

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, 2014 as follows:

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF YEAR AND FULL YEAR RESULT

1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	3 months ended		%	6 months ended		%
	30/09/2014	30/09/2013	Increase (Decrease)	30/09/2014	30/09/2013	Increase (Decrease)
	Rs '000	Rs '000		Rs' '000	Rs' '000	
Revenue	3,767,481	3,208,014	17.4	6,845,050	5,724,355	19.6
Cost of sales	(3,085,969)	(2,650,628)	16.4	(5,679,950)	(4,881,025)	16.4
Gross Profit	681,512	557,386	22.3	1,165,100	843,330	38.2
Other operating income	66,992	56,729	18.1	134,473	113,462	18.5
Distribution expenses	(240,767)	(177,473)	35.7	(418,175)	(324,998)	28.7
Administrative expenses	(66,118)	(101,517)	-34.9	(119,157)	(149,352)	-20.2
Other operating expenses	(16,893)	27,362	-161.7	(12,893)	122,378	-110.5
Profit from operations	424,726	362,487	17.2	749,348	604,820	23.9
Finance cost	(205,884)	(166,191)	23.9	(392,799)	(327,577)	19.9
Income from investments	25	-	n.m.	25	-	n.m.
Profit before tax	218,867	196,296	11.5	356,574	277,243	28.6
Income tax	(43,359)	(95,369)	-54.5	(41,367)	(209,873)	-80.3
Profit after income tax	175,508	100,927	73.9	315,207	67,370	367.9
Minority Interest	75,499	(17,066)	-542.4	13,794	(19,829)	-169.6
Profit after Minority Interest	251,007	83,861	199.3	329,001	47,541	592.0

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

	Group			Group		
	3 months ended		%	6 months ended		%
	30/09/2014	30/09/2013	Increase (Decrease)	30/09/2014	30/09/2013	Increase (Decrease)
	Rs '000	Rs '000		Rs '000	Rs '000	
Bad trade receivables written off /recovered	(7,355)	(79)	n.m.	(5,962)	(708)	n.m.
Foreign currency exchange adjustment loss/ gain	5,474	26,468	-79.3	8,204	123,497	-93.4
Research and development expenditure	(3,878)	(7,880)	-50.8	(7,977)	(10,828)	-26.3
Loss/Profit on sales of property, plant	(15,012)	973	n.m.	(15,135)	(411)	n.m.

Note: n.m. means not meaningful.

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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 30.09.2014 Rs. '000	As at 31.03.2014 Rs. '000	As at 30.09.2014 Rs. '000	As at 31.03.2014 Rs. '000
ASSETS				
Current assets				
Cash & bank balances	218,894	394,736	148,921	77,079
Available for sale investments	165,309	-	-	-
Trade receivables	4,039,648	3,523,197	3,680,265	3,311,703
Other receivables and prepayments	1,560,720	1,797,951	1,353,250	1,441,344
Inventories	2,427,085	2,495,785	2,095,754	2,086,047
Income tax recoverable	265,054	223,660	133,538	144,368
Total current assets	8,676,710	8,435,329	7,411,728	7,060,541
Non – current assets				
Property, plant and equipments	8,165,939	8,153,597	3,954,204	3,921,551
Interest in subsidiaries	-	-	1,375,248	1,375,248
Available for sale investments	5,603	5,603	5,593	5,593
Total non – current assets	8,171,542	8,159,200	5,335,045	5,302,392
Total assets	16,848,252	16,594,529	12,746,773	12,362,933
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	2,963,336	3,775,000	2,226,876	3,105,319
Trade payables	2,170,949	1,532,130	2,037,864	1,537,580
Other payables	1,082,206	1,008,322	838,681	790,467
Total current liabilities	6,216,491	6,315,452	5,103,421	5,433,366
Non – current liabilities				
Long Term Loan	3,922,685	3,772,574	1,750,000	1,250,000
Deferred tax liabilities	370,661	369,977	250,207	252,201
Total non – current liabilities	4,293,346	4,142,551	2,000,207	1,502,201
Capital & reserves				
Issued capital	254,314	254,314	254,314	254,314
Share premium	1,565,048	1,565,048	1,565,048	1,565,048
General reserve	612,270	612,270	612,270	612,270
Capital Reserve	19,871	19,871	3,122	3,122
Capital redemption reserve	18,433	18,433	18,433	18,433
Dividend reserve	2,111	31,702	2,111	31,702
Currency translation reserve	79,342	42,595	-	-
Debenture Redemption Reserve	223,166	194,981	223,166	194,981
Hedge Reserve	(108,527)	(161,218)	(124,774)	(187,198)
Accumulated profits	2,762,547	2,634,896	3,089,455	2,934,694
Minority interest	909,840	923,634	-	-
Total equity	6,338,415	6,136,526	5,643,145	5,427,366
Total liabilities and equity	16,848,252	16,594,529	12,746,773	12,362,933

