MEGHMANI ORGANICS LIMITED **10.11.2017**

Second 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 second quarter ended on September 30, 2017 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		%	6 months ended		%
	30/09/2017	30/09/2016	Increase (Decrease)	30/09/2017	30/09/2016	Increase (Decrease)
	Rs '000	Rs '000		Rs' '000	Rs' '000	
Revenue	4,651,587	3,839,612	**21.1**	8,791,722	7,381,558	**19.1**
Cost of sales	(3,331,240)	(3,049,933)	**9.2**	(6,444,154)	(5,888,512)	**9.4**
`						
Gross Profit	**1,320,347**	**789,679**	**67.2**	**2,347,568**	**1,493,046**	**57.2**
Other operating income	80,209	63,160	**27.0**	147,975	125,424	**18.0**
Distribution expenses	(365,936)	(227,684)	**60.7**	(629,661)	(425,522)	**48.0**
Administrative expenses	(149,404)	(80,575)	**85.4**	(236,528)	(147,238)	**60.6**
Other operating expenses	11,931	1,046	**n.m.**	(2,812)	45,122	**n.m.**
Profit from operations	**897,147**	**545,626**	**64.4**	**1,626,542**	**1,090,832**	**49.1**
Finance cost	(100,595)	(132,911)	**-24.3**	(209,927)	(276,780)	**-24.2**
Income from investments	153	-	**n.m.**	153	-	**n.m.**
Profit before tax	**796,705**	**412,715**	**93.0**	**1,416,768**	**814,052**	**74.0**
Income tax	(245,797)	(87,564)	**180.7**	(432,610)	(209,467)	**106.5**
Profit after income tax	**550,908**	**325,151**	**69.4**	**984,158**	**604,585**	**62.7**
Other Comprehensive Income (net of tax)	(460)	368	n.m.	(1,289)	**368**	n.m.
Total Comprehensive Income Attributable to						
Minority Interest	(102,844)	(73,495)	39.9	(207,430)	(164,469)	26.1
Owners of the Company	**447,604**	**252,024**	**77.6**	775,439	**440,484**	76.0

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

	Group			Group		
	3 months ended		%	6 months ended		%
	30/09/2017	30/09/2016	Increase (Decrease)	30/09/2017	30/09/2016	Increase (Decrease)
	Rs '000	Rs '000		Rs '000	Rs '000	
Bad trade receivables written off /recovered	(40,547)	(745)	**n.m.**	(87,675)	(993)	**n.m.**
Foreign currency exchange adjustment loss/ gain	50,685	1,752	**n.m.**	83,236	46,642	**78.5**
Research and development expenditure	(3,339)	(3,524)	**-5.2**	(8,475)	(7,530)	**12.5**
Loss/Profit on sales of property, plant	1,793	39	**n.m.**	1,627	(527)	**n.m.**

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 30.09.2017	**As at 31.03.2017**	**As at 30.09.2017**	**As at 31.03.2017**
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
ASSETS				
Current assets				
Cash & bank balances	66,140	125,083	19,810	92,274
Available for sale investments	459,420	285,270	-	-
Trade receivables	4,440,254	3,309,102	3,907,660	2,977,664
Other receivables and prepayments	1,743,655	1,488,233	1,495,208	1,320,268
Inventories	2,640,894	2,416,807	2,280,254	2,090,362
Income tax recoverable	346,646	591,937	(41,166)	118,942
Total current assets	**9,697,009**	**8,216,432**	**7,661,766**	**6,599,510**
Non – current assets				
Property, plant and equipments	8,332,193	7,972,420	4,544,964	4,001,477
Interest in subsidiaries	-	-	1,232,517	1,244,340
Available for sale investments	5,853	5,853	5,843	5,843
Total non – current assets	**8,338,046**	**7,978,273**	**5,783,324**	**5,251,660**
Total assets	**18,035,055**	**16,194,705**	**13,445,090**	**11,851,170**
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	3,179,726	3,417,307	2,482,981	2,625,407
Trade payables	2,311,621	1,468,761	2,301,445	1,475,248
Other payables	976,275	615,733	518,713	378,390
Total current liabilities	**6,467,622**	**5,501,801**	**5,303,139**	**4,479,045**
Non – current liabilities				
Long Term Loan	1,272,677	1,206,622	1,134,099	765,917
Deferred tax liabilities	772,809	752,037	320,174	274,808
Total non – current liabilities	**2,045,486**	**1,958,659**	**1,454,273**	**1,040,725**
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	895,558	895,558	896,718	896,718
Capital reserve	3,518	3,518	3,122	3,122
Capital redemption reserve	18,433	18,433	18,433	18,433
Dividend reserve	2,558	2,301	2,558	2,301
Currency translation reserve	(5,801)	71,502	-	-
Hedge reserve	(1,788)	(2,166)	-	-
Other Comprehensive Reserves	(3,844)	(2,457)	(2,479)	(1,496)
Accumulated profits	5,039,119	4,380,793	3,949,964	3,592,960
Minority interest	1,754,832	1,547,401	-	-
Total equity	**9,521,947**	**8,734,245**	**6,687,678**	**6,331,400**
Total liabilities and equity	**18,035,055**	**16,194,705**	**13,445,090**	**11,851,170**

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 September 2017		**As at 31 March 2017**	
Secured		**Secured**	
Group	**Company**	**Group**	**Company**
Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
3,179,726	2,482,981	3,417,307	2,625,407

As at 30 September 2017		**As at 31 March 2017**	
Un –Secured		**Un –Secured**	
Group	**Company**	**Group**	**Company**
Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
-	-	-	-

Amount repayable after one year

As at 30 September 2017		**As at 31 March 2017**	
Secured		**Secured**	
Group	**Company**	**Group**	**Company**
1,272,677	1,134,099	1,206,622	765,917

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

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

As at September 30, 2017, bank borrowings amounting to **Group <u>Rs 664,153,000</u> & Company <u>Rs. 664,154,000</u>** 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.

