



ANNUAL REPORT
2008-09



MEGHMANI ORGANICS LIMITED

CHEMISTRY OF SUCCESS AT WORK

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MEGHMANI ORGANICS LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Jayanti M Patel
Ashish N Soparkar
Natwarlal M Patel
Ramesh M Patel
Anand I Patel
Ashvin Raythatha
Balkrishna T Thakkar
Chinubhai R Shah
Jayaraman Vishwanathan
K N Venkatasubramanian (Resigned on 26.05.2009)
Chandan Bhattacharya
K H Patel (appointed on 24.10.2008)

AUDIT COMMITTEE

Balkrishna T Thakkar
Chinubhai R Shah
Jayaraman Vishwanathan

NOMINATING COMMITTEE

Jayanti M Patel
Chinubhai R Shah
Chandan Bhattacharya

REMUNERATION COMMITTEE

Chinubhai R Shah
Balkrishna T Thakkar
Natwarlal M Patel

SHAREHOLDERS' / INVESTORS' GRIEVANCE, SHARE ALLOTMENT AND SHARE TRANSFER COMMITTEE

Balkrishna T Thakkar
Chinubhai R Shah
Ashish Soparkar

COMPANY SECRETARY

Kamlesh Dinkerray Mehta

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
LBS Road, Bhandup (West),
Mumbai 400 078. India.
Telephone No. : +91 22 2596 0320
Fax No. : +91 22 2596 0329

MEGHMANI ORGANICS LIMITED

CORPORATE INFORMATION

SINGAPORE DEPOSITORY SHARES ("SDSs") REGISTRAR AND SDSs OFFICE

Tricor Barbinder Share Registration Services
8 Cross Street # 11,
PWC Building,
Singapore 048424
Telephone No. (65) 6236 3552
Fax No. (65) 6236 3405
E-mail : helpdesk@meghmani.com

SINGAPORE SECRETARIAL AGENT

Tricor Evatthouse Corporate Services
8 Cross Street # 11,
PWC Building,
Singapore 048424
Telephone No. (65) 6236 3510
Fax No. (65) 6236 4399
E-mail : helpdesk@meghmani.com

REGISTERED OFFICE

Plot No. 184, Phase II,
G.I.D.C. Vatva, Ahmedabad -382 445
Telephone No. 91-79-25831210
Fax No. 91-79-25833403
E-mail : helpdesk@meghmani.com

MEGHMANI ORGANICS LIMITED

CORPORATE INFORMATION

PLANT LOCATION

1. Pigment Green - Division

Plot No. 184, Phase II,
G.I.D.C. Vatva, Ahmedabad -382 445
Telephone No. 91-79-25831210
Fax No. 91-79-25833403
E-mail : helpdesk@meghmani.com

2. Agro Division - I

Plot No. 402,403,404 & 452,
Village Chharodi,
Taluka Sanand,
District :- Ahmedabad
Telephone No. 91-2717-273251
Fax No. 91-2717-273254
E-mail : helpdesk@meghmani.com

3. Pigment Blue - Division

Plot No. 21,21/1,
G.I.D.C. Panoli,
District :- Bharuch
Telephone No. 91-2646-276352
Fax No. 91-2646-276374
E-mail : helpdesk@meghmani.com

4. Agro Division - II

5001/B, G.I.D.C. Ankleshwar,
District :- Bharuch
Telephone No. 91-2646-222971
Fax No. 91-2646-222965
E-mail : helpdesk@meghmani.com

5. Agro Division - III

Plot No - CH-1+2/A
GIDC Dahej Taluka - Vagra
District - Bharuch -392130
Telephone No. 91-2641-256677 /88
E-mail : helpdesk@meghmani.com

MEGHMANI ORGANICS LIMITED

PRINCIPAL BANKERS

State Bank of India,
Overseas Branch,
Navjivan Trust Building,
Ahmedabad - 380 014

HDFC Bank Limited
Mithakhali, Ahmedabad - 380 009

ICICI Bank Limited
JMC House, Opp. Parimal Garden,
Ambawadi, Ahmedabad - 380 006

AUDITORS

M/s Patel & Khandwala
204, Akik, Opp. Lions Hall,
Mithakhali, Ahmedabad - 380 009

MEGHMANI ORGANICS LIMITED

CHAIRMAN'S STATEMENT

Dear Shareholders,

It gives me immense pleasure to extend a very warm welcome to all the members of the Company at the 15th Annual General meeting. I am very pleased and elated to note the keen level of interest in Meghmani Organics Limited, India's fast growing chemicals manufacturing company.

Before I share with you the highlights of MOL's performance in the Fiscal year 2008-09, let me convey to all of you the happy tidings that Meghmani Finechem Limited, our new multi-million rupee, large scale, integrated complex erected to manufacture Caustic Chlorine at Dahej in South Gujarat has commenced trial production. The new venture would also manufacture hydrogen gas as well as caustic/chlorine derivatives subsequently. We are absolutely confident that our newest venture would be another sparkling jewel in the MOL's crown.

The year in numbers:

The year under review has turned out to be the best year for both our Agro-chemical and Pigment businesses. In fact, it has been the finest ever in MOL's journey, in spite of the fact that business environment worldwide from the third quarter of fiscal 2008-09 started to reel under the twin impact of global financial melt down and deep recessionary trends. It was obvious that MOL too would be impacted by the gloomy business weather. First, there was the unbridled increase in the price of crude oil. Secondly, input costs for our products were rising consistently.

But MOL, with quick strategic responses and cost cutting measures ensured that it remained on its growth track and delivered a commanding performance in both Agro-chemical and Pigment businesses. Our emphatic focus on growth has resulted in strong trading volumes, coupled with a healthy increase in profits and earnings.

Our persistent endeavours towards growth have been rewarding. MOL group, for the year ended March 31, 2009 recorded a turn in after tax profit of Rs 371 million on the back of a revenue generation of approximately Rs. 7.91 billion. On a like-for-like basis these compare with profit after tax of Rs 307 million and revenue of Rs 5.90 billion rupees in the 12-month period.

Spearheading the growth in the Group's revenue was our Agrochemicals business segment with a contribution of approximately Rs. 4.27 billion marking a 69% increase from revenue of almost Rs. 2.52 billion in FY 2007-2008. Our Pigments division contributed Rs. 2.26 billion to the Group revenue, against Rs. 2.28 billion in the year ago period.

Overall, during the year, despite the global melt down and recession across the globe the Company could achieve excellent growth in international market and recorded a 31% growth, this resulted in improving the profitability. The Group recorded a gross profit of over Rs. 1.66 billion, while gross profit margin came in at 21.0% compared to 16.2% previously.

Besides international Agrochemical producers, there are competitors in India having similar products as our Company. Our quality, technical competence, distribution channels, logistics facilities, after sales service and customer relationships make MOL a preferred supplier.

Moving in parallel with revenue growth, distribution expenses grew by 21.7% to Rs. 97.3 million. The bulk of distribution expenses are attributed to increase in freight (marine), clearing, forwarding charges and packing material costs, which is in line with increase in production. Finance costs for FY2008-2009 registered an increase of 60.2% to Rs. 98 million, brought about by a higher utilization of working capital facilities due to increase in operation. The administrative expenses increased by Rs. 270 million. The main contributory is foreign exchange rate gain/loss. The earnings per share rose to Rs 1.47 per share from Rs. 1.27 per share at the end of March 2008. On the strength of this performance your board is recommending a dividend of Rs. 0.33 per share.

Review of Core Business Segments:

Export sales of Pigment Division decreased by 6.6 % mainly due to decrease in quantity sales. A sustained focus on new customer base was amply rewarded by a 17.8 per cent boost to the domestic sales of Pigment. The agro-chemical business of the group also saw favourable trade winds. The domestic sales of agro-chemicals increased by 25.4 % while export sales increased by 105.7% thanks to increased sales of Acephate, Cyper Tech and Imida Technical.

MEGHMANI ORGANICS LIMITED

Registrations:

Registrations for two new products in Australia and USA were received. Contribution of these two products in total exports was quite significant in 2008-09.

We currently hold 140 registrations worldwide and have 400 registrations pending in 55 countries around the world. Being a manufacturer and distributor of existing molecules with expired patents, we consider registration as crucial and therefore considerable investments are focused on registrations. Our focus on research and development has also led to an increase in the number of products developed, which has translated, into numerous applications for registrations for our products. .

The Company expects further penetration in both the markets in the current year. Based on the success that has been seen in the largest agrochemical market - Brazil in 2008-09 through our strategic partners, it has been decided to proceed with having our own registrations in this market. This would involve some investment in data generation. A few molecules have also been identified.

The focus for the year will remain Brazil and the African market, as well as getting registrations of three products with the World Health Organization (WHO) and Food & Agriculture Organization (FAO) under United Nations, which would allow us access to vast tenders floated by these agencies for humanitarian work. The Company has floated its own subsidiary in Indonesia in 2008-09 and three product registrations have already been received in 2008-09. Three other products will be registered in 2009-10 and it will give us access to this huge pesticides market.

Review by geographical markets:

The singular factor that has driven the group's business last year was the excellent performance of products in North America. With sales revenue of Rs. 1937 million, this market outperformed itself over the last year's achievement by 119 per cent. Australia and Asia were the regions that recorded the next highest growth with an increase of 36 and 40 percent respectively. The African and South American regions registered a growth of 37 per cent respectively in revenue generation. Europe however witnessed a slight decline.

Industry Prospects

Agrochemicals Global Scenario

Even though the manufacturing industries globally are in the vice-like grip of recession, firms producing agro-chemicals are expected to hold up better than the overall chemicals industries according to a report by Standard & Poor Ratings Services.

The report adduces continuing growth in world population, improving standard of living, energy diversification, as factors that make the outlook for agro-chemicals companies favourable. Worldwide agro-chemical firms have posted strong operating results in 2008 and are expected to continue to perform well into 2009, given the underlying fundamentals. In fact more than one published report on chemical industry speaks of agro-chemical sector as a bright spot in the decelerating global economy.

Agro chemicals industry globally is worth USD 40 billion. This industry has been clocking a compounded annual growth rate of more than 8% over the last years. This reflects that there is brisk demand for pesticides and other chemicals that are used to save crops from pestilence and disease.

In spite of the downward trends in chemical industry agrochemicals segment worldwide grew at an unprecedented level in 2008-09 on account of many reasons - unparalleled grain prices resulting in increase in demand for pesticides, favorable weather conditions in many parts of the world, increase in crop acreage, etc.

Domestic Market Scenario

In the domestic market, as farmers continue to get hikes in minimum support prices and also enjoy the benefit of irrigation facilities, farmers are resorting to intensified usage of protection products like pesticides and insecticides. Forecasts have it that the industry is estimated to grow at 12 to 15% in volume terms at least for the next five years. This implies that in addition to bright prospects in the global market, MOL could also garner a higher market share in the domestic market.

MEGHMANI ORGANICS LIMITED

This trend is expected to continue in 2009-10. In order to meet the demand and continue with the market penetration process that was started last year, the Company has invested in adding production capacities for the existing product lines. Capacity was increased for Chlorpyrifos and Synthetic Pyrethroids with minimal investment. This is likely to boost our presence in markets like Asia, North & Latin America, Africa, Central Asia & East European markets. In-house R&D efforts for launch of new generation pesticides are currently on.

Pigments

The Indian Chemical Industry is a critical constituent of the national economy. Its size is estimated at around US\$ 35 billion, which is equivalent to about 3% of India's GDP. In terms of volume, it is 12th largest in the world and 3rd largest in Asia.

The industry is registering significant growth in the knowledge sector comprising specialty chemicals, pharmaceuticals and fine chemicals. Pigment manufacturing occupies a pride of place in this industry.

MOL is in pigment business as almost all industrial sectors need pigments, with printing ink, paints, lacquers and plastics being the growth markets. More and more manufacturers use new colours and visual effects for their packaging and advertising material. In addition, sectors such as cosmetics, paper, textile, building material, ceramics, and glass make great demands on pigments to add more brilliance to their products. The textile industry increasingly substitutes pigments for dyes.

The production processes of our Pigments businesses are vertically integrated. We manufacture CPC Blue which is the primary raw material required in the manufacture of our Pigment Green and Pigment Blue products. Such vertical integration allows us to effectively manage our raw materials costs.

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.

The down turn in the global economy however is impacting pigment business and there is a likelihood of the market continuing to contract by 2010.

New Developments for Long Term Sustainable Growth:

To achieve and sustain growth in business, the group has floated trading subsidiaries in Indonesia. PT Meghmani Indonesia will focus on trading of Agro chemicals. Meghmani Europe located in Belgium and Meghmani Organics Incorporated in USA are taking care of trading of Pigment. A representative office has been opened in China whose responsibility is to procure raw materials at competitive prices.

The Company is planning to set up a Chlorine based manufacturing facility of Agrochemical at GIDC Dahej. The Company is also planning to manufacture Agrochemical Technical Viz., Propinofos.

We have consciously developed our intellectual property rights in the form of trademarks for our products, as well as our logo and corporate name. Our logo and name, viz. "MOL" and "Meghmani" have been registered as trademarks. We have 24 trademarks registered and 8 applications are pending.

We believe that our trademarks have significant value and are important to our brand building efforts and aid in the marketing of our products.

OUTLOOK FOR 2009-10

Raw Material Price

Because of the recent financial meltdown coupled with volatility in foreign exchange market, the raw material prices could slide down and this will have its consequences on finished goods prices, impacting MOL's profitability.

Market Price

The global markets for pigment products have shown signs of being impacted by recession. The likely continuance of this recessionary trend in this quarter and the coming quarters could witness pressure on pricing. The Agrochemical market, however, may sustain its growth.

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Profitability

The Group revenue, Gross Profit and Net Profit after tax of FY2008- 2009 have increased despite global meltdown. With the market dynamics are changing rapidly it is probable the Group Profitability may get impacted due to continued recessionary trends.

Acknowledgment

On behalf of the Board and the Management team, we wish to thank you for your unstinting commitment and trust in us. We will continue to build the business and deliver attractive returns.

My hearty appreciation is also due to the employees of the Company at all levels for their consistent high-level performance, commitment to goals of the Company and for their unstinted team effort.

Our Company is built over a period of three decades and draws immeasurable strength from transparency, fairness, accountability and merit based professional environment. I wish to reaffirm that no efforts will be spared to maintain the growth.

* * * * *

MEGHMANI ORGANICS LIMITED

DIRECTORS' REPORT

To,
The Members,
Meghmani Organics Limited

Your Directors have pleasure in presenting Fifteenth, Annual Report and Audited Statement of Accounts of the Company for the Financial Year ended on 31st March, 2009.

FINANCIAL RESULTS

PARTICULARS	Rs. in Million	
	YEAR ENDED ON MARCH 31, 2009	YEAR ENDED ON MARCH 31, 2008
(a) Net Sales & Other Income	7945.92	6033.06
(b) Profit before Interest & Depreciation	1240.28	719.68
(c) Financial Expenses	240.05	101.78
(d) Depreciation	153.63	143.70
(e) Profit Before Exceptional Item & Tax	846.60	474.20
(f) Exceptional Item	225.36	0.00
(g) Profit Before Tax	621.24	474.20
(h) Payment / Provision for Current Tax and FBT	120.17	82.91
(i) Deferred Tax Expenses/(Income)	(4.24)	15.32
(j) Profit After Tax	505.31	375.97
Profit Available for Appropriation	505.31	375.97
Appropriations:-		
General Reserve	55.00	40.00
Proposed / Final Dividend	83.93	76.29
Tax on Proposed/ Final Dividend	14.26	12.97
Balance carried forward	352.12	246.71
Total of Appropriations	505.31	375.97

DIVIDEND:-

Your Directors are pleased to recommend a dividend of Rs. 0.33 per Equity share (33%) on 254,314,211 Equity Shares of Rs. 1/- each, for your approval. The proposed dividend is tax free in the hands of shareholders.

OPERATIONS:-

Despite the global melt down and recessionary trend the Company has continued its growth and Net Sales Turn over of the Company increased to Rs. 7683.69 Mn in FY 2009 as against Rs. 5869.72 Mn in FY 2008, showing an increase of 30.90%.

DOMESTIC SALES:-

The Domestic Sales of the Company increased by 23.68 % i.e. from Rs. 1497.55 Mn in FY 2008 to Rs. 1852.11 Mn in FY 2009. The Domestic Sales of Pigment Division increased from Rs. 344.18 Mn in FY 2008 to Rs. 405.32 Mn in FY 2009. The Sales of Pigment Division increased due to better realization. The good monsoon season contributed increase in domestic sales of Agro Division from Rs. 1153.37 Mn in FY 2008 to Rs. 1446.79 Mn in FY 2009.

EXPORT SALES

The Export Sales increased by 33.38% i.e. from Rs. 4372.17 Mn in FY 2008 to Rs. 5831.58 Mn in FY 2009. The good Agrochemical Season across the globe increased the Export sales of Agrochemicals from Rs. 1399.85 Mn in FY 2008 to Rs. 2850.70 Mn in FY 2009 and Pigment Division from Rs. 2151.30 Mn in FY 2008 to Rs. 2257.76 Mn in FY 2009.

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OTHER INCOME

Other income increased by Rs. 98.89 Mn. The higher export sales resulted in increase in DEPB (Duty Entitlement Pass Book) income.

Profitability:-

During the year, profitability of the Company increased substantially on account of:-

- 1) Increase in Export and Domestic sales of Agrochemicals contributing excellent growth.
- 2) The better price realization of Agro and Pigment products.
- 3) The other overheads of the Company remained in control.
- 4) Increase in Quantity sales of Agro Chemicals.

EXCEPTIONAL ITEMS:-

As per the guidelines issued by Institute of Chartered Accountants of India and Ministry of Corporate Affairs, the Company has booked the foreign exchange gain /loss on mark to market basis. The Company has made foreign exchange gain on out standing debtors as of 31.03.2009 and has incurred loss on derivative transactions resulting in net reduction in profit by Rs. 225.36 Mn.

FUTURE STRATEGIES:-

Pigments:

The significant downturn seen in 2009 is expected to continue into the first half of 2010. We expect the market to continue to contract and stabilize in early 2010. High raw material cost will no longer be a critical issue in 2010. Despite this expected market condition, we continue to expect pigment users to seek alternate sources affording reasonable growth in 2010 and beyond.

Agrochemicals:

The industry grew at an unprecedented level in 2008-09 on account of many reasons - unparalleled grain prices resulting in increase in demand for pesticides, favorable weather conditions in many parts of the world, increase in crop acreage, etc. This trend is expected to continue in 2009-10, though not at the same rate of growth. In order to meet the demand and continue with the market penetration process that was started last year, the Company has invested in adding production capacities for the existing product lines. Capacity was increased for Chlorpyrifos, Acephate and Synthetic pyrethroids with minimal investment. This is likely to boost our presence in markets like Asia, North & Latin America, Africa, Central Asia & East European markets. In-house R&D efforts for launch of new generation pesticides are currently on.

Registrations:

Registrations for two new products in Australia and USA were received. Contribution of these two products in total exports was quite significant in 2008-09. The Company expects further penetration in both the markets in the current year. Based on the success that has been seen in the largest agrochemical market - Brazil in 2008-09 through our strategic partners, it has been decided to proceed with having our own registrations in this market. This would involve some investment in data generation. A few molecules have also been identified. The focus for the year will remain Brazil and the African market, as well as getting registrations of three products with the World Health Organization (WHO) and Food & Agriculture Organization (FAO) under United Nations, which would allow us access to vast tenders floated by these agencies for humanitarian work. The Company has floated its own subsidiary in Indonesia in 2008-09 and three product registrations have already been received in 2008-09. Three other products will be registered in 2009-10 and it will give us access to this huge pesticides market. To date, 140 registrations have already been received and 400 registrations are applied for in different parts of the world.

MEGHMANI ORGANICS LIMITED

SUBSIDIARY COMPANIES

The financial statements prepared in accordance with Accounting Standard 23 issued by Institute of Chartered Accountants of India includes the results of the following Subsidiaries :-

- (1) Meghmani Energy Limited (MEL) - Power Generation
- (2) Meghmani Europe BVBA (Meghmani Europe) - Trading Business
- (3) Meghmani Organics Inc. USA. (Meghmani USA) - Trading Business
- (4) Meghmani Finechem Limited (MFL) - Caustic Chlorine Manufacturing
- (5) PT Meghmani Indonesia (Meghmani Indonesia) - Trading Business
- (6) Meghmani Chemtech Limited - Manufacturing

The audited accounts of the Subsidiaries and the Auditors' report thereon form part of the Annual Report.

CAPITAL EXPENDITURE:-

Capital expenditure incurred during the year aggregated to Rs. 308.11 million.

FIXED DEPOSITS:-

The Company has not accepted the fixed deposits during the year under report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:-

As per clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion and Analysis, is appended to this report.

CORPORATE GOVERNANCE:-

As per Clause 49 of the Listing Agreement the Corporate Governance information is appended to this report. This report also forms part of Singapore Stock Exchange listing requirements.

DIRECTORS' RESPONSIBILITY STATEMENT:-

In compliance of Section 217 (2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000, the Directors of your Company confirm:

- a) that the applicable accounting standards have been followed in the preparation of final accounts and that there are no material departures;
- b) that appropriate accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at March 31, 2009 and of the profit of the Company for the year ended on March 31, 2009;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts have been prepared on a going concern basis.

ENERGY, TECHNOLOGY, AND FOREIGN EXCHANGE:-

The information to be disclosed under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, with respect to energy, technology, and foreign exchange is annexed separately to form part of this report.

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DIRECTORS

Mr. K H Patel was appointed as an Additional Director on the Board of Directors of the Company on 24 October, 2008 as an independent Director. He ceases to be a director on the date of this annual General Meeting. Notice under Section 257 has been received in respect of his appointment as Director on the Board.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association, Mr. C R Shah, Mr. B T Thakkar, and Mr. Chandan Bhattacharya retiring by rotation at this Annual General Meeting and being eligible offers themselves for re-appointment.

Mr. K N Venkatasubramanian has resigned from the Board. The Board takes on record the valuable contributions made by Mr. K N Venkatasubramanian.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the details of Directors seeking re-appointment at the ensuing Annual General Meeting has been provided in the Notice of the Annual General Meeting, forming part of the Annual Report.

EMPLOYEE RELATIONS & PARTICULARS OF EMPLOYEE

The information required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report and is enclosed separately.

AUDITORS

M/s. Patel & Khandwala, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

ACKNOWLEDGMENT

Your directors express their sincere thanks to all customers, vendors, investors, bankers, insurance companies, consultants and advisors for their continued support throughout the year.

Your Directors sincerely acknowledges the contribution made by all the employees for their dedicated services to the company.

Place: Ahmedabad

Date: 25.05.2009

For and on behalf of the Board

Jayanti Patel

Executive Chairman

ANNEXURE TO THE DIRECTORS' REPORT

A	Energy conservation measures taken	1) Variable Frequency Drive: Motors of some reactors and pumps were identified in both the plants as well as in utility areas and installed VFD. This has resulted in 20% saving in power.
		2) Automatic Street light Controller We have installed automatic photo cell operated device for street light which has resulted in 12% power saving in street light.
		3) Metal halide Light-Energy efficient light We have installed energy efficient light fitting in incinerator plant. The power saving is @ 25% in plant light.
B	Additional investments and proposals if any being implemented for reduction of consumption of energy	1) Variable Frequency Drive We have identified more motors for installation of VFD
		2) We have started installation of Chemineer Agitator on the reactors by replacing the conventional agitator. This has resulted at least 35% saving in the electricity cost. We are planning to replace all the conventional Agitator by Chemineer agitators in a phased manner. The approximate cost will be Rs. 40 lacs.
C	Impact of the measures at (a) & (b) above for reduction of the energy consumption and consequent impact on the cost of production of goods.	Marginal Reduction in cost of production.
D	Total energy consumption and energy consumption per unit of production	As per Form - A

MEGHMANI ORGANICS LIMITED

Form-A

Form for disclosure of particulars with respect to conservation of Energy

Particulars		2008-09		2007-08	
		Pigment	Agro	Pigment	Agro
A	Power Consumption				
1	Electricity Consumption				
(a)	Purchased				
	Unit	KWH			
	Total Amount	Rs.			
	Rate/Unit	Rs.			
(b)	Own Generation				
	Through Diesel Generator				
	Unit	KWH			
	Unit per Liter of Diesel	KWH			
	Cost/Unit	Rs.			
(c)	Through Gas				
	Unit	KWH			
	Unit per cubic meter of Gas	KWH			
	Cost/Unit	Rs.			
2	Coal				
	Steam Generated				
	Consumption of Fuel Oil (in MT)				
	Gas Consumption (In M3)				
	Cost per unit (kg)				
	Steam Purchase				
	Kg. of steam per unit of Fuel				
	Kg. of Steam per unit of Gas				
	Kg. of Steam per unit of Purchase				
3	Others/internal generations	N.A.	N.A.	N.A.	N.A.
B	Consumption per unit of				
	Production in MT				
	Electricity (Rs./Mt)				

MEGHMANI ORGANICS LIMITED

2. TECHNOLOGY ABSORPTION

Form-B

Form for disclosure of particulars with respect to Technology Absorption

Research & Development

1	Specific areas in which R & D is carried out by the Company.	Agrochemical - Insecticides Process Improvement & New Product Development
2	Benefits derived as a result of the above R & D.	New products are at Development stage.
3	Future Plan of Action	Consolidation of New Product Developed from Pilot plant level to Production level
4	Expenditure on R & D	Rs. 85.59 lacs

B. Technology Absorption, Adoption and Innovation:

A	Efforts, in brief, made towards technology absorption, adaptation and innovation.	During the last five years, no technology has been imported by way of foreign collaboration or otherwise for the existing products of the Company.
B	Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution etc.	---
C	Imported technology (imported during the last 5 years reckoned from the beginning of the financial year.	---

Foreign Exchange Earnings And Outgo

The particulars with regards to foreign exchange earnings and outgo appear in Schedule 23 forming part of Annual Report and Account.

Place : Ahmedabad
Date: 25/05/2009

For and On behalf of the Board of Directors
Jayanti Patel
Executive Chairman

MEGHMANI ORGANICS LIMITED

Information as per Section 217 (2-A) of the Companies (Particulars of Employees) Rules, 1975 and forming part of Director's Report for the year ended 31st March, 2009

Sr. No.	Name	Age	Qualification	Date of re-appointment	Designation	Remuneration		Experience (years)	Last Employment
						Gross Rs.	Net Rs.		
1	Jayanti M. Patel	57	B.E. (Chemical)	27-01-2000	Executive Chairman	10882660	10306660	33	Nil
2	Ashish Soparkar	57	B.E. (Chemical)	27-01-2000	Managing Director	10882660	10306660	33	Nil
3	Natwarlal M. Patel	56	M.Sc. (Chemistry)	27-01-2000	Managing Director	10882660	10306660	33	Nil
4	Ramesh M. Patel	53	B.A.	01-08-2000	Executive Director	8037540	7530660	29	Nil
5	Anand I. Patel	47	B.Sc.(Chemical)	01-09-2000	Executive Director	6937540	6430660	23	Nil

Note: Mr. Jayanti Patel, Mr. Natwarlal Patel, Mr. Ramesh Patel and Mr. Anand Patel are related to each others.

MEGHMANI ORGANICS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Agrochemicals - Industry over view

Following a period of decline in overall market values, the global pesticides industry is expected to recover and register modest growth through 2009. Although difficult pricing environment and market maturity will substantially limit gains, this will represent a dramatic improvement over the past few years. At a time of rising food prices, population growth and concerns over global food scarcity, there is a growing need for using every available technology - including pesticides, to meet future food needs and tackle the emerging challenges of climate change and resource conservation.

Shaking off the negative growth rates of the last few years, the Indian crop protection chemicals market notched up a compounded annual growth rate of 7.5 percent. This is mainly due to the consistent supply and value gain over Chinese manufacturers in the export market and emerging application segments. India is finally poised to compete at par with China, despite the latter's low-priced goods, as Chinese production costs are on the raise. India has raised the level of its export competency with a consistent quality and supply record and possession of a vast unexplored market. Chemicals manufacturers have targeted product awareness campaigns at Indian farmers, as the country's affordability has increased with the cultivation of high-value crops. 'The per capita consumption of pesticides in India is still very low compared to the developed countries and manufacturers need a smart 'get to market' strategy to achieve better reach and acceptance of products. The demand will also be driven by the rising food grain demand and increasing awareness about pesticide usage among the farmer community. Such favorable market factors have sustained and even consistently increased the profitability of manufacturers despite the rising prices of raw materials the demand for pesticides can be augmented only through sustainable growth in agriculture. With the government's focus on development of the agriculture sector, the industry may see a better future. The Indian pesticide industry is also likely to move towards the global product mix, with an increase in the use of herbicides and fungicides. Exports will continue to remain the growth driver.

Agrochemicals - overview of the Company

The Company's Agrochemical manufacturing facilities are situated at Plot No. 402,403,404,452 & 455, Village Chharodi, Taluka Sanand District: - Ahmedabad and at Plot No. 5001/B, GIDC Ankleshwar.

The Company produces 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, Asia, Brazil, and South Africa.

The production processes of the Company's Agro businesses are vertically integrated. We also manufacture Pesticides Intermediates which are used in the manufacture of our Pesticides Formulations. Such vertical integration allows us to effectively manage our raw materials costs and assures us of a constant supply of such raw materials at a consistent quality and consequently, has reduced our reliance on third party suppliers for such raw materials.

Particulars	31.03.2009	31.03.2008
Domestic	Rs. in Mn	Rs. in Mn
Agro - Chharodi (Agro - I)	1121.44	989.69
Agro - Ankleshwar (Agro-II)	325.35	163.68
Total	1446.79	1153.37
Export		
Agro - Chharodi (Agro - I)	1117.56	715.08
Agro - Ankleshwar (Agro-II)	1733.14	684.77
Total	2850.70	1399.85
Grand Total	4297.49	2553.22

During the year despite the global melt down and recession across the globe the Company could achieve excellent growth in international market and recorded a 103.6% growth, this resulted in improving the profitability.