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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 2014		As at 31 March 2014	
Secured		Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
2,454,104	1,717,644	3,351,211	2,681,530

As at 30 September 2014		As at 31 March 2014	
Un -Secured		Un -Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
509,232	509,232	423,789	423,789

Amount repayable after one year

As at 30 September 2014		As at 31 March 2014	
Secured		Secured	
Group	Company	Group	Company
3,922,685	1,750,000	3,772,574	1,250,000

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

Bank borrowings from a consortium of banks (Group and Company) (SBI, HDFC and ICICI)

As at September 30, 2014, bank borrowings amounting to Group Rs 1,168,874,000 & Company Rs. 1,168,874,000 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 borrowings from a consortium of banks (Group and Company) (SBI, HDFC and ICICI)

As at March 31, 2014, bank borrowings amounting to Group Rs. 1,636,533,000 & Company Rs. 1,636,533,000 are secured by:

- 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.

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Bank A (ECB – Standard Chartered Bank)

As at September 30, 2014 bank borrowings amounting to Rs. Nil are secured. (repayable after one year) and Rs. 48,770,000 (repayable within one year) are secured by:

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

As at March 31, 2014, bank borrowings amounting to Rs. Nil are secured. (Repayable after one year) and Rs. 141,447,000 (repayable within one year)

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

Bank B (State Bank of India)

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

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

Bank C (HDFC Bank Limited)

As at September 30, 2014 bank borrowings amounting to Rs. 509,232,000 are unsecured.

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

Bank D (Non-Convertible Debenture)

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

As at March 31, 2014, issued NCD of Rs. 500,000,000 which is secured and repayable after one year. and Rs. 500,000,000 (repayable within one year)

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

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

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

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

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

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

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Bank G (YES Bank Limited)

As at September 30, 2014, bank borrowings amounting to Rs. 500,000,000 which is secured and repayable after one year. The Documentation is in the Process.

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

Bank H (KBC Bank Limited – Meghmani Europe BVBA)

As at September 30, 2014, bank borrowings amounting to Rs. 6,768,000 are secured by the assets purchased at Europe.

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

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

As at September 30, 2014, bank borrowings amounting to Rs. 1,369,530,000 (repayable after one year) and Rs. 295,388,000 (repayable within one year) are secured by Mortgage/hypothecation of assets

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

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

As at September 30, 2014, bank borrowings amounting to Rs. 529,285,000 (repayable after one year) and Rs. 176,429,000 (repayable within one year) are secured by Mortgage/hypothecation of assets

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

Bank K (ECB - Standard Chartered Bank)

As at September 30, 2014, bank borrowings amounting to Rs. 267,102,000 (repayable after one year) and Rs. 264,643,000 (repayable within one year) first pari passu charge on movable fixed assets of Meghmani-Finechem-Ltd. including moveable plant and equipment.

As at March 31, 2014, bank borrowings amounting to Rs. 385,200,000 (repayable after one year) and Rs. 256,800,000 (repayable within one year) first pari passu charge on movable fixed assets of Meghmani Finechem Ltd. including moveable plant and equipment.

