MEGHMANI ORGANICS LIMITED **07.08.2014**

First 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 first quarter ended June 30, 2014 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		
	03 months ended		%
	30.06.2014	30.06.2013	Increase / (Decrease)
	Rs. '000	Rs. '000	
Revenue	3,077,569	2,516,341	22.3
Cost of sales	(2,593,981)	(2,230,397)	16.3
Gross Profit	**483,588**	**285,944**	**69.1**
Other operating income	67,481	56,733	18.9
Distribution expenses	(177,408)	(147,525)	20.3
Administrative expenses	(53,039)	(47,835)	10.9
Other operating expenses	4,000	95,016	-95.8
Profit from operations	**324,622**	**242,333**	**34.0**
Finance cost	(186,915)	(161,386)	15.8
Income from investments	-	-	-
Profit before tax	**137,707**	**80,947**	**70.1**
Income tax	1,992	(114,504)	-101.7
Profit after income tax	**139,699**	**(33,557)**	**-516.3**
Minority Interest	(61,705)	(2,763)	2133.3
Profit after minority interest	**77,994**	**(36,320)**	**-314.7**

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

	Group		
	3 months ended		%
	30.06.2014	30.06.2013	Increase / (Decrease)
	Rs '000	Rs '000	
Bad trade receivables written off / recovered	1,393	(629)	-321.5
Foreign currency exchange adjustment (loss)	2,730	97,029	-97.2
Loss on sale of investments	(123)	(1,384)	-91.1
Research and development expenditure	(4,099)	(2,948)	39.0

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 30.06.2014	**As at 31.03.2014**	**As at 30.06.2014**	**As at 31.03.2014**
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
ASSETS				
Current assets				
Cash & bank balances	505,223	394,736	41,592	77,079
Available for sale investments	-	-	-	-
Trade receivables	3,387,247	3,523,197	3,186,983	3,311,703
Other receivables and prepayments	1,624,339	1,797,951	1,322,539	1,441,344
Inventories	2,600,463	2,495,785	2,271,921	2,086,047
Income tax recoverable	251,461	223,660	150,599	144,368
Total current assets	**8,368,733**	**8,435,329**	**6,973,634**	**7,060,541**
Non – current assets				
Property, plant and equipments	8,067,011	8,153,597	3,797,466	3,921,551
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	**8,072,614**	**8,159,200**	**5,178,307**	**5,302,392**
Total assets	**16,441,347**	**16,594,529**	**12,151,941**	**12,362,933**
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	3,595,957	3,775,000	2,897,600	3,105,319
Other borrowings	-	-	-	-
Trade payables	1,770,721	1,532,130	1,671,601	1,537,580
Other payables	967,602	1,008,322	753,718	790,467
Total current liabilities	**6,334,280**	**6,315,452**	**5,322,919**	**5,433,366**
Non – current liabilities				
Long Term Loan	3,546,134	3,772,574	1,250,000	1,250,000
Deferred tax liabilities	312,534	369,977	205,543	252,201
Total non – current liabilities	**3,858,668**	**4,142,551**	**1,455,543**	**1,502,201**
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	612,270	612,270	612,270	612,270
Capital Reserve	19,871	19,871	3,122	3,122
Capital redemption reserve	18,433	18,433	18,433	18,433
Dividend reserve	31,649	31702	31,649	31,702
Currency translation reserve	82,595	42,595	-	-
Debenture Redemption Reserve	199,603	194,981	199,603	194,981
Hedge Reserve	(130,044)	(161,218)	(148,721)	(187,198)
Accumulated profits	2,610,184	2,634,896	2,837,761	2,934,694
Minority interest	984,476	923,634	-	-
Total equity	**6,248,399**	**6,136,526**	**5,373,479**	**5,427,366**
Total liabilities and equity	**16,441,347**	**16,594,529**	**12,151,941**	**12,362,933**