MEGHMANI ORGANICS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS (Contd...)

Besides international Agrochemical producers, there are competitors in India having similar products as our Company. We compete against our competitors on our quality, technical competence, distribution channels, logistics facilities, after sales service and customer relationships.

We sell our products to customers from various countries in North America, Europe, Central and Latin America, Asia-Pacific, south Africa and Brazil. As a result, our business and future growth is dependent on the political, economic, regulatory and social conditions of these countries.

Any change in the policies implemented by the governments of any of these countries which result in currency and interest rate fluctuations, capital restrictions, and changes in duties and tax that are detrimental to our business could adversely affect our operations, financial performance and future growth.

Strategy of the Company:-

To compete with the competitors and to meet the growing demand for Agrochemicals, we have installed additional production facilities to produce Chlorpyrphos at Ankleshwar Plant.

The Company is planning to set up Chlorine based manufacturing facility of Agrochemical at GIDC Dahej. The Company is also planning to manufacture Agrochemical Technical Viz., Propinofos at its existing facility at Chharodi. At the domestic front we have our own sales force in Andhra Pradesh, Maharashtra, Madhya Pradesh, Rajasthan and Gujarat

We have consciously developed our intellectual property rights in the form of trademarks for our products, as well as our logo and corporate name. Our logo and name, viz. "MOL" and "Meghmani" have been registered as trademarks. We have 24 trademarks registered and 8 applications are pending.

We believe that our trademarks have significant value and are important to our brand building efforts and aid in the marketing of our products.

In recent years, we have focused on increasing the number of product registrations in countries such as United States of America, Australia, Brazil, Bangladesh, China, Mexico, Malaysia, Turkey, Taiwan, etc. We currently hold 140 registrations worldwide and have 400 registrations pending in 55 countries around the world. Being a manufacturer and distributor of existing molecules with expired patents, we consider registration as crucial and considerable investments are focused on registrations. Our focus on research and development has also led to an increase in the number of products developed, which has translated, into numerous applications for registrations for our products. We have 131 registration of Central Insecticides Board (CIB) of India.

Pigment: - Industry Over view

The worldwide market for inorganic, organic and special pigments had a total volume of around 7.4 million tons in 2006. At growth rates of 2.9% p.a., this volume will rise to 9.8 million tons by 2016. Asia has the highest rate on a quantity basis followed by Europe and North America. In 2006, a turnover of US\$ 17.6 billion was reached mostly in Europe, followed by North America and Asia. This is expected to reach US\$ 27.8 billion by 2016, corresponding to its annual growth rate of 5%. Although organic pigments account for only 5% of all pigments based on quantity, they cover 28% when based on their value.

Demand and production of pigments are continually shifting from the USA, Western Europe and Japan to the emerging markets of Asia, especially China and India. This is mainly because of lower wages. Within emerging countries, especially India and China, themselves, domestic demand for consumer products containing pigments is growing. While a few large suppliers of pigments dominate the relatively saturated markets of industrialized countries, Asian markets remain fragmented.

MEGHMANI ORGANICS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS (Contd...)

Almost all industrial sectors need pigments, with printing ink, paints, lacquers, and plastics all being growth markets for pigments. More and more manufacturers use new colours and visual effects for their packaging and advertising material. In addition, sectors such as cosmetics, paper, textile, building material, ceramics, and glass make great demands on pigments to add more brilliance to their products. The textile industry increasingly substitutes pigments for dyes.

Organic pigments substitute inorganic pigments

Surpassing growth, in organic pigments will continue as these pigments offer a wide colour spectrum and increasingly supplant pigments on a heavy metal basis. Today many environmental regulations restrict the use of lead, chromium, and cadmium. This is also forcing manufacturers to replace inorganic pigments and increase usage of organic pigments. (Source: www.ceresana.com)

Pigment: - Over view of the Company

We have two manufacturing facilities for the manufacture of our Pigment products, one located in Vatva, Ahmedabad where we manufacture our Pigment Green 7 products and the other located in Panoli, near Ankleshwar where we manufacture our CPC Blue and Pigment Blue 15 products

There are competitors in India having similar products as our Company. We compete against our competitors on our quality, technical competence, backward integration, logistics facilities, after sales service and customer relationships.

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.

The production processes of our Pigments businesses are vertically integrated. We manufacture CPC Blue which is the primary raw material required in the manufacture of our Pigment Green and Pigment Blue products. Such vertical integration allows us to effectively manage our raw materials costs.

The performance of the Pigment division business wise during the year under review is as under:-

Particulars	31.03.2009	31.03.2008
Domestic	Rs. in Mn	Rs. in Mn
Pigment - Vatva	53.09	13.18
Pigment - Panoli	352.23	331.00
Total	405.32	344.18
Export		
Pigment - Vatva	480.58	543.00
Pigment - Panoli	1777.18	1608.30
Total	2257.76	2151.30
Grand Total	2663.08	2495.48

Strategy of the Company:-

There is a move towards high performance pigments and additives as customers upgrade their products and the technical performance requirements of the pigments and additives they incorporate in their formulations.

Currently, our portfolio includes high performance pigments like Pigment Green 36, Pigment Blue 60 and additives 17 DA which have been successfully commercialized.

We believe that with our existing portfolio and products under development, we are well poised to take advantage of the favorable global trends.

* * * * *

CORPORATE GOVERNANCE

1. The Company's Philosophy on Code of Governance

The Directors and Management of the Company and its subsidiaries are committed to maintain high standards of corporate governance in conducting its business and ensure that an effective self regulatory mechanism exists to protect the interest of our stakeholders (Investors, Customers, Suppliers and Government) and SDS Holders.

In India, Corporate Governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement of the Stock Exchange.

The Company has complied with the requirements of the Corporate Governance in terms of Clause 49 of the Listing Agreement. The Company has also complied with Corporate Governance requirements under Singapore Listing requirements. The Board of Directors presents a composite Corporate Governance report on the compliance of the Indian and Singapore Listing requirements in the following paragraphs.

2. Board of Directors

a) Composition :-

The Directors of the Company are persons of eminence having vast and varied experience in manufacturing, marketing, finance, legal and corporate administration. As on 31 March, 2009, the total strength of Board of Directors consists of 12 directors, comprising Mr. Jayanti Patel (1) an Executive Chairman, Mr. Ashish Soparkar and Mr. Natwarlal Patel are (2) Managing Directors, Mr. Ramesh Patel, Mr. Anand Patel and Mr. Ashvin Raythatha are (3) Executive Directors and Mr. Chinubhai R Shah, Mr. Balkrishna T Thakkar, Mr. Jayaraman Vishwanathan, Mr. K N Venkatasubramanian, Mr. Chandan Bhattacharya and Mr. K H Patel are Six (6) Non Executive Independent Directors.

The Composition of Board is complying with the requirements of Clause 49 (I) (A) of Indian Listing requirements and more than 50% of the directors are non executive Independent and also complying with Singapore Stock Exchange Listing Guidance Note 2.1 of the Code requirements of having more then 33% of the directors as independent directors.

b) & c) Attendance And Other Directorships :-

The details of attendance of the Directors at the Board Meeting during the year and at the last annual General Meeting held on 30 July, 2008 and also the number of other Directorship, membership and office of Chairman of Board Committees as on 31 March, 2009 are given below:

(Contd...)

MEGHMANI ORGANICS LIMITED

CORPORATE GOVERNANCE (CONTD...)

Name of Director	Position	Board Meeting attended during the year	AGM Attended	Directorship in other Public Limited Companies	Committee Membership of other companies	Board Committee Chairmanship of other companies
Mr. Jayanti Patel	Executive Chairman	4	Yes	3	Nil	Nil
Mr. Ashish Soparkar	Managing Director	5	Yes	4	Nil	Nil
Mr. Natwarlal Patel	Managing Director	4	Yes	8	Nil	Nil
Mr. Ramesh Patel	Executive Director	3	Yes	5	Nil	Nil
Mr. Anand Patel	Executive Director	4	Yes	4	Nil	Nil
Mr. Ashvin Raythatha	Executive Director (Int. Mkt.)	3	Yes	Nil	Nil	Nil
Mr. Chinubhai R Shah	Independent	4	Yes	13	5	3
Mr. Balkrishna T Thakkar	Independent	5	Yes	1	Nil	Nil
Mr. Jayaraman Vishwanathan	Independent	2	Yes	1	Nil	Nil
Mr.K.N.Venkatasubramanian*	Independent	4	Yes	8	Nil	Nil
Mr. Chandan Bhattacharya	Independent	4	Yes	6	3	2
Mr. K H Patel **	Independent	1	NA	2	Nil	Nil

* Ceased to be a Director w.e.f. 26.05.2009 ** Appointed as a Director w.e.f. 24.10.2008

e) Board Meetings:-

Minimum four Board meetings are held in each year. Apart from the four prescheduled Board meetings, the meetings are also convened by giving appropriate notice to address the specific needs of the Company.

The Company in consultation with the Directors prepares and circulates a tentative Schedule for the meeting of the Board and Committee in order to facilitate the Directors to plan their schedules.

During the financial year ended on 31 March, 2009 five meetings of the Board of Directors were held on: 23.05.2008; 30.07.2008; 24.10.2008, 30.01.2009, and 16.03.2009.

The meetings are usually held at Corporate office situated at Meghmani House, Shreenivas Society, Vikas Gruh Road, Paldi, Ahmedabad.

Agenda and Notes on Agenda are circulated to the Directors in advance in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful discussion. Where it is not practicable the same is tabled before the meeting.

The following are generally tabled for information and review of the Board.

- ◆ Quarterly results of the Company and operating divisions or business segments.
- ◆ Minutes of meeting of Audit Committee.

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CORPORATE GOVERNANCE (CONTD...)

- ◆ Materially important show cause Notice, demand prosecution and penalty notices.
- ◆ Any materially significant effluent or pollution problems.
- ◆ Any material relevant default in financial obligations to and by the Company or substantial non payment by the customer for goods sold.
- ◆ Details of any joint venture or collaboration agreement.
- ◆ Transaction that involves substantial payment towards goodwill, brand equity or intellectual property. Significant labour problem and their proposed solutions. Any significant development on the Human resources /Industrial relations front like signing of a wage settlement.
- ◆ Foreign exchange exposures and steps taken by management to limit the risks.
- ◆ Any fatal or serious accident.
- ◆ Any issue which involves possible or Public liability
- ◆ Sale of material nature of investments, subsidiary assets which are not normal course of business.
- ◆ Non compliance of any regulatory, statutory or listing requirements

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to the members for their comments.

The Board periodically reviews all statutory compliance reports of all laws applicable to the Company.

3. Audit committee

3.1 Terms of Reference :-

The terms of reference of the Audit Committee are as set out in Clause 49 of the Listing Agreement with the Stock Exchanges. The Statutory Auditors were also present at the time of review of audited results. The Company Secretary, Mr. K. D. Mehta, acted as the Secretary to the committee.

3.2 Composition, name of Members and Chair Person :-

The Audit Committee comprises of three eminent professional independent Directors - Mr. Balkrishna T Thakkar (Chartered Accountant - Institute of Chartered Accountant of India (ICAI), Mr. Chinubhai R Shah and Mr. Jayaraman Vishwanathan (CA -from ICAI). Mr. Balkrishna T Thakkar is the Chairman of the Committee.

There were four Audit committee meetings held during the year to review annual audited results, half yearly and quarterly results and to review internal control systems and operational aspects.

The Committee acts as a link between the management, auditors and the Board and has full access to financial information.

3.3 Meetings and attendance during the year :-

The Committee met four times during the year on 23.05.2008; 30.07.2008; 24.10.2008 and 30.01.2009 and particulars of meetings attended by Members of the Committee are given below:

Name of the Director	Status	No. of Meetings held	No. of Meetings attended
Mr. Balkrishna T. Thakkar	Chairman	4	4
Mr. Chinubhai R. Shah	Independent Director	4	4
Mr. Jayaraman Vishwanathan*	Independent Director	4	3

* Appointed on 30.07.2008

MEGHMANI ORGANICS LIMITED

CORPORATE GOVERNANCE (CONTD...)

4. Remuneration Committee

4.1 Terms of Reference :-

The role of the Remuneration Committee is to facilitate the transparency, accountability and reasonableness of the remuneration of Director.

The Remuneration Committee will recommend to the Board a framework of remuneration for the Directors and determine specific remuneration packages for each Director.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by the Remuneration Committee. Each member of the Remuneration Committee shall abstain from voting any resolutions in respect of his remuneration package.

4.2 Composition, name of members and Chair Person

The remuneration committee comprises of two independent directors viz., Mr. Chinubhai R Shah and Mr. Balkrishna T Thakkar and one executive director viz., Mr. Natwarlal Patel. Mr. Chinubhai R Shah is the Chairman of the Committee.

4.3 Meetings and attendance during the year:-

The Committee met on 23rd May, 2008 and 28th February, 2009 and particulars of meetings attended by members of the Committee are given below:

Name of the Director	Status	No. of Meetings held	No. of Meetings attended
Mr. Chinubhai R Shah	Chairman	2	2
Mr. Balkrishna T Thakkar	Independent Director	2	2
Mr. Natwarlal Patel	Member	2	2

The Company Secretary, Mr. K. D. Mehta, acted as the Secretary to the committee.

4.4 Remuneration Policy:-

The Non Executive Directors of the Company are paid by way of sitting fees. There is no other pecuniary relationship or transaction by the Company with Non Executive Directors.

The Company pays remuneration to its Executive Chairman, Managing Directors and Executive Directors by way of Salary, perquisites and performance based bonus. The remuneration is approved by the Board and is within the over all limits approved by the shareholders.

4.5 Details of remuneration to all the Directors:-

Particulars of Remuneration of Directors for the year ended 31st March, 2009:

Name of Director	Salary & Perquisites Rs. in Mn	Performance bonus in Rs. in Mn	Total Rs. in Mn
Mr. Jayanti M Patel	4.80	5.50	10.30
Mr. Ashish Soparkar	4.80	5.50	10.30
Mr. Natwarlal Patel	4.80	5.50	10.30
Mr. Ramesh M Patel	4.22	3.30	07.52
Mr. Anand I Patel	4.22	2.20	06.42
Mr. Ashvin R Raythatha	1.53	0.75	02.28
	24.37	22.75	47.12

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CORPORATE GOVERNANCE (CONTD...)

Particulars of sitting fees of Directors for the year ended 31st March 2009:

Name of Independent Director	Sitting Fees Rs.
Mr. Chinubhai R. Shah	2,50,000
Mr. Balkrishna T. Thakkar	1,95,000
Mr. Jayaraman Vishwanathan	60,000
Mr. K. N. Venkatasubramanian	60,000
Mr. Chandan Bhattacharya	75,000
Mr. K H Patel	15,000

5. Shareholders'/Investors' Grievance and Transfer Committee

5.1 Terms of Reference:-

The current terms of reference of the Committee are as follows:

- To allot the equity shares of the Company,
- Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
- Issue of duplicate / split / consolidated share certificates;
- Allotment and listing of shares;
- Review of cases for refusal of transfer / transmission of shares and debentures;
- Reference to statutory and regulatory authorities regarding investor grievances;
- And to otherwise ensure proper and timely attendance and Redressal of investor queries and grievances.

5.2 Composition of Committee:-

The Committee currently consists of three Director Viz., Mr. Balkrishna T Thakkar and Mr. Chinubhai R Shah as Independent Director and Mr. Ashish Soparkar as member. Mr. Chinubhai R Shah is the Chairman of the Committee. The Company Secretary, Mr. K. D. Mehta is the Compliance Officer and Company Secretary.

5.3 Meetings and attendance during the year:-

The Shareholders' / Investors' Grievance, Share Allotment and Share Transfer Committee of our Board were held on 23.05.2008; 30.07.2008; 24.10.2008 and 30.01.2009.

Name of the Director	Status	No. of Meetings held	No. of Meetings attended
Mr. C R Shah	Chairman	4	4
Mr. B T Thakkar	Independent Director	4	4
Mr. Natwarlal Patel	Member	4	3

5.4 Details of shareholders' Complaints

Detail of Complaints received	Nos.
Number of Shareholders' Complaints received From 01.04.2008 to 31.03.2009	37
Number of Complaints not solved to the satisfaction of the shareholder	-
Number of Pending Complaints on 31.03.2009	-

MEGHMANI ORGANICS LIMITED

CORPORATE GOVERNANCE (CONTD...)

6. Nominating Committee

6.1 Composition of Committee:-

The Nominating Committee now comprises of Mr. Chandan Bhattacharya and Mr. Chinubhai R Shah, Independent Directors and Mr. Jayanti Patel, Executive Chairman as Member. Mr. Chinubhai R Shah is the Chairman of the Committee.

The Company Secretary, Mr. K. D. Mehta acted as the Secretary to the committee.

6.2 Meetings and attendance during the year:-

The Committee met on 23.05.2008; 30.07.2008 and 24.10.2008. The particulars of meetings attended by members of the Committee are given below:

Name of the Director	Status	No. of Meetings held	No. of Meetings attended
Mr. Chinubhai R Shah	Chairman	3	3
Mr. Chandan Bhattacharya	Independent Director	2	2
Mr. Jayanti Patel	Member	3	3

6.3 Terms of Reference :-

The Nominating Committee aims at establishing a formal and transparent process for the appointment and re-election of Directors. The Nominating Committee is responsible for:

- (i) re-nomination of our Directors having regard to the Director's contribution and performance;
- (ii) determining annually whether or not a Director is independent; and
- (iii) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director.

The Nominating Committee will decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long-term shareholders' value.

The Chairman Nominating Committee has already initiated the process for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Each member of the Nominating Committee shall abstain from voting any resolutions in respect of the assessment of his performance or re-nomination as Director.

7 General Body Meeting:-

Last three Annual General Meetings of the Company were held as given below;

Financial Year	Category-Date and Time	Venue	Special - Resolutions passed
2006	Annual General Meeting 31 July, 2006 at 10.30 a.m.	at 184, Phase II, GIDC, Vatva, Ahmedabad 382 445	Further issue of 7,70,00,000 Equity Shares of Rs. 1/- each.
2007	Annual General Meeting 30 July, 2007 at 10.30 a.m.	at 184, Phase II, GIDC, Vatva, Ahmedabad 382 445	1. Appointment of Mr. K N Venkatasubramanian as Director 2. Increase in borrowing power Under section 293(1)(d) up to Rs. 5000 million 3. Appointment of Mr. Maulik Patel under section 314 (1B)

MEGHMANI ORGANICS LIMITED

CORPORATE GOVERNANCE (CONTD...)

			4. Appointment of Ms. Vaishakhi Patel under Section 314 (1B) 5. Appointment of Mr. Karana Patel under Section 314(1B) 6. Authority to create mortgage under section 293(1) (a) to secure working capital facility of Rs. 210.65 Crores by State Bank of India, ICICI Bank and HDFC Bank, Ahmedabad.
2008	Annual General Meeting 30 July, 2008 at 3 p.m.	Ahmedabad Management Association, Atira Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad	1. Appointment of Mr. Chandan Bhattacharya as Independent Director

7.1 The Company had circulated the Notice dated 16.03.2009 to pass the following resolutions through Postal Ballot.

1. For the re- appointment of Mr. Jayanti Patel as the Executive Chairman of the Company for a period of 5 years from 01 April, 2009 and approval of terms of remuneration.
2. For the re- appointment of Mr. Ashish Soparkar and Mr. Natwarlal Patel as the Managing Directors of the Company for a period of 5 years from 01 April, 2009 and approval of terms of remuneration..
3. For the re- appointment of Mr. Ramesh Patel as the Executive Director of the Company for a period of 5 years from 01 April, 2009 and approval of terms of remuneration..
4. For the re- appointment of Mr. Anand Patel as the Executive Director of the Company for a period of 5 years from 01 April, 2009 and approval of terms of remuneration..
5. For the re- appointment of Mr. Ashvin Raythatha as the Executive Director (International Marketing) of the Company for a period of 1 year from 01 April, 2009 and approval of terms of remuneration.
6. For authorizing the Board of Directors to mortgage and/or charge the present and/ or future properties of the Company, in such form and manner as the Board determines.
7. For authorizing the Board of Directors to commence the business as mentioned under Serial No. 7 and Serial No. 45 of the 'Other Objects' Clause of the Memorandum of Association.
8. For authorizing the Board of Directors to approve remuneration up to Rs. 50,000/- payable to Ms. Deval Soparkar to hold office or place of profit under Section 314 (1) (b) of the Companies Act, 1956.

The matters mentioned hereinabove were resolved by voting through the postal ballot process under section 192A of the Companies Act, 1956 read with the Companies (Passing of resolution by Postal Ballot) Rules, 2001 with requisite majority as under.

Mr. Mukesh Khandwala, Partner, M/s Patel & Khandwala, Chartered Accountants, Ahmedabad was appointed as Scrutinizer to conduct the Postal Ballot Exercise.

The Scrutinizer had received 799 Valid Postal Ballots from Shareholders. The Particulars of valid votes excluding neutral votes were as under:-

MEGHMANI ORGANICS LIMITED

CORPORATE GOVERNANCE (CONTD...)

Resolution No. 1:-

Particular	No. of Ballots	No. of shares / (votes)	% of total ballots received	% of total votes received
Assent	664	34085672	83.31	99.71
Dissent	133	97584	16.69	0.29
Total	797	34183256	100.00	100.00

Resolution No. 2:-

Particular	No. of Ballots	No. of shares / (votes)	% of total ballots received	% of total votes received
Assent	655	34082350	82.70	99.71
Dissent	137	99856	17.30	0.29
Total	792	34182206	100.00	100.00

Resolution No. 3:-

Particular	No. of Ballots	No. of shares / (votes)	% of total ballots received	% of total votes received
Assent	648	34081838	81.92	99.71
Dissent	143	99378	18.08	0.29
Total	791	34181216	100.00	100.00

Resolution No. 4:-

Particular	No. of Ballots	No. of shares / (votes)	% of total ballots received	% of total votes received
Assent	650	34080767	81.97	99.70
Dissent	143	101489	18.03	0.30
Total	793	34182256	100.00	100.00

Resolution No. 5:-

Particular	No. of Ballots	No. of shares / (votes)	% of total ballots received	% of total votes received
Assent	657	34080933	83.16	99.72
Dissent	133	96823	16.84	0.28
Total	790	34177756	100.00	100.00

Resolution No. 6:-

Particular	No. of Ballots	No. of shares / (votes)	% of total ballots received	% of total votes received
Assent	669	34115590	84.36	99.80
Dissent	124	66666	15.64	0.20
Total	793	34182256	100.00	100.00

MEGHMANI ORGANICS LIMITED

CORPORATE GOVERNANCE (CONTD...)

Resolution No. 7:-

Particular	No. of Ballots	No. of shares / (votes)	% of total ballots received	% of total votes received
Assent	683	34120088	86.13	99.82
Dissent	110	62168	13.87	0.18
Total	793	34182256	100.00	100.00

Resolution No. 8:-

Particular	No. of Ballots	No. of shares / (votes)	% of total ballots received	% of total votes received
Assent	659	34088413	83.10	99.73
Dissent	134	93843	16.90	0.27
Total	793	34182256	100.00	100.00

8 Disclosures :-

8.1. Disclosure of Material Transactions:-

There were no materially significant transactions with promoters, directors or the management, their subsidiaries or relatives that may have potential conflict with the interest of the company at large. A disclosure of all related party transactions has been presented in the Schedule No. 23 Notes to the accounts of this Annual Report.

8.2. Accounting Treatments :-

The Company has adopted accounting treatments which are prescribed by the Accounting Standards.

8.3. Corporate Governance of Subsidiaries :-

The subsidiaries of the Company are managed by experienced Board of Directors. The minutes of all the subsidiaries are reviewed by the Board of Directors.

8.4. CEO/CFO Certification:-

The Managing Director and Chief Financial Officer Mr. Ashish Soparkar, has certified to the Board with respect to the financial statement, internal controls and other matters as required by Clause 49 of the Listing Agreement with the Stock Exchanges.

8.5. Auditors' Certificate on Corporate Governance:-

The Company has obtained a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance prescribed in Clause 49 of the Listing agreement with Stock Exchanges which is attached herewith.

8.6. Report on Corporate Governance:-

This Chapter read with the information given in the section titled Additional Shareholders' information constitutes the compliance report on Corporate Governance.

8.7. Instances of Non Compliance :-

The Company has complied with the necessary requirements and no penalties or strictures were imposed on the Company by any Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the financial year 2008-2009.

8.8. Non Mandatory requirements:-

The Company is complying with all the mandatory requirements under Section 49 of the Listing Agreement. In addition the Company has also adopted Non Mandatory requirements.

MEGHMANI ORGANICS LIMITED

CORPORATE GOVERNANCE (CONTD...)

8.9. Code of Conduct :-

The Company has adopted a code of conduct for its directors and designated senior management personnel. All the Board members and senior management personnel have agreed to follow compliance of code of conduct.

8.10. Management Discussion and Analysis Report:-

This is given as the Separate chapter in the Annual Report.

8.11. Insider Trading :-

All the directors and senior management personnel have affirmed compliance with the Corporate Code laid down by the Board of Directors of the Company. The Executive Chairman, the Managing Directors and Company Secretary have made the necessary certification to the Board of Directors of the Company.

9 Disclosures regarding Re-appointment of Directors

As per the Articles of Association of Meghmani Organics Limited, one third of the Directors are liable to retire by rotation every year and if eligible, they offer themselves for reelection by the shareholders at the general meeting.

10 Means of communication

10.1. The Unaudited quarterly/half yearly financial statements are announced within one month of the end of the quarter. The aforesaid financial statements are taken on record by the Board of Directors and are communicated to the Stock Exchanges where the Company's securities are listed. Once the stock exchanges have been intimated these results are given by way of a press release to news agency and published within 48 hours in two leading daily news papers - one in English and one in Gujarati.

10.2. The audited annual results are announced within sixty days from the end of last quarter i.e. 31st March to meet with the requirements of Singapore Listing requirements. The audited annual financial results were announced on 25 May, 2009. The aforesaid audited annual results are taken on record by the Board of Directors and are communicated to the Stock Exchanges where the Company's securities are listed. Once the stock exchanges have been intimated these results are given by way of a press release to news agency and published within 48 hours in two leading daily news papers - one in English and one in Gujarati. The audited financial results form a part of the Annual Report which is sent to the Shareholders prior to the Annual General Meeting.

10.3. The presentations prepared by the Company are also submitted to the Singapore stock Exchange and placed on the website www.meghmani.com

11 General Shareholders' Information :-

I. Annual General Meeting :-

Date	Friday, 31 July, 2009
Venue	Ahmedabad Management Association, Atira Campus, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad
Time	3.00 p.m.
Last date of receipt of Proxy	Wednesday 29 July, 2009 (before 3.00. p.m.)
Posting of Annual Report	03rd July, 2009

MEGHMANI ORGANICS LIMITED

CORPORATE GOVERNANCE (CONTD...)

II. Financial year :-

The financial year of the Company is from 01 April to 31 March. The Board meetings for approval of Quarterly financial results during the year ended 31 March, 2009 were held on the following dates:-

Financial Calendar 2008-2009

First Quarter Results	30 July, 2008
Second Quarter and Half yearly results	24 October, 2008
Third Quarter Results	30 January, 2009
Fourth Quarter & Annual Results	25 May, 2009

Financial Calendar 2009-2010

First Quarter Results	24 July, 2009
Second Quarter and Half yearly results	30 October, 2009
Third Quarter Results	29 January, 2010
Fourth Quarter & Annual Results	28 May, 2010

III. Date of Book Closure :-

Book Closure dates	Monday 20 July, 2009 to Friday 31 July, 2009
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IV. Dividend payment :-

The Board of Directors at their meeting held on 25th May, 2009 recommended a final dividend of Rs. 0.33 per equity shares of the face value of Rs. 1/- each for the financial year 2008-2009, subject to approval of the shareholders. Final dividend, if approved by the shareholders will be paid within the prescribed statutory period.

V. Listing details of Equity shares:-

Name of Stock Exchange	Stock Code
National Stock Exchange of India Limited	MEGH.NS
Bombay Stock Exchange Limited	532865
Singapore Stock Exchange	MEGH.SI

The listing fee for the financial year 2008-2009 has been paid to the above stock exchanges.

VI. Stock code :-

The ISIN allotted to the Company's equity shares of face value of Rs. 1/- each under the depository system is INE974H01013

MEGHMANI ORGANICS LIMITED

CORPORATE GOVERNANCE (CONTD...)

VII. Share Market Price data:-

The Monthly high and Low prices and volumes of Meghmani Organics share at National Stock Exchange (India) Limited (NSE) and Bombay Stock Exchange Limited for the year ended on 31 March, 2009 are as under :-

Month	MOL Share Price			No. of shares traded during the month on NSE	Turn Over Rs.in lacs
	High Rs.	Low Rs.	Close Rs.		
April - 2008	25.00	19.70	23.25	4243068	956.82
May - 2008	24.40	20.60	21.10	3646036	832.05
June - 2008	21.65	17.00	17.20	1865303	359.13
July - 2008	21.35	16.00	20.15	2363318	439.21
August - 2008	20.80	17.75	18.30	1487101	287.21
September - 2008	18.95	13.35	14.85	1323921	220.87
October - 2008	15.90	8.60	11.15	1534519	192.13
November - 2008	13.50	7.00	7.70	940860	86.33
December - 2008	9.65	6.65	8.10	5763748	458.79
January - 2009	10.80	7.00	7.25	3858417	349.07
February - 2009	7.80	6.80	6.80	1334374	97.15
March - 2009	7.20	6.10	6.80	2525722	166.47

VIII. Performance in comparison to Broad based Indices

Month	No. of shares traded during the month on BSE		BSE Sensex
	High Rs.	Low Rs.	
April - 2008	24.15	20.10	17287.31
May - 2008	23.70	21.05	16415.57
June - 2008	20.75	17.20	13461.6
July - 2008	20.25	16.60	14355.57
August - 2008	20.35	17.90	14564.53
September - 2008	18.25	15.10	12860.43
October - 2008	14.80	9.55	9788.06
November - 2008	11.86	7.17	9092.72
December - 2008	9.02	6.93	9647.31
January - 2009	9.87	7.27	9424.24
February - 2009	7.37	6.81	8891.61
March - 2009	6.81	6.14	9708.50

MEGHMANI ORGANICS LIMITED

CORPORATE GOVERNANCE (CONTD...)