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

Particulars	Group		Company	
	Half Year ended		Half Year ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities:				
Profit from operations	749,348	604,820	343,735	428,999
Adjustments for :				
Depreciation on property, plant and equipment	357,621	389,011	171,674	143,421
Unrealised foreign exchange gain (loss)	(69,344)	(534)	(30,664)	40,591
Interest Received	(13,068)	(13,394)	(691)	(11,593)
Loss on disposal of property, plant and equipment	15,135	411	751	(463)
Operating cash flows before movement in working capital	1,039,692	980,314	484,805	600,955
Trade receivables	(516,452)	(374,434)	(368,561)	(403,333)
Other receivables and prepayments	306,575	(95,638)	118,759	34,494
Inventories	68,700	(227,462)	(9,707)	(162,734)
Trade payables	638,821	516,775	500,285	407,657
Bills payables	141,491	(59,009)	141,491	(59,011)
Other payables	73,882	389,344	48,212	314,804
Cash generated from operations	1,752,709	1,129,890	915,284	732,832
Income taxes paid/refund received	(71,394)	(67,968)	(19,170)	(40,783)
Interest and finance charges paid	(392,799)	(327,577)	(246,988)	(172,258)
Net cash from operating activities	1,288,516	734,345	649,126	519,791
Cash flows from investing activities:				
Purchase of property, plant & equipments	(395,476)	(634,556)	(210,956)	(507,160)
Proceeds on disposal of property, plant & equipments	10,379	3,053	5,879	3,053
Interest received	13,068	13,394	691	11,593
Investment income received	25	-	145,633	-
Depreciation adjusted Due to revised estimated useful life of assets as prescribed in Schedule - II of Companies Act - 2013)	(31,429)	-	(31,429)	-
Net cash used in investing activities	(403,433)	(618,109)	(90,182)	(492,514)
Cash flows from financing activities:				
Dividend paid	(134,397)	(25,196)	(25,269)	(25,196)
Tax on dividend paid	(47,614)	(4,322)	(4,322)	(4,322)
Decrease in Hedge Reserve	52,691	(51,086)	62,423	(104,735)
Proceeds from bank borrowings, net of repayments	(808,488)	304,742	(525,378)	392,875
Proceeds from other borrowings, net of repayments	5,444	62,663	5,444	62,663
Loan from Corporate	-	-	-	(305,191)
Net cash from financing activities	(932,364)	286,801	(487,102)	16,094
Net effect of exchange rate change in consolidation	36,748	28,534	-	-
Net (decrease) increase in cash and cash equivalents	(10,533)	431,571	71,842	43,371
Cash and cash equivalents at the beginning of the year	394,736	362,340	77,079	18,010
Cash and cash equivalents at the end of the year	384,203	793,911	148,921	61,381

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1(d)(i) A statement (Group and Company) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Rs 000

Group	Issued capital	Share premium	General reserve	Capital reserve	Capital redemption reserve	Hedge Reserve	Debtenture Redemption Reserve	Dividend reserve	Currency Translation Reserve	Accumulated Profits	Minority Interest	Total
Balance as at June 30, 2013	254,314	1,565,048	609,270	19,871	18,433	(119,726)	152,781	31,524	52,617	2,445,488	799,746	5,829,366
Dividend Paid	-	-	-	-	-	-	-	(29,518)	-	-	-	(29,518)
Net profit for the period	-	-	-	-	-	-	-	-	-	83,861	-	83,861
Addition during the year	-	-	-	-	-	(34,452)	14,170	-	-	(14,170)	17,066	(17,386)
Currency Translation Reserve	-	-	-	-	-	-	-	-	(2,276)	-	-	(2,276)
Balance as at 30 September, 2013	254,314	1,565,048	609,270	19,871	18,433	(154,178)	166,951	2,006	50,341	2,515,179	816,812	5,864,047
Balance as at June 30, 31, 2014	254,314	1,565,048	612,270	19,871	18,433	(130,044)	199,603	31,649	82,595	2,610,184	984,476	6,248,399
Dividend Paid	-	-	-	-	-	-	-	(29,538)	-	-	-	(29,538)
Net profit for the period	-	-	-	-	-	-	-	-	-	251,007	-	251,007
Addition during the year	-	-	-	-	-	21,517	23,563	-	-	(23,563)	(74,636)	(53,119)
Currency Translation Reserve	-	-	-	-	-	-	-	-	(3,253)	-	-	(3,253)
Depreciation adjusted (net of deferred tax)*	-	-	-	-	-	-	-	-	-	77,338	-	77,338
Interim Dividend Paid - MFL	-	-	-	-	-	-	-	-	-	(152,419)	-	(152,419)
Balance as at 30 September, 2014	254,314	1,565,048	612,270	19,871	18,433	(108,527)	223,166	2,111	79,342	2,762,547	909,840	6,338,415

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

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Company	Issued capital	Share premium	General reserve	Capital Reserve	Capital redemption reserve	Dividend reserve	Debt redemption reserve	Hedge Reserve	Accumulated Profits	Total
Balance as at June 30, 2013	254,314	1,565,048	609,270	3,122	18,433	152,781	31,524	(214,462)	2,986,783	5,406,813
Dividend Paid	-	-	-	-	-	-	(29,518)	-	-	(29,518)
Net profit for the period	-	-	-	-	-	-	-	-	78,531	78,531
Addition during the year	-	-	-	-	-	14,170	-	(43,306)	(14,170)	(43,306)
Balance as at 30 September, 2013	254,314	1,565,048	609,270	3,122	18,433	166,951	2,006	(257,768)	30,51,144	5,412,520
Balance as at June 30, 2014	254,314	1,565,048	612,270	3,122	18,433	31,649	199,603	(148,721)	2,837,761	5,373,479
Dividend Paid	-	-	-	-	-	(29,538)	-	-	-	(29,538)
Net profit for the period	-	-	-	-	-	-	-	-	199,071	199,071
Addition during the year	-	-	-	-	-	-	23,563	23,947	(23,563)	23,947
Depreciation adjusted (net of deferred tax)*	-	-	-	-	-	-	-	-	76,186	76,186
Balance as at 30 September, 2014	254,314	1,565,048	612,270	3,122	18,433	2,111	223,166	(124,774)	3,089,455	5,643,145

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

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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 2014	31 March 2014
Total number of issued ordinary shares Excluding treasury shares	44,764,150	50,838,150

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's financial statements have been prepared from those accounting records maintained under General Accepted Accounting Practices in India ("Indian GAAP").

