

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, 2020 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		%
	30/09/2020	30/09/2019		30/09/2020	30/09/2019	
	Rs '000	Rs '000		Rs' '000	Rs' '000	
Revenue	6,180,393	5,289,850	16.8	10,379,870	11,347,403	-8.5
Cost of sales	(4,289,506)	(3,880,630)	10.5	(7,485,716)	(8,436,625)	-11.3
Gross Profit	1,890,887	1,409,220	34.2	2,894,154	2,910,778	-0.6
Other operating income	129,030	134,919	-4.4	225,423	237,223	-5.0
Distribution expenses	(380,084)	(351,954)	8.0	(609,862)	(587,811)	3.8
Administrative expenses	(198,282)	(242,992)	-18.4	(322,380)	(467,350)	-31.0
Other operating expenses	(23,364)	132,576	n.m.	(57,878)	158,077	n.m.
Profit from operations	1,418,187	1,081,769	31.1	2,129,457	2,250,917	-5.4
Finance cost	(117,777)	(81,168)	45.1	(169,061)	(153,777)	9.9
Income from investments	35	(116)	n.m.	35	-	n.m.
Profit before tax	1,300,445	1,000,485	30.0	1,960,431	2,097,140	-6.5
Income tax	(373,706)	(25,541)	1363.2	(565,539)	(344,135)	64.3
Profit after income tax	926,739	974,944	-4.9	1,394,892	1,753,005	-20.4
Other Comprehensive Income (net of tax)	(6,135)	(4,151)	47.8	(12,267)	(7,719)	58.9
Total Comprehensive Income Attributable to						
Minority Interest	(114,969)	(131,025)	-12.3	(191,428)	(340,023)	-43.7
Owners of the Company	805,635	839,768	-4.1	1,191,197	1,405,263	-15.2

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

	Group			Group		
	3 months ended		%	6 months ended		%
	30/09/2020	30/09/2019		30/09/2020	30/09/2019	
	Rs '000	Rs '000		Rs '000	Rs '000	
Bad trade receivables written off /recovered	(17,821)	(2,905)	513.5	(16,018)	(2,623)	510.7
Foreign currency exchange adjustment loss/ gain	(4,481)	133,745	n.m.	(39,885)	160,201	n.m.
Research and development expenditure	(5,735)	(6,123)	-6.3	(10,563)	(11,681)	-9.6
Loss/Profit on sales of property, plant	(1,062)	1,736	n.m.	(1,975)	499	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 30.09.2020	As at 31.03.2020	As at 30.09.2020	As at 31.03.2020
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS				
Current assets				
Cash & bank balances	979,598	162,697	927,605	137,487
Available for sale investments	306,309	-	306,309	-
Trade receivables	4,791,702	5,305,197	3,819,364	4,637,902
Other receivables and prepayments	1,108,270	1,104,651	856,882	979,766
Inventories	3,879,347	3,516,074	3,306,037	2,965,433
Income tax recoverable	232,008	262,716	(257,211)	(111,677)
Total current assets	11,297,234	10,351,335	8,958,986	8,608,911
Non – current assets				
Property, plant and equipments	18,226,527	17,182,082	6,463,695	5,812,766
Interest in subsidiaries	-	-	1,825,155	1,825,155
Available for sale investments	5,721	5,721	5,721	5,721
Total non – current assets	18,232,248	17,187,803	8,294,571	7,643,642
Total assets	29,529,482	27,539,138	17,253,557	16,252,553
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	2,996,686	3,165,630	1,160,227	2,086,424
Trade payables	3,442,142	3,655,447	2,706,263	2,770,976
Other payables	1,681,102	1,289,529	784,269	648,528
Total current liabilities	8,119,930	8,110,606	4,650,759	5,505,928
Non – current liabilities				
Long Term Loan	5,104,870	4,738,683	1,484,241	555,830
Deferred tax liabilities	932,194	701,856	270,714	278,111
Total non – current liabilities	6,037,064	5,440,539	1,754,955	833,941
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	1,245,558	1,245,558	1,246,718	1,246,718
Capital reserve	(897,175)	(897,175)	3,122	3,122
Capital redemption reserve	18,433	18,433	18,433	18,433
Dividend reserve	6,305	4,627	6,305	4,627
Currency translation reserve	(768)	(959)	-	-
Other Comprehensive Income	(41,986)	(32,861)	(42,675)	(31,617)
Accumulated profits	11,138,564	9,938,241	7,796,578	6,852,039
Minority interest	2,084,195	1,892,767	-	-
Total equity	15,372,488	13,987,993	10,847,843	9,912,684
Total liabilities and equity	29,529,482	27,539,138	17,253,557	16,252,553

