



**MEGHMANI ORGANICS LIMITED**



**SUSTAINABILITY REPORT 2020**

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# Company Profile

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Meghmani Organics Limited (“**MOL**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) is a global leading chemical specialist in the specialised fields of pigments and agrochemicals. The Group’s products are categorised into three main businesses: (i) Pigments, (ii) Agrochemicals, and (iii) Basic Chemicals.

Established since 1995, MOL’s pigment products are used in multiple applications, including printing inks, plastics, paints, textiles, leather, paper and rubber. These products also include high performance pigments to keep up with the fundamental shifts in the printing ink and paint sectors. MOL will be producing water-based pigments and Hysol-P based CPC Blue products. The agrochemical products manufactured by MOL fall into three main categories – technical products, formulations and intermediates. These agrochemical products are used in crop protection, public health, termite a& insect control, and veterinary applications. In the basic chemical business, the Group is manufacturing Chlorine and its derivatives.

MOL has a presence in more than 75 countries, serving over 400 customers across all three business segments. Our global distribution network consists of 20 overseas distributors catering to our international markets for our Pigments and Agrochemical products, and a chain of over 2,800 stockists, agents, distributors and dealers covering the domestic market in India.

The Group’s products are produced in our proprietary brands recognised names among customers in India, Europe, the USA and Latin America. The brands under our Agrochemical formulations include ‘Megaking’, ‘Megastar’, ‘Megacyper’, ‘Megaban’, ‘Synergy’ and ‘Courage’, while the brand ‘Meghafast’ is under our Pigments segment. The Group has more than 36 brands of various agrochemical formulations under our Agrochemicals segment to cater to the needs of Indian farmers.

Headquartered in Ahmedabad, the Group has seven dedicated manufacturing facilities in India, which includes three pigment plants in Vatva, Panoli and Dahej, and another four agrochemical plants in Chharodi, Panoli, Ankleshwar and Dahej.

MOL is ranked at 490th place on the “Fortune 500 Companies”<sup>1</sup> and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) under the stock code **M30**.

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<sup>1</sup> As reported in Fortune India Magazine Special Quarterly Issue (15<sup>th</sup> Dec 2019 – 14<sup>th</sup> Mar 2020)

# Board Statement

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*“Our Corporate Vision is to become one of the world’s leading diversified chemical company in ‘Organic Chemistry’ with a global presence and delivering products that meet international standards.”*

As a leading chemical manufacturer with a global presence, MOL is committed to conducting our business activities in an economically, socially and environmentally responsible manner governed by high standards of internal controls and risk management practices. Understanding the concerns and interests of our stakeholders is crucial as we continue to look at growing our business opportunities. Our commitment to sustainability guides our growth strategies and business practices.

The outbreak and spread of the coronavirus disease has impacted all of our lives in ways we could not have imagined. During this time, MOL has assisted customers by not insisting on free or discounted goods or services. While we are able to fulfil our contractual obligations, we face some delays in production and completion of on-going projects due to shortage of manpower. However, this is now improving with the easing of lockdown restrictions in the country.

In 2018, MOL conducted our first materiality assessment and published our inaugural Sustainability Report. This is our third Sustainability Report (“**Report**”) and it has been prepared by taking reference from the SGX Sustainability Reporting Guidelines (set out in Listing Rule 711A and 711B) and the Global Reporting Initiative (“**GRI**”) Standards, a globally-recognized sustainability reporting framework, for reporting on topics that are deemed material to MOL.

This report focuses on MOL’s sustainability performance with regards to the Group’s operations in India from 1 April 2019 to 31 March 2020 (“**FY2020**”). In this Report, we have also included the United Nations Sustainable Development Goals (“**UN SDGs**”) to show how our business supports the UNSDGs. A phased approach is being adopted by MOL for our sustainability report and we will seek to provide additional disclosures on our material topics as our sustainability reporting matures over time.

The Board maintained oversight over the Sustainability Committee, managing sustainability risks and opportunities, while ensuring all Environment, Social and Governance (“**ESG**”) matters significant to our business are addressed in our Report.

