

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, 2019 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		%
	30/09/2019	30/09/2018	Increase (Decrease)	30/09/2019	30/09/2018	Increase (Decrease)
	Rs '000	Rs '000		Rs' '000	Rs' '000	
Revenue	5,289,850	4,826,542	9.6	11,347,403	9,494,652	19.5
Cost of sales	(3,880,630)	(3,502,627)	10.8	(8,436,625)	(6,688,913)	26.1
Gross Profit	1,409,220	1,323,915	6.4	2,910,778	2,805,739	3.7
Other operating income	134,919	117,531	14.8	237,223	200,800	18.1
Distribution expenses	(351,954)	(186,291)	88.9	(587,811)	(422,422)	39.2
Administrative expenses	(242,992)	(260,752)	-6.8	(467,350)	(524,906)	-11.0
Other operating expenses	132,576	58,121	128.1	158,077	111,014	42.4
Profit from operations	1,081,769	1,052,524	2.8	2,250,917	2,170,225	3.7
Finance cost	(81,168)	(126,406)	-35.8	(153,777)	(240,185)	-36.0
Income from investments	(116)	-	n.m.	-	-	n.m.
Profit before tax	1,000,485	926,118	8.0	2,097,140	1,930,040	8.7
Income tax	(25,541)	(308,514)	-91.7	(344,135)	(541,704)	-36.5
Profit after income tax	974,944	617,604	57.9	1,753,005	1,388,336	26.3
Other Comprehensive Income (net of tax)	(4,151)	(3,159)	31.4	(7,719)	(1,360)	467.6
Total Comprehensive Income Attributable to						
Minority Interest	(131,025)	(68,782)	90.5	(340,023)	(202,926)	67.6
Owners of the Company	839,768	545,663	53.9	1,405,263	1,184,050	18.7

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

	Group			Group		
	3 months ended		%	6 months ended		%
	30/09/2019	30/09/2018	Increase (Decrease)	30/09/2019	30/09/2018	Increase (Decrease)
	Rs '000	Rs '000		Rs '000	Rs '000	
Bad trade receivables written off /recovered	(2,905)	(26,423)	-89.0	(2,623)	(50,397)	-94.8
Foreign currency exchange adjustment loss/ gain	133,745	106,555	25.5	160,201	183,345	-12.6
Research and development expenditure	(6,123)	(4,448)	37.7	(11,681)	(8,415)	38.8
Loss/Profit on sales of property, plant	1,736	(22,011)	n.m.	499	(21,934)	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 30.09.2019	As at 31.03.2019	As at 30.09.2019	As at 31.03.2019
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS				
Current assets				
Cash & bank balances	661,900	1,382,013	49,426	34,985
Available for sale investments	619,013	-	518,505	-
Trade receivables	4,148,952	4,313,533	3,527,161	3,541,238
Other receivables and prepayments	1,633,961	1,266,900	1,035,868	996,407
Inventories	3,958,794	4,109,390	3,424,914	3,636,080
Income tax recoverable	161,029	195,469	(97,604)	(41,913)
Total current assets	11,183,649	11,267,305	8,458,270	8,166,797
Non – current assets				
Property, plant and equipments	14,914,795	12,541,530	5,172,784	4,886,499
Interest in subsidiaries	-	-	1,824,655	1,824,655
Available for sale investments	5,741	5,741	5,741	5,741
Total non – current assets	14,920,536	12,547,271	7,003,180	6,716,895
Total assets	26,104,185	23,814,576	15,461,450	14,883,692
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	2,258,504	2,668,957	1,780,603	2,425,295
Trade payables	3,745,624	2,925,665	2,897,793	2,167,816
Other payables	1,397,500	1,467,236	690,809	638,519
Total current liabilities	7,401,628	7,061,858	5,369,205	5,231,630
Non – current liabilities				
Long Term Loan	4,924,148	4,504,636	642,823	851,231
Deferred tax liabilities	622,891	707,399	294,879	408,878
Total non – current liabilities	5,547,039	5,212,035	937,702	1,260,109
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	1,125,558	1,125,558	1,126,718	1,126,718
Capital reserve	(897,175)	(897,175)	3,122	3,122
Capital redemption reserve	18,433	18,433	18,433	18,433
Dividend reserve	3,610	12,296	3,610	12,296
Currency translation reserve	(1,789)	(2,662)	-	-
Other Comprehensive Income	(16,600)	(12,964)	(15,719)	(9,502)
Accumulated profits	9,271,714	7,985,453	6,199,017	5,421,524
Minority interest	1,832,405	1,492,382	-	-
Total equity	13,155,518	11,540,683	9,154,543	8,391,953
Total liabilities and equity	26,104,185	23,814,576	15,461,450	14,883,692

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 2019		As at 31 March 2019	
Secured		Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
2,258,504	1,780,603	2,668,957	2,425,295

Amount repayable after one year

As at 30 September 2019		As at 31 March 2019	
Secured		Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
4,924,148	642,823	4,504,636	851,231

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 September 30, 2019, bank borrowings amounting to **Group Rs. 1,386,305,000 & Company Rs. 1,352,594,000** are secured by:

- 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
- 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.

As at March 31, 2019, bank borrowings amounting to **Group Rs. 2,019,393,000 & Company Rs. 1,995,731,000** are secured by:

- 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
- 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, 2019, bank borrowings amounting to **Rs. 9,676,000** are secured.