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 2020		As at 31 March 2020	
Secured		Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
2,996,686	1,160,227	3,165,630	2,086,424

Amount repayable after one year

As at 30 September 2020		As at 31 March 2020	
Secured		Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
5,104,870	1,484,241	4,738,683	555,830

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, 2020**, bank borrowings amounting to **Group Rs. 1,343,957,000 & Company Rs. 739,153,000** 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, 2020**, bank borrowings amounting to **Group Rs. 1,732,962,000 & Company Rs. 1,535,763,000** 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, 2020**, bank borrowings amounting to **Rs.3,346,000** are secured.

As at **March 31, 2020**, bank borrowings amounting to **Rs.3,541,000** are secured

Bank B (ICICI Bank Limited)

As at **September 30, 2020**, bank borrowings amounting to **Rs. Nil** are secured.

As at **March 31, 2020**, bank borrowings amounting to **Rs.486,000** are secured.

Bank C (SBI Bank Limited)

As at September 31, 2020, bank borrowings amounting to Rs. 50,000,000 are secured.

As at March 31, 2020, bank borrowings amounting to Rs.134,000,000 are secured.

Bank D (HDFC Bank Limited – Term Loan)

As at September 30, 2020, HDFC Term Loan Dahej – SEZ of Rs. Nil which is secured and repayable after one year. and Rs. Nil repayable within one year.

As at March 31, 2020, HDFC Term Loan Dahej – SEZ of Rs. Nil which is secured and repayable after one year and Rs. 60,000,000 repayable within one year.

Bank E (SBI – Term Loan)

As at September 30, 2020, SBI Term Loan of Rs. 40,439,000 which is secured and repayable after one year. and Rs. 81,228,000 repayable within one year.

As at March 31, 2020, SBI Term Loan of Rs. 73,504,000 which is secured and repayable after one year and Rs. 111,471,000 repayable within one year.

Bank F (AXIS Bank –Term Loan)

As at September 30, 2020, Axis Bank Term Loan of Rs. 504,018,000 which is secured and repayable after one year and Rs.168,005,000 repayable within one year.

As at March 31, 2020, Axis Bank Term Loan of Rs. 482,326,000 which is secured and repayable after one year and Rs. 241,163,000 repayable within one year.

Bank G (SBI – Euro – Term Loan)

As at September 30, 2020, SBI Term Loan of Rs. 939,784,000 which is secured and repayable after one year. and Rs. 118,495,000 repayable within one year.

As at March 31, 2020, SBI Term Loan of Rs. Nil which is secured and repayable after one year and Rs. Nil repayable within one year.

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

As at September 30, 2020, bank borrowings amounting to Rs.1,037,909,000 (repayable after one year) and Rs. 415,164,000 (repayable within one year) are secured by Mortgage/hypothecation of assets.

As at March 31, 2020, bank borrowings amounting to Rs. 1,191,888,000 (repayable after one year) and Rs. 297,972,000 (repayable within one year) are secured by Mortgage/hypothecation of assets.

Bank I (HDFC Bank Limited – MFL)

As at September 30, 2020, bank borrowings amounting to **Rs. 1,661,667,000** (repayable after one year) and **Rs. 553,333,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

As at March 31, 2020, bank borrowings amounting to **Rs. 1,938,333,000** (repayable after one year) and **Rs. 386,667,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

Bank J (Federal Bank – MFL)

As at June 30, 2020, bank borrowings amounting to **Rs. 921,053,000** (repayable after one year) and **Rs. 263,158,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

As at March 31, 2020, bank borrowings amounting to **Rs. 1,052,632,000** (repayable after one year) and **Rs. 197,368,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

