



MEGHMANI ORGANICS LIMITED

(Incorporated as a limited liability company in India)

CORPORATE OFFICE: "MEGHMANI HOUSE", B/H SAFAL PROFITAIRE, CORPORATE ROAD, PRAHLADNAGAR,
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RESPONSES TO SGX QUERIES ON ITS ANNOUNCEMENT RELEASED ON 25 JULY 2017 – QUERIES ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED ENDED 31 MARCH

The Board of Directors of Meghmani Organics Limited (the "Company") refer to its announcements released on 25 July 2017 and 16 August 2017 (the "Earlier Announcements") and the queries raised by the Singapore Exchange Securities Limited (the "SGX") on 9 October 2017 regarding the Earlier Announcements, and sets out below its responses to the queries from the SGX as follows:-

Query 1

In the Company's SGXNet Announcement of 25 July 2017, the Company provided the following 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."

Please provide disclosure of the Independent Audit Report by KPMG.

Response to Query 1

The report of KPMG is forwarded herewith.

Query 2

In the Company's SGXNet Announcement of 16 August 2017, the Company provided the following response to Query 1: *"We confirm that the outgoing Auditors KPMG is aware that there are no professional reasons for not accepting appointment as Auditors of the Company by new auditors. If require, we can obtain and submit the confirmation of KPMG to Auditors".*

Please note that the confirmation should come from the outgoing Auditors and not the Company.

- i. As such, please clarify whether the outgoing Auditors KPMG have provided confirmation pursuant to LR 1203(5)(a) which requires, *"Confirmation from the outgoing auditors whether or not they are aware of any professional reasons why the new auditors should not accept appointment as auditors of the issuer. If so, to provide details"*.
- ii. Please also provide details of this confirmation from the outgoing auditors KPMG.

Response to Query 2

The confirmatory e-mail is forwarded separately.

Query 3

In the Company's SGXNet Announcement of 16 August 2017, the Company provided the following response to Query 2: *"The date of the information meeting for the shareholders in Singapore with regards to the Company's FY2017 will be announced by end of August 2017."*

Response to Query 3

The Company has decided to hold SDS holders Meeting on 24th and 25th November, 2017 i.e. after the Second Quarter Financial Result Board meeting scheduled on 08th November, 2017. The objective is to provide and discuss the Second Quarter result, which would be more recent.

By Order of the Board

Kamlesh Dinkerray Mehta
Company Secretary
13 October 2017



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CONFIDENTIAL

Report in connection with our appointment to perform specific procedures with respect to reconciliation of material GAAP differences between Ind AS and IFRS numbers for the period 1 April 2016 to 31 March 2017 pertaining to the consolidated financial statement of Meghmani Organics Limited ('MOL' or 'the Company') as per engagement letter dated 30 May 2017.

To
The Board of Directors
Meghmani Organics Limited

20 June 2017

In accordance with our engagement letter dated 30 May 2017, we have performed the specific procedures with respect to reconciliation of material differences between Ind AS and IFRS numbers based on the consolidated Ind AS audited financial statement of the Company as at 31 March 2017 and the statement of profit and loss for the period 1 April 2016 to 31 March 2017 of Meghmani Organics Limited.

The purpose of these specific procedures is to review material difference in numbers between Ind AS and IFRS prepared and identified by the management for their internal evaluation.

Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountant of India.

The identification and preparation of reconciliation statement is the sole responsibility of the management of the Company. In this regard, management of the Company is responsible for properly recording the transactions in the books of account and maintaining an internal control structure sufficient to permit the preparation of reliable financial information. We have only performed procedures, as noted below:

- 1 Obtained the consolidated audited financials of the Company for the period 1 April 2016 to 31 March 2017.
- 2 Obtained the reconciliation of material differences in numbers prepared by the management between Ind AS and IFRS in the consolidated financial statement for the year period 1 April 2016 to 31 March 2017.
- 3 Verified the numbers of the Ind AS in the reconciliation statement with the audited consolidated financial statement of the Company.
- 4 Verified the mathematical accuracy of the working for the difference identified by the management.
- 5 Verified that the reconciling items identified by the management is as per the requirement of IFRS and comment for any observations.

Based on the procedures performed by us, mentioned in paragraph 1-5 above, and information and explanations and representations received from the Company's management, our findings are enclosed in Appendix I.



The consolidated Ind AS financial statement of the Company for the year ended 31 March 2017 has been audited by another firm of Chartered Accountant and we have not verified the form, content and basis of preparation of those financial statement. We have relied upon those numbers for the purpose of this reconciliation and have accordingly not performed any procedures on the same.

