MEGHMANI ORGANICS LIMITED

Full year Financial Statement And Dividend Announcement for the Year Ended 31 March 2020

The Board of Directors of Meghmani Organics Limited ("MOL" or the "Company" or "the Issuer")wishes to make the following announcement of the Company's results for the year ended 31 March, 2020 as follows:-.

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

	Group			Company		
	Year ended		%	Year ended		%
	31.03.2020	**31.03.2019**	**Increase / (Decrease)**	**31.03.2020**	**31.03.2019**	**Increase / (Decrease)**
	Rs. '000	**Rs. '000**		**Rs. '000**	**Rs. '000**	**Rs. '000**
Revenue	21,602,079	20,412,637	5.8	15,797,676	13,657,254	15.7
Cost of sales	(16,514,577)	(14,118,829)	17.0	(12,742,179)	(10,646,130)	19.7
Gross Profit	**5,087,502**	**6,293,808**	**-19.2**	**3,055,497**	**3,011,124**	**1.5**
Other operating income	437,749	408,674	7.1	417,011	389,334	7.1
Distribution expenses	(1,087,399)	(914,605)	18.9	(850,702)	(812,802)	4.7
Administrative expenses	(803,297)	(1,129,316)	-28.9	(573,255)	(549,664)	4.3
Other operating expenses	224,920	(36,791)	n.m.	246,851	502,120	-50.8
Profit from operations	**3,859,475**	**4,621,770**	**-16.5**	**2,295,402**	**2,540,112**	**-9.6**
Finance cost	(269,044)	(536,549)	-49.9	(186,947)	(471,784)	-60.4
Income from investments	-	375	n.m.	246,072	153,584	60.2
Profit before tax	**3,590,431**	**4,085,596**	**-12.1**	**2,354,527**	**2,221,912**	**6.0**
Income tax	(700,279)	(1,131,924)	-38.1	(425,369)	(535,005)	-20.5
Profit after income tax	**2,890,152**	**2,953,672**	**-2.2**	**1,929,158**	**1,686,907**	**14.4**
Other Comprehensive Income (net of tax)	(23,546)	(10,551)	123.2	(22,115)	(9,008)	n.m.
Total Comprehensive Income Attributable to						
Minority Interest	(487,529)	(439,979)	10.8	-	-	
Owners of the Company	**2,379,077**	**2,503,142**	**-5.0**	**1,907,043**	**1,677,899**	**13.7**

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

	Group			Company		
	Year ended		%	Year ended		%
	31.03.2020	**31.03.2019**	**Increase (Decrease)**	**31.03.2020**	**31.03.2019**	**Increase (Decrease)**
	Rs. '000	**Rs. '000**		**Rs. '000**	**Rs. '000**	
Foreign currency exchange adjustment loss/(gain)	296,369	11,505	n.m.	325,577	35.366	n.m.
Loss on disposal of plant and equipment and Investment	4,012	38,904	-89.7	564	553,675	n.m.
Research and Developments expenditure	(19,664)	(15,275)	28.7	(16731)	(13,753)	21.7
Sundry Balance written off	(75,461)	(87,200)	-13.5	(79290)	(86,921)	-8.8

Note: n.m. means not meaningful.

MEGHMANI ORGANICS LTD AHMEDABAD

1(b) (i) A balance sheet of the Company and Group together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS				
Current assets				
Cash & bank balances	162,697	1,382,013	137,487	34,985
Trade receivables	5,305,197	4,313,533	4,637,902	3,541,238
Other receivables and prepayments	1,104,651	1,266,900	979,766	996,407
Inventories	3,516,074	4,109,390	2,965,433	3,636,080
Income tax recoverable	262,716	195,469	(111,677)	(41,913)
Total current assets	**10,351,335**	**11,267,305**	**8,608,911**	**8,166,797**
Non – current assets				
Property, plant and equipments	17,182,082	12,541,530	5,812,766	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	**17,187,803**	**12,547,271**	**7,643,642**	**6,716,895**
Total assets	**27,539,138**	**23,814,576**	**16,252,553**	**14,883,692**
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	3,165,630	2,668,957	2,086,424	2,425,295
Trade payables	3,655,447	2,925,665	2,770,976	2,167,816
Other payables	1,289,529	1,467,236	648,528	638,519
Total current liabilities	**8,110,606**	**7,061,858**	**5,505,928**	**5,231,630**
Non – current liabilities				
Long Term Loan	4,738,683	4,504,636	555,830	851,231
Deferred tax liabilities	701,856	707,399	278,111	408,878
Total non – current liabilities	**5,440,539**	**5,212,035**	**833,941**	**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	1,245,558	1,125,558	1,246,718	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	4,627	12,296	4,627	12,296
Currency translation reserve	(959)	(2,662)	-	-
Other Comprehensive Income	(32,861)	(12,964)	(31,617)	(9,502)
Accumulated profits	9,938,241	7,985,453	6,852,039	5,421,524
Minority interest	1,892,767	1,492,382	-	-
Total equity	**13,987,993**	**11,540,683**	**9,912,684**	**8,391,953**
Total liabilities and equity	**27,539,138**	**23,814,576**	**16,252,553**	**14,883,692**

MEGHMANI ORGANICS LTD. AHMEDABAD

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

Amount repayable in one year or less, or on demand

As at 31.03.2020		As at 31.03.2019	
Secured		Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
3,165,630	2,086,424	2,668,957	2,425,295

As at 31.03.2020		As at 31.03.2019	
Un –Secured		Un –Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
-	-	-	-

Amount repayable after one year

As at 31.03.2020		As at 31.03.2019	
Secured		Secured	
Group	Company	Group	Company
4,738,683	555,830	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 March 31, 2020, bank borrowings amounting to **Group Rs. 1,732,962,000 & Company Rs. 1,535,763,000** are secured by:

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

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

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

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

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

Bank A (HDFC Bank Limited)

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

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

Bank B (ICICI Bank Limited)

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

As at March 31, 2019, bank borrowings amounting to **Rs.Nil** are secured.