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

Amount repayable in one year or less, or on demand

As at 30 June 2014		**As at 31 March 2014**	
Secured		**Secured**	
Group	**Company**	**Group**	**Company**
Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
3,293,165	2,594,808	3,351,211	2,681,530

As at 30 June 2014		**As at 31 March 2014**	
Un –Secured		**Un –Secured**	
Group	**Company**	**Group**	**Company**
Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
302,792	302,792	423,789	423,789

Amount repayable after one year

As at 30 June 2014		**As at 31 March 2014**	
Secured		**Secured**	
Group	**Company**	**Group**	**Company**
3,546,134	1,250,000	3,772,574	1,250,000

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 June 30, 2014, bank borrowings amounting to **Group Rs 2,000,020,000 & Company Rs. 2,000,020,000** 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, 2014, bank borrowings amounting to **Group Rs. 1,636,533,000 & Company Rs. 1,636,533,000** 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 (ECB – Standard Chartered Bank)

As at June 30, 2014, bank borrowings amounting to **Rs. ,Nil** are secured. (repayable after one year) and **Rs. 94,788,000** (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, 2014, bank borrowings amounting to Rs. ,Nil are secured. (Repayable after one year) and Rs. 141,447,000 (repayable within one year)

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

Bank B (State Bank of India)

As at June 30, 2014, bank borrowings amounting to **Rs. Nil** are secured.

As at March 31, 2014, bank borrowings amounting to Rs.403,550,000 are secured.

Bank C (HDFC Bank Limited)

As at June 30, 2014, bank borrowings amounting to **Rs. 152,792,000** are unsecured.

As at March 31, 2014, bank borrowings amounting to Rs. 423,789,000 are unsecured.

Bank D (Non-Convertible Debenture)

As at June 30, 2014, 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, 2014, issued NCD of **Rs. 500,000,000** which is secured and repayable after one year. and **Rs. 500,000,000** (repayable within one year)

Bank E (HDFC Bank Limited – Term Loan Dahej - SEZ)

As at June 30, 2014, HDFC Term Loan Dahej – SEZ of **Rs. 300,000,000** which is secured and repayable after one year.

As at March 31, 2014, HDFC Term Loan Dahej – SEZ of Rs. 300,000,000 which is secured and repayable after one year.

Bank F (ICICI Bank Limited – Term Loan Dahej - SEZ)

As at June 30, 2014, ICICI Term Loan Dahej – SEZ of **Rs. 450,000,000** which is secured and repayable after one year.

As at March 31, 2014, ICICI Term Loan Dahej – SEZ of Rs. 450,000,000 which is secured and repayable after one year.

Bank G (YES Bank Limited)

As at June 30, 2014, bank borrowings amounting to **Rs. 150,000,000** are unsecured.

As at March 31, 2014, bank borrowings amounting to Rs. Nil are unsecured.

Bank H (KBC Bank Limited – Meghmani Europe BVBA)

As at June 30, 2014, bank borrowings amounting to Rs**. 7,318,000** are secured by the assets purchased at Europe.

As at March 31, 2014, Bank borrowings amounting to Rs. 7,521,000 are secured by the assets purchased at Europe.

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

As at June 30, 2014, bank borrowings amounting to **Rs. 1,450,090,000** (repayable after one year) and **Rs. 268,535,000** (repayable within one year) are secured by Mortgage/hypothecation of assets

As at March 31, 2014, bank borrowings amounting to Rs.1,530,651,000 (repayable after one year) and Rs. 241,682,000 (repayable within one year) are secured by Mortgage/hypothecation of assets.

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

As at June 30, 2014, bank borrowings amounting to **Rs. 516,360,000** (repayable after one year) and **Rs. 171,929,000** (repayable within one year) are secured by Mortgage/hypothecation of assets

As at March 31, 2014, bank borrowings amounting to **Rs.** 599,202,000 (repayable after one year) and Rs. 171,199,000 (repayable within one year) are secured by Mortgage/hypothecation of assets.