- 1(c) A cash flow statement of the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Particulars	Group		Company	
	Half Year ended		Half Year ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities:				
Profit from operations	2,129,457	2,250,917	1,311,542	1,160,242
Adjustments for :				
Depreciation on property, plant and equipment	555,996	438,912	246,177	234,075
Unrealised foreign exchange gain (loss)	(176,428)	106,109	(226,598)	98,862
Interest Received	(14,117)	(45,478)	(13,662)	(45,057)
Actuarial Valuation of Gratuity	(16,856)	(11,490)	(14,776)	(8,308)
Loss on disposal of property, plant and equipment	3,644	7,721	3,672	7,213
Operating cash flows before movement in working capital	2,481,696	2,746,691	1,306,355	1,447,027
Trade receivables	513,495	164,582	818,537	14,077
Other receivables and prepayments	173,000	(472,297)	349,482	(138,324)
Inventories	(363,274)	150,596	(340,604)	211,166
Trade payables	(213,305)	819,959	(64,713)	729,977
Other payables	391,573	(69,741)	135,740	52,291
Cash generated from operations	2,983,185	3,339,790	2,204,797	2,316,214
Income taxes paid/refund received	(300,094)	(370,279)	(182,466)	(173,481)
Interest and finance charges paid	(169,061)	(153,777)	(42,716)	(121,824)
Net cash from operating activities	2,514,030	2,815,734	1,979,615	2,020,909
Cash flows from investing activities:				
Purchase of property, plant & equipment	(1,606,226)	(2,822,878)	(902,463)	(530,554)
Proceeds on disposal of property, plant & equipment	2,141	2,983	1,686	2,983
Interest received	14,117	25,154	13,662	24,733
Investment income received	35	-	35	-
Net cash used in investing activities	(1,589,933)	(2,794,741)	(887,080)	(502,838)
Cash flows from financing activities:				
Dividend paid	1,678	(111,114)	1,678	(111,114)
Tax on dividend paid	-	(20,910)	-	(20,910)
Proceeds from bank borrowings, net of repayments	197,925	10,613	2,895	(851,546)
Proceeds from other borrowings, net of repayments	(681)	(1,555)	(681)	(1,555)
Net cash from financing activities	198,922	(122,966)	3,892	(985,125)
Net effect of exchange rate change in consolidation	191	873	-	-
Net (decrease) increase in cash and cash equivalents	1,123,210	(101,100)	1,096,427	532,946
Cash and cash equivalents at the beginning of the year	162,697	1,382,013	137,487	34,985
Cash and cash equivalents at the end of the year	1,285,907	1,280,913	1,233,914	567,931

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, 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
Balance as at June 30, 2020	254,314	1,565,048	1,245,558	(897,175)	18,433	6,537	(862)	10,327,014	(36,071)	1,969,225	14,452,021
Net profit for the period	-	-	-	-	-	-	-	805,635	-	-	805,635
Addition during the year	-	-	-	-	-	-	-	5,915	(5,915)	114,970	114,970
Dividend Paid during the year	-	-	-	-	-	(232)	-	-	-	-	(232)
Currency Translation Reserve	-	-	-	-	-	-	94	-	-	-	94
Balance as at 30 September, 2020	254,314	1,565,048	1,245,558	(897,175)	18,433	6,305	(768)	11,138,564	(41,986)	2,084,195	15,372,488

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, 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
Balance as at June 30, 2020	254,314	1,565,048	1,246,718	3,122	18,433	6,537	(37,146)	7,139,096	10,196,122
Net profit for the period	-	-	-	-	-	-	-	651,953	651,953
Addition during the year	-	-	-	-	-	-	(5,529)	5,529	-
Dividend Paid during the year	-	-	-	-	-	(232)	-	-	(232)
Balance as at 30 September, 2020	254,314	1,565,048	1,246,718	3,122	18,433	6,305	(42,675)	7,796,578	10,847,843

- 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 2020	31 March 2020
Total number of issued ordinary shares Excluding treasury shares	12,685,790	12,849,340

- 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 2020.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for and the effect of, the change.

No changes in accounting policies.

6. Earning per ordinary share of the Group and the Company for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting and provision for preference dividends.

	Group		Company	
Earnings per Ordinary shares	6 months ended		6 months ended	
	30.09.2020	31.03.2020	30.09.2020	31.03.2020
(a) Based on weighted average number of ordinary shares in issue Rs)	4.68	9.35	3.67	7.50
Earning per SDS (Rs)	2.34	4.68	1.84	3.75
(b) On a fully diluted basis (detailing any adjustments made to the earnings) (Rs)	4.68	9.35	3.67	7.50
Earning per SDS (Rs.)	2.34	4.68	1.84	3.75

7. Net asset value (for the issuer and Company) per ordinary share based on issued share capital of the issuer at the end of the :-
 (a) current financial period reported on; and
 (b) Immediately preceding financial year.

	Group		Company	
	As at 30.09.2020	As at 31.03.2020	As at 30.09.2020	As at 31.03.2020
Net assets value per ordinary share based on issued share capital at the end of the period / year reported in Rs.	60.45	55.00	42.66	38.98

- 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 2020-21	Q 2 FY 2019-20	Variance	%
Pigments	1323.90	1495.45	-171.55	-11.5
Agrochemicals	2741.96	2160.04	581.92	26.9
Chloro Alkali & Its Derivatives	2013.28	1549.82	463.46	29.9
Trading	101.25	84.54	16.71	19.8
Total	6180.39	5289.85	890.54	16.8

Group revenue by product increased by 16.8 %, from Rs. 5289.85 million in Q2 FY 2020 to Rs. 6180.39 million in Q2 FY 2021 this is on account of increase in sales of Agrochemicals, and Chloro Alkali & Its Derivatives .

