



Resilient Resourceful Rising

Meghmani Organics Limited

ANNUAL REPORT 2021

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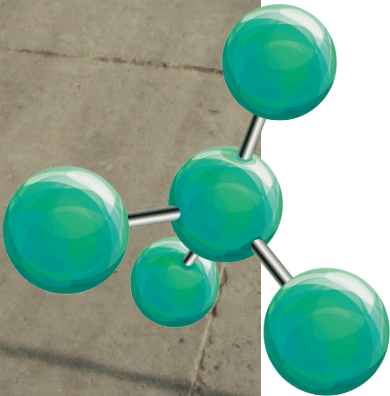
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To view Annual Report 2020-21 online, visit:
<http://meghmani.com>

Cautionary Statement

Certain statements contained in the Management Discussion and Analysis may be statements of the Company’s beliefs, plans and expectations about the future and other forward-looking statements that are based on management’s current expectations or beliefs as well as a number of assumptions about the Company’s operations and factors beyond the Company’s control or third party sources and involve known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Forward-looking statements contained in the Management Discussion and Analysis regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. There is no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Annual Report.



Dear Shareholders,

We are happy to disseminate first Annual Report of your Company after listing on Indian Stock exchanges. The Hon’ble Company Law Tribunal (NCLT), Ahmedabad Bench, vide its order dated 3rd May, 2021 has approved the Composite Scheme of Arrangement (Scheme) to demerge the Agrochemicals and Pigments Division of Demerged Company and transferred the same to Meghmani Organochem Limited as a going concern. The Scheme has been made effective from 10th May, 2021.

Accordingly, your Company has prepared the Financial Statements for Fiscal 2021 and Fiscal 2020 which have been restated after giving effect of the Scheme in accordance with the requirement of Ind AS 103. The Fiscal 2020 consists of period from 15th October, 2019 to 31st March, 2020. Resultantly, the Financial Statements of your Company for Fiscal 2021 are not strictly comparable with the Fiscal 2020.

As an integral part of the Scheme, the name of your Company has been changed from **Meghmani Organochem Limited** to “**Meghmani Organics Limited**” vide Certificate of Incorporation pursuant to change of name issued by the Registrar of Companies, Gujarat on 3rd August, 2021.

Lastly, the equity shares issued pursuant to the Scheme have been listed on NSE and BSE effective from 18th August, 2021

Wishing you and your family safe and good health.

Board of Directors





Resilient Resourceful Rising

Resilient

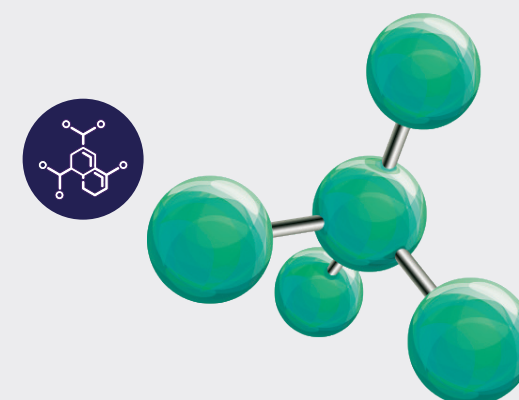
Our strong result in fiscal 2021 came in a year of unprecedented challenges globally, that tested the resilience of the business and of our people. We enter fiscal 2022 with an even more durable foundation and an exciting future. Our formula for market influence has proved to be enduring, as we continually transform our business and embrace change to create more value for our clients with incredibly talented people. Looking forward, we are facing a new reality of abundant opportunities, and we are ready.

Resourceful

Today, we are blessed with a strong product portfolio; geographically diversified distribution and global market reach; ongoing investments in new products and capacities backed by a prudent capital allocation plan; a robust balance sheet with very low leveraged debt-equity; well-articulated financial policies adhering to stringent working capital norms and conservative forex policies. These resources give us the rights of passage to dream big and to plan an ambitious future.