We welcome stakeholders to provide us with feedback and suggestions on this report. You may contact us at [helpdesk@meghmani.com](mailto:helpdesk@meghmani.com).

**Jayantilal Patel**  
Executive Chairman  
**Meghmani Organics Limited**

30 September 2020

# At a Glance

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## Business Performance in FY2020

- Consolidated revenue growth of 5% year-on-year to INR 21,912 million
- EBITDA of INR 4,341 million
- Return on equity of 23% and return on capital employed of 17%
- Ranked 490th in “Fortune 500 Companies”

## Environment

- 32,333 tonnes of carbon emissions avoided from the use of renewable energy
- 8.2% of our total energy consumed is from a renewable source

## Social

- Total headcount of 1,611 employees



# Sustainability Governance



MOL’s sustainability agenda is developed and directed by senior management with guidance from the Board. Our sustainability approach is focused on generating stable and sustainable value for our stakeholders by managing the ESG impacts, as well as risks and opportunities present in our businesses.

The Group’s Sustainability Committee includes senior management executives, led by the Executive Chairman. The Sustainability Committee is responsible for reviewing the company’s sustainability performance, material topics, stakeholder concerns, setting of targets and goals for material topics, and establishing systems to collect, verify, monitor and report information required for this sustainability report. The Sustainability Committee meets at least once a year and proposes, coordinates and promotes the Group’s main sustainability initiatives. The Board maintained oversight over the Sustainability Committee, managing sustainability risks and opportunities, while ensuring all ESG matters significant to our business are addressed.

# Stakeholder Engagement

MOL continues to engage with our various groups of stakeholders on an annual basis to understand and address their concerns. As our businesses continue to expand, the topics that are material to our key stakeholders may change to reflect the relevance and significance to our operations.

In FY2020, we continued our internal engagement with our key stakeholders through the multiple established channels to re-evaluate the relevance and significance of the material topics for this reporting period. Understanding the on-going concerns of our key stakeholders allow us to strive for continuous success in creating value for all our stakeholders. As MOL continues to grow our business, we are committed to review and report changes in the material issues in subsequent reports.

Our Stakeholders	Stakeholders' Expectations	Mode of Engagement	Our Initiatives and Responses
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Customer privacy</li> <li>• Quality control</li> <li>• On-time delivery and services</li> <li>• Technical support</li> <li>• Reasonable payment terms</li> <li>• Competitive pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Customer feedback management via surveys, face-to-face meetings</li> <li>• Regular sales calls and meetings</li> </ul>	<ul style="list-style-type: none"> <li>▶ Active follow-up on customers' needs</li> <li>▶ Regular internal meetings to review customers' order fulfilment and new requirements</li> <li>▶ Update customers on new products and solutions</li> <li>▶ Provide timely feedback to customers</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Career growth</li> <li>• Training opportunities</li> <li>• Competitive salaries and incentives</li> <li>• Pleasant and safe working environment</li> </ul>	<ul style="list-style-type: none"> <li>• Regular internal communications</li> <li>• Regular review of working environment and welfare</li> <li>• Employee feedback</li> </ul>	<ul style="list-style-type: none"> <li>▶ Ensure effective implementation of HR policies</li> <li>▶ Regular internal meetings to review safety practices</li> <li>▶ Annual performance review</li> </ul>
<b>Shareholders &amp; Investors</b>	<ul style="list-style-type: none"> <li>• Higher financial returns</li> <li>• Industry conditions</li> <li>• Market presence</li> <li>• Profitability</li> <li>• Transparency &amp; corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Announcements via SGX-ST, NSE and BSE</li> <li>• Annual General Meeting</li> <li>• Investor roadshows</li> <li>• Conference calls with investment community</li> <li>• Electronic communications through investor relations portal</li> <li>• Annual report</li> </ul>	<ul style="list-style-type: none"> <li>▶ Regular and timely updates via announcements and press releases as and when required</li> <li>▶ Ensure sustainable business growth</li> </ul>
<b>Government &amp; Regulators</b>	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Occupational health &amp; safety</li> <li>• Environmental issues</li> <li>• Social issues</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings to remain updated on issues of relevance</li> <li>• Electronic communications</li> </ul>	<ul style="list-style-type: none"> <li>▶ Ensure compliance with applicable laws</li> <li>▶ Meetings to update and resolve issues with relevant authorities as and when required</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Competitive pricing</li> <li>• Payment terms</li> <li>• Quality benchmarks</li> </ul>	<ul style="list-style-type: none"> <li>• Networking sessions</li> <li>• Visits to / Interactions with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>▶ Regular feedback on quality or other issues</li> </ul>