Bank C (SBI Bank Limited)

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

As at March 31, 2019, bank borrowings amounting to **Rs. Nil** are secured.

Bank D (HDFC Bank Limited – Term Loan)

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

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 E (SBI – Term Loan)

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

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 F (AXIS Bank –Term Loan)

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

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

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

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 H (HDFC Bank Limited – MFL)

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

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 I (Fedral Bank – MFL)

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

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 and Company, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Particulars	Group		Company	
	Year ended		Year ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities:				
Profit from operations	3,859,475	4,621,770	2,295,402	2,540,112
Adjustments for :				
Depreciation on property, plant and equipment	885,882	972,594	475,206	462,904
Unrealised foreign exchange gain (loss)	327,430	(184,090)	276,120	(117,986)
Actuarial Valuation of Gratuity	(33,712)	(19,633)	(29,553)	(13,846)
Interest received	(58,558)	(43,361)	(57,329)	(29,366)
Loss on disposal of property, plant and equipment	14,474	37,838	14,023	37,854
Operating cash flows before movement in working capital	**4,994,991**	**5,385,118**	**2,973,869**	**2,879,672**
Trade receivables	(991,664)	(568,517)	(1,096,664)	(512,872)
Other receivables and prepayments	(163,478)	657,957	(259,478)	345,185
Inventories	593,317	(1,431,999)	670,647	(1,309,556)
Trade payables	729,782	1,123,373	603,160	528,095
Other payables	(177,709)	533,675	10,010	219,329
Cash generated from operations	**4,985,239**	**5,699,607**	**2,901,544**	**2,149,853**
Income taxes paid	(746,680)	(1,082,550)	(457,908)	(488,329)
Interest and finance charges paid	(269,044)	(536,549)	(186,947)	(471,784)
Net cash from operating activities	**3,969,515**	**4,080,508**	**2,256,689**	**1,189,740**
Cash flows from investing activities:				
Purchase of property, plant & equipments	(5,547,267)	(4,587,112)	(1,421,593)	(676,361)
Proceeds on disposal of property, plant & equipments	6,363	18,174	6,098	17,924
(Purchase) / Sale of Investment	20	(2,211,966)	(480)	506,822
Interest received	41,932	43,361	37,605	29,366
Income from Investments	-	375	246,072	153,584
Net cash used in investing activities	**(5,498,952)**	**(6,737,168)**	**(1,132,298)**	**31,335**
Cash flows from financing activities:				
Dividend paid	(365,012)	(245,099)	(365,012)	(245,099)
Tax on dividend paid	(57,289)	(20,910)	(22,605)	(20,910)
Proceeds from bank borrowings, net of repayments	737,923	3,317,960	(627,068)	163,697
Proceeds from other borrowings, net of repayments	(7,204)	4,025	(7,204)	4,025
Other Borrowings	-	-	-	(1,098,554)
Minority Interest	-	150,000	-	-
Net cash from financing activities	**308,418**	**3,205,976**	**(1,021,889)**	**(1,196,841)**
Net effect of exchange rate change in consolidation	1,703	3,414	-	-
Net (decrease) increase in cash and cash equivalents	**(1,219,316)**	**552,730**	**102,502**	24,234
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	**162,697**	**1,382,013**	**137,487**	**34,985**

MEGHMANI ORGANICS LTD. AHMEDABAD

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

Group

Rs. '000

	Issued capital	Share premium	General reserve	Capital Reserve	Capital redemption reserve	Dividend reserve	Currency translation reserve	Accumulated Profits	Other Comprehensive Income	Minority Interest	Total
Balance as at March 31,2018	254,314	1,565,048	975,558	3,518	18,433	2,210	(6,077)	5,895,731	(1,160)	2,213,675	10,921,250
Net profit for the year	-	-	-	-	-	-	-	2,503,142	-	-	2,503,142
Dividend	-	-	-	-	-	275,224	-	(275,224)	-	-	-
Transfer to (from) reserve	-	-	150,000	-	-	-	-	(138,196)	(11,804)	-	-
Acquisition of a Non-controlling Interest (NCI)	-	-	-	(900,693)	-	-	-	-	-	-	(900,693)
Dividend Paid	-	-	-	-	-	(265,138)	-		-	-	(265,138)
Addition during year	-	-	-	-	-	-	3,415	-	-	(721,293)	(717,878)
Balance as at March 31,2019	254,314	1,565,048	1,125,558	(897,175)	18,433	12,296	(2,662)	7,985,453	(12,964)	1,492,382	11,540,683
Net profit for the year	-	-	-	-	-		-	2,379,077	-	-	2,379,077
Dividend	-	-	-	-	-	413,331	-	(413,331)	-	-	-
Transfer to (from) reserve	-	-	120,000	-	-		-	(12,958)	(19,897)	(87,145)	-
Dividend Paid	-	-	-	-	-	(421,000)	-	-	-	-	(421,000)
Addition during year	-	-	-	-	-		1,703	-	-	487,530	489,233
Balance as at March 31,2020	254,314	1,565,048	1,245,558	(897,175)	18,433	4,627	(959)	9,938,241	(32,861)	1,892,767	13,987,993