Rising

We have the perfect recipe for rising, and we harbour aggressive business growth aspirations. With bold and well-conceived capex plans for investing more than ₹ 75,000 Lakhs spread in next 3 years, we are poised to scale new orbits of growth through innovative products and enhanced capacities. Going forward, we are well set to lead our industry peers and improve our market position. As we rise, we aim to be differentiated by our shared success, based on our commitment to making a positive difference to our clients, our people, our shareholders, our partners and our communities.



About US

WHO WE ARE

We are a Leading Diversified Chemicals Company with significant presence worldwide. Our strong customer base includes prominent MNC's, and our geographical reach extends to more than 75 countries globally.

We manufacture three broad categories of Agrochemical products, namely, pesticide intermediates, technical and formulations. Our agrochemical products find primary application in Crop Protection, Veterinary, Public Health and Wood Protection. Within Pigments, we specialize in green and blue pigments, which have varied end use applications in printing inks, paints and coatings and plastics. Most of our products are exported and about 75% of our revenues come from exports.

Our R&D Centre, managed by a team of highly qualified and knowledgeable professionals, is recognized by the Ministry of Science and Technology. Our R&D capabilities allow us to innovate improvements in our processes and to continuously introduce new agrochemicals products to meet the needs of our global customers. Our Inhouse fully equipped GLP lab takes care of all data requirements for mandatory registrations of our product in each country.



OUR COMPETITIVE ADVANTAGES



How we aim to grow by FY2024?

We aspire to achieve turnover exceeding **₹.30,000 Mn by FY2024**, by consistently producing above industry average EBITDA margins.

We are amongst the top 3 Phthalocyanine Pigment players globally and among the Top 10 producers of pesticides in India, with a rich products portfolio across the entire value chain. The commissioning of our ongoing capex and upcoming growth projects in our Agrochemicals and Pigments divisions, and the prudent capital allocation policies – are the pillars for our ambitious growth plans.

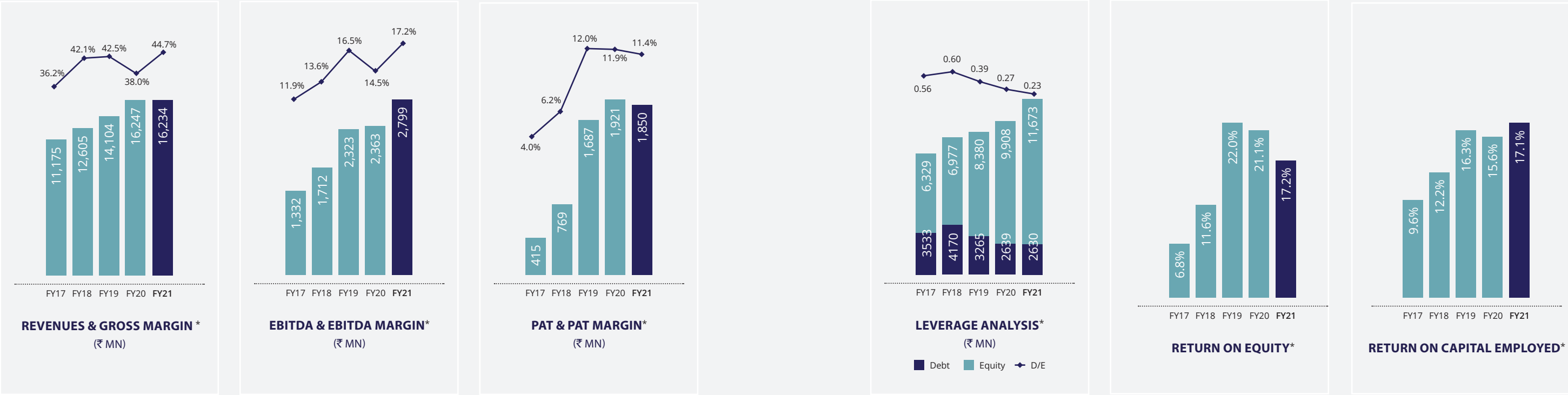
As we are growing, we are giving top priority to our Environment, Health and Safety (EHS) practices, and are continuously upgrading our plants from an environment point of view and automation to increase safety standards