Bank K (ECB - Standard Chartered Bank)

As at June 30, 2014, bank borrowings amounting to **Rs.322,366,000** (repayable after one year) and **Rs. 257,893,000** (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, 2014, bank borrowings amounting to Rs 385,200,000 (repayable after one year) and Rs.256,800,000 (repayable within one year) first pari passu charge on movable fixed assets of Meghmani Finechem Ltd. including moveable plant and equipment.

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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**	
	3 months ended 30.06.2014	**3 months ended 30.06.2013**
	Rs '000	**Rs '000**
Cash flows from operating activities		
Profit from operations	324,622	242,333
Adjustments for :		
Depreciation of property, plant and equipment	201,843	195,785
Unrealized Foreign Exchange Gain	(42,728)	109,843
Interest Received	(7,030)	(12,100)
Loss on disposal of Property, Plant & Equipments	123	1,384
Operating cash flows before movements in working capital	**476,830**	**537,245**
Trade receivables	135,950	(213,053)
Other receivables and prepayments	216,340	(202,549)
Inventories	(104,678)	(42,869)
Trade payables	238,593	172,077
Bills payables	(39,468)	21,491
Other payables	(40,722)	231,387
Cash generated from (used in) operations	**882,845**	**503,729**
Income taxes paid	(32,302)	(19,061)
Interest and finance charges paid	(186,915)	(161,386)
Net cash from (used in) operating activities	**663,628**	**323,282**
Cash flows from investing activities:		
Purchase of property, plant and equipments	(118,759)	(328,795)
Proceeds from property, plant and equipments	3,380	699
Interest Received	7,030	12,100
Depreciation adjusted Due to revised estimated useful life of assets as prescribed in Schedule - II of Companies Act - 2013)	(149,899)	-
Net cash used in investing activities	**(258,248)**	**(315,996)**
Cash flows from financing activities:		
Dividend paid	(54)	-
Proceeds from (repayment of) bank borrowings	(515,018)	(45,453)
Proceeds from (repayment of) other borrowings	149,005	71,413
Hedge Reserve	31,174	(16,633)
Net cash used in financing activities	**(334,893)**	**9,327**
Net effect of exchange rate change on consolidation	40,000	30,810
Net increase in cash and cash equivalents	**110,487**	**47,423**
Cash and cash equivalents at beginning of period	394,736	362,340
Cash and cash equivalents at end of period	**505,223**	**409,763**

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.**

Group

Rs. '000

	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 March 31,2013	**254,314**	**1,565,048**	**609,270**	**19,871**	**18,433**	**(103,093)**	**138,766**	**31,524**	**21,807**	**2,495,822**	**796,983**	**5,848,745**
Net profit for the year	-	-	-	-	-	-		-	-	(36,321)	-	(36,321)
Transfer to (from) reserve	-	-	-	-	-	-	14,015	-	-	(14,015)	-	-
Addition during the year	-	-	-	-	-	(16,633)	-	-	-	-	2,763	(13,870)
Currency Translation Reserve	-	-	-	-	-	-	-	-	30,810	-	-	30,810
Balance as at June 30, 31,2013	**254,314**	**1,565,048**	**609,270**	**19,871**	**18,433**	**(119,726)**	**152,781**	**31,524**	**52,617**	**2,445,486**	**799,746**	**5,829,364**
Balance as at March 31,2014	**254,314**	**1,565,048**	**612,270**	**19,871**	**18,433**	**(161,218)**	**194,981**	**31,702**	**42,595**	**2,634,896**	**923,634**	**6,136,526**
Net profit for the year	-	-	-	-	-	-	-	-	-	77,994	-	77,994
Transfer to (from) reserve	-	-	-	-	-	-	4,622	-	-	(4,622)	-	-
Addition during the year	-	-	-	-	-	31,174	-	(53)	-	-	60,842	91,963
Currency Translation Reserve	-	-	-	-	-	-	-	-	40,000	-	-	40,000
Depreciation adjusted (net of deferred tax)*	-	-	-	-	-	-	-	-	-	(98,084)	-	(98,084)
Balance as at June 30, 31,2014	**254,314**	**1,565,048**	**612,270**	**19,871**	**18,433**	**(130,044)**	**199,603**	**31,649**	**82,595**	**2,610,184**	**984,476**	**6,248,399**