Since the above procedures do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India, we do not express any assurance on financial information.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with the generally accepted auditing standards in India, other matters might have come to our attention that would have been reported to you.

We have discussed the contents of this report with the management, to confirm the factual accuracy.

Our report is solely for the purpose of the management and not to be used for any other purpose or to be distributed to any other parties without our prior written consent.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'KPMG' in a stylized, cursive script.



Annexure 2

Reconciliation statement of balance sheet between Ind AS and IFRS as at 31 March 2017

| Particulars | Ind AS | Adjustments | IFRS | |
|---|-----------------------|----------------------|-----------------------|----------------------|
| I. Assets | | | | |
| (1) Non-current assets | | | | |
| (a) Property, plant and equipment | 7,688,505,398 | (75,895,806) | 7,612,609,592 | No negative findings |
| (b) Capital work-in-progress | 96,584,662 | 46,966,337 | 143,550,999 | |
| (c) Other intangible assets | 92,861,612 | - | 92,861,612 | |
| (d) Intangible assets under development | 94,468,531 | (2,766,498) | 91,702,033 | |
| (e) Financial assets | | | | |
| (i) Non-current investments | 5,852,750 | - | 5,852,750 | |
| (ii) Other non-current financial assets | 103,485,498 | - | 103,485,498 | |
| (f) Non-current tax assets (net) | - | 184,465,954 | 184,465,954 | No negative findings |
| (g) Other non-current assets | 54,253,674 | (42,467,990) | 11,785,684 | |
| Total non-current assets | 8,136,012,125 | 110,301,997 | 8,246,314,122 | |
| (2) Current assets | | | | |
| (a) Inventories | 2,416,806,878 | - | 2,416,806,878 | No negative findings |
| (b) Financial assets | | | | |
| (i) Investments | 285,270,023 | - | 285,270,023 | |
| (ii) Trade receivables | 3,309,101,955 | - | 3,309,101,955 | |
| (iii) Cash and cash equivalents | 20,609,710 | - | 20,609,710 | |
| (iv) Bank balances other than (iii) above | 81,337,464 | - | 81,337,464 | |
| (v) Other current financial assets | 580,008,012 | - | 580,008,012 | |
| (c) Current tax assets (net) | 179,251,709 | (179,079,650) | 172,059 | No negative findings |
| (d) Other current assets | 780,238,030 | 1,001,471 | 781,239,501 | |
| Total current assets | 7,652,623,781 | (178,078,179) | 7,474,545,602 | |
| Total assets | 15,788,635,906 | (67,776,182) | 15,720,859,724 | |
| II. Equity and liabilities | | | | |
| (1) Equity | | | | |
| (a) Equity share capital | 254,314,211 | - | 254,314,211 | No negative findings |
| (b) Other equity | 6,930,230,006 | (65,724,569) | 6,864,505,437 | |
| Equity attributable to equity holders of the parent | 7,184,544,217 | (65,724,569) | 7,118,819,648 | |
| Non-controlling interests | 1,547,401,109 | 3,531,423 | 1,550,932,532 | |
| Total equity | 8,731,945,326 | (62,193,146) | 8,669,752,180 | |
| (2) Liabilities | | | | |
| Non-current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 1,217,099,131 | - | 1,217,099,131 | No negative findings |
| (ii) Other financial liabilities | 1,554,864 | - | 1,554,864 | |
| (b) Provisions | 43,880,688 | - | 43,880,688 | |
| (c) Deferred tax liabilities (net) | 285,141,690 | (10,969,340) | 274,172,350 | |
| (d) Non-current tax liabilities (net) | - | 4,121,792 | 4,121,792 | |
| Total non-current liabilities | 1,547,676,373 | (6,847,548) | 1,540,828,825 | |
| Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 2,496,120,894 | - | 2,496,120,894 | No negative findings |
| (ii) Trade payables | 1,634,619,293 | - | 1,634,619,293 | |
| (iii) Other financial liabilities | 1,192,162,665 | - | 1,192,162,665 | |
| (b) Other current liabilities | 130,791,908 | - | 130,791,908 | |
| (c) Provisions | 1,109,000 | - | 1,109,000 | |
| (d) Current tax liabilities (net) | 54,210,447 | 1,264,512 | 55,474,959 | |
| Total current liabilities | 5,509,014,207 | 1,264,512 | 5,510,278,719 | |
| Total liabilities | 7,056,690,580 | (5,583,036) | 7,051,107,544 | |
| Total equity and liabilities | 15,788,635,906 | (67,776,182) | 15,720,859,724 | |