As at March 31, 2019, bank borrowings amounting to **Rs.11,231,000** are secured.

Bank B (HDFC Bank Limited – Term Loan)

As at September 30, 2019, HDFC Term Loan Dahej – SEZ of **Rs. 30,000,000** which is secured and repayable after one year. and **Rs. 60,000,000** repayable within one year.

As at March 31, 2019, HDFC Term Loan Dahej – SEZ of **Rs. 60,000,000** 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, 2019, SBI Term Loan of **Rs. 76,156,000** which is secured and repayable after one year. and **Rs. 205,000,000** repayable within one year.

As at March 31, 2019, SBI Term Loan of **Rs. 177,897,000** which is secured and repayable after one year. and **Rs. 205,000,000** repayable within one year.

Bank D (AXIS Bank –Term Loan)

As at September 30, 2019, Axis Bank Term Loan of **Rs. 536,667,000** which is secured and repayable after one year and **Rs. 153,333,000** repayable within one year.

As at March 31, 2019, Axis Bank Term Loan of **Rs. 613,334,000** which is secured and repayable after one year and **Rs. 153,333,000** repayable within one year.

Bank E (Standard Chartered Bank – ECB - Euro – MFL)

As at September 30, 2019, bank borrowings amounting to **Rs. 1,382,437,000** (repayable after one year) and **Rs. 9,278,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

As at March 31, 2019, bank borrowings amounting to **Rs. 1,398,105,000** (repayable after one year) and **Rs. Nil** (repayable within one year) are secured by Mortgage/hypothecation of assets.

Bank F (HDFC Bank Limited – MFL)

As at September 30, 2019, bank borrowings amounting to **Rs. 1,831,667,000** (repayable after one year) and **Rs. 303,333,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

As at March 31, 2019, bank borrowings amounting to **Rs. 1,575,000,000** (repayable after one year) and **Rs. 220,000,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

Bank G (Federal Bank – MFL)

As at September 30, 2019, bank borrowings amounting to **Rs. 1,067,221,000** (repayable after one year) and **Rs. 131,579,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

As at March 31, 2019, bank borrowings amounting to **Rs. 680,300,000** (repayable after one year) and **Rs. Nil** (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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities:				
Profit from operations	2,250,917	2,170,225	1,160,242	1,688,029
Adjustments for :				
Depreciation on property, plant and equipment	438,912	487,753	234,075	230,776
Unrealised foreign exchange gain (loss)	106,109	66,456	98,862	72,382
Interest Received	(45,478)	(16,183)	(45,057)	(11,231)
Actuarial Valuation of Gratuity	(11,490)	(6,380)	(8,308)	(3,950)
Loss on disposal of property, plant and equipment	7,721	21,934	7,213	21,930
Operating cash flows before movement in working capital	2,746,691	2,723,805	1,447,027	1,997,936
Trade receivables	164,582	(402,106)	14,077	(527,398)
Other receivables and prepayments	(472,297)	160,007	(138,324)	280,164
Inventories	150,596	(1,066,541)	211,166	(932,057)
Trade payables	819,959	809,553	729,977	779,335
Bills payables	-	51,095	-	51,095
Other payables	(69,741)	(20,698)	52,291	58,436
Cash generated from operations	3,339,790	2,255,115	2,316,214	1,707,511
Income taxes paid/refund received	(370,279)	(354,961)	(173,481)	(165,468)
Interest and finance charges paid	(153,777)	(240,185)	(121,824)	(220,105)
Net cash from operating activities	2,815,734	1,659,969	2,020,909	1,321,938
Cash flows from investing activities:				
Purchase of property, plant & equipments	(2,822,878)	(1,270,053)	(530,554)	(370,952)
Purchase of Investment	-	(2,212,169)	-	(1,710,267)
Proceeds on disposal of property, plant & equipments	2,983	175	2,983	175
Interest received	25,154	16,183	24,733	11,231
Investment income received`	-	-	-	-
Net cash used in investing activities	(2,794,741)	(3,465,864)	(502,838)	(2,069,813)
Cash flows from financing activities:				
Dividend paid	(111,114)	(101,675)	(111,114)	(101,675)
Tax on dividend paid	(20,910)	(20,910)	(20,910)	(20,910)
Proceeds from bank borrowings, net of repayments	10,613	2,257,700	(851,546)	1,755,898
Proceeds from other borrowings, net of repayments	(1,555)	223,843	(1,555)	(874,711)
Minority Interest (net)	-	150,000	-	-
Net cash from financing activities	(122,966)	2,508,958	(985,125)	758,602
Net effect of exchange rate change in consolidation	873	4,290	-	-
Net (decrease) increase in cash and cash equivalents	(101,100)	707,353	532,946	10,727
Cash and cash equivalents at the beginning of the year	1,382,013	829,283	34,985	10,751
Cash and cash equivalents at the end of the year	1,280,913	1,536,636	567,931	21,478