Breakdown of Domestic Sales by Product**(Rs. in Millions)**

Domestic Sales	Q 2 FY 2020-21	Q 2 FY 2019-20	Variance	%
Pigments	257.94	382.15	-124.21	-32.5
Agrochemicals	752.02	553.54	198.48	35.9
Chloro Alkali & Its Derivatives	1943.38	1490.76	452.62	30.4
Trading	5.31	74.10	-68.79	-92.8
Total	2958.65	2500.55	458.10	18.3

Domestic Sales

Group revenue derived from Domestic sales increased by 18.3% from Rs. 2500.55 million in Q2 FY 2020 to Rs. 2958.65 million in Q2 FY 2021. Domestic Sales of Pigment division decreased mainly of CPC Blue and Beta Blue, Agrochemicals increased mainly of CMAC, Chlorpyrifos Cypermethrin, Profenophos, and Bifenthrine and Chloro Alkali & Its Derivatives increased due to higher volume of sales quantity of Caustic and Chloromethane.

Breakdown of Exports Sales by Product**(Rs. in Millions)**

Export Sales	Q 2 FY 2020-21	Q 2 FY 2019-20	Variance	%
Pigments	1065.96	1113.30	-47.34	-4.3
Agrochemicals	1989.94	1606.50	383.44	23.9
Chloro Alkali & Its Derivatives	69.90	59.06	10.84	18.4
Trading	95.94	10.44	85.50	819.0
Total	3221.74	2789.30	432.44	15.5

Export sales

Group revenue derived from Export sales increased by 15.5% i.e. from Rs. 2789.30 million in Q2 FY 2020 to Rs. 3221.74 million in Q2 FY 2021. Export sales of Pigment division decreased mainly of PG7 and Beta Blue and Agrochemicals increased due to increase in sales value of Profenophos,, Zeta Cypermethrin and 2,4D.

Quarter to Quarter:- Analysis - Gross Profit - Group

Breakdown of Gross Profit by Division

(Rs. in Millions)						
Division	Q2 FY 2021	GP Margin Q2 FY 2021 (%)	Q2 FY 2020	GP Margin Q2 FY 2020 (%)	Variance	%
Pigments	348.33	26.3	253.61	17.0	94.72	37.3
Agrochemicals	888.34	32.4	609.30	28.2	279.04	45.8
Chloro Alkali & Its Derivatives	644.89	32.0	540.07	34.8	104.82	19.4
Trading	9.32	9.2	6.24	7.4	3.08	49.4
Total	1890.88	30.6	1409.22	26.6	481.66	34.2

Overall, Gross profit of the Group increased by Rs. 481.66 million (or 34.2%) from Rs 1409.22 million in Q2 FY 2020 to Rs 1890.88 million in Q2 FY 2021. While, the Gross profit margin increased from 26.6% in Q2 FY 2020 to 30.6% in Q2 FY 2021.

GP Percentage of Pigment

The gross profit percentage of Pigment Division increased by 37.3% while GP margin increased from 17.0% in Q2 FY 2020 to 26.3% in Q2 FY 2021 mainly due to increase in sales price of PG7 and Beta Blue.

GP Percentage of Agrochemicals

The amount of gross profit percentage of Agrochemical Division increased by 45.8% and GP margin increased from 28.2% in Q2 FY 2020 to 32.4% in Q2 FY 2021 due to increase in sales price of Chlorpyrifos, Zeta Cypermethrin, and MPB.

GP Percentage of Chloro Alkali & Its Derivatives

The amount of gross profit of Chloro Alkali & Its Derivatives Division increased by 19.4%, while GP margin of Chloro Alkali & Its Derivatives Division decreased from 34.8% in Q2 FY 2020 to 32.0% in Q2 FY 2021 due to decrease in ECU.

Other Operating Income

Other operating income of the Group consists mainly MEIS introduced by the government. Other operating income of Q2 FY 2021 decreased by Rs. 5.89 million to Rs. 129.03 million in Q2 FY 2021 due to decrease in export incentive rate.

Quarter to Quarter:- Analysis

Distribution, Administrative and Other Operating Expenses

Distributions costs of Group increased by 8.0% to Rs 380.08 million in Q2 FY 2021. This is due to increase in sales.