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting year compared with the audited financial statements for the year ended 31 March 2014 under Indian GAAP.

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

No changes in accounting policies.

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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	
	30.09.2014	31.03.2014	30.09.2014	31.03.2014
(a) Based on weighted average number of ordinary shares in issue (Rs)	1.29	0.90	0.80	0.46
Earning per SDS (Rs)	0.65	0.45	0.40	0.23
(b) On a fully diluted basis (detailing any adjustments made to the earnings) (Rs)	1.29	0.90	0.80	0.46
Earning per SDS (Rs.)	0.65	0.45	0.40	0.23

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

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
	30.09.2014	31.03.2014	30.09.2014	31.03.2014
	24.92	24.13	22.19	21.34

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-
 (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Revenue –Group

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

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Quarter to Quarter:- Analysis

Breakdown of Revenue by Product

(Rs. in Millions)

Products	Q2 FY 2014-15	Q2 FY 2013-14	Variance	%
Pigments	923.85	852.25	71.60	8.4
Agrochemicals	1465.57	1127.28	338.29	30.0
Caustic Chlorine	940.98	640.01	300.97	47.0
Trading	437.08	588.47	-151.39	-25.7
Total	3767.48	3208.01	559.47	17.4

Group revenue increased by 17.4 %, from Rs.3208.01 million for Q2 FY 2014 to Rs.3767.48 million for Q2 FY 2015 this is on account of increase in sales of Pigment, Agrochemical and Caustic Chlorine.

Breakdown of Domestic Sales by Product

(Rs. in Millions)

Domestic Sales	Q2 FY 2014-15	Q2 FY 2013-14	Variance	%
Pigments	181.41	168.07	13.34	7.9
Agrochemicals	625.06	398.96	226.10	56.7
Caustic Chlorine	934.53	635.80	298.73	47.0
Trading	36.19	25.78	10.41	40.4
Total	1777.19	1228.61	548.58	44.7

Domestic sales - increased

Domestic sales increased by 44.7% from Rs.1228.61 million in Q2 FY 2014 to Rs. 1777.19 million in Q2 FY 2015. Domestic sales of Pigment Panoli and Agrochemicals Dahej have increased due to increase in production while that of Pigment Dahej – SEZ and Caustic Chlorine sales increased due to increase in capacity.

Breakdown of Exports Sales by Product

(Rs. in Millions)

Export Sales	Q2 FY 2014-15	Q2 FY 2013-14	Variance	%
Pigments	742.44	684.19	58.25	8.5
Agrochemicals	840.51	728.32	112.19	15.4
Caustic Chlorine	6.45	4.21	2.24	53.2
Trading	400.89	562.68	-161.79	-28.8
Total	1990.29	1979.40	10.89	0.6

Export sales - increased

Group revenue derived from export sales increased marginally by 0.6 % i.e. from Rs. 1979.40 million in Q2 FY 2014 to Rs. 1990.29 million in Q2 FY 2015. Export sales of Pigment Panoli and Agrochemicals Ankleshwar increased while trading sales of Bombay and Kandla SEZ decreased.

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Quarter to Quarter:- Analysis - Gross Profit

Gross profit - Group

Breakdown of Gross Profit by Division

(Rs. in Millions)

Division	Q2 FY 2014	GP Margin Q2 FY 2014 (%)	Q2 FY 2014	GP Margin Q2 FY 2014 (%)	Variance	%
Pigments	130.48	14.1	138.93	16.3	-8.45	-6.1
Agrochemicals	267.72	18.3	168.27	14.9	99.45	59.1
Power	-0.33	n.m.	-5.32	n.m.	4.99	-93.8
Caustic Chlorine	257.92	27.4	197.95	30.9	59.97	30.3
Trading	25.72	5.9	57.56	9.8	-31.84	-55.3
Total	681.51	18.1	557.39	17.4	124.12	22.3

Overall, gross profit of the Group increased by Rs. 124.12 million (or 22.3%) from Rs 557.39 million in Q2 FY 2014 to Rs 681.51 million in Q2 FY 2015. While, the gross profit margin increased from 17.4% in Q2 FY 2014 to 18.1% in Q2 FY 2015. The margin of Pigments and Caustic Chlorine reduced.