# Material Topics

MOL reviewed our material topics in FY2020 based on internal stakeholders discussions with various department managers. The material topics reviewed continue to have an economic, environment and social influence on our business activities. In FY2020, data was collected for our material topics and this has allowed us to review our performances and set targets. To guide our reporting, we used the GRI standards as a reference to prepare the Sustainability Report 2020.

Material Topic	Description	Relevant GRI Standards that we will be reporting
<b>Product Safety and Stewardship</b>	Developing modern, innovative agricultural products and technologies that meet or exceed regulatory requirements relative to safety, human health, and the environment	GRI 416: Customer Health & Safety GRI 307: Environmental Compliance
<b>Environmental Management</b>	Applying innovation and best practices to protect, conserve and manage energy	GRI 302: Energy
<b>Business Practices and Competition</b>	Adopting methods or processes that deliver products and services which meet the standards of customers based on value, quality, service, and fair competitive market practices.	GRI 205: Anti-Corruption GRI 206: Anti-Competitive Behaviour
<b>Occupational Health and Safety</b>	Ensuring a healthy, safe and secure workplace that promotes well-being.	GRI 403: Occupational Health and Safety
<b>Employee Development, Diversity and Benefits</b>	Attracting, retaining and developing our employees, promoting professional growth, leveraging the power of inclusion and diversity, and creating a positive work environment.	GRI 401: Employment GRI 405: Diversity and Equal Opportunity



# Product Safety and Stewardship

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## Customer Health & Safety

### GRI 416-2

#### Our Approach

MOL's core focus is our commitment to customer satisfaction. Ensuring our products are safe for our customers' intended application is key in maintaining the continued trust of our loyal customers. Our customers come from a broad background of diverse industries and it is important to understand their respective applications of our products. MOL recognises the concerns on the safe application of chemicals and their impact on the health and safety of our customers. We understand the restrictive regulations and we sought to comply.

MOL adheres to the strictest regulatory requirements and standards local to our businesses. Understanding our products hazards, its risks and impacts allow us to identify and manage key areas for MOL to focus on and adhere to local requirements on product information. We assess our products to ensure that the health and safety of our customers are not compromised. MOL keeps up to date with technological advancements that will aid the development of innovative products that surpass the highest regulatory requirements of health, safety and environment.

#### Our Performance

In FY2020, we have zero cases of non-compliance with regulations and/or voluntary codes related to the health and safety impacts of our products and services.

# Product Safety and Stewardship

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## Environmental Compliance

### GRI 307-1

#### Our Approach

MOL believes that environmental compliance is the primary foundation that forms our commitment to environmental law, regulations and standards. We acknowledge that the nature of our business leaves a large environmental footprint and we strive to reduce the impact our business activities imposes on our ecosystems. MOL adheres to the local environmental rules and regulations and our environmental policy guides us in managing our operational activities in minimizing impact.

The use and application of hazardous materials is present in our operational activities. Proper safe and responsible disposal facilities are provided with necessary capabilities to treat the liquid and solid waste. Air emissions that contain pollutants are regulated by the local laws which we need to comply. Our agrochemicals products are strictly controlled and we require prior registration with the relevant governing authorities in each country before we are allowed to sell. Thus, qualitative standards and permitted toxicity levels set by each governing authority will need to be complied with before we can sell our agrochemicals products.