- Due to revision in estimated useful life of assets as prescribed in Schedule - II of New Companies Act - 2013

1(d)(i) Company **Rs '000**

	Issued capital	Share premium	General reserve	Capital Reserve	Capital redemption reserve	Debenture Redemption reserve	Dividend reserve	Hedge Reserve	Accumulated Profits	Total
Balance as at March 31,2013	**254,314**	**1,565,048**	**609,270**	**3,122**	**18,433**	**138,766**	**31,524**	**(153,032)**	**2,907,890**	**5,375,335**
Net profit for the year	-	-	-	-	-	-	-	-	92,908	92,908
Transfer to (from) reserve	-	-		-	-	14,015	-	-	(14,015)	-
Addition during the year	-	-		-	-	-	-	(61,430)	-	(61,430)
Balance as at June 30,2013	**254,314**	**1,565,048**	**609,270**	**3,122**	**18,433**	**152,781**	**31,524**	**(214,462)**	**2,986,783**	**5,406,813**
Balance as at March 31,2014	**254,314**	**1,565,048**	**612,270**	**3,122**	**18,433**	**194,981**	**31,702**	**(187,198)**	**2,934,694**	**5,427,366**
Net profit for the year	-	-	-	-	-	-	-	-	4,622	4,622
Transfer to (from) reserve	-	-		-	-	4,622	-	-	(4,622)	-
Addition during the year	-	-		-	-	-	(53)	38,477	-	38,424
Depreciation adjusted (net of deferred tax)*	-	-		-	-	-	-	-	(96,933)	(96,933)
Balance as at June 30,2014	**254,314**	**1,565,048**	**612,270**	**3,122**	**18,433**	**199,603**	**31,649**	**(148,721)**	**2,837,761**	**5,373,479**

- Due to revision in estimated useful life of assets as prescribed in Schedule - II of New Companies Act - 2013

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.

	30 June 2014	31 March 2014
Total number of issued ordinary shares **Excluding treasury shares**	49140150	50,838,150

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or issuse 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 year compared with the audited financial statements for the year ended 31 March 2014 under Indian GAAP.

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	**Year ended**		**Year ended**	
	30.06.2014	**31.03.2014**	**30.06.2014**	**31.03.2014**
(a) Based on weighted average number of ordinary shares in issue (Rs)	0.31	0.90	0.02	0.46
Earnings per SDS (Rs)	0.16	0.45	0.01	0.23
(b) On a fully diluted basis (detailing any adjustments made to the earnings) (Rs)	0.31	0.90	0.02	0.46
Earnings per SDS (Rs.)	0.16	0.45	0.01	0.23

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 30.06.2014	**As at 31.03.2014**	**As at 30.06.2014**	**As at 31.03.2014**
Net assets value per ordinary share based on issued share capital at the end of the year reported in Rs.	24.57	24.13	21.13	21.34

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 and (ii) trading of intermediates, bulk and small packing of Agrochemicals technical and intermediates products.

Revenue - Group

Group revenue for Q1 FY 2015 increased by 22.3% from Rs. 2516.34 million in Q1 FY 2014 to Rs. 3077.57 million in Q1 FY 2015.

