

MEGHMANI ORGANICS LIMITED

Third 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 Third quarter ended December 31, 2019 as follows:

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

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

	Group			Group		
	3 months ended		%	9 months ended		%
	31.12.2019	31.12.2018	Increase (Decrease)	31.12.2019	31.12.2018	Increase (Decrease)
	Rs '000	Rs '000		Rs' '000	Rs' '000	
Revenue	5,156,240	5,425,637	-5.0	16,503,643	14,920,289	10.6
Cost of sales	(3,896,834)	(3,747,502)	4.0	(12,333,459)	(10,436,415)	18.2
Gross Profit	1,259,406	1,678,135	-25.0	4,170,184	4,483,874	-7.0
Other operating income	91,283	116,737	-21.8	328,506	317,537	3.5
Distribution expenses	(267,790)	(261,628)	2.4	(855,601)	(684,050)	25.1
Administrative expenses	(220,915)	(186,279)	18.6	(688,265)	(711,185)	-3.2
Other operating expenses	(26,568)	(58,615)	-54.7	131,509	52,399	151.0
Profit from operations	835,416	1,288,350	-35.2	3,086,333	3,458,575	-10.8
Finance cost	(67,315)	(119,283)	-43.6	(221,092)	(359,468)	-38.5
Income from investments	-	336	n.m.	-	336	n.m.
Profit before tax	768,101	1,169,403	-34.3	2,865,241	3,099,443	-7.6
Income tax	(201,100)	(375,405)	-46.4	(545,235)	(917,109)	-40.5
Profit after income tax	567,001	793,998	-28.6	2,320,006	2,182,334	6.3
Other Comprehensive Income (net of tax)	(3,692)	(2,367)	56.0	(11,411)	(3,727)	206.2
Total Comprehensive Income Attributable to						
Minority Interest	(90,458)	(130,838)	-30.9	(430,481)	(333,764)	29.0
Owners of the Company	472,851	660,793	-28.4	1,878,114	1,844,843	1.8

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

	Group			Group		
	3 months ended		%	9 months ended		%
	31.12.2019	31.12.2018	Increase (Decrease)	31.12.2019	31.12.2018	Increase (Decrease)
	Rs '000	Rs '000		Rs '000	Rs '000	
Bad trade receivables written off /recovered	(35,248)	(8,294)	325.0	(37,871)	(58,691)	-35.5
Foreign currency exchange adjustment loss/ gain	4,497	(35,846)	n.m.	164,698	147,499	11.7
Research and development expenditure	(6,529)	(3,366)	94.0	(18,210)	(11,781)	54.6
(Loss)/Profit on sales of property, plant	4,183	(14,475)	n.m.	4,682	(36,409)	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 31.12.2019	As at 31.03.2019	As at 31.12.2019	As at 31.03.2019
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS				
Current assets				
Cash & bank balances	230,506	1,382,013	53,222	34,985
Available for sale investments	221,264	-	100,266	-
Trade receivables	4,659,833	4,313,533	3,993,810	3,541,238
Other receivables and prepayments	1,328,087	1,266,900	958,066	996,407
Inventories	4,242,463	4,109,390	3,680,249	3,636,080
Income tax recoverable	173,884	195,469	(128,665)	(41,913)
Total current assets	10,856,037	11,267,305	8,656,948	8,166,797
Non – current assets				
Property, plant and equipments	16,171,245	12,541,530	5,364,826	4,886,499
Interest in subsidiaries	-	-	1,825,155	1,824,655
Available for sale investments	5,721	5,741	5,721	5,741
Total non – current assets	16,176,966	12,547,271	7,195,702	6,716,895
Total assets	27,033,003	23,814,576	15,852,650	14,883,692
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	2,854,446	2,668,957	2,076,277	2,425,295
Trade payables	3,512,158	2,925,665	2,626,270	2,167,816
Other payables	1,434,377	1,467,236	706,635	638,519
Total current liabilities	7,800,981	7,061,858	5,409,182	5,231,630
Non – current liabilities				
Long Term Loan	4,841,597	4,504,636	646,150	851,231
Deferred tax liabilities	670,502	707,399	291,433	408,878
Total non – current liabilities	5,512,099	5,212,035	937,583	1,260,109
Capital & reserves				
Issued capital	254,314	254,314	254,314	254,314
Share premium	1,565,048	1,565,048	1,565,048	1,565,048
General reserve	1,125,558	1,125,558	1,126,718	1,126,718
Capital reserve	(897,175)	(897,175)	3,122	3,122
Capital redemption reserve	18,433	18,433	18,433	18,433
Dividend reserve	4,216	12,296	4,216	12,296
Currency translation reserve	(1,299)	(2,662)	-	-
Other Comprehensive Income	(20,300)	(12,964)	(18,827)	(9,502)
Accumulated profits	9,748,265	7,985,453	6,552,861	5,421,524
Minority interest	1,922,863	1,492,382	-	-
Total equity	13,719,923	11,540,683	9,505,885	8,391,953
Total liabilities and equity	27,033,003	23,814,576	15,852,650	14,883,692

