MEGHMANI ORGANICS LIMITED

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, 2015** 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		%
	30.06.2015	30.06.2014	Increase / (Decrease)
	Rs. '000	Rs. '000	
Revenue	3,330,782	3,077,569	8.2
Cost of sales	(2,678,646)	(2,593,981)	3.3
Gross Profit	**652,136**	**483,588**	**34.9**
Other operating income	57,234	67,481	-15.2
Distribution expenses	(193,379)	(177,408)	9.0
Administrative expenses	(62,422)	(53,039)	17.7
Other operating expenses	44,778	4,000	n.m.
Profit from operations	**498,347**	**324,622**	**53.5**
Finance cost	(182,664)	(186,915)	-2.3
Income from investments	-	-	-
Profit before tax	**315,683**	**137,707**	**129.2**
Income tax	(127,466)	1,992	n.m.
Profit after income tax	**188,217**	**139,699**	**34.7**
Minority Interest	(39,210)	(61,705)	-36.5
Profit after minority interest	**149,007**	**77,994**	**91.0**

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

	Group		
	3 months ended		%
	30.06.2015	30.06.2014	Increase / (Decrease)
	Rs '000	Rs '000	
Bad trade receivables written off / recovered	(11,821)	1,393	n.m.
Foreign currency exchange adjustment (loss)	54,570	2,730	1898.9
Loss on sale of investments	2,029	(123)	n.m.
Research and development expenditure	(4,246)	(4,099)	3.6

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 30.06.2015	**As at 31.03.2015**	**As at 30.06.2015**	**As at 31.03.2015**
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
ASSETS				
Current assets				
Cash & bank balances	218,398	178,384	108,997	112,570
Available for sale investments	92,765	173,412	-	-
Trade receivables	3,637,616	3,167,009	3,464,773	3,026,039
Other receivables and prepayments	1,380,674	1,323,451	998,935	1,055,016
Inventories	2,677,412	2,157,818	1,952,039	1,808,220
Income tax recoverable	326,795	358,201	123,338	174,730
Total current assets	**8,333,660**	**7,358,275**	**6,648,082**	**6,176,575**
Non – current assets				
Property, plant and equipments	8,050,490	8,042,642	4,028,885	4,034,812
Interest in Subsidiaries / Associate	60,000	-	1,380,325	1,320,325
Available for sale investments	5,858	5,603	5,848	5,593
Total non – current assets	**8,116,348**	**8,048,245**	**5,415,058**	**5,360,730**
Total assets	**16,450,008**	**15,406,520**	**12,063,140**	**11,537,305**
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	3,291,579	3,317,001	2,368,793	2,548,330
Trade payables	2,269,073	1,317,130	1,789,983	1,221,015
Other payables	844,118	709,736	594,498	495,168
Total current liabilities	**6,404,770**	**5,343,867**	**4,753,274**	**4,264,513**
Non – current liabilities				
Long Term Loan	2,834,246	3,129,348	1,268,750	1,335,000
Deferred tax liabilities	536,573	470,962	295,563	274,642
Total non – current liabilities	**3,370,819**	**3,600,310**	**1,564,313**	**1,609,642**
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	743,058	743,058	744,218	744,218
Capital reserve	3,518	3,518	3,122	3,122
Capital redemption reserve	18,433	18,433	18,433	18,433
Dividend reserve	2,936	3,558	2,936	3,558
Currency translation reserve	75,433	74,865	-	-
Debenture redemption reserve	117,881	111,651	117,881	111,651
Hedge reserve	(38,555)	(62,468)	(43,212)	(63,150)
Accumulated profits	2,949,650	2,806,873	3,082,813	3,025,956
Minority interest	982,703	943,493	-	-
Total equity	**6,674,419**	**6,462,343**	**5,745,553**	**5,663,150**
Total liabilities and equity	**16,450,008**	**15,406,520**	**12,063,140**	**11,537,305**

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 2015		As at 31 March 2015	
Secured		Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
2,986,301	2,063,515	3,206,637	2,437,966

As at 30 June 2015		As at 31 March 2015	
Un –Secured		Un –Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
305,278	305,278	110,364	110,364

Amount repayable after one year

As at 30 June 2015		As at 31 March 2015	
Secured		Secured	
Group	Company	Group	Company
2,834,246	1,268,750	3,129,348	1,335,000

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, 2015, bank borrowings amounting to **Group Rs 1,578,203,000 & Company Rs. 1,432,265,000** 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, 2015, bank borrowings amounting to **Group Rs.1,872,966,,000 & Company Rs.1,872,966,000** are secured by:

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

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

Bank A (ICICI Bank Limited)

As at June 30, 2015, bank borrowings amounting to **Rs. 296,200,000** are unsecured.