GP Percentage of Pigment

The gross profit percentage of Pigment Division decreased by 6.1 % while GP margin decreased from 16.3% in Q2 FY 2014 to 14.1% in Q2 FY 2015 due to increase in manufacturing cost of CPC Blue & Beta Blue,

GP Percentage of Agrochemical

The amount of gross profit percentage of Agrochemical Division increased by 59.1% and GP margin increased from 14.9% in Q2 FY 2014 to 18.3% in Q2 FY 2015 due to better price realization.

GP Percentage of Caustic Chlorine

The amount of gross profit of Caustic Chlorine Division increased by 30.3%, while GP margin of Caustic Chlorine Division decreased from 30.9% in Q2 FY 2014 to 27.4% in Q2 FY 2015 due to less ECU.

Other Operating Income

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

Other operating income of Q2 FY 2015 increased by Rs.10.26 million to Rs. 66.99 million in Q2 FY 2015 due to Focus market Incentive Scheme by Finance Ministry.

[12]

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Quarter to Quarter:- Analysis

Distribution, Administrative and Other Operating Expenses

Distributions costs of the Group increased by 35.7% to Rs 240.77 million in Q2 FY 2015. This is due to increase in Sales.

Administrative costs of the Group decreased by 34.9 % to Rs 66.12 million in Q2 FY 2015 mainly due to decrease in legal & professional fees.

~~Other operating expenses increased by Rs 44.26 million in Q2 FY 2015 mainly due to foreign exchange fluctuations.~~

Finance costs

Finance costs of 3 months increased by Rs 39.69 million (or 23.9%), in Q2 FY 2015 mainly due to full utilization of working capital management..

Income from Investments :-

During the quarter Income from investments increased by Rs. 0.03 million.

Taxation

Income tax expenses decreased by Rs. 52.01 million i.e. from Rs. 95.37 million in Q2 FY 2014 to Rs. 43.36 million in Q2 FY 2015. This is due to MAT credit entitlement of Meghmani Finechem Limited (MFL – Subsidiary)

Interest in Subsidiaries

1. Meghmani Organics USA Inc., is a 100% wholly owned subsidiary of the Company. The Company is in the trading business.
2. Meghmani Europe BVBA is a 100% wholly owned subsidiary of the Company. The Company is in the trading business.
3. Meghmani Energy Limited (MEL) is a Special Purpose Vehicle (SPV) company formed to set up a Captive Power Plant near its Agrochemical Unit at Chharodi. Meghmani Organics Limited holds 100% of the Equity.
4. Meghmani Finechem Limited (MFL) is a company formed to set up Rs. 555 Crore Caustic Chlorine project. Meghmani Organics Limited holds 57% of the Equity.
5. Meghmani Chemtech Limited has been formed to set up the project in Dahej Special Economic Zone. Meghmani Organics Limited holds 97% of the Equity.
6. P T Meghmani Indonesia is a 100% wholly owned subsidiary of the Company set up for the trading purpose.

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

Half year to Half year:- Analysis

Breakdown of Revenue by Product

(Rs. in Millions)

Division	H1 FY 2014-15	H1 FY 2013-14	Variance	%
Pigments	1902.31	1608.16	294.15	18.3
Agrochemicals	2433.30	2035.67	397.63	19.5
Power	0.00	0.00	0.00	n.m.
Caustic Chlorine	1740.93	1255.23	485.70	38.7
Trading	768.51	825.30	-56.79	-6.9
Total	6845.05	5724.36	1120.69	19.6

Division wise Domestic Sales

(Rs. in Millions)

Particulars	H1 FY 2014-15	H1 FY 2013-14	Variance	%
	Rs.	Rs.	Rs.	
Pigment	421.45	344.27	77.18	22.4
Agro	890.30	567.79	322.51	56.8
Power	0	0	0	n.m.
Caustic Chlorine	1727.94	1246.49	481.45	38.6
Trading	45.94	30.97	14.97	48.3
Total	3085.63	2189.52	896.11	40.9

Division wise Export Sales

(Rs. in Millions)

Particulars	H1 FY 2014-15	H1 FY 2013-14	Variance	%
	Rs.	Rs.	Rs.	
Pigment	1480.86	1263.89	216.97	17.2
Agro	1543.00	1467.88	75.12	5.1
Caustic Chlorine	12.99	8.74	4.25	48.6
Trading	722.57	794.32	-71.75	-9.0
Total	3759.42	3534.83	224.59	6.4

Break down of Revenue. By Product

Group revenue increased by Rs. 1120.69 million (i.e by 19.6%) from Rs. 5724.36 million for H1 FY 2014 to Rs. 6845.05 million for H1 FY 2015 on account of increase in sales of Pigment, Agrochemicals and Caustic Chlorine.