MOL has a greenbelt at our factory premises with an environmental management system in place at the plant locations. We provide proper training to ensure our employees are aware of the environmental regulations and obligations while ensuring proper and adequate safeguards are maintained at our plants at all times. MOL has four multifunctional productions facilities in Gujarat and three are ISO 9001 certified. We are committed to improve our health, safety and environment performance by ensuring chemical product safety and making our processing plants secure.

#### Our Performance

We had zero cases of non-compliance with environmental laws and regulations in FY2020.

# Environmental Management

## Energy GRI 302-1



### Our Approach

MOL recognizes the impact our businesses can have on the environmental ecosystem. As the core of our business is chemical manufacturing and uses a significant amount of energy, we are committed to conserve our energy usage to minimize the impact on the ecosystem. Our environmental policy guides us in our environmental practices. Since we started collecting data, we have a better understanding of our performance and can set a realistic target.

### Our Performance

In FY2020, we have consumed a total of approximately 1,617 TJ of energy across our operations which includes both renewable energy and non-renewable energy. MOL currently has four wind mills for the four plants located at Dahej, Ankleshwar, Panoli and Vatva, as well as a solar power purchase agreement for the plants in the three locations Dahej, Ankleshwar and Panoli. In FY2019, our renewable energy generated was approximately 7.3% of the total energy consumed, while in FY2020, we have achieved an increase to 8.2% by increasing the proportion of solar energy generated, thus helping to avoid greenhouse gas (GHG) emissions of 32,333 tCO<sub>2</sub>.

### Fuel Consumption within the Organisation (offices and manufacturing plants)

	From Non-Renewable Sources (MJ)	Renewable Energy (MJ)	Electricity Consumption (MJ)	Steam Consumption (MJ)	Total Energy Consumed (MJ)
<b>FY2019<sup>^</sup></b>	11,692,800	108,778,7378	266,374,667	1,108,607,918	1,495,454,122
<b>FY2020</b>	12,096,000	132,573,794	297,238,720	1,175,490,999	1,617,399,513

### Energy consumed from renewable sources

Renewable Energy Source	Renewable Energy Generated & Consumed (kWh)		Renewable Energy Generated & Consumed (MJ)		GHG Emissions Avoided* (tCO <sub>2</sub> )	
	FY2019	FY2020	FY2019	FY2020	FY2019	FY2020
<b>Wind</b>	29,155,160	30,963,720	104,958,576	111,469,392	25,598	27,186
<b>Solar</b>	1,061,156	5,862,334	3,820,162	21,104,402	932	5,147
<b>Total</b>	<b>30,216,316</b>	<b>36,826,054</b>	<b>108,778,738</b>	<b>132,573,794</b>	<b>26,530</b>	<b>32,333</b>

<sup>^</sup>Values for FY2019 have been restated.

\*Emission factors are based on Asian Development Bank - Guidelines for estimating greenhouse gas emissions of Asian Development Bank projects: Additional guidance for clean energy projects (2017)

# Business Practices and Competition

## Anti-Corruption GRI 205-1



### Our Approach

Good business practice is an important foundation for our business activities to progress. MOL conducts our businesses with the highest standards of ethical business practices in a fair and transparent manner. We hold a strong stance against corruption and have in place a Whistle Blower Policy that employees can use for reporting of unethical practices without fear of unjust retribution.

### Our Performance

In FY2020, there have been no reported cases of corruption.

## Anti-Competitive Behaviour GRI 206-1

### Our Approach

We are committed in ensuring our businesses are conducted in an ethical and fair manner. MOL holds a strong stance against any anti-competitive behaviour or unfair advantages in our business activities. We support a free competitive environment ensuring fair business practices for all our employees and stakeholders.

### Our Performance

We have no reported anti-competitive behaviours or anti-trust violations in the reporting period in FY2020.

# Occupational Health and Safety

## Occupational Health and Safety GRI 403.-2



### Our Approach

MOL believes the safety and wellbeing of our employees is our highest priority. We recognise that the use of machinery in our manufacturing plants and operational facilities can pose as safety hazards and health risks. Some of our products and raw materials are considered to be hazardous and working with hazardous materials can pose a health risk to our employees in the operating plants. Enforcing a strong safety culture in all our facilities provides assurance for our employees to perform at their best in their daily operational activities. We adhere to local health and safety regulations and our environment, health and safety policy guides us in promoting safety measures in our operational facilities.