IX. Registrar and Transfer Agent :-

The Company in compliance with SEBI guidelines has appointed a common Link Intime India Private Limited (Formerly Intime Spectrum Registry Ltd) as share transfer agent for both the Physical and Electronic form of shareholding.

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
LBS Road, Bhandup (West),
Mumbai 400 078. India.

Tel: +91 22 2596 0320

Fax: +91 22 2596 0329

X. Share Transfer System :-

Job of Registrar and Transfer Agents is carried out by Link Intime India Private Limited, Mumbai, Transfer and dematerialization of shares are processed by Link Intime India Private Limited, Mumbai and are approved by Shareholders' / Investors' Grievance Committee.

XI. Distribution of Shareholding: 31.03.2009

Category	Shareholders		Shares of Re. 1/- each	
	Number	Percent	Number	Percent
00001-00500	52543	77.32	13125690	5.16
00501-01000	8816	12.97	7706075	3.03
01001-02000	3584	5.27	5708538	2.25
02001-03000	1094	1.61	2901776	1.14
03001-04000	463	0.68	1698571	0.67
04001-05000	449	0.66	2168631	0.85
05001-10000	569	0.84	4243333	1.67
10001 & above	440	0.65	216761597	85.23
Total	67958	100.00	254314211	100.00

Distribution of Shareholding: Singapore Depository Shares

Size of SDS	SDS Shareholders		No. of SDS of Re. 0.50/- each	
	Number	Percent	Number	Percent
1 - 999	3	0.40	531	-
1,000 - 10,000	300	39.68	1,929,869	1.38
10,001 - 1,000,000	438	57.94	31,244,000	22.42
1,000,001 & ABOVE	15	1.98	106,188,900	76.20
Total	756	100.00	139,363,300	100.00

MEGHMANI ORGANICS LIMITED

Twenty Largest Singapore Depository Shares ("SDS") Holders as at 12 June 2009

Sr. No.	NAME OF SDS HOLDER	NO. OF SDS	%
1	ELECTRA PARTNERS MAURITIUS LIMITED	28,389,320	20.37
2	CITIBANK NOMINEES SINGAPORE PTE LTD	24,964,580	17.91
3	WATERWORTH PTE LTD	10,000,000	7.18
4	BOON SUAN LEE	8,934,000	6.41
5	HSBC (SINGAPORE) NOMINEES PTE LTD	8,416,000	6.04
6	RAFFLES NOMINEES PTE LTD	7,249,000	5.20
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,843,000	3.48
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,992,000	2.15
9	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	2,718,000	1.95
10	KIM ENG SECURITIES PTE. LTD.	1,525,000	1.09
11	SEE BENG LIAN JANICE	1,359,000	0.98
12	PHILLIP SECURITIES PTE LTD	1,341,000	0.96
13	TEO CHIANG SONG	1,200,000	0.86
14	OCBC SECURITIES PRIVATE LTD	1,194,000	0.86
15	ING NOMINEES (SINGAPORE) PTE LTD	1,064,000	0.76
16	LEOW SAU CHING HELENA	1,000,000	0.72
17	DAIWA SECURITIES SMBC SINGAPORE LIMITED	1,000,000	0.72
18	INDIA INTERNATIONAL INSURANCE PTE LTD	800,000	0.57
19	ROHIT BAMMI	722,000	0.52
20	MERRILL LYNCH (SINGAPORE) PTE LTD	714,000	0.51
	Total	110,424,900	79.24

Share holding pattern of the company: - 31.03.2009

Category	No. of shares	Value of shares	%
OTHER BODIES CORPORATE	7894452	7894452	3.10
CLEARING MEMBER	2083935	2083935	0.82
DIRECTORS	13840	13840	0.01
SINGAPORE DEPOSITORY RECEIPTS	71569650	71569650	28.14
FOREIGN INST. INVESTORS	1736893	1736893	0.68
NATIONALIZED BANKS	800	800	0.00
NON RESIDENT INDIANS	334310	334310	0.13
NON RESIDENT (NON REPATRIABLE)	67561	67561	0.03
PUBLIC	46247306	46247306	18.19
PROMOTERS	92951006	92951006	36.55
RELATIVES OF DIRECTORS	31404305	31404305	12.35
TRUSTS	10153	10153	0.00
GRAND TOTAL	254314211	254314211	100.00

MEGHMANI ORGANICS LIMITED

CORPORATE GOVERNANCE (CONTD...)

Dematerialization of Shares and Liquidity Distribution: 31.03.2009

Share Capital	No. of shares	%
Listed Capital	254314211	100.00
Held in Dematerialized form :-		
Central Depository Limited	17400549	6.84
National Depository Limited	166836112	65.60
Held in Physical Form	70077550	27.56
Total	254314211	100.00

XII. Independent Directors shareholding:-

Particulars of Equity Shareholding of Independent Directors: - 31.03.2009:

Name of Independent Director	No. of Equity Shares of Rs. 1/- each
Mr. Chinubhai R. Shah	2000
Mr. Balkrishna T. Thakkar	2000
Mr. Jayaraman Vishwanathan	Nil
Mr. K. N. Venkatasubramanian	13840
Mr. Chandan Bhattacharya	Nil
Mr. K H Patel	Nil

XIII. Outstanding Singapore Depository Receipts :

153,165,300 Singapore Depository Shares were issued under Depository mechanism on 10th August, 2004 at a 0.28 Cent per SDS of Rs. 0.50 paisa on Singapore Stock Exchange. The Closing SDS price as on 31 March, 2009 was 0.09 Cent. As on 31 March, 2009 the number of SDS outstanding are 143,139,300.

There is no conversion date fixed for SDS in to Equity Shares. There will be no impact on conversion of SDS in to equity as the conversion takes place under two way fungibility guide lines of Reserve Bank of India.

XIV. Location of Manufacturing facility:-

1. Pigment Green - Division	Plot No. 184, Phase II, G.I.D.C. Vatva, Ahmedabad -382 445
2. Agro Division - I	Plot No. 402,403,404 & 452, Village Chharodi, Taluka Sanand, District :- Ahmedabad
3. Pigment Blue - Division	Plot No. 21,21/1, G.I.D.C. Panoli, District :- Bharuch
4. Agro Division - II	5001/B, G.I.D.C. Ankleshwar, District :- Bharuch

XV. Investor Correspondence :-

All enquiries, clarification and correspondence should be addressed to the Company Secretary and Compliance Officer:-

Mr. K D Mehta - V P (Company Affairs)

Meghmani Organics Limited

Meghmani House, Shreenivas Society,

Vikasgruh Road, Paldi, Ahmedabad -380 007

helpdesk@meghmani.com

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MEGHMANI ORGANICS LIMITED

DECLARATION BY MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING COMPLIANCE WITH CODE OF CONDUCT

In accordance with Clause 49(I)(D) of the Listing Agreement with the Stock Exchange, I hereby confirm that all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them for the financial year ended on 31 March, 2009.

25 May, 2009
Ahmedabad

For Meghmani Organics Limited
Ashish Soparkar
Managing Director

AUDITORS CERTIFICATE ON COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

To,
The Members of the
Meghmani Organics Limited,

We have examined the compliance of conditions of Corporate Governance by Meghmani Organics Limited for the year ended 31 March, 2009, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

The Compliance of the condition of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedure and implementation thereof. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned clause of listing agreement.

We have been explained that no investor grievances remaining unattended/pending for a period exceeding one month as on 31 March, 2009.

We further state that such compliance is neither an assurance as to future viability of the Company the efficiency or effective ness with which the management has conducted the affairs of the Company.

Place: - Ahmedabad
Date : - 25.05.2009

For M/S. PATEL & KHANDWALA
Chartered Accountants
(M M Khandwala)
Partner
Membership Number 32472

MEGHMANI ORGANICS LIMITED

Auditors' Report

To,
The Members of
Meghmani Organics Limited
Ahmedabad.

We have audited the attached Balance Sheet of MEGHMANI ORGANICS LIMITED, as at 31st March 2009 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) order, 2003 and (amendment) order 2004 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, a statement on the matters specified in paragraphs 4 and 5 of the said order is annexed thereto.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of accounts as required by the law have been kept by the Company so far as appears from our examination of the books of the Company;
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standard referred to in Section 211 (3C) of the Companies Act 1956.
- e) On the basis of the written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956; and
- f) In our opinion and to the best of our information and according to the explanations given to us, the account read in conjunction with the notes and schedules attached thereto, give the information required under the Companies Act, 1956 in the manner so required and present a true and fair view :-
 - i. In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2009;
 - ii. In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii. In case of cash flow statement, of the cash flows for the year ended on that date.

For M/S. PATEL & KHANDWALA
Chartered Accountants
(M M Khandwala)
Partner
Membership Number 32472

Place: - Ahmedabad
Date : - 25.05.2009

ANNEXURE TO AUDITORS' REPORT

- i. (a) The Company has maintained division wise records of fixed assets under SAP to show full particulars including quantitative details and situation of fixed assets.
(b) All the fixed assets have been physically verified by the Management during the year. As explained to us no material discrepancies were noticed on such verification.
(c) The Company has not disposed of substantial part of the fixed assets during the year.
- ii. (a) The inventories have been physically verified at year end by the management. Inventory with third parties at year end have been verified by the management with reference to confirmations or statement of accounts or correspondence of third parties or subsequent receipt of the goods.
(b) According to the information and explanations given to us and in our opinion the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The Company is maintaining proper records of the inventories and no serious discrepancies have been noticed on physical verification of inventories as compared to the book record.
- iii. In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
(a) The Company has given loan to Six Subsidiaries. In respect of the said loans, the maximum amount outstanding at any time during the year is Rs. 4509.67 lacs and year-end balance is Rs. 2088.14 lacs.
(b) In our opinion and according to the information and explanations given to us, the Company has charged interest on Loan given to Meghmani Organics INC. USA , Meghmani Europe BVBA and Meghmani Energy Limited. The other Loans are interest free and other terms and conditions are not prima facie prejudicial to the interest of the Company.
(c) The said interest free loan given to the Subsidiaries of the Company is repayable on demand.
(d) In respect of the loan given by the Company, the same is repayable on demand and therefore the question of overdue amount does not arise.
(e) The Company has not taken unsecured loans from the companies/firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore Sub-clause (f) and (g) are not applicable.
- iv. In our opinion and according to the information and explanations given to us, during the course of our audit, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods. We have not observed any major weaknesses in internal control system established by the Company.
- v. (a) According to the information and explanations given to us we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of any party during the period have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for items stated to be of specialized nature, where no comparison is possible.
- vi. The Company has not accepted deposits from the public and therefore the directives issued by Reserve Bank of India and provisions of Section 58-A and Section 58 AA or any other relevant provisions of the Companies Act 1956 and rules framed there under do not apply to the Company.

MEGHMANI ORGANICS LIMITED

- vii. The Company has appointed a firm of Chartered Accountants as Internal Auditor. In our opinion the system of internal audit is commensurate with size and nature of the business of the Company.
- viii. We have broadly reviewed the books of accounts maintained by the Company, although, no order has been issued by Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act 1956. We are of the opinion that prima facie records have been maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.

- ix. (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including, Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, and any other statutory dues as applicable to it with the appropriate authorities.

Though there has been delay in some cases of Provident Fund and Professional Tax payments, which were not in arrears at the end of the year. According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Sales Tax, Wealth tax, Custom Duty, Service Tax and Excise Duty, were outstanding at the period end for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us, the statutory dues which have not been deposited on account of disputes are given below.

Name of Statute	Nature of Dues	Rs. in Lacs	Forum where Dispute is pending
Income Tax Act.	Income Tax (A.Y. 1999-2000 to A.Y. 2006-2007)	263.04	Commissioner of Income Tax. (Appeals / ITAT)
Central Excise Tariff Act.	Excise Duty	960.32	Commissioner of Central Excise Director General of Central Excise / Audit team of Central Excise.
Labour Laws	Compensation Claims	265.62	Labour Court

- x. In our opinion, the Company has no accumulated losses at the end of the financial year. The Company has not incurred any cash losses in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank. The Company has not issued any debentures during the year.
- xii. According to information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion the Company is not a chit fund or a nidhi /mutual benefit fund/society. The provisions of nidhi / mutual benefit fund/societies are not applicable to the Company.
- xiv. In our opinion the Company is not dealing in or trading in shares, securities debentures and other investments hence the provisions of clause 4 (xiv) are not applicable.
- xv. The Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi. The Company has obtained fresh term loan which is used for the purpose for which it is obtained.
- xvii. The Company has not utilized any funds raised on short term basis for long term investments.
- xviii. No long-term fund has been used to finance short-term assets except permanent working capital.

MEGHMANI ORGANICS LIMITED

- xix. According to information and explanations given to us, the Company has not made any preferential allotment of any shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xx. According to information and explanations given to us, the Company has not issued any debenture during the year ended on 31st March, 2009 and hence no Securities have been created.
- xxi. We have verified the end use of money raised by the public issue as disclosed in the notes to the financial statement.
- xxii. According to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year ended on 31st March, 2009.

Place: - Ahmedabad
Date : - 25.05.2009

For M/S. PATEL & KHANDWALA
Chartered Accountants
(M M Khandwala)
Partner
Membership Number 32472

MEGHMANI ORGANICS LIMITED

Balance Sheet as at 31st March 2009

Particulars	Sch. No.	Rs.	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	254,314,211		254,314,211
Reserves and Surplus	2	4,227,417,192		3,820,296,777
			4,481,731,403	4,074,610,988
Loan Funds				
Secured Loans	3	589,914,873		1,241,730,648
Unsecured Loans	4	1,311,270,192		600,600,000
			1,901,185,065	1,842,330,648
Deferred Tax Liability			126,709,320	130,950,992
TOTAL			6,509,625,788	6,047,892,628
APPLICATION OF FUNDS				
Fixed Assets	5			
Gross Block		2,557,573,253		2,345,437,321
Less: Depreciation		1,144,090,222		996,535,665
Net Block		1,413,483,031		1,348,901,656
Capital Work in progress		87,704,402		26,161,950
			1,501,187,433	1,375,063,606
Investments	6		1,102,688,923	1,090,053,923
Current Assets, Loans and Advances				
Inventories	7	1,054,448,952		854,445,426
Sundry Debtors	8	2,846,822,939		2,661,750,708
Cash and Bank Balances	9	85,879,942		65,622,573
Loans and Advances	10	1,355,735,826		906,628,463
Total Current Assets		5,342,887,659		4,488,447,170
Less : Current Liabilities & Provisions				
Liabilities	11	1,317,303,791		813,685,562
Provisions	12	119,834,436		91,986,509
Total Current Liabilities		1,437,138,227		905,672,071
Net Current Assets			3,905,749,432	3,582,775,099
TOTAL			6,509,625,788	6,047,892,628

As per our attached report of even date
For M/s Patel & Khandwala
Chartered Accountants
(M M Khandwala)
Partner
Membership No. 32472

K D Mehta
Company Secretary
Date: 25.05.2009

Place : Ahmedabad

For and on behalf of the Board

J M Patel - Executive Chairman
A N Soparkar - Managing Director
N M Patel - Managing Director

Place : Ahmedabad

Date : 25.05.2009

MEGHMANI ORGANICS LIMITED

Profit and Loss Account for the year ended on 31t March, 2009

Particulars	Sch. No.	31.03.2009 Rs.	31.03.2008 Rs.
Income			
Gross Sales		8,405,274,604	6,377,819,679
Less: Excise Duty		658,629,750	476,571,463
Less: VAT		62,956,483	31,531,211
Net Sales	13	7,683,688,371	5,869,717,005
Other Income	14	262,233,729	163,341,672
Total Income		7,945,922,100	6,033,058,677
Expenditure			
(Increase)/ Decrease in Stock	15	(266,758,290)	223,319,845
Trading Purchases	16	739,777,954	764,565,837
Raw Materials Consumption	17	4,549,198,641	3,069,303,193
Manufacturing Expenses	18	772,006,182	573,161,307
Employees Emoluments	19	162,129,833	126,705,755
Administration Expenses	20	243,455,388	121,038,084
Selling and Distribution Expenses	21	505,834,836	435,279,867
Financial Expenses	22	240,055,596	101,779,529
Depreciation		153,625,886	143,701,631
Total Expenditure		7,099,326,026	5,558,855,048
Profit Before Exceptional Items & Tax		846,596,074	474,203,629
Exceptional Items		225,362,149	-
Profit Before Tax		621,233,925	474,203,629
Payment & Provision of Current Tax		117,668,661	80,382,548
Fringe Benefit Tax		2,500,000	2,526,252
Deferred Tax		(4,241,672)	15,323,632
Profit After Tax		505,306,936	375,971,197
Profit available for Appropriation		505,306,936	375,971,197
Appropriations :			
Transfer to General Reserve		55,000,000	40,000,000
Proposed Dividend		83,923,690	76,294,263
Dividend Tax		14,262,831	12,966,210
Profit carried forward to Balance Sheet		352,120,415	246,710,724
Significant Accounting Policies & Notes forming part of accounts	23		
Total		505,306,936	375,971,197
Basic and Diluted Earning per share of face value of Re. 1 each (in Rupees)		1.99	1.55

As per our attached report of even date
For M/s Patel & Khandwala
Chartered Accountants
(M M Khandwala)
Partner
Membership No. 32472

K D Mehta
Company Secretary
Date: 25.05.2009

Place : Ahmedabad

For and on behalf of the Board

J M Patel - Executive Chairman
A N Soparkar - Managing Director
N M Patel - Managing Director

Place : Ahmedabad

Date : 25.05.2009

MEGHMANI ORGANICS LIMITED

Schedules forming part of the Balance Sheet as at 31st March 2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule- 1 - SHARE CAPITAL		
Authorized Share Capital :		
370,000,000 Equity Shares of Rs. 1/- (PY Rs.1/-) each (P.Y 370,000,000)	370,000,000	370,000,000
Issued Subscribed and Paid Up Share Capital :		
254,314,211 Equity Shares of Rs. 1/- (PY Rs.1/-) Each Fully paid up (P.Y. 254,314,211)	254,314,211	254,314,211
Total	254,314,211	254,314,211

Of the above :-

- (1) 36,000,000 Equity Shares of Rs. 1/- each issued as Bonus shares by capitalization of Profit and Loss Account in the ratio of 9:14.
- (2) 23,000,000 Equity shares of Rs. 1/- each issued to new stream of promoters on the Right basis.
- (3) 69,362,980 Equity Shares of Rs. 1/- each issued on private placement of Equity to Investors and Core Promoters.
- (4) 18,432,980 Equity Shares of Rs. 1/- each were bought back at the rate of Rs. 8.50 per share during 2001-02.
- (5) 34,700,000 Equity Shares of Rs.1/- each were issued as initial public offer at Singapore under depository system.
- (6) 53,684,211 Equity Shares of Rs.1/- each were issued as initial public offer to list its equity shares on Indian Stock Exchanges.

Schedule - 2 - RESERVES AND SURPLUS		
(1) Securities Premium Account		
As per last year accounts	1,565,048,295	663,258,951
Add: Addition During the Year	-	901,789,344
	1,565,048,295	1,565,048,295
(2) Capital Reserve		
As per last year accounts	3,122,017	3,122,017
(3) General Reserve		
As per last year accounts	434,270,348	392,526,434
Add: Transferred from Profit and Loss Account	55,000,000	40,000,000
Add: Adjusted Gratuity Provision (Earlier Years)	-	1,743,914
	489,270,348	434,270,348
(4) Capital Redemption Reserve		
As per last year accounts	18,432,980	18,432,980
(5) Profit & Loss Account		
As per last year accounts	1,799,423,137	1,552,712,413
Add: Surplus for the year Brought Forward	352,120,415	246,710,724
	2,151,543,552	1,799,423,137
Total	4,227,417,192	3,820,296,777

MEGHMANI ORGANICS LIMITED

Schedules forming part of the Balance Sheet as at 31st March 2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule - 3 - SECURED LOANS		
Term Loan Facilities from Banks :		
In foreign currency	152,160,000	120,360,000
Working Capital Facilities from Banks :		
In Indian currency	437,714,643	1,080,667,454
In foreign currency	40,230	40,703,194
Total	589,914,873	1,241,730,648

Notes :

- Working capital facilities from State Bank of India, HDFC Bank Limited and ICICI Bank Limited (Collectively known as Consortium Bankers) are secured by :-
 - First Pari Passu charge created on 25.05.2005 to State Bank of India (with HDFC Bank Limited and ICICI Bank Ltd.) for Rs. 15535.00 lacs by way of hypothecation of the entire stock of raw material, work in process, finished goods, stores and spares and receivables now stands modified and increased to Rs. 21065.00 lacs in favour of State Bank of India (Rs. 13692.00 lacs), HDFC Bank Limited (Rs. 3791.00 lacs) and ICICI Bank Limited (Rs. 3582.00 lacs).
 - First Pari Passu charge on immovable properties to State Bank of India (with HDFC Bank Limited and ICICI Bank Ltd.) as collateral security for the working capital facilities aggregating Rs. 15535.00 lacs has been extended to secure working capital facility up to Rs. 21065.00 lacs.
 - The indenture of the mortgage created on immovable properties are located at :
 - Plot No. 168,180,183 and 184 of GIDC Industrial Estate Vatva Ahmedabad;
 - Block No. 402,403,404 and 452 at Village Chharodi, Taluka Sanand, District Ahmedabad
 - Plot No. 21 & 21/1 of GIDC Industrial Estate Panoli, Taluka Ankleshwar,
 - Plot No.5001/B of GIDC Industrial Estate, Ankleshwar
- An exclusive charge by way of hypothecation has been created in favour of Security Trustee - Unit Trust of India investment advisory services to secure External Commercial Borrowing of US \$ 30 lacs granted by ICICI Bank Limited - Singapore.

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule - 4 - UNSECURED LOANS		
From Bank - In Foreign Currency	204,148,000	200,600,000
From Bank - In INR	1,107,122,192	400,000,000
Total	1,311,270,192	600,600,000

MEGHMANI ORGANICS LIMITED

Schedule -5
Fixed Assets As on 31st March 2009

Sr. No.	Particulars	Gross Block					Depreciation / Amortisation				Net Block		
		Opening	Addition	Deduction	Transfer	Closing	Opening	Provision For the Year	Deduction	Transfer	Closing	Closing Balance 31.03.2009	Closing Balance 31.03.2008
	Tangible Assets												
1	Freehold Land	16,099,551	-	-	-	16,099,551	-	-	-	-	-	16,099,551	16,099,551
2	Leasehold Land	59,335,603	4,111,525	-	-	63,447,128	3,348,364	700,555	-	4,048,919	59,398,209	55,987,239	
3	Buildings	392,549,023	30,430,693	-	-	422,979,716	71,870,740	11,369,698	-	83,240,438	339,739,278	320,678,283	
4	Plant & Machinery	1,729,694,783	168,843,758	-	(1,960,863)	1,896,577,678	868,410,639	124,733,982	-	993,144,621	903,433,057	861,284,144	
5	Furniture & Fixtures	32,376,001	1,519,855	775,761	-	33,120,095	13,846,066	1,916,375	546,267	15,216,174	17,903,921	18,529,935	
6	Vehicles	53,135,110	3,795,772	5,872,222	-	51,058,660	11,778,809	4,621,409	2,592,018	13,808,200	37,250,460	41,356,301	
7	Other Equipments	37,507,862	4,486,357	3,714,174	-	38,280,045	17,159,668	4,147,586	2,933,044	18,374,210	19,905,835	20,348,194	
	Sub Total	2,320,697,933	213,187,960	10,362,157	(1,960,863)	2,521,562,873	986,414,286	147,489,605	6,071,329	-	1,393,730,311	1,334,283,647	
	Intangible Assets												
1	Intangible Assets	4,093,800	-	-	-	4,093,800	818,760	-	-	818,760	3,275,040	3,275,040	
2	Licences	20,645,590	11,270,990	-	-	31,916,580	9,302,619	6,136,281	-	15,438,900	16,477,680	11,342,971	
	Sub Total	24,739,390	11,270,990	-	-	36,010,380	10,121,379	6,136,281	-	16,257,660	19,752,720	14,618,011	
	Sub Total - A	2,345,437,323	224,458,950	10,362,157	(1,960,863)	2,557,573,253	996,535,665	153,625,886	6,071,329	-	1,413,483,031	1,348,901,658	
	WIP	26,161,948	82,939,448	24,072,946	1,960,863	86,989,312	-	-	-	-	86,989,312	26,161,948	
	Pre Operative Expenses / Income	-	715,090	-	-	715,090	-	-	-	-	715,090	-	
	Sub Total - B	26,161,949	83,654,537	24,072,946	1,960,863	87,704,402	-	-	-	-	87,704,402	26,161,948	
	Total = A+B	2,371,599,271	308,113,487	34,435,103	-	2,645,277,655	996,535,665	153,625,886	6,071,329	-	1,501,187,433	1,375,063,606	
	Previous Year	2,342,353,427	344,688,193	38,569,778	(276,872,571)	2,371,599,271	857,982,370	143,701,631	5,148,336	-	1,375,063,606	1,484,371,057	

MEGHMANI ORGANICS LIMITED

Schedule forming part of the Balance Sheet as at 31st March 2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule - 6 - INVESTMENTS (At Cost)		
Long Term		
Investment in Subsidiary Company		
2000 Equity Shares of Meghmani Europe BVBA	1,443,433	1,443,433
2799600 Equity Shares of Meghmani Energy Limited. of Rs. 10/- each	27,996,000	27,996,000
12500 Equity Shares of Meghmani Organics Inc. USA USD 1/- each	556,750	556,750
35182333 Equity Shares of Meghmani Finechem Limited of Rs. 10/- each	1,054,489,990	1,054,489,990
30000 Equity Shares of Meghmani Chemtech Limited of Rs. 10/- each	300,000	-
- Equity Shares of PT Meghmani Organics Indonesia. of USD 1/- each	12,330,000	-
Sub Total	1,097,116,173	1,084,486,173
Quoted Equity Shares fully paid up :		
2,000 Equity Shares of Saket Project Limited of Rs. 100/- each (Market Value of the Investment is Not Available)	20,000	20,000
Sub Total	20,000	20,000
Unquoted Equity Shares fully paid up :		
500 Equity Shares of Green Environment Services Co. Op. Society Ltd. of Rs. 10/- each	5,000	5,000
4 Equity Shares of Alaukik Owners Association of Rs. 100/- each	400	400
8,200 Equity Shares of Lanzorate Finance Limited of Rs. 10/- each	82,000	82,000
10 Equity Shares of Vellard View Premises Co. Op. Society Ltd. of Rs. 50/- each	500	500
2,000 Equity Shares of Suvikas Peoples Co-Op. Bank of Rs. 50/- each	100,000	100,000
100 Equity Shares of Sanand Eco Project Ltd. Of Rs. 10/- each	1,000	1,000
491,585 Equity Shares of Bharuch Eco Aqua Infrastructure Ltd. of Rs. 10/- each	4,915,850	4,915,850
14,000 Equity Shares of Bharuch Environ Infrastructure Ltd. of Rs. 10/- each	140,000	140,000
30,000 Equity Shares of Panoli Enviro Technology Ltd. of Rs. 10/- each	300,000	300,000
Sub Total	5,544,750	5,544,750

MEGHMANI ORGANICS LIMITED

Schedule forming part of the Balance Sheet as at 31st March 2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Government Securities		
National Savings Certificates	8,000	3,000
Sub Total	8,000	3,000
Total	1,102,688,923	1,090,053,923
Schedule - 7 - INVENTORIES (As taken, valued and certified by the Management)		
Stock of Raw Materials	213,865,311	279,856,221
Stock of Trading Goods	81,465,012	2,502,736
Stock of Work In Process	106,544,568	232,650,516
Stock of Finished Goods	613,473,600	299,571,638
Stock of Stores, Packing & Others	39,100,461	39,864,315
Total	1,054,448,952	854,445,426
Schedule - 8 - SUNDRY DEBTORS (Unsecured and considered good)		
Exceeding Six Month	545,353,127	399,288,088
Others	2,316,469,812	2,277,462,620
(Includes Rs. 3485.64 Lacs (P.Y. Rs. 2617.56 Lacs) due from firm or a Company in which some of the Directors are interested)		
	2,861,822,939	2,676,750,708
Less : Provision for Doubtful Debts	(15,000,000)	(15,000,000)
Total	2,846,822,939	2,661,750,708
Schedule - 9 - CASH AND BANK BALANCES		
Cash on hand	1,042,214	992,762
Balance with Schedule Banks in Current Accounts	75,669,704	56,033,459
Deposits with Schedule Banks	9,168,024	8,596,352
Total	85,879,942	65,622,573
Schedule - 10 - LOANS AND ADVANCES (Unsecured Considered good)		
Export benefit receivables	216,600,161	73,778,906
Staff Advances	5,208,336	5,292,294
Balance with Central excise	109,406,000	120,551,671
Deposits	35,696,589	36,525,793
Advance Payment of Income Tax	80,954,216	53,559,026
Other Current Assets	507,420,601	266,621,556
Advance Payment to vendors	191,635,499	245,577,103
Unsecured Loan to Subsidiary Company	208,814,424	104,722,114
Total	1,355,735,826	906,628,463