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

As at March 31, 2017, bank borrowings amounting to **Group <u>Rs.1,433,114,000</u> & Company <u>Rs. 1,283,010,000</u>** 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 (HDFC Bank Limited)

As at September 30, 2017, bank borrowings amounting to **Rs. 811,739,000** are secured

As at March 31, 2017, bank borrowings amounting to **Rs. 364,316,000** are secured.

Bank B (HDFC Bank Limited – Term Loan)

As at September 30, 2017, HDFC Term Loan Dahej – SEZ of **Rs. 150,000,000** which is secured and repayable after one year. and **Rs. 60,000,000** repayable within one year.

As at March 31, 2017, HDFC Term Loan Dahej – SEZ of **Rs. 180,000,000** which is secured and repayable after one year and **Rs. 60,000,000** repayable within one year.

Bank C (SBI – Term Loan)

As at September 30, 2017, SBI Term Loan of **Rs. 484,099,000** which is secured and repayable after one year and **Rs. 205,000,000** repayable within one year.

As at March 31, 2017, SBI Term Loan of **Rs. 585,917,000** which is secured and repayable after one year and **Rs. 205,000,000** repayable within one year.

Bank D (ICICI – Term Loan)

As at September 30, 2017, ICICI Term Loan of **Rs. 500,000,000** which is secured and repayable after one year and **Rs. Nil** repayable within one year.

As at March 31, 2017, SBI Term Loan of **Rs. Nil** which is secured and repayable after one year and **Rs. Nil** repayable within one year.

Bank E (State Bank of India)

As at September 30, 2017, bank borrowings amounting to **Rs. 300,000,000** are secured.

As at March 31, 2017, bank borrowings amounting to **Rs. 600,000,000** are secured.

Bank F (Standard Chartered Bank Limited)

As at September 30, 2017, bank borrowings amounting to **Rs.55,303 000** are secured.

As at March 31, 2017, bank borrowings amounting to **Rs. 97,275,000** are secured.

Bank G (ICICI Bank Limited)

As at J September 30, 2017, bank borrowings amounting to **Rs. 300,000,000** are secured.

As at March 31, 2017, bank borrowings amounting to **Rs. Nil** are secured.

Bank H (Buyers Credit)

As at September 30, 2017, bank borrowings amounting to **Rs. 86,785,000** are secured.

As at March 31, 2017, bank borrowings amounting to **Rs. 15,806,000** are secured.

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

As at September 30, 2017, bank borrowings amounting to **Rs.138,578,000** (repayable after one year) and **Rs.510,217,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

As at March 31, 2017, bank borrowings amounting to **Rs. 348,062,000** (repayable after one year) and **Rs. 456,510,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

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

As at September 30, 2017, bank borrowings amounting to **Rs. Nil** (repayable after one year) and **Rs. 186,529,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

As at March 31, 2017, bank borrowings amounting to **Rs. 92,643,000** (repayable after one year) and **Rs.185,286,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

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	
	Half Year ended		Half Year ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities:				
Profit from operations	1,626,542	1,090,832	918,190	559,244
Adjustments for :				
Depreciation on property, plant and equipment	465,844	493,050	203,717	191,610
Unrealised foreign exchange gain (loss)	121,682	7,108	121,036	(6,271)
Interest Received	(11,092)	(6,152)	(10,016)	(5,070)
Actuarial Valuation of Gratuity	(2,583)	-	(1,503)	-
Provision for Diminution in Investment	-	-	12,330	-
Loss on disposal of property, plant and equipment	(1,627)	527	(1,778)	527
Operating cash flows before movement in working capital	**2,198,766**	**1,585,365**	**1,241,976**	**740,040**
Trade receivables	(1,205,133)	(991,413)	(929,996)	(937,508)
Other receivables and prepayments	(376,493)	(387,960)	(295,976)	(398,500)
Inventories	(224,087)	732,063	(189,891)	655,959
Trade payables	842,860	650,852	826,196	665,281
Bills payables	(132,286)	15.906	(132,286)	15,906
Other payables	360,545	70,853	140,327	15,776
Cash generated from operations	**1,464,172**	**1,675,666**	**660,350**	**756,954**
Income taxes paid/refund received	(163,053)	(168,255)	(73,080)	(60,652)
Interest and finance charges paid	(209,927)	(276,780)	(156,869)	(190,985)
Net cash from operating activities	**1,091,192**	**1,230,631**	**430,401**	**505,317**
Cash flows from investing activities:				
Purchase of property, plant & equipments	(826,509)	(241,373)	(747,946)	(34,071)
Purchase of Investment	-	-	(506)	(868)
Proceeds on disposal of property, plant & equipments	2,519	2,223	2,519	2,223
Interest received	9,009	6,152	7,933	5,070
Investment income received`	153	-		-
Net cash used in investing activities	**(814,828)**	**(232,998)**	**(738,000)**	**(27,646)**
Cash flows from financing activities:				
Dividend paid	(102,198)	(2,489)	(102,198)	(2,489)
Tax on dividend paid	(20,709)	-	(20,709)	-
Decrease in Hedge Reserve	378	(3,066)	-	-
Proceeds from bank borrowings, net of repayments	(365,668)	(504,150)	31,613	(178,205)
Proceeds from other borrowings, net of repayments	326,429	(253,427)	326,429	(301,863)
Net cash from financing activities	**(161,768)**	**(763,132)**	**235,135**	**(482,557)**
Net effect of exchange rate change in consolidation	611	(1,806)	-	-
Net (decrease) increase in cash and cash equivalents	**115,207**	**232,695**	**(72,464)**	**(4,886)**
Cash and cash equivalents at the beginning of the year	**410,353**	133,409	**92,274**	97,288
Cash and cash equivalents at the end of the year	**525,560**	**366,104**	**19,810**	**92,402**