OUR COMMITMENT TO EXCEL EXPECTATIONS AND DELIGHT

- Good and transparent business practices**
We are committed to follow good and transparent business practices. These Ethical Values shall be the base and the backbone for all our endeavors to achieve our 'Corporate Vision'.
- Committed to Core Business Strengths**
We are committed to stick to our core businesses in Organic Chemistry. This segment offers us innumerable growth opportunities and we intend to remain focussed on our core strengths.
- Focus on Environment and Safety**
We place topmost importance to continuously improving our adherence to environmental and safety standards and practices.
- Sustainable and Scalable business opportunities**
On the business front, worldwide, India is being seen as a strong option to China in many product categories, more so in Chemicals and Pigments. Strong and adequate manufacturing base - infrastructure; plant compatibility; scope for rapid expansion; wider product range and geographical reach are some of the key virtues which will help MOL to command a sustainable long-term position.
- Dividend Pay-out**
We have been consistently raising our dividend pay-outs for the past few years. Despite substantial capital expenditure commitments and needing substantial financial resources to support our growth plans, we are committed to a sound and sustainable Dividend Distribution of maintaining around **17% to 20% of PAT** as dividend pay-out to our shareholders.

Financial Highlights

DESPITE SIGNIFICANT CAPEX COMMITMENTS, MEGHMANI IS COMMITTED TO A VERY SOUND AND SUSTAINABLE DIVIDEND DISTRIBUTION OF AROUND 17% TO 20% OF PAT, AS DIVIDEND PAY-OUT TO THE SHAREHOLDERS.



*Agrochemicals and Pigment businesses are demerged on going concern basis. Accordingly standalone performance is considered for comparison purpose.

A Rich Legacy of value creation

VISION

To constantly endeavour to create sustainable position as one of the leading but diversified chemical companies with strong manufacturing base in 'Organic Chemistry' aiming global presence with worldwide product acceptability

