



**NEWS RELEASE**

**Meghmani posts record 3Q results**

- *Robust revenue growth of 33%*
- *Earnings per share increased 15%*
- *Increases in raw materials costs and competition were effectively managed*

Rs in Mn	Quarter ended 31 December			Nine Months ended 31 December		
	2006	2005	% Change	2006	2005	% Change
<b>Revenue</b>	1,147	862	33.0	3,528	2,792	26.4
<b>Gross Profit</b>	293	216	35.6	824	680	21.2
<b>Profit from operations</b>	164	90	83.4	433	362	19.6
<b>Profit before tax</b>	131	71	85.8	349	316	10.4
<b>Income tax</b>	(25)	11	n.m.	(45)	(51)	(12.4)
<b>Profit after tax</b>	107	82	30.8	304	265	14.8

*Below conversion to SGD is based on an average exchange rate of S\$1: Rs 28.9266 as at December 2006*

**Singapore, 12 January 2007** — SGX Main Board-listed **Meghmani Organics Limited** (“Meghmani” or “Company”), an India-based global manufacturer of pigments and agrochemicals, today announced a sterling set of financial results for the three months ended 31 December 2006 (3Q FY07). This record 3Q performance was achieved in spite of continued increase in prices for essential raw materials.

The Group’s Pigments division spearheaded growth with an 86.4 % surge in revenue from Rs 332.4 million (S\$11.5 million) to Rs 619.7 million (S\$21.4 million). The Agrochemicals division also recorded continued growth with an 8.8% hike in revenue contribution to Rs 517.5 million (S\$17.9 million). Overall, the Group reported revenue growth of 33.0% to Rs 1.15 billion (S\$39.7 million), from Rs 862.4 million (S\$29.8 million) previously.

For the period under review, Group net profit after tax expanded 30.8%, growing from Rs 81.7 million (S\$2.8 million) to Rs 106.8 million (S\$3.7 million). Based on the weighted average ordinary shares in issue during the period, earnings per share was Rs 1.51 (0.052

Singapore cents) as compared to Rs 1.32 (0.046 Singapore cents) previously while earnings per SDS was Rs 0.76 (0.026 Singapore cents) compared to Rs 0.66 (0.023 Singapore cents) in the year ago period. The Group's net asset value per share increased to Rs 13.47 (S\$0.47) as at 31 December 2006, up from Rs 12.27 (S\$0.42) as at 31 March 2006.

### Segmental Highlights

<b>Rs million (Period ended 31 Dec 06)</b>	<b>3QFY07 (3M)</b>	<b>3QFY06 (3M)</b>	<b>Change (%)</b>
<b>Agrochemicals</b>			
<b>Revenue (Rs million)</b>	518	476	8.8
<b>Gross profit (Rs million)</b>	115	144	(19.8)
<b>Gross profit margin (%)</b>	22.3	30.2	-
<b>Pigments</b>			
<b>Revenue (Rs million)</b>	620	332	86.4
<b>Gross profit (Rs million)</b>	177	98	81.0
<b>Gross profit margin (%)</b>	28.6	29.4	-

In 3QFY07, revenue growth in the Group's Pigments division was almost ten-fold that of Agrochemicals. Revenue contribution from Pigments grew 86.4 % to Rs 620 million (S\$21.4 million) compared to Rs 332.4 million (S\$11.5 million) in the previous corresponding period. Agrochemicals division turned in an 8.8% lift in revenue, amounting to Rs 518 million (S\$17.9 million), up from Rs 476 million (S\$16.5 million) previously.

Gross profit for Pigments grew at an impressive 81%, up from Rs 98 million (S\$3.4 million) in the previous period to Rs 177 million (S\$6.1 million). Gross profit margin for this division remained strong at 28.6%. Gross profit contribution from Agrochemicals dipped from Rs 144 million (S\$5 million) to Rs 115 million (S\$4 million), while gross profit margin stood at a respectable 22.3% despite a reduced price realization, and increased cost of consumption of raw materials.