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**	**Dividend reserve**	**Currency Translation Reserve**	**Accumulated Profits**	**Other Comprehensive Income**	**Minority Interest**	**Total**
Balance as at June 30, 2016	**254,314**	**1,565,048**	**895,558**	**3,518**	**18,433**	**(4,798)**	**2,573**	**71,709**	**3,692,531**	**-**	**1,353,924**	**7,852,810**
Net profit for the period	-	-	-	-	-	-	-	-	252,024	-	-	252,024
Addition during the year	-	-	-	-	-	(940)	(266)	615	(627)	510	73,408	72,700
Balance as at 30 September, 2016	**254,314**	**1,565,048**	**895,558**	**3,518**	**18,433**	**(5,738)**	**2,307**	**72,324**	**3,943,928**	**510**	**1,427,332**	**8,177,534**
Balance as at June 30, 2017	**254,314**	**1,565,048**	**895,558**	**3,518**	**18,433**	**(1,555)**	**2,295**	**(6,387)**	**4,711,843**	**(1,737)**	**1,651,987**	**9,093,317**
Net profit for the period	-	-	-	-	-	-	-	-	447,604		-	447,604
Addition during the year	-	-	-	-	-	(233)	122,435	-	(120,328)	(2,107)	102,845	102,612
Dividend Paid during the year	-	-	-	-	-	-	(122,172)	-	-	-	-	(122,172)
Currency Translation Reserve	-	-	-	-	-		-	586	-		-	586
Balance as at 30 September, 2017	**254,314**	**1,565,048**	**895,558**	**3,518**	**18,433**	**(1,788)**	**2,558**	**(5,801)**	**5,039,119**	**(3,844)**	**1,754,832**	**9,521,947**

1(d)(i) Company

Rs 000

Company	Issued capital	Share premium	General reserve	Capital Reserve	Capital redemption reserve	Dividend reserve	Other Comprehensive Income	Accumulated Profits	Total
Balance as at June 30,2016	**254,314**	**1,565,048**	**896,718**	**3,122**	**18,433**	**2,573**	-	**3,251,143**	**5,991,351**
Net profit for the period	-	-	-	-	-	-	-	125,075	125,075
Addition during the year	-	-	-	-	-	(266)	703	(7,03)	(266)
Balance as at 30 September, 2016	**254,314**	**1,565,048**	**896,718**	**3,122**	**18,433**	**2,307**	**703**	**3,375,515**	**6,116,160**
Balance as at June 30,2017	**254,314**	**1,565,048**	**896,718**	**3,122**	**18,433**	**2,295**	**(1,987)**	**3,784,418**	**6,522,361**
Net profit for the period	-	-	-	-	-	-	-	287,489	287,489
Addition during the year	-	-	-	-	-	122,435	(492)	(121,943)	-
Dividend Paid during the year	-	-	-	-	-	(122,172)	-	-	(122,172)
Balance as at 30 September, 2017	**254,314**	**1,565,048**	**896,718**	**3,122**	**18,433**	**2,558**	**(2,479)**	**3,949,964**	**6,687,678**

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 September 2017	31 March 2017
Total number of issued ordinary shares **Excluding treasury shares**	**15,207,140**	18,458,940

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 has not issued 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 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 2017.

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.

No changes in accounting policies.

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	**6 months ended**		**6 months ended**	
	30.09.2017	**31.03.2017**	**30.09.2017**	**31.03.2017**
(a) Based on weighted average number of ordinary shares in issue Rs)	3.05	3.44	1.89	1.62
Earning per SDS (Rs)	1.53	1.72	0.95	0.81
(b) On a fully diluted basis (detailing any adjustments made to the earnings) (Rs)	3.05	3.44	1.89	1.62
Earning per SDS (Rs.)	1.53	1.72	0.95	0.81

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 30.09.2017	**As at 31.03.2017**	**As at 30.09.2017**	**As at 31.03.2017**
Net assets value per ordinary share based on issued share capital at the end of the period / year reported in Rs.	37.44	34.34	26.30	24.90

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.