MEGHMANI ORGANICS LTD. AHMEDABAD

Company

Rs. '000

	Issued capital	Share premium	General reserve	Capital Reserve	Capital redemption reserve	Dividend reserve	Other Comprehensive Income	Accumulated Profits	Total
Balance as at March 31,2018	254,314	1,565,048	976,718	3,122	18,433	2,210	(494)	4,159,841	6,979,192
Net profit for the year	-	-	-	-	-		-	1,677,899	1,677,899
Dividend	-	-	-	-	-	275,224	-	(275,224)	-
Transfer to (from) reserve	-	-	150,000	-	-	-	(9,008)	(140,992)	-
Dividend Paid	-	-	-	-	-	(265,138)	-	-	(265,138)
Balance as at March 31,2019	254,314	1,565,048	1,126,718	3,122	18,433	12,296	(9,502)	5,421,524	8,391,953
Net profit for the year	-	-	-	-	-		-	1,907,043	1,907,043
Dividend	-	-	-	-	-	378,643	-	(378,643)	-
Transfer to (from) reserve	-	-	120,000	-	-		(22,115)	(97,885)	-
Dividend Paid	-	-		-	-	(386,312)			(386,312)
Balance as at March 31,2020	254,314	1,565,048	1,246,718	3,122	18,433	4,627	(31,617)	6,852,039	9,912,684

MEGHMANI ORGANICS LTD. AHMEDABAD

31(d)(ii) **Details of any changes in the Company'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 March 2020	31 March 2019
Total number of issued ordinary shares **Excluding treasury shares**	12,849,340	12,892,190

During the year the Company has issued 42,850 Equity Shares on conversion of SDS.

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 been audited in accordance with the provisions of Generally Acceptable Accounting Practices (GAAP) in India.

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

There is no qualification or adverse remarks by Auditors. The Auditors' Report will be circulated along with Annual Report.

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 Company has prepared the accounts in accordance with Generally Acceptable Accounting Principles in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standard) Rules, 2015 (as amended) under Section 133 of the Indian Companies Act, 2013.

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.**

MEGHMANI ORGANICS LTD AHMEDABAD

The Company has prepared the accounts in accordance with the accounting principles Generally Accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standard) Rules, 2015 (as amended) under Section 133 of the Indian Companies Act, 2013.

The reasons for change are mandatory requirements. These Standards are adopted to put the accounts prepared in India at Par with International Financial Reporting System (IFRS). There is no effect on the Profitability due to changes in the accounting policies and methods.

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

	Group		Company	
Earnings per Ordinary shares	Year ended		Year ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
(a) Based on weighted average number of ordinary shares in issue (Rs)	9.35	9.84	7.50	6.60
Earnings per SDS (Rs)	4.68	4.92	3.75	3.30
(b) On a fully diluted basis (detailing any adjustments made to the earnings) (Rs)	9.35	9.84	7.50	6.60
Earnings per SDS (Rs.)	4.68	4.92	3.75	3.30

7. **Net asset value (for the issuer and Group) 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 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Net assets value per ordinary share based on issued share capital at the end of the year reported in Rs.	55.00	45.38	38.98	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.

<u>Revenue –Group</u>

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

MEGHMANI ORGANICS LTD. AHMEDABAD

Review of results for the year ended on 31 March, 2020

Revenue -Group

Group revenue for FY 2020 increased by **5.8%** from **Rs. 20412.64 million** in FY 2019 to **Rs. 21602.08 million** in FY 2020.

Breakdown of Revenue by Product

(Rs. in Millions)

Products	FY 2020	FY 2019	Increase/ (Decrease)	%
Pigment	5834.22	5389.54	444.68	8.3
Agrochemical	9475.92	7668.85	1807.07	23.6
Basic Chemicals	5835.96	6553.84	-717.88	-11.0
Trading / Subsidiary	455.98	800.41	-344.43	-43.0
Total	**21602.08**	**20412.64**	**1189.44**	**5.8**

Breakdown of Exports Sales by Product

(Rs. in Millions)

Export Sales	FY 2020	FY 2019	Increase/ (Decrease)	%
Pigment	4619.15	4479.86	139.29	3.1
Agrochemical	7447.39	5648.22	1799.17	31.9
Basic Chemicals	282.78	312.01	-29.23	-9.4
Trading / Subsidiary	449.34	779.23	-329.89	-42.3
Total	**12798.66**	**11219.32**	**1579.34**	**14.1**

Breakdown of Domestic Sales by Product

(Rs. In Millions)

Domestic Sales	FY 2020	FY 2019	Increase/ (Decrease)	%
Pigment	1215.07	909.68	305.39	33.6
Agrochemical	2028.53	2020.63	7.90	0.4
Basic Chemicals	5553.18	6241.83	-688.65	-11.0
Trading	6.64	21.18	-14.54	-68.6
Total	**8803.42**	**9193.32**	**-389.90**	**-4.2**

Reasons for Increase / (Decrease) in Export Sales

1) Export sales of Pigment Division increased marginally by **3.1%** due to increase in sales quantity of Beta Blue.

2) Export sales of Agrochemical Division increased by **31.9%** due to increase in sales quantity of Zeta Cypermethrin, Cypermethrin, Chlorpyriphos, Tech Methyl and Bifenthrine.

3) Export sales of Basic Chemicals decreased by **9.4%** due to decrease in export orders.

Reasons for Increase / (Decrease) in Domestic Sales

1) Domestic sales of Pigment Division increased by **33.60%** due to increase in sales quantity of CPC Blue and Beta Blue.

