MEGHMANI
ORGANICS LIMITED

CORPORATE OFFICE: "MEGHMANI HOUSE", Behind Safal Profitaire, Corporate Road, Prahladnagar, Ahmedabad-380 015. Gujarat, (INDIA) Phone No.: +91 79 71761000, 29709600 Fax: +91 79 - 29709605
E-mail: helpdesk@meghmani.com Site: www.meghmani.com CIN: L24110GJ1995PLC024052

ISOQAR REGISTERED UKAS MANAGEMENT SYSTEMS 0026

06/03/2020

To, National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) Mumbai 400 051 **SCRIP CODE: MEGH.NS**	To, Bombay Stock Exchange Limited Floor- 25, P J Tower, Dalal Street, Mumbai 400 001 **SCRIP CODE: 532865**

Dear Sir

Sub: IMPACT OF COVID-19 ON BUSINESS OPERATIONS

Ref:-Information under Regulation 30 of Listing Regulations, 2015

Meghmani Organics Limited pursuant to **Regulation 30 of Listing Regulations, 2015 submits that the Company does** not envisage any major impact of COVID-19 on its business except general business risks.

The detailed note on **Impact of Covid-19 on Business Operation is attached herewith.**

Kindly take the same on record and place it for the information of Shareholders and Members.

Yours faithfully,
For Meghmani Organics Limited

KMehta

MEGHMANI ORGANICS LTD. AHMEDABAD

K D Mehta
Company Secretary

Encl: - As above

Singapore Exchange Securities Trading Limited
Shenton Way,
SGX Tower 1,
Singapore

IMPACT OF COVID-19 ON BUSINESS OPERATIONS OF MEGHMANI ORGANICS LIMITED

- **IMPORTS**

We import from China a couple of important raw materials for our Agrochemicals business. The landed cost of total import bill, largely for the **Agrochemical business segment**, is estimated around Rs. 120 Crs -Rs. 140 Crs. This forms nearly 9%-10% of the total estimated revenue for the year.

Out of total imports, around 65%-75% imports are sourced from China. Our dependency on China is for only one major raw material ingredient with respect to one of our finished product which constitutes around 17%-20% of revenue from Agro Chemical business.

In case of another one finished product in Agro chemicals we, at times, partially depend on China for one of the raw materials. This input material, though available in India, we have some price advantage when we source from China. The revenue contribution of this end product is around 4.5% to 5.0% of the total sale.

Other than these two raw materials, we are not dependent on China.

- **INVENTORY**

The Company is having adequate levels of inventory for the Q4 of FY '20.

In fact, we have started experiencing little ease in supplies from China. Few consignments have already been on its way for shipping and few more shipments are lined up. We hope to revert to normalcy in coming months.

- **EXPORT BUSINESS**

We have no major exports to China

Typically the peak demand season for Agrochemicals starts from June- September in major markets. The orders from other geographical territories generally would start flowing in from April onwards.

We do not envisage any major impact on our export business in other geographical areas when the supplies from China normalize in coming months.

In an event where the normalcy in China gets delayed, the business could marginally get impacted.

- **DOMESTIC BUSINESS**

In case of domestic business there is an increase in the inquiry from B2B customers, in anticipation of short supply and anticipated increase in prices.

MEGHMANI ORGANICS LTD. AHMEDABAD

- **FINANCIAL IMPACT AND FUTURE GUIDANCE:**

As for the guidance on FY '20, the company is fairly comfortable to meet the business targets for the top line with no major variations in volume, yet experiencing some amount of pricing pressure. However, all this is subject to the business dynamics and global scenario affecting the Agrochemicals and Pigment industry as a whole.

As way forward for coming years, generally in competitive scenario in Chemical sector, China is considered a major influencer. The current scenario, largely led by the extent of COVID-19 spread in China, opens up wide range of business opportunities – both in short term as well as long term and may force the world to look at Indian manufacturers more seriously as sound alternative to China. This in turn, may afford a much better pricing power to Indian Chemical manufacturers who can demonstrate capability.

The biggest strengths of the company lies in having multi-purpose manufacturing set up and plant with flexibility which can support composite product basket, sound capital allocation policies and focus only on core business. The emphasis is to develop newer molecules / get added registrations and approvals in many parts of the world.

Successful 'Backward Integration' has remained the key for the Company's efforts for sourcing supplies of quite a few important input ingredients and bring under control with cost management, in turn expected to contribute towards an improved profitability in coming times.

As we move on, more clarity would automatically emerge for FY 21 and FY 22

- IMPACT ON CAPEX PROGRAM

All the Capex plans are long term plans and the management is committed to execute the same in a time bound manner.

- RISK MITIGATION STRATEGY

There are no major business risks envisaged excepting general business risks. The strong managerial bandwidth is capable of accepting challenges in any business environment. This further backed by strong balance sheet and financial strengths.

However, the company has its foreign risk management policy in place

***

06th March, 2020

MEGHMANI ORGANICS LIMITED AHMEDABAD