MEGHMANI ORGANICS LIMITED

Schedule forming part of the Balance Sheet as at 31st March 2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule - 11 - CURRENT LIABILITIES		
Current Liabilities		
Sundry Creditors (Outstanding dues to Micro & Small Enterprises)	-	-
Sundry Creditors (Dues to other creditors)	740,873,328	731,883,815
IPO Refund Payable	113,050	352,450
Other trade payable	538,379,805	46,661,431
Statutory liabilities	37,937,608	34,787,866
Total	1,317,303,791	813,685,562
Schedule - 12 - PROVISIONS		
FBT Provision	222,610	222,609
Provision for Employee Benefit	21,149,119	2,503,427
Dividend Payable (Proposed)	83,923,690	76,294,263
Unpaid Dividend (F.Y.2007-2008)	276,186	-
Corporate Dividend Tax Payable	14,262,831	12,966,210
Total	119,834,436	91,986,509

MEGHMANI ORGANICS LIMITED

Schedule to the Profit and Loss Account For the year ended on 31st March 2009

Particulars	31.03.2009 Rs.	31.03.2008 Rs.
Schedule - 13 - SALES		
Manufacturing Goods		
Export Sales	5,108,461,419	3,551,295,417
Local Sales	1,829,351,189	1,446,154,029
Other Sales	8,831,310	2,962,298
	6,946,643,918	5,000,411,744
Trading Goods		
Export Sales	723,122,691	820,875,792
Local Sales	13,921,762	48,429,469
	737,044,453	869,305,261
Total	7,683,688,371	5,869,717,005
Schedule - 14 - OTHER INCOME		
DEPB Benefit	225,327,340	89,062,620
Duty Drawback	874,836	820,572
Gain on Forex Derivatives	-	46,577,468
Interest Received	27,267,425	4,386,126
Rent Received	481,500	178,748
Miscellaneous Income	-	11,897
Job Charges	132,635	-
Commission	8,112,993	-
Dividend Income	37,000	21,738,524
Gain from sale of investment	-	565,717
Total	262,233,729	163,341,672
Schedule - 15 - INCREASE / (DECREASE) IN STOCK		
Opening Stock of Finished Goods	248,181,982	441,830,087
Opening Stock of Trading Goods	2,502,736	10,415,787
Excise Duty On Stock of Finished Goods	33,058,245	58,910,156
Goods in Transit	18,331,411	-
Opening Stock of Work In Process	232,650,516	246,888,705
	534,724,890	758,044,735
Closing Stock of Finished Goods	575,706,162	248,181,982
Closing Stock of Trading Goods	81,465,012	2,502,736
Excise Duty On Stock of Finished Goods	37,767,438	33,058,245
Goods in Transit	-	18,331,411
Closing Stock of Work In Process	106,544,568	232,650,516
	801,483,180	534,724,890
Total	(266,758,290)	223,319,845

MEGHMANI ORGANICS LIMITED

Schedule to the Profit and Loss Account For the year ended on 31st March 2009

Particulars	31.03.2009 Rs.	31.03.2008 Rs.
Schedule - 16 - TRADING PURCHASES		
Trading Purchases	739,777,954	764,565,837
Total	739,777,954	764,565,837
Schedule - 17 - RAW MATERIALS CONSUMPTION		
Raw materials Consumed	4,491,912,582	3,011,765,542
Other Raw material related expenses	57,286,059	57,537,651
Total	4,549,198,641	3,069,303,193
Schedule - 18 - MANUFACTURING EXPENSES		
Fuel & Steam Consumption	184,606,785	54,650,576
Diesel Consumption	6,489,710	13,210,317
Pollution Expenses	70,664,733	63,639,460
Stores Consumed	62,178,394	51,550,942
Repairs and maintenance	37,525,700	31,208,289
Power Consumption	345,186,884	324,126,439
Other Manufacturing Expenses	65,353,976	34,775,284
Total	772,006,182	573,161,307
Schedule - 19 - EMPLOYEES EMOLUMENTS		
Salary & Wages	142,460,595	108,822,947
Statutory Contribution	6,757,760	6,351,128
Staff Welfare Expenses	12,911,478	11,531,680
Total	162,129,833	126,705,755

MEGHMANI ORGANICS LIMITED

Schedule to the Profit and Loss Account For the year ended on 31st March 2009

Particulars	31.03.2009 Rs.	31.03.2008 Rs.
Schedule - 20 - ADMINISTRATIVE EXPENSES		
Rent , rates & taxes	8,188,038	1,907,150
Travelling expenditures	24,975,777	19,053,173
Postage and telephone	11,834,704	10,978,505
Insurance premium	3,697,503	6,536,605
Stationery & printing expenses	5,909,223	4,647,163
Legal & Professional Fees	13,645,077	8,803,990
Advertisement expenses	2,171,037	2,549,767
Audit fees	1,306,943	1,037,495
Donations	7,120,620	2,543,460
Repairs & maintenance to others	1,969,589	1,352,177
Directors remuneration	49,994,900	45,779,280
Directors sitting fees	570,000	410,000
Vehicle expenses	7,907,446	7,918,723
Stock Exchange expenses	5,555,957	5,457,891
Software expenses	1,203,286	1,483,924
Exchange Rate difference Others	83,845,821	(9,549,241)
Bad debts W/off and Provision	402,518	1,047,488
Loss on sales assets	1,945,868	2,812,584
Loss on Discarded assets	680,458	-
Premium / Discount on Forward Contract	728,657	(412,182)
Other expenses	9,801,966	6,680,132
Total	243,455,388	121,038,084
Schedule - 21 - SELLING AND DISTRIBUTION EXPENSES		
Export Clearing & Forwarding Expenses	90,923,478	77,477,858
Transportation Expenses	131,816,066	123,983,450
Marine Insurance	3,082,249	2,669,617
Sales Commission	73,877,389	18,996,803
Business promotion Expenses	9,660,543	7,967,843
Packing Material Consumption	167,649,916	158,925,974
Other Selling Expenses	28,825,195	45,258,322
Total	505,834,836	435,279,867
Schedule - 22 - FINANCIAL EXPENSES		
Interest	217,577,195	89,585,353
Other Financial Charges	22,478,401	12,194,176
Total	240,055,596	101,779,529

MEGHMANI ORGANICS LIMITED

Schedule - 23

NOTES FORMING PART OF ACCOUNTS

1. BASIS FOR PREPARATION OF ACCOUNTS

The Financial statements have been prepared to comply in all material aspects in respect with the notified Accounting Standard by Companies Accounting Standard Rules, 2006 and the relevant provision of the Companies Act, 1956.

Accounting policies have been consistently applied by the Company.

2. USE OF ESTIMATES

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

a) REVENUE RECOGNITION

- 1) In appropriate circumstances, Revenue is recognised on accrual basis when no significant uncertainty as to determination or realization exists.

- 2) **Sales**

Domestic Sales are accounted exclusive of Excise, net of Central Sales Tax, VAT, sales return and rate difference, if any. Exports sales are accounted on the basis of dates of Bill of Lading. Sales do not include Inter Division transfer.

- 3) **Accounting for claims**

Insurance claims are recognised on the basis of approval of claim by insurance company.

- 4) **Export Benefits**

Incomes in respect of Duty Drawback and Duty Entitlement Pass Book Scheme (DEPB) in respect of exports made during the period are accounted on accrual basis. Profit or losses on transfer of DEPB licenses are accounted in year of the sales. Duty free imports of material under Advance License matched with the export made against the said licenses

- 5) Dividend income is recognised on the basis of dividend declared by the companies.

b) FOREIGN CURRENCY TRANSACTIONS

- (i) Transactions in foreign currencies are recorded in Indian Rupees using the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, recorded monetary balances are reported in Indian Rupees at the rates of exchange prevailing at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit and loss account.
- (ii) In order to hedge exposure to foreign exchange risks arising from Export or Import of foreign currency, bank borrowings and trade receivables, the Company enters into forward contracts. In case of forward exchange contracts, the cost of the contracts is amortised over the period of the contract. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognised as income or expenses for the year.
- (iii) Exchange difference is calculated as the difference between the foreign currency amount of the contract

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the profit and loss account in the reporting period in which the exchange rates change.

- (iv) Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) **FIXED ASSETS**

- (i) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation, including borrowing cost as specified in point (i) till such assets are ready for its intended use, less specific grants received and Cenvat Credit availed.

- (ii) Fixed assets in the course of work-in-progress for production or administrative purposes are carried at cost less any impairment loss. Work in Progress includes expenditure pending for capitalization.

Cost includes land and building improvement costs, related acquisition expenses and construction costs incurred during the period of construction. Depreciation of these assets, on the same basis as the other property assets, commences when the assets are ready for their intended use.

- (iii) The cost of self-constructed assets includes cost of materials plus any other directly attributable costs of bringing the assets to working condition for its intended use.
- (iv) Assets identified as intangible assets at cost including incidental expenses thereto and are amortized over a predetermined period in line with AS-26 "Intangible assets".

d) **INTANGIBLE ASSETS**

Intangible assets are recognized at acquisition cost when the asset is identifiable, non-monetary in nature, without physical substance and it is probable that such expenditure is to result in future economic benefits to the entity.

e) **IMPAIRMENT OF ASSETS**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that asset may be impaired.

Recoverable amount is the higher of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

f) DEPRECIATION

Except for freehold land, leasehold land and Capital work-in-progress & other assets as stated below depreciation is charged on straight line method (SLM) as per rate prescribed under schedule XIV of the Companies Act 1956.

Intangible assets are amortized over useful life of assets as per management perception are as under :-

(i) ETP waste Rights - 5 Years

(ii) Software - 5 Years

(iii) License - 5 Years

Leasehold land is amortized over the available balance lease period.

Depreciation is not provided on freehold land and capital work-in-progress.

When assets are disposed or retired, their cost and accumulated depreciation are removed from the financial statements.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in profit and loss account for the relevant financial year.

g) INVESTMENTS

Long term investments are stated at cost less amount written off, where there is a diminution in its value of long term nature. Current investments are stated at lower of cost and fair value. Gain or loss arising from sale or disposal of such investment is accounted at the time of actual sale or disposal.

h) INVENTORIES

Inventories are stated at the lower of cost and net realizable value.

Cost of Raw Material is determined on a monthly moving weighted average on FIFO basis.

Stores and consumables are valued at cost (net of CENVAT) or net realizable value whichever is lower.

Finished goods are valued at cost or net realizable value whichever is lower. Cost comprises direct materials and where applicable, direct labour costs, those overheads that have been incurred in bringing the inventories to their present location and condition and excise duty payable on finished goods.

For finished goods of Export oriented units (EOUs) where prima facie finished goods of EOUs are meant for export and no excise duty is leviable, therefore no excise duty is added in finished goods valuation. However in case of EOU also Excise duty is included in valuation of finished goods in proportion to DTA sales. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Work in progress is valued at cost or net realizable value whichever is less. Cost comprises direct materials and appropriate portion of direct labour costs, manufacturing overheads and depreciation.

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

i) **BORROWING COSTS**

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets, wherever applicable, till the assets are ready for their intended use. A qualifying asset is one which is that necessarily takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue account. Capitalisation of borrowing cost suspended when active development is interrupted.

j) **PRIOR YEAR EXPENSES AND INCOME**

Transactions pertaining to period prior to Current Accounting Year are adjusted through prior year adjustments, if any.

Gain or loss on foreign currency exposures including option contracts entered into by the company to hedge the foreign currency exposures have been treated as 'Exceptional Items'.

k) **EMPLOYEE RETIREMENT BENEFIT**

Contribution to Defined Contribution schemes such as Provident Fund, etc are charged to the Profit and Loss account as incurred. The Company also provides for retirement / post-retirement benefits in the form of gratuity and leave encashment. Such benefits (Defined benefit plans) are provided for based on valuations, as at the balance sheet date, made by independent actuaries. Termination benefits are recognized as an expense as and when incurred.

l) **EXCISE DUTY**

Excise duty (including Education cess) on Finished Goods are shown separately in Manufacturing and other expenses and included in the valuation of finished goods.

m) **CENVAT**

CENVAT Credit of raw materials and other consumables is accounted at the time of purchase and the same is being adjusted to the cost of raw materials and other consumables.

n) **ACCOUNTING FOR TAXES ON INCOME**

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized if there is virtual certainty that sufficient future taxable income will be available against which such assets can be realized. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed at each Balance sheet date to reassess realization.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

o) **PROVISIONS AND CONTINGENT LIABILITIES**

A provision is recognized when it is more likely than not that an obligation will result in an outflow of resources.

Provisions are not discounted to their present value and are determined based on management's estimation of the obligation required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

Contingent Liabilities are disclosed for all possible obligations that are not remote and all present obligations of which outflow of economic resources is not estimable.

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

p) FINANCIAL DERIVATIVES AND COMMODITY HEDGING TRANSACTIONS

In respect of derivative contracts, premium paid, gains / losses on settlement and provision for losses for cash flow hedges are recognized in the profit and loss account, in view of Announcement made by ICAI in respect of AS 30.

q) LEASES

All lease are classified into operating and finance lease at the inception of the lease. Leases that transfer substantially all risks and rewards from lessor to lessees are classified as finance lease and others being classified as operating lease.

There are no finance lease transactions entered in to by the Company.

Rent Expense and Rent Income represent operating leases which are recognized as an expense in the statement of Profit and Loss Account on a Straight Line basis over the lease terms

4. IPO FUND UTILISATION

The purpose, for which the amount raised through Initial Public Offer in 2007-08 and utilised up to 31 March, 2009 is given here in below.

Sr. No.	Objects of the issue	Amount raised Rs in lacs	Amount utilized Rs in lacs	Balance Amount Rs in lacs
1	New High Performance Pigments (HPP) plant at Vatva	1452.00	928.70	523.30
2	New Technical Grade Pesticide / Formulation Plant at Panoli	1142.00	83.20	1058.80
3	Investment in our Subsidiary - Meghmani Energy Limited	1441.00	811.00	630.00
4	In Organic growth opportunities/ diversification opportunities / general corporate purpose	2000.00	4242.10	-2242.10
5	Financing Working Capital needs	3490.00	3490.00	0.00
6	Issue Expenses	675.00	645.00	30.00
	Total	10200.00	10200.00	0.00

Pending specific utilization, the surplus fund of HPP, New Technical Grade formulation and Investment in Subsidiary aggregating Rs. 2242.10 lacs has been ideally utilized for In Organic growth object. The Company has enough internal resources to meet with the requirements of fund for specific object.

5. CONTINGENT LIABILITIES

- Contingent liabilities in respect of Bank Guarantee of Rs. 707.29 lacs (P.Y. Rs. 654.10 lacs) and in respect of Letter of Credit opened and outstanding with Bank of Rs. 2072.68 lacs (P.Y. Rs. 815.88 lacs) are not provided for in the accounts.
- Contingent Liabilities in respect of other statutes.

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

Name of Statute	Nature of Dues	Amt. Rs. in lacs	Forum where Dispute is pending
Income Tax Act.	Income Tax (Asst..Year. 1999-2000 to Asst. Year 2006-2007)	263.04	Commissioner of Income Tax. (Appeals/ ITAT)
Central Excise Tariff Act.	Excise Duty	960.32	Commissioner of Central Excise / Director General of Central Excise /Audit team of Central Excise.
Labour Laws	Compensation Claims	265.62	Labour Court

- c) Various employee / ex-employee of the Company have filed different legal suits in labour court against the Company. The total claim amount is Rs. 265.62 lacs plus interest wherever applicable. The said claims are not accepted by the Company and the proceedings are pending.

6. INTER DIVISION TRANSFER

Sales and Purchases are shown net of Inter Divisional Transfer amounting to Rs. 5089.94 lacs (Previous year Rs. 4912.62 lacs). Other income and manufacturing expenses are shown net of Inter Divisional Job work charges income of Rs. Nil (Previous year Rs. 53.49 lacs).

During the year 2005-06, the Company has installed Captive Power plants as separate business undertaking, to avail benefit of infrastructure under Section 80 IB of the Income Tax Act, 1961. From the same units the Company has sold power to the tune of Rs. 422.10 lacs (Previous year Rs. 302.25 lacs) to its other units. The same is knocked off from sales.

7. AUDITOR'S REMUNERATION

Particulars	31.03.2009 Rs. in lacs	31.03.2008 Rs. in lacs
Audit Fees	11.36	8.93
Taxation Fees	0.83	0.79
Certification	1.60	1.24
Auditors Out of Pocket Expenses	0.57	0.62
Total	14.36	11.58

8. FOREIGN EXCHANGE RATE DIFFERENCE

The Net Foreign Exchange Rate difference pertaining to Export realisation and option derivatives amounting to Rs. 2253.62 lacs has been considered to be Exceptional Items in Profit and loss Account.

9. IMPAIRMENT OF ASSETS

During the year, the Company has impaired its assets to the tune of Rs. Nil (Previous year Rs. Nil) in respect of dead stock and Rs. Nil (Previous Year Rs. Nil) in respect of plant and machineries.

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

10. SUBSIDIARIES

The Company has following companies as its subsidiaries:-

- Meghmani Europe BVBA
- Meghmani Organics USA
- Meghmani Energy Limited
- Meghmani Finechem Limited
- PT Meghmani Organics Indonesia
- Meghmani Chemtech Limited

11. SEGMENT REPORTING

For management purpose, the Company is currently organised into two major operating divisions - Pigments and Agro Chemicals. These divisions are the basis on which the Company reports its primary segment information.

Principal activities are as follows:

Pigments division

To Manufacture and distribute Phthalocynine Green 7, Copper Phthalocynine Blue (CPC), Alpha Blue and Beta Blue.

Agrochemicals division

To Manufacture and distribute Technical, Intermediates and Formulations of Insecticides.

(a) Analysis By Business Segment

Segment revenue and expense:

Segment revenue and expense are the operating revenue and expense reported in the Company's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital expenditure includes the total cost incurred to acquire property, plant and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of trade payables and accrued expenses.

Inter-segment transfers:

Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market rates. These transfers are eliminated at the Company level.

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

Financial year ended on March 31, 2009:

					Figures in lacs
	Pigments	Agro Chemicals	Others *	Elimination	Total
Revenue					
External Sales	26630.79	42974.86	7231.23	-	76836.88
Inter-segment Sales	403.50	4686.44	422.10	(5512.04)	-
Total Revenue	27034.29	47661.30	7653.33	(5512.04)	76836.88
Results					
Segment Results	3920.25	8011.20	406.35	-	12337.80
Un-allocable Expenses					(1471.65)
Profit from Operation					10866.15
Finance Cost					(2400.56)
Investments Income					0.37
Profit before exceptional items					8465.96
Exceptional Items					(2253.62)
Profit Before Tax					6212.34
Income tax Expenses					(1176.69)
Fringe Benefit Tax					(25.00)
Deferred Tax Expenses					42.42
Profit after tax					5053.07
					Figures in lacs
Other information	Pigments	Agro Chemicals	Others	CWIP	Total
Capital Addition	421.10	1627.75	195.74	836.55	3081.14
Depreciation	(828.07)	(683.73)	(24.45)	-	(1536.25)
Balance sheet	Pigments	Agro Chemicals	Others	Others	Total
Assets					
Segment Assets	36131.65	37272.03	4734.67	-	78138.35
Un-allocable Corporate Assets					1329.29
Consolidated total assets					79467.64
Liabilities					
Segment Liabilities	2969.39	28757.33	1656.52	-	33383.24
Deferred Tax Liabilities					1267.09
Consolidated total Liabilities					34650.33

* Others include trading activity and Power generation

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

Financial year ended on March 31, 2008:

					Figures in lacs
	Pigments	Agro Chemicals	Others *	Elimination	Total
Revenue					
External Sales	24954.77	25532.15	8210.25	-	58697.17
Inter-segment Sales	1808.02	3104.60	302.25	(5214.87)	-
Total Revenue	26762.79	28636.75	8512.50	(5214.87)	58697.17
Results					
Segment Results	3481.17	1861.49	711.58	-	6054.24
Un-allocable Expenses					(511.78)
Profit from Operation					5542.46
Finance Cost				-	(1017.80)
Investments Income				-	217.38
Profit Before Tax					4742.04
Income tax Expenses					(803.83)
Fringe Benefit Tax					(25.26)
Deferred Tax Expenses					(153.24)
Profit after tax					3759.71

					Figures in lacs
Other information	Pigments	Agro Chemicals	Others	CWIP	Total
Capital Addition	1216.53	712.08	26.00	1492.27	3446.88
Depreciation	(802.10)	(612.60)	(22.32)	-	(1437.02)
Balance sheet	Pigments	Agro Chemicals	Others	Others	Total
Assets					
Segment Assets	34848.18	27452.60	6194.11	-	68494.89
Un-allocable Corporate Assets					1040.76
Consolidated total assets					69535.65
Liabilities					
Segment Liabilities	4835.05	18286.87	4358.11	-	27480.03
Deferred Tax Liabilities					1309.51
Consolidated total Liabilities					28789.54

* Others include trading activity and Power generation

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

(b) Analysis By Geographical Segment

Segment revenue:

Segment revenue is analysed based on the location of customers regardless of where the goods are produced. The following provides an analysis of the Company's sales by geographical Markets:

	<u>Rs in lacs</u>	
	<u>2008-09</u>	<u>2007-08</u>
Export Sales	58315.84	43741.52
Domestic Sales	18521.04	15582.38
Total	76836.88	59323.90

(c) Segment assets and capital expenditure:

Segment assets and capital expenditure are analysed based on the location of those assets. Capital expenditure includes the total cost incurred to purchase property, plant and equipment.

An analysis of the carrying amount of segment assets and capital expenditure by geographical locations is not presented, as the assets are all located in India.

12. MANAGERIAL REMUNERATION

Managerial remuneration U/S 198 of the Companies Act 1956 paid or payable during the financial year to the Directors and Computation of Net Profit in accordance with section 198(1) and section 349 of the Companies Act, 1956 are as under :-

	<u>Rs in lacs</u>	
	<u>2008-09</u>	<u>2007-08</u>
A. Profit as per Profit and Loss Account	5053.07	3759.71
B. Add : Managing Directors' Remuneration (including perquisites)	326.48	296.48
Whole-time Directors' Remuneration (including perquisite)	149.75	139.75
Executive Director Remuneration (including perquisite)	23.72	21.56
Depreciation	1536.26	1437.02
Loss on sale of Fixed Assets	26.26	28.13
Provision for Taxation (including FBT)	1201.69	829.09
Provision for Deferred tax	(42.42)	153.24
Sub Total	8274.81	6664.98
C. Less: Depreciation under Section 350	1536.26	1437.02
Profit on which remuneration is payable (A+B-C)	6738.55	5227.96

Details of Directors remuneration

	<u>Rs. In Lacs</u>			
	<u>Managing Directors</u>	<u>Whole-time Directors</u>	<u>Executive Director</u>	<u>Total</u>
1. Salary	144.00	84.48	11.40	239.88
2. Bonus	165.00	55.00	7.52	227.52
3. Perquisites	0.20	0.13	3.43	3.76
Total	309.20	139.61	22.35	471.16

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

13. PROVISION FOR TAXATION

The Company has made Income Tax provision of Rs. 1175 lacs for the year ended on 31st March, 2009 after taking into consideration the Export Oriented units under Section 10 B of Income Tax 1961. The Company has made FBT Provision of Rs. 25 lacs for the year ended on 31st March, 2009.

14. DEFERRED TAX

	Rs. in Lacs	
	March 31, 2009	March 31, 2008
Deferred Tax Liabilities	1430.53	1398.29
Deferred Tax Assets	(163.44)	(88.78)
Net position	1267.09	1309.51

The movement for the relevant periods in the Company's deferred tax position is as follows:

	Rs. in Lacs	
	March 31, 2009	March 31, 2008
At the beginning of period	1309.51	1156.27
Charge to P & L Account for the period	(42.42)	153.24
At end of period	1267.09	1309.51

Deferred Tax Liabilities are mainly represented by the tax effect of the excess of net book value over tax written down value of certain qualifying assets. The movement for the relevant periods in the Company's deferred tax liabilities is as follows:

	Rs. in Lacs		
	Tax depreciation	Others	Totals
At April 1, 2008	1398.29	0	1398.29
Charge to expenses for the year	32.24	0	32.24
At March 31, 2009	1430.53	0	1430.53

Deferred Tax Assets are mainly represented by the tax effect of provision for doubtful receivables / bad debts written off and others include Liability for leave encashment and retirement benefits and disallowances under Section 43B & 40(b) of Income Tax Act. The movement for the relevant periods in the Company's Deferred Tax Assets is as follows:

	Rs. in Lacs		
	Provision for doubtful debts	Others	Total
At April 1 2008	(50.98)	(37.80)	(88.78)
Charge to income/Expenses for the year	0	(74.66)	(74.66)
At March 31 2009	(50.98)	(112.46)	(163.44)

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

15. EARNING PER SHARE

Particulars	31.03.2009	31.03.2008
Net Profit after tax attributable to shareholders	505,306,936	375,971,197
Weighted average number of equity shares at the end of year	254,314,211	242,579,957
Nominal value of share	1.00	1.00
Basic / Diluted earning per share	1.99	1.55

16. RELATED PARTIES DISCLOSURES :-

- Holding Company : Nil
- Subsidiaries of the company : Meghmani Organics USA, Inc.
Meghmani Europe BVBA
Meghmani Energy Limited
Meghmani Finechem Limited
PT Meghmani Organics Indonesia
Meghmani Chemtech Limited
- Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence : Alpanil Industries
Ashish Chemicals
Tapsheel Enterprise
Meghmani Infrastructure
Meghmani Dyes and Intermediates Ltd.
Meghmani Industries Limited
Meghmani Chemicals Limited
Fidelity Exports Private Limited
Vanguard Overseas Limited
- Key Managerial Personnel Mr. Jayanti M Patel
Mr. Ashish Soparkar
Mr. Natwarlal M Patel
Mr. Ramesh M Patel
Mr. Anand I Patel
Mr. Ashvin Raythatha
- Relatives of Key Managerial Personnel (Employee) Ms. Deval Soparkar
Mr. Karana R Patel
- Relatives of Key Managerial Personnel (Consultant) Mr. K M Patel

MEGHMANI ORGANICS LIMITED

RELATED PARTIES - MAXIMUM TRANSACTIONS

Name of Related Parties	Sale of Goods	Sale of Service/Assets	Purchase of Goods	Purchase of Services	Interest Income	Remuneration & Perquisites	Loans Given	Loans Repaid	Investment	Total
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Subsidiary	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Meghmani Organics USA Inc.	2,681.42	661.51	-	1.28	-	-	-	-	-	2,696.33
Meghmani Europe BVBA	1,726.92	1,838.75	-	-	22.53	-	1,053.46	-	-	3,290.42
Meghmani Energy Limited	-	-	52.61	-	70.37	-	-	-	-	1,638.18
Meghmani Finechem Limited	-	-	-	-	-	-	2,990.92	10,659.42	-	22,253.40
PT Meghmani Organics Indonesia	-	-	-	-	526.99	-	-	-	123.30	123.30
Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence	-	-	-	-	-	-	-	-	-	-
Alpanil Industries	-	-	-	-	-	-	-	-	-	201.04
Ashish Chemicals	237.49	276.09	-	-	-	-	-	-	-	268.35
Vidhi Global Chemicals Limited	97.27	-	-	-	-	-	-	-	97.27	-
Meghmani Infrastructures	-	-	-	-	-	-	-	-	-	36.54
Key Managerial Personnel										
Jayanti M Patel	-	-	-	-	-	108.83	-	-	-	108.83
Ashish Soparkar	-	-	-	-	-	108.83	-	-	-	108.83
Nawaral M Patel	-	-	-	-	-	108.83	-	-	-	108.83
R M Patel	-	-	-	-	-	80.38	-	-	-	80.38
Anand I Patel	-	-	-	-	-	69.38	-	-	-	69.38
Relatives of Key Managerial Personnel										
Deval Soparkar	-	-	-	-	-	6.43	-	-	-	6.43
Maulik J. Patel	-	-	-	-	-	-	-	-	-	-
Karan R. Patel	-	-	-	-	-	4.20	-	-	-	4.20
K. M. Patel	-	-	-	-	-	-	-	-	-	0.68
Total	4,743.10	2,776.35	52.61	1.28	1,078.1	486.88	4,044.38	10,659.42	123.30	15,228.40
										26,812.64

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

Transactions with Related Parties :

(Rs. In lacs)

	Subsidiary		Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence		KMP (Working Directors)		Relatives of Key Managerial Personnel		Total	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Purchase of Goods	2002.70	952.83	235.43	381.02	NIL	NIL	NIL	NIL	2238.13	1333.85
Sale of Goods	4454.16	2508.67	427.28	309.34	NIL	NIL	NIL	NIL	4881.44	2818.01
Sale of assets	52.61	NIL	NIL	NIL	NIL	NIL	NIL	NIL	52.61	NIL
Purchase of Service	NIL	NIL	36.54	NIL	NIL	NIL	0.68	1.58	37.22	1.58
Sale of Service	NIL	1.28	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1.28
Remuneration	NIL	NIL	NIL	NIL	471.16	457.79	10.63	14.14	481.79	471.93
Loans Given	4439.42	11958.97	NIL	NIL	NIL	NIL	NIL	NIL	4439.42	11958.97
Loans Repaid	3398.49	11152.29	NIL	NIL	NIL	NIL	NIL	NIL	3398.49	11152.29
Investment	126.30	10555.60	NIL	NIL	NIL	NIL	NIL	NIL	126.30	10555.60
Interest Income	107.81	552.91	NIL	NIL	NIL	NIL	NIL	NIL	107.81	552.91
Rent Income	2.88	NIL	NIL	NIL	NIL	NIL	NIL	NIL	2.88	NIL
Total	14584.37	37682.55	699.25	690.36	471.16	457.79	11.31	15.72	15766.09	38846.42

Outstanding Balances with Related Parties :

(Rs. In lacs)

	Subsidiary		Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence		KMP (Working Directors)		Relatives of Key Managerial Personnel		Total	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Debtors	3343.43	2458.42	158.65	159.14	NIL	NIL	NIL	NIL	3502.08	2617.56
Creditors	741.35	596.77	38.70	30.79	NIL	NIL	NIL	NIL	780.05	627.56
Unsecured Loans	2088.14	1047.22	NIL	NIL	NIL	NIL	NIL	NIL	2088.14	1047.22
Salary, PF & Gratuity	NIL	NIL	NIL	NIL	170.83	22.67	0.73	0.99	171.56	23.66
Payable Loans and Advances	NIL	NIL	25.00	NIL	NIL	NIL	NIL	NIL	25.00	NIL
Total	6172.92	4102.41	222.35	189.93	170.83	22.67	0.73	0.99	6566.83	4370.00

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

17. The Company has called for balance confirmation of Debtors and Creditors on random basis. Out of which the Company has received response from some of the parties, which are reconciled with Company's account. The other balances of Debtors and Creditors are subject to confirmation.
18. The estimated amount of contracts remaining to be executed on capital accounts of Rs. 720.09 lacs (Previous Year Rs. 68.11 lacs) is not provided for.
19. The Company has called for intimation from "Suppliers" regarding the status under the Micro, Small and Medium Enterprises Development Act, 2006 However the company has not received replies from such suppliers therefore the disclosures if any relating to amounts paid as at year end together with interest paid / payable as required under the said Act have not been given.
20. The figures of previous year is regrouped and rearranged wherever necessary so as to make them comparable.
21. The Company has operating lease from various premises which are renewable on a periodic basis and cancellable at its option. Rental expenses for operating lease are charged to Profit and Loss Account for the year Rs. 46.12 Lacs (Previous year Rs. 18.49 Lacs)
Not later than 1 year Rs. 46.12 lacs (Previous year Rs. 18.49 lacs)
Not later than 5 years Rs. Nil. (Previous year Rs. Nil)
22. The Company uses derivative contracts to manage its foreign currency exposures relating to the underlying transactions and firm commitments. The Company doesn't enter into any derivative instruments for trading or speculation purpose. The derivative contracts outstanding as on 31st March, 2009 are as under.