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 December 2019		As at 31 March 2019	
Secured		Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
2,854,446	2,076,277	2,668,957	2,425,295

Amount repayable after one year

As at 31 December 2019		As at 31 March 2019	
Secured		Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
4,841,597	646,150	4,504,636	851,231

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

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

As at **December 31, 2019**, bank borrowings amounting to **Group Rs. 1,716,408,000 & Company Rs. 1,714,502,000** are secured by:

- first ranking pari passu charge in favour of a consortium of banks by way of hypothecation on the Company's trade receivables and inventories ; and
- first ranking pari passu charge in favour of a consortium of banks by way of hypothecation and/or legal mortgage over certain of Company's present and future properties, plant and equipment.

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

- first ranking pari passu charge in favour of a consortium of banks by way of hypothecation on the Company's trade receivables and inventories ; and
- first ranking pari passu charge in favour of a consortium of banks by way of hypothecation and/or legal mortgage over certain of Company's present and future properties, plant and equipment.

Bank A (HDFC Bank Limited)

As at **December 31, 2019**, bank borrowings amounting to **Rs. 6,196,000** are secured.

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

Bank B (HDFC Bank Limited – Term Loan)

As at **December 31, 2019**, HDFC Term Loan Dahej – SEZ of **Rs. 15,000,000** which is secured and repayable after one year. and **Rs. 60,000,000** repayable within one year.

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

Bank C (SBI – Term Loan)

As at **December 31, 2019**, SBI Term Loan of **Rs. 86,623,000** which is secured and repayable after one year. and **Rs. 140,000,000** repayable within one year.

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

Bank D (AXIS Bank –Term Loan)

As at **December 31, 2019**, Axis Bank Term Loan of **Rs. 544,527,000** which is secured and repayable after one year and **Rs. 155,579,000** repayable within one year.

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

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

As at **December 31, 2019**, bank borrowings amounting to **Rs. 1,249,482,000** (repayable after one year) and **Rs. 192,228,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

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

Bank F (HDFC Bank Limited – MFL)

As at **December 31, 2019**, bank borrowings amounting to **Rs. 1,893,333,000** (repayable after one year) and **Rs. 386,667,000** (repayable within one year) are secured by Mortgage/hypothecation of assets.

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

Bank G (Federal Bank – MFL)

As at **December 31, 2019**, 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.

As at **March 31, 2019**, bank borrowings amounting to **Rs. 680,300,000** (repayable after one year) and **Rs. Nil** (repayable within one year) are secured by Mortgage/hypothecation of assets.

