



NEWS RELEASE

Meghmani reports record FY2006 results

- **Meghmani posts best full-year revenue and net earnings in Company's history**
- **Revenue rose 16.5% to Rs 3.9 billion**
- **Net profit grew 20.1% to Rs 352.7 million**
- **Gross profit margin improved to 25.6%**

Rs in Mn	12 months ended 31 March		
	2006	2005	Change (%)
Revenue	3,856	3,309	16.5
Gross profit	985	721	36.7
Profit from operations	509	449	13.4
Profit before tax	441	408	8.2
Income tax	(88)	(114)	(22.3)
Profit after tax	353	294	20.1

Below conversion to SGD is based on an average exchange rate of S\$1: Rs 27.3514 as at 01 March 2006

Singapore, 22 May 2006 — SGX Main Board-listed **Meghmani Organics Limited** ("Meghmani" or "Company"), an India-based global manufacturer of pigments and agrochemicals, today reported a strong set of financial results for the year ended 31 March 2006.

Meghmani's revenue rose 16.5% to Rs 3.9 billion (S\$ 141.0 million) from Rs 3.3 billion (S\$ 121.0 million) previously. Net profit for the same period increased by 20.1%, from Rs 293.7 million (S\$ 10.7 million) in FY2005 to Rs 352.7 million (S\$ 12.9 million) in FY2006.

Top- and Bottomline Growth

Meghmani's key business segments of Agrochemicals and Pigments continued to see revenue growth for the full year ended 31 March 2006. Revenue for Agrochemicals grew 25.8% to Rs 2.1 billion (S\$ 77.6 million), from Rs 1.7 billion (S\$ 61.7 million) in the year ago period. Pigments made marginal increase of 1.6% in revenue to Rs 1.48 billion (S\$ 54.2 million) versus Rs 1.46 billion (S\$ 53.3 million) previously.

Gross profit increased tremendously by 36.7% to Rs 985.7 million (S\$ 36.0 million) in FY 2006, from Rs 721.0 million (S\$ 26.4 million) in the previous financial year. The increase in sales price of certain Technical Grade products, supported by lower raw material cost for certain products resulted in the Company's overall gross profit margin increasing by 3.8 percentage points to 25.6%.

At the segmental level, the gross profit margin of Agrochemical increased from 23.7% in FY 2005 to 28.1% in FY 2006, due primarily to the realization of higher sales price of Technical Grade products despite an increase in raw material costs. The gross profit margin of Pigments increased to 25.2% from 21.6%, previously.

Domestic and Export Sales

The Company continued to experience growth in Export sales on a Group level, turning in a revenue of Rs 2.8 billion (S\$104.2 million), up 19.1% from the previous year of Rs 2.4 billion (S\$87.5 million). Meghmani's Export sales of Agrochemicals products saw a robust growth of 39.9% to Rs 1.4 billion (S\$51.0 million), driven by higher sales of Acephate Technical, Chlorpyrifos Technical, Permethrin and Alpha Cypermethrin in countries such as USA, Belgium, Brazil, Paraguay, Thailand, UK, France and China.

Domestic sales registered an increase of Rs 90.7 million (S\$ 3.3 million) or 9.9% to Rs 1.0 billion (S\$36.8 million), in comparison to Rs 915.8 million (S\$ 33.5 million) in FY 2005. This was mainly attributable to increased sales of Pigments products, Pigment Green 7 and Alpha Blue, as the Company further expanded its customer base.

In proportion to the increase in the export turnover, distribution expenses rose by 55.3% to Rs 359.6 million (S\$ 13.1 million), from the previous corresponding period, as a result of increased freight , clearing, forwarding, packing cost and sales commission.

While the administrative expenses rose 20.8% to Rs 145.7 million (S\$ 5.3 million) in FY 2006, due to an increase in the remuneration to directors and an overall increase in

marketing related traveling expenses, and provision for bad debts. On the taxation front, however, Meghmani saw a 22.3% dip which is attributable to several factors. These include higher profits of the Export Oriented Unit and higher depreciation due to capital expenditure mainly for the installation of the CMAC plant in Agrochemical Unit – II at Ankleshwar.

Commented Mr Ashish Soparkar, Managing Director of Meghmani, “We are delighted to conclude our best year in Meghmani’s history. What makes it more significant is the fact that this was achieved despite the continued increase in the price of the raw materials during the period under review. On this note, the Company is also heartened in receiving the special Target Plus license, which consequently reduced our raw material costs.”

He continued, “New registrations obtained in countries such as China, Bangladesh, Indonesia, Nigeria, Paraguay, Thailand, Turkey and Vietnam have further strengthened the growth plan of the company. We have sent registration dossiers to 53 countries and have received 39 registrations worldwide. Having such registrations give us further access to these strategic markets. To further position Meghmani for future growth, we have installed a facility to manufacture 17 DA additives and further gear ourselves to manufacture high performance pigments to attract more outsourcing companies from developed countries.”

Based on the weighted average ordinary shares in issue during the period, earnings per share was Rs 1.76 (0.064 Singapore cents) as compared to Rs 1.56 (0.057 Singapore cents) previously whilst earnings per SDS was Rs 0.88 (0.032 Singapore cents) compared to Rs 0.78 (0.029 Singapore cents) a year ago. The Group’s net asset value per share increased to Rs 12.27 (S\$ 0.45) as at 31 March 2006, from Rs 10.82 (S\$ 0.40) as at 31 March, 2005.

The Group has recommended a final dividend of Rs 0.35 per share.

Outlook for FY2007

Prices of crude oil continued to increase during FY2006, resulting in higher raw material prices for derivatives of crude oil, such as Phathlic, Ortho Nitro Toluene and solvents. The bullish trend in the metal market also resulted in the price increase for Copper and Aluminum.

In recent months, the price of crude oil is once again on the rising trend. In view of the trend of rising raw material costs, we are also continuously and actively negotiating with our customers for better prices to be passed on. Nonetheless, the global market for both pigments and agrochemical products continued to show signs of recovery in the sales price for some products.

About Meghmani Organics Limited

Established in Gujarat (India) in 1986, Meghmani is a manufacturer of pigments and pesticides. 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 2006, export sales accounted for more than 74% of the Company's total revenue. For the year ended March 31 2006 ("FY 2006"), Asia (excluding India) contributed to 8 % of the Company's revenue. The domestic market in India accounted for 26% while the North America and Europe contributed 32% and 22% respectively to the Company's revenue. The remaining contributions came from Meghmani's other markets in Africa (3%), South America (7%), and Australia (2%).

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