2) Domestic sales of Agrochemical Division increased marginally by **0.4%**

3) Domestic sales of Basic Chemical Division decreased by **11.0%** due to less quantity sales of Basic chemical and decrease in ECU (Price) during the year.

Revenue - Company

Company revenue for FY 2020 increased by **Rs. 2140.43 million** i.e.by **15.7%** from **Rs. 13657.25 million** in FY 2019 to **Rs. 15797.68 million** in FY 2020.

BREAKDOWN OF REVENUE BY PRODUCT

(Rs. in Millions)

Products	FY 2020	FY 2019	Increase/ (Decrease)	%
Pigment	6137.16	5780.49	356.67	6.2
Agrochemical	9554.27	7724.88	1829.39	23.7
Trading / Subsidiary	106.25	151.88	-45.63	-30.0
Total	**15797.68**	**13657.25**	**2140.43**	**15.7**

Breakdown of Exports Sales by Product

(Rs. in Millions)

Export Sales	FY 2020	FY 2019	Increase/ (Decrease)	%
Pigment	4922.09	4870.81	51.28	1.1
Agrochemical	7525.74	5704.25	1821.49	31.9
Trading	99.61	130.70	-31.09	-23.8
Total	**12547.44**	**10705.76**	**1841.68**	**17.2**

Breakdown of Domestic Sales by Product

(Rs. in Millions)

Domestic Sales	FY 2020	FY 2019	Increase/ (Decrease)	%
Pigment	1215.07	909.68	305.39	33.6
Agrochemical	2028.53	2020.63	7.90	0.4
Trading	6.64	21.18	-14.54	-68.6
Total	**3250.24**	**2951.49**	**298.75**	**10.1**

Reasons for Increase / (Decrease) in Export Sales

1) Export sales of Pigment Division increased marginally by **1.1%** due to increase in sales quantity of Beta Blue.
2) Export sales of Agrochemical Division increased by **31.9%** due to increase in sales quantity of Zeta Cypermethrin, Cypermethrin, Chlorpyriphos Tech Methyl and Bifenthrine.

3) Export sales of Trading Division decreased by **23.8%** due to decrease in trading export orders.

Reasons for Increase / (Decrease) in Domestic Sales

1) Domestic Sales of Pigment Division increased by **33.6%** due to increase in sales quantity of CPC Blue and Beta Blue.

2) Domestic Sales of Agrochemical Division increased marginally by **0.4 %**.

3) Domestic Sales of Trading Division decreased by **68.6%** Mainly due to decrease in trading sales.

Gross profit - Group

The gross profit decreased by **19.2%** from **Rs. 6293.81 million** in FY 2019 to **Rs. 5087.50 million** in FY 2020. The gross profit margin decreased from to **30.8%** in FY 2019 to **23.6%** in FY 2020.

Breakdown of Gross Profit by Division

(Rs. in Millions)

Division	FY 2020	GP Margin FY 2020 (%)	FY 2019	GP Margin FY 2019 (%)	Increase/ (Decrease)	Increase/ Decrease (%)
Pigment	995.76	17.1	912.14	16.9	83.62	9.2
Agrochemical	2059.11	21.7	2089.86	27.3	-30.75	-1.5
Basic Chemicals	2008.17	34.4	3249.17	49.6	-1241.00	-38.2
Trading/Subsidiary	24.46	5.4	42.64	5.3	-18.18	-42.6
Total	**5087.50**	**23.6**	**6293.81**	**30.8**	**-1206.31**	**-19.2**

REASONS FOR INCREASE / (DECREASE) IN GP MARGIN

GP of Pigment

The gross profit of Pigment Division increased by **9.2%** due to decrease in raw material cost of CPC Blue Alpha Blue and Beta Blue. While GP margin increased from 16.9% in FY 2019 to 17.1% in FY 2020 due to increase in sales quantity of CPC Blue and Beta Blue.

GP of Agrochemical

The gross profit of Agrochemical Division decreased marginally by **1.5%.** The GP margin decreased from 27.3% in FY 2019 to 21.7% in FY 2020 due to decrease in Sales prices of Acid Chloride, Permethrin, and 2 4 Dichlorophenoxy Acid.

GP of Basic Chemicals

The gross profit of Caustic Chlorine Division decreased by **38.2%.** This is due to decrease in Sales quantity of Basic chemical. The GP margin decreased from 49.6% in FY 2019 to 34.4% in FY 2020 due to decrease in ECU.

Gross profit – Company

The gross profit at Company level has increased marginally by **1.5%** from **Rs. 3011.12 million** in FY 2019 to **Rs. 3055.50 million** in FY 2020. The gross profit margin decreased from **22.0%** in FY 2019 to **19.3%** in FY 2020. The main contributories for increase in gross profit are Pigment Division.

BREAKDOWN OF GROSS PROFIT BY DIVISION

(Rs. in Millions)

Division	FY 2020	GP Margin FY 2020 (%)	FY 2019	GP Margin FY 2019 (%)	Increase/ (Decrease)	%
Pigment	995.76	16.2	912.14	15.8	83.62	9.2
Agrochemical	2059.11	21.6	2089.86	27.1	-30.75	-1.5
Trading / Subsidiary	0.63	0.6	9.12	6.0	-8.49	-93.1
Total	**3055.50**	**19.3**	**3011.12**	**22.0**	**44.38**	**1.5**

Reasons for increase / (decrease) in GP margin

GP margin of Pigment

The amount of gross profit of Pigment Division increased by **9.2%** due to due decrease in raw material cost of CPC Blue Alpha Blue and Beta Blue. The GP margin increased marginally from **15.8%** in FY 2019 to **16.2%** in FY 2020 due to increase in sales quantity of CPC Blue and Beta Blue.