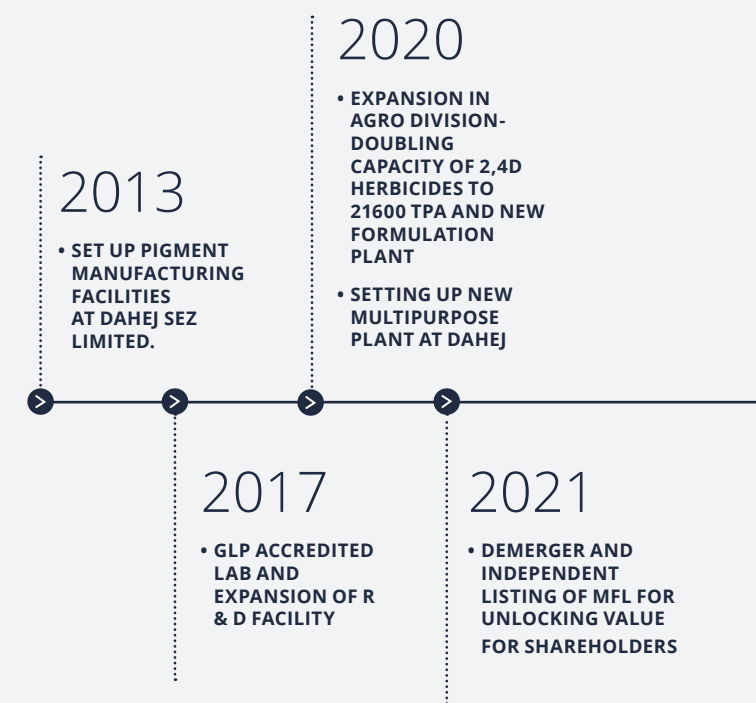
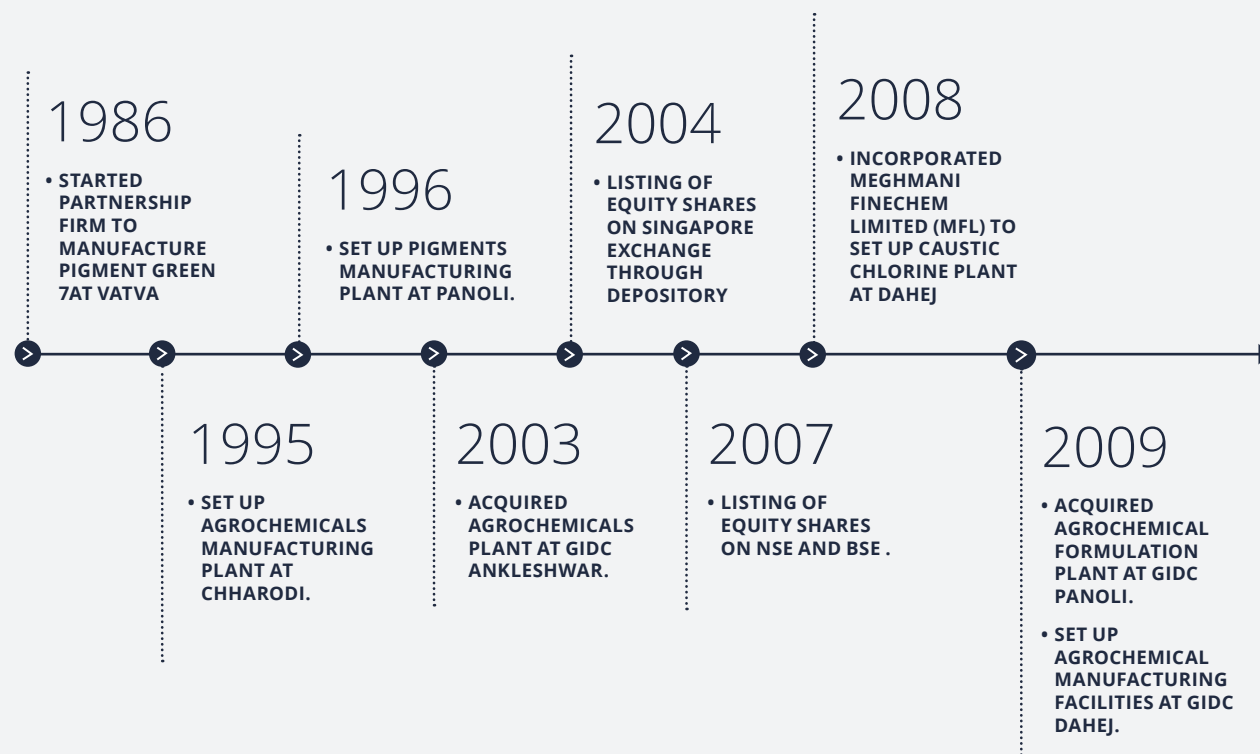
MISSION

we will lead.... through

- Empowered work environment
- Speed of decision making
- Ethical way of functioning
- Business integrity
- Honouring commitments
- Focusing on results
- Innovation & efficiency

VALUES

- Integrity
- Credibility
- Being Human
- Law abiding
- Environment and Safety



WE ARE A LEADING DIVERSIFIED CHEMICALS COMPANY, WITH A DEEP PRODUCT LINE AND GEOGRAPHICALLY WIDESPREAD PRESENCE IN EVERY CONTINENT.

Executive Chairman's Message

EVEN AT ONE OF THE MOST CHALLENGING TIMES IN WORLD HISTORY, WE HAVE EMERGED STRONGER.

WE ENTER FISCAL 2022 WITH AN EVEN MORE DURABLE FOUNDATION AND AN EXCITING FUTURE.