<u>Revenue –Group</u>

The principal activities of the Group are (i) manufacturing of Pigments, Agrochemicals, Basic Chemicals (Caustic Chlorine) (ii) trading of Pigments and its intermediates (iii) trading of Agrochemical technical, intermediate products and small packing.

Quarter to Quarter:- Analysis

Breakdown of Revenue by Product

(Rs. in Millions)

Products	Q 2 FY 2017-18	Q 2 FY 2016-17	Variance	%
Pigments	1289.68	1254.42	35.26	2.8
Agrochemicals	1921.69	1460.46	461.23	31.6
Basic Chemicals	1283.96	934.07	349.89	37.5
Trading	156.25	190.66	-34.41	-18.0
Total	**4651.58**	**3839.61**	**811.97**	**21.1**

Group revenue by product increased by 21.1 %, from Rs. 3839.01 million in Q2 FY 2017 to Rs. 4651.58 million in Q2 FY 2018 this is on account of increase in sales of Agrochemical and Basic Chemicals.

Breakdown of Domestic Sales by Product

(Rs. in Millions)

Domestic Sales	Q 2 FY 2017-18	Q 2 FY 2016-17	Variance	%
Pigments	243.92	503.09	-259.17	-51.5
Agrochemicals	841.72	606.56	235.16	38.8
Basic Chemicals	1274.73	899.18	375.55	41.8
Trading	0.29	5.87	-5.58	-95.1
Total	**2360.66**	**2014.70**	**345.96**	**17.2**

Domestic Sales

Group revenue derived from Domestic sales increased by 17.2% from Rs. 2014.70 million in Q2 FY 2017 to Rs. 2360.66 million in Q2 FY 2018. Domestic sales of Agrochemicals increased mainly of Chlorpyriphos, Imidacloprid, MPB and formulation due to good monsoon season and Basic Chemicals increased due to increase in ECU.

Breakdown of Exports Sales by Product

(Rs. in Millions)

Export Sales	Q 2 FY 2017-18	Q 2 FY 2016-17	Variance	%
Pigments	1045.76	751.33	294.43	39.2
Agrochemicals	1079.97	853.90	226.07	26.5
Basic Chemicals	9.23	34.89	-25.66	-73.5
Trading	155.96	184.79	-28.83	-15.6
Total	**2290.92**	**1824.91**	**466.01**	**25.5**

Export sales

Group revenue derived from export sales increased by 25.5 % i.e. from Rs. 1824.91 million in Q2 FY 2017 to Rs. 2290.92 million in Q2 FY 2018. Export sales of Pigment division increased mainly of Alpha Blue and Beta Blue due to repeat orders and Agrochemicals increased due to increase in sales of Zeta Cypermethrin, Peremethrin Chlorpyriphos and 2 4D.

Quarter to Quarter:- Analysis - Gross Profit

Gross profit - Group

Breakdown of Gross Profit by Division

(Rs. in Millions)

Division	Q2 FY 2018	GP Margin Q2 FY 2018 (%)	Q2 FY 2017	GP Margin Q2 FY 2017 (%)	Variance	%
Pigments	254.90	19.8	184.59	14.7	70.31	38.1
Agrochemicals	517.93	26.9	321.38	22.0	196.55	61.2
Basic Chemicals	539.03	42.0	258.62	27.7	280.41	108.4
Trading	8.49	5.4	25.08	13.1	-16.59	-66.1
Total	**1320.35**	**28.4**	**789.67**	**20.6**	**530.68**	**67.2**

Overall, gross profit of the Group increased by Rs. 530.68 million (or 67.2%) from Rs 789.67 million in Q2 FY 2017 to Rs 1320.35 million in Q2 FY 2018. While, the gross profit margin increased from to 20.6% in Q2 FY 2017 to 28.4% in Q2 FY 2018. The margin of Pigments, Agrochemicals and Basic Chemicals increased.

GP Percentage of Pigment

The gross profit percentage of Pigment Division increased by 38.1% while GP margin increased from 14.7% in Q2 FY 2017 to 19.8% in Q2 FY 2018 due to increase in sales price of CPC Blue and Alpha Blue.

GP Percentage of Agrochemicals

The amount of gross profit percentage of Agrochemical Division increased by 61.2% and GP margin increased from 22.0% in Q2 FY 2017 to 26.9% in Q2 FY 2018 due to increase in sales prices of CMAC, Peremethrin, Alpha Cypermethrin and Chlorpyriphos.

GP Percentage of Basic Chemicals

The amount of gross profit of Basic Chemicals Division increased by 108.4%, while GP margin of Basic Chemicals Division increased from 27.7% in Q2 FY 2017 to 42.0% in Q2 FY 2018 due to increase in ECU.

Other Operating Income

Other operating income of the Group consists mainly of new incentive Scheme MEIS introduced by the government.

Other operating income of Q2 FY 2018 increased by Rs. 17.05 million to Rs.80.21 million in Q2 FY 2018 due to higher export resulting increase in export incentive.

<u>Quarter to Quarter:- Analysis</u>

<u>Distribution, Administrative and Other Operating Expenses</u>

Distributions costs of Group increased by 60.7% to Rs 365.94 million in Q2 FY 2018. This is due to increase in Transportation, Packing Material, Quantity discount and Special Discount to Customers.