As at March 31, 2015, bank borrowings amounting to **Rs.,Nil** are unsecured.

Bank B (HDFC Bank Limited)

As at June 30, 2015, bank borrowings amounting to **Rs. 9,078,,000** are unsecured.

As at March 31, 2015, bank borrowings amounting to **Rs.110 364,000** are unsecured.

Bank C (Non-Convertible Debenture)

As at June 30, 2015, issued NCD of **Rs. Nil** which is secured and (repayable after one year). and **Rs. 500,000,000** (repayable within one year).

As at March 31, 2015, NCD **of Rs. Nil** are secured (repayable after one year) and Rs. **500,000,000** (repayable within one year).

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

As at June 30, 2015, HDFC Term Loan Dahej – SEZ of **Rs. 285,000,000** which is secured and (repayable after one year) and **Rs. 15,000,000** (repayable within one year).

As at March 31, 2015, HDFC Term Loan Dahej – SEZ of **Rs. 300,000,000** which is secured and (repayable after one year).

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

As at June 30, 2015, ICICI Term Loan Dahej – SEZ of **Rs. 431,250,000** which is secured and (repayable after one year) and **Rs. 18,750,000** (repayable within one year).

As at March 31, 2015, ICICI Term Loan Dahej – SEZ of **Rs. 450,000,000** is secured and (repayable after one year).

Bank F (YES Bank Limited)

As at June 30, 2015, Yes Bank Term Loan **of Rs. 552,500,000** (repayable after one year) and Rs. **97,500,000** (repayable within one year is secured).

As at March 31, 2015, Yes Bank Term Loan **of Rs. 585,000,000** (repayable after one year) and Rs. **65,000,000** (repayable within one year is secured).

Bank G (KBC Bank Limited – Meghmani Europe BVBA)

As at June 30, 2015, Bank borrowings amounting to Rs**. 5,771,000** are secured by the assets purchased at Europe.

As at March 31, 2015, Bank borrowings amounting to **Rs.5,582,000** are secured by the assets purchased at Europe.

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

As at June 30, 2015, bank borrowings amounting to **Rs. 1,127,848,000** (repayable after one year) and **Rs. 322,242,000** (repayable within one year) are secured by Mortgage/hypothecation of assets

As at March 31, 2015, bank borrowings amounting to **Rs.1,208,409,000** (repayable after one year) and **Rs. 322,242,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

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

As at June 30, 2015, bank borrowings amounting to **Rs. 363,686,000** (repayable after one year) and **Rs. 181,842,000** (repayable within one year) are secured by Mortgage/hypothecation of assets

As at March 31, 2015, bank borrowings amounting to **Rs. 446,428,000** (repayable after one year) and **Rs.178,572,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

Bank J (ECB - Standard Chartered Bank)

