghmani Finechem Limited generates electricity to increase Caustic production capacity. The Market Dynamics are changing rapidly. The Net Profit after tax at Group level has been increased in Q3 FY 2014. The Group Profitability may be affected due to unpredictable market trends, rupee/dollar exchange rate, crude oil prices and the pressure on sales prices of products manufactured by the Company.

Registrations

To date, 111 exports registrations have been received and applications for 628 registrations have been made in different parts of the world. The Company has 185 registration of Central Insecticides Board (CIB), Faridabad. The Company has 26 Trade Mark Registrations

11. **Dividend**

(a) **Current financial period reported on 31.12.2013**
Any dividend for the current financial period reported on? No
(b) **Corresponding Period of the Immediately Preceding Financial Year:** No
(c) **Date payable:** Not applicable
(d) **Books closure date:** Not applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend for the period ended 31 December, 2013 has been recommended or declared.

13. The aggregate value of IPTs as per Rule 920(1)(a)(ii) if a general mandate from shareholders for IPTs had been obtained. If no IPT mandate has been obtained, a statement to that effect. In this regard, please make the requisite disclosure to comply with the requirements of Appendix 7.2(13) of the Listing Manual.

Pursuant to Appendix 7.2 (13) of the Listing Manual read together with Rule 920(1)(a)(ii), the Company has not obtained any IPT mandate from its shareholders.

14. Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual of the SGX-ST

On behalf of the Board of Directors of the Company, I the undersigned, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the Third quarter ended 31 December, 2013 to be false or misleading.

15. The Company has been granted waiver by SGX ST in compliance with Rule 220 (1) of the listing manual and the Company is allowed to release its periodical finance report as well as annual report under the Indian GAAP. Provided it is accompanied by a reconciliation of statement to IFRS of the materially affected line items.

The Board is of the view that the variance of the profit reported under the quarter ended 31st December 2013 is not material.

BY ORDER OF THE BOARD
MEGHMANI ORGANICS LIMITED
K D Mehta
Company Secretary
Date: 29/01/2014