Training is provided on a regular basis to our employees in the operational plants to continuously align themselves to safety regulations and standards, recognise safety hazards and implement control measures when faced with a safety risk situation. A safety manual is provided to all employees in our operational plants. Work procedure and safety instructions are clearly communicated for each activity. All employees working in the operating plants are required to wear personal protection equipment at all times. We implement safeguards in handling, storing, transporting, importing and sale of our hazardous products and raw materials. All our plants are equipped with a medical facility to regularly conduct routine medical checks on our employees working in these plant facilities. Medical support is available in case of any occupational health and related issues and a selected few are trained in first aid. Fire-fighting equipment are also available at all plants and regularly maintained.

### Our Performance

In FY2020, MOL had no cases of reportable accidents.

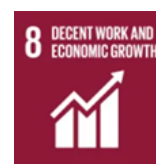
### What We Have Done During Coronavirus Pandemic

The Government of India imposed a lockdown on 24 March 2020 which was lifted on 31 May 2020, but following that, guidelines on phases of reopening were issued, and as of 31 Aug 2020, the Union Home Ministry issued the Unlock 4.0 guidelines which allowed the resumption of metro trains from 7 September in a graded manner, while political, social and religious congregations of up to 100 people will be permitted from 21 September. Restrictions on inter-state and intra-state movement of persons and goods will also be lifted. Manufacturing services were exempted from the lockdown and MOL continued with production during this period, but with heightened precautions taken to ensure the health and safety of the staff. Some of the measures taken by MOL include having employees to be on different teams so as to have rotating or alternate teams in the office and plant. Employees are reminded on the need for social distancing in the office and plant, and are also issued face masks and hand sanitisers at their work stations. Regular disinfection of the office and plant areas are also conducted to ensure commonly frequented surfaces or areas are kept clean.



# Employee Development, Diversity and Benefits

## Employment GRI 401-1



### Our Approach

MOL believes our employees are essential in maintaining a long-term success. We are committed to fair employment practices and maintaining a working environment where our employees are respected and empowered to perform at their best. Boosting our employee's morale in turn reduces our employee turnover rates while strengthening our employee's productivity performances. MOL strives to understand the concerns of our employees to keep them engaged at all times.

### Our Performance

In FY2020, we hired a total of 365 new employees, bringing our total headcount to 1,611 employees. We have an overall hiring rate of 33% and an overall turnover rate of 18.4%.

### What We Have Done During Coronavirus Pandemic

No employees from MOL were laid off or furloughed during the coronavirus lockdown period in India from 24 March 2020 to 31 July 2020.

#### New Employee Hires (based on age group)

Age Group	No. of Employee New Hires		Rate of New Hires	
	FY2019	FY2020	FY2019	FY2020
Under 30 years old	291	261	26.4%	16.2%
30-50 years old	90	89	8.2%	5.5%
Over 50 years old	12	15	1.1%	0.9%
<b>Total</b>	<b>393</b>	<b>365</b>	<b>35.7%</b>	<b>22.6%</b>

#### New Employee Hires (based on gender)

Gender	No. of Employee New Hires		Rate of New Hires	
	FY2019	FY2020	FY2019	FY2020
Male	392	362	35.6%	22.5%
Female	1	3	0.1%	0.2%
<b>Total</b>	<b>393</b>	<b>365</b>	<b>-</b>	<b>(7.1%)</b>

# Employee Development, Diversity and Benefits

## Diversity and Equal Opportunity

### GRI 405-1

#### Our Approach

MOL believes in providing equal opportunities in an open environment. We hire and retain our employees solely based on merit and capacity to contribute. MOL does not tolerate any form of discrimination based on colour, race, religion, political inclination and any other type of distinguishing characteristics. MOL attracts and retains a diverse set of qualified and experienced employees. Equally important for a diverse talent pool is to have a diverse management board as a diverse set of skills, seniority, and industry knowledge will bring in an exchange of different ideas and perspectives.