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	Dividend reserve	Currency Translation Reserve	Accumulated Profits	Other Comprehensive Income	Minority Interest	Total
Balance as at June 30, 2018	254,314	1,565,048	975,161	3,518	18,433	2,210	(3,895)	5,633,698	(1,038)	1,186,547	9,633,996
Net profit for the period	-	-	-	-	-	-	-	545,663	-	-	545,663
Addition during the year	-	-	-	-	-	122,636	-	(118,504)	(4,132)	68,782	68,782
Dividend Paid during the year	-	-	-	-	-	(121,913)	-	-	-	-	(121,913)
Currency Translation Reserve	-	-	-	-	-	-	2,109	-	-	-	2,109
Balance as at 30 September, 2018	254,314	1,565,048	975,161	3,518	18,433	2,933	(1,786)	6,060,857	(5,170)	1,255,329	10,128,637
Balance as at June 30, 2019	254,314	1,565,048	1,125,558	(897,175)	18,433	3,564	(2,661)	8,550,308	(12,325)	1,701,380	12,306,444
Net profit for the period	-	-	-	-	-	-	-	839,768	-	-	839,768
Addition during the year	-	-	-	-	-	122,637	-	(118,362)	(4,275)	131,025	131,025
Dividend Paid during the year	-	-	-	-	-	(122,591)	-	-	-	-	(122,591)
Currency Translation Reserve	-	-	-	-	-	-	872	-	-	-	872
Balance as at 30 September, 2019	254,314	1,565,048	1,125,558	(897,175)	18,433	3,610	(1,789)	9,271,714	(16,600)	1,832,405	13,155,518

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, 2018	254,314	1,565,048	976,718	3,122	18,433	2,210	(244)	5,010,572	7,830,173
Net profit for the period	-	-	-	-	-	-	-	309,749	309,749
Addition during the year	-	-	-	-	-	122,636	(2,820)	(119,816)	-
Dividend Paid during the year	-	-	-	-	-	(121,913)	-	-	(121,913)
Balance as at 30 September, 2018	254,314	1,565,048	976,718	3,122	18,433	2,933	(3,064)	5,200,505	8,018,009
Balance as at June 30, 2019	254,314	1,565,048	1,126,718	3,122	18,433	3,564	(12,036)	5,704,782	8,663,945
Net profit for the period	-	-	-	-	-	-	-	613,189	613,189
Addition during the year	-	-	-	-	-	122,637	(3,683)	(118,954)	-
Dividend Paid during the year	-	-	-	-	-	(122,591)	-	-	(122,591)
Balance as at 30 September, 2019	254,314	1,565,048	1,126,718	3,122	18,433	3,610	(15,719)	6,199,017	9,154,543

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- 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 2018	31 March 2019
Total number of issued ordinary shares Excluding treasury shares	12,892,190	12,892,190

- 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 2019.

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.

Earnings per Ordinary shares	Group		Company	
	6 months ended		6 months ended	
	30.09.2019	31.03.2019	30.09.2019	31.03.2019
(a) Based on weighted average number of ordinary shares in issue (Rs)	5.53	9.88	3.54	6.63
Earning per SDS (Rs)	2.77	4.94	1.77	3.32
(b) On a fully diluted basis (detailing any adjustments made to the earnings) (Rs)	5.53	9.88	3.54	6.63
Earning per SDS (Rs.)	2.77	4.94	1.77	3.32

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.

Net assets value per ordinary share based on issued share capital at the end of the period / year reported in Rs.	Group		Company	
	As at	As at	As at	As at
	30.09.2019	31.03.2019	30.09.2019	31.03.2019
	51.73	45.38	36.00	33.00

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.

Revenue –Group

The principal activities of the Group are (i) manufacturing of Pigments, Agrochemicals and Chloro Alkali & Its Derivatives (Caustic, Chlorine ,Caustic Potash and CMS) (ii) trading of Pigments and its intermediates (iii) trading of Agrochemicals, Technical, Intermediates products and Small Packing.

Quarter to Quarter:- Analysis

Breakdown of Revenue by Product

(Rs. in Millions)

Products	Q 2 FY 2019-20	Q 2 FY 2018-19	Variance	%
Pigments	1495.45	1366.70	128.75	9.4
Agrochemicals	2160.04	1859.11	300.93	16.2
Chloro Alkali & Its Derivatives	1549.82	1345.00	204.82	15.2
Trading	84.54	255.74	-171.20	-66.9
Total	5289.85	4826.55	463.30	9.6

Group revenue by product increased by 9.6 %, from Rs. 4826.55 million in Q2 FY 2019 to Rs. 5289.85million in Q2 FY 2020 this is on account of increase in sales of Pigment, Agrochemicals, and Chloro Alkali & Its Derivatives .

Breakdown of Domestic Sales by Product

(Rs. in Millions)

Domestic Sales	Q 2 FY 2019-20	Q 2 FY 2018-19	Variance	%
Pigments	382.15	184.26	197.89	107.4
Agrochemicals	553.54	659.69	-106.15	-16.1
Chloro Alkali & Its Derivatives	1490.76	1231.35	259.41	21.1
Trading	74.10	5.24	68.86	1314.1
Total	2500.55	2080.54	420.01	20.2

Domestic Sales

Group revenue derived from Domestic sales increased by 20.2% from Rs. 2080.54 million in Q2 FY 2019 to Rs. 2500.55 million in Q2 FY 2020. Domestic sales of Pigment division increased mainly of CPC Blue and Alpha Blue, Agrochemicals decreased mainly of CMAC, Chlorpyriphos Cypermethrin, Profenophos, 2 4D and Bifenthrine and Chloro Alkali & Its Derivatives increased due to higher volume of sales quantity.