Administrative costs of the Group increased by 85.4 % to Rs 149.40 million in Q2 FY 2018 mainly due to increase in Insurance Premium, Donation, Directors Remuneration, and Legal and Professional Fees at etc.

Other operating expenses decreased by Rs 10.88 million in Q2 FY 2018 mainly due to foreign exchange fluctuations.

<u>Finance costs</u>

Finance costs of 3 months decreased by Rs 32.31 million (or 24.3%). in Q2 FY 2018 mainly due to repayment of term loans and decrease in bank interest rate across the board.

<u>Income from Investments :-</u>

During the quarter Income from investments was Rs. 0.15 million. This is due to dividend from Mutual Fund on investment made by Basic Chemical division.

<u>Taxation</u>

Income tax expenses increased by Rs.158.24 million i.e. from Rs. 87.56 million in Q2 FY 2017 to Rs. 246.01 million in Q2 FY 2018. This is due to increase in profit at the Company level and at group level of profit of Meghmani Finechem Limited.

<u>Interest in Subsidiaries</u>

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 Finechem Limited (MFL) is a company formed to set up Rs. 555 Crore Basic Chemicals project. Meghmani Organics Limited holds 57% of the Equity.

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

5. Meghmani Overseas FZE, Sharjah is a 100% wholly owned subsidiary of the Company. The Company is in the trading business.

SGX Rule 716

As per Rule 716, we declare that no one of the above Subsidiaries are listed on any of the Stock Exchanges

Other Comprehensive income.

Other comprehensive income (OCI) is defined as comprising 'items of income and expense (including reclassification adjustments) that are not recognized in profit or loss.

Half year to Half year:- Analysis

Breakdown of Revenue by Product

(Rs. in Millions)

Division	**H1 FY 2017-18**	**H1 FY 2016-17**	**Variance**	**%**
Pigments	2616.74	2396.98	219.76	9.2
Agrochemicals	3469.95	2780.68	689.27	24.8
Basic Chemicals	2386.46	1803.64	582.82	32.3
Trading	318.57	400.26	-81.69	-20.4
Total	**8791.72**	**7381.56**	**1410.16**	**19.1**

Division wise Domestic Sales

(Rs. in Millions)

Particulars	**H1 FY 2017-18**	**H1 FY 2016-17**	**Variance**	**%**
	Rs.	**Rs.**	**Rs.**	
Pigment	609.78	880.75	-270.97	-30.8
Agro	1351.20	1143.89	207.31	18.1
Basic Chemicals	2276.36	1733.03	543.33	31.4
Trading	0.29	7.28	-6.99	-96.0
Total	**4237.63**	**3764.95**	**472.68**	**12.6**

Division wise Export Sales

(Rs. in Millions)

Particulars	**H1 FY 2017-18**	**H1 FY 2016-17**	**Variance**	**%**
	Rs.	**Rs.**	**Rs.**	
Pigment	2006.96	1516.23	490.73	32.4
Agro	2118.75	1636.79	481.96	29.4
Basic Chemicals	110.10	70.61	39.49	55.9
Trading	318.28	392.98	-74.70	-19.0
Total	**4554.09**	**3616.61**	**937.48**	**25.9**

Break down of Revenue By Product

Group revenue increased by Rs. 1410.16 million (i.e by 19.1%) from to Rs. 7381.56 million for H1 FY 2017 to Rs. 8791.72 million for H1 FY 2018 on account of increase in sales of Pigment, Agrochemicals and Basic Chemicals.

Domestic sales

Group revenue from domestic sales increased by Rs. 472.68 million (i.e. by 12.6%) from Rs. 3764.95 million in H1 FY 2017 to Rs. 4237.63 million in H1 FY 2018. Domestic sales of Agrochemicals increased mainly of Chlorpyriphos, Imidacloprid, MPB and formulation. and Basic Chemicals increased due to increase in ECU.

Export sales

Group revenue from export sales increased by Rs. 937.48 million (i.e. by 25.9%) from Rs. 3616.61 million in H1 FY 2017 to Rs. 4554.09 million in H1 FY 2018 Export sales of Pigment division increase mainly of Alpha Blue and Beta Blue due to repeat orders and Agrochemicals increased due to increase in sales of Zeta Cypermethrin, Peremethrin Chlorpyriphos and 2 4D.

Gross Profit

Breakdown of Gross Profit by Division

(Rs. in Millions)

Division	H1 FY 2017-18	GP Margin H1 FY 2017-18 (%)	H1 FY 2016-17	GP Margin H1 FY 2016-17 (%)	Variance	%
Pigments	493.65	18.9	438.96	18.3	54.69	12.5
Agrochemicals	937.76	27.0	458.54	16.5	479.22	104.5
Basic Chemicals	899.50	37.7	556.30	30.8	343.20	61.7
Trading	16.66	5.2	39.24	9.8	-22.58	-57.5
Total	**2347.57**	**26.7**	**1493.04**	**20.2**	**854.53**	**57.2**

Group Gross Profit of the Group for H1 FY 2018 increased by Rs. 854.53 million (i.e. 57.2%) from Rs. 1493.04 million H1 FY 2017 to Rs. 2347.57 million H1 FY 2018 and the gross profit margin increased from 20.2% in H1 FY 2017 to 26.7% in H1 FY 2018.