Annexure 2 (Continued)

Reconciliation of Income statement between Ind AS and IFRS for the year ended on 31 March 2017

| Particulars | Ind AS | Adjustments | IFRS | |
|---|-----------------------|--------------------|-----------------------|----------------------|
| Income | | | | |
| Revenue from operations | 15,462,766,552 | - | 15,462,766,552 | No negative findings |
| Other income | 124,173,222 | - | 124,173,222 | |
| Total income | 15,586,939,774 | - | 15,586,939,774 | |
| Expense | | | | |
| Cost of materials consumed | 7,000,971,079 | - | 7,000,971,079 | No negative findings |
| Purchase of stock in trade | 292,909,171 | - | 292,909,171 | |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 645,766,528 | - | 645,766,528 | |
| Excise duty on sales | 1,233,399,492 | - | 1,233,399,492 | |
| Employee benefits expense | 647,935,746 | - | 647,935,746 | |
| Finance costs | 508,883,406 | 4,144,713 | 513,028,119 | |
| Depreciation and amortization expenses | 907,236,643 | (5,710,444) | 901,526,199 | |
| Other expenses | 2,754,113,327 | - | 2,754,113,327 | |
| Total expense | 13,991,215,392 | (1,565,731) | 13,989,649,661 | |
| Profit before exceptional, extraordinary items & tax | 1,595,724,382 | 1,565,731 | 1,597,290,113 | |
| Exceptional items | (38,106,054) | - | (38,106,054) | No negative findings |
| Profit before tax | 1,557,618,328 | 1,565,731 | 1,559,184,059 | |
| Tax expenses: | | | | |
| Current tax | 402,769,253 | - | 402,769,253 | No negative findings |
| Deferred tax | (7,245,886) | 541,868 | (6,704,018) | |
| Profit for the year | 1,162,094,961 | 1,023,863 | 1,163,118,824 | |
| Other comprehensive income | | | | |
| A (i) Items that will not be reclassified to profit or loss - remeasurement of post employment benefit obligation | (5,166,829) | - | (5,166,829) | No negative findings |
| (ii) Income tax related to items that will not be reclassified to profit or loss | 1,788,136 | - | 1,788,136 | |
| Net other comprehensive income | (3,378,693) | - | (3,378,693) | |
| Total comprehensive income for the year | 1,158,716,268 | 1,023,863 | 1,159,740,131 | |
| Profit attributable to: | | | | |
| Owners of the Company | 877,038,450 | 1,314,297 | 878,352,747 | No negative findings |
| Non-controlling interests | 285,056,511 | (290,434) | 284,766,077 | |
| | 1,162,094,961 | 1,023,863 | 1,163,118,824 | |
| Other comprehensive income attributable to: | | | | |
| Owners of the Company | (2,773,240) | - | (2,773,240) | No negative findings |
| Non-controlling interests | (605,453) | - | (605,453) | |
| | (3,378,693) | - | (3,378,693) | |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 874,265,210 | 1,314,297 | 875,579,507 | No negative findings |
| Non-controlling interests | 284,451,058 | (290,434) | 284,160,624 | |
| | 1,158,716,268 | 1,023,863 | 1,159,740,131 | |

RE: Meghmani Organics Limited (the "Company") - SGX Query

1 message

Mehta, Jigar <jigarmehta@bsraffiliates.com>

Fri, Oct 13, 2017 at 10:56 AM

To: Kamlesh Mehta <kamlesh.mehta@meghmani.com>

Dear Kamlesh bhai,

We don't have any professional objection if the agreed upon procedures carried out by us until last year is done by any new firm which you have appointed.

Regards

Jigar

From: Kamlesh Mehta [mailto:kamlesh.mehta@meghmani.com]

Sent: Tuesday, October 10, 2017 6:11 PM

To: Mehta, Jigar <jigarmehta@bsraffiliates.com>; Sukrut S Mehta <Sukrut.Mehta@in.ey.com>

Subject: Fwd: Meghmani Organics Limited (the "Company") - SGX Query

Dear Sir,

MOST URGENT

I am forwarding herewith trailing e-mail of SGX requirement at Item No.2.

SGX has asked for a confirmation with regarding to following from KPMG :-

"Confirmation from the outgoing auditors whether or not they are aware of any professional reasons why the new auditors should not accept appointment as auditors of the issuer. If so, to provide details".

As the Company has to give reply tomorrow please treat this as urgent.

Thanking you and with kind regards.

KD Mehta
V.P. (Company Affairs)