GP of Agrochemical

The amount of gross profit of Agrochemical Division decreased marginally by **1.5%.** The GP margin decreased from to **27.1%** in FY 2019 to **21.6%** in FY 2020 due to decrease in Sales prices of Acid Chloride, Permethrin, and 2 4 Dichlorophenoxy Acid.

COST OF SALES:-

The Cost of Sales at Group level increased by **17.0%** and at Company level increased by **19.7%** mainly due to increase in raw material prices.

OTHER OPERATING INCOME – GROUP & COMPANY

Other operating income of the Group and the Company which consists mainly of export benefits such as Focus Product Market Incentive Scheme, duty drawback, and higher scrap sales etc. has increased by **Rs. 29.08 million** and **Rs. 27.68 million** in FY 2020 respectively mainly due to increase in export.

DISTRIBUTION, ADMINISTRATIVE AND OTHER OPERATING EXPENSES – GROUP & COMPANY

Distribution expenses

Distribution expenses of Group increased by **Rs. 172.79 million**, i.e. by **18.9%** and the Company increased by **Rs. 37.90 million** i.e. **by 4.7%.**.

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Distribution Expenses increased mainly due to packing Consumption, loading unloading charges at depot, Sales Commission and quantity rebate to customers at etc.

Administrative expenses – Group & Company

Administrative expenses of Group decreased by **Rs. 326.02** million i.e. by **28.9%** and at Company level increased by **Rs. 23.59** million i.e. by **4.3%.** This is mainly due to decrease in (1) Rent, Rates and taxes **(Rs.34.35 million)** (2) Legal & professional fees **(Rs. 157.09 million)** (3) director remuneration to Working Director **(Rs. 153.02 million)** and Stamp expenses etc..

Other Operating Expenses

Other operating expenses decreased mainly on account of unfavourable foreign currency exchange adjustment. The fluctuations in the exchange rate of the Indian Rupee against the US dollar and mark to market on derivatives are main contributory. Other operating expenses reflect income in previous financial year and expenses in current financial year.

Finance costs

Finance costs of the Group during **FY 2020** decreased by **Rs. 267.51** million, i.e. by **49.9%** and at Company level decreased by **Rs. 284.84 million** i.e. by **60.4%** the reason is increased in Term Loan for Capex.

Income from investments

During the year Group and Company level income from investment is **Rs. -0.38 million** and **Rs. 92.49 million** respectively.

Taxation

Income tax of the Group decreased by **Rs. 431.65 million** in FY 2020 and at the Company level decreased by **Rs. 109.64 million** in FY 2020 due to decrease in income tax rate at company level result in decrease in deferred tax.

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.
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 is a 100% wholly owned subsidiary of the Company set for manufacturing activity.

SGX Rule 716

As per Rule 716, we declare that no one of the above Subsidiaries or Associates is listed on any of the Stock Exchanges.

Other Comprehensive income

Other comprehensive income (OCI) is defined as comprising 'items of income and expense (including reclassification adjustments) that are not recognised in profit or loss. Other comprehensive income at group level increased by **Rs.13.00 million** and also at Company Level increased by **Rs. 13.11 million**.

BALANCE SHEET

Trade receivables

Group Trade Receivables increased by **Rs. 991.66 million**, i.e. by **23.0%** and at the Company level by **Rs. 1096.66 million** i.e. by **31.0%.** The receivables turnover ratio increased from **77 days as at 31 March 2019** to **90 days as at 31 March 2020**.

Inventories

The Group Inventories for FY 2020 decreased by **Rs. 593.32 million** and at the Company level by **Rs. 670.65 million**. The Finished Goods and Raw material Inventories increased.

Property, Plant and Equipments

Property, Plant and Equipment at Group level increased by **Rs. 4640.55 million** due to capitalisation of CMS Plant and WIP of Caustic and Power Plant and at the Company level increased by **Rs. 926.27 million** in FY 2020 respectively.

Bank Borrowings and Long Term Loan

Bank borrowings (current and non current liabilities) in FY 2020 at Group level increased by **Rs 730.72 million** due to capital expansion while at the Company level it decreased by **Rs. 634.27 million** mainly due to decrease in working capital loan.

Trade payables

Trade Payables of Group increased by **Rs. 729.78 million** in FY 2020 while that of the Company level by **Rs. 603.16 million**. This indicates increase in payable for material domestic and foreign.

Other payables

The Other Payables of Group decreased by **Rs 177.71 million** in FY 2020 while that of the Company increased by **Rs. 10.01 million**.

Cash flow statement

During the year, the Group generated positive Cash Flow of **Rs. 3969.52 million** while the Company generated **Rs. 2256.70 million** from operating activities.