Administrative costs of the Group decreased by 18.4 % to Rs 198.28 million in Q2 FY 2021 mainly due to decrease in insurance premium, rates and taxes, travelling expenses and donation.

Other operating expenses increased by Rs 155.94 million in Q2 FY 2021 mainly due to foreign exchange fluctuations.

Finance costs

Finance costs of Q2 FY 2021 increased by Rs 36.61 million (or 45.1%) mainly due to increase in term loan for ongoing expansion project of subsidiary.

Income from Investments:-

During the quarter there was Income from investments Rs. 0.04 million.

Taxation

Income tax expenses increased by Rs. 348.17 million i.e. from Rs.25.54 million in Q2 FY 2020 to Rs.373.71 million in Q2 FY 2021. This is due to increase in deferred tax as compared to previous year quarter.

Interest in Subsidiaries

1. Meghmani Organics USA Inc., is a 100% wholly owned subsidiary of the Company is in the trading business.
2. Meghmani Finechem Limited (MFL) is subsidiary company in which Meghmani Organics Limited holds 57% of the Equity, is in the business of Caustic and Chlorine Derivatives.
3. P T Meghmani Indonesia is a 100% wholly owned subsidiary of the Company is in the trading business.
4. Meghmani Overseas FZE, Sharjah is a 100% wholly owned subsidiary of the Company is in the trading business.
5. Meghmani Organochem Limited is a 100% wholly owned subsidiary of the Company set for manufacturing activity

SGX Rule 716

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

Other Comprehensive income.

Other comprehensive income (OCI) is defined as comprising 'items of income and expense (including reclassification adjustments) that are not recognized in profit or loss. Other comprehensive income at group level has increased by **Rs. 1.98 million.**

Half year to Half year:- Analysis

Breakdown of Revenue by Product

Division	H1 FY 2020- 21	H1 FY 2019- 20	(Rs. in Millions)	
	Variance	%		
	Rs.	Rs.	Rs.	
Pigments	2300.21	2909.65	-609.44	-20.9
Agrochemicals	4558.68	5013.89	-455.21	-9.1
Chloro Alkali & Its Derivatives	3315.48	3215.68	99.80	3.1
Trading	205.50	208.18	-2.68	-1.3
Total	10379.87	11347.40	-967.53	-8.5

Division wise Domestic Sales

Particulars	H1 FY 2020- 21	H1 FY 2019- 20	(Rs. in Millions)	
	Variance	%		
	Rs.	Rs.	Rs.	
Pigment	460.50	731.55	-271.05	-37.1
Agro	1179.21	1176.50	2.71	0.2
Chloro Alkali & Its Derivatives	3189.79	3076.58	113.21	3.7
Trading	10.91	74.15	-63.24	-85.3
Total	4840.41	5058.78	-218.37	-4.3

Division wise Export Sales

Particulars	H1 FY 2020- 21	H1 FY 2019- 20	(Rs. in Millions)	
	Variance	%		
	Rs.	Rs.	Rs.	
Pigment	1839.71	2178.10	-338.39	-15.5
Agro	3379.47	3837.39	-457.92	-11.9
Chloro Alkali & Its Derivatives	125.69	139.10	-13.41	-9.6
Trading	194.59	134.03	60.56	45.2
Total	5539.46	6288.62	-749.16	-11.9

Break down of Revenue By Product

Group revenue decreased by Rs.967.53 million (i.e. by 8.5%) from to Rs. 11347.40 million for H1 FY 2020 to Rs. 10379.87 million for H1 FY 2021 on account of decrease in sales of Pigment and Agrochemicals

Half year to Half year:- Analysis - continued

Domestic sales

Group revenue from domestic sales is decreased by Rs. 218.37 million (i.e. by 4.3%) from Rs. 5058.78 million in H1 FY 2020 to Rs. 4840.41 million in H1 FY 2021. Domestic Sales of Pigment division decreased mainly of CPC Blue and Beta Blue.

Export sales

Group revenue from Export sales decreased by Rs. 749.16 million (i.e. by 11.9%) from Rs. 6288.62 million in H1 FY 2019-2020 to Rs. 5539.46 million in H1 FY 2020-21 Export sales of Pigment division decreased mainly Beta Blue and Agrochemicals decreased due to decrease in sales prices of Agro Formulation and Cypermethrin.