Dear Shareholders,

Fiscal 2021 will be forever marked as an outlier year in our annals of history – a year in which we will recall the unimaginable wrath the COVID-19 wreaked upon the whole planet. For Meghmani Organics however, it was also about the year in which our resilience and fortitude shone through - in terms of our people's determination in countering COVID-19; and in terms of our ability to deliver a solid performance as a company in a year that was fraught with challenges. We closed fiscal 2021 with topline of ₹162,344.28 Lakhs and continued to deliver modest results in fiscal 21 despite lockdowns and curfew scenarios during the COVID-19 pandemic, backed by strong secular demand for our various products across our markets. Our ability to rapidly pivot to the pandemic conditions demonstrates the unique value we bring to our global clients,

our strong channel and ecosystem relationships, the resilience of our business across geographies, and the importance of scale.

Pursuant to the Composite Scheme of Arrangement, approved by Hon'ble NCLT Ahmedabad Bench, vide an order dated May 3, 2021, the Agrochemical and Pigment business operated by erstwhile Meghmani Organics Limited has been demerged into Meghmani Organochem Limited and therefore the Audited Consolidated Financial Statement for the fiscal 2020 (comparative period) have been restated to provide the requisite impact of the Scheme as required under Ind AS. The fiscal 2020 refers to the period from October 15, 2019 i.e. date of incorporation to March 31, 2020. Resultantly, your Company's financials of fiscal 2021 are not strictly comparable with the fiscal 2020.

There is a lot to be said for our business model that is able to see us through such a major disruption with resilience. This crisis has once again highlighted the importance of a strong balance sheet, particularly, our cash reserves. In times of distress, a strong cash balance built up prudently has provided Meghmani Organics with a cushion to navigate through these challenging times. Our strong competitive position in terms of cost structure; comfortable leverage levels; and strong liquidity profile, as reflected by free cash balances of ₹ 2111.03 Lakhs and investment in Mutual funds ₹ 10,243.86 Lakhs as on 31st March 2021, gives us confidence to see ourselves through the recovery period in fiscal 2022.

Good and transparent business practices

We are committed to follow good and transparent business practices. These Ethical Values shall be the base and the backbone for all our endeavors to achieve 'Corporate Vision' of your company.

Our solid Financial Performance – showing resilience and fortitude

Our strong result in fiscal 2021 came in a year of unprecedented challenges globally that tested the resilience of the business and of our people. I am delighted to inform you that, despite COVID -19's disruptions your Company exhibited good financial performance with Revenue of ₹ 163,665.61 Lakhs in fiscal 2021. EBITDA Also soared to ₹ 28,245.39 Lakhs during the year. PAT for the year was ₹ 18,647.61 Lakhs.

Your Company has strong competitive position in terms of comfortable leverage levels and strong liquidity position as depicted by Debt Equity of 0.22. Your company continues to deliver strong return ratio, with Return on Equity of 17.2% and Return on Capital Employed of 17.1% in fiscal 2021.

Dividend

Board of Directors of your company at its meeting held on May 20, 2021, recommended final dividend of ₹ 1.40 per Equity Share for the fiscal 2021 which is subject to approval of shareholders of the Company at ensuing annual general meeting.

Despite huge Capex commitments and needs to support growth plans, your company is committed to formulate a very sound and sustainable Dividend Distribution Policy of around 17% to 20% of PAT, as Dividend pay-out to the Shareholders

Segmental Performance: delivering secular all around growth

Agrochemicals

Meghmani Organics' Agrochemical segment exhibited a strong performance in fiscal 2021 with revenue of ₹ 104,506.08 Lakhs. Exports accounted for 79% of sales during fiscal 2021. EBITDA during the year ₹ 23,443.71 Lakhs and EBITDA margin for the period was 22.4%.

Pigments

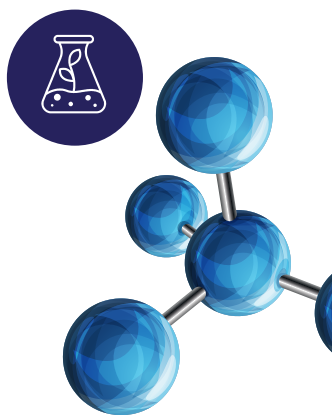
Meghmani Organics' Pigment segment recorded revenue of ₹ 57,838.20 Lakhs in fiscal 2021. Exports accounted for 78% of sales during the year. EBITDA during the year surged to ₹ 10,453.62 Lakhs due to favourable market conditions. EBITDA margin for the period is 18.1%.