As at June 30, 2015, bank borrowings amounting to **Rs. 68,191,000** (repayable after one year) and **Rs. 272,764,000** (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, 2015, bank borrowings amounting to **Rs. 133,929,000** (repayable after one year) and **Rs. 267,857,000** (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 30.06.2015	**3 months ended 30.06.2014**
	Rs ’000	**Rs ’000**
Cash flows from operating activities		
Profit from operations	498,347	324,622
Adjustments for :		
Depreciation of property, plant and equipment	191,862	201,843
Unrealized Foreign Exchange Gain	4,595	(42,728)
Interest Received	(1,413)	(7,030)
Loss on disposal of Property, Plant & Equipments	(2,029)	123
Operating cash flows before movements in working capital	**691,362**	**476,830**
Trade receivables	(470,607)	135,950
Other receivables and prepayments	(61,818)	216,340
Inventories	(519,594)	(104,678)
Trade payables	951,943	238,593
Bills payables	9,332	(39,468)
Other payables	134,386	(40,722)
Cash generated from (used in) operations	**735,004**	**882,845**
Income taxes paid	(30,101)	(32,302)
Interest and finance charges paid	(182,664)	(186,915)
Net cash from (used in) operating activities	**522,239**	**663,628**
Cash flows from investing activities:		
Purchase of property, plant and equipments	(198,161)	(118,759)
Proceeds from property, plant and equipments	479	3,380
Interest Received	1,064	7,030
Acquisition of Business	(60,000)	-
Purchase of available for Sale Investment	(255)	-
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	**(256,873)**	**(258,248)**
Cash flows from financing activities:		
Dividend paid	(622)	(54)
Proceeds from (repayment of) bank borrowings	(624,770)	(515,018)
Proceeds from (repayment of) other borrowings	294,914	149,005
Hedge Reserve	23,912	31,174
Net cash used in financing activities	**(306,566)**	**(334,893)**
Net effect of exchange rate change on consolidation	568	40,000
Net increase in cash and cash equivalents	**(40,632)**	**110,487**
Cash and cash equivalents at beginning of period	351,795	394,736
Cash and cash equivalents at end of period	**311,163**	**505,223**

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 31,2014	**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, 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**
Balance as at March 31,2015	**254,314**	**1,565,048**	**743,058**	**3,518**	**18,433**	**(62,468)**	**111,651**	**3,558**	**74,865**	**2,806,873**	**943,493**	**6,462,343**
Net profit for the year	-	-	-	-	-	-	-	-	-	149,007	-	149,007
Transfer to (from) reserve	-	-	-	-	-	-	6,230	-	-	(6,230)	-	-
Addition during the year	-	-	-	-	-	23,913	-	(622)	-	-	39,210	62,501
Currency Translation Reserve	-	-	-	-	-	-	-	-	568	-	-	568
Balance as at June 30, 2015	**254,314**	**1,565,048**	**743,058**	**3,518**	**18,433**	**(38,555)**	**117,881**	**2,936**	**75,433**	**2,949,650**	**982,703**	**6,674,419**

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 31,2014	**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**
Balance as at March 31,2015	**254,314**	**1,565,048**	**744,218**	**3,122**	**18,433**	**111,651**	**3,558**	**(63,150)**	**3,025,956**	**5,663,150**
Net profit for the year	-	-	-	-	-	-	-	-	63,087	63,087
Transfer to (from) reserve	-	-		-	-	6,230	-	-	(6,230)	-
Addition during the year	-	-		-	-	-	(622)	19,938	-	19,316
Balance as at June 30,2015	**254,314**	**1,565,048**	**744,218**	**3,122**	**18,433**	**117,881**	**2,936**	**(43,212)**	**3,082,813**	**5,745,553**

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 2015	31 March 2015
Total number of issued ordinary shares **Excluding treasury shares**	**40,248,150**	**40,248,150**

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 2015 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**	
	30.06.2015	**31.03.2015**	**30.06.2015**	**31.03.2015**
(a) Based on weighted average number of ordinary shares in issue (Rs)	0.59	1.73	0.25	1.03
Earnings per SDS (Rs)	0.30	0.87	0.13	0.52
(b) On a fully diluted basis (detailing any adjustments made to the earnings) (Rs)	0.59	1.73	0.25	1.03
Earnings per SDS (Rs.)	0.30	0.87	0.13	0.52

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 30.06.2015	**As at 31.03.2015**	**As at 30.06.2015**	**As at 31.03.2015**
Net assets value per ordinary share based on issued share capital at the end of the year reported in Rs.	22.38	21.70	22.59	22.27

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 2016 increased by 8.2% from Rs. 3077.57 million in Q1 FY 2015 to Rs. 3330.78 million in Q1 FY 2016.