Gross Profit

Breakdown of Gross Profit by Division

(Rs. in Millions)						
Division	H1 FY 2020-21	GP Margin H1 FY 2020-21 (%)	H1 FY 2019-20	GP Margin H1 FY 2019-20 (%)	Variance	%
Pigments	517.97	22.5	449.57	15.5	68.40	15.2
Agrochemicals	1339.06	29.4	1118.27	22.3	220.79	19.7
Chloro Alkali & Its Derivatives	1014.76	30.6	1337.10	41.6	-322.34	-24.1
Trading	22.36	10.9	5.84	2.8	16.52	282.9
Total	2894.15	27.9	2910.78	25.7	-16.63	-0.6

Gross Profit of the Group for H1 FY 2021 decreased by Rs. 16.63 million (i.e. 0.6%) from Rs. 2910.78 million H1 FY 2020 to Rs. 2894.15 million H1 FY 2021 and the gross profit margin increased from 25.7% in H1 FY 2020 to 27.9% in H1 FY 2021.

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 decreased by 5.0% to Rs. 225.42 million in H1 FY 2021 due to decrease in export incentive rate.

Distribution, Administrative and Other Operating Expenses

Distribution expenses of the Group increased by Rs. 22.05 million in H1 FY 2021.

Administrative expenses of the Group decreased by Rs 144.97 million in H1 FY 2021 mainly due to decrease in insurance premium, rates and taxes, travelling expenses and donation.

Other operating of the Group expenses increased by Rs. 215.95 million in H1 FY 2021 the main driver is foreign exchange fluctuations.

Finance costs

Finance costs of the Group increased by Rs. 15.28 million (or 9.9 %) in H1 FY 2021. This is mainly due to increase in term loan for ongoing expansion.

Balance sheet – Group & Company

Trade receivables

Trade receivables of Group decreased by Rs. 513.50 million from to Rs. 5305.20 million in FY 2020 to Rs. 4791.70 million in H1 FY 2021 due to decrease in sales.

Trade receivables at Company level decreased by Rs. 818.54 million from Rs. 4637.90 million in FY 2020 to Rs. 3819.36 million in H1 FY 2021 due to decrease in sales.

Other receivables & Prepayments

Other receivables & prepayments at Group level increased by Rs.3.62 million to Rs. 1108.27 million (or 0.3%) in H1 FY 2021.

Other receivables & prepayments at Company level decreased by Rs. 122.88 million to Rs. 856.88 million (or 12.5%) on account of decreased mainly due to GST Refund Received.

Inventories

Inventories at group level increased by Rs. 363.28 million from Rs. 3516.07 million in FY 2020 to Rs. 3879.35 million in H1 FY 2021. This is due to increase in finished goods and raw materials.

Inventories at Company level increased by Rs. 340.61 million from to Rs. 2965.43 million in FY 2020 to Rs. 3306.04 million in H1 FY 2021. This is due to increase in finished goods and raw materials.

Property, plant and equipment

Fixed assets at H1 FY 2021 at Group level increased by Rs. 1044.45 million mainly due to basic chemical expansion.

Fixed assets at H1 FY 2021 at Company level increased by Rs. 650.93 million due to 2,4D expansion at Agro – III Dahej.

Bank Borrowings and Long Term Loan

Bank borrowings at H1 FY 2021 at Group (current and non-current) increased by Rs. 197.24 million due to increase in term loan.

Bank borrowings at H1 FY 2021 at Company level (current and non-current) increased by Rs. 2.21 million.

Trade payables and other payables

Trade payables at H1 FY 2021 at Group level decreased by Rs. 213.30 million and at Company level decreased by Rs. 64.71 million respectively.

Other payables at H1 FY 2021 at Group level increased by Rs. 391.57 million and at Company level increased by Rs. 135.74 million respectively.

Cash flow statement

During the six month period, the Group has generated positive net cash flow of Rs. 2514.03 million in H1 FY 2021 from operating activities.

Financial Analysis

(Rs. in millions)

Group Key Financial Highlights	As at 30.09.2020	As at 30.09.2019	Variance	Variance (%)
<u>Profitability</u>				
Sales	10379.87	11347.40	-967.53	-8.5
Gross Profit	2894.15	2910.78	-16.63	-0.6
Gross Profit Margin (%)	27.9	25.7	2.2	
Profit before tax	1960.43	2097.14	-136.71	-6.5
Profit before tax Margin (%)	18.9	18.5	0.4	
Net profit	1191.20	1405.26	-214.06	-15.2
Net profit Margin (%)	11.5	12.4	-0.9	
Earning per Share (EPS in Rs.)	7.75	5.53	2.22	40.1
<u>Financial position</u>				
Net tangible assets	15372.49	13155.52	2216.97	16.8
Debt (short term +long term)	8101.56	7182.65	918.91	12.8
Capital Gearing ratio	0.53	0.55	-0.02	-3.6
Net tangible assets per share	52.25	44.52	7.73	17.4
Stock turnover (days)	95	86	9	10.5
Trade debts turnover (days)	84	67	17	25.4

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.**

COVID-19 pandemic impact on Indian Economy:-

There is no doubt that COVID-19 will have a large impact on the Indian economy. The recovery of the underlying economy will be slow, and it will take around 2 years for normalcy to come back across sectors. The overall economy might take a hit because of the government lockdown.

