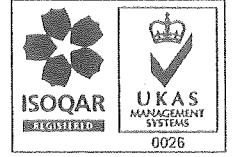


# MEGHMANI ORGANICS LIMITED



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



27/08/2018

To,  
National Stock Exchange of India Limited (NSE)  
"Exchange Plaza", Bandra-Kurla Complex,  
Bandra (East)  
Mumbai 400 051

**SCRIP CODE: MEGH.**

Dear Sir

**Sub: Intimation for Scheme of Arrangement amongst Subsidiaries of Meghmani  
Organics Limited**

**Ref: - Clarification required by the NSE vide E-mail dated 21.08.2018**

We refer to e-mail dated 21<sup>st</sup> August, 2018 received from National Stock Exchange seeking clarification with respect to an announcement submitted by the Company on 17<sup>th</sup> August, 2018 regarding a 'Intimation for Scheme of Arrangement amongst Subsidiaries of Meghmani Organics Limited' and submit herewith the detailed point wise response to the clarifications for the information of members.

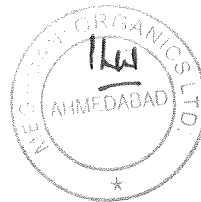
We shall be happy to provide any further information as may be required by the Exchange.

Kindly take the same on record.

Thanking you.

For Meghmani Organics Limited

K D Mehta  
Company Secretary & Compliance Officer





**MEGHMANI ORGANICS LIMITED - MEGH**

**Clarifications required by National Stock Exchange Vide E-Mail Dated 21.08.2018**

**1. BRIEF DETAILS OF CHANGE IN SHAREHOLDING PATTERN (IF ANY) OF LISTED ENTITY.**

Pursuant to the proposed Scheme of Arrangement, there shall not be any change in shareholding pattern of Meghmani Organics Limited, the listed company, as the Scheme of Arrangement is for amalgamation amongst two unlisted subsidiaries of Meghmani Organics Limited.

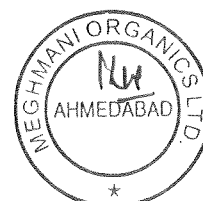
**2. IN CASE OF CASH CONSIDERATION AMOUNT OR OTHERWISE SHARE ENTITLEMENT/EXCHANGE RATIO;**

Under the Scheme of Arrangement, it is proposed to amalgamate Meghmani Agrochemicals Private Limited ('MAPL' or 'Transferor Company'), Wholly Owned Subsidiary of Meghmani Organics Limited ('MOL') with Meghmani Finechem Limited ('MFL' or 'Transferee Company'), subsidiary of MOL. As consideration, MFL shall issue and allot shares to MOL being the sole shareholder of MAPL in the following ratio (the "Share Exchange Ratio"):

- i. 1439 Optionally Convertible Redeemable Preference Shares ('OCRPS') with 8% p.a.coupon of the Transferee Company of face value of INR 10/- each fully paid – up, for every 100 Equity Shares of INR 10/- each fully paid – up held in the Transferor Company.
- ii. 75 Non-Convertible Compulsorily Redeemable Preference Shares (NCRPS) with 8% p.a.coupon of the Transferee Company of face value of INR 10/- each fully paid – up, for every 10 Redeemable Preference shares of INR 10/- each fully paid – up held in the Transferor Company.

This shall tantamount to a total consideration of INR 432.6 Cr to be received by MOL as under:

- INR 210.9 Cr in the form of OCRPS
- INR 221.7 Cr in the form of NCRPS



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### 3. RATIONALE FOR AMALGAMATION/ MERGER;

The primary objective of the proposed Scheme of Amalgamation is as under:

- To consolidate and maintain a direct shareholding of 57.16% by MOL in MFL which is equivalent to the stake held by MOL in MFL prior to exit of International Finance Corporation (“IFC”) from MFL.
- To create liquidity for MOL so that funds can be utilized for future expansion.
- As mentioned above, pursuant to the proposed Scheme of Amalgamation, MOL shall receive a consideration of INR 432.6 Cr in the form of Preference Shares of MFL.
- The NCRPS of INR 221.7 Cr are likely to be redeemed immediately on the Scheme of Arrangement being approved by the National Company Law Tribunal and the OCRPS of INR 210.9 Cr are likely to be redeemed over a period of time.
- MOL shall also earn a tax-free dividend of 8% p.a. on such Preference Shares till the time they are redeemed.
- The proposed transaction has been undertaken at arm’s length price and the consideration has been determined based on the fair value of shares of MFL which is similar to the exit price given to IFC.

Additionally, the proposed scheme shall result into following benefits:

- Enhanced shareholder value in MOL due to increase in liquidity and ability to fund expansion;
- Streamlining the organization structure;
- Strengthening of financial position with wider capital base of the merged entity;
- Achieve administrative and operational convenience;
- Reduction in multiplicity of legal and regulatory compliances;
- Optimum utilization of various resources;

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4. **AREA OF BUSINESS OF THE ENTITY (IES);**

MAPL was incorporated with an objective to manufacture and sell Chemicals and Chemical products. MAPL also holds investment in equity shares of MFL. MAPL is a Wholly Owned Subsidiary of MOL.

MFL is engaged in the business of manufacturing of Chemical products. MFL is a subsidiary of MOL.

5. **WHETHER THE TRANSACTION WOULD FALL WITHIN RELATED PARTY TRANSACTIONS? IF YES, WHETHER THE SAME IS DONE AT "ARM'S LENGTH";**

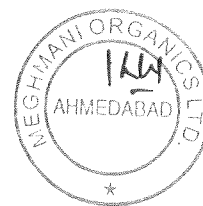
The proposed amalgamation is between two unlisted subsidiaries of MOL viz. MAPL and MFL.

The proposed transaction has been undertaken at arm's length price and the consideration has been determined based on the fair value of shares of MFL which is similar to the exit price given to IFC.

For **Meghmani Organics Limited**



**K D Mehta**  
**Company Secretary & Compliance Officer**



Date :- 27/08/2018