Sr. No.	Particulars	No of contracts	Amount in USD in lacs	Amount in Euro in lacs	Amount in Rs. in Lacs
1	Forward Contract	43	102.50	7.50	5704.60
2	Option Contract	5	552.50	-	28022.80
3	Option & Swap Contract (ECB)	1	30.00	-	1521.60

23. (A) Defined Benefit Plans

As per Actuarial Valuation as on 31st March, 2009 and recognized in the financial statements in respect of Employee Benefit Schemes:

	Gratuity Rs.	Leave Encashment Rs.
I. Components of Employer Expenses		
(a) Current Service Cost	3461435	633624
(b) Interest Cost	774116	93001
(c) Expected Return on Plan Assets	(1034067)	-
(d) Curtailment Cost/(Credit)	-	-
(e) Settlement Cost/(credit)	-	-
(f) Past Service Cost	-	-
(g) Actuarial (gain)/loss	17039982	81642
(h) Total Expenses/(gain) recognized in the Profit & Loss Account	20241466	808267

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

		Gratuity Rs.	Leave Encashment Rs.
II	Net Asset/(Liability) recognized in Balance Sheet as at 31st March, 2009		
(a)	Present value of Funded Obligation as at 31st March, 2009	12898655	-
(b)	Fair Value of Plan Assets as at 31st March, 2009	12898655	-
(c)	Present value of unfunded Obligation as at 31st March, 2009	18386980	1907150
(d)	(Assets)/Liability recognized in the Balance Sheet	18386980	1907150
	* The excess of assets over liabilities in respect of Gratuity and Officer's Pension have not been recognized as they are lying in an Income Tax approved irrevocable trust fund		
III	Change in Defined Benefit Obligations (DBO) during the year ended as on 31st March, 2009		
(a)	Present Value of Obligation as at 31st March, 2008	11058806	1169826
(b)	Current Service Cost	3461435	633624
(c)	Interest Cost	774116	93001
(d)	Curtailment Cost/(Credit)	-	-
(e)	Settlement Cost/(Credit)	-	-
(f)	Plan Amendments	-	-
(g)	Acquisitions	-	-
(h)	Actuarial (Gain)/Loss	17065301	81642
(i)	Benefit Paid	(1074023)	(70943)
(j)	Present Value of Obligation as at 31st March, 2009	31285635	1907150
IV	Changes in the Fair value of Plan Assets		
(a)	Present Value of Plan Assets as at 31st March, 2008	10080601	-
(b)	Acquisition Adjustment	-	-
(c)	Expected Return on Plan Assets	1034067	-
(d)	Actuarial Gain/(Loss)	25319	-
(e)	Actual Company Contribution	2832691	-
(f)	Benefit Paid	(1074023)	-
(g)	Fair Value of Plan Assets as at 31st March, 2009	12898655	-
V	Actuarial Assumptions		
(a)	Discount Rate (per annum)	7.00%	7.95%
(b)	Expected Rate of Return on Assets (per annum)	9.00%	-
(c)	Annual Increase in Salary Costs (per annum)	6.00%	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

(B) Defined Contribution Plans

Amount recognised as an expenses as "contribution / provision to and for Provident and other Funds" of profit and loss account - Rs. 59.17 Lacs (Previous year Rs. 56.19 Lacs)

24. Employee emolument expenses includes prior period expenses Rs. 136.62 lacs (P.Y. income Rs. 2.37 lacs)

1. Additional information required under para 3, 4 (c) and 4 (d) of part II of Schedule VI of the Companies Act, 1956 are as under :

1) Licensed and Installed Capacity (in MT)

Particulars	Licensed Capacity	Installed Capacity	Production
Intermediates	2900	2900	2308.000
Technical	12040	12040	7918.064
Formulation Bulk	NA	NA	4762.044
Formulation Small Packing	NA	NA	3224.520
Pigments	25520	25520	15942.817

Note:

- Under the New Industrial Policy, No specific license is necessary for the manufacturing of the products mentioned above. The installed capacities are as per the certificates given by the Directors on which Auditors have relied.

2) Details of Turnover and production

Particulars	Opening Stock in Lacs	Opening Stock in MT	Production in MT	Captive Consumption / Others in MT	Sales in Lacs	Sales in MT	Closing Stock in Lacs	Closing Stock in MT
Intermediate	151.489 (154.344)	54.739 (59.972)	2308.000 (1700.199)	1535.310 (1169.602)	3405.19 (1649.613)	779.165 (535.830)	153.77 (151.489)	48.264 (54.739)
Technical	269.140 (1461.876)	91.644 (608.641)	7918.064 (6559.636)	1212.083 (1549.160)	30276.58 (16856.611)	6614.245 (5527.473)	755.56 (269.140)	183.379 (91.644)
Formulation (Bulk)	247.086 (377.163)	151.328 (221.084)	4762.044 (5015.326)	2842.868 (3209.512)	5451.23 (3693.560)	1882.828 (1875.570)	410.73 (247.086)	187.676 (151.328)
Formulation (Small Pack)	339.986 (330.515)	162.020 (211.868)	3224.520 (3582.458)	-948.705 (-740.415)	9258.49 (7627.602)	4071.107 (4372.721)	542.94 (339.986)	264.138 (162.020)
Pigments	1540.089 (2083.434)	678.768 (1266.503)	15942.817 (15736.252)	4177.989 (4566.537)	27054.35 (26508.184)	10532.36 (11757.45)	3893.23 (1540.089)	1911.236 (678.768)

Note: Sales include inter-divisional transfer.

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

3) Details of Turnover and production of Power Generation Units

Particulars	Opening Stock in Lacs	Opening Stock in Units	Production in Units	Captive Consumption /Others in Units	Sales in Lacs	Sales in Units	Closing Stock in Lacs	Closing Stock in Units
Power Generation Units	0.00 (0.00)	0.00 (0.00)	31671200 (31507360)	24636200 (25462260)	422.10 (302.255)	7035000 (6045100)	0.00 (0.00)	0.00 (0.00)

Note: Sales include inter-divisional transfer. The above figures are obtained from SAP.

4) Details of Trading Goods

Particulars	Op. Stock In Lacs	Op. Stock In MT	Purchase In Lacs	Purchase In MT	Sales In Lacs	Sales In MT	Shortage In MT	Closing Stock In Lacs	Closing Stock In MT
Dyes Pigment	2.144 (0.00)	0.150 (0.00)	321.67 (355.658)	41.578 (55.164)	354.27 (377.378)	41.728 (55.014)	0.000 (0.00)	0.000 (2.144)	0.000 (0.150)
Agro Chemicals	77.000 (114.178)	37.082 (59.353)	4299.67 (2887.448)	1071.51 (1248.810)	4950.73 (3145.026)	1088.43 (1270.870)	0.000 (0.210)	7.79 (77.000)	20.162 (37.082)
Others	0.00 (0.00)	0.000 (0.00)	2642.00 (4316.804)	60724.323 (124.876)	2052.12 (5150.418)	31939.000 (124.876)	0.00 (0.00)	807.00 (0.00)	28785.323 (0.000)

Notes: The above information is obtained from SAP

5) Raw material :- Opening and Closing Stock

Item	Opening Stock in MT	Opening Stock in Lacs	Closing Stock in MT	Closing Stock in Lacs
Agro Chemicals				
Acetic Anhydride	33.693	11.05	38.394	14.87
Benzaldehyde	14.910	11.90	11.760	8.63
Bromine	4.716	4.56	3.528	2.31
CTC	72.303	3.77	372.506	14.11
DMPAT	60.000	79.15	239.500	258.12
Isobutylene	12.163	9.92	22.228	22.01
Thionyl Chloride	47.383	8.53	51.804	6.33
Pigment				
CPC	10.475	14.66	16.325	24.01
Phthalic Anhydride	693.512	343.02	221.912	100.75
Technical Salt	106.439	5.96	60.489	3.39
Cuprous Chloride	70.702	153.88	19.650	30.52
Others			2152.16	1653.60
Total		2798.56		2138.65

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

6) Raw Material Consumption

Item	31.03.2009 Qty. in MT	31.03.2009 Amounts in Lacs	31.03.2008 Qty. in MT	31.03.2008 Amounts in Lacs
Agro Chemicals				
Acetic Anhydride	2037.568	1153.57	1724.449	894.67
Acephate (Semi Finished)	0.000	0.00	17.000	42.50
Acrylonitrile	1491.920	1130.62	1210.067	936.66
Aluminum Ingot	0.000	0.000	692.241	759.29
Benzaldehyde	510.306	439.56	456.773	361.13
Bromine	221.766	174.48	213.922	238.21
CTC	2296.826	244.38	1589.503	226.94
Chlorpyriphos	97.261	252.52	379.216	875.03
CMAC	185.000	777.51	0.000	0.00
DMPAT	3012.038	5239.72	2489.013	2120.85
Acetic Acid Glacial	0.533	0.28	500.973	148.79
Isobutylene	971.185	969.46	703.604	493.70
Phenol Crystal	470.676	357.14	424.495	354.12
S-Methyl N-Acetyl Phospo	7.500	30.17	0.000	0.00
Thionyl Chloride	2876.128	584.41	1944.319	291.21
Pigment Division				
Aluminum Chloride	2208.950	719.79	3955.470	1281.18
Phthalic Anhydride	11150.900	6007.44	9562.510	5108.74
Technical Salt	11912.050	678.19	10032.182	560.76
Cuprous Chloride	2244.007	4901.18	1824.598	3938.88
Others		21831.57		12060.37
Total		45491.99		30693.03

7) Value of Import on CIF basis

Particulars	Rs. in lacs	
	31.03.2009	31.03.2008
Raw Material (Mfg.)	14173.12	10183.50
Trading Purchase	6447.86	7255.83
Capital goods	Nil	Nil
Total	20620.98	17439.33

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

8) Payment made in Foreign Currencies

Particulars	Rs. in Lacs	
	31.03.2009	31.03.2008
Foreign Traveling Expenses	88.60	65.30
Sales Commission	402.94	131.94
Other Expenses Including Capital Expenditure	34920.56	22131.72
Total	35412.10	22328.96

9) Particulars of NRI Shareholders to whom above dividend are remitted.

Amount of Final Dividend Remitted Rs. in Lacs	224.87	273.03
No. of Shareholders	1	1
No. of Shares held	76582650	76582650
Year / Period to which dividend relates	2007-08	2006-07

10) Earnings in Foreign Currencies

Particulars	Rs. in Lacs	
	31.03.2009	31.03.2008
Export of Goods (FOB)	57490.32	42505.61

11) Value of imported and indigenous raw materials, stores, components and spare parts consumed.

Particulars	Rs. in Lacs			
	31.03.2009 Imported	31.03.2009 Indigenous	31.03.2008 Imported	31.03.2008 Indigenous
Stores And Spares	0.00 0.00%	621.78 100.00%	0.00 0.00%	515.51 100.00%
Raw Materials	14173.12 31.16%	31318.87 68.84%	10183.50 32.92%	20754.48 67.08%

Signature to Schedule 1 to 23

As per our attached report of even date
For M/s Patel & Khandwala
Chartered Accountants
(M M Khandwala)
Partner
Membership No. 32472

Place : Ahmedabad
Date : 25.05.2009

K D Mehta
Company Secretary

For and on behalf of the Board

J M Patel - Executive Chairman
A N Soparkar - Managing Director
N M Patel - Managing Director

Place : Ahmedabad
Date : 25.05.2009

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

Cash Flow Statement for the year ended 31st March 2009

Particulars	31.03.2009	31.03.2008
A. Cashflow from Operating Activities	Rs.	Rs.
Net Profit Before Tax	621,233,925	474,203,629
Adjustment for :		
Depreciation	153,625,886	143,701,631
Unrealised Foreign Exchange Loss / (Gain)	7,788,823	(73,838,724)
Interest and Finance Charges	240,055,596	101,779,529
Dividend Received	(37,000)	(21,738,524)
Interest Received	(27,267,425)	(50,278,520)
Diminution in Investment	-	190,000
Loss on Sale of Investment	-	(565,717)
Loss on Discarded assets	680,458	-
Loss on Sale of Fixed Assets (Net)	1,945,868	2,812,584
Operating Profit before Exceptional Item	376,792,206	102,062,259
Exceptional Item	427,109,193	-
Operating Profit before working capital changes	1,425,135,324	576,265,888
Adjustment for:		
Inventories	(200,003,526)	88,569,502
Debtors	(185,072,231)	(710,993,999)
Loans and Advances	(420,992,617)	(361,680,484)
Curent Liabilities	497,899,972	323,157,533
Provision for Employee Benefit	18,645,692	1,225,120
Sub Total	(289,522,710)	(659,722,328)
Cash Generated from operation	1,135,612,614	(83,456,440)
Direct Taxes Paid	(147,563,850)	(81,146,619)
Net Cash from operating activities	988,048,764	(164,603,059)
B. Cash flow from Investment Activities		
Purchase of Fixed Assets	(288,040,537)	(39,234,176)
Dividend Received	37,000	21,738,524
Interest Received	26,547,869	172,566
Purchase of Mutual Fund	-	(1,305,000,000)
Sales of Mutual Fund	-	1,555,565,717
Investment in Subsidiaries	(12,630,000)	(1,055,560,418)
Investment in Others	(5,000)	-
Sale of Fixed Assets	5,664,498	2,027,412
Net Cash Used in Investing Activities	(268,426,170)	(820,290,375)

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

Cash Flow Statement for the year ended 31st March 2009

C. Cash flow from financing Activities		
Dividend paid	(76,018,077)	(72,226,800)
Tax on dividend	(12,966,210)	(12,274,945)
Interest and Finance Charges Paid	(227,215,147)	(97,173,085)
Bank Borrowing (Working Capital)	(651,815,775)	697,438,392
Proceeds from other Borrowing	2,091,668,000	(573,675,434)
Other Borrowing Repaid	(1,388,120,000)	-
Increase In Share Capital	-	53,684,211
Increase In Share Premium	-	901,789,344
Net Cash Used in Financing Activities	(264,467,209)	897,561,683
Net (Decrease)/ Increase in Cash and Cash Equivalent	455,155,385	(87,331,751)
Cash on Hand -Opening Balance	65,622,573	79,115,600
Cash on Hand -Closing Balance	520,777,958	(8,216,151)
Cash on Hand	1,042,214	992,762
Balance with Schedule Banks in Current Accounts	75,669,704	56,033,459
Deposits with Schedule Banks	9,168,024	8,596,352
Total Cash & Bank Balance as per Balance Sheet	85,879,942	65,622,573
Add - Effect of unrealised foreign exchange Loss	434,898,016	(73,838,724)
Cash & Cash Equivalent at the end of the year	520,777,958	(8,216,151)

Notes to the cash flow statement for the year ended on 31.03.2009

- (1) The Cash flow statement has been prepared in accordance with the requirements of Accounting Standard - 3 "Cash flow statement" issued by the Institute of Chartered Accountants of India.
- (2) Figures in brackets indicate cash outgo.
- (3) The previous year figures have been regrouped/restated wherever necessary to conform to this year's classification.

Signature to Schedule 1 to 23
As per our attached report of even date
For M/s Patel & Khandwala
Chartered Accountants
(M M Khandwala)
Partner
Membership No. 32472

For and on behalf of the Board

J M Patel - Executive Chairman
A N Soparkar - Managing Director
N M Patel - Managing Director

Place : Ahmedabad
Date : 25.05.2009

K D Mehta
Company Secretary

Place : Ahmedabad
Date : 25.05.2009

MEGHMANI ORGANICS LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details	
Registration No.	24052
Status Code	04
Balance Sheet Date	31st March 2009
II Capital raised during the year (Amount Rs. in Thousands)	
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
III Position of Mobilization and Development of Funds (Amount Rs. in Thousands)	
Total Liabilities	6509626
Total Assets	6509626
Source of Funds	
Paid up Capital	254314
Reserves & Surplus	4227417
Secured Loans	589915
Unsecured Loans	1311270
Deferred Tax Liability	126710
Application of Funds	
Net Fixed Assets	1501188
Investments	1102689
Net Current Assets	3905749
IV Performance of Company (Amount Rs. in Thousands)	
Turnover (Including other income)	7945922
Total Expenditure (Including prior year expenses)	7099326
Profit before Tax and Exceptional item	846596
Exceptional item	225362
Profit before tax	621234
Profit after tax	505307
Earning per Share (Equity) (Annualised)	1.99
Dividend Rate	33%
V General Names of Three Principal Products	
Item Code No. (ITC Code)	32041751
Product Description	Pigment Green
Item Code No. (ITC Code)	380810
Product Description	Cypermethrin
Item Code No. (ITC Code)	38081023
Product Description	Acephate

* * * * *

Consolidated **A**ccounts

MEGHMANI ORGANICS LIMITED

AUDITORS' REPORT

To,
The Board of Directors
Meghmani Organics Limited
Ahmedabad.

We have audited the attached Consolidated Balance Sheet of **MEGHMANI ORGANICS LIMITED** (the Company) and its Subsidiaries (collectively referred to as "the Group"), as at 31st March, 2009 and also the Consolidated Profit and Loss Account and the Consolidated Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that, we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. Financial statements/consolidated financial statements of Subsidiaries which reflect total assets of Rs. 60853.11 Lacs as at 31st March, 2009, total revenue of Rs. 1977.66 Lacs and cash flows amounting to Rs. 2022.05 Lacs for the year then ended, have been audited by us.
2. We have relied on the un-audited financial statements of three Subsidiaries whose Consolidated Financial Statements reflect total assets of Rs. 4932.50 Lacs as at 31st March, 2009, total revenue of Rs. 6846.04 Lacs and Cash flow of Rs. 551.89 Lacs for the year then ended. These un-audited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the management and our report is in so far as it related to the amounts included in respect of the subsidiaries, is based solely on such approved un-audited financial statements..
3. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirement of Accounting Standards (AS) 21, Consolidated Financial Statements notified by Companies (Accounting Standards) Rules, 2006.
4. Based on our audit as aforesaid and on consolidation of unaudited separate financials and on the other financial information of the components and accounts approved by the Board of Directors as explained in paragraph 2 above and to the best of our information and according to the explanations given to us, We are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - i) In the case of the Consolidated Balance Sheet of the state of affairs of the Company as at 31st March, 2009
 - ii) In the case of the Consolidated Profit and Loss Account, of the Profit of the Company for the year ended on that date AND
 - iii) In case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Ahmedabad
Date: 25.05.2009

For M/S PATEL & KHANDWALA
CHARTERED ACCOUNTANTS
(M. M. KHANDWALA)
PARTNER
Membership No. 32472

MEGHMANI ORGANICS LIMITED

Consolidated Balance Sheet as at 31st March 2009

Particulars	Sch. No.	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	254,314,211	254,314,211
Reserves and Surplus	2	4,026,609,914	3,748,700,207
		4,280,924,125	4,003,014,418
		802,245,786	400,895,770
Minority Interest			
Loan Funds			
Secured Loans	3	4,346,210,699	1,465,820,865
Unsecured Loans	4	1,342,342,729	623,349,580
		5,688,553,428	2,089,170,445
Deferred Tax Liability		119,348,133	130,687,505
TOTAL		10,891,071,472	6,623,768,138
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		3,170,712,072	2,755,659,218
Less: Depreciation		1,175,793,342	1,004,897,210
Net Block		1,994,918,730	1,750,762,008
Capital Work in progress		4,183,871,688	368,984,882
		6,178,790,418	2,119,746,890
Investments	6	409,737,164	45,577,750
Current Assets, Loans and Advances			
Inventories	7	1,132,090,529	955,302,789
Sundry Debtors	8	2,707,799,873	2,646,897,438
Cash and Bank Balances	9	234,329,049	361,087,874
Loans and Advances	10	1,948,203,390	1,470,753,907
Total Current Assets		6,022,422,841	5,434,042,008
Less : Current Liabilities & Provisions			
Liabilities	11	1,597,438,755	883,410,921
Provisions	12	122,440,196	92,187,589
Total Current Liabilities		1,719,878,951	975,598,510
Net Current Assets		4,302,543,890	4,458,443,498
TOTAL		10,891,071,472	6,623,768,138

As per our attached report of even date
For M/s Patel & Khandwala
Chartered Accountants
(M M Khandwala)
Partner
Membership No. 32472

For and on behalf of the Board

J M Patel - Executive Chairman
A N Soparkar - Managing Director
N M Patel - Managing Director

Place : Ahmedabad
Date : 25.05.2009

K D Mehta
Company Secretary
Date: 25.05.2009

Place : Ahmedabad
Date : 25.05.2009

MEGHMANI ORGANICS LIMITED

Consolidated Profit and Loss Account for the year ended on 31st March 2009

Particulars	Sch. No.	31.03.2009 Rs.	31.03.2008 Rs.
Income			
Gross Sales		8,641,228,042	6,445,356,396
Less: Excise Duty		658,629,750	476,571,463
Less: VAT		68,596,211	31,531,211
Net Sales	13	7,914,002,081	5,937,253,722
Other Income	14	251,570,489	166,740,309
Total Income		8,165,572,570	6,103,994,031
Expenditure			
Increase/(Decrease) in Stock	15	(228,074,782)	194,800,069
Trading Purchases	16	806,182,696	834,318,950
Raw Materials Consumption	17	4,682,051,383	3,091,022,935
Manufacturing Expenses	18	634,991,239	553,046,551
Employees Emoluments	19	181,347,261	134,332,406
Administration Expenses	20	401,508,057	131,302,119
Selling and Distribution Expenses	21	544,979,835	447,651,292
Financial Expenses	22	261,017,209	162,981,378
Depreciation		173,516,387	149,114,811
Total Expenditure		7,457,519,285	5,698,570,511
Profit Before Exceptional Items		708,053,285	405,423,520
Exceptional Items		225,362,149	-
Profit Before Tax		482,691,136	405,423,520
Payment & Provision of Current Tax		120,566,021	80,382,548
Fringe Benefit Tax		2,510,000	2,543,862
Deferred Tax		(12,654,065)	16,374,841
Profit After Tax		372,269,180	306,122,269
Minority Interest		1,055,191	(1,374,157)
Profit available for Appropriation		371,213,989	307,496,426
Appropriations :			
Transfer to General Reserve		55,000,000	40,000,000
Proposed Dividend		83,923,690	76,294,263
Dividend Tax		14,262,831	12,966,210
Profit carried forward to Balance Sheet		218,027,468	178,235,953
Total		371,213,989	307,496,426

As per our attached report of even date
For M/s Patel & Khandwala
Chartered Accountants
(M M Khandwala)
Partner
Membership No. 32472

For and on behalf of the Board

J M Patel - Executive Chairman
A N Soparkar - Managing Director
N M Patel - Managing Director

Place : Ahmedabad
Date : 25.05.2009

K D Mehta
Company Secretary

Place : Ahmedabad
Date : 25.05.2009

MEGHMANI ORGANICS LIMITED

Schedule forming part of the Consolidated Balance Sheet as at 31st March 2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule - 1 - SHARE CAPITAL		
Authorized Share Capital :		
370000000 Equity Shares of Rs. 1/- (PY Rs.1/-) each (P.Y 370,000,000)	370,000,000	370,000,000
Issued Subscribed and Paid Up Share Capital :		
254,314,211 Equity Shares of Rs. 1/- (PY Rs.1/-) Each Fully paid up (P.Y. 254,314,211)	254,314,211	254,314,211
Total	254,314,211	254,314,211
Of the above :-		
(1) 36,000,000 Equity Shares of Rs. 1/- each issued as Bonus shares by capitalization of Profit and Loss Account in the ratio of 9:14.		
(2) 23,000,000 Equity shares of Rs. 1/- each issued to new stream of promoters on the Right basis.		
(3) 69,362,980 Equity Shares of Rs. 1/- each issued on private placement of Equity to Investors and Core Promoters.		
(4) 18,432,980 Equity Shares of Rs. 1/- each were bought back at the rate of Rs. 8.50 per share during 2001-02.		
(5) 34,700,000 Equity Shares of Rs.1/- each were issued as initial public offer at Singapore under depository system.		
(6) 53,684,211 Equity Shares of Rs.1/- each were issued as initial public offer to list its equity shares on Indian Stock Exchanges.		
Schedule - 2 - RESERVES AND SURPLUS		
(1) Securities Premium Account		
As per last year accounts	1,565,048,295	663,258,951
Add: Addition During the Year	-	901,789,344
	1,565,048,295	1,565,048,295
(2) Capital Reserve		
As per last year accounts	3,122,017	3,122,017
Add: Addition During the Year	397,793	-
	3,519,810	3,122,017
(3) General Reserve		
As per last year accounts	434,270,348	392,526,434
Add: Transferred from Profit and Loss Account	55,000,000	40,000,000
Add: Adjusted Gratuity Provision (Earlier Years)	-	1,743,914
	489,270,348	434,270,348
(4) Capital Redemption Reserve		
As per last year accounts	18,432,980	18,432,980
(5) Currency Translation Reserve		
As per last year account	(1,060,926)	(44,205)
Add: Current year effect	4,484,446	(1,016,721)
Add: Transferred from Profit and Loss Account	-	-
	3,423,520	(1,060,926)
(6) Profit & Loss Account		
As per last year accounts	1,728,887,493	1,550,651,540
Add: Surplus for the year Brought Forward	218,027,468	178,235,953
	1,946,914,961	1,728,887,493
Total	4,026,609,914	3,748,700,207

MEGHMANI ORGANICS LIMITED

Schedule forming part of the Consolidated Balance Sheet as at 31st March 2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - 3 SECURED LOANS		
Term Loan Facilities from Banks :		
In Indian currency	2,740,000,000	-
In foreign currency	1,137,835,593	220,660,000
Working Capital Facilities from Banks :		
In Indian currency	437,714,643	1,080,667,454
In foreign currency	30,660,463	164,493,411
Total	4,346,210,699	1,465,820,865
Notes :		
1 Working capital facilities from State Bank of India, HDFC Bank Limited and ICICI Bank Limited (Collectively known as Consortium Bankers) are secured by		
(a) First Pari Passu charge created on 25.05.2005 to State Bank of India (with HDFC Bank Limited and ICICI Bank Ltd.) for Rs. 1553.50 million by way of hypothecation of the entire stock of raw material, work in process, finished goods, stores and spares and receivables now stands modified and increased to Rs. 2106.50 million in favour of State Bank of India (Rs. 1369.20 million), HDFC Bank Limited (Rs. 379.10 million) and ICICI Bank Limited (Rs. 358.20 million).		
(b) First Pari Passu charge on immovable properties to State Bank of India (with HDFC Bank Limited and ICICI Bank Ltd.) as collateral security for the working capital facilities aggregating Rs. 1553.50 million has been extended to secure working capital facility up to Rs. 2106.50 million.		
(c) The indenture of the mortgage created on immovable properties are located at :		
(i) Plot No. 168,180,183 and 184 of GIDC Industrial Estate Vatva Ahmedabad;		
(ii) Block No. 402,403,404 and 452 at Village Chharodi, Taluka Sanand, District Ahmedabad		
(iii) Plot No. 21 & 21/1 of GIDC Industrial Estate Panoli, Taluka Ankleshwar,		
(iv) Plot No.5001/B of GIDC Industrial Estate, Ankleshwar		
2 An exclusive charge by way of hypothecation has been created in favour of Security Trustee - Unit Trust of India investment advisory services to secure External Commercial Borrowing of US \$ 3 Million granted by ICICI Bank Limited - Singapore.		
3 Term loan of US \$ 2.5 Million in respect of subsidiary company secured by exclusive charge on all movable and immovable fixed assets of subsidiary company Meghmani Energy Limited located at Village - Chharodi, Taluka - Sanand, District Ahmedabad - 382170.		
4 Term loan of Rs. 390 Crores in respect of subsidiary company - Meghmani Finechem Limited, is secured by charge on all movable and immovable fixed assets in favour of consortium of Indian Banks & IFC.		
Schedule - 4 - UNSECURED LOANS		
From Bank - In Foreign Currency	204,148,000	200,600,000
From Bank - In INR	1,107,122,192	400,000,000
From Corporate	31,072,537	22,749,580
Total	1,342,342,729	623,349,580