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

Particulars	Group		Company	
	Nine Months ended		Nine Months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities:				
Profit from operations	3,086,333	3,458,575	1,693,909	2,164,922
Adjustments for :				
Depreciation on property, plant and equipment	662,597	733,102	354,935	348,421
Unrealised foreign exchange gain (loss)	145,681	(109,869)	98,993	(117,262)
Interest Received	(46,134)	(29,048)	(45,710)	(22,603)
Actuarial Valuation of Gratuity	(17,236)	(9,570)	(12,461)	(5,925)
Loss on disposal of property, plant and equipment	12,113	36,409	11,390	36,405
Operating cash flows before movement in working capital	3,843,354	4,079,599	2,101,056	2,403,958
Trade receivables	(346,300)	(410,954)	(452,572)	(304,094)
Other receivables and prepayments	(205,504)	190,826	(60,652)	500,117
Inventories	(133,073)	(1,198,196)	(44,169)	(1,076,086)
Trade payables	586,493	1,161,942	458,454	874,908
Other payables	(32,861)	102,000	68,117	78,712
Cash generated from operations	3,712,109	3,925,217	2,070,234	2,477,515
Income taxes paid/refund received	(534,453)	(725,535)	(284,314)	(316,281)
Interest and finance charges paid	(221,092)	(359,468)	(161,547)	(335,650)
Net cash from operating activities	2,956,564	2,840,214	1,624,373	1,825,584
Cash flows from investing activities:				
Purchase of property, plant & equipments	(4,307,409)	(2,616,798)	(847,637)	(556,396)
(Purchase) / Sale of Investment	20	(2,212,169)	(480)	(1,710,267)
Proceeds on disposal of property, plant & equipments	2,983	17,924	2,983	17,924
Interest received	25,810	29,048	25,386	22,603
Investment income received`	-	336	-	28
Net cash used in investing activities	(4,278,596)	(4,781,659)	(819,748)	(2,226,108)
Cash flows from financing activities:				
Dividend paid	(111,114)	(101,676)	(111,114)	(101,676)
Tax on dividend paid	(20,910)	(20,910)	(20,910)	(20,910)
Minority Interest (Net)	-	150,000	-	-
Proceeds from bank borrowings, net of repayments	527,484	2,383,262	(549,064)	1,631,661
Proceeds from other borrowings, net of repayments	(5,034)	8,285	(5,034)	(1,090,269)
Net cash from financing activities	390,426	2,418,961	(686,122)	418,806
Net effect of exchange rate change in consolidation	1,363	3,841	-	-
Net (decrease) increase in cash and cash equivalents	(930,243)	481,357	118,503	18,282
Cash and cash equivalents at the beginning of the year	1,382,013	829,283	34,985	10,751
Cash and cash equivalents at the end of the year	451,770	1,310,640	153,488	29,033

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 30 September, 2018	254,314	1,565,048	975,161	3,518	18,433	2,933	(1,786)	6,060,857	(5,170)	1,255,329	10,128,637
Net profit for the period	-	-	-	-	-	-	-	660,793	-	-	660,793
Addition during the year	-	-	-	-	-	-	-	1,891	(1,891)	130,838	130,838
Dividend Paid during the year	-	-	-	-	-	204	-	-	-	-	204
Currency Translation Reserve	-	-	-	-	-	-	(450)	-	-	-	(450)
Balance as at 31 December, 2018	254,314	1,565,048	975,161	3,518	18,433	3,137	(2,236)	6,723,541	(7,061)	1,386,167	10,920,022
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
Net profit for the period	-	-	-	-	-	-	-	472,851	-	-	472,851
Addition during the year	-	-	-	-	-	-	-	3,700	(3,700)	90,458	90,458
Dividend Paid during the year	-	-	-	-	-	606	-	-	-	-	606
Currency Translation Reserve	-	-	-	-	-	-	490	-	-	-	490
Balance as at 31 December, 2019	254,314	1,565,048	1,125,558	(897,175)	18,433	4,216	(1,299)	9,748,265	(20,300)	1,922,863	13,719,923

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 30 September, 2018	254,314	1,565,048	976,718	3,122	18,433	2,933	(3,064)	5,200,505	8,018,009
Net profit for the period	-	-	-	-	-	-	-	220,996	220,996
Addition during the year	-	-	-	-	-	-	(1,285)	1,285	-
Dividend Paid during the year	-	-	-	-	-	204	-	-	204
Balance as at 31 December, 2018	254,314	1,565,048	976,718	3,122	18,433	3,137	(4,349)	5,422,786	8,239,209
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
Net profit for the period	-	-	-	-	-	-	-	350,736	350,736
Addition during the year	-	-	-	-	-	-	(3,108)	3,108	-
Dividend Paid during the year	-	-	-	-	-	606	-	-	606
Balance as at 31 December, 2019	254,314	1,565,048	1,126,718	3,122	18,433	4,216	(18,827)	6,552,861	9,505,885

- 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.

	31 December 2019	31 March 2019
Total number of issued ordinary shares	12,892,190	12,892,190

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company does not have any treasury shares.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual Financial Statements have been applied.

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting year compared with the audited financial statements for the year ended 31 March, 2019 under Indian GAAP.