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FINANCIAL ANALYSIS – GROUP LEVEL

(Rs. in millions)

Group Key financial highlights	**As at 31.03.2020**	**As at 31.03.2019**	**Variance**	**Variance (%)**
Profitability				
Sales	21,602	20,413	1,189	5.8
Gross Profit	5,088	6,294	-1,206	-19.2
Gross Profit Margin (%)	23.6	30.8	-7.2	-
Profit before tax	3,590	4,086	-496	-12.1
Profit before tax Margin (%)	16.6	20.0	-3.4	-
Net profit	2,379	2,503	-124	-5.0
Earnings Per Share (EPS in Rs.)	9.35	9.84	-0.49	-5.0
Annualised return on equity (ROE)	17.01	21.67	-4.66	-21.5
Financial position				
Net Tangible Assets	13,988	11,541	2,447	21.2
Debt (short term + long term)	7,904	7,174	730	10.2
Capital Gearing ratio	0.57	0.62	-0.05	-8.1
Net Tangible Assets per share	47.56	39.51	8.05	20.4
Stock Turnover (days)	78	106	-28	-26.4
Trade Debts Turnover (days)	90	77	13	16.9

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 company operates and any known factors or events that may affect the company in the next reporting period and the next 12 months.**

COVID-19 pandemic impact on Indian Economy:-

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

The COVID-19 pandemic is one of the few episodes in recorded history where all of humanity faces a common existential threat. Within four months, the virus has spread around the world and imperilled not just our health and wellbeing, but also our social and economic networks. We have entered, an era of radical uncertainty in which we are racing to craft appropriate responses, not only to secure safe health outcomes for all, but also to ensure that lifestyles and livelihoods are protected.

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

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

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

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

Global Economy

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

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

PIGMENT: INDUSTRY STRUCTURE: -

The global dyes and pigments market size is projected to reach USD 54.64 billion by 2026, exhibiting a CAGR of 4.9% during the forecast period. Increasing demand for ink for diverse applications will be a central growth driver for this market, shares Fortune Business Insights in its report, titled "Dyes and Pigments Market Size, Share & Industry Analysis, By Type (Dyes, {Reactive, Disperse, Vat, Acid, and Others}, and Pigment {Inorganic, and Organic}), By End-use Industry (Textiles, Leather, Paper, Paints & Coatings, Plastics, Printing Inks, and Others), and Regional Forecast, 2019-2026". Inks are essentially liquids that are made from dyes and pigments and serve a variety of purposes such as writing, printing, and tattooing. They are also used to prevent anti-counterfeiting activities. For instance, special inks are manufactured for printing currency notes, which react with the cellulose in the paper and produce inimitable colors and textures, making it almost impossible to replicate.

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

Market Driver

Rapid Urbanization Worldwide to Fuel the Market

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

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

Asia-Pacific to Offer Promising Growth Prospects for the Market

With a market size of USD 15.05 billion in 2018, Asia-Pacific is set to dominate the Dyes and Pigments market share in the coming years. The main factor propelling the market in this region is the expanding middle-class in India and China, which is increasingly demanding higher value textiles, plastics, and other products, thereby augmenting the uptake of dyes and pigments. Furthermore, countries in Asia-Pacific, mainly China, India, Bangladesh, and Vietnam, lead the world production of textiles and with greater investments in the textile industry, their production capacity has risen substantially in the past few years. With the majority of these products being exported to Europe and North America, the demand for dyes and pigments is surging in the developed countries.

Pigment Business Overview of the Company

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

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

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

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

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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.

Risks, Concerns and Threats

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

AGROCHEMICALS - INDUSTRY STRUCTURE:-

There are broadly 5 categories of crop protection products:

1. Insecticides: Manage the pest population below the economic threshold level
2. Fungicides: Prevent the economic damage due to fungal attack on crops
3. Herbicides: Prevent/ inhibit/ destroy the growth of unwanted plants in a crop field
4. Bio pesticides: These are derived from natural substances like plants, animals, bacteria & certain minerals. These are non-toxic & environmental friendly
5. Plant growth regulators India's agrochemical industry can be divided into producers of technical agrochemicals - the bulk actives - and formulators who compound actives in forms that enable use.

Agrochemical Market

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

Huge opportunity for generic pesticides players:

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

India Agrochemical Industry:

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

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

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

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

Key growth driver of pesticides:

- Due to increasing urbanisation levels, per capita arable land has been reducing in recent years and expected to reduce further in coming years. Driven by rising population levels, food demand is expected to continue increasing in the coming years and pesticides to play a key role in increasing the average crop yields.
- Government initiatives and incentives to provide credit facilities to farmers due to covid outbreak, is expected to provide a strong boost to the pesticides industry. Increasing availability, low interest rates on farm loan and farm loans waivers are expected to encourage farmers to use more pesticides in order to improve yields.
- Increasing awareness of pesticides among farmers.
- The penetration levels of pesticides in India are significantly lower than other major countries such as the US and China and world average. This indicates that the market for pesticides is still un penetrated India.

Agrochemical Business Overview of the Company

The Company is a leading vertically-integrated Agrochemicals player with the presence in entire value chain - intermediate, technical grade and formulations {bulk and branded). The Company's vertical integration of business allows the Company to effectively manage raw material costs and assure a constant supply of consistent quality. The Agrochemicals industry is highly regulated and the Company enjoys competitive advantage via presence in entire value chain (less dependent on raw material) and 297 export registrations, 238 registrations in pipeline, 356 CIB registrations, and 35 registered trademarks.

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The Company has a strong global client base with exports accounting for 79% of its Agrochemical sales. The Company is exporting technical as well as formulation (bulk and branded) products to Africa, Brazil, Latin, the US and European countries.

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

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

- GIDC Ankleshwar, (6,840 MTPA)
- GIDC Panoli, (Formulation) (7,200 MTPA)
- GIDC Dahej, (18,240 MTPA)

Outlook and Strategy

FY 2020 was a strong year for the Agrochemicals segment on the back of favourable market conditions. FY2020 shall also sustain the same growth levels as the raw material prices from China has increased significantly affecting the margins, but, the Company's backwards integration facilities put it in an advantageous position and thus, we are constantly improving the margins. Going forward, the Company plans to expand the capacity of 2-4,D by 10,800 MTPA with capex of ~1NR 1.27 billion and it is expected to be operational.by Q3 FY21.