Breakdown of Revenue by Product

(Rs. in Millions)

Products	**Q 1 FY 2014-15**	**Q 1 FY 2013-14**	**Increase/ (Decrease)**	**%**
Pigments	978.46	755.90	222.56	29.4
Agrochemicals	967.73	908.39	59.34	6.5
Caustic Chlorine	799.95	615.22	184.73	30.0
Trading	331.43	236.83	94.60	39.9
Total	**3077.57**	**2516.34**	**561.23**	**22.3**

Breakdown of Domestic Sales by Product

(Rs. in Millions)

Domestic Sales	**Q 1 FY 2014-15**	**Q 1 FY 2013-14**	**Increase/ (Decrease)**	**%**
Pigments	240.04	176.20	63.84	36.2
Agrochemicals	265.24	168.83	96.41	57.1
Caustic Chlorine	793.41	610.69	182.72	29.9
Trading	9.75	5.19	4.56	87.9
Total	**1308.44**	**960.91**	**347.53**	**36.2**

Breakdown of Exports Sales by Product

(Rs. in Millions)

Export Sales	**Q 1 FY 2014-15**	**Q 1 FY 2013-14**	**Increase/ (Decrease)**	**%**
Pigments	738.42	579.70	158.72	27.4
Agrochemicals	702.49	739.56	-37.07	-5.0
Caustic Chlorine	6.54	4.53	2.01	44.4
Trading	321.68	231.64	90.04	38.9
Total	**1769.13**	**1555.43**	**213.70**	**13.7**

Reasons for Increase / (Decrease) in Sales

1) Export sales of Pigment Division increased by 27.4 %. This was mainly due to increase in quantity sales of PG7 and CPC Blue.

2) Export sales of Agrochemical Division decreased marginally by 5.0% on account of decrease in quantity sales of 2 4 Dichlorophenoxy, CPP and Cypermethrin

3) Domestic sales of Pigment Division increased by 36.2% due to increase in quantity sales of CPC Blue & PG7.

4) Domestic sales of Agrochemical Division increased by 57.1%. due to increase quantities sales of MPB, CMAC and Permethrin.

5) Trading activity of Merchant exports increased by Rs. 90.04 million.

6) Domestic sales of Caustic Chlorine increased by 29.9 % mainly due to increase in ECU and increase in sales quantity

<u>Gross profit - Group</u>

Breakdown of Gross Profit by Division

(Rs. in Millions)

Division	**Q1 FY 2015**	**GP Margin Q 1FY 2015 (%)**	**Q1 FY 2014**	**GP Margin Q 1FY 2014 (%)**	**Increase/ Decrease**	**%**
Pigments	122.22	12.5	88.56	11.7	33.66	38.0
Agrochemicals	150.87	15.6	48.18	5.3	102.69	213.1
Power	-5.42	n.m.	-4.43	n.m.	-0.99	22.3
Caustic Chlorine	208.77	26.1	152.83	24.8	55.94	36.6
Trading	7.15	2.2	0.80	0.3	6.35	793.8
Total	**483.59**	**15.7**	**285.94**	**11.4**	**197.65**	**69.1**

Reasons for increase / (decrease) in GP margin

GP of Pigment

The amount of gross profit of Pigment Division increased by 38.0%, while GP margin of Pigment Division increased from 11.7% in Q1 FY 2014 to 12.5% in Q1 FY 2015 due to higher price realization of Alpha Blue and Beta Blue.

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GP of Agrochemical

The amount of gross profit of Agrochemical Division increased by 213.1 % and GP margin increased from 5.3% in Q1 FY 2014 to 15.6% in Q1 FY 2015 due to higher quantity sales and price realization of Acephate, CMAC and CPP.

GP of Caustic Chlorine

The amount of gross profit of Caustic Chlorine Division increased by 36.6%, while GP margin of Caustic Chlorine Division increased from 24.8% in Q1 FY 2014 to 26.1% in Q1 FY 2015 due to higher ECU and increase in sales quantity.

<u>Other Operating Income</u>

Other operating income of the Group consists mainly of export benefits such as duty entitlement passbook benefit (DEPB), Duty Draw Back, etc.

Other operating income increased by 18.9% to Rs. 67.48 million in Q1 FY 2015 mainly due to DEPB income received under focused Countries market scheme.

DISTRIBUTION, ADMINISTRATIVE AND OTHER OPERATING EXPENSES – GROUP

<u>Distribution expenses</u>

Distribution expenses of Group increased by Rs. 29.88 million, i.e. by 20.3%. This is in line with increase in sales.