MEGHMANI ORGANICS LIMITED

Schedule forming part of the Consolidated Balance Sheet as at 31st March 2009 Schedule -5 Fixed Assets As on 31st March 2009

Sr. No.	Particulars	Gross Block				Depreciation / Amortisation					Net Block			
		Opening	Addition	Deduction	Transfer & Ex. Rate Diff.	Closing	Opening	Provision For the Year	Transfer to Pre Operative Expenses	Deduction	Transfer to/ from other division	Closing	Closing Balance 31.03.2009	Closing Balance 31.03.2008
	Tangible Assets													
1	Freehold Land	16,099,551	5,901,000	-	-	22,000,551	-	-	-	-	-	-	22,000,551	16,099,551
2	Leasehold Land	194,290,091	17,192,786	-	-	211,482,877	4,711,539	700,555	1,414,742	-	-	6,826,836	204,656,041	189,578,552
3	Buildings	440,164,170	63,470,287	-	2,299,361	505,933,818	72,577,446	13,576,199	219,925	-	89,030	86,462,600	419,471,218	367,586,724
4	Plant & Machinery	1,903,729,375	179,641,074	-	(1,960,863)	2,081,409,586	872,359,554	141,322,992	5,338	-	-	1,013,687,884	1,067,721,702	1,031,369,821
5	Furniture & Fixtures	33,319,700	7,544,107	775,761	133,157	40,221,203	13,980,198	2,212,683	144,694	546,267	21,050	15,812,358	24,408,845	19,339,502
6	Vehicles	65,478,874	8,426,686	5,872,222	308,121	68,341,459	13,525,569	5,138,263	1,199,023	2,592,018	104,630	17,375,467	50,965,992	51,953,305
7	Other Equipments	38,820,864	9,416,592	3,714,174	68,996	44,592,278	17,621,525	4,429,414	261,654	2,933,044	(9,012)	19,370,537	25,221,741	21,199,339
	Sub Total	2,691,902,625	291,592,532	10,362,157	848,772	2,973,981,772	994,775,831	167,380,106	3,245,376	6,071,329	205,698	1,159,535,682	1,814,446,090	1,697,126,794
	Intangible Assets													
1	Goodwill	39,017,203	-	18,920,337	-	20,096,866	-	-	-	-	-	-	20,096,866	39,017,203
2	Licences	20,645,590	11,270,990	-	-	31,916,580	9,302,619	6,136,281	-	-	-	15,438,900	16,477,680	11,342,971
3	ETP Usage Rights	4,093,800	140,623,054	-	-	144,716,854	818,760	-	-	-	-	818,760	143,898,094	3,275,040
	Sub Total	63,756,593	151,894,044	18,920,337	-	196,730,300	10,121,379	6,136,281	-	-	-	16,257,660	180,472,640	53,635,214
	Sub Total - A	2,755,659,218	443,486,576	29,282,494	848,772	3,170,712,072	1,004,897,210	173,516,387	3,245,376	6,071,329	205,698	1,175,793,342	1,994,918,730	1,750,762,008
	WIP	254,970,080	3,530,338,501	29,181,087	1,960,863	3,758,068,357	-	-	-	-	-	-	3,758,068,357	254,970,080
	Expenses during construction period	114,014,802	311,768,529	-	-	425,783,331	-	-	-	-	-	-	425,783,331	114,014,802
	Sub Total - B	368,984,882	3,842,107,030	29,181,087	1,960,863	4,183,871,688	-	-	-	-	-	-	4,183,871,688	368,984,882
	Total = A+B	3,124,644,100	4,285,593,606	58,463,581	2,809,635	7,354,583,760	1,004,897,210	173,516,387	3,245,376	6,071,329	205,698	1,175,793,342	6,178,790,418	2,119,746,890
	Previous Year	2,442,677,078	1,203,023,521	244,183,928	(276,872,571)	3,124,644,100	858,762,457	149,114,811	2,168,279	5,148,336	-	1,004,897,211	2,119,746,889	1,583,914,621

MEGHMANI ORGANICS LIMITED

Schedule forming part of Consolidated Balance Sheet as at 31st March 2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule - 6 - INVESTMENTS (At Cost)		
Quoted Equity Shares fully paid up :		
2,000 Equity Shares of Saket Project Limited of Rs. 100/- each (Market Value of the Investment is Not Available)	20,000	20,000
Sub Total	20,000	20,000
Unquoted Equity Shares fully paid up :		
500 Equity Shares of Green Environment Services Co. Op. Society Ltd. of Rs. 10/- each	5,000	5,000
4 Equity Shares of Alaukik Owners Association of Rs. 100/- each	400	400
8,200 Equity Shares of Lanzorate Finance Limited of Rs. 10/- each	82,000	82,000
10 Equity Shares of Vellard View Premises Co. Op. Society Ltd. of Rs. 50/- each	500	500
2,000 Equity Shares of Suvikas Peoples Co-Op. Bank of Rs. 50/- each	100,000	100,000
100 Equity Shares of Sanand Eco Project Ltd. of Rs. 10/- each	1,000	1,000
491,585 Equity Shares of Bharuch Eco Aqua Infrastructure Ltd. of Rs. 10/- each	4,915,850	4,915,850
14,000 Equity Shares of Bharuch Environ Infrastructure Ltd. of Rs. 10/- each	140,000	140,000
30,000 Equity Shares of Panoli Enviro Technology Ltd. of Rs. 10/- each	300,000	300,000
Sub Total	5,544,750	5,544,750
Government Securities		
National Savings Certificates	18,000	13,000
Sub Total	18,000	13,000
Other Current Investment		
JM High Liquidity Fund	50,016,300	-
Canara Robeco Income Fund	104,070,699	-
DS PBR Liquidity Fund	50,019,234	-
Kotak Liquid Fund	50,015,801	-
Birla Sunlife Liquid Plus	50,016,446	-
Principal Mutual Fund	50,000,000	-
DSPML SBF	-	40,000,000
ING Liquid Plus	50,015,934	-
Sub Total (d)	404,154,414	40,000,000
Total	409,737,164	45,577,750

MEGHMANI ORGANICS LIMITED

Schedule forming part of Consolidated Balance Sheet as at 31st March 2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule - 7 - INVENTORIES (As taken, valued and certified by the Management)		
Stock of Raw Materials	229,684,173	280,840,657
Stock of Trading Goods	142,654,431	102,375,663
Stock of Work In Process	106,544,568	232,650,516
Stock of Finished Goods	613,473,600	299,571,638
Stock of Stores, Packing & Others	39,733,757	39,864,315
Total	1,132,090,529	955,302,789
Schedule - 8 - SUNDRY DEBTORS (Unsecured and considered good)		
Exceeding Six Month	545,353,127	399,288,088
Others	2,177,446,746	2,262,609,350
(Includes Rs. 3485.64 Lacs (P.Y. Rs. 2617.56 Lacs) due from firm or a Company in which some of the Directors are interested)		
	2,722,799,873	2,661,897,438
Less : Provision for Doubtful Debts	(15,000,000)	(15,000,000)
Total	2,707,799,873	2,646,897,438
Schedule - 9 - CASH AND BANK BALANCES		
Cash on hand	3,799,897	1,322,909
Balance with Schedule Banks in Current Accounts	201,122,813	346,225,384
Deposits with Schedule Banks	29,406,339	13,539,581
Total	234,329,049	361,087,874
Schedule - 10 - LOANS AND ADVANCES (Unsecured Considered good)		
Export benefit receivables	216,600,161	73,778,906
Staff Advances	8,724,847	5,292,294
Balance with Central excise	584,767,902	153,038,272
Deposits	37,810,363	41,762,401
Advance Payment of Income Tax	81,244,621	53,565,054
Other Current Assets	574,664,477	295,518,611
Advance Payment to vendors	444,391,019	847,798,369
Total	1,948,203,390	1,470,753,907

MEGHMANI ORGANICS LIMITED

Schedule forming part of Consolidated Balance Sheet as at 31st March 2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule - 11 - CURRENT LIABILITIES		
Current Liabilities		
Sundry Creditors (Trade)	932,763,067	777,545,381
IPO Refund Payable	113,050	352,450
Other trade payable	617,414,417	55,595,824
Statutory liabilities	47,148,221	49,517,266
Call in Advance	-	400,000
Total	1,597,438,755	883,410,921
Schedule - 12 - PROVISIONS		
FBT Provision	322,610	410,436
Provision for Tax	2,333,120	-
Provision for Employee Benefit	21,321,759	2,516,680
Dividend Payable (Proposed)	83,923,690	76,294,263
Unpaid Dividend (F.Y.2007 - 2008)	276,186	-
Corporate Dividend Tax Payable	14,262,831	12,966,210
Total	122,440,196	92,187,589

MEGHMANI ORGANICS LIMITED

Schedule forming part of Consolidated Profit and Loss Account For the year ended on 31st March 2009

Particulars	31.03.2009 Rs.	31.03.2008 Rs.
Schedule - 13 - SALES		
Manufacturing Goods		
Export Sales	4,652,952,715	3,301,191,345
Local Sales	1,879,726,022	1,452,187,599
Other Sales	8,831,310	2,962,298
	6,541,510,047	4,756,341,242
Trading Goods		
Export Sales	1,358,570,272	1,132,483,011
Local Sales	13,921,762	48,429,469
	1,372,492,034	1,180,912,480
Total	7,914,002,081	5,937,253,722
Schedule - 14 - OTHER INCOME		
DEPB Benefit	225,327,340	89,062,620
Duty Drawback	874,836	820,572
Gain on Forex Derivatives	-	46,577,468
Interest Received	16,582,971	1,847,434
Rent Received	193,500	178,748
Miscellaneous Income	309,214	5,949,226
Job Charges	132,635	-
Commission Domestic	8,112,993	-
Dividend Income	37,000	21,738,524
Gain from sale of investment	-	565,717
Total	251,570,489	166,740,309
Schedule - 15 - INCREASE / (DECREASE) IN STOCK		
Opening Stock of Finished Goods	248,181,982	441,830,087
Opening Stock of Trading Goods	102,375,663	81,768,938
Excise Duty On Stock of Finished Goods	33,058,245	58,910,156
Goods in Transit	18,331,411	-
Opening Stock of Work In Process	232,650,516	246,888,705
	634,597,817	829,397,886
Closing Stock of Finished Goods	575,706,162	248,181,982
Closing Stock of Trading Goods	142,654,431	102,375,663
Excise Duty On Stock of Finished Goods	37,767,438	33,058,245
Goods in Transit	-	18,331,411
Closing Stock of Work In Process	106,544,568	232,650,516
	862,672,599	634,597,817
Total	(228,074,782)	194,800,069

MEGHMANI ORGANICS LIMITED

Schedule forming part of Consolidated Profit and Loss Account For the year ended on 31st March 2009

Particulars	31.03.2009 Rs.	31.03.2008 Rs.
Schedule - 16 - TRADING PURCHASES		
Trading Purchase	806,182,696	834,318,950
Total	806,182,696	834,318,950
Schedule - 17 - RAW MATERIALS CONSUMPTION		
Raw materials Consumed	4,611,188,049	3,033,485,284
Other Raw material related expenses	70,863,334	57,537,651
Total	4,682,051,383	3,091,022,935
Schedule - 18 - MANUFACTURING EXPENSES		
Fuel & Steam Consumption	102,038,110	54,650,576
Diesel Consumption	6,489,710	13,210,317
Pollution Expenses	71,052,269	63,639,460
Stores Consumed	62,178,394	51,550,942
Repairs and maintenance	38,476,042	31,634,392
Power Consumption	280,364,395	301,572,139
Other Manufacturing Expenses	74,392,319	36,788,725
Total	634,991,239	553,046,551
Schedule - 19 - EMPLOYEES EMOLUMENTS		
Salary & Wages	154,872,847	116,203,131
Statutory Contribution	9,925,515	6,576,686
Staff Welfare Expenses	16,548,899	11,552,589
Total	181,347,261	134,332,406

MEGHMANI ORGANICS LIMITED

Schedule forming part of Consolidated Profit and Loss Account For the year ended on 31st March 2009

Particulars	As on 31.03.2009 Rs.	As on 31.03.2008 Rs.
Schedule - 20 - ADMINISTRATIVE EXPENSES		
Rent , rates & taxes	15,519,310	2,941,537
Travelling expenditures	24,985,643	19,067,772
Postage and telephone	13,765,165	12,194,716
Insurance premium	5,259,494	6,863,752
Stationery & printing expenses	6,223,741	4,650,581
Legal & Professional Fees	17,789,427	12,860,613
Advertisement expenses	2,171,537	2,549,767
Audit fees	1,351,063	1,059,967
Deferred Expenses written off	-	501,040
Donations	7,120,620	2,543,460
Repairs & maintenance to others	3,744,097	1,376,718
Directors remuneration	49,994,900	45,779,280
Directors sitting fees	570,000	410,000
Vehicle expenses	8,004,009	7,949,999
Stockexchange expenses	5,555,957	5,457,891
Software expenses	1,203,286	1,483,924
Exchange Rate difference Others	219,634,518	(8,812,134)
Bad debts W/off and Provision	(37,558)	1,047,488
Loss on sale of assets	1,945,868	2,812,584
Loss on Discarded assets	680,458	-
Premium / Discount on Forward Contract	728,657	(412,182)
Other expenses	15,297,865	8,975,346
Total	401,508,057	131,302,119
Schedule - 21 - SELLING AND DISTRIBUTION EXPENSES		
Export Clearing & Forwarding Expenses	117,315,336	84,937,582
Transportation Expenses	131,816,066	123,983,450
Marine Insurance	3,082,249	2,669,617
Sales Commission	76,312,568	19,461,973
Business promotion Expenses	9,979,082	8,252,573
Packing Material Consumption	167,899,773	159,115,533
Other Selling Expenses	31,460,777	46,592,193
Travelling expenditures	6,135,539	2,124,671
Vehicle expenses	978,445	513,700
Total	544,979,835	447,651,292
Schedule - 22 - FINANCIAL EXPENSES		
Interest	237,227,555	150,473,575
Other Financial Charges	23,789,654	12,507,803
Total	261,017,209	162,981,378

Schedule - 23

SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS

1. Principles of consolidation

The Consolidated Financial statements relate to Meghmani Organics Limited (“the Company”) and its subsidiary companies. The Consolidated financial statements have been prepared on the following basis :-

- a) The financial statements of the Company and its Subsidiary Companies are combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra group transactions in accordance with Accounting Standard (AS) 21 “Consolidated Financial Statements”.
- b) In case of Foreign Subsidiaries being non integral operations, revenue items are consolidated at the average of rate prevailing during the year. All assets and liabilities are converted at the rate prevailing at the end of the year. Any exchange rate difference arising on consolidation is recognised in the currency translation reserve.
- c) The difference between the costs of investment in Subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Good will or Capital Reserve as the case may be.
- d) Minority interest's share of the net profit of Consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- e) Minority interest's share of the net assets of Consolidated Subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholder.
- f) As far as possible the Consolidated Financial Statements are prepared using accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

2. Investments other than in subsidiaries and associates have been accounted as per Accounting standard (AS) 13 “Accounting for Investments”.

3. Other significant accounting policies :-

These are set out under “Significant accounting policies” as given in the Standalone Financial statements of Meghmani Organics Limited.

MEGHMANI ORGANICS LIMITED

NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

1. The Subsidiary Companies considered in the financial statements are :-

Name of the subsidiaries	Country of Domicile	Proportion of ownership interest
Meghmani Finechem Limited	India	57%
Meghmani Energy Limited	India	70%
Meghmani Europe BVBA	Belgium	99%
Meghmani Organics USA Inc.	USA	100%
Meghmani Chemtech Limited	India	60%
PT Meghmani Organics Indonesia	Indonesia	100%

2. The figures of previous year are regrouped and rearranged wherever necessary so as to make them comparable with the current year figures

3. DEFERRED TAX

Rs. in Lacs

	March 31, 2009	March 31, 2008
Deferred Tax Liabilities	1441.28	1410.18
Deferred Tax Assets	(247.79)	(103.30)
Net position	1193.49	1306.88

The movement for the relevant periods in the Group's Deferred Tax position is as follows:

Rs. in Lacs

	March 31, 2009	March 31, 2008
At the beginning of period	1306.88	1156.27
Charge to Profit & Loss Account for the period	(126.54)	163.75
Debited to Pre-Operative Expenses Capitalised	13.15	(13.14)
At the end of period	1193.49	1306.88

Deferred Tax Liabilities are mainly represented by the tax effect of the excess of net book value over tax written down value of certain qualifying assets. The movement for the relevant periods in the Group's Deferred Tax Liabilities is as follows:

Rs. in Lacs

	Tax depreciation	Totals
At April 1, 2008	1410.18	1410.18
Charge to expenses for the year	31.10	31.10
At March 31, 2009	1441.28	1441.28

MEGHMANI ORGANICS LIMITED

NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT (CONTD...)

Deferred Tax Assets are mainly represented by the tax effect of provision for doubtful receivables / bad debts written off and others include Liability for leave encashment and retirement benefits and disallowances under Section 43B & 40(b) of Income Tax Act. and carry forward losses. The movement for the relevant periods in the Group's Deferred Tax assets is as follows:

	Provision for doubtful debts	Others	Total
At April 1 2008	(50.98)	(52.32)	(103.30)
Charge to Income/Expenses for the year	0	(157.64)	(157.64)
Adjusted to Pre-Operative Expenses	0	13.15	13.15
At March 31 2009	(50.98)	(196.81)	(247.79)

4. EARNING PER SHARE

Particulars	31.03.2009	31.03.2008
Net Profit after Minority Interest attributable to shareholders	371,213,989	307,496,426
Weighted average number of equity shares at the end of year	254,314,211	242,579,957
Nominal value of share	1.00	1.00
Basic / Diluted earning per share	1.46	1.27

5. FINANCIAL DERIVATIVES

The Group uses derivative contracts to manage its foreign currency exposures relating to the underlying transactions and firm commitments. The Group doesn't enter into any derivative instruments for trading or speculation purpose. The derivative contracts outstanding as on 31st, March 2009 are as under.

Sr. No.	Particulars	No of contracts	Amount in USD (in lacs)	Amount in Euro (in lacs)	Rs. in Lacs
1	Forward Contract	43	102.50	7.50	5704.60
2	Option Contract	5	555.00	-	28149.60
3	Option & Swap Contract (ECB)-MOL	1	30.00	-	1521.60
4	Option & Swap Contract (ECB)-MEL	1	22.92	-	1162.44
5	Option & Swap Contract (ECB)-MFL	3	171.42	-	8694.42

6. BORROWING COST

The Group has incurred borrowing cost of Rs.2664.14 lacs on qualifying assets till the year ending 31st March 2009, being project of the group company under implementation the same has been shown as part of expenses incurred during construction period, included in capital work in progress and would be capitalised on completion of project.

7. SEGMENT REPORTING

For management purpose, the Group is currently organised into three major operating divisions Pigments. Agro Chemicals and Basic Chemicals. These divisions are the basis on which the Group reports its primary segment information.

MEGHMANI ORGANICS LIMITED

NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT (CONTD...)

Principal activities are as follows:

Pigments division

To Manufacture and Distribute Phthalocynine Green 7, Copper Phthalocynine Blue (CPC), Alpha Blue and Beta Blue.

Agrochemicals division

To Manufacture and Distribute Technical, Intermediates and Formulations of Insecticides.

Basic Chemical

Basic Chemicals undergo processing in many stages before being converted into downstream Chemicals which are used by the Agriculture sector, industry and also directly by the consumers. The Caustic Chlorine to be manufactured fall under the category of basic chemicals.

(a) Analysis By Business Segment

Segment revenue and expense:

Segment revenue and expense are the operating revenue and expense reported in the Group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital expenditure includes the total cost incurred to acquire property, plant and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of trade payables and accrued expenses.

Inter-segment transfers:

Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market rates. These transfers are eliminated at the Group level.

MEGHMANI ORGANICS LIMITED

NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT (CONTD...)

Financial year ended on March 31, 2009:

	Figures in lacs					
	Pigments	Agro Chemicals	Basic Chemicals	Others *	Elimination	Total
Revenue						
External sales	22592.58	42725.48	-	13821.96	-	79140.02
Inter-Segment Sales	4441.71	4935.83	-	2651.01	(12028.55)	-
Total Revenue	27034.29	47661.31	-	16472.97	(12028.55)	79140.02
Results						
Segment Results	3920.25	8011.20	-	748.57	(1518.03)	11161.99
Un-allocable Expenses						(1471.66)
Profit from Operation						9690.33
Finance Cost	-	-	-	-	-	(2610.17)
Investments Income	-	-	-	-	-	0.37
Exceptional Items						(2253.62)
Profit Before Tax						4826.91
Income tax Expenses						(1205.66)
Fringe Benefit Tax						(25.10)
Deferred Tax Expenses						126.54
Profit after tax						3722.69
Other Information	Pigments	Agro Chemicals	Basic Chemicals	Others	Elimination	Total
Capital Addition	877.32	2008.07	40438.74	866.11	(1334.30)	42855.94
Depreciation	(828.07)	(683.73)	-	(246.84)	23.48	(1735.16)
Balance sheet	Pigments	Agro Chemicals	Basic Chemicals	Others	Elimination	Total
Assets						
Segment Assets	25410.80	36965.99	53935.04	12543.09	(8174.98)	120679.94
Un-allocable assets						5429.57
Consolidated total assets						126109.51
Liabilities						
Segment liabilities	2812.53	10264.39	3430.16	4776.48	(4084.78)	17198.78
Un-allocable Liabilities						58079.01
Consolidated total liabilities						75277.79
Non Cash Expenses other than Depreciation & Amortization						
Unrealized Foreign Exchange (Gain)/Loss	(129.23)	(532.34)		(74.45)		(736.02)
Loss on Sale of Fixed Assets (Net)	(0.01)	19.09		0.38		19.46
Loss on discarded fixed assets	2.56	4.10		0.14		6.80
Un-allocable Non Cash Expenses						
Unrealized Foreign Exchange (Gain)/Loss						5018.88

MEGHMANI ORGANICS LIMITED

NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT (CONTD...)

Financial year ended on March 31, 2008:

	Figures in lacs					
	Pigments	Agro Chemicals	Basic Chemicals	Others *	Elimination	Total
Revenue						
External sales	22816.40	25269.39	-	11286.74	-	59372.53
Inter-Segment Sales	3946.39	3367.36	-	737.67	(8051.42)	-
Total Revenue	26762.79	28636.75	-	12024.41	(8051.42)	59372.53
Results						
Segment Results	3488.74	1823.55	-	714.20	(48.05)	5978.44
Un-allocable Expenses						(511.78)
Profit from Operation						5466.66
Finance Cost	-	-	-	-	-	(1629.81)
Investments Income	-	-	-	-	-	217.39
Profit Before Tax						4054.24
Income tax Expenses						(803.83)
Fringe Benefit Tax						(25.44)
Deferred Tax Expenses						(163.75)
Profit after tax						3061.22
Other information	Pigments	Agro Chemicals	Basic Chemicals	Others	Elimination	Total
Capital Addition	1831.75	699.29	5372.29	1382.67	(357.27)	8928.73
Depreciation	(802.10)	(612.60)	-	(76.45)	-	(1491.15)
Balance Sheet	Pigments	Agro Chemicals	Basic Chemicals	Others	Elimination	Total
Assets						
Segment Assets	24253.63	27146.61	14584.50	12580.88	(4068.54)	74497.08
Un-allocable assets						1496.60
Consolidated total assets						75993.68
Liabilities						
Segment liabilities	3767.39	3709.40	331.87	4556.40	(2609.08)	9755.98
Un-allocable Liabilities						22198.58
Consolidated total liabilities						31954.56
Non Cash Expenses other than Depreciation & Amortization						
Unrealized Foreign Exchange Gain	443.54	219.04	75.81	-	-	738.39
Loss on Sale of Fixed Assets (Net)	2.12	26.00	-	-	-	28.12
Un-allocable Non Cash Expenses						
Loss on Sale of Investment						5.66
Diminution in Investment						1.80

MEGHMANI ORGANICS LIMITED

NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT (CONTD...)

- Others includes trading activity and Power Generation
- Pigment and Agro Chemical segment are exclusive of Power Generation units on the basis of its consumption.
- As per Accounting Standard (AS) 17 "Segment Reporting" the Company has reported segment information on consolidated basis including businesses conducted through its Subsidiaries.

(b) Analysis By Geographical Segment

(1) Segment revenue:

Segment revenue is analysed based on the location of customers regardless of where the goods are produced. The following provides an analysis of the Group's sales by geographical Markets:

Rs. In Lacs		
Particulars	2008-2009	2007-2008
Outside India	60115.23	44368.89
Within India	19024.79	15642.72
Total	79140.02	60011.61

(2) Segment assets and capital expenditure:

Segment assets and capital expenditure are analysed based on the location of those assets. Capital expenditure includes the total cost incurred to purchase property, plant and equipment.

Rs. In Lacs		
Particulars	2008-2009	2007-2008
Outside India	26560.51	25169.29
Within India	99548.99	49327.78
Total	126109.50	74497.07

(3) Segment Liability:

Rs. In Lacs		
Particulars	2008-2009	2007-2008
Outside India	12478.04	286.23
Within India	62799.77	9469.75
Total	75277.81	9755.98

(4) Segment Capital Expenditure:

Rs. In Lacs		
Particulars	2008-2009	2007-2008
Outside India	268.59	402.80
Within India	42587.35	9103.40
Total	42855.94	9506.20

MEGHMANI ORGANICS LIMITED

NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT (CONTD...)

8. ADDITIONAL INFORMATION

(1) The estimated amount of contracts remaining to be executed on capital accounts of Rs. 4693.33 Lacs (P.Y. Rs. 19745.60 Lacs) is not provided for.

(2) CONTINGENT LIABILITIES

a) Contingent liabilities in respect of Bank Guarantee of Rs. 909.67 Lacs (P.Y. Rs. 703.32 Lacs) and in respect of Letter of Credit opened and outstanding with Bank of Rs. 2772.69 Lacs (P.Y. Rs. 7723.77 Lacs) is not provided for in the accounts.

b) Contingent Liabilities in respect of other statutes.

Name of Statute	Nature of Dues	Amt. in Lacs	Forum where Dispute is pending
Income Tax Act.	Income Tax (A.Y. 1999-2000 to A.Y. 2005-2006)	263.04	Commissioner of Income Tax. (Appeals/ ITAT)
Central Excise Tariff Act.	Excise Duty	960.32	Commissioner of Central Excise / Director General of Central Excise /Audit team of Central Excise.
Labour Laws	Compensation Claims	265.62	Labour Court

c) Various employee / ex-employee of the Company, has filed different legal suits in labour court against the Company. The total claim amount is Rs. 265.62 lacs plus interest wherever applicable. The said claims are not accepted by the Company and the proceedings are pending.

9. RELATED PARTIES DISCLOSURES :-

- ♦ Enterprises in which directors & Key Managerial Personnel [KMP] have significant influence :

Alpanil Industries
Ashish Chemicals
Tapsheel Enterprise
Meghmani Infrastructure
Meghmani Dyes and Intermediates Ltd.
Meghmani Industries Limited
Meghmani Chemicals Limited
Fidelity Exports Private Limited
Mr. Jayanti M Patel
Mr. Ashish Soparkar
Mr. Natwarlal M Patel
Mr. Ramesh M Patel
Mr. Anand I Patel
Mr. Ashvin Raythatha

- ♦ Key Managerial Personnel

MEGHMANI ORGANICS LIMITED

NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT (CONTD...)

- ♦ Relatives of Key Managerial Personnel (Employee)
 - Ms. Deval Soparkar
 - Mr. Maulik J Patel
 - Mr. Kaushal Soparkar
 - Mr. Karana R Patel
- ♦ Relatives of Key Managerial Personnel (Consultant)
 - Mr. K M Patel

Transactions with Related Parties (Rs. In lacs):

	Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence		Key Managerial Personnel		Relatives of Key Managerial Personnel		Total	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Purchase of Goods	235.43	381.02	NIL	NIL	NIL	NIL	235.43	381.02
Sale of Goods	946.14	375.21	NIL	NIL	NIL	NIL	946.14	375.21
Purchase of Service	2014.68	NIL	NIL	NIL	0.68	1.58	2015.36	1.58
Remuneration & Perquisites	NIL	NIL	471.16	457.79	19.00	14.14	490.16	471.93
Loans Received	60.00	126.00	NIL	NIL	NIL	NIL	60.00	126.00
Advance for capital goods	149.27	NIL	NIL	NIL	NIL	NIL	149.27	NIL
Interest Expenses	30.04	10.99	NIL	NIL	NIL	NIL	30.04	10.99
Total	3435.56	893.22	471.16	457.79	19.68	15.72	3926.40	1366.73

Outstanding Balances with Related Parties (Rs. In lacs):

	Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence		Key Managerial Personnel		Relatives of Key Managerial Personnel		Total	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Debtors	158.65	159.14	NIL	NIL	NIL	NIL	158.65	159.14
Creditors	38.70	30.79	NIL	NIL	NIL	NIL	38.70	30.79
Unsecured Loans	310.72	216.51	NIL	NIL	NIL	NIL	310.72	216.51
Salary, PF & Gratuity Payable	NIL	NIL	170.83	22.67	1.36	0.99	172.19	23.66
Loans and Advances	149.27	NIL	NIL	NIL	NIL	NIL	149.27	NIL
Total	657.34	406.44	170.83	22.67	1.36	0.99	829.53	430.10

MEGHMANI ORGANICS LIMITED

NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT (CONTD...)