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

There is no change in accounting policy.

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

Earnings per Ordinary shares	Group		Company	
	9 months ended		9 months ended	
	31.12.2019	31.03.2019	31.12.2019	31.03.2019
(a) Based on weighted average number of ordinary shares in issue (Rs)	7.39	9.88	4.93	6.63
Earning per SDS (Rs)	3.70	4.94	2.47	3.32
(b) On a fully diluted basis (detailing any adjustments made to the earnings) (Rs)	7.39	9.88	4.93	6.63
Earning per SDS (Rs.)	3.70	4.94	2.47	3.32
Weighted average number of ordinary shares (Nos.)	254,314,211	254,314,211	254,314,211	254,314,211

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 31.12.2019	As at 31.03.2019	As at 31.12.2019	As at 31.03.2019
Net assets value per ordinary share based on issued share capital at the end of the period / year reported in Rs.	53.95	45.38	37.38	33.00

- 8 **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Revenue –Group

The principal activities of the Group are (i) manufacturing of Pigments, Agrochemicals, Chloralkali & Its derivatives (ii) trading of Pigments and its intermediates (iii) trading of Agrochemicals, Technical, Intermediates products and Small Packing.

Quarter to Quarter:-

Breakdown of Revenue by Product

(Rs. in Millions)

Products	Q3 FY 2019-20	Q3 FY 2018-19	Increase/ Decrease	%
Pigments	1400.67	1412.50	-11.83	-0.8
Agrochemicals	2137.50	1988.41	149.09	7.5
Chloro Alkali & Its Derivatives	1486.36	1797.60	-311.24	-17.3
Trading	131.71	227.13	-95.42	-42.0
Total	5156.24	5425.64	-269.40	-5.0

Breakdown of Domestic Sales by Product

(Rs. in Millions)

Domestic Sales	Q3 FY 2019-20	Q3 FY 2018-19	Increase/ Decrease	%
Pigments	250.11	203.58	46.53	22.9
Agrochemicals	370.96	372.37	-1.41	-0.4
Chloro Alkali & Its Derivatives	1404.93	1699.75	-294.82	-17.3
Trading	30.95	0.28	30.67	n.m.
Total	2056.95	2275.98	-219.03	-9.6

Breakdown of Exports Sales by Product

(Rs. in Millions)

Export Sales	Q3 FY 2019-20	Q3 FY 2018-19	Increase/ Decrease	%
Pigments	1150.56	1208.92	-58.36	-4.8
Agrochemicals	1766.54	1616.04	150.50	9.3
Chloro Alkali & Its Derivatives	81.43	97.85	-16.42	-16.8
Trading	100.76	226.85	-126.09	-55.6
Total	3099.29	3149.66	-50.37	-1.6

Group revenue decreased by **Rs. 269.40 million (i.e. -5.0%)** from **Rs.5425.64** million in Q3 FY 2019 to **Rs.5156.24** million in Q3 FY 2020. This is on account of decrease in Sales of Basic Chemicals and Trading.

Decrease in domestic sales

Group revenue from domestic sales decreased by **Rs. 219.03 million (i.e. -9.6%)** from **Rs. 2275.98 million** in Q3 FY 2019 to **Rs. 2056.95 million** in Q3 FY 2020. This is on account of decrease in Sales of Chloro Alkali and its derivatives.

Decrease in export sales

Group revenue derived from export sales decreased by **Rs. 50.37 million (i.e. -1.6%)** from **Rs.3149.66 million** in Q3 FY 2019 to **Rs. 3099.29 million** in Q3 FY 2020. This is on account of decrease in Sales of Pigment and Trading.

Gross profit Analysis – Quarter to Quarter:-

Breakdown of Gross Profit by Division

(Rs. in Millions)

Division	Q3 FY 2020	GP Margin Q3 FY 2020 (%)	Q3 FY 2019	GP Margin Q3 FY 2019 (%)	Vari ance	%
Pigments	279.69	20.0	237.87	16.8	41.82	17.6
Agrochemicals	534.57	25.0	493.46	24.8	41.11	8.3
Chloro Alkali & Its Derivatives	436.28	29.4	932.92	51.9	-496.64	-53.2
Trading	8.86	6.7	13.88	6.1	-5.02	-36.2
Total	1259.40	24.4	1678.13	30.9	-418.73	-25.0

Overall, gross profit of the Group decreased by **Rs. 418.73 million** (i.e.-25.0%) from **Rs 1678.13 million** in Q3 FY 2019 to **Rs 1259.40 million** in Q3 FY 2020.