Breakdown of Revenue by Product

(Rs. in Millions)

Products	**Q 1 FY 2015-16**	**Q 1 FY 2014-15**	**Increase/ (Decrease)**	**%**
Pigments	1110.60	978.46	132.14	13.5
Agrochemicals	1088.08	967.73	120.35	12.4
Caustic Chlorine	855.21	799.95	55.26	6.9
Trading	276.89	331.43	-54.54	-16.5
Total	**3330.78**	**3077.57**	**253.21**	**8.2**

Breakdown of Domestic Sales by Product

(Rs. in Millions)

Domestic Sales	**Q 1 FY 2015-16**	**Q 1 FY 2014-15**	**Increase/ (Decrease)**	**%**
Pigments	252.74	240.04	12.70	5.3
Agrochemicals	304.67	265.24	39.43	14.9
Caustic Chlorine	848.88	793.41	55.47	7.0
Trading	2.48	9.75	-7.27	-74.6
Total	**1408.77**	**1308.44**	**100.33**	**7.7**

Reasons for Increase / (Decrease) in Domestic Sales

1) Domestic sales of Pigment Division increased by 5.3% due to increase in quantity sales of CPC Blue & Alpha Blue.

2) Domestic sales of Agrochemical Division increased by 14.9% due to increase quantities sales of MPB, CMAC and Permethrin.

3) Domestic sales of Caustic Chlorine increased by 7.0% mainly due increase in sales quantity

Breakdown of Exports Sales by Product

(Rs. in Millions)

Export Sales	**Q 1 FY 2015-16**	**Q 1 FY 2014-15**	**Increase/ (Decrease)**	**%**
Pigments	857.86	738.42	119.44	16.2
Agrochemicals	783.41	702.49	80.92	11.5
Caustic Chlorine	6.33	6.54	-0.21	-3.2
Trading	274.41	321.68	-47.27	-14.7
Total	**1922.01**	**1769.13**	**152.88**	**8.6**

Reasons for Increase / (Decrease) in Export Sales

1) Export sales of Pigment Division increased by 16.2%. This was mainly due to increase in quantity sales of CPC Blue and Beta Blue.

2) Export sales of Agrochemical Division increased by 11.5% on account of decrease in quantity sales of 2 4 Dichlorophenoxy, CPP and Cypermethrin

<u>Gross profit - Group</u>

Breakdown of Gross Profit by Division

(Rs. in Millions)

Division	Q1 FY 2016	GP Margin Q 1FY 2016 (%)	Q1 FY 2015	GP Margin Q 1FY 2015 (%)	Increase/ Decrease	%
Pigments	163.09	14.7	122.22	12.5	40.87	33.4
Agrochemicals	252.63	23.2	150.87	15.6	101.76	67.4
Power	-	n.m.	-5.42	n.m.	5.42	n.m.
Caustic Chlorine	219.03	25.6	208.77	26.1	10.26	4.9
Trading	17.39	6.3	7.15	2.2	10.24	143.2
Total	**652.14**	**19.6**	**483.59**	**15.7**	**168.55**	**34.9**

Reasons for increase / (decrease) in GP margin

GP of Pigment

The amount of gross profit of Pigment Division increased by 33.4%, while GP margin of Pigment Division increased from 12.5% in Q1 FY 2015 to 14.7 % in Q1 FY 2016 due to decrease in Raw Material Prices of CPC Blue, Alpha Blue and Beta Blue.

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GP of Agrochemical

The amount of gross profit of Agrochemical Division increased by 67.4 % and GP margin increased from 15.6% in Q1 FY 2015 to 23.2% in Q1 FY 2016 due to higher quantity sales and price realization of 2 4 Dichlorophenoxy, Peremethrin and Cypermethrin

GP of Caustic Chlorine

The amount of gross profit of Caustic Chlorine Division increased by 4.9%, while GP margin of Caustic Chlorine Division decreased marginally from 26.1 % in Q1 FY 2015 to 25.6% in Q1 FY 2016 due to lower ECU.

<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 and MEIS, etc.

Other operating income decreased by 15.2 % to Rs. 57.23 million in Q1 FY 2016 mainly due to removal of export incentive scheme under focused Countries market scheme. The Government has introduced new export incentive scheme MEIS.

DISTRIBUTION, ADMINISTRATIVE AND OTHER OPERATING EXPENSES – GROUP

<u>Distribution expenses</u>

Distribution expenses of Group increased by Rs. 15.97 million, i.e. by 9.0%. This is in line with increase in sales.

Administrative expenses

Administrative expenses of Group increased by Rs. 9.38 million i.e. by 17.7% mainly due to increase in director remuneration, Stock exchange expenses, GIDC service charges and legal & professional fees.

