MEGHMANI
ORGANICS LIMITED

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NEWS RELEASE

Meghmani reports net profit of Rs 93 million on revenue of Rs 1.7 billion in 2QFY2008

- *2Q revenue growth from improved Agrochemicals and Trading sales*

Rs million (Period ended 30Sep 06)	2QFY08 (3M)	2QFY07 (3M)	Change (%)	1HFY08 (6M)	1HFY07 (6M)	Change (%)
Revenue	1,711.1	1,366.8	+25.2	2,842.2	2,381.2	+19.4
Gross profit	329.4	310.7	+6.0	596.6	530.7	+12.4
Profit from operations	140.4	140.8	(0.2)	280.2	268.6	+4.3
Profit before tax	117.5	109.5	+7.4	223.5	217.5	+2.8
Income tax	(24.5)	(2.8)	+761.0	(46.6)	(20.5)	+127.7
Profit after tax	93.0	106.6	(12.7)	176.9	197.0	(10.2)

Exchange rate: S$1: Rs29.1345 as at September 2007

Singapore, 30 October 2007 - **Meghmani Organics Limited ("Meghmani" or "the Group")**, an India-based global manufacturer of Pigments and Agrochemicals, listed on the Singapore Stock Exchange (SGX), Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), today reported a 25.2% increase in revenue to Rs1.7 billion (S$58.7 million), and a net profit of Rs93 million (S$3.2 million), for the three months ended 30 September 2007 (2QFY2008). Meghmani's 2QFY2008 performance was primarily achieved on the back of robust growth in Agrochemicals and Trading sales.

Meghmani reported a marginally lower net profit of Rs 177 million (S$6.1 million) on revenue of Rs 2.8 billion (S$97.5 million) for the six months ended 30 September 2007 (1HFY2008). This compared with to a net profit and revenue of Rs 197 million (S$6.8 million) and Rs 2.4 billion (S$87.7 million) respectively in 2HFY2007.

Based on 230,845,703 weighted average ordinary shares in issue during 1HFY2008, earnings per share was Rs 0.77 (0.026 Singapore cents) as compared to Rs 0.98 (0.034 Singapore cents) previously whilst earnings per SDS was Rs 0.39 (0.013 Singapore cents) compared to Rs 0.49 (0.017 Singapore cents) a year ago. The Group's net asset value per share increased to Rs 15.42 (S$0.53) as at 30 September 2007, from Rs 13.98 (S$0.48) as at 31 March, 2007.

Top- and Bottomline Growth Segment-wise

Rs million (Period ended 30 Sep 07)	**2QFY2008 (3M)**	**2QFY2007 (3M)**	**Change (%)**
Agrochemicals			
Revenue (Rs million)	1,001.2	780.4	+28.3
Gross profit (Rs million)	189.2	174.2	+8.6
Gross profit margin (%)	18.9	22.3	-
Pigments			
Revenue (Rs million)	537.8	577.8	-6.9
Gross profit (Rs million)	111.4	136.9	-18.6
Gross profit margin (%)	20.7	23.7	-
Trading			
Revenue (Rs million)	172.2	8.6	+1,893.2
Gross profit (Rs million)	28.9	(0.34)	NM
Gross profit margin (%)	16.8	(3.9)	-

Agrochemicals, Pigments and Trading Sales

In 2QFY2008, Agrochemicals sales improved 28.3% to Rs 1,001.2 million (S$34.4 million) from Rs 780.4 million (S$26.8 million) previously, driven by higher quantity sales of Acephate. Domestic and Export sales of Agrochemicals products improved by 28.6% and 27.7% to Rs 615 million (S$21.1 million) and Rs 386.2 million (S$13.3 million) respectively.

In addition, the Group also received a boost from its Trading sales which experienced an almost 20-fold increase to Rs 172.2 million (S$5.9 million) from Rs 8.6 million (S$0.3 million) in 2QFY2007.

During the quarter under review, Pigment sales declined marginally by 6.9% to Rs 537.8 million (S$18.5 million), from Rs 577.8 million (S$19.8 million) previously, due to intermittent production interruptions at its Panoli plant. The lower production flow was the result of government repair works of the common effluent treatment pipe line, owned and installed by Bharuch Environ Infrastructure Limited (BEIL). The breakage happened about 10 km north of Meghmani's Panoli plant. In total, approximately 300 units in the Panoli industrial estate was affected by this problem. As such, Domestic sales of Pigments products declined 20.6% to Rs 85.4 million (S$2.9 million) whilst Export sales dropped marginally by 3.8% to Rs 452.4 million (S$15.5 million).