Domestic sales

Group revenue from domestic sales increased by Rs. 896.11 million (i.e. by 40.9%) from Rs. 2189.52 million in H1 FY 2014 to Rs. 3085.63 million in H1 FY 2015. The sales of Pigment Dahej – SEZ and Caustic Chlorine sales increased due to increase in capacity.

[14]

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Half year to Half year:- Analysis

Export sales

Group revenue from export sales increased by Rs. 224.59 million (i.e. by 6.4 %) from Rs. 3534.83 million in H1 FY 2014 to Rs. 3759.42 million in H1 FY 2015. Export sales of Pigment Panoli and Agrochemicals Ankleshwar and decrease in trading sales of Bombay and Kandla SEZ.

Gross Profit

Breakdown of Gross Profit by Division

Division	H1 FY 2014-15	GP Margin H1 FY 2014-15 (%)	(Rs. in Millions)			
			H1 FY 2013-14	GP Margin H1 FY 2013-14 (%)	Variance	%
Pigments	252.70	13.3	227.49	14.1	25.21	11.1
Agrochemicals	418.59	17.2	216.45	10.6	202.14	93.4
Power	-5.75	n.m.	-9.75	n.m.	4.00	-41.0
Caustic Chlorine	466.69	26.8	350.78	27.9	115.91	33.0
Trading	32.87	4.3	58.36	7.1	-25.49	-43.7
Total	1165.10	17.0	843.33	14.7	321.77	38.2

Group gross profit for H1 FY 2015 increased by Rs. 321.77 million (i.e. 38.2%) from Rs 843.33 million H1 FY 2014 to Rs 1165.10 million H1 FY 2015. and, the gross profit margin increased from 14.7 % in H1 FY 2014 to 17.0 % in H1 FY 2015. The Agro Chemicals margin improved due to better price realization and higher quantity sales.

Other Operating Income

Other Operating Income of the Group which consists mainly of export benefits such as Duty Entitlement Passbook Benefit (DEPB), duty drawback, dividend income etc.

Other Operating Income has increased by 18.5% to Rs.134.47 million in H1 FY 2015 due to Focus market Incentive Scheme by Finance Ministry

Distribution, Administrative and Other Operating Expenses

Distribution expenses of the Group increased by Rs.93.18 million to Rs. 418.18 million in H1 FY 2014 mainly due to increase in Sales.

Administrative expenses decreased by Rs. 30.20 million to H1 FY 2014 mainly due to decrease in legal & professional fees.

Other operating expenses increased by Rs. 135.27 million in H1 FY 2014 the main driver is foreign exchange fluctuations.

[15]

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Half year to Half year:- Analysis

Finance costs

Finance costs of the Group increased by Rs. 65.22 million (or 19.9 %) in H1 FY 2015. This is mainly due to higher utilization of working capital management.

Balance sheet – Group & Company

Trade receivables

Trade receivables of Group increased by Rs.516.45 million from Rs. 3523.20 million in FY 2014 to Rs. 4039.65 million in H1 FY 2015 due to increase in sales.

Trade receivables at Company level increased by Rs. 368.56 million from Rs. 3311.70 million in FY 2014 to Rs. 3680.26 million in H1 FY 2015 due to increase in sales.

Other receivables & Prepayments

During the first half, other receivables & prepayments at Group level decreased by Rs.237.23 million to Rs. 1560.72 million (or 13.2%) in H1 FY 2015, and at Company level decreased by Rs. 88.09 million (or 6.1%) respectively on account of decrease in advance payment to Vendors.

Inventories

Inventories at group level decreased by Rs.68.70 million from to Rs.2495.79 million in FY 2014 to Rs. 2427.09 million in H1 FY 2015. While Inventories at company level increased by Rs.9.70 million from Rs. 2086.05 million in FY 2014 to Rs. 2095.75 million in H1 FY 2015.

Property, plant and equipment

Fixed assets at H1 FY 2015 at Group and Company level increased by Rs. 12.34 million and Rs. 32.65 million respectively. The increase in fixed assets of Dahej – SEZ at Company level.

Bank Borrowings

Bank borrowings at H1 FY 2015 at Group and Company level (current and non current) decreased by Rs.661.55 million and Rs. 378.44 million respectively due to repayment of term loan.

Trade payables and other payables

Trade payables at H1 FY 2015 at Group level increased by Rs.638.82 million and at Company level increased by Rs.500.28 million respectively.

Other payables at H1 FY 2015 at Group and Company level increased by Rs.73.88 million and Rs. 48.21 million respectively.