GP Percentage of Pigment

The gross profit percentage of Pigment Division increased by **17.6%** while GP margin increased from **16.8%** in Q3 FY 2019 to **20.0%** in Q3 FY 2020 mainly due to decrease in Raw Material cost. of Beta Blue, Alpha Blue and PG7

GP Percentage of Agrochemicals

The gross profit percentage of Agrochemical Division increased by **8.3%** and GP margin increased from **24.8 %** in Q3 FY 2019 to **25.0%** in Q3 FY 2020 due to higher realization of CMAC, Solid Cyper, Zeta Cypermethrin and MPB.

GP Percentage of Chloro Alkali & Its Derivatives

The gross profit of Chloro Alkali & Its Derivatives Division decreased by **53.2%**, while GP margin of Chloro Alkali & Its Derivatives Division decreased from **51.9%** in Q3 FY 2019 to **29.4%** in Q3 FY 2020 due to decrease in ECU and Sales.

Other Operating Income

Other operating income of the Group consists mainly of new incentive Scheme MEIS introduced by the government, Duty Draw Back Scheme, etc, which decreased by **Rs. 25.46 million** to **Rs. 91.28 million** in Q3 FY 2020. The other income increased due to increase in export incentive under MEIS.

Distribution, Administrative and Other Operating Expenses

Distributions costs of the Group increased marginally by **2.4%** to **Rs 267.79 million** in Q3 FY 2020, due to increase in Sales Commission and loading unloading expenses depot.

Administrative costs of the Group increased by **18.6 %** to **Rs 220.92 million** in Q3 FY 2020, on account of increase in donation, insurance premium, VAT GST Expenses and legal and professional fees.

Other operating expenses decreased by **Rs. 32.05 million** in Q3 FY 2020 mainly due to foreign exchange fluctuations.

Finance costs

Finance costs in Q3 FY 2020 decreased by **Rs. 51.96 million (i.e. -43.6%)** on account of decrease in interest rate and term loan at Company level.

Income from Investments :-

During the quarter Income earned from investments is **Rs. nil**.

Taxation

Income tax decreased by **Rs. 174.31 million** i.e. from **Rs. 375.41 million** in Q3 FY 2019 to **Rs. 201.10 million** in Q3 FY 2020 due to decrease in profit.

Interest in Subsidiaries

1. Meghmani Organics USA Inc., is a 100% wholly owned subsidiary of the Company set up for trading purpose.
2. Meghmani Finechem Limited (MFL) is a 57% Subsidiary of the Company to set up Caustic Chlorine project. Meghmani Organics Limited holds 57% of the Equity.
3. P T Meghmani Indonesia is a 100% wholly owned subsidiary of the Company set up for the trading purpose.
4. Meghmani Overseas FZE, Sharjah is a 100% wholly owned subsidiary of the Company set up for trading purpose.
5. Meghmani Organochem Limited 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 'items comprising of income and expense (including reclassification adjustments) that are not recognized in profit or loss.

Group Revenue Analysis :- Nine Months to Nine Months:-

Breakdown of Revenue by Product

(Rs. in Millions)

Division	9 months FY 2019-20 Actual	9 months FY 2018-19 Actual	Variance	%
	Rs.	Rs.	Rs.	
Pigments	4310.32	4077.23	233.09	5.7
Agrochemicals	7151.39	5417.76	1733.63	32.0
Chloro Alkali & Its Derivatives	4702.04	4755.11	-53.07	-1.1
Trading	339.89	670.19	-330.30	-49.3
Total	16503.64	14920.29	1583.35	10.6

Division wise Domestic Sales

(Rs. in Millions)

Particulars	9 months FY 2019-20 Actual	9 months FY 2018-19 Actual	Variance	%
	Rs.	Rs.	Rs.	
Pigments	981.66	618.87	362.79	58.6
Agrochemicals	1547.46	1544.41	3.05	0.2
Chloro Alkali & Its Derivatives	4481.51	4509.56	-28.05	-0.6
Trading	105.10	19.45	85.65	440.4
Total	7115.73	6692.29	423.44	6.3

