



MEGHMANI ORGANICS LIMITED

(Incorporated as a limited liability company in India)

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RESPONSE TO SGX QUERIES ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 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”) on the 2016 – 2017 Annual Report:

Query 1

Listing Rule 712 provides that:-

(1) an issuer must appoint a suitable auditing firm to meet its audit obligations, having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the listed group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit. A mineral, oil and gas company must appoint an auditing firm where the auditing firm and audit partner-in-charge have the relevant industry experience.

(2) The auditing firm appointed by the issuer must be:-

(a) Registered with the Accounting and Corporate Regulatory Authority (“ACRA”);

(b) Registered with and/or regulated by an independent audit oversight body acceptable to the Exchange. Such oversight bodies should be members of the International Forum of Independent Audit Regulators, independent of the accounting profession and directly responsible for the system of recurring inspection of accounting firms or are able to exercise oversight of inspections undertaken by professional bodies; or

(c) Any other auditing firm acceptable by the Exchange.

We note the disclosure on page 5 of the Company’s annual report for 2016-2017 (“AR 2016-17”) that the auditor is M/s Khandwala & Khandwala; and the joint-auditor is KPMG. Please explain whether and how the Company has complied with Listing Rule 712.

Response to Query 1

The subject matter was discussed during our meeting with SGX officials in Singapore on 16th January, 2017 and 20th March, 2017, and the difficulties were expressed about the Compliance of Listing Rule 712 for the year 2016-17. The written submission has also been made to SGX on 24th January 2017 and 5th April, 2017. In the submission dated 24th January 2017 to SGX, the Company has assured that the appointment of New Audit Firm for FY 2017-18 will be made in concurrence with SGX. The Board of Meghmani has recommended that Ernst & Young, Singapore, which is registered with ACRA, to be appointed as Joint Auditor of the Company. The proposed appointment of Ernst & Young, Singapore will be tabled to the shareholders at the Company's AGM to be held on 27th July, 2017.

The Company has complied with Rule 712

Query 2

Listing Rule 713(1) provides that an issuer must disclose in its annual report the date of appointment and the name of the audit partner in charge of auditing the issuer and its group of companies. The audit partner must not be in charge of more than 5 consecutive audits for a full financial year, the first audit being for the financial year beginning on or after 1 January 1997, regardless of the date of listing. The audit partner may return after two years.

We note the disclosure on page 5 of the AR 2016-17 that the auditor is M/s Khandwala & Khandwala; and the joint-auditor is KPMG.

In this regard, please make the disclosures required under Listing Rule 713(1), in particular, the date of appointments and name of the audit partners in charge of auditing the issuer and its group of companies. Please also disclose the independent audit report by KPMG.

Response to Query 2

Name of the audit partner in charge: *Mr. Mukesh Khandwala*
Date of Appointment: *26th July, 2016*

The Company will arrange for the Independent Audit Report by KPMG to be disclosed by 9th August, 2017.

Query 3

On page 5 of the Annual Report, the Company states that KPMG is a joint-auditor of the Company. Please disclose the name of the partner in charge of the audit and when the audit partner was appointed. Please disclose the Independent Audit Report by KPMG.

Listing Rule 715 provides that:-

- (1) Subject to Rule 716, an issuer must engage the same auditing firm based in Singapore to audit its accounts, and its Singapore-incorporated subsidiaries and significant associated companies.*
- (2) An issuer must engage a suitable auditing firm for its significant foreign-incorporated subsidiaries and associated companies.*

Listing Rule 716 provides that an issuer may appoint different auditing firms for its subsidiaries or significant associated companies (referred to in Rule 715(1)) provided that:-

- (1) the issuer's board and audit committee are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the issuer; or*
- (2) the issuer's subsidiary or associated company, is listed on a stock exchange.*

Please confirm and explain whether and how the Company has complied with Listing Rule 715 and/or 716.

Response to Query 3

Rule 716 is not applicable to the Company as the Company has no subsidiary or associate listed on Singapore Stock Exchange.

Name of the audit partner in charge: Mr. Jeyur Shah
Date of Appointment: 26th July, 2016

Query 4

We note the disclosure on page 222 of the AR 2016-17 regarding the Notice of Annual General Meeting:-

“RESOLVED FURTHER THAT Ernst & Young LLP, Chartered Accountants, Singapore, be and is hereby appointed as Joint auditors of the Company under the International Financial Reporting Standards (IFRS) (For Singapore Stock Exchange Listing Requirements) to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting at such remuneration as may be mutually agreed upon and fixed by the Board of Directors of the Company”.

Please explain whether the Company had submitted and obtained circular clearance from the Exchange regarding the appointment of Ernst & Young LLP, Chartered Accountants, Singapore as Joint auditors of the Company? Please explain whether and how the Company has complied with Listing Rule 1203(5).

Response to Query 4

As per the new Indian Companies Act, 2013, the maximum term of the appointment of Statutory Auditor is now fixed for a period of 10 Years, with a cooling period of 3 years to those who has already completed 10 years before the Companies Act, 2013.

The term of M/s Khandwala & Khandwala, as the Statutory Auditor under the Companies Act, 2013 expired on 31.03.2017 and thereby change in the Auditor is not because of any other reasons but due to change in the requirements of the Companies Act, 2013.

This was explained to the SGX Team, during our personal meeting on 16th January, 2017 and 20th March 2017, and in our submission dated 5th April, 2017.

The Company has obtained the confirmation of SGX vide e-mail dated 19th May, 2017, that the appointment of Ernst & Young LLP, Chartered Accountants, Singapore, will meet with SGX requirements.

Accordingly, the Company is appointing Ernst & Young LLP, Chartered Accountants, Singapore, as Joint Auditor for the FY 2017-18.

The Company has complied with Rule 1203(5)

Query 5

We note the disclosure on page 222 of the AR 2016-17 regarding the Notice of Annual General Meeting:-

“NOTICE IS hereby given that Twenty Third Annual General Meeting of the Company will be held on Thursday, 27th July, 2017 at 10.00 a.m. at H T Parekh Convention Center, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad -380 015...”.

Please explain whether and how the Company has complied with Listing Rule 730(A).

Response to Query 5

The Company is incorporated and registered in India. Accordingly, the Company is required to hold its General Meetings in India and not in Singapore. The Singapore Exchange vide letter no. RMR/LC/CNWL dated 2nd October, 2014 has confirmed that Rule 730A (1) Read with Paragraph 2.4 of Practice Note 7.5 is not applicable to the Company.

In relation to Rule 730A, the Company vide its letter dated 9th May, 2016 has accepted to hold the Shareholder information meeting in Singapore and the Company held the information meeting on 16th January, 2017.

The Company assures to comply with requirement to hold Shareholder information meeting in Singapore.

Hence the Company has complied with the requirements of Rule 730A.

By Order of the Board

Kamlesh Dinkerray Mehta
Company Secretary
25 July 2017