Said Mr Ashish Soparkar, Managing Director of Meghmani, "Our performance this quarter was affected by production interruptions in our Pigments division caused by government repair works of infrastructure in the Panoli region. The problem is now solved and our plant has started operations from 25th October at 100% capacity utilization. We have lost on a little traction in the second quarter but we are confident that we will be able make it up in the coming quarters."

Gross Profit and Margins

While Meghmani posted a 6.0% increase in total gross profit to Rs 329.4 million (S$11.3 million) in 2QFY2008, gross margin slipped to 19.3% from continued high costs for raw materials, including derivatives of crude oil, Copper and Aluminum, and pricing pressures for Agrochemicals products. This compared with gross profit and margin of Rs 310.7 million (S$10.7 million) and 22.7% respectively in the previous corresponding quarter.

Added Mr Soparkar, "While we expect prices of Agrochemicals products to stabilize in FY2008, we foresee continued high raw materials costs driven by strong China demand. All this will impact on our profit margins. Nevertheless, Meghmani will endeavour to manage finance costs, inventory level and speedy realization of trade receivables to protect our profitability. Indeed, our due to our cost consciousness, increases in our most of our expenses are in line with our revenue growth."

To be noted, Other Operating Expenses of the Group increased by Rs 16.3 million (S$0.6 million) due to the strengthening of the Indian Rupee against the US Dollar during the quarter under review.

In addition, Income from Investments was boosted to Rs 8.4 million (S$0.29 million) from dividends earned arising from the temporary investment of surplus IPO proceeds in mutual funds. The funds are pending specific utilisation.

Future prospects and strategy

Consumption of organic pigments is growing at a rate of 2% - 3% on a global basis and the Asia Pacific ink markets are projected to grow at a rate of 7% - 8%, led by demand from China, India, Vietnam and Malaysia. Specific ink segments like sheet-fed, web offset, packaging and liquid inks are expected to grow 10% - 15% in China and India. The global agrochemicals outlook for 2007 is buoyant vis-à-vis 2006 with a return to normal weather conditions in the USA, Australia, Latin America and Northern Europe; increase in crop demand due to emphasis on bio-fuels and an increase in crop areas.

In view of positive trends in the Pigments and Agrochemicals industries, Meghmani has set up two majority-owned subsidiaries as Special Purpose Vehicles ("SPV") to drive spearhead its growth initiatives.

They include **Meghmani Energy Limited ("MEL")**, a 70%-owned subsidiary under which Meghmani intends to establish a Captive Power Plant near its Agrochemical Unit at Chharodi. The other SPV is **Meghmani Finechem**

Limited ("MFL"), which was incorporated on 11 September 2007, to implement a large scale, integrated Caustic Chlorine Complex located in Dahej used for the production of Caustic Soda Lye/Flakes, Chlorine Gas and Hydrogen Gas. (Please refer to press release dated 30 October 2007 "Meghmani to set up S$186.5 million Caustic Chlorine Complex in Dahej, under SPV Meghmani Finechem Ltd, to drive long-term sustainable growth")

"Meghmani is strategically positioning itself to capitalize on growth in the domestic and global Pigments and Agrochemicals industries. Our two newly set up SPVs is part of our long term growth strategy as, upon completion, MEL and MFL will provide low-cost, ready and captive sources of energy and select basic chemicals for Meghmani's Pigments and Agrochemicals operations," said Mr Soparkar.

Both these subsidiaries have not commenced operations and Meghmani will provide updates to its growth plans at an appropriate time.

About Meghmani Organics Limited

Established in Gujarat (India) in 1986, Meghmani is a manufacturer of Pigments and Agrochemicals. The Company specializes in the manufacture of green and blue pigment products that span multiple applications such as printing inks, plastics, paints, textiles, leather and rubber. Its pigment customers comprise mainly MNCs who are leading players in their respective industries.

Meghmani also produces a broad spectrum of commonly used pesticides for crop and non-crop applications such as public health, insect control in wood preservation and food grain storage. The Company counts amongst its customers leading pesticide manufacturers from North America, Europe, Latin America and Asia.

Over the years, Meghmani has rapidly expanded its geographical coverage from India to overseas markets in Europe, the US, Latin America and Asia Pacific. For the last financial year ended 31 March 2007, export sales accounted for about 70% of the Company's total revenue. For the year ended 31 March 2007 ("FY 2007"), Asia (excluding India) contributed almost 8 % to the Company's revenue. The domestic market in India accounted for 30% while the North America and Europe contributed 20% and 25% respectively to the Company's revenue. The remaining contributions came from Meghmani's other markets in Africa (5%), South America (10%), and Australia.

In Singapore, where it is listed on the main board of SGX, it won the "Most transparent company award" for the last two consecutive years. Meghmani also successfully completed its secondary listing in India at the Bombay Stock Exchange and the National Stock Exchange.

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