Breakdown of Exports Sales by Product

(Rs. in Millions)

Export Sales	Q 2 FY 2019-20	Q 2 FY 2018-19	Variance	%
Pigments	1113.30	1182.44	-69.14	-5.8
Agrochemicals	1606.50	1199.42	407.08	33.9
Chloro Alkali & Its Derivatives	59.06	113.65	-54.59	-48.0
Trading	10.44	250.48	-240.04	-95.8
Total	2789.30	2745.99	43.31	1.6

Export sales

Group revenue derived from Export sales increased marginally by 1.6 % i.e. from Rs. 2745.99 million in Q2 FY 2019 to Rs. 2789.30 million in Q2 FY 2020. Export sales of Pigment division decreased mainly of PG7 and Beta Blue and Agrochemicals increased due to increase in sales value of Cypermethrin, Zeta Cypermethrin, Permethrin and Bifenthrin.

Quarter to Quarter:- Analysis - Gross Profit

Gross profit - Group

Breakdown of Gross Profit by Division

Division	(Rs. in Millions)					
	Q2 FY 2020	GP Margin Q2 FY 2020 (%)	Q2 FY 2019	GP Margin Q2 FY 2019 (%)	Variance	%
Pigments	253.61	17.0	259.94	19.0	-6.33	-2.4
Agrochemicals	609.30	28.2	558.17	30.0	51.13	9.2
Chloro Alkali & Its Derivatives	540.07	34.8	497.74	37.0	42.33	8.5
Trading	6.24	7.4	8.07	3.2	-1.83	-22.7
Total	1409.22	26.6	1323.92	27.4	85.30	6.4

Overall, Gross profit of the Group increased by Rs. 85.30 million (or 6.4%) from Rs 1323.92 million in Q2 FY 2019 to Rs 1409.92 million in Q2 FY 2020. While, the Gross profit margin decreased from 27.4% in Q2 FY 2019 to 26.6% in Q2 FY 2020.

GP Percentage of Pigment

The gross profit percentage of Pigment Division decreased marginally by 2.4% while GP margin decreased from 19.0% in Q2 FY 2019 to 17.0% in Q2 FY 2020.

GP Percentage of Agrochemicals

The amount of gross profit percentage of Agrochemical Division increased by 9.2% and GP margin decreased from 30.0% in Q2 FY 2019 to 28.2% in Q2 FY 2020 due to in sales prices of Cypermethrin, Zeta Cypermethrin, Permethrin and Bifenthrin.

GP Percentage of Chloro Alkali & Its Derivatives

The amount of gross profit of Chloro Alkali & Its Derivatives Division increased by 8.5%, while GP margin of Chloro Alkali & Its Derivatives Division decreased from 37.0% in Q2 FY 2019 to 34.8% in Q2 FY 2020 due to decrease 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 2020 increased by Rs. 17.39 million to Rs. 134.92 million in Q2 FY 2020 due to increase in export resulting increase in export incentive.

Quarter to Quarter:- Analysis

Distribution, Administrative and Other Operating Expenses

Distributions costs of Group increased by 88.9% to Rs 351.95 million in Q2 FY 2020. This is due to increase in Transportation expenses, packing material expenses and loading /unloading charges at depot.

Administrative costs of the Group decreased by 6.8 % to Rs 242.99 million in Q2 FY 2020 mainly due to decrease in legal and professional fees.

Other operating expenses decreased by Rs 74.46 million in Q2 FY 2018 mainly due to foreign exchange fluctuations.

Finance costs

Finance costs of Q2 FY 2020 decreased by Rs 45.24 million (or -35.8%) mainly due to change in debt mix by availing higher foreign currency borrowing at lower rate and repayment of term loan and lower working capital utilization.

Income from Investments:-

During the quarter there was no Income from investments.

Taxation

Income tax expenses decreased by Rs.282.97 million i.e. from Rs. 308.51million in Q2 FY 2019 to Rs.25.54 million in Q2 FY 2020. This is due to adoption of option selected by Holding Company under Section 115BAA of Income Tax resulting reduction in Tax expenses.

Interest in Subsidiaries

1. Meghmani Organics USA Inc., is a 100% wholly owned subsidiary of the Company set up for trading purpose.
2. Meghmani Finechem Limited (MFL) is a company formed to set up Rs. 555 Crore Caustic Chlorine project. Meghmani Organics Limited holds 57% of the Equity.
3. P T Meghmani Indonesia is a 100% wholly owned subsidiary of the Company set up for the trading purpose.
4. Meghmani Overseas FZE, Sharjah is a 100% wholly owned subsidiary of the Company set up for trading purpose.

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 'items comprising 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 2019- 20	H1 FY 2018-19	Variance	%
Pigments	2909.65	2664.73	244.92	9.2
Agrochemicals	5013.89	3429.35	1584.54	46.2
Chloro Alkali & Its Derivatives	3215.68	2957.51	258.17	8.7
Trading	208.18	443.06	-234.88	-53.0
Total	11347.40	9494.65	1852.75	19.5

Division wise Domestic Sales

(Rs. in Millions)

Particulars	H1 FY 2019- 20	H1 FY 2018-19	Variance	%
	Rs.	Rs.	Rs.	
Pigment	731.55	415.29	316.26	76.2
Agro	1176.50	1172.04	4.46	0.4
Chloro Alkali & Its Derivatives	3076.58	2809.81	266.77	9.5
Trading	74.15	19.17	54.98	286.8
Total	5058.78	4416.31	642.47	14.5