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Cash flow statement

During the six month period, the Group has generated positive net cash flow of Rs. 1288.52 million in H1 FY 2015 from operating activities.

Financial Analysis

(Rs. in millions)

Group Key Financial Highlights	As at 30.09.2014	As at 30.09.2013	Variance	Variance (%)
Profitability				
Sales	6845.05	5724.36	1120.69	19.6
Gross Profit	1165.10	843.33	321.77	38.2
Gross Profit Margin (%)	17.0	14.7	2.3	15.6
Profit before tax	356.57	277.24	79.33	28.6
Profit before tax Margin (%)	5.2	4.8	0.4	8.3
Net profit	315.21	47.54	267.67	563.0
Net profit Margin (%)	4.6	0.8	3.8	475.0
Earning per Share (EPS in Rs.)	1.29	0.19	1.10	578.9
Financial position				
Net tangible assets	6338.42	5864.05	474.37	8.1
Debt (short term +long term)	6886.02	7482.99	-596.97	-8.0
Capital Gearing ratio	1.09	1.28	-0.19	-14.8
Net tangible assets per share	21.35	19.85	1.50	7.6
Stock turnover (days)	78	76	2	2.6
Trade debts turnover (days)	108	122	-14	-11.5

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

1) INDUSTRY STRUCTURE: -

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

The global pigments market is projected to grow at a CAGR of 4% from 2013 to 2018. The global pigments market revenues are expected to reach USD 14.7 billion in 2018, growing at a CAGR of 4.5% from 2013 to 2018. In terms of volumes, pigments demand is expected to reach 4.4 million tons by 2018. Specialty pigments are expected to be the most promising product segment, and are estimated to grow at a CAGR of 4.7% from 2013 to 2018.

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4) INDIAN MARKET

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

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

5) AGROCHEMICALS - INDUSTRY STRUCTURE:-

There are broadly 5 categories of crop protection products:

1. Insecticides: Manage the pest population below the economic threshold level
2. Fungicides: Prevent the economic damage due to fungal attack on crops
3. Herbicides: Prevent/ inhibit/ destroy the growth of unwanted plants in a crop field
4. Bio pesticides: These are derived from natural substances like plants, animals, bacteria & certain minerals. These are non-toxic & environmental friendly
5. Plant growth 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.

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

Many technical producers are forward-integrated into formulations, unlike in the pharmaceutical industry where there are who make nothing but active pharmaceutical ingredients (APIs).

The industry can also be divided on the basis of ownership. About 10 MNCs with a portfolio comprising patented & generic molecules serve the local markets; compete with a much larger number of domestically-owned companies largely in the generics space and serving local & international markets. The manufacture of technical is mostly in the hands of the latter, as many MNCs prefer outsourcing of actives from India, or increasingly China.

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6) GLOBAL MARKET:-

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

Growth in revenue is expected to be higher than volume, owing to the increasing cost of pesticides. ~~Development and registration of a pesticide active ingredient is one of the biggest~~ components of cost for a pesticide company. Presently, the cost of innovation and registration of an active ingredient is about \$200 million, which is a 25% increase from 2000. Companies spend extensively on the research and development of new chemicals and improving the performance of the existing ones.

The pressure, therefore, is for the agriculture industry to increase yields per acre, which can be achieved through increased usage of agrochemical products.

As the study indicates, a large untapped market, shrinking of arable land in recent years, increasing demand for food grain production, and increasing population are anticipated to drive the global agrochemicals industry. The industry is expected to face certain challenges such as regulatory standards to reduce toxicity, high inventory, low profit margins, and patent expirations.

The global market has been witnessing lot of technological advancements and developments over the past few years. The changing buyers' preferences, stringent environmental regulations, changing weather conditions, increased agricultural trade and improved farming practices are triggering the innovations and research efforts of the industry.

The global market, owing to its significant impact not only on human health, but also on the environment, is a highly regulated market. Major chemicals such as glyphosate (herbicide), atrazine (herbicide), chlorpyrifos (insecticide) and many others are constantly under review, and face the risk of being phased out or outright banned if more environment-friendly alternatives are available.

North America dominates the global herbicide market and has the largest market share in terms of volume and revenue. Europe is the second largest market for herbicides. North America and Europe are mature markets and are dominated by a few major players. To survive intense competition, companies in this region are focused on new product development.

The global agrochemicals industry experienced robust growth over the last five years but is expected to experience moderate CAGR of 5.4% over next five years (2012-2017) and reach approximately US \$262 billion in 2017. New product development and innovation at competitive prices are anticipated to drive the agrochemicals industry.

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7) INDIAN MARKET:-

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

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

The demand is also seasonal. India due to its inherent strength of low cost manufacturing and qualified low cost manpower is a net exporter of pesticides to countries such as USA and some European and African Countries.

