



MEGHMANI ORGANICS LIMITED

(Incorporated as a limited liability company in India)

CORPORATE OFFICE: "MEGHMANI HOUSE", B/H SAFAL PROFITAIRE, CORPORATE ROAD, PRAHLADNAGAR,
AHMEDABAD-380 015. (INDIA)
PHONE: +91-79-29709600 FAX : 91-79-29709605 EMAIL : helpdesk@meghmani.com URL: www.meghmani.com

RESPONSE TO SGX QUERIES ON FIRST QUARTER RESULTS FOR THE PERIOD ENDED 30 JUNE 2017

The Board of Directors of Meghmani Organics Limited (the "Company") wishes to announce its response to the queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 25 September 2017 relating to the Company's first quarter results for the period ended 30 June 2017:-

Query 1

Please provide an explanation for the increase in Bad trade receivables written off from Rs 0.25million to Rs 47.1million; and the reasons for the write-off of such Trade receivables.

Response to Query 1

The reasons for increase in Bad trade receivables are :-

Particulars	Amount Rs. in Million
Sundry Balances written off	11.65
Bad Debts	13.82
Provision for Doubtful Debts	21.66
Total	47.13

Query 2

Please provide the aging schedule of Trade receivables; and the Board's assessment of the recoverability of the Trade receivables.

Response to Query 2

The Aging Analysis is given herein below:-

Aging	Amount Rs. in Million
0 – 90 days	3528.34
91– 180 days	172.37
Above 180 days	267.26
Total	3967.97
Less	
Provision for Doubtful Debts	21.66
Total Trade Receivables	3946.31

The Board is regularly monitoring Trade Receivables of above 180 days.

Query 3

Please clarify if the Caustic Chlorine Division is part of the Basic Chemicals Division as provided in the breakdown of Gross Profit on page 12; and clarify the reasons for the decrease in the Gross profit margin under Basic Chemicals Division.

Response to Query 3

The Gross Profit in absolute terms has increased in Q1 FY 2018 as compared to Q1 FY 2017. However, Gross Profit margin has decreased partly on account of operation of KOH Plant and partly on account of higher sales volume.

Query 4

Please clarify the reasons for the decrease in the Gross profit margin under the Pigment Division.

Response to Query 4

GP margin of Pigment Division decreased from 22.3% in Q1 FY 2017 to 18.0 % in Q1 FY 2018 due to decrease in quantity sales of CPC Blue, Alpha Blue and PG7.

Query 5

Please explain provide a breakdown of the Other operating expenses of Rs 14.7million for the current financial period as compared to the previous corresponding period; and provide an explanation for any material variances in the figures.

Response to Query 5

The Breakdown of the Other Operating expenses are as under:-

Other operating expenses	Q1 FY 2018	Q1 FY 2017	Variance
	Rs. in Mn	Rs. in Mn	Rs. in Mn
Exchange Rate difference	-32.55	-44.89	12.34
Bad debts W/off and Provision	47.13	0.25	46.88
Loss on sale of assets	0.16	0.57	-0.41
Total	14.74	-44.07	58.81

Query 6

Please explain the use of proceeds of other borrowings where there is an increase of Rs 388million from (Rs 199million) to Rs 189million on page 6.

Response to Query 6

The proceed is used for working capital requirements.

By Order of the Board

Kamlesh Dinkerray Mehta
Company Secretary
2 October 2017