Division wise Export Sales

(Rs. in Millions)

Particulars	H1 FY 2019- 20	H1 FY 2018-19	Variance	%
	Rs.	Rs.	Rs.	
Pigment	2178.10	2249.44	-71.34	-3.2
Agro	3837.39	2257.31	1580.08	70.0
Chloro Alkali & Its Derivatives	139.10	147.70	-8.60	-5.8
Trading	134.03	423.89	-289.86	-68.4
Total	6288.62	5078.34	1210.28	23.8

Break down of Revenue By Product

Group revenue increased by Rs.1852.75 million (i.e. by 19.5%) from to Rs. 9494.65 million for H1 FY 2019 to Rs. 11347.40 million for H1 FY 2020 on account of increase in sales of Agrochemicals.

Domestic sales

Group revenue from domestic sales increased by Rs. 642.47 million (i.e. by 14.5%) from Rs. . 4416.31 million in H1 FY 2019 to Rs. 5058.78 million in H1 FY 2020. Domestic sales of Agrochemicals remained constant, Pigment Sales contributed 76% and Chloro Alkali & Its Derivatives due to increase in volume.

Export sales

Group revenue from Export sales increased by Rs. 1210.28 million (i.e. by 23.8%) from Rs. 5078.34 million in H1 FY 2019 to Rs. 6288.62 million in H1 FY 2020 Export sales of Pigment division decreased marginally while Agrochemicals increased due to increase in sales volume.

Gross Profit

Breakdown of Gross Profit by Division

Division	(Rs. in Millions)					
	H1 FY 2019-20	GP Margin H1 FY 2019-20 (%)	H1 FY 2018-19	GP Margin H1 FY 2018-19 (%)	Variance	%
Pigments	449.57	15.5	476.96	17.9	-27.39	-5.7
Agrochemicals	1118.27	22.3	961.19	28.0	157.08	16.3
Chloro Alkali & Its Derivatives	1337.10	41.6	1348.30	45.6	-11.20	-0.8
Trading	5.84	2.8	19.29	4.4	-13.45	-69.7
Total	2910.78	25.7	2805.74	29.6	105.04	3.7

Group Gross Profit of the Group for H1 FY 2020 increased marginally by Rs. 105.04 million (i.e. 3.7%) from Rs. 2805.74 million H1 FY 2019 to Rs. 2910.78 million H1 FY 2020 and the gross profit margin decreased from 29.6% in H1 FY 2019 to 25.7% in H1 FY 2020.

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 18.1% to Rs. 36.42 million in H1 FY 2020 due to increase in export incentive.

Distribution, Administrative and Other Operating Expenses

Distribution expenses of the Group increased by Rs. 165.39 million in H1 FY 2020 mainly due to increase in Transportation expenses, packing material expenses and loading /unloading charges at depot.

Administrative expenses of the Group decreased by Rs 57.56 million in H1 FY 2020 mainly due to decrease in legal and professional fees.

Other operating of the Group expenses increased by Rs. 47.07 million in H1 FY 2020 the main driver is foreign exchange fluctuations.

Finance costs

Finance costs of the Group decreased by Rs. 86.41 million (or -36.0 %) in H1 FY 2020. This is mainly due to change in debt mix by availing higher foreign currency borrowing at lower rate and repayment of term loan and lower working capital utilization.

Balance sheet – Group & Company

Trade receivables

Trade receivables of Group decreased by Rs.164.58 million from to Rs. 4313.53 million in FY 2019 to Rs. 4148.95 million in H1 FY 2020 due to increase in sales.

Trade receivables at Company level decreased by Rs. 14.08 million Rs. 3541.24 million in FY 2019 to Rs. 3527.16 million in H1 FY 2020 due to increase in sales.

Other receivables & Prepayments

Other receivables & prepayments at Group level increased by Rs. 367.06 million to Rs. 1633.96 million (or 29.0%) in H1 FY 2020 mainly due to increase in down payment made to Vendor.

Other receivables & prepayments at Company level increased by Rs. 39.46 million to Rs. 1035.87 million (or 4.0%) mainly due to increase in down payment made to Vendor.

Inventories

Inventories at group level decreased by Rs. 150.60 million from Rs. 4109.39 million in FY 2019 to Rs. 3958.79 million in H1 FY 2020. This is due to decrease in finished goods transit inventory.

Inventories at Company level decreased by Rs. 211.17 million from to Rs. 3636.08 million in FY 2019 to Rs. 3424.91 million in H1 FY 2020. This is due to decrease in finished goods transit inventory.

Property, plant and equipment

Fixed assets at H1 FY 2020 at Group level increased by Rs. 2373.26 million mainly due to Chloro Alakli & its derivatives expansion.

Fixed assets at H1 FY 2020 at Company level increased by Rs.286.28 million due to 2,4D expansion at Agro V.

Bank Borrowings and Long Term Loan

Bank borrowings at H1 FY 2020 at Group (current and non-current) increased by Rs.9.06 million due to increase in Term Loan.

Bank borrowings at H1 FY 2019 at Company level (current and non-current) decreased by Rs. 853.10 million due to repayment of term loan and working capital.

Trade payables and other payables

Trade payables at H1 FY 2020 at Group level increased by Rs. 819.96 million and at Company level increased by Rs. 729.97 million respectively.