### Exports and Domestic Sales

For the latest ended 31 December 2006, the Group witnessed steady growth across exports and domestic sales. Domestic sales grew 72.5% to Rs 339 million (S\$11.7 million) while exports grew 21.4% to Rs 808 million (S\$27.9 million).

Export sales were largely driven by Pigments due to the increased sale of CPC (Copper Phthalocyanine), Alpha and Beta Blue. Agrochemicals saw a reduction in export sales, mainly attributable to lower sales of Acephate Technical and Permethrin. On the domestic front, Pigments sales increased by more than one-and-a-half fold due to a widening of the Group's customer base, while Agrochemicals saw an almost 50% surge in domestic sales as a result of a good monsoon season.

### **Profitability**

The Group's gross profit for the period improved by 35.6% to Rs 293 million (S\$10.1 million), from Rs 216.1 million (S\$7.5 million), previously. In the period under review, Meghmani's gross profit margin also saw an increase from 25.1% to 25.5%.

Said Mr Ashish Soparkar, Managing Director of Meghmani: "Our latest set of financial numbers clearly demonstrates the strong fundamentals of our business. The Group is able to continually turn in a strong performance despite increases in the costs of raw materials and amidst a competitive landscape. More importantly, our gross profit margins are still well within the healthy range. With the latest 3Q results under our belt, we will be approaching our fiscal 4Q from a position of strength, as we continue to provide diversified product offerings and grow our customer base. In addition, we will endeavour to better manage costs, inventory levels, and to strive for expedient realization of trade receivables."

**Administrative expenses** saw a decrease of 39.3% to Rs 31.6 million (S\$1.1 million) in 3QFY07. This was mainly due to performance bonus to working directors charged in 3QFY06, while it was charged in 2Q in FY07.

**Finance costs** rose 70.8% to Rs 32.1 million (S\$1.1 million), in view of a higher utilization of working capital in tandem with higher operating activities, investments in property, plant and equipment, as well as an increase in inventory and receivables.

### **Industry Prospects**

#### **Pigments**

Although the Pigments market continues to face challenges of volatile prices for key raw materials and fuel, improving economic conditions in Europe and increased growth in the

Asia Pacific market offer pigment suppliers a ray of hope for the year 2007. On a global basis, consumption of organic pigments is growing at a rate of 2 - 3%.

The ink, paints and plastics industries are expected to contribute to a steady and sustained growth in demand for pigments. Moreover, India is increasingly viewed as a country with high manufacturing capabilities to meet the outsourcing needs of companies from the developed nations. Countries such as the US, Europe, Central & South America and Japan are expected to also increase their direct supplies of pigments from India, while on the domestic front, India is expected to consume more pigments.

To capitalise on the increased demand from the local market, the Group has increased the production capacity of its Pigment Green 7 plant at Vatva; and is in the process of introducing a new range of High Performance Pigments to meet the demand of its global customers' base.

### **Agrochemicals**

To meet the growing demand for Organo phosphorous and Synthetic pyrothid, the Group has installed multifaceted production capacities to produce Permethrin, Alpha Cypermethrin and Acephate at the Ankleshwar Plants.

Last year, the global Agrochemicals market was affected due to droughts, severe cold or excess rain in certain parts of the world. However, on the domestic front, the Group did well on as the Indian monsoon was good.

### **Registrations**

The Group continued to make its concerted efforts to obtain overseas registrations. The Group has already sent registration dossiers to 56 countries. During the period under review, the Group received 22 new registrations worldwide, bringing the total number of registrations hands to 83. The registrations are in countries such as Australia, Brazil, Bangladesh, China, Indonesia, Malaysia, Nigeria, Paraguay, Thailand, Turkey, and Vietnam. **In addition**, the Group has 394 new registrations at various stages in the pipeline which will further strengthen the growth plan of the Group.

### ***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%).*

### **CONTACT INFORMATION**

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