Other Operating Expenses

Other operating expenses indicates income mainly on account of favorable foreign currency exchange adjustment. The fluctuations in the exchange rate of the Indian Rupee against the US dollar is main contributory. Other operating expenses reflect income in current and previous financial year.

Finance costs

Finance costs of the Group decreased marginally by Rs. 4.25 million, i.e. by 2.3% due to repayment of term loan.

Income from investments

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

Interest in Subsidiaries

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

2. Meghmani Organics USA Inc., is a 100% Wholly Owned Subsidiary of the Company. The Company is in the trading business.

3. Meghmani Europe BVBA is a 100% Wholly Owned Subsidiary of the Company. The Company is in the trading business. The Company has decided to close the operation.

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 or Associates are listed on any of the Stock Exchanges.

Taxation

Income tax of the Group increased by Rs. 129.46 million in Q1 2016 Due to increase in deferred tax expenses in Company and Meghmani Finechem Limited (MFL – Subsidiary) and at the Company level due to increase in profit.

Balance sheet

Trade receivables

Trade receivables of Group increased by Rs.470.61 million from Rs. 3167.01 million in FY 2015 to Rs. 3637.62 million in Q1 FY 2016. Trade receivables at Company level increased by Rs. 438.73 million from Rs. 3026.04 million in FY 2015 to Rs. 3464.77 million in Q1 FY 2016. Trade Receivables has increased due to increase in sales.

Other receivables & Prepayments

During the first quarter, other receivables & prepayments at Group increased by Rs. 57.22 million (or 4.3%) and at Company level decreased by Rs. 56.08 million (or 5.3%) due to utilization of excise balance on account of increase in sales.

Inventories

Inventories at group level increased by Rs. 519.59 million from Rs. 2157.82 million in FY 2015 to Rs. 2677.41 million in Q1 FY 2016 due to increase in raw material stock at Meghmani Finechem Limited (MFL – Subsidiary) While inventories at Company level increased by Rs. 143.82 million from Rs. 1808.22 million in FY 2015 to Rs.1952.04 million in Q1 FY 2016 due to increase in raw material stock.

Property, plant and equipment

Property, plant and equipments at Group increased by Rs. 7.85 million. This is due to increase in capital WIP of KOH project in Meghmani Finechem Limited.and at Company level decreased by Rs. 5.93 million.

Bank Borrowings

Bank borrowings at Group level (current and non current) decreased by Rs. 320.52 million and at Company level decreased by Rs. 245.79 million respectively due to repayment of term loan.

Trade payables and other payables

Trade payables at Group level increased by Rs. 951.94 million and at Company level increased by Rs. 568.97 million respectively due to increase in operational activity.

Other payables at Group level increased by Rs. 134.38 million and at Company level increased by Rs. 99.33 million respectively.

Cash flow statement

During the period, the Group has generated positive net cash flow of Rs. 522.24 million from operation.

Financial Analysis

Rs. in millions

Group Key financial highlights	**As at 30.06.2016**	**As at 30.06.2015**	**Variance**	**Variance (%)**
Profitability				
Sales	3,331	3,078	253	8.2
Gross Profit	652	484	168	34.7
Gross Profit Margin (%)	19.6	15.7	3.9	24.8
Profit before tax	316	138	178	129.0
Profit before tax Margin (%)	9.5	4.5	5.0	111.1
Net profit	149	78	71	91.0
Earning per Share (EPS in Rs.)	0.59	0.31	0.28	90.3
Financial position				
Net tangible assets	6,674	6,248	426	6.8
Debt (short term +long term)	6,126	7,142	-1,016	-14.2
Capital Gearing ratio	0.92	1.14	-0.22	-19.3
Net tangible assets per share	26.24	20.70	5.54	26.8
Stock turnover (days)	91	91	-	-
Trade debts turnover (days)	99	100	-1	-1

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 (organic, Inorganic and Speciality) 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. . (Source: - Transparency Market Research)

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.

The main consumer industries for pigments 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. (Source: - Transparency Market Research).

In its latest study, Ceresana forecasts global revenues generated with **pigments** to increase to US$34.2 billion in 2020. ome of 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.