Challenges:-

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

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

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

Chloro Alkali & Its Derivatives - Chlor Alkali Industry

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

Indian Chlor-alkali Industry:

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

Despite increase in capacity, industry is continuously operating above 80% and demand remains higher than the production. Caustic soda capacity expected to increase by 329,450 MTPA (up by 8.5%) and 205,950 MTPA (up by 4.9%) during FY 19 and FY 20 respectively.

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

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

(1) **Group & Company - Outlook for FY 2021**

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

11. **Dividend**

(a) **Current Financial Period Reported on 31.03.2020**

Any dividend declared for the financial period reported on? Yes

Name of the dividend:	Interim Dividend
Dividend Type	Cash
Dividend amount per Share (IN INR)	Rs. 1/- Per Share
Par value of Share	Rs. 1/- per Ordinary share
Name of the dividend:	Final Dividend
Dividend Type	NA
Dividend amount per Share (IN INR)	NA
Par value of Share	NA

(b) **Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of the dividend:	Interim Dividend
Dividend Type	Cash
Dividend amount per Share (IN INR)	Rs. 0.60 Per Share
Par value of Share	Rs. 1/- per Ordinary share
Name of the dividend:	Final Dividend
Dividend Type	Cash
Dividend amount per Share (IN INR)	Rs. 0.40 Per Share
Par value of Share	Rs. 1/- per Ordinary share

(c) **Date payable: Not Applicable – No Final Dividend recommended.**

(d) **Books closure date:**Book closure date for Annual General Meeting purpose will be announced subsequently.

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

No Final dividend 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 year ended **31 March, 2020** are as under:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 (equivalent to approximately Rs 5,169,000) and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) (excluding transactions less than S$100,000 (equivalent to approximately Rs 5,169,000)	
	Amount in Rs.	Amount in S$,000	Amount in Rs.	Amount in S$,000
Purchases				
Meghmani Pigments [1]	180,996,816	3502	-	-
Meghmani LLP[3]	76,808,280	1486	-	-
Arjan Owners LLP	18,361,980	355	-	-
Total	**276,167,076**	**5343**		
Sales				
Ashish Chemicals (EOU) [2]	9,180,400	178	-	-
Meghmani Dyes & Intermediate LLP	13,373,032	259	-	-
Total	**22,553,432**	**437**		

MEGHMANI ORGANICS LTD. AHMEDABAD

Note – Rs. 51.69 = S$1 (Average Rate of Financial Year 2019-20)

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

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

(4) Meghmani Dyes & Intermediates LLP is a limited liability partnership firm owned by Mr. Natwarlal Patel, Mr. Ramesh Patel & Mr. Anand Patel.

The above interested person transactions conducted fall within the Interested party transactions shareholders' mandate obtained under Indian Companies Act and Indian Stock Exchange Rules for a period of three year at the Annual General Meeting held on 28 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 Full year ended **31 March, 2020** to be false or misleading.

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

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

Contd.

MEGHMANI ORGANICS LTD AHMEDABAD

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1,Q2,Q3 or Half Year Results)

16. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements , with comparative information for the immediately preceding year .**

Segment Results – Group

a) **Analysis by business segment -** **Financial year ended March 31, 2020**

	Pigments	Agro chemicals	Basic chemicals	Others*	Eliminations	Total
Revenue:						
External Sales	5,834,218	9,475,923	5,835,961	455,977	-	21,602,079
Sales to Subsidiaries	302,938	78,347	399,885	99,606	(880,776)	
Total Revenue	**6,137,156**	**9,554,270**	**6,235,846**	**555,583**	**(880,776)**	**21,602,079**
Results						
Segment results	748,780	1,549,380	1,524,747	19,398	17,170	3,859,475
Unallocated Expenses	-	-	-	-	-	-
Profit from Operations	-	-	-	-	-	3,859,475
Finance Costs	-	-	-	-	-	(269,044)
Income from Investments	-	-	-	-	-	-
Profit before Tax	-	-	-	-	-	**3,590,431**
Income Tax	-	-	-	-	-	(700,279)
Other Comprehensive Income (net of tax)	-	-	-	-	-	(23,546)
Minority Interest	-	-	-	-	-	(487,529)
Profit after Tax	-	-	-	-	-	**2,379,077**

	Pigments	Agro chemicals	Basic chemicals	Others	Eliminations	Total
Other information:						
Capital additions	161,101	1,152,467	4,127,387	108,071	-	5,549,026
Depreciation	(228,655)	(211,752)	(443,020)	(35,024)	32,569	(885,882)
Balance Sheet:						
Segment assets	6,004,021	8,310,183	13,071,598	189,061	(1,955,803)	25,619,060
Unallocated	-	-	-	-	-	1,920,078
Corporate assets	-	-	-	-	-	-
Total assets						**27,539,138**
Segment liabilities	909,212	2,124,417	6,849,082	105,159	(161,867)	9,826,003
Unallocated	-	-	-	-	-	2,467,456
Corporate liabilities	-	-	-	-	-	555,830
Deferred Tax Liabilities	-	-	-	-	-	701,856
Total liabilities						**13,551,145**

*Others include trading activity.

