

Issuer: Meghmani Organics Limited

Security: Meghmani Organics Limited

Meeting details:

Date: 27 July 2017

Time: 10.00 a.m.

Venue: H T Parekh Convention Center, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad -380 015

Company Description

Meghmani Organics Limited manufactures, sells, and distributes pigments and pesticides. The company operates in three divisions: Pigments, Agrochemicals, and Basic Chemicals. The Pigments division offers phthalocynine green 7, copper phthalocynine blue, alpha blue, and beta blue pigments that are used in various applications, including printing inks, plastics, paints, textiles, leather, paper, and rubber. The Agrochemicals division engages in the manufacture and sale of technical, intermediates, and formulations of insecticides, fungicides, and herbicides, which are used in crop protection, public health, termite and insect control, and veterinary applications. It offers its formulations primarily under the Megastar, Megacyper, Megaban, Synergy, and Courage brand names. The Basic Chemicals division manufactures caustic chlorine and caustic potash, which are used by the agriculture sector, industry, and directly by the consumers. It is also involved in trading activity. Meghmani Organics Limited offers its products to customers through direct sales teams and distributors/agents in North America, Europe, Central and Latin America, and the Asia Pacific. It exports its products to 75 countries. The company was formerly known as Gujarat Industries. Meghmani Organics Limited was founded in 1986 and is based in Ahmedabad, India.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=M30)

Q1. In the Chairman’s Statement (pages 6 to 8 of the annual report), the good performance of all three segments of the business (namely pigments, agrochemicals and basic chemicals) was highlighted and the three segments are expected to grow well on both the domestic and export fronts.

Globally, the pigment market is expected to grow at a CAGR of 3.8%, the global agrochemicals market at 4.5% and the chlor-alkali market (basic chemicals) at 5.0-5.5% (page 7). The chairman has forecasted that FY18 “looks to be a more promising year with all businesses poised to grow” and the group is “positive about a stepped-up performance in FY18”.

- a) **As the company embarks on its next landmark capital expenditure plans involving Rs 5.4 billion of investments over the next 2-3 years, how does the company ensure that the new capacity is well absorbed by the market and can the group maintain its profit margins?**
- b) **How significant are the export markets and is it the group’s strategy to grow its exports?**
- c) In the Chairman’s Statement and in the Management Discussion and Analysis (pages 32 to 40), the commentary was largely positive on the growth and potential of the businesses. **Can management also discuss in greater detail the threats and potential headwinds in the businesses?**

Q2. On 18 May 2017, the company announced that for the board meeting to be held on 22 May 2017 there would have an additional agenda item “to consider the delisting proposal of Singapore Depository Receipts (SDRs) listed on the Singapore Exchange (Main Board) (SGX)”.

Following the board meeting held on 22 May 2017, the company announced that, inter alia, subject to certain conditions being met, the “board of directors has granted in principle approval for delisting of the SDRs listed on SGX”.

- a) **Can the board help shareholders of the SDRs understand the reasons that prompted the review of its listing status on the SGX?**

There are shareholders who have held the company’s shares since its listing on the SGX in 2004. Now that the company is on the cusp of becoming a global chemicals conglomerate, the board has decided to delist the company from SGX.

- b) **How does the company intend to help shareholders who are affected by the proposed delisting?**

Q3. Rule 730A in Chapter 7: Continuing Obligations of the Listing Manual states that an issuer shall hold all its general meetings in Singapore, unless prohibited by relevant laws and regulations in the jurisdiction of its incorporation. The annual general meeting is scheduled to be held in Ahmedabad, India on 27 July 2017.

- a) **Has the company made arrangements for shareholders of the SDRs to follow the proceedings and to participate in the meeting through video conferencing or webcast?**
- b) **Is the company holding an information session in Singapore in 2017 for the benefit of the SDR holders?**
- c) On 26 July 2016, the company had announced that they intended to hold an information session by the end of August 2016. No further announcement was made on the SGX. **Can the company confirm that such an information session was held for holders of the SDRs?**