Administrative expenses

Administrative expenses of Group increased by Rs. 5.20 million i.e. by 10.9% mainly due to increase in insurance premium and legal & professional fees.

Other Operating Expenses

Other operating expenses which indicates income decreased mainly on account of unfavorable foreign currency exchange adjustment. The fluctuations in the exchange rate of the Indian Rupee against the US dollar and mark to market on derivatives are main contributory. Other operating expenses reflect income in current and previous financial year.

Finance costs

Finance costs of the Group increased by Rs. 25.53 million, i.e. by 15.8% due to higher utilisation of working capital limit.

Income from investments

During the year there is no change in Income from investments.

Interest in Subsidiaries

1. Meghmani Organics USA Inc., is a 100% wholly owned subsidiary of the Company. The Company is in the trading business.

2. Meghmani Europe BVBA is a 100% wholly owned subsidiary of the Company. The Company is in the trading business.

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

4. Meghmani Finechem Limited (MFL) is a company formed to set up Rs. 555 Crore 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. The Company is in the trading business.

Taxation

Income tax of the Group decreased by Rs. 116.50 million in Q1 2015 Due to MAT credit entitlement of Meghmani Finechem Limited (MFL – Subsidiary) and at the Company level decreased in profit resulted in Less income tax.

Balance sheet

Trade receivables

Trade receivables of Group decreased by Rs.135.95 million from Rs. 3523.20 million in FY 2014 to Rs. 3387.25 million in Q1 FY 2015. Trade receivables at Company level decreased by Rs. 124.72 million from Rs. 3311.70 million in FY 2014 to Rs. 3186.98 million in Q1 FY 2015.

Other receivables & Prepayments

During the first quarter, other receivables & prepayments at Group and Company level decreased by Rs. 173.61 million (or 9.7%), and Rs. 118.81 million (8.2%) respectively.

Inventories

Inventories at group level increased by Rs. 104.67 million from Rs. 2495.79 million in FY 2014 to Rs. 2600.46 million in Q1 FY 2015. While inventories at Company level increased by Rs. 185.87 million from Rs. 2086.05 million in FY 2014 to Rs. 2271.92 million in Q1 FY 2015

Property, plant and equipment

Property, plant and equipments at Group and Company level decreased by Rs. 86.59 million and at Company level Rs. 124.08 million. This is due to effect of revised estimated useful life of assets as prescribed in Schedule - II of New Companies Act – 2013.

Bank Borrowings

Bank borrowings at Group level (current and non current) decreased by Rs. 405.48 million and at Company level decreased by Rs. 207.72 million respectively due to repayment of term loan.

Trade payables and other payables

Trade payables at Group level increased by Rs. 238.59 million and at Company level increased by Rs. 134.02 million respectively.

Other payables at Group level decreased by Rs. 40.72 million and at Company level decreased by Rs. 36.75 million respectively.

Cash flow statement

During the period, the Group has generated positive net cash flow of Rs. 663.63 million from operation.

Financial Analysis

Rs. in millions

Group Key financial highlights	**As at 30.06.2014**	**As at 30.06.2013**	**Variance**	**Variance (%)**
Profitability				
Sales	3,078	2,516	562	22.3
Gross Profit	484	286	198	69.2
Gross Profit Margin (%)	15.7	11.4	4.3	37.7
Profit before tax	138	81	57	70.4
Profit before tax Margin (%)	4.5	3.2	1.3	40.6
Net profit	78	(36)	114	-316.7
Earning per Share (EPS in Rs.)	0.31	(0.14)	0.45	-321.4
Financial position				
Net tangible assets	6,248	5,829	419	7.2
Debt (short term +long term)	7,142	7,222	-80	-1.1
Capital Gearing ratio	1.14	1.24	-0.10	-8.1
Net tangible assets per share	20.70	19.78	0.92	4.7
Stock turnover (days)	91	76	15	19.7
Trade debts turnover (days)	100	132	-32	-24.2

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.