Industry Outlook: Tapping the New Trend

Agrochemicals

According to UBS's Report on North America Chemicals, published in Dec 2020, the estimated Global Market for Crop Chemicals for CY2020 stood at \$62.4 billion. The Morgan Stanley Research paper, published in December 2020, furthermore projects that the crop science market is estimated to grow at a 3.0% CAGR from 2018 to 2023. Globally,

FY2021 WILL BE REMEMBERED FOR OUR RESILIENCE AND FORTITUDE SHINING THROUGH - IN TERMS OF OUR PEOPLE'S DETERMINATION IN COUNTERING COVID-19; AND IN TERMS OF OUR ABILITY TO DELIVER A SOLID PERFORMANCE.



17.2%

RETURN ON EQUITY

Executive Chairman's Message

I AM CONFIDENT THAT WE HAVE THE LEVERS TO PULL TO SUCCESSFULLY REACT TO THE EMERGING DEMAND ENVIRONMENT, INCLUDING TIGHTLY MATCHING OUR SELLABLE CAPACITY TO EXPECTED DEMAND.

₹ 750 crore

CAPEX SPREAD IN NEXT 3 YEARS

herbicides and insecticides are expected to record the strongest growth at a 3.1% CAGR, followed by fungicides at 2.7% and other crop protection products at 2.6%. By region, Asia is expected to grow at a 2.3% CAGR, North America and Europe at ~2.7%, and Latin America and the Middle East/Africa at 4.1% and 4.5%, respectively. In recent years, low crop prices and adverse weather conditions have had a negative impact on market development. Price improvement was limited, primarily due to elevated levels of distributor inventory in many markets, as well as oversupply. Looking forward, the global crop protection market is set to move into more positive territory, since firm and steady commodity prices and inventories that are not too high look set to lay a solid path ahead. Companies that focus on building bio-based products would be at a relative advantage.

Pigments

According to Grand View Research, the global dyes and pigments market size was valued at USD 32.9 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 5.1% from 2021 to 2028. The pigment industry growth is driven by increasing demand from various applications such as packaging inks, textiles, paints and coatings, construction, and plastics. Asia Pacific was the dominant regional market and accounted for over 62% of the global revenue share in 2020. According to Expert Market Research, the Indian dyes and pigments market accounts for nearly 25% of the global market pegged at close to USD 8 billion in 2020. The industry is expected to grow at a CAGR of 11% between 2021 and 2026. The production value of the pigments industry in India reached a volume of 133.52 million tonnes. Organic

pigments dominate the industry with a lion's share of 58% of the total pigment production in India. The growth of the pigment market is aided by the cosmetic's industry growth.

Emerging more resilient from the crisis

Our culture is differentiated by shared success, based on our commitment to making a positive difference together with our clients, our people, our shareholders, our partners and our communities. Our formula for market influence is enduring, as we continually transform our business and embrace change to create more value for our clients with incredibly talented people. For the reasons I have said above, we have appeared from the fiscal 2021 stronger than when we entered, which was our strategy. We view fiscal 2021 as turning a page - we are no longer navigating a crisis - we are facing a new reality, and we are ready.

Today, more than ever, we are blessed with a strong product portfolio; geographically diversified distribution and global market reach; ongoing investments in new products and capacities backed by a prudent capital allocation plan; a robust balance sheet with very low leveraged debt-equity; well-articulated financial policies adhering to stringent working capital norms and conservative forex policies.

Throughout our history, the people of Meghmani Organics have embraced change. Today is no different. I want to thank all our people for their incredible dedication, perseverance and commitment both in fiscal 2021 and as we face our new reality. I also want to thank all our shareholders for their continued trust and support. As a company, we have never been more committed to creating shared success for all.