MEGHMANI ORGANICS LTD. AHMEDABAD

b) **Analysis by business segment -** **Financial year ended March 31, 2019**

	Pigments	Agro chemicals	Basic chemicals	Others*	Eliminations	Total
Revenue:						
External Sales	5,389,541	7,668,843	6,553,844	800,409	-	20,412,637
Sales to Subsidiaries	390,954	56,035	528,299	-	(975,288)	-
Total Revenue	**5,780,495**	**7,724,878**	**7,082,143**	**800,409**	(975,288)	**20,412,637**
Results						
Segment results	818,445	1,711,665	2,639,913	8,757	(557,010)	4,621,770
Unallocated Expenses	-	-	-	-	-	-
Profit from Operations	-	-	-	-	-	4,621,770
Finance Costs	-	-	-	-	-	(536,549)
Income from Investments	-	-	-	-	-	375
Profit before Tax	-	-	-	-	-	**4,085,596**
Income Tax	-	-	-	-	-	(1,131,924)
Other Comprehensive Income (net of tax)	-	-	-	-	-	(10,551)
Minority Interest	-	-	-	-	-	(439,979)
Profit after Tax	-	-	-	-	-	**2,503,142**

	Pigments	Agro chemicals	Basic chemicals	Others	Eliminations	Total
Other information:						
Capital additions	228,720	515,914	3,910,706	5,485	-	4,660,825
Depreciation	(219,711)	(222,827)	(540,988)	(20,713)	31,645	(972,594)
Balance Sheet:						
Segment assets	5,958,729	7,103,536	10,643,738	269,857	(1,963,562)	22,012,298
Unallocated	-	-	-	-	-	1,802,278
Corporate assets	-	-	-	-	-	-
Total assets						**23,814,576**
Segment liabilities	707,059	1,794,078	5,512,809	166,074	(152,955)	8,027,065
Unallocated	-	-	-	-	-	2,688,199
Corporate liabilities	-	-	-	-	-	851,230
Deferred Tax Liabilities	-	-	-	-	-	707,399
Total liabilities						**12,273,893**

*Others include trading activity.

c) **Analysis by geographical segment**

Segment revenue:

Segment revenue is analysed based on the location of customers regardless of where the goods are produced. The following provides an analysis of the Group's sales by geographical markets:

Continent	2020	2019
	Rs'000	Rs'000
Africa	1,067,978	874,629
Asia	5,174,215	4,316,041
Australia	23,820	96,711
Europe	2,256,818	2,261,113
India	9,024,596	9,505,334
North America	2,997,014	2,328,800
South America	1,057,638	1,030,009
Total	**21,602,079**	**20,412,637**

17. **In the review of performance, the factors leading to any material changes in contributions to turnover and earning by the business or geographical segments.**

Please refer Point No. 8 above

18. **A breakdown of Sales:**

	FY 2020 Rs.'000	FY 2019 Rs.'000	% Increase (Decrease)
Sales			
a) Sales reported for first Quarter	6,057,553	4,668,110	29.8
b) Sales reported for second Quarter	5,289,850	4,826,542	9.6
c) Sales reported for third Quarter	5,156,240	5,425,637	-5.0
d) Sales reported for fourth Quarter	5,098,436	5,492,348	-7.2
Total Sales	**21,602,079**	**20,412,637**	**5.8**
Profit after tax			
a) Profit after tax reported for first Quarter	565,495	638,387	-11.4
b) Profit after tax reported for second Quarter	839,768	545,663	53.9
c) Profit after tax reported for third Quarter	472,851	660,793	-28.4
d) Profit after tax reported for fourth Quarter	500,963	658,299	-23.9
Total Profit after tax	**2,379,077**	**2,503,142**	**-5.0**

19. **Disclosure of person occupying a Managerial Position :**

Name	Age	Family Relationship	Current Position and duties of the year of position held	Details of changes in duty and position held
Mr. Karana Patel	38	Son of Mr. R M Patel - ED	Chief Operating Officer (COO)	No
Mr. Ankit Patel	34	Son of Mr. N M Patel – MD	Chief Executive Officer (CEO)	No

Name	Age	Family Relationship	Current Position and duties of the year of position held	Details of changes in duty and position held
Mr. Darshan Patel	34	Son of Mr. A I Patel – ED	Chief Operating Officer (COO)	No
Mr. Maulik Patel	38	Son of Mr. J M Patel – Executive Chairman	Chairman & MD Meghmani Finechem Limited	No
Mr. Kaushal Soparkar	38	Son of Mr. A N Soparkar - MD	Managing Director Meghmani Finechem Limited	No

20. **A breakdown of the total Annual Dividend (in dollar / rupee value) for the issuer's latest full year and its previous full year:**

Total Annual Dividend (Refer to Para 11 of Appendix 7.2 for the required details)

	FY 2020 Final (40%)	**FY 2020 Interim (100%)**	**FY 2019 Final (40%)**	**FY 2019 Interim (60%)**
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Ordinary	Nil	254,314.21	101,725.68	152,588.52
Preference	-	-	-	-
Total	**Nil**	**254,314.21**	101,725.68	152,588.52

No Final dividend recommended for 31.03.2020. Interim dividend declared & paid to be considered as final dividend.

21. **Annual General Meeting :**

The Annual General Meeting of the group wil be tentatively held on **24 August, 2020** at Ahmedabad, Gujarat, India.

22. 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 Annual Report 2020 will give full reconciliation carried out under IFRS of the materially affected line items.

23. **Reconciliation between IGAAP and IFRS**

There is no variance in the profit reported for the year ended 31st March, 2020.

BY ORDER OF THE BOARD
Kamlesh Dinkerray Mehta
Company Secretary
Date : 18.06.2020

For MEGHMANI ORGANICS LTD.

(K. D. MEHTA)
COMPANY SECRETARY

MEGHMANI ORGANICS LTD. AHMEDABAD