1) INDUSTRY STRUCTURE: -

Organic Pigment business (coloured) is estimated to be close US $ 6 billion market, of which Phthlocyanine, Azo and High Performance Pigment are main areas. In case of Phthlocyanine pigments, market size is in the range of 20% i.e. about US $ 1 to 1.25 billion in size. In its latest study, Ceresana forecasts global revenues generated with pigments to increase to US$34.2 billion in 2020.

The global pigments market is projected to grow at a CAGR of 4% from 2013 to 2018 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 are expected to be the most promising product segment, and are estimated to grow at a CAGR of 4.7% from 2013 to 2018. Under growing regulatory pressure, specialty and organic pigments are being increasingly investigated for substitution potential over their inorganic counterparts.

The paints & coatings industry continues to take away major share of the global pigments market, accounting for 38.5% of the overall end user market.

This is mainly due to growth in this industry along with the preference of consumers towards unique optical effect colors in certain segments such as automobiles. The global paints and coatings end use market is projected to grow at a CAGR of 5.1% during the forecast period.

As far as pigments are concerned, the market size is 115,000 tonnes. The main consumer industries are printing inks, paints, plastics, rubber, etc., accounting for 70% of the end use.

Large proportion of the organic pigments produced is exported. The industry has grown at ~10% p.a. between FY07 and FY12 with exports growth at 14.5% p.a. Exports are estimated to grow to $4.9 billion by 2017.

2) ASIA PACIFIC REGION TO REMAIN FASTEST GROWING

Asia-Pacific accounts for almost half of global consumption of pigments already and is expected to increase its share of the market even further. This region will continue to be the growth motor of the pigments industry, as China and India in particular are substantially increasing demand for pigments. Eastern Europe, the Middle East and South America will see demand rise by more than 3% p.a. each as well and thus contribute to the positive development of the pigment industry. The rather saturated markets in Western Europe and North America will slowly return onto a growth path after they suffered losses in the past couple of years. The Asia Pacific pigments market revenue is expected to reach market size of over USD 6.4 billion by 2018 (Source : Crersana).

3) ORGANIC PIGMENT DEMAND OUTPACE DYE CONSUMPTION

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 favourable 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.

4) INDIAN MARKET

There has been a notable transition in the global arena during the last 2-3 decades in the manufacturing base of colorants, with a shift in production from Europe, USA and Japan to Asia viz. China, India, Taiwan, Thailand and Indonesia etc. With decline in production in most of the traditional centers, non-traditional centers like India and China are now preferred sources for supply of colorants to the global market. India had a distinctive edge over other centers however based on supportive Chinese government policies the threat from Chinese manufacturers is increasing. Preference for eco-friendly products has additionally cast responsibility on the industry to be more selective and improve the product range with greater focus on R&D. This would ensure quality and performance colorants to suit the market expectations.

The Size of Indian Colorants industry is $ 3.4 billion in Fy 2011 with exports accounting for 68%. Pigment Consumption in India stood 700,000 tons in 2011 of which 115,000 tons was for color and special effect. Out of total Pigment consumption 47% accounts for Ink, 24% Coatings, 10% textiles , 10% Plastics and 9% Others. 'Indian paint industry forecast to 2015', the pigment market is expected to witness CAGR growth of 15% during FY 2012-2015.

5) AGROCHEMICALS - INDUSTRY STRUCTURE:-

There are broadly 5 categories of crop protection products:

1. Insecticides: Manage the pest population below the economic threshold level
2. Fungicides: Prevent the economic damage due to fungal attack on crops
3. Herbicides: Prevent/ inhibit/ destroy the growth of unwanted plants in a crop field
4. Bio pesticides: These are derived from natural substances like plants, animals,bacteria & certain minerals. These are non-toxic & environmental friendly
5. Plant growth regulatorsIndia's agrochemical industry can be divided into producers of technical agrochemicals - the bulk actives - and formulators who compound actives in forms that enable use.