Bold Investing for Growth

We are committed to stick to our core businesses in Organic Chemistry. This sector offers innumerable growth opportunities. At the same time, we are seriously concerned and making constant endeavours to improve Environmental and Safety Standards.

On business front, worldwide, India is being seen as a strong option to China in many product categories, more in Chemicals and Pigments. Strong and adequate manufacturing base - infrastructure; plant compatibility; scope for rapid expansion; wider product range and geographical reach are some of the virtues which will help your company to command sustainable long term position.

Your company has ambitious business expansion plans. Capex of ₹ 75000 Lakhs will be spread in next 3 years, largely funded with combination of internal accruals and low cost debts.

Agrochemicals

Your Company has commissioned two expansion projects in Agro division with capex of ₹ 15000 Lakhs in fiscal 2021. Capacity utilisation of these plants is being ramped up and will add meaningful contribution to the topline in the coming years:

- » Capacity of 2,4D (Herbicides) has been doubled to 21600 TPA. With this your company is the largest producer of 2,4D in India.
- » New formulation unit to expand its share of value-added products (Branded products).
- » New multipurpose plant with backward integration at Dahej with capex of ₹ 31000 Lakhs is progressing as per plan and is expected to be commissioned in Q1 FY 2023.

Pigments

Your company is confident of sustainable growth in Pigment beyond Phthalocyanine Pigment Blue and Green. Management is seriously considering foraying into new and lucrative variant of Pigment to increase the basket of products in Pigments division in the coming years.

Closing Remarks

Going forward, your Company is well poised to enhance its market position, given its steady investments in capacity expansion plans supporting new and existing products. Even with our preparedness and swift response to the pandemic in fiscal 2021, we are not standing still. I am confident that Meghmani has the levers to pull to successfully react to the emerging demand environment, including tightly matching our sellable capacity to expected demand. We also have the cushion of our key competitive advantages including our operational reliability, our vast customer's network and loyalty, to fall back on.

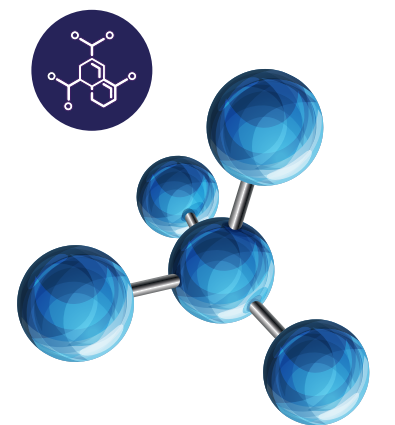
As we move along fiscal 2022, there are strong expectations of recovery in the Indian and global economies. In true Meghmani tradition, we promise to remain steadfast in managing costs and cash spending and remain

focused on maintaining significant liquidity. I am thankful to all our stakeholders for their continued support and confidence in our journey towards becoming one the best chemicals company in the world. I would like to specially thank our "Human Capital" for their hard work and commitment. On behalf of the board, I would like to thank you for all your unwavering support, trust and perennial belief in our capabilities and competencies.

Best Regards,

Jayanti Patel

Executive Chairman



Our manufacturing strength

AGROCHEMICALS

We have 6 multifunctional ISO 9001 and 14001 certified production facilities with a wide range of products and backward integration of key raw materials, located in Gujarat, India's prime Chemical belt and having proximity to key ports.

TOTAL CAPACITY		49,380 TPA
LOCATION	CAPACITY (MTPA)	
GIDC Panoli	13,500	
GIDC Ankleshwar	6,840	
GIDC Dahej	29,040	



Ankleshwar Plant

ESTABLISHED
2003

LAND AREA
24,000 sq. m.

MANUFACTURING
Pesticides-
Intermediates,
Technical and Bulk
Formulation



Dahej Plant

ESTABLISHED
2009

LAND AREA
1,50,000 sq. m.