Division wise Export Sales

(Rs. in Millions)

Particulars	9 months FY 2019-20 Actual	9 months FY 2018-19 Actual	Variance	%
	Rs.	Rs.	Rs.	
Pigments	3328.66	3458.36	-129.70	-3.8
Agrochemicals	5603.93	3873.35	1730.58	44.7
Chloro Alkali & Its Derivatives	220.53	245.55	-25.02	-10.2
Trading	234.79	650.74	-415.95	-63.9
Total	9387.91	8228.00	1159.91	14.1

Group revenue for 9 months FY 2020 increased by **Rs.1583.35 million (i.e. 10.6%)** i.e. Rs. **Rs. 14920.29 million** in 9 Months FY 2019 to **Rs. 16503.64 million** in 9 Months FY 2020 on account of **increase** in sales of Agro Chemicals and Pigment.

Increase in domestic sales

Group revenue of domestic sales has **increased** by **Rs. 423.44 million (i.e. 6.3%)** i.e. from **Rs 6692.29 million** in 9 Months FY 2019 to **Rs 7115.73 million** in 9 Months FY 2020. This is due to increase in sales of Pigment and Trading.

Increase in export sales

Group revenue derived from export sales increased by **Rs.1159.91 million (i.e. 14.1%)** from **Rs. 8228.00 million** in 9 Months FY 2019 to **Rs. 9387.91 million** in 9 Months FY 2020. This is due to **increase** in sales of Agrochemicals.

Group Gross Profit Analysis :- Nine Months to Nine Months:-

Breakdown of Gross Profit by Division

(Rs. in Millions)

Division	9 months FY 2019-20	GP Margin 9 months FY 2019-20 (%)	9 months FY 2018-19	GP Margin 9 months FY 2018-19 (%)	Increase/Decrease	%
Pigments	729.26	16.9	714.83	17.5	14.43	2.0
Agrochemicals	1652.84	23.1	1454.65	26.8	198.19	13.6
Chloro Alkali & Its Derivatives	1773.38	37.7	2281.22	48.0	-507.84	-22.3
Trading	14.70	4.3	33.17	4.9	-18.47	-55.7
Total	4170.18	25.3	4483.87	30.1	-313.69	-7.0

Group gross profit for 9 Months FY 2020 decreased by **Rs. 313.69 million (i.e. -7.0%)** from **Rs 4483.87 million** in 9 Months FY 2019 to **Rs 4170.18 million** in 9 Months FY 2020.

GP Percentage of Pigment

The gross profit percentage of Pigment Division increased marginally by **2.0%** while GP margin decreased from **17.5 %** in 9 Months FY 2019 to **16.9%** in 9 Months FY 2020 .

GP Percentage of Agrochemicals

The gross profit percentage of Agrochemical Division increased by **13.6%** and GP margin decreased from **26.8%** in 9 Months FY 2019 to **23.1%** in 9 Months FY 2020.

GP Percentage of Chloro Alkali & Its Derivatives

The amount of gross profit of Chloro Alkali & Its Derivatives Division decreased by **-22.3%**, while GP margin of Chloro Alkali & Its Derivatives Division decreased from **48.0%** in 9 Months FY 2019 to **37.7%** in 9 Months FY 2020 due to decrease in ECU.

Other Operating Income

Other operating income of the Group consists mainly of new incentive Scheme MEIS introduced by the government and duty drawback etc. has increased by **3.5% to Rs. 328.51 million** in 9 Months FY 2020. The other income increased due to increase in export incentive under MEIS.

Distribution, Administrative and Other Operating Expenses

Distribution expenses of the Group for 9 Months FY 2020 increased by **25.1%** i.e. to **Rs. 855.60 million**, due to increase in Sales commission, Packing material consumption, special discount and Quantity Rebate to customers.

Administrative expenses for 9 Months FY 2020 decreased marginally by **Rs. 22.92 million** from **Rs.711.19 million** in 9 Months FY 2019 to **Rs. 688.27 million** in 9 Months FY 2020.

Other operating expenses of the Group for 9 Months FY 2020 decreased by **Rs. 79.11 million** mainly due to foreign currency exchange adjustment.