In India, there are about 125 technical grade manufacturers (10 multinationals), 800 formulators, over 145,000 distributors. 60 technical grade pesticides are being manufactured indigenously.

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.

6) GLOBAL MARKET:-

The Agrochemical industry is highly consolidated and consists of insecticides, fungicides, and herbicides. Lucintel's research indicates that developing countries such as China and India are demanding higher volumes of nutritious food, which will increase demand for agrochemicals. Agrochemicals have significantly increased farm productivity in both developed and developing countries.

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. Companies spend extensively on the research and development of new chemicals and improving the performance of the existing ones.

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 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), chlorpyriphos (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.

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.

7) INDIAN MARKET:-

The Indian Agrochemical Market predicts, "Growing at a CAGR of about 15%, the agrochemicals sector in India is likely to cross Rs 25,000 crore mark by 2015. However, the huge potential of foreign investment in the Indian agrochemical market is undeniable.

The companies in this sector should increase their investment in the field of research and development of agrochemicals which in turn will spur the exports increasing competitiveness in the global scenario.

The demand is also seasonal. India due to its inherent strength of 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.

India's global rank is fourth as a supplier of agrochemicals in the global market, after USA, Japan and China thereby indicating the significance of agrochemical industries in India.

However, the consumption of agrochemicals in India is surprisingly low (0.58 kg/hectare) as compared to USA where the consumption of agrochemicals is as high as 4.5 kg/hectare and Japan with an even higher consumption of 11 kg/hectare. Paddy (one of the chief crops of India) has the maximum pesticide consumption of 28% followed by cotton (20%) of the total agrochemicals consumption. (Source 3rd National Agrochemicals conclave 2013)

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.

Availability of cheap labour and low processing costs offers opportunity for MNCs to setup their manufacturing hubs in India for their export markets. The sector is also driven by huge opportunity for contract manufacturing and research for Indian players due to large availability of technically skilled

Outlook for FY 2015

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 2Q FY 2015.

Market Price

The global markets for Pigment and Agrochemical products have shown signs of improvements. The Caustic Chlorine prices are cyclical

Profitability

The Group revenue for Q1 FY 2015 has increased due to higher production. We expect to see the improvements in revenue of our Agro – III Plant and Dahej SEZ Plants. The Market Dynamics are changing rapidly. While Net Profit after tax at Group level has increased in Q1 FY 2015. The Group Profitability may be affected due to unpredictable market trends, rupee/dollar exchange rate, Fluctuation in ECU prices of Caustic Chlorine and increase in crude oil prices. The erratic monsoon season might have impact on the sales and profitability of Agrochemicals in 2Q FY 2015

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 30.06.2014

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 30 June 2014 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.

Interested Person Transactions:

Particulars of interested person transactions for the month ended 30 June, 2014 are as under:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 (equivalent to approximately Rs 4,815,000) and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) (excluding transactions less than S$100,000 (equivalent to approximately Rs 4,815,000)	
	Amount in Rs.	Amount in S$,000	Amount in Rs.	Amount in S$,000
Purchase				
Meghmani Pigments	24,114,858	503	-	-
Meghmani Finechem Limited	69,610,123	1,452	-	-
Vidhi Global Chemicals Ltd.	95,716,033	1,997	-	-
Total Purchase	**189,441,014**	**3,952**		
Sales				
Ashish Chemicals (EOU)	4,882,500	102		
Meghmani Europe BVBA	78,339,953	1,634	-	-

Meghmani Organics Inc. USA	52,404,914	1,093	-	-
Vidhi Global Chemicals Ltd.	98,843,253	2,062	-	-
Total Sales	**234,470,620**	**4,891**		
Total Purchase/Sales	**423,911,634**	**8,843**	-	-

Note – Rs. 47.93 = S$1 (Average Rate of 30.06.2014)

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 first quarter ended 30 June, 2014 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 30th June**,** 2014 is not material.

BY ORDER OF THE BOARD
MEGHMANI ORGANICS LIMITED
K D Mehta
Company Secretary
Date: 07/08/2014

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