Other payables at H1 FY 2020 at Group level decreased by Rs. 69.74 million and at Company level increased by Rs.52.29 million respectively.

Cash flow statement

During the six month period, the Group has generated positive net cash flow of Rs. 2815.7 million in H1 FY 2020 from operating activities.

Financial Analysis

(Rs. in millions)

Group Key Financial Highlights	As at 30.09.2019	As at 30.09.2018	Variance	Variance (%)
<u>Profitability</u>				
Sales	11347.40	9494.65	1852.75	19.5
Gross Profit	2910.78	2805.74	105.04	3.7
Gross Profit Margin (%)	25.7	29.6	-3.9	
Profit before tax	2097.14	1930.04	167.10	8.7
Profit before tax Margin (%)	18.5	20.3	-1.8	
Net profit	1405.26	1184.05	221.21	18.7
Net profit Margin (%)	12.4	12.5	-0.1	
Earning per Share (EPS in Rs.)	5.53	4.66	0.87	18.7
<u>Financial position</u>				
Net tangible assets	13155.52	10128.64	3026.88	29.9
Debt (short term +long term)	7182.65	6384.25	798.40	12.5
Capital Gearing ratio	0.55	0.63	-0.08	-12.7
Net tangible assets per share	44.52	34.89	9.63	27.6
Stock turnover (days)	86	102	-16	-15.7
Trade debts turnover (days)	67	80	-13	-16.2

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: -

- 1) **Global Economy**

After a strong growth in 2017 and early 2018, the second half of 2018 experienced a slowdown. Global economic growth softened to 3.6% in 2018 and it is projected to decline further to 3.3% in 2019. International trade and investments are moderating, trade tensions remain elevated, and financing conditions are tightening. Amid recent episodes of financial stress, growth in emerging markets and developing economies have lost momentum, with a weaker-than-expected rebound in commodity exporters accompanied by deceleration in commodity importers. Downside risks have become more acute. Financial market pressures and trade tensions could escalate, denting global activity. However, growth is expected to pick up in the second half of 2019, driven by the absence of inflationary pressure and monetary policy accommodations by major economies. Moreover, the fiscal and monetary policy stimulus by China has helped to counter the looming negative effects of imposed trade tariffs, improving the outlook for US - China trade tensions

2) **Indian Economy**

India's GDP growth for FY 2019 is expected at 7.2%. The Index of Industrial Production (IIP) grew by 3.6% in FY 2019 and was majorly driven by growth in Infrastructure/Construction goods sector. Furthermore, inflation has remained well in control. The Wholesale Price Index (WPI) and Consumer Price Index (CPI) based inflation was at 3.18% and 3.41% respectively in FY 2019. Additionally, the Reserve Bank of India (RBI) announced multiple rate cuts to ease the liquidity tightening. The Repo rate now stands at 6%. The Indian economy grew steadily on account of various reforms like recapitalisation of public sector banks, amendments to goods and service tax, clean-up of Non-performing assets through National Company Law Tribunal (NCLT), implementation of Insolvency and bankruptcy code.

3) **Pigment:**

Industry Overview:

The global pigment market was valued at \$29 billion in 2017 and is expected to grow at 4.5% CAGR to reach \$43 billion by 2026.

The global pigment market is driven by the rise in demand for packaging ink, paints & coatings and plastic industry. Paints and coatings are used in various end-user industries such as aerospace, automotive, architectural & refinishing and building & construction. Rise in population coupled with increase in per capita income has boosted the consumption of paints and coatings in building & construction, automotive, and consumer goods industries over the last few years. This, in turn, generated considerable demand for pigments in the paints & coatings segment, making it the leading end-user segment.

Plastics are one of the major consumers of pigments. It imparts unique appearance and styling effect to plastic products. Hence, rise in the production of plastics plays a key role in driving the demand for pigments. Consumption of plastics has increased substantially in both developed and developing countries over the last few years. Factors such as economic growth, rise in disposable income, and rapid urbanisation in developing countries such as China, India, Brazil, and South Africa are expected to drive the demand for plastics.

In recent years, due to the rise of the Internet, global publications with organic pigments show a downward trend, but high-performance pigments and packaging ink pigments are growing year by year. Global packaging and printing market are expected to grow by 4.9% CAGR to reach \$19.27 billion in 2026. Asia-Pacific region, such as China and India and other emerging economies, are the key drivers for the development of packaging and printing market.

4) **Business Overview**

The Company is amongst the top 3 (capacity wise) global pigment manufacturers of Phthalocyanine-based Pigments. The Company has vertically integrated facilities manufacturing CPC Blue (an upstream product, which too is sold to other Pigments manufacturers) and end products - Pigment Green and Pigment Blue. These Pigments products are used in multiple applications, including paints, plastics and printing inks.

The Company's Pigments business enjoys strong global presence with exports accounting for 82% of net sales. The Company's relationship with its clients is consistent, with 90% business arising from repeat customers. The Company has global presence in more than 65 countries with subsidiary in the US which helps in maintaining a front-end presence along with the ability to work closely with end-user customers.