Paints and varnishes are the by far most important sales market for pigments worldwide. More than 43% of global demand originates in this segment. The processing of plastics reports the second largest market volume and accounts for 27% of pigment demand. Plastics will develop at the second highest growth rates in the future; only the segment printing inks will develop more dynamically, due to the growing market for printed packaging**.** Ceresana expects the least dynamic development for the segment paper, as the completely revised 3rd edition explains.

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.

2) ASIA PACIFIC REGION TO REMAIN FASTEST GROWING

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 Asia Pacific pigments market revenue is expected to reach market size of over USD 6.4 billion by 2018 The demand for organic pigments will increase in inks and coatings as these have an ability to provide intense and bright colors. China's consumption will increase as the government has made expansion of 10 industries such as automobile, iron & steel, shipbuilding, textile, petrochemical, light that are all its important user. 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.)

3) INDIAN MARKET

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.

4) **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).

5) <u>GLOBAL AGROCHEMICALS MARKET:-</u>

The global agrochemicals industry is expected to reach an estimated value of $261.9 billion by 2019. The major drivers of agrochemicals industry are increasing demand for food with rising population and consumer awareness associated with the benefits of fertilizers and pesticides in crop production.

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.

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.

6) INDIAN MARKET:-

Indian crop protection industry is largely dominated by insecticides which form about 65% of share of the industry. Other segments like herbicides, fungicides and other (rodenticides/ nematocides) form 16%, 15% and 4%, respectively.

Indian agrochemical industry is expected to grow at 12-13 per cent per annum to reach $ 7.5 billion by FY'19. "Indian crop protection industry was estimated at $ 4.25 billion in FY14 of which 50 per cent was exports. The crop protection industry has experienced strong growth in the past and is expected to grow further at 12-13 per cent per annum to reach $ 7.5 billion by FY2018-19. (Source :- Business Standard).

Lower per hectare yield at 3 tonne/ha in India as compared to global average of 4 tonne/ha highlights the need of agrochemicals for Indian agriculture. In order to realise true potential, industry, government and regulatory bodies need to work in tandem."

Tropical climatic conditions and high production of paddy, cotton, sugarcane and other cereals in India drive the consumption of insecticides. Availability of cheap labor for manual weed picking also contributed to low consumption of herbicides in India. However, the trend is expected to change in future as herbicides, now, are the fastest growing segment due to increasing farm labour wages in India.

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 2016

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 Q2 FY 2016.

Market Price

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

Profitability

The Group and Company revenue for Q1 FY 2016 has increased due to higher production resulted in higher sales. 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 Q1 FY 2016. The Group Profitability may be affected due to unpredictable market trends, rupee/dollar exchange rate and crude oil prices fluctuation in ECU prices of Caustic Chlorine etc.

The monsoon season might have impact on the sales and profitability of Agrochemicals in Q2 FY 2016

11. Dividend

(a) Current financial period reported on 30 June 2015

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 2015** 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 quarter ended **30 June 2015** 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 4,753,000) 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$100,000 (equivalent to approximately Rs 4,753,000)	
	Amount in Rs.	Amount in S$,000	Amount in Rs.	Amount in S$,000
Purchases				
Meghmani Pigments (1)	27,615,471	581	-	-
Meghmani Finechem Limited (2)	90,023,964	1,894		
Vidhi Global Chemicals Ltd. (3)	77,922,708	1,639	-	-
Sales				
Ashish Chemicals (EOU) (4)	5,565,000	117	-	-
Vidhi Global Chemicals Ltd. (3)	86,584,887	1,822	-	-
Meghmani Organics USA INC	116,865,108	2,459		

Note – Rs. 47.53 = $1 (Average Rate of 30.06.2015)

[(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).

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 28 July 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, 2015** to be false or misleading.

15. Reconciliation between IGAAP and IFRS

KPMG – Joint Auditor for IFRS has made limited review of the quarter ended on 30th June 2015. The reconciliation between IGAAP and IFRS has shown the increase in profit after minority interest by Rs. 2.67 Million. The Company has not considered the variance in the profit reported under the quarter ended 30th June, 2015**.**

BY ORDER OF THE BOARD
MEGHMANI ORGANICS LIMITED
K D Mehta
Company Secretary
Date: 13/08/2015

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