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

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

India has raised the level of its export competency with a consistent quality and supply record and possession of a vast unexplored market. Chemicals manufacturers have targeted product awareness campaigns at Indian farmers, as the country's affordability has increased with the cultivation of high-value crops.

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

Outlook for FY 2015

Raw Material Price

The volatility in foreign exchange market and the increase in raw material prices may impact on finished goods prices, as a result, our profitability is likely to be affected in Q3 FY 2015.

Market Price

The global markets for Pigment and Agrochemical products have shown signs of improvements. However pressure on pricing prevailed in second quarter on certain pigment products. The Caustic Chlorine prices are cyclical

Profitability

The Group revenue for Q2 FY 2015 has increased due to higher production and increase in production capacity.

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We expect to see the improvements in revenue of our Agro – III Plant and Dahej SEZ Plants. The Market Dynamics are changing rapidly. While Net Profit after tax at Group level has increased in Q2 FY 2015.

The Group Profitability may be affected due to unpredictable market trends, rupee/dollar exchange rate, Fluctuation in ECU prices of Caustic Chlorine and increase in crude oil prices. The erratic monsoon season might have impact on the sales and profitability of Agrochemicals in Q3 FY 2015

Registrations

To date, 111 exports registrations have been received and applications for 628 registrations have been made in different parts of the world. The Company has 185 registration of Central Insecticides Board (CIB), Faridabad. The Company has 26 Trade Mark Registrations.

11. Dividend

(a) Current financial period reported on 30.09.2014

Any dividend for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year: No

(c) Date payable: Not applicable

(d) Books closure date: Not applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend for the period ended 30 September, 2014 has been recommended or declared.

13. The aggregate value of IPTs as per Rule 920(1)(a)(ii) if a general mandate from shareholders for IPTs had been obtained. If no IPT mandate has been obtained, a statement to that effect. In this regard, please make the requisite disclosure to comply with the requirements of Appendix 7.2(13) of the Listing Manual.

Interested Person Transactions:

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

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Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 (equivalent to approximately Rs 4,812,000) and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000 (equivalent to approximately Rs 4,812,000))	
	Amount in Rs.	Amount in S\$,000	Amount in Rs.	Amount in S\$,000
Purchases				
Meghmani Pigments ⁽¹⁾	6,9321,933	1,441	-	-
Meghmani Finechem Limited ⁽²⁾	143,564,001	2,983		
Vidhi Global Chemicals Ltd. ⁽³⁾	175,975,406	3,657	-	-
Sales				
Ashish Chemicals (EOU) ⁽⁴⁾	12,206,250	254	-	-
Vidhi Global Chemicals Ltd. ⁽³⁾	178,805,157	3,716	-	-

Note – Rs. 48.12 = \$1 (Average Rate of 30.09.2014)

- (1) Meghmani Pigments is a partnership firm owned by Mr Jayanti Patel (Executive Chairman) and Mr Ashish Soparkar (Managing Director) and their immediate family.
- (2) 17.87% of Meghmani Finechem Limited is held directly by the Mr Jayanti Patel (Executive Chairman, Mr Ashish Soparkar (Managing Director), Mr Natwarlal Patel (Managing Director), Mr Ramesh Patel (Executive Director) and Mr Anand Patel (Executive Director) and their family.
- (3) Vidhi Global Chemicals Ltd. is a limited company with 62.5% owned by the immediate family of Mr Ramesh Patel (Executive Director), Mr Ashish Soparkar (Managing Director), Mr Natwarlal Patel (Managing Director) and Mr Ramesh Patel (Executive Director).
- (4) Ashish Chemicals (EOU) is a partnership firm owned by Mr Jayanti Patel (Executive Chairman) and Mr Ashish Soparkar (Managing Director).

The above interested person transactions conducted fall within the related party transactions shareholders' mandate obtained for a period of three year at the Annual General Meeting held on 28 July 2014.

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14. **Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual of the SGX-ST**

On behalf of the Board of Directors of the Company, I the undersigned, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the second quarter ended 30 September, 2014 to be false or misleading.

15. The Company has been granted waiver by SGX ST in compliance with Rule 220 (1) of the listing manual and the Company is allowed to release its periodical finance report as well as ~~annual report under the Indian GAAP. Provided it is accompanied by a reconciliation of~~ statement to IFRS of the materially affected line items.

The Board is of the view that the variance of the profit reported under the quarter ended 30th September 2014 is not material.

BY ORDER OF THE BOARD
MEGHMANI ORGANICS LIMITED
K D Mehta
Company Secretary
Date: 07/11/2014

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KD Mehta