The COVID-19 pandemic is one of the few episodes in recorded history where all of humanity faces a common existential threat. Within four months, the virus has spread around the world and imperilled not just our health and wellbeing, but also our social and economic networks.

We have entered, an era of radical uncertainty in which we are racing to craft appropriate responses, not only to secure safe health outcomes for all, but also to ensure that lifestyles and livelihoods are protected.

Like other countries, India is also seeking to steer a judicious path between the need to insulate the population, and to revive the economic engine. The rigorous national lockdown has succeeded in slowing the spread of the virus, and the government is opening the country for business in a carefully calibrated manner, focusing on reviving sectors like agriculture, manufacturing, and services; while isolating geographic hotspots and vulnerable groups.

The most compelling requirement for reviving the economy is to effectively manage the emergence from the lockdown, ensuring that supply chains are reopened, that manufacturing and service enterprises are free to operate, while ensuring basic health hygiene.

India's growth in the fourth quarter of the fiscal year 2020 went down to 3.1% according to the Ministry of Statistics. The Chief Economic Adviser to the Government of India said that this drop is mainly due to the coronavirus pandemic effect on the Indian economy. Notably India had also been witnessing a pre-pandemic slowdown. Abrupt stoppage of urban activity could lead to a steep fall in consumption of non-essential goods. Around 37% of regular wage/ salaried employees in urban areas are informal workers, who will face uncertain income.

However after the announcement of the economic package in mid-May, India's GDP estimates were downgraded even more to negative figures, signalling a deep recession. (The ratings of over 30 countries have been downgraded during this period.) On 26 May, CRISIL announced that this will perhaps be India's worst recession since independence. State Bank of India research estimates a contraction of over 40% in the GDP in Q1 FY21. The contraction will not be uniform, rather it will differ according to various parameters such as state and sector.

Global Economy

The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by -3% in 2020, much worse than during the 2008-09 financial crisis. In a baseline scenario--which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound—the global economy is projected to grow by 5.8% in 2021 as economic activity normalizes, helped by policy support. (Source :IMF website).

Growth in East Asia and Pacific region is projected to fall to 0.5% in 2020, the lowest rate since 1967, reflecting disruptions caused by the pandemic. Economic activity in the East Asia and Pacific (except China) is forecast to contract by 1.2% in 2020 before rebounding to 5.8% in 2021

PIGMENT: INDUSTRY STRUCTURE: -

The global dyes and pigments market size is projected to reach USD 54.64 billion by 2026, exhibiting a CAGR of 4.9% during the forecast period. Increasing demand for ink for diverse applications will be a central growth driver for this market, shares Fortune Business Insights in its report, titled "Dyes and Pigments Market Size, Share & Industry Analysis, By Type (Dyes, {Reactive, Disperse, Vat, Acid, and Others}, and Pigment {Inorganic, and Organic}), By End-use Industry (Textiles, Leather, Paper, Paints & Coatings, Plastics, Printing Inks, and Others), and Regional Forecast, 2019-2026".

Inks are essentially liquids that are made from dyes and pigments and serve a variety of purposes such as writing, printing, and tattooing. They are also used to prevent anti-counterfeiting activities. For instance, special inks are manufactured for printing currency notes, which react with the cellulose in the paper and produce inimitable colors and textures, making it almost impossible to replicate.

Furthermore, advanced ink-based liquids are being extensively employed in 3D printing operations. Many companies are using these liquids on small- and medium-scale to manufacture customized spare parts for machines, gourmet food products, and prosthetics. Thus, widening the applicability of inks and ink-based liquids and pastes will lead the Dyes and Pigments market trends in the forthcoming years.

Market Driver

Rapid Urbanization Worldwide to Fuel the Market

The Dyes and Pigments market growth is premised on the fact that there is a rising demand for these ingredients in the paints and coatings industry. The growth of this industry is based on the escalating demand for these materials from the residential and commercial spaces across the globe. One of the major factors causing the proliferation of such spaces is rapid urbanization around the world.