Other Operating Income

Other operating income of the Group consists mainly of new incentive Scheme MEIS introduced by the government.

Other Operating Income of the Group increased by 18.0% to Rs. 147.97 million in H1 FY 2018 due to increase in export incentive**.**

Distribution, Administrative and Other Operating Expenses

Distribution expenses of the Group increased by Rs. 204.14 million in H1 FY 2018 mainly due to increase in Transportation, Packing Material, Quantity discount and Special Discount to Customers.

Administrative expenses of the Group increased by Rs.89.29 million in H1 FY 2018 mainly due to increase in Insurance Premium, Donation, Directors Remuneration, and Legal and Professional Fees at etc.

Other operating of the Group expenses increased by Rs. 47.93 million in H1 FY 2018 the main driver is foreign exchange fluctuations.

Half year to Half year:- Analysis - continued

Finance costs

Finance costs of the Group decreased by Rs. 66.85 million (or 00.00 %) in H1 FY 2018. This is mainly due to repayment of term loans and decrease in bank interest rate across the board.

Balance sheet – Group & Company

Trade receivables

Trade receivables of Group increased by Rs.1131.15 million from Rs. 3309.10 million in FY 2017 to Rs. 4440.25 million in H1 FY 2018.

Trade receivables at Company level increased by Rs. 930.00 million from Rs. 2977.66 million in FY 2017 to Rs. 3907.66 million in H1 FY 2018 due to increase in sales.

Other receivables & Prepayments

During the first half, other receivables & prepayments at Group level increased by Rs. 255.43 million to Rs. 1743.66 million (or 17.2%) in H1 FY 2018, and at Company level increased by Rs. 174.94 million (or 13.3%) respectively on account of increase in export benefit receivable, advance payment to Vendors and GST Receivable.

Inventories

Inventories at group level increased by Rs. 224.08 million Rs.2416.81 million in FY 2017 to Rs.2640.89 million in H1 FY 2018. While Inventories at Company level increased by Rs.189.89 million from Rs. 2090.36 million in FY 2017 to Rs. 2280.25 million in H1 FY 2018. This is due to increase in finished goods and raw materials.

Property, plant and equipment

Fixed assets at H1 FY 2018 at Group and Company level increased by Rs. 359.77 million and at Company level increase by Rs.543.49 million respectively. This is due to installation of wind mill for Panoli, Ankleshwar and Dahej unit.

Bank Borrowings and Long Term Loan

Bank borrowings at H1 FY 2018 at Group (current and non current) decreased by Rs.171.52 million due to repayment of installment and at Company level increased by Rs. 225.76 million due to new term loan of ICICI Bank Limited.

Trade payables and other payables

Trade payables at H1 FY 2018 at Group level increased by Rs. 842.86 million and at Company level increased by Rs. 826.20 million respectively.

Other payables at H1 FY 2018 at Group and Company level increased by Rs.360.54 million and Rs. 140.32 million respectively.

Cash flow statement

During the six month period, the Group has generated positive net cash flow of Rs. 1091.19 million in H1 FY 2018 from operating activities.

Financial Analysis **(Rs. in millions)**

Group Key Financial Highlights	As at 30.09.2017	As at 30.09.2016	Variance	Variance (%)
Profitability				
Sales	8791.72	7381.56	1410.16	19.1
Gross Profit	2347.57	1493.05	854.52	57.2
Gross Profit Margin (%)	26.7	20.2	6.5	32.2
Profit before tax	1416.77	814.05	602.72	74.0
Profit before tax Margin (%)	16.1	11.0	5.1	46.4
Net profit	775.44	440.48	334.96	76.0
Net profit Margin (%)	8.8	6.0	2.8	46.7
Earning per Share (EPS in Rs.)	3.05	1.73	1.32	76.3
Financial position				
Net tangible assets	9521.95	8177.53	1344.42	16.4
Debt (short term +long term)	4452.40	5056.07	-603.67	-11.9
Capital Gearing ratio	0.47	0.62	-0.15	-24.2
Net tangible assets per share	30.54	26.54	4.00	15.1
Stock turnover (days)	75	74	1	1.3
Trade debts turnover (days)	92	106	-14	-13.2

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.**
INDUSTRY STRUCTURE: -

Pigments:-

Pigments are classified as either organic or inorganic. Organic pigments include azo pigments, which contain a nitrogen group; they account for most of the organic red, orange, and yellow pigments. Copper phthalocyanines provide brilliant, strong blues and greens that are unusually colourfast for organic colours. Some pigments, such as fluorescent ones, are simply dyes that have been rendered insoluble by chemical reaction. Traditionally organic pigments are used as mass colorants. They are popular in plastics, synthetic fibres and as surface coatings-paints and inks. In recent years, the organic pigments are used for hi-tech applications that include photo-reprographics, opto-electronic displays and optical data storage.

Organic Pigments Market Dynamics :-

Major factors driving growth of the organic pigments market include their increasing use in plastic, paint, coatings and textile industries.

Moreover, upswing in number of textile industries and increasing demand of plastic products owing to various macro-economic factors is expected to boost the demand of organic pigments, in turn, fuelling the growth of global organic pigments market over the forecast period.