The Company has three dedicated manufacturing facilities for Pigments products. These are located at:

- GIDC Vatva, Ahmedabad, (2,940 MTPA) where Pigment Green is manufactured
 - GIDC Panoli, near Ankleshwar, (17,400 MTPA), where CPC Blue, Alfa and Beta Blue are manufactured
 - Dahej SEZ Ltd, (12,600 MTPA) where CPC Blue, Alfa and Beta Blue are manufactured
- Outlook and Strategy:

The Company is currently one of the largest producers for the Copper Phthalocyanine Pigment and going forward, the Company is looking to diversify by adding new Pigments. The Company continues to focus on increasing its domestic presence and increase the market share, given the significant market opportunities.

5) **Risks, Concerns and Threats**

Drastic changes and continuous fluctuations in the prices of key raw materials are critical challenges to the growth of this industry. As the Company's revenue comprises a significant portion of business from exports, volatility of the rupees vis-a-vis the Dollar and the Euro may affect realisations. The Company is engaged in a business involving different areas such as procurement, backward and forward integration, quality, technical competence, logistics facilities, after-sales service and customer relationship. Changing competitive landscape and emergence of new technologies may impact the Company's business and prospects

6) **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 regulators
- India's agrochemical industry can be divided into producers of technical agrochemicals - the bulk actives - and formulators who compound actives in forms that enable use.

7) Agrochemical Market

Global chemical-based crop protection sales increased by 4.2%, from \$54.2 billion in 2017 to \$56.5 billion 2018. Rising demand for pesticides and increasing consumption of agrochemicals in liquid form are some of the key factors expected to boost the demand for agrochemicals in the global market.

Recovery in the Brazilian market (one of the largest agrochemical consumers in the world), is the major driver of growth in 2018. The excessive crop protection inventories, which resulted in the 2017 decline have been addressed and are no longer such an issue.

High crop protection prices are mainly on the account of supply shortages, particularly higher prices of products originating from China as a result of the environmental pressures from government, consolidation in the national industry and shifting of all chemical production in chemical zone/parks. Higher prices have also driven higher tariffs imposed by the US on some Chinese chemical products. As a result, industry has passed on the higher price to consumers.

8) Huge opportunity for generic pesticides players:

Agrochemical worth \$6.3 billion are going off patent between 2014 - 2020 and as per the Enigma Report 19 more agrochemical active ingredients (AIs) will lose patent protection between 2019 - 2026. Over last 20 years, there has been a decline in the discovery of new active ingredients. At the same time, there has been a substantial increase in the number .of mixture products entering the market. It is projected that, from 2019 to 2026, approximately 70 mixture products will lose the patent protection. With so many products coming off patent, industry players have the opportunity to choose the right off-patent/generic AIs for their product development strategies.

9) India Agrochemical Industry:

Indian pesticides market valued at INR 197 billion in 2018 and expected to reach INR 316 billion by 2024, growing at CAGR of 8.1% between 2019-2024. The significance of pesticides has been rising over the last few decades catalysed by the requirement to enhance the overall agricultural production and the need to safeguard adequate food availability for the continuously growing population in the country. In India, pests and diseases, on an average eat away around 20-25% of the total food produced.

10) Key growth driver of pesticides:

- Due to increasing urbanisation levels, per capita arable land has been reducing in recent years and expected to reduce further in coming years. Driven by rising population levels, food demand is expected to continue increasing in the coming years and pesticides to play a key role in increasing the average crop yields.
- Government initiatives to provide credit facilities to farmers is expected to provide a strong boost to the pesticides industry. Increasing availability, low interest rates on farm loan and farm loans waivers are expected to encourage farmers to use more pesticides in order to improve yields.
- Increasing awareness of pesticides among farmers.

- The penetration levels of pesticides in India are significantly lower than other major countries such as the US and China and world average. This indicates that the market for pesticides is still unpenetrated India.

11) Business Overview

The Company is a leading vertically-integrated Agrochemicals player with the presence in entire value chain - intermediate, technical grade and formulations {bulk and branded}. The Company's vertical integration of business allows the Company to effectively manage raw material costs and assure a constant supply of consistent quality.

The Agrochemicals industry is highly regulated and the Company enjoys competitive advantage via presence in entire value chain (less dependent on raw material) and 268 export registrations, 238 registrations in pipeline, 348 CIB registrations, and 35 registered trademarks. The Company has a strong global client base with exports accounting for 74% of its Agrochemical sales. The Company is exporting technical as well as formulation (bulk and branded) products to Africa, Brazil, Latin, the US and European countries.

Major products include 2, 4-D, Cypermethrin, Permethrin, Chlorpyrifos and Profenophos. In branded formulations, the Company has established a strong pan-India presence with about 3000 stockists, agents, distributors, and dealers spread across pan India. Key brands include Megastar, Megacyper, Megaban, Synergy, Courage, Correct and Mega Claim.

The Company has three state-of-the-art manufacturing facilities where capacities have been increased via debottlenecking. These are located at:

- GIDC Ankleshwar, (6,420 MTPA)
- GIDC Panoli, (7,200 MTPA)
- GIDC Dahej, (14,640 MTPA)

12) Outlook and Strategy

FY 2019 was a strong year for the Agrochemicals segment on the back of favourable market conditions. FY2020 shall also sustain the same growth levels as the raw material prices from China has increased significantly affecting the margins, but, the Company's backwards integration facilities put it in an advantageous position and thus, we are constantly improving the margins. Going forward, the Company plans to expand the capacity of 2-4,D by 10,800 MTPA with capex of ~INR 1.27 billion and it is expected to be operational by Q1 FY21.