Finance costs

Finance costs of the Group for 9 Months FY 2020 decreased by **Rs. 138.38 million (or -38.5%)**, mainly due to decrease in working capital loan and decrease in rate of interest.

Balance sheet

Trade receivables

Trade receivables of Group increased by **Rs. 346.30 million from Rs. 4313.53 million** in FY 2019 to **Rs. 4659.83 million** in 9 Months FY 2020 due to increase in sales.

Trade receivables at Company level increased by **Rs. 452.57 million from Rs. 3541.24 million** in FY 2019 to **Rs. 3993.81 million** in 9 Months FY 2020 due to increase in sales.

Other receivables & Prepayments

During 9 Months period FY 2020, other receivables & prepayments at Group level increased by **Rs. 61.19 million (or 4.8%)**, This is due to increase in down payment made to vendors.and Company level decreased by **Rs. 38.34 million (or -3.8%)** .This is due to Refund received in export benefit during this year.

Inventories

The Inventories at Group level increased by **Rs. 133.07 million** i.e. from **Rs. 4109.39 million** in FY 2019 to **Rs. 4242.46 million** in at 9 Months FY 2020 and Inventories at Company level increased by **Rs. 44.17 million** from **Rs. 3636.08 million** in FY 2019 to **Rs. 3680.25 million** in at 9 Months FY 2020.

Property, plant and equipment

Fixed assets at 9 Months FY 2020 at Group level increased by **Rs. 3629.72 million** and at Company level increased by **Rs. 478.33 million** respectively. The Company is installing 2,4 D expansion, Zeta cypermethrin and DCS Automation and expansion at Group level is in process for Caustic Chlorine, Captive Power, CMS, Hydrogen Peroxide project in MFL .

Bank Borrowings and Long Term Loan

Bank borrowings at 9 Months FY 2020 at Group level increased by **Rs. 522.45 million** on account of increase in Term Loan and at Company level decreased by **Rs. 554.10 million** due to repayment of term loan.and lower utilization on account of increase in operation.

Trade payables

Trade payables at 9 Months FY 2020 at Group and Company level increased by **Rs. 586.49 million** and **Rs. 458.45 million** respectively.

Other payable

Other payable at 9 Months FY 2020 at Group decreased by **Rs. 32.86 million** and at Company level increased by **Rs. 68.12 million** respectively.

Cash flow statement

At 9 Months FY 2020 period, the Group has generated positive net cash flow of **Rs. 2956.56 million**

Financial Analysis

Rs. in millions

Group Key Financial Highlights	As at 31.12.2019	As at 31.12.2018	Variance	Variance (%)
<u>Profitability</u>				
Sales	16503.64	14920.29	1583.35	10.6
Gross Profit	4170.18	4483.87	-313.69	-7.0
Gross Profit Margin (%)	25.3	30.1	-4.8	
Profit before tax	2865.24	3099.44	-234.20	-7.6
Profit before tax Margin (%)	17.4	20.8	-3.4	
Net profit	1878.11	1844.84	33.27	1.8
Net profit Margin (%)	11.4	12.4	-1.0	
Earning per Share (EPS in Rs.)	7.39	7.27	0.12	1.7
<u>Financial position</u>				
Net tangible assets	13719.92	10920.02	2799.90	25.6
Debt (short term +long term)	7696.04	6243.16	1452.88	23.3
Capital Gearing ratio	0.56	0.57	-0.01	-1.8
Net tangible assets per share	46.39	37.49	8.90	23.7
Stock turnover (days)	95	102	-7	-6.9
Trade debts turnover (days)	78	77	1	1.3

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) **Global Economy**

After a strong growth in 2017 and early 2018, the second half of 2018 experienced a slowdown. Global economic growth softened to 3.6% in 2018 and it is projected to decline further to 3.3% in 2019.