Manufacture of organic pigments with good light fastness property is gaining traction among global manufacturers. Besides, developing countries such as China & India are shifting towards becoming the center of global organic pigments market, both from the demand and supply side. Moreover, owing to their ability to providing a wide color spectrum compared to their inorganic counterpart, organic pigments are expected to substitute inorganic pigments for some specific applications over the coming years.

Organic Pigments Market: Segmentation :-

Global organic pigments market is segmented on the basis of source of production and application.

- On the basis of production source, global organic pigments market is categorized into natural and synthetic segments.

- On the basis of application, global organic pigments market is segmented into paints and coatings, plastics, printing inks, textiles, cosmetics, food, chemical, and others.

Organic Pigments Market: Regional Outlook :-

Global organic pigments market is segmented into seven key regions namely North America, Latin America, Eastern Europe, Western Europe, Asia-Pacific Excluding Japan (APEJ), Japan and Middle East and Africa (MEA). Upsurge in development of textile & plastic industries in Asia-pacific is expected to boost the demand of organic pigments market in the region by 2026 end.

<u>Overview of the global organic pigments market :-</u>

Organic pigments have peculiarly unique properties that ensure hues that other kinds of pigments fail to produce. They are used to provide metallic finishes and elastic properties. Owing to superior property, organic pigments are highly preferred in specialized applications in the original equipment manufacturers (OEMs), refinished, and high-end automobile industries. Organic pigments are also being used to improve aesthetics and the functional values in both paints and plastics segments. These pigments are used in paints that can protect against harsh weather, dampness, corrosion, fungi, and other destructive influences on the building. Moreover, some of them are also used as a plasticizer dampened powders that allow functional advantages such as light reflection, heat reflection, opacity, and gas and vapor barrier. With paints and coatings with low VOC content gaining prominence, the market for organic pigments is expected to witness massive growth during the forecast period.

In terms of geography, Asia Pacific (APAC) is the largest and dominating region in the global market due to the presence of several manufacturers who offer pigments at lower costs in comparison with other regions. APAC is anticipated to lead the market in terms of consumption over the next four years due to increase in infrastructural activities that require paints and coatings with functional benefits. Moreover, the sustainability factor of organic pigments is expected to drive the overall market globally throughout the predicted period.

Competitive landscape and key vendors

The global organic pigments market is extremely competitive owing to the presence of several vendors both at international and regional levels. BASF, Clariant, DIC, Heubach, and LANXESS are some of the global vendors who primarily dominate the market.

The printing inks segment was the largest application segment of organic pigments in 2016 and will continue its dominance during the forecast period. Organic pigments are preferred in printing inks because of their brilliance and rich tinctorial strength. Disazo pigments and naphthol AS pigments are the commonly used organic pigments in the manufacture of printing inks.

Moreover, the rapidly changing consumer demands, along with the growing importance of packaging as a means of branding and advertising, have increased the applications of organic pigments in the packaging sector; which will further drive the market growth for organic pigments for printing inks.

Based on in-depth research, TMR projects the global pigments market to exhibit a moderate CAGR of 3.8% between 2015 and 2023. If the projection holds true, the global pigments market will reach US$31.98 bn by 2023, from a valuation of US$22.86 bn in 2014. Volume-wise the market is expected to report a CAGR of 2.9% during the forecast period (Source: - Transparency Market Research)

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.

In its latest study, Ceresana forecasts global revenues generated with pigments to increase to US$34.2 billion in 2020. The main factors that are contributing to the growth in the industry are increase in demand for high performance pigments (HPP), growth in end-user industries and increasing preference for environmentally-friendly products.

The paints & coatings industry is recording significant growth due to growing infrastructure. According to the industry estimates, the global demand for paints & coating is anticipated to grow at a CAGR of 5.4% during the next five years. Printing ink is another application of the colorants market. The demand for printing ink is driven by various factors such as technological developments and increasing demand for digital inks.

ASIA PACIFIC REGION TO REMAIN FASTEST GROWING

The report confirmed that the Asia Pacific region is anticipated to witness highest regional gains at over 5% CAGR.

Pigment market growth in Asia Pacific is primarily driven by the automotive and construction industries, as well as increasing manufacturing and infrastructure development (specifically in China and India). Asia-Pacific region, organic pigment demand is expected to reach 316.2 thousand MT by 2018, at a high CAGR of 6.6% from 2013 to 2018.

The key countries covered in Asia-Pacific Pigments Market are China, India and others 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. (Source: Crersana.)

1) 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).

2) GLOBAL AGROCHEMICALS MARKET:-

The global agrochemicals market is estimated to reach USD 265.04 Billion by 2022 at a CAGR of 4.51%. Factors like growing demand for food and consumer awareness, changing agrochemicals usage patterns, advantages of fertilizers and pesticides in crop production, increasing horticulture industries are the drivers for the market.

Development in technology to boost farm production with increasing government investments in agriculture to increase crop yields provides huge opportunities to this market. Asia-Pacific dominates the global agrochemicals market, accounting for major share in overall market and expected to remain the largest market in the near future due to the increasing demand for food crops from its key countries such as China and India

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.

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.

3) <u>INDIAN MARKET:-</u>

Insecticides are largest sub-segment of agrochemicals with 60% market share whereas herbicides with 16% market share are the fastest growing segment in India. Other segments are rodenticides/ nematocides with 15% and 4%, respectively.