13) Challenges:-

The industry is expected to face certain challenges such as regulatory standards to reduce toxicity, high inventory, low profit margins, and patent expirations.

Low farm output is a major challenge faced by most farmers across India. The chief reasons for the poor yield are fragmented land holdings, inadequate use of technology and modern methods of farming, poor soil health, and lack of access to irrigation facilities. Increase in investment in the field of research and development of agrochemicals which in turn will spur the exports increasing competitiveness in the global scenario. Development and registration of a pesticide active ingredient is one of the biggest components of cost for a pesticide company.

The demand is also seasonal. Low literacy rate translates into low efficiency and low agriculture productivity.

Despite strong growth drivers, the Indian Agrochemicals industry faces challenges in terms of low awareness levels among farmers about Agrochemical products and their usage. The performance of the Indian agrochemical industry is dependent on the monsoon. Erratic rainfall affects crop acreages, pest application and overall productivity, directly impacting the Company's sales performance.

The Company exports its products to various countries. Thus, any adverse changes in the political, climatic, economic, regulatory or social conditions of these countries might impact the Company's business prospects in these countries. Any change in the policies implemented by the Governments of these countries, which result in currency and interest rate fluctuations, capital restrictions, changes in duties & taxes and a registration regime detrimental to the Company's business could adversely affect its operations and future growth. Increase in crude prices will also impact the costs and prices of various products.

14) Chloro Alkali & Its Derivatives - Chlor Alkali Industry

Globally, Chlor-alkali market represents one of the largest chemical industries. Chlor-alkali market is expected to reach \$124.6 billion by 2022, growing at CAGR of 6.8% between 2016 - 2022. The market is broadly categorised into three segments namely Caustic Soda (NaOH), Chlorine & Soda Ash, which are collectively known as Chlor-alkali chemicals. The main application areas of Chlor-Alkali chemicals are in soap & detergent industry, paper and pulp, textiles, water treatment, plastic industry, industrial solvents, alumina, pharmaceuticals etc.

15) Indian Chlor-alkali Industry:

The Indian alkali industry is regarded by global peers as among the most efficient, eco-friendly and progressive industries. It is to the industry's credit that its constituent units had taken a unified stand to move ahead of other countries in phasing out mercury and adopting the latest energy-efficient and eco-friendly membrane cell technology for producing caustic soda.

During financial year 2018, caustic soda capacity stood at 3.8 MMTPA (Million Metric Tonne Per Annum) with capacity utilisation of 84%. Over last 5 years, despite increase in capacity from 3.3 MMTPA to 3.9 MMTPA between FY 14 - 18, industry is continuously operating above 80% and demand remains higher than the production. Caustic soda capacity expected to increase by 329,450 MTPA (up by 8.5%) and 205,950 MTPA (up by 4.9%) during FY 19 and FY 20 respectively.

Significant growth potential for Alkali and Chlor-Vinyl industry in next 5 years as the alkalis are the basic building blocks that find application in product of everyday use including aluminium, paper, textile and plastic. With growing aspirations of a rising middle class, higher disposable income and currently low level of penetration, demand for these products is bound to grow. There is a vast untapped market, which will significantly drive demand. India has one of the lowest per capita consumption of 1.9 kg caustic soda, 2.3 kg soda ash and 2.0 kg PVC compared to 32.0 kg, 28.0 kg and 12.7 Kg in the US and 12 Kg, 11 Kg and 10 Kg in China for Caustic Soda, Soda Ash and PVC respectively.

11. **Dividend**

- (a) **Current financial period reported on 30th September, 2019**
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, 2019 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 2019 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 5,094,000) 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 5,094,000))	
	Amount in Rs.	Amount in S\$,000	Amount in Rs.	Amount in S\$,000
Purchases				
Meghmani Pigments ⁽¹⁾	69,259,840	1360	-	-
Meghmani LLP ⁽⁵⁾	25,415,290	499		
Arjan Owners LLP ⁽⁶⁾	9,080,100	178		
Sales				
Ashish Chemicals (EOU) ⁽⁴⁾	9,180,400	180	-	-
Meghmani Dyes & Intermediate LLP ⁽⁸⁾	8,262,806	162		

Note – Rs. 50.94 = \$1 (Average Rate of 30.09.2019)

- (1) Meghmani Pigments is a partnership firm owned by Mr Jayanti Patel (Executive Chairman) and Mr Ashish Soparkar (Managing Director) and their immediate family.
- (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.
- (8) Meghmani Dyes & Intermediates LLP is a Partnership Firm owned by Mr Natwarlal Patel (Managing Director), and Mr Ramesh Patel (Executive Director).
- (6) Arjan Owners LLP is a Limited Liability partnership Owned by immediate family of Mr Jayanti Patel (Executive Chairman) and Mr Ashish Soparkar and Mr. Natwarlal Patel (Managing Directors), Mr. Ramesh Patel and Mr. Anand Patel Executive Directors of the Company

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 **16 July 2018**.

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, 2019** to be false or misleading.

15. Undertaking from Directors and officers of the Company stating that they are responsible for ensuring that the Company complies with its obligations under the Listing Rules

The Company confirms that undertaking 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 LLP – Singapore has been appointed as Joint Auditor for Financial Year 2019-20 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, 2019**.

BY ORDER OF THE BOARD
MEGHMANI ORGANICS LIMITED
K D Mehta
Company Secretary
Date: 12/11/2019