MANUFACTURING
Pesticides-
Intermediates,
Technical and Bulk
Formulation



Panoli Plant

ESTABLISHED
2003

LAND AREA
49000 sq. mt.

MANUFACTURING
Pesticides –
Formulations

OUR AGROCHEMICALS PORTFOLIO

With a highly integrated manufacturing infrastructure, we are producing our own intermediates and a wide range of crop protection products.

INSECTICIDES		
Product Name	Tech Purity Min in %	Formulation Type
Cypermethrin	93-95	EC
Chlorpyrifos	96-98	EC/GR
Alpha Cypermethrin	97	EC / SC / WP
Permethrin	94	EC / SC
Bifenthrin	97	EC/SC
Lambda-Cyhalothrin	95	EC / WP
Deltamethrin	98	EC / SC
Profenophos	93-94	EC
Acetamiprid	95	SP
Emamectin Benzoate	95	SG
Fipronil	95	EC/SC

INTERMEDIATES	
Product Name	Tech Purity Min in %
Cypermethric Acid Chloride	98.5
Meta Phenoxy Benzaldehyde	99.0
Meta Phenoxy Benzyl Alcohol	98.5
Monochloroacetic Acid	99.0
High Trans Cypermethric Acid Chloride	98.50
High Cis Cypermethric Acid Chloride	98.5

UP COMING PRODUCTS	
Product Name	Tech Purity Min in %
Flonicamid	95
Spiromesifen	95
Ethiprole	92-95
Pymetrozine	98
Pyriproxyfen	96
Beta Cyfluthrin	95
Cyfluthrin	95

**WE MANUFACTURE
A WIDE RANGE OF
PIGMENTS AND
AGROCHEMICALS
IN INDIA - AND
HAVE A FOCUS
ON DELIVERING
DIFFERENTIATED AND
QUALITY PRODUCTS
BACKED BY STRONG
RESEARCH AND
DEVELOPMENT
CAPABILITIES.**

Our manufacturing strength

PIGMENTS

We have three Pigment manufacturing facilities at Vatva, Panoli and Dahej SEZ in the state of Gujarat. Safety is the integral part of all our processes and an utmost care is taken by an efficient team of professionals in all the plants.

TOTAL CAPACITY		33,180 TPA
LOCATION	CAPACITY (MTPA)	PRODUCTS
GIDC Vatva, Ahmedabad	3,180	Pigment Green
GIDC Panoli, Bharuch	17,400	CPC Blue, Alpha and Beta Blue
Dahej SEZ	12,600	CPC Blue, Alpha and Beta Blue



Vatva Plant

ESTABLISHED

1986

LAND AREA

13500 sq. mt.

MANUFACTURES

Pigment Green and Azo Pigments



Panoli Plant

ESTABLISHED

1996

LAND AREA

99000 sq. mt.

MANUFACTURES

CPC, Pigment Blue



Dahej Plant (SEZ)

ESTABLISHED

2013

LAND AREA

87000 sq.mt.

MANUFACTURES

CPC, Pigment Blue

OUR PIGMENTS PORTFOLIO

We are the largest manufacturers of Phthalocyanine-based pigments, with 14% global market share, and amongst top 3 (capacity wise) global pigments players. We have a strong global presence in more than 75 countries and serve to end-user industries mainly in the areas of printing inks; paints & coatings; and plastics.

PRODUCT RANGE		
PHthalOCYANINE PIGMENTS	AZO PIGMENTS	HIGH PERFORMANCE
COATINGS	PLASTICS	PRINTING INKS
“Meghafast Pigments” exhibits good performance in Decorative, Industrial & Automotive with lasting durability, light & weather fastness as well as good environmental performance.	“Meghafast Pigments” are specially designed for good performance in Polyolefins, Engineering polymers, PVC & Rubber with good dispersion and excellent heat stability.	Exclusively designed Pigments suitable for paste inks and liquid inks (Flexo and Gravure). “Meghafast Pigments” also exhibit good flow transparency, gloss and high color strength.