India is fourth largest producer of agrochemicals worldwide, after United States, Japan and China. Indian Agrochemical industry is valued at USD 4.76 billion in FY15 and is estimated to grow at a CAGR of 12% to reach USD 8.38 billion by FY19. Out of this, the domestic market is ~USD 2.43 billion in FY15. Almost 50% is constituted by exports, which is expected to grow by 16% CAGR to reach USD 4.87 billion by FY19, resulting in 60% market share in Agrochemical industry. On the other hand, domestic market will grow at ~8% CAGR to reach USD 3.57 billion by FY19. Indian Agrochemical consumption is one of the lowest in the world (0.6kg/ha). Compared to agrochemical usage, India's fertilizer consumption (~144 kg/ha) is much higher than the global average (~122 kg/ha). This reflects a large potential for agrochemical usage in India.

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 labour.

Indian population is expected to be 1.4 billion by 2020. The increasing population, coupled with growing income will generate increased demand for food grains and non-food grain crops. Therefore, Indian agriculture has to achieve and maintain a consistent and higher growth rate of 4 per cent per annum.

Agrochemicals play a critical role in ensuring food and nutrition security of the nation. With estimated 355 MMTPA (million metric tonne per annum) food grain requirement by 2030 from current 253 MMTPA, efficient usage of crop protection products and solutions for Indian agriculture are the need of the hour. In order to realise the true potential, industry, government and regulatory bodies need to work in tandem and embrace digital technologies to further improve farmer connect," (Source :- National Conference on Agrochemicals 2016 in New Delhi.)

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.

Outlook for FY 2018

Raw Material Price

The volatility in foreign exchange market, increase in crude oil prices and raw material prices may impact on finished goods prices, as a result, our profitability is likely to be affected in Q3 FY 2018.

Market Price

The global markets for Pigment and Agrochemical products are improving, while Basic Chemicals ECU have shown sign of improvement.

Profitability

The Group and Company revenue for FY 2017 has increased due to higher production. We expect to see the improvements in revenue from our Agro – III Plant and Dahej SEZ Pigment Plant.

The Market Dynamics are changing rapidly. While Net Profit after tax at Group and Company level has increased in FY 2017. The Group Profitability may be affected due to unpredictable market trends, rupee/dollar exchange rate and crude oil prices Fluctuation in ECU prices of Basic Chemicals.

The erratic monsoon season might have impact on the sales and profitability of Agrochemicals in Q3 FY 2018

11. Dividend

(a) **Current financial period reported on 30th September, 2017**
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 **30th September, 2017** 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 half year ended 30 September 2017 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 4,694,000) 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$100,000 (equivalent to approximately Rs 4,694,000)	
	Amount in Rs.	Amount in S$,000	Amount in Rs.	Amount in S$,000
Purchases				
Meghmani Pigments (1)	59177740	1261	-	-

Meghmani Finechem Limited [2] (Susbidiary)	256797305	5471		
Vidhi Global Chemicals Ltd. [3]	77752509	1656	-	-
Meghmani LLP [5]	12678172	270		
Panchratna Corporation	7968600	170		
Meghmani Industries Ltd.	5363404	114		
Sales				
Ashish Chemicals (EOU) [4]	24166258	515	-	-
Vidhi Global Chemicals Ltd. [3]	68724821	1464	-	-
Meghmani Dyes & Intermediate LLP	5821992	124		
Meghmani Organics USA Inc (WOS)	180678623	3849		

Note – Rs. 46.94 = $1 (Average Rate of 30.09.2017)

(1) Meghmani Pigments is a partnership firm owned by Mr Jayanti Patel (Executive Chairman) and Mr Ashish Soparkar (Managing Director) and their immediate family.

(2) 17.87% of Meghmani Finechem Limited is held directly by the Mr Jayanti Patel (Executive Chairman, Mr Ashish Soparkar (Managing Director), Mr Natwarlal Patel (Managing Director), Mr Ramesh Patel (Executive Director) and Mr Anand Patel (Executive Director) and their family.

(3) Vidhi Global Chemicals Ltd. is a limited company with 62.5% owned by the immediate family of Mr Ramesh Patel (Executive Director), Mr Ashish Soparkar (Managing Director), Mr Natwarlal Patel (Managing Director) and Mr Ramesh Patel (Executive Director).

(4) Ashish Chemicals (EOU) is a partnership firm owned by Mr Jayanti Patel (Executive Chairman) and Mr Ashish Soparkar (Managing Director).

(5) Meghmani LLP is a partnership firm owned by Mr Jayanti Patel (Executive Chairman) and Mr Ashish Soparkar (Managing Director) and their immediate family.

The above interested person transactions conducted fall within the related party transactions shareholders' mandate obtained for a period of three year at the Annual General Meeting held on **27 July 2017**.

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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 Second quarter ended **30 September, 2017** to be false or misleading.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

Meghmani Organics Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

16. Reconciliation between IND AS and IFRS

Ernst & Young – Singapore has been appointed as Joint Auditor for Financial Year 2017-18 to comply with the requirements of SGX Listing rules. The Company has not considered the variance in the profit reported under the quarter ended 30th September, 2017.

BY ORDER OF THE BOARD
MEGHMANI ORGANICS LIMITED
K D Mehta
Company Secretary
Date: 10/11/2017