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

2) **Indian Economy**

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

3) **Pigment:**

Industry Overview:

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

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

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

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

4) **Business Overview**

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

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

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

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

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

5) **Risks, Concerns and Threats**

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

6) **AGROCHEMICALS - INDUSTRY STRUCTURE:-**

There are broadly 5 categories of crop protection products:

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

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

7) Agrochemical Market

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

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

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

8) Huge opportunity for generic pesticides players:

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

9) India Agrochemical Industry:

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

10) Key growth driver of pesticides:

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

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

11) Business Overview

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

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

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

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

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

12) Outlook and Strategy

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

13) Challenges:-

The industry is expected to face certain challenges such as regulatory standards to reduce toxicity, high inventory, low profit margins, and patent expirations. Low farm output is a major challenge faced by most farmers across India. The chief reasons for the poor yield are fragmented land holdings, inadequate use of technology and modern methods of farming, poor soil health, and lack of access to irrigation facilities. Increase in investment in the field of research and development of agrochemicals which in turn will spur the exports increasing competitiveness in the global scenario. Development and registration of a pesticide active ingredient is one of the biggest components of cost for a pesticide company.

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

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

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

14) Chloro Alkali & Its Derivatives - Chlor Alkali Industry

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

15) Indian Chlor-alkali Industry:

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

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

Significant growth potential for Alkali and Chlor-Vinyl industry in next 5 years as the alkalis are the basic building blocks that find application in product of everyday use including aluminium, paper, textile and plastic. With growing aspirations of a rising middle class, higher disposable income and currently low level of penetration, demand for these products is bound to grow.

There is a vast untapped market, which will significantly drive demand. India has one of the lowest per capita consumption of 1.9 kg caustic soda, 2.3 kg soda ash and 2.0 kg PVC compared to 32.0 kg, 28.0 kg and 12.7 Kg in the US and 12 Kg, 11 Kg and 10 Kg in China for Caustic Soda, Soda Ash and PVC respectively.

11. **Dividend**

(a) **Current financial period reported on 31.12.2019**

Any dividend for the current financial period reported on? No

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

(c) **Date payable:** Not applicable

(d) **Books closure date:** Not applicable

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

No dividend for the period 31.12.2019 has been declared/ recommended.

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.**

Particulars of interested person transactions for the month ended 31 December 2019 are as under:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 (equivalent to approximately Rs 5,148,000) 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 4,798,000)	
	Amount in Rs.	Amount in S\$,000	Amount in Rs.	Amount in S\$,000
Purchases				
Meghmani Pigments ⁽¹⁾	120,104,651	2,333	-	-
Meghmani LLP ⁽⁵⁾	57,398,800	1,115	-	-
Arjan Owners LLP ⁽⁸⁾	13,889,050	270		
Sales				
Ashish Chemicals (EOU) ⁽⁴⁾	9,180,400	178	-	-
Meghmani Dyes & Intermediate LLP ⁽⁹⁾	11,065,305	215	-	-

Note – Rs. 51.48 = \$1 (Average Rate of 31.12.2019)

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

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

- (5) Meghmani LLP is a partnership firm owned by Mr Jayanti Patel (Executive Chairman) and Mr Ashish Soparkar (Managing Director) and their immediate family.
- (7) Meghmani Industries Limited is a limited company with 48% of Equity Shares of are held directly by Mr Natwarlal Patel (Managing Director), and Mr Ramesh Patel (Executive Director).
- (8) Arjan Owners LLP is a partnership firm owned by immediate family of Mr Jayanti Patel (Executive Chairman) and Mr Ashish Soparkar and Mr. Natwarlal Patel (Managing Directors), Mr. Ramesh Patel and Mr. Anand Patel Executive Directors of the Company.
- (9) Meghmani Dyes and Intermediates LLP. is a Partnership Firm with 44.33% owned by Mr. Natwarlal Patel (Managing Director), Mr Ramesh Patel and Mr. Anand Patel (Executive Directors) of the Company.

The above interested person transactions conducted fall within the related party transactions shareholders' mandate obtained for a period of three year at the **Annual General Meeting** held on **16 July 2018**

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

On behalf of the Board of Directors of the Company, I the undersigned, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the Third quarter ended **31 December, 2019** to be false or misleading.

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

The Company confirms that undertaking under Rule 720 (1) have been obtained from all its Directors and Executive officers in the Format set out in Appendix 7.7.

16. Reconciliation between IND AS and IFRS

Ernst & Young – Singapore has been appointed as Joint Auditor for Financial Year 2019-20 to comply with the requirements of SGX Listing rules. The Company has not considered the variance in the profit reported under the quarter ended 31st December, 2019.

BY ORDER OF THE BOARD
MEGHMANI ORGANICS LIMITED
K D Mehta
Company Secretary
Date: 03/02/2020