Disclosure in Respect of Material Related Party Transaction during the year -

Sr. No.	Name of Party	Relationship	Nature of Transaction	Amount In Rs. Lacs	Closing Balance
1	Alpanil Industries	Enterprises in which Directors & KMP have significant influence	Purchase of Finished Goods	201.04	30.96
2	Ashish Chemicals	Enterprises in which Directors & KMP have significant influence	Purchase of Raw Material	30.86	4.43
	"	"	Sales of Finished Goods	126.19	34.16
	"	"	Sales of Finished Goods	111.30	41.29
3	J M Patel	Key Managerial Personnel	Managerial Remuneration	103.07	3.52
4	A N Soparkar	Key Managerial Personnel	Managerial Remuneration	103.07	3.52
5	N M Patel	Key Managerial Personnel	Managerial Remuneration	103.07	3.52
6	R M Patel	Key Managerial Personnel	Managerial Remuneration	75.31	3.10
7	A I Patel	Key Managerial Personnel	Managerial Remuneration	64.31	3.10
8	Deval A Soparkar	Relative of Key Managerial Personnel	Salary	6.43	0.42
9	Karana R Patel	Relative of Key Managerial Personnel	Salary	4.20	0.31
10	Maulik J Patel	Relative of Key Managerial Personnel	Salary	4.37	0.33
11	Kaushal A Soparkar	Relative of Key Managerial Personnel	Salary	4.00	0.30
12	Meghmani Industries Limited	Enterprises in which Directors & KMP have significant influence	Interest	30.04	310.72

Signature to Schedule 1 to 23
As per our report of even date
For M/s Patel & Khandwala
Chartered Accountants
(Mukesh M Khandwala)
Partner
Membership No. 32472

Place : Ahmedabad
Date : 25.05.2009

K. D. Mehta
Company Secretary

For and on behalf of the Board

J. M. Patel - Executive Chairman
A. N. Soparkar - Managing Director
N. M. Patel - Managing Director

Place : Ahmedabad
Date : 25.05.2009

MEGHMANI ORGANICS LIMITED

Consolidated Cash Flow Statement for the year ended 31st March 2009

Particulars	31.03.2009	31.03.2008
A. Cashflow from Operating Activities	Rs.	Rs.
Net Profit Before Tax	482,691,136	405,423,520
Adjustment for :		
Depreciation	173,516,387	149,114,811
Unrealised Foreign Exchange Gain	7,788,823	(73,838,724)
Interest and Finance Charges	262,414,243	162,981,378
Dividend Received	(37,000)	(21,738,524)
Interest Received	(16,581,831)	(226,784)
Loss on Sale of Investment	-	(565,717)
Loss on Sale of Fixed Assets (Net)	2,626,326	2,812,584
Operating Profit before Exceptional Item	912,418,084	623,962,544
Exceptional Item	427,109,193	-
Operating Profit before working capital changes	1,339,527,277	623,962,544
Adjustment for:		
Inventories	(172,342,292)	(8,983,184)
Debtors	(41,383,424)	(716,245,671)
Loans and Advances	(851,829,036)	(1,005,842,172)
Curent Liabilities	402,964,819	390,513,229
Provision for Employee Benefit	18,634,802	1,238,373
Sub Total	(643,955,131)	(1,339,319,425)
Cash Generated from operation	695,572,146	(715,356,881)
Direct Taxes Paid	(148,925,917)	(81,163,257)
Net Cash from operating activities	546,646,229	(796,520,138)
B. Cash flow from Investment Activities		
Purchase of Fixed Assets	(3,213,515,671)	(697,612,045)
Dividend Received	16,470,168	21,738,524
Interest Received	26,643,377	226,784
Purchase of Mutual Fund	(3,277,843,519)	(1,305,000,000)
Sales of Mutual Fund	2,913,965,699	1,305,565,717
Investment in Subsidiaries	-	1,070,428
Investment in Others	(5,000)	210,180,000
Minority Interest	400,546,260	390,265,927
Sale of Fixed Assets	5,664,498	2,027,412
Net Cash Used in Investing Activities	(3,128,074,188)	(73,678,109)

(Contd...)

MEGHMANI ORGANICS LIMITED

Consolidated Cash Flow Statement for the year ended 31st March 2009

Particulars	31.03.2009	31.03.2008
C. Cash flow from financing Activities	Rs.	Rs.
Dividend paid	(76,018,077)	(72,226,800)
Tax on dividend	(12,966,210)	(12,274,945)
Interest and Finance Charges Paid	(424,979,611)	(158,374,934)
Bank Borrowing (Term Loan)	3,482,339,593	-
Bank Borrowing (Working Capital)	(651,815,775)	921,528,609
Proceeds from other Borrowing	2,129,302,372	(560,225,854)
Other Borrowing Repaid	(1,560,477,886)	-
Increase In Share Capital	-	53,684,211
Increase In Share Premium	-	901,789,344
Net Cash Used in Financing Activities	2,885,384,406	1,073,899,631
Net effect of Exchange rate change on consolidation	-	-
Net (Decrease)/ Increase in Cash and Cash Equivalent	303,956,447	203,701,384
Cash on Hand -Opening Balance	361,087,874	82,531,045
Cash on Hand -Closing Balance	665,044,321	286,232,429
Cash on Hand	3,799,897	1,322,909
Balance with Schedule Banks in Current Accounts	201,122,813	346,225,384
Deposits with Schedule Banks	29,406,339	13,539,581
Total Cash & Bank Balance as per Balance Sheet	234,329,049	361,087,874
Add - Effect of unrealised foreign exchange Loss	430,715,272	(74,855,445)
Cash & Cash Equivalent at the end of the year	665,044,321	286,232,429

Notes to the cash flow statement for the year ended on 31.03.2009

- (1) The Cash flow statement has been prepared in accordance with the requirements of Accounting Standard - 3 "Cash flow statement" issued by the Institute of Chartered Accountants of India.
- (2) Figures in brackets indicate cash outflow.
- (3) The previous year figures have been regrouped/restated wherever necessary to conform to this year's classification.

As per our attached report of even date
For M/s Patel & Khandwala
Chartered Accountants
(M M Khandwala)
Partner
Membership No. 32472

For and on behalf of the Board

J M Patel - Executive Chairman
A N Soparkar - Managing Director
N M Patel - Managing Director

Place : Ahmedabad
Date : 25.05.2009

K D Mehta
Company Secretary

Place : Ahmedabad
Date: 25.05.2009



MEGHMANI ENERGY LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Jayanti M Patel
Ashish N Soparkar
Natwarlal M Patel
Ramesh M Patel
Anand I Patel
Lalit Patel

REGISTERED OFFICE

"Meghmani House"
Shree Nivas Society
Near Ashoknagar Bus stop
Paldi
Ahmedabad-380007
Phone : 91-79-26640668
Fax : 91-79-26640670
E-mail : helpdesk@meghmani.com

POWER PLANT LOCATION

Block No. 398,
Village Chharodi,
Sanand,
District Ahmedabad-382170
Phone : 02717-273251- 52 - 53
Fax : 02717-273254

AUDITORS

M/s Patel & Khandwala
204, Akik,
Opp. Lions Hall,
Mithakhali, Ahmedabad-380006



MEGHMANI ENERGY LIMITED

DIRECTORS' REPORT

To,
The Members,
Meghmani Energy Limited

Your Directors have pleasure in presenting Third Annual report and Audited Statement of Accounts of the Company for the Financial Year ended on 31st March 2009. The company is subsidiary of Meghmani Organics Limited with a holding of 70% share.

FINANCIAL RESULTS

Rs. in Mn		
PARTICULARS	YEARENDED ON MARCH 31, 2009	YEARENDED ON MARCH 31, 2008
(a) Sales & Other Income	197.77	29.91
(b) Profit Before Interest & Depreciation	43.67	4.45
(c) Interest (Net)/ Financial Expenses	21.19	3.77
(d) Depreciation	20.00	4.19
(e) Profit Before Tax	2.48	(3.51)
(f) Payment / Provision for Current Tax and FBT	(0.26)	(0.02)
(g) Deferred Tax Expenses/(Income)	(1.29)	1.05
(h) Profit After Tax	3.52	(4.58)

DIVIDEND:-

During the year of operation the Company has made profit of Rs. 3.52 million. The accumulated loss after giving effect of the profit of FY 2009 stands to Rs. 1.90 million. In view of accumulated loss your Directors regret their inability to recommend dividend for the year 2008-2009.

OPERATIONS:-

The Net Sales Turn over of the Company has increased from Rs. 28.59 million in FY 2008 to Rs. 197.77 million in FY 2009.

FINANCE

ICICI Bank Ltd.- Bahrain has disbursed External Commercial Borrowing [ECB] of US \$ 25,00,000. To secure ECB facility the Company is awaiting the regulatory permission.

EXCEPTIONAL ITEMS:-

As per the guide lines issued by Institute of Chartered Accountant under AS 11 and clarifications given by Ministry of Corporate affairs the Company has booked the foreign exchange loss on mark to market basis.

FIXED DEPOSITS:-

The Company has not accepted the fixed deposits during the year under report.

DIRECTORS' RESPONSIBILITY STATEMENT:-

In compliance of Section 217 (2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000, the Directors of your Company confirm:

- that the applicable accounting standards have been followed in the preparation of final accounts and that there are no material departures;



MEGHMANI ENERGY LIMITED

- b) that appropriate accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at March 31, 2009 and of the profit of the Company for the year ended on March 31, 2009;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts have been prepared on a going concern basis.

ENERGY, TECHNOLOGY, AND FOREIGN EXCHANGE

The information to be disclosed under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in The Report Of Board Of Directors) Rules, 1988, with respect to energy, technology, and foreign exchange is annexed separately to form part of this report.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association, Mr. N M Patel and Mr. Ramesh Patel are retiring by rotation at this Annual General Meeting and being eligible offer themselves for reappointment.

EMPLOYEE RELATIONS & PARTICULARS OF EMPLOYEE

The Company has not employed any individual whose remuneration falls within the purview of limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS

M/s. Patel & Khandwala, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

ACKNOWLEDGEMENT

Your directors take this opportunity to express their grateful appreciation for the assistance and support received from Meghmani organics Limited and Meghmani Industries Limited, the bankers, insurance companies, consultants and advisors and all those connected with the Company.

Place: - Ahmedabad
Date : - 22.05.2009

For and on behalf of the Board
JAYANTI PATEL
Director

MEGHMANI ENERGY LIMITED

AUDITORS' REPORT

To,
The Members of
Meghmani Energy Limited
Ahmedabad.

We have audited the attached Balance Sheet of **MEGHMANI ENERGY LIMITED**, as at 31st March 2009 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) order, 2003 and (amendment) order 2004 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, a statement on the matters specified in paragraphs 4 and 5 of the said order is annexed thereto.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of accounts as required by the law have been kept by the Company so far as appears from our examination of the books of the Company;
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act 1956 except the Company has not complied with AS 15 issued by ICAI;
- e) On the basis of the written representations received from the directors as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the account read in conjunction with the notes and schedules attached thereto, give the information required under the Companies Act, 1956 in the manner so required and present a true and fair view :-
 - i. In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2009
 - ii. In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date **AND**
 - iii. In case of cash flow statement, of the cash flows for the year ended on that date.

FORM/S. PATEL & KHANDWALA
Chartered Accountants
(M M Khandwala)
Partner
Membership Number 32472

Place: - Ahmedabad
Date : - 22.05.2009

ANNEXURE TO AUDITORS' REPORT

- i. (a) The Company has maintained records of fixed assets to show full particulars including quantitative details and situation of fixed assets.
(b) All the fixed assets have been physically verified by the Management during the year. As explained to us no material discrepancies were noticed on such verification.
(c) The Company has not disposed of substantial part of the fixed assets during the year.
- ii. (a) The inventories have been physically verified at year end by the management.
(b) According to the information and explanations given to us and in our opinion the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The Company is maintaining proper records of the inventories and no serious discrepancies have been noticed on physical verification of inventories as compared to the book record.
- iii. In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
(a) The Company has not given any loan to any party.
Sub clause (b),(c) and (d) are not applicable.
(e) The Company has taken the unsecured loans from two companies covered in the register maintained under section 301 of the Companies Act 1956. The total amount outstanding at the year end is Rs. 1036.20 lacs. And the total amount involved is Rs.1036.20 lacs.
(f) The rate of interest and other terms and conditions of unsecured loan are prima fascia not prejudicial to the interest of the Company.
(g) The Company is regular in payment of principal amount and interest wherever applicable as the loan is payable on demand only.
- iv. In our opinion and according to the information and explanations given to us during the course of our audit, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods. We have not observed any major weaknesses in internal control system established by the Company.
- v. (a) According to the information and explanations given to us we are of the opinion that the particulars of contracts or arrangements referred to in sec.301 of the Companies Act, 1956 have been entered in the register maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of any party during the period have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for items stated to be of specialized nature where no comparison is possible.
- vi. The Company has not accepted deposits from the public and therefore the directives issued by the Reserve Bank of India and provisions of section 58-A and 58 AA or any other relevant provisions of the Companies Act 1956 and rules framed there under do not apply to the Company.
- vii. The Company has carried out internal audit through its own staff, which is in commensurate with size, nature and volume of business of the company.

MEGHMANI ENERGY LIMITED

- viii. We have broadly reviewed the books of accounts maintained by the Company, although, no order has been issued by Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act 1956. We are of the opinion that prima facie records have been maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including, Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess, and any other statutory dues as applicable to it with the appropriate authorities.
- According to the information and explanation given to us no undisputed amount payable in respect of Income Tax, Sales Tax, Wealth tax, Custom Duty, Service tax and Excise Duty, were outstanding at the period end for a period of more than six months from the date they become payable.
- b) According to the information and explanations given to us, there is no disputed duty.
- x. The Company is registered for the period less than five years. The Company has not incurred any cash loss in current year and Rs. NIL in previous year.
- xi. In our opinion and according to the information and explanations given to us the Company has not defaulted in repayment of dues to a financial institution or bank. The Company has not issued any Debenture.
- xii. According to information and explanations given to us, the Company has not granted any loans and advances on the basis of Security by way of pledge of shares, Debentures and other securities.
- xiii. In our opinion the Company is not a chit fund or a nidhi /mutual benefit fund/society. The provisions of nidhi / mutual benefit fund/societies are not applicable to the Company.
- xiv. In our opinion the Company is not dealing in or trading in shares, securities debentures and other investments hence the provisions of clause 4 (xiv) are not applicable.
- xv. As explained to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. The Company has not obtained any fresh term loan during the year.
- xvii. The Company has availed loans payable on demand from the corporate share holders of the Company which is utilized partly for long term investments in plant and machineries to complete the project.
- xviii. No long-term fund has been used to finance short-term assets.
- xix. According to information and explanations given to us, the Company has not made any preferential allotment of any shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- xx. According to information and explanations given to us the Company has not issued any Debenture during the year ended on 31st March 2009 and hence no Securities has been created.
- xxi. The Company has not raised any money through Public Issue.
- xxii. According to information and explanations given to us no fraud on or by the Company has been noticed or reported during the year ended on 31st March 2009.

Place: - Ahmedabad
Date : - 22.05.2009

FOR M/S. PATEL & KHANDWALA
Chartered Accountants
(M M Khandwala)
Partner
Membership Number 32472

MEGHMANI ENERGY LIMITED

Balance Sheet as at 31st March, 2009

Particulars	Sch.	As at 31.03.09		As at 31.03.08
	No.	Rs.	Rs.	Rs.
SOURCES OF FUNDS				
Shareholders' Fund				
Share Capital	1	40000000		40000000
			40000000	40000000
Loan Funds				
Secured Loans	2	116233353		100300000
Unsecured Loans	3	103620555		75854936
			219853908	176154936
Deferred Tax Liability				1051209
TOTAL			259853908	217206145
APPLICATION OF FUNDS				
FIXED ASSETS	4			
Gross Block		245847311		205735736
Less : Depreciation		24189049		4185934
Net Block		221658262		201549802
Capital Work-in- progress		-		5108141
			221658262	206657943
Deferred Tax Asset			610799	-
Current Assets , Loans and Advances				
Inventories	5	1050560		984436
Sundry Debtors	6	42638059		17251515
Cash and Bank Balances	7	5806780		8934140
Loans and Advances	8	748953		1749021
Total Current Assets		50244352		28919112
Less : Current Liabilities & Provisions				
Liabilities	9	14320206		22948706
Provisions	10	240000		1200
Total Current Liabilities		14560206		22949906
Net Current Assets			35684146	5969206
Profit and Loss Account	11		1900701	4578996
Notes forming part of accounts	19			
TOTAL			259853908	217206145

As per our attached report of even date
For M/s Patel & Khandwala
Chartered Accountants
(M M Khandwala)
Partner
Membership No. 32472

For and on behalf of the Board

R M Patel - Director

L.K. Patel - Director

Place : Ahmedabad
Date : 22.05.2009

Place : Ahmedabad
Date: 22.05.2009

MEGHMANI ENERGY LIMITED

Profit and Loss Account for the year ended on 31st March , 2009

Particulars	Sch. No.	31.03.2009 Rs.	31.03.2008 Rs.
Income			
Gross Sales		203405726	29142270
Less : VAT		5639728	554400
Net Sales	12	197765998	28587870
Other Income	13	-	1319600
Total Income		197765998	29907470
Expenditure			
Raw Material Consumption	14	132820364	21719742
Manufacturing Expenses	15	10772376	2449153
Employee Emoluments	16	1205571	281618
Administrative Expenses	17	9289128	1008751
Interest	18	21190857	3772448
Depreciation		20003115	4185934
Total Expenditure		195281411	33417646
Profit/ (Loss) before tax		2484587	(3510177)
Less: Provision for Fringe Benefit tax		15800	17610
Less: Provision for Current tax		240000	-
Less: Provision for Deffered Tax		(1287345)	1051209
Profit / (Loss) after tax		3516132	(4578996)
Notes forming a part of accounts	19		
Basic and Diluted EPS of face value of Rs.10/- Each		0.88	(1.14)

As per our attached report of even date
For M/s Patel & Khandwala
Chartered Accountants
(M M Khandwala)
Partner
Membership No. 32472

Place : Ahmedabad
Date : 22.05.2009

For and on behalf of the Board

R M Patel - Director

L.K. Patel - Director

Place : Ahmedabad
Date: 22.05.2009

MEGHMANI ENERGY LIMITED

Schedule forming part of the Balance Sheet as on 31st March, 2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule - 1 SHARE CAPITAL		
Authorised Share Capital :		
5000000 Equity Shares of Rs. 10/- each	50000000	50000000
Issued subscribed & paid up Capital :		
4000000 Equity Shares of Rs. 10/- each fully paid up (Previous Year - 4000000 shares of 10/- each)	40000000	40000000
Total	40000000	40000000
Schedule - 2 SECURED LOAN		
ECB (Term Loan) From ICICI Bank Ltd -Bahrain	116233353	100300000
Total	116233353	100300000
<p>Note: 25,00,000 US\$ External Commercial Borrowing from ICICI Bank Ltd.- Bahrain disbursed in June'07.</p> <p>The said term loan is secured by exclusive charge on all movable and immovable fixed assets purchased out of this facility.</p> <p>First pari passu charge on all movable and immovable fixed assets both present and future.</p> <p>The Indenture of the mortgage to be created on all movable and immovable fixed assets are located at : Plot No.398, Village Chharodi, Taluka Sanand, District Ahmedabad- 382170</p>		
Schedule - 3 UNSECURED LOAN		
From Holding Company	72548018	53105356
From Associate Company	31072537	22749580
Total	103620555	75854936

MEGHMANI ENERGY LIMITED

Schedule forming part of the Balance Sheet as on 31st March, 2009

Schedule -04 Fixed Assets as at 31.03.2009

Sr. No.	Particulars	Gross Block			Depreciation			Net Block	
		Opening	Addition	Deduction	Closing	Opening	Addition	Closing	Closing Balance as on 31.03.08
1	Building	29631333	4531540	-	34162873	233766	1040608	1274374	32888499
2	Plant & Machinery	175982817	10994407	-	186977224	3948915	16589010	20537925	166439299
3	Plant & Machinery (ERD)	-	24098962	-	24098962	-	2348104	2348104	21750858
4	Furniture & Fixture	41269	117666	-	158935	589	7642	8231	150704
5	Computers	80317	-	-	80317	2664	12368	15032	65285
6	Motor Car	-	369000	-	369000	-	5383	5383	363617
	Sub Total - (A)	205735736	40111575	-	245847311	4185934	20003115	24189049	221658262
	Capital W.I.P. (B)	5108141	-	5108141	-	-	-	-	5108141
	Total (A+B)	210843877	40111575	5108141	245847311	4185934	20003115	24189049	221658262
	Previous Year	90891997	325566030	205614150	210843877	-	4185934	4185934	206657943
									-

MEGHMANI ENERGY LIMITED

Schedule forming part of the Balance Sheet as on 31st March, 2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule- 5 INVENTORIES (As taken valued and certified by the Management)		
Stock of Raw Materials (At Cost on FIFO basis)	1050560	984436
Total	1050560	984436
Schedule- 6 SUNDRY DEBTORS (Unsecured and considered good)		
Exceeding Six Months	-	-
Others	42638059	17251515
[Rs.97.89 lacs (P.Y.Rs.24.17 lacs) due from company in which some of the Directors are interested and Balance amount due to its Holding Co.Rs.328.49 lacs (P.Y.Rs.148.34 lacs)]		
Total	42638059	17251515
Schedule- 7 CASH AND BANK BALANCES		
Cash on hand	47123	184732
Balance with Schedule Banks in Current Accounts	5759657	8749408
Total	5806780	8934140
Schedule- 8 LOANS AND ADVANCES		
Advances recoverable in cash or in kind for a value to be received	738953	1714021
Deposits	10000	35000
Total	748953	1749021
Schedule- 9 CURRENT LIABILITIES		
Current Liabilities		
Sundry Creditors Micro, Small & Medium Enterprise	-	-
Sundry Creditors (Trade)	8196648	10068891
Sundry Creditors for Capital Goods	484874	7763430
Other Liabilities	5638684	5116385
Total	14320206	22948706
Schedule- 10 PROVISIONS		
FBT Provision (net of advance payment)	-	1200
Provision for Income tax (net of advance payment)	240000	-
Total	240000	1200
Schedule- 11 PROFIT AND LOSS ACCOUNT		
Loss as per last year account	(4578996)	-
Add: Effect of AS 11 adjusted to Opening Reserve	(837837)	-
Add: Profit/(Loss) for the current year	3516132	(4578996)
Total	(1900701)	(4578996)



MEGHMANI ENERGY LIMITED

Schedule 12 to 18 annexed to and forming part of the Profit and Loss Account for the year ended on 31st March ,2009

Particulars	31.03.2009 Rs.	31.03.2008 Rs.
Schedule - 12 SALES		
Power	104094130	14727870
Steam	93671868	13860000
Total	197765998	28587870
Schedule - 13 OTHER INCOME		
Exchange Rate Difference	-	1212500
Misc. Income	-	106951
Vatav/Kasar	-	149
Total	-	1319600
Schedule - 14 RAW MATERIAL CONSUMPTION		
Raw material consumed	119275467	16473252
Other Purchase related expenses	13544897	5246490
Total	132820364	21719742
Schedule - 15 MANUFACTURING EXPENSES		
Labour Charges	6018311	1464646
Boiler Expenses	1521011	100553
Coal Handling Expenses	526578	128045
Repairs & Maintenance (P & M)	983882	426103
Factory Expenses	86079	4310
Security Charges	350427	107360
Technical Fees	12188	-
Testing Charges	65799	-
Environment Expenses	387536	-
RODM Expenses	820566	218136
Total	10772376	2449153
Schedule - 16 EMPLOYEES EMOLUMENTS		
Salary and Wages	1090018	251473
Statutory Contributions	37671	9236
Staff Welfare Expenses	77882	20909
Total	1205571	281618



MEGHMANI ENERGY LIMITED

Schedule 12 to 18 annexed to and forming part of the Profit and Loss Account for the year ended on 31st March ,2009

Particulars	31.03.2009 Rs.	31.03.2008 Rs.
Schedule - 17 ADMINISTRATIVE EXPENSES		
Travelling Expenditure	9866	14599
Postage & Telephone	40308	7150
Advertisement Expenses	500	-
Insurance Premium	961524	244974
Stationery & Printing	-	3418
Legal & Professional fees	1356964	125598
Audit Fees	44120	22472
Vehicle Expenses	96563	31276
Garden Expenses	62398	-
Clearing Forwarding Expenses	10630	-
Penalty	1977	-
Professional Tax	2500	-
Conveyance Expenses	1810	285
Repairs & Maintanace (Furniture)	6056	-
Office Expenses	3264	4320
Sundry balance w/off	(437341)	-
Rent on Leasehold Land	288000	-
Land Revenue Charges	6818240	-
Preliminary ExpensesWritten Off	-	501040
Transport Expenses	21748	53619
Total	9289128	1008751
Schedule - 18 INTEREST		
Interest on Secured Loan	11098365	2851849
Others	10092492	920599
Total	21190857	3772448

MEGHMANI ENERGY LIMITED

Schedule - 19

NOTES FORMING PART OF ACCOUNTS

1. BASIS FOR PREPARATION OF ACCOUNTS

The Financial statements have been prepared to comply in all material aspects in respect with the notified Accounting Standard by companies Accounting Standard Rules, 2006 and the relevant provision of the Companies Act, 1956.

Accounting policies have been consistently applied by the Company.

2. USE OF ESTIMATES

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

A) FIXED ASSETS

- (i) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation, including financial cost till such assets are ready for its intended use, less specific grants received and Cenvat Credit availed
- (ii) Fixed assets in the course of work-in-progress for production or administrative purposes are carried at cost less any impairment loss. Work in Progress includes expenditure pending for capitalization.
Cost includes land and building improvement costs, related acquisition expenses and construction costs incurred during the period of construction. Depreciation of these assets, on the same basis as the other property assets, commences when the assets are ready for their intended use.
- (iii) The exchange rate gain or loss relating to acquisition of capital assets is adjusted to the cost of fixed assets.
- (iv) The cost of self-constructed assets includes cost of materials plus any other directly attributable costs of bringing the assets to working condition for its intended use.
- (v) Fixed assets are valued at cost less accumulated depreciation amount.

B) DEPRECIATION

Depreciation has been provided at the relevant SLM rates prescribed in the Schedule XIV of the Companies Act 1956 or at a higher rate as per management opinion in respect of useful life of plant and machinery. The Company has provided Depreciation on the adjusted asset in pursuance of the option exercised by the Company as prescribed by the notification dated 31st March, 2009 issued by Ministry of Company Affairs on progressive basis.

C) REVENUE RECOGNITION

Revenue is recognised on accrual basis when no significant uncertainty as to determination or realization exists. Sales of power and steam accounted when the significant risk and reward of ownership of goods have been passed to the buyer and are accounted net of value added tax and rate difference, if any

D) INVENTORIES

Inventories being raw materials are valued at cost (on FIFO basis) or Net Realisable Value.



MEGHMANI ENERGY LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

E) FOREIGN CURRENCY TRANSACTIONS

- (i) Transactions in foreign currencies are recorded in Indian Rupees using the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, recorded monetary balances are reported in Indian Rupees at the rates of exchange prevailing at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit and loss account except as stated in point (iii).
- (ii) Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- (iii) In compliance with the notification dated March 31, 2009 issued by Ministry of Corporate Affairs, the Company has exercised option available under the newly inserted Paragraph 46 to the Accounting Standard 11. Accordingly the Company has capitalised the exchange rate difference pertaining to long term foreign currency monetary items which relates to depreciable capital asset on the basis of the notification. Foreign exchange fluctuation relating to previous years (net of taxes) has been adjusted to opening balance of profit & loss account.

F) BORROWING COSTS

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets till the date assets are ready for intended use. All other borrowing costs are charged to revenue account.

G) PRIOR YEAR EXPENSES AND INCOME

Transactions pertaining to period prior to Current Accounting Year are adjusted through prior year adjustments, if any.

H) EMPLOYMENT RETIREMENT BENEFIT

Contribution to Defined Contribution schemes such as Provident Fund, etc are charged to the Profit and Loss account as incurred.

I) ACCOUNTING FOR TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized if there is virtual certainty that sufficient future taxable income will be available against which such assets can be realized. Other deferred tax assets are recognized only to the extent where there is reasonable certainty of realization in future. Such assets are reviewed at each Balance sheet date to reassess realization.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been substantively enacted by the Balance Sheet date.

J) PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when it is more likely than not that an obligation will result in an outflow of resources.

Provisions are not discounted to their present value and are determined based on management's estimation of the obligation required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current management estimates.

A disclosure for a contingent liability is made where it is more likely than not that a present obligation or possible obligation would not result in or involve an outflow of resources.

MEGHMANI ENERGY LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

K) LEASES:

All leases are classified in to operating and finance lease at the inception of the lease. Leases that transfer substantially all risks and rewards from lessor to lessee are classified as finance lease and others being classified as operating lease.

There are no finance lease transactions entered in to by the company.

Rent Expense represents operating leases which are recognized as an expense in the statement of Profit and Loss Account.

4 AUDITORS' REMUNERATION

	F.Y.08-09 Rs. in Lacs	F.Y.07-08 Rs. in Lacs
Audit fees	0.44	0.22
Taxation fees	0.22	0.05
Total	0.66	0.27

5. The provision of retirement benefits has been carried out on actual basis and no actuarial valuation is carried out. Hence no provision as required by (AS-15) has been recognised during the year.

6. EARNING PER SHARE:

Particulars	31.03.2009	31.03.2008
Net Profit after tax attributable to shareholders	Rs. 3516132	Rs. (4578996)
Weighted average number of equity shares at the end of year	40,00,000	40,00,000
Nominal value of share	Rs. 10	Rs. 10
Basic / Diluted earning per share	Rs. 0.88	Rs. (1.14)

7. PROVISION FOR TAXATION

The Company has made provision for Minimum Alternate Tax for Rs.2.40 lacs and Rs.0.10 lac for FBT as per Income Tax Act for the year ended on 31st March, 2009.