According to the UN Department of Economic and Social Affairs (DESA), roughly two-third of the global population will be living in urban areas by 2050, jumping by 13% from the current levels. More importantly, around 90% of this jump will be witnessed in the developing nations of Africa and Asia, where the process of urbanization is getting further intensified by steady economic growth. As a result, expansion of residential and commercial areas in these countries will stoke the demand for Dyes and Pigments during the forecast period.

Asia-Pacific to Offer Promising Growth Prospects for the Market

Asia-Pacific is set to dominate the Dyes and Pigments market share in the coming years. The main factor propelling the market in this region is the expanding middle-class in India and China, which is increasingly demanding higher value textiles, plastics, and other products, thereby augmenting the uptake of dyes and pigments. Furthermore, countries in Asia-Pacific, mainly China, India, Bangladesh, and Vietnam, lead the world production of textiles and with greater investments in the textile industry, their production capacity has risen substantially in the past few years. With the majority of these products being exported to Europe and North America, the demand for dyes and pigments is surging in the developed countries.

Pigment Business Overview of the Company

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 continues to focus on increasing its domestic presence and increase the market share, given the significant market opportunities.

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, (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:

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. The biggest concern is the effect of Corona Virus in the export market.

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.

Agrochemical Market

The global Agrochemicals market is estimated to reach US\$ 281.7 Bn at the end of forecast period, while growing at a CAGR of 4.9%, by value. Rising demand for pesticides and increasing consumption of agrochemicals as a liquid form are some of the key factors are expected to boost the demand for agrochemicals in the global market..

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 Active ingredients or their product development strategies.

India Agrochemical Industry:

The agrochemicals industry has played a great role since first green revolution to transform India's ship-to mouth economy to a farm-to ship economy. At an estimated size of 2.8 Billion USD in 2019, Indian agrochemicals is the second largest and a fast-growing segment in the Indian agri-input industry.

Use of agrochemicals contributes not only to healthy growth of crops but also to improve farm work efficiency and stable supply of tasty agricultural produce. The onset of agrochemicals era transformed Indian agriculture from food deficient to food surplus country. Going ahead, increase in agricultural yields itself will contribute ~60% towards the vision of doubling farmer income by 2025 (NITI Aayog). Doubling of farmer income will result in a significant increase in rural disposable income and hence spending, which is integral to push economic growth.

Also, exports of agrochemicals in India have been growing at a CAGR of 12.8% during 2014-18. Furthermore, agrochemicals worth 4.1 Billion USD will be off patent by 2020, which will further boost Indian generic agrochemical production ability. Therefore, agrochemicals industry, through increase in yields and contribution to exports will play a major role in achieving the vision of 5 Trillion USD economy.

Indian pesticides market is 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.

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 and incentives to provide credit facilities to farmers due to covid outbreak, 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.

Agrochemical Business Overview of the Company

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 297 export registrations, 238 registrations in pipeline, 356 CIB registrations, and 35 registered trademarks.

The Company has a strong global client base with exports accounting for 79% 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, (6,840 MTPA)
- GIDC Panoli, (Formulation) (7,200 MTPA)
- GIDC Dahej, (18,240 MTPA)

Outlook and Strategy

FY 2020 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 Q3 FY21.

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.

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.

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. Despite increase in capacity, 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.

Group & Company - Outlook for FY 2021

The Group and Company revenue of Pigment and Agrochemical Segment for FY 2020 has increased. The business operation may impact due to Covid – 19.

11. Dividend

- (a) **Current financial period reported on 30th September, 2020 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, 2020 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: for the half year ended 30 September 2020 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 5,391,000) 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⁾	82,949,704	1539	-	-
Meghmani LLP ⁽²⁾	46,184,000	857	-	-
Arjan Owners LLP ⁽³⁾	9,281,880	172	-	-
Sales				
Meghmani Dyes & Intermediate LLP ⁽⁴⁾	5,979,650	111	-	-

Note – Rs. 53.91 = \$1 (Average Rate of 30.09.2020)

- ⁽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⁾ Meghmani LLP is a partnership firm owned by Mr Jayanti Patel (Executive Chairman) and Mr Ashish Soparkar (Managing Director) and their immediate family.
- ⁽⁴⁾ Meghmani Dyes & Intermediates LLP is a limited liability partnership firm owned by Mr. Natwarlal Patel, Mr. Ramesh Patel & Mr. Anand Patel.

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, 2020** 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) has 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

The Group has not considered the variance in the profit reported under the quarter ended **30th September, 2020**.

BY ORDER OF THE BOARD
MEGHMANI ORGANICS LIMITED
K D Mehta
Company Secretary
Date: 11/11/2020