#### Our Performance

Approximately 99% of our workforce comprises of males, and 1% females. The majority of our employees are aged between 30-50 years old and are employed as non-executive employees.

#### Total Employees by Gender

Gender	No. of Employees		Percentage	
	FY2019	FY2020	FY2019	FY2020
Male	1,530	1,598	99.2	99.2
Female	12	13	0.8	0.8
<b>Total</b>	<b>1,542</b>	<b>1,611</b>	<b>100.0</b>	<b>100.0</b>

#### New Employees by Age Group

Age Group	No. of Employees		Percentage	
	FY2019	FY2020	FY2019	FY2020
Under 30 years old	514	572	33.3	35.5
30-50 years old	843	863	54.7	53.6
Over 50 years old	185	176	12.0	10.9
<b>Total</b>	<b>1,542</b>	<b>1,611</b>	<b>100.0</b>	<b>100.0</b>

# Employee Development, Diversity and Benefits

## Diversity and Equal Opportunity GRI 405-1

### New Employees by Age Group

Employment Category	Under 30 years old		30 – 50 years old		Over 50 years old	
	FY2019	FY2020	FY2019	FY2020	FY2019	FY2020
Senior Management	-	-	0.1%	0.4%	1.7%	1.3%
Management	-	-	1.6%	1.2%	1.2%	0.9%
Executive	5.2%	7.6%	13.4%	14.4%	3.3%	3.5%
Non-executive	25.9%	27.4%	34.6%	32.0%	4.9%	4.2%
General	2.3%	0.4%	4.7%	5.5%	1.2%	1.0%

### Board Diversity

Gender	FY2019	FY2020
Male	90%	90%
Female	10%	10%

Age Group	FY2019	FY2020
Under 30 years old	0%	0%
30-50 years old	0%	0%
Over 50 years old	100%	100%

# Our Community

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MOL strives to enrich the quality of life not only for our employees but also for our communities in which we operate.

To foster cohesion among our employees, we organised MOL's Annual Day Celebration on 28 November 2019 for our employees of all our plants and subsidiary companies. This event was attended by approximately 1,200 employees.

As part of our social engagement approach, a Meghmani Talk Series” (મેઘમણી વ્યાખ્યાનમાળા) was organised for the larger audience of the society during the year under review. The objective for this series of talks was to raise the awareness on various important social, cultural, spiritual and historical subjects/topics. Well-known and reputable subject matter experts were invited to speak to an audience of approximately 250 attendees comprising of public and our employees.

MOL was also a sponsor of the Ahmedabad Cyclothon 2020 which was held on the 15<sup>th</sup> and 16<sup>th</sup> February 2020. The Ahmedabad Cyclothon is an annual event that aims to promote sport and fitness among the people and involves cycling 50km on roads of Ahmedabad.

# Our Community

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Migrant workers who were trying to return to their home states when the government announced lockdown measures on 24 March 2020 in response to the coronavirus pandemic, were stranded as a result of transportation cancellations. MOL supported the needy and stranded workforce in Dahej and Panoli areas and also distributed ration kits to approximately 1,000 migrant workers. As the pandemic continues to impact the country's economy across industries, the health and safety of our employees and workers remained our top priority. In addition to regular sanitising of offices and work premises, social distancing and compulsory use of face mask are also practised in our workplaces.

MOL also develops relationships with and provides in-kind funding to local organisations which are well-placed to deliver additional social benefits to the wider community in each neighbourhood where we have a presence, taking into account of real local needs. In FY2020, MOL contributed more than 10,000 wellness kits, which include essentials such as face masks, soap, homeopathic medicine and vitamin C tablets in the towns of Viramgam and Bharuch, both of which are located in the state of Gujarat.

Going forward, our priorities are to continue to cultivate deeper relationships with the local communities and increase awareness of MOL's community involvement. We see these efforts as vital for increasing social capital in the areas where MOL has long-term interests, and ensuring cohesion between our employees and the local community.





**MEGHMANI ORGANICS LIMITED**

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