8. DEFERRED TAX

The Company has been recognising the deferred tax assets / liabilities in the financial statements in accordance with AS- 22 "Accounting for Taxes on Income" issued by ICAI. During the year the company has charged to the profit and loss account with deferred tax liability of Rs (2.63) lacs (P. Y. Rs.11.88 lacs)

The particulars of deferred tax assets and liabilities are as under:

Particular	Rs. in Lacs	
	March 31, 2009	March 31, 2008
Deferred Tax Liabilities (Depreciation difference in respect of fixed assets)	9.26	11.88
Deferred Tax Assets (Expenditure debited to profit and loss account in current year but allowable for tax purpose in subsequent year)	15.37	5.12
Net Deferred Tax Assets/Liabilities	(6.11)	6.77

MEGHMANI ENERGY LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

Deferred tax Liability and deferred tax Assets are mainly represented by following components.

Particulars	Rs. in Lacs	
	March 31, 2009	March 31, 2008
Deferred Tax Liabilities (Depreciation difference in respect of fixed assets)	9.26	11.88
Deferred Tax Assets		
Bonus Payable (43B)	0.32	0.21
Preliminary Expense (35 D)	0.77	1.16
Prov.for Leave encashment (43B)	0.01	0
C/f losses and unabsorbed depreciation *	10.88	0
Tax on Exchange rate gain capitalised during the year	3.39	3.75
Net Deferred Tax Assets/Liabilities	(6.11)	6.77

* As per Management perception, the Company is likely to make profit and it is considered as virtual certainty.

9. FOREIGN EXCHANGE RATE DIFFERENCES:

The Company has opted for Notification No. GSR:225(E) issued by the Ministry of Corporate Affairs on March 31, 2009 in respect of accounting periods commencing on or after December 07, 2006 and ending on or before March 31, 2011. In accordance with this notification, the Company has debited Rs. 8.38 lacs (net of deferred tax Rs. 3.74 lacs) to the opening balance of Profit & Loss account in respect of prior years on account of exchange differences arising on reporting of long term foreign currency monetary items relating to fixed assets at rates different from those at which they are initially recorded during the period or reported in the previous year financial statements with corresponding effect given to Profit & Loss account.

In the current year, exchange loss of Rs. 253.11 lacs arising on reporting of long term foreign currency monetary items relating to fixed assets has been added to cost of fixed assets in accordance with the notification mentioned above. Had the company not opted for this notification, the profit for the year (PBT) would have been lower by Rs. 229.64 lacs after considering the adjustment of depreciation thereon of Rs. 23.48 lacs which is debited to Profit & Loss account.

10. SEGMENT REPORTING :

Company is in Power Generation business so there is no separate reportable segment as per Accounting Standard 17.

11. FINANCIAL DERIVATIVES:

The Company uses derivative contracts to manage its foreign currency exposures relating to the underlying transactions and firm commitments. The Company doesn't enter into any derivative instruments for trading or speculation purpose. The derivative contracts outstanding as on 31st March, 2009 are as under:

Sr. No.	Particulars	No. of contracts	Amount in USD (in lacs)	Amount in Rs. (lacs)
1	Option & Swap Contract (ECB)	1	22.92	1162.33

The amount of unhedged foreign exchange exposures as on 31.03.2009 is Nil.

MEGHMANI ENERGY LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

12. RELATED PARTIES DISCLOSURES:-

- Holding Company : Meghmani Organics Ltd.
- Relatives of Key Managerial Personnel (KMP) - Consultant : Mr. K M Patel
- Company in which key managerial personnel is interested : Meghmani Industries Ltd

Transaction with related parties during the year

(Rs. Lacs)

Transactions	Holding Co. (Meghmani Organics Limited)		Enterprises in which Directors & Key Managerial Personnel [KMP] have significant influence (Meghmani Industries Limited)		Relatives of Key Managerial Personnel	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Sales of Energy Produced	1515.20	225.54	518.86	65.87	NIL	NIL
Purchase of Capital Goods	52.61	8.41	NIL	NIL	NIL	NIL
Rent on Leasehold land	2.88	NIL	NIL	NIL	NIL	NIL
Unsecured loan received during the year	140.00	294.00	60.00	126.00	NIL	NIL
Interest on loan	70.37	25.93	30.04	10.99	NIL	NIL
Unsecured loan (balance o/s)	725.48	505.12	310.72	216.51	NIL	NIL
Professional Fees	NIL	NIL	NIL	NIL	NIL	0.54

13. The Company has no information regarding status of "Suppliers" regarding the status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosures if any relating to amounts paid at the year end together with interest paid/payable as required under the said Act have not been given.

14. Depreciation on fixed assets have been provided on straight line method at the rates prescribed under schedule XIV of the Companies act 1956

Depreciation on plant and machinery has been provided at a higher rate considering useful life of assets as per management estimate as under.

Plant and Machinery : Useful Life's 10Years, Rate of Depreciation 9.5 %

15. Additional information required under para 3, 4 (c) and 4 (d) of part II of Schedule VI of the Companies Act, 1956 are as under:

1) Licensed and Installed Capacity (in MW)

Particulars	Licensed Capacity	Installed Capacity
Power	3MW	3MW

Note:

Under the New Industrial Policy, No specific license is necessary for the manufacturing of the products mentioned above. The installed capacities are as per the certificates given by the Directors on which Auditors have relied.

MEGHMANI ENERGY LIMITED

NOTES FORMING PART OF ACCOUNTS (CONTD...)

2) Details of Turnover and production

Particulars	Production		Sales	
	Production	Captive Consumption	Sales	Sales (Rs. In Lacs)
Power(units)	18349121 (4311880)	4187216 (1034020)	14161905 (3277860)	849.72 (147.28)
Steam (MT)	114092.92 (30132.20)	68052.87 (16273.00)	44935.627 (13859.20)	1127.95 (138.39)

3) Value of Import on CIF basis NIL NIL

4) Expenditure in Foreign Currencies

Particulars	31.03.09 Rs.In Lacs	31.03.08 Rs in lacs
Consultancy Expenses	NIL	0.70
Interest on ECB Loan (incl.hedging diff)	103.02	39.78
Repayment of ECB Loan	102.94	NIL

5) Value of imported raw materials, stores and spares - NIL NIL

6) Value of indigenous raw materials, stores, components and spare parts consumed.

Details of Stock of Raw Material :

Item	Opening Stock		Closing Stock	
	Qty (MT)	Amt (in Lacs)	Qty (MT)	Amt (in Lacs)
Coal	159.28 (0.00)	7.04 (0.00)	182.80 (159.28)	6.40 (7.04)
Lignite	116.85 (0.00)	2.80 (0.00)	131.74 (116.85)	4.11 (2.80)

Raw Material Consumed (Imported and Indigenous)

Item	Indigenous 31.03.09		Imported 31.03.09	
	Qty in MT	Amt. in Lacs	Qty in MT	Amt. in Lacs
Coal	26904.05 (2,590.77)	1148.13 (111.01)	NIL NIL	NIL NIL
Lignite	3042.12 (4,078.68)	44.62 (53.72)	NIL NIL	NIL NIL

Signature to Schedule 1 to 15
For M/s Patel & Khandwala
Chartered Accountants
(M M Khandwala)
Partner
Membership No. 32472

For and on behalf of the Board

R M Patel - Director

L.K. Patel - Director

Place : Ahmedabad
Date : 22.05.2009

Place : Ahmedabad
Date: 22.05.2009



MEGHMANI ENERGY LIMITED

Cash Flow Statement for the period ended on 31st March, 2009 (Indirect Method)

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
A. Cashflow from Operating Activities		
Net Profit/(Loss) before Tax	2484587	(3510177)
Adjustment for :		
Depreciation	20003115	4185934
Interest Expense	21190857	3772448
Operating Profit before working capital changes	43678559	4448205
Adjustment for :		
Inventories	(66124)	(984436)
Debtors	(25386544)	(17251515)
Loans and Advances	1000068	4399249
Current Liabilities	(1230765)	(5821047)
Cash Generated from Operation	17995194	(15209544)
Direct Taxes Paid	(17000)	(10610)
Net Cash from Operating Activities	17978194	(15220154)
B. Cash Flow from Investment Activities		
Purchase of Fixed Assets	(18183028)	(119951880)
Deferred Revenue Expenses written off	-	501040
Net Cash used in Investing Activities	(18183028)	(119450840)
C. Cash Flow from Financing Activities		
Interest Charges	(12628792)	(3772448)
Proceeds from Long Term Borrowing (unsecured)	20000000	145154936
Repayment of Loan	(10293734)	-
Net cash used in Financing Activities	(2922526)	141382488
Net Increase/(Decrease) in Cash and Cash Equivalent	(3127360)	6711494
Cash on hand- Opening Balance	184732	22526
Bank Balance- Opening Balance	8749408	2200120
Total - Cash on hand - Opening Balance	8934140	2222646
Cash on hand- Closing Balance	47123	184732
Bank Balance- Closing Balance	5759657	8749408
Total - Cash on hand - Closing Balance	5806780	8934140

MEGHMANI ENERGY LIMITED

Cash Flow Statement for the period ended on 31st March, 2009 (Indirect Method)

Notes to the cash flow statement for the year ended on 31.03.2009

- (1) The Cash flow statement has been prepared in accordance with requirements of Accounting Standard - 3 "Cash flow statement" issued by the Institute of Chartered Accountant of India.
- (2) Figures in brackets indicate cash outflow.

**As per our attached report of even date
For M/s Patel & Khandwala
Chartered Accountants
(M M Khandwala)
Partner
Membership No. 32472**

**Place : Ahmedabad
Date : 22.05.2009**

For and on behalf of the Board

R M Patel - Director

L.K. Patel - Director

**Place : Ahmedabad
Date: 22.05.2009**



MEGHMANI ENERGY LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration Details Registration No. Status Code Balance Sheet Date	U40105GJ2006PLC048974 04 31st March 2009
II	Capital raised during the year (Amount Rs. in Thousands) Public Issue Right Issue Bonus Issue Private Placement	 NIL NIL NIL NIL
III	Position of Mobilization and Development of Funds (Amount Rs. in Thousands) Total Liabilities Total Assets Source of Funds Paid up Capital Reserves & Surplus Secured Loans Unsecured Loans Deferred Tax Liability Application of Funds Net Fixed Assets Capital Work in process Investments Deferred Tax Assets Net Current Assets Miscellaneous Expenditure Accumulated Losses	 259854 259854 40000 - 116233 103621 - 221659 - - 611 35684 - 1901
IV	Performance of Company (Amount Rs. in Thousands) Turnover (Including other income) Total Expenditure Profit before tax Profit after tax Earning per Share (Equity) (Annualised) Dividend Rate	 197766 195281 2485 3516 0.88 NIL
V	General Names of Products / Services of Company Generation of Power ITC Code	 N.A.

As per our attached report of even date
For M/s Patel & Khandwala
Chartered Accountants
(M M Khandwala)
Partner
Membership No. 32472
Place : Ahmedabad
Date : 22.05.2009

For and on behalf of the Board

R M Patel - Director

L.K. Patel - Director

Place : Ahmedabad
Date: 22.05.2009



MEGHMANI FINECHEM LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Jayanti M Patel
Ashish N Soparkar
Natwarlal M Patel
Ramesh M Patel
Anand I Patel
Chinubhai R Shah
Balkrishna T Thakkar

REGISTERED OFFICE

Plot No.CH1/CH2,
Dahej GIDC Industrial Estate,
Opp.Luna Chemical, Dahej,
Dist. Bharuch 392 130.
Gujarat ,India.
helpdesk@meghmani.com

PLANT LOCATION

CHLOR - ALKALI COMPLEX & POWER PLANT

Plot No.CH1/CH2,
Dahej GIDC Industrial Estate,
Opp.Luna Chemical, Dahej,
Dist. Bharuch 392 130.
Gujarat ,India
helpdesk@meghmani.com

PRINCIPAL BANKERS

State Bank of India,
Lal Darwaja,
Bhadra, Ahmedabad.

Bank of Maharashtra
Bhadra Branch,
Mavalankar Haveli,
Vasant Chowk, Ahmedabad

Bank of India
BOI Bldg,
2nd Floor, Bhadra, Ahmedabad

The Karur Vysya Bank Ltd
Motilal Centre,
Ashram Road,
Near Income Tax Circle, Ahmedabad.

MEGHMANI FINECHEM LIMITED

State Bank of Bikaner & Jaipur
Empire Tower,
Panchwati, Navrangpura, Ahmedabad.

International Finance Corporation
2121 Pennsylvania Avenue, N.W.
Washington D.C. 20433
United States of America.

AUDITORS

M/s Patel & Khandwala
204, Akik,
Opp. Lions Hall,
Mithakhali, Ahmedabad

MEGHMANI FINECHEM LIMITED

DIRECTORS' REPORT

To,
The Members,
Meghmani Finechem Limited

The Directors hereby present their Second Annual Report of the Company together with the Audited Financial Accounts for the year ended on 31st March 2009.

The Company was incorporated on 11th September, 2007 as a subsidiary company of Meghmani Organics Limited. Meghmani Organics Limited holds 57% of equity shares.

The implementation of Caustic Chlorine Project will be fully completed by 30th June, 2009 and hence no profit and loss account for the financial year ended on 31st March, 2009 has been prepared.

The Company has raised the resources for total project cost of Rs. 555 Crores by way of equity contribution of Rs. 185 Crores from International Finance Corporation (IFC), Meghmani Organics Limited (MOL) and Promoters of MOL and Rs. 370 Crores by way of term loan of Rs. 80 Crores from International Finance Corporation (IFC) and Rs. 290 Crores from Consortium banks viz., State Bank of India (SBI), State Bank of Bikaner & Jaipur (SBBJ), Bank of Maharashtra (BOM), Bank of India (BOI) and Karur Vysya Bank (KVB).

Issue of share Capital:-

During the year, IFC subscribed to 43,08,813 Equity shares of Rs. 10/- each at a premium of Rs. 20/- per share.

Subscription by Promoters:-

The Promoters and their immediate family (sponsor) has also paid their tranches to make fully paid 11,000,000 Equity shares of Rs. 10/- each at a premium of Rs. 20/- per share.

Borrowings:-

The Company has fully withdrawn the External Commercial Borrowing Term Loan of Rs. 80 Crores (USD 20 million) from IFC and Rs. 240 Crores of term loan from Consortium of Indian bankers.

Dividend:-

Since the Company has not commenced any commercial activity, the Directors do not recommend any Dividend for the financial year.

FIXED DEPOSITS:-

The Company has not accepted the fixed deposits during the year under report.

DIRECTORS' RESPONSIBILITY STATEMENT:-

In compliance of Section 217 (2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000, the Directors of your Company confirm:

- that the applicable accounting standards have been followed in the preparation of final accounts and that there are no material departures;
- that appropriate accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at March 31, 2009 and of the profit of the Company for the year ended on March 31, 2009;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual accounts have been prepared on a going concern basis.

MEGHMANI FINECHEM LIMITED

EMPLOYEE RELATIONS & PARTICULARS OF EMPLOYEE

The Company has not employed any individual whose remuneration falls within the purview of limits prescribed under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS

M/s. Patel & Khandwala, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. J M Patel, Mr. Ashish Soparkar and Mr. N M Patel are retiring by rotation at this Annual General Meeting and being eligible offer themselves for reappointment.

To comply with the listing requirements of holding Company Viz., Meghmani Organics Limited (MOL) and Shareholders' agreement executed with IFC the Company has appointed two directors Mr. Chinubhai R Shah and Mr. B T Thakkar as independent directors from the Board of MOL.

ENERGY, TECHNOLOGY, AND FOREIGN EXCHANGE

The Company has not commenced any commercial activity during the year and hence the Company has not disclosed the information to be disclosed:-

- 1) under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report Of Board Of Directors) Rules, 1988
- 2) Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and
- 3) other particulars of Directors Report

ACKNOWLEDGEMENT

Your directors express their sincere thanks to all customers, vendors, investors, bankers, insurance companies, consultants, contractors and advisors for their continued support in implementation of the project.

Your Directors sincerely acknowledge the contribution made by all the employees for their dedicated services to the Company.

**For and on behalf of Board
Meghmani Finechem Limited**

**J. M. Patel
Director**

**Place: - Ahmedabad
Date : - 23.05.2009**



MEGHMANI FINECHEM LIMITED

AUDITORS' REPORT

To,
The Members of
MEGHMANI FINECHEM LIMITED
Ahmedabad

1. We have audited the attached Balance Sheet of **MEGHMANI FINECHEM LIMITED** as at March 31, 2009 and also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

No Profit and Loss Account has been prepared since the company is yet to commence its revenue operations and the necessary details as per part II of schedule VI to the Companies Act 1956 have been disclosed in Note No. 1 of Schedule "Revenue Expenditure incurred during the Construction Period".

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet and Cash Flow Statement dealt with by this report are in agreement with the books of accounts,
 - iv) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) On the basis of the written representations received from the Directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009; and
 - b) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

**For M/s. PATEL & KHANDWALA
CHARTERED ACCOUNTANTS**

**M. M. Khandwala
PARTNER
MEMBERSHIP NO. 32472**

**Place: - Ahmedabad
Date : - 23.05.2009**

MEGHMANI FINECHEM LIMITED

Balance Sheet as at 31st March, 2009

Particulars	Sch. No.	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	615,499,990	484,411,860
Reserves and Surplus	2	1,229,999,980	941,423,720
		1,845,499,970	1,425,835,580
Loan Funds			
Secured Loans	3	3,609,442,240	-
Unsecured Loans	4	-	40,757,299
		3,609,442,240	40,757,299
TOTAL		5,454,942,210	1,466,592,879
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		323,222,450	146,814,939
Less: Depreciation		5,413,655	2,168,279
Net Block		317,808,795	144,646,660
Capital Work in progress		4,257,879,976	390,413,656
		4,575,688,771	535,060,316
Investments	6	404,164,414	40,010,000
Deferred Tax Assets		-	1,314,696
Current Assets, Loans and Advances			
Inventories	7	15,401,598	-
Sundry Debtors	8	-	-
Cash and Bank Balances	9	81,678,553	281,227,860
Loans and Advances	10	720,111,261	639,013,349
Total Current Assets		817,191,412	920,241,209
Less : Current Liabilities & Provisions			
Liabilities	11	341,932,110	29,846,715
Provisions	12	170,277	186,627
Total Current Liabilities		342,102,387	30,033,342
Net Current Assets		475,089,025	890,207,867
TOTAL		5,454,942,210	1,466,592,879
Notes forming parts of Accounts	13		

As per our attached report of even date
For M/s Patel & Khandwala
Chartered Accountants
(MM Khandwala)
Partner
Membership No. 32472

For and on behalf of the Board

J. M. Patel - Director
A. N. Soparkar - Director
N. M. Patel - Director

Place : Ahmedabad
Date : 23.05.2009

Place : Ahmedabad
Date : 23.05.2009



MEGHMANI FINECHEM LIMITED

Schedule 1 to 12 annexed to and forming part of the Balance Sheet as on March 31, 2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule - 1 - SHARE CAPITAL		
Authorised Share Capital :		
75000000 Equity Shares of Rs. 10/- each	750,000,000	750,000,000
2500000 Preference Shares of Rs. 100/- each	250,000,000	250,000,000
	1,000,000,000	1,000,000,000
Issued Subscribed and Paid Up Share Capital :		
61549999 (PY 46241186) Shares of Rs. 10/- Each Fully paid up	615,499,990	462,411,860
(PY 110000000 Equity Shares of Rs. 10/- Each Partly paid up Rs.2/- each per share)	-	22,000,000
Total	615,499,990	484,411,860
Of the above:-		
(1) 50,000 Equity Shares of Rs. 10/- Each Fully paid up subscribed by Promoters on formation of Company.		
(2) 35,133,333 Equity Shares of Rs. 10/- Each Fully paid up were issued to Meghmani Organics Limited		
(3) 15,366,666 Equity Shares of Rs. 10/- Each Fully paid up were issued to International Finance Corporation, Washington		
(4) 11,000,000 Equity Shares of Rs. 10/- Each Partly paid up were issued to Promoters and their immediate relatives.		
Schedule - 2 - RESERVES AND SURPLUS		
Share Premium Account	1,229,999,980	941,423,720
Total	1,229,999,980	941,423,720
Schedule - 3 - SECURED LOANS		
Term Loans		
From Banks		
In Indian currency	2,740,000,000	-
From Financial Institutions		
In Foreign currency	869,442,240	-
Total	3,609,442,240	-

Notes:

- The Company has been sanctioned a Rupee Term Loan of Rs. 290 Crores from Consortium of Indian Banks as under:-

State Bank of India	:-	Rs.	100/- Crores
Bank of India	:-	Rs.	55/- Crores
Bank of Maharashtra	:-	Rs.	60/- Crores
State Bank of Bikaner & Jaipur	:-	Rs.	40/- Crores
Karur Vysya Bank	:-	Rs.	35/- Crores

		Rs.	290/- Crores

MEGHMANI FINECHEM LIMITED

Schedule 1 to 12 annexed to and forming part of the Balance Sheet as on March 31, 2009

2. The Company has also availed a Foreign Exchange term loan by way of External Commercial Borrowing of US \$ 20 million (Rs. 80/- Crore) from International Finance Corporation (IFC), Washington, USA.
3. The Company has executed a Joint Deed of Hypothecation on 19.05.2008 with State Bank of India in its capacity as Security Trustee for the lenders State Bank of India (SBI), Bank of India (BOI), Bank of Maharashtra(BOM) State Bank of Bikaner and Jaipur (SBBJ) and Karur Vysya Bank (KVB) to secure Rupee term loan of Rs. 290 Crores.
4. The Company has also executed Unattested Memorandum of Hypothecation on 11.12.2008 in favour of International Finance Corporation (IFC), Washington, USA represented by State Bank of India in its capacity as Security Trustee to secure Foreign Exchange term loan by way of External Commercial Borrowing of US \$ 20 million (Rs. 100/- Crore) by way of creating First Pari Passu charge on all movable properties and Second Pari Passu Charge on all Current Assets of the Company.
5. The indenture of mortgage on immovable properties of the Company situated at Plot NO. CH 1 and CH 2 has been created on 11.12.2008 with State Bank of India as Trustee for the lenders viz., SBI, BOI, BOM, SBBJ, KVB and IFC to secure Indian and Foreign Term Loan (by way of ECB) of Rs. 390 Crore.

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule - 4 - UNSECURED LOANS		
From Corporate - Meghmani Organics Ltd.	-	40,757,299
Total	-	40,757,299

Schedule 1 to 12 annexed to and forming part of Balance Sheet as on 31st March, 2009

Sr. No.	Particulars	Gross Block				Depreciation / Amortisation			Net Block		
		Opening	Addition	Deduction	Closing	Opening	Provision for the year	Deduction	Closing	Closing Balance 31.03.2009	Closing Balance 31.03.2008
A	Tangible Assets										
1	Leasehold Land	134,954,488	13,081,261	-	148,035,749	1,363,175	1,414,742	-	2,777,917	145,257,832	133,591,313
2	Buildings	777,932	8,196,781	-	8,974,713	67	219,925	-	219,992	8,754,721	777,865
3	Plant & Machinery	-	54,344	-	54,344	-	5,338	-	5,338	49,006	-
4	Furniture & Fixtures	285,013	5,323,615	-	5,608,628	942	144,695	-	145,636	5,462,992	284,071
5	Vehicles	10,427,124	4,251,613	-	14,678,737	803,561	1,199,022	-	2,002,584	12,676,153	9,623,563
6	Other Equipments	370,382	4,876,842	-	5,247,224	533	261,655	-	262,188	4,985,036	369,849
	Sub Total - A	146,814,939	35,784,456	-	182,599,396	2,168,279	3,245,377	-	5,413,655	177,185,740	144,646,660
B	Intangible Assets										
1	GIDC Infrastructure Usage Right	-	140,623,054	-	140,623,054	-	-	-	-	140,623,054	-
	Sub Total - B	-	140,623,054	-	140,623,054	-	-	-	-	140,623,054	-
	Total - A & B	146,814,939	176,407,510	-	323,222,450	2,168,279	3,245,377	-	5,413,655	317,808,794	144,646,660
	Capital work in Progress	276,398,854	3,556,810,453	-	3,833,209,306	-	-	-	-	3,833,209,306	276,398,854
	Exp. Incurred during Construction Period	114,014,802	310,655,868	-	424,670,670	-	-	-	-	424,670,670	114,014,802
	Total	537,228,595	4,043,873,831	-	4,581,102,426	2,168,279	3,245,377	-	5,413,655	4,575,688,771	535,060,316
	Previous Year		537,228,595	-	537,228,595	-	2,168,279	-	2,168,279	535,060,316	-



MEGHMANI FINECHEM LIMITED

Schedule 1 to 12 annexed to and forming part of the Balance Sheet as on March 31, 2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Schedule - 6 - INVESTMENTS (At Cost)		
Government Securities		
National Saving Certificate	10,000	10,000
Total	10,000	10,000
Other Current Investment		
Principal Mutual Fund (No of Units-4993857.55 with a face Value of Rs. 10.0123)	50,000,000	-
JM High Liquidity Fund (No of Units-4998980.514 with a face value of Rs. 10.053)	50,016,300	-
ING Liquid Plus (No of Units-4999943.434 with a face value of Rs. 10.0033)	50,015,934	-
Canara Robeco Income Fund (No of Units-5922934.069 with a face value of Rs. 17.5708)	104,070,699	-
Birla Sunlife Liquid Plus (No of Units-4998245.774 with a face value of Rs. 10.0068)	50,016,446	-
DSPBR Liquidity Fund (No of Units-49959.511 with a face value of Rs. 1000.9509)	50,019,234	-
DSPML Cash Plus Fund (No of Units-39285.622 with a face value of Rs. 1018.1842)	-	40,000,000
Kotak Liquid Fund (No of Units-4961983.48 with a face value of Rs. 10.0798)	50,015,801	-
	404,154,414	40,000,000
Aggregate market value of quoted investment Rs.4041.54 lacs		
Aggregate cost of unquoted investment Rs. 0.10 lacs		
Note: Purchase and sale of investment during the year has been shown as parts of Notes to the Accounts		
Total	404,164,414	40,010,000
Schedule - 7 - INVENTORIES		
(As taken, valued and certified by the Management)		
Raw materials	14,768,303	-
Stores Spares & others	6,33,296	-
Total	15,401,599	-
Schedule - 8 - SUNDRY DEBTORS		
(Unsecured and considered good)		
Exceeding Six Month	-	-
Others	-	-
Total	-	-

MEGHMANI FINECHEM LIMITED

Schedule 1 to 12 annexed to and forming part of the Balance Sheet as on March 31, 2009

Particulars	31.03.2009 Rs.	31.03.2008 Rs.
Schedule - 9 - CASH AND BANK BALANCES		
Cash on hand	29,811	28,243
Balance with Schedule Banks		
In Current account	61,410,427	276,256,388
In Deposit Account	20,238,315	4,943,229
Total	81,678,553	281,227,860
Schedule - 10 - LOANS AND ADVANCES		
(Unsecured Considered good)		
Balance with Central excise	475,361,900	32,486,600
Deposits	2,015,114	5,184,356
Other Current Assets	47,604,035	15,650
Advance Payment to vendors	195,130,212	601,326,743
Total	720,111,261	639,013,349
Schedule - 11 - CURRENT LIABILITIES		
Current Liabilities		
Sundry Creditors	310,357,695	16,231,946
Call in Advance	-	400,000
Other liabilities	31,574,415	13,214,769
Total	341,932,110	29,846,715
Schedule - 12 - PROVISIONS		
Provision for Leave Encashment	412,715	
Provision for Gratuity	(242,438)	
FBT provision for the FY 2008-09	-	186,627
Total	170,277	186,627

Schedule - 13

NOTES FORMING PART OF ACCOUNTS

1. BASIS FOR PREPARATION OF ACCOUNTS

The Financial statements have been prepared to comply with all material aspects in respect with the notified Accounting Standard by Companies Accounting Standard Rules, 2006 and the relevant provision of the Companies Act, 1956.

2. USE OF ESTIMATES

The preparation of financial statements are in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

a) REVENUE RECOGNITION

- 1) Revenue is recognised on accrual basis when no significant uncertainty as to determination or realization exists.
- 2) Other Income and Expenditure are recognised and accounted on accrual basis.
- 3) Interest Income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- 4) Dividend income is recognised on the basis of dividend declared by the companies.

b) FOREIGN CURRENCY TRANSACTIONS

- i. Transactions in foreign currencies are recorded in Indian Rupees using the rates of exchange prevailing on the dates of the transactions. Foreign currency Assets and Liabilities are stated at the exchange rates prevailing at the date of Balance sheet. The resulting gain or loss is appropriately recognised in the statement of expenditure during the construction period except for the exchange difference arising on the reporting of long term foreign currency monetary items relating to fixed assets, where the same is adjusted to fixed assets or capital work in progress in accordance with notification no. GSR-225 (E) issued by Ministry of Corporate Affairs as on 31.3.09.
- ii. Non monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

c) FIXED ASSETS

- (i) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and Cenvat Credit availed.
- (ii) Fixed assets in the course of work-in-progress for production or administrative purposes are carried at cost less any impairment loss. Work in Progress includes expenditure pending for capitalization.
All costs relating to the acquisition and installation of fixed assets are capitalized and include borrowing cost directly attributable to construction or acquisition of fixed assets upto the date asset is ready for put to use.
- (iii) The cost of self-constructed assets includes cost of materials plus any other directly attributable costs of bringing the assets to working condition for its intended use.

MEGHMANI FINECHEM LIMITED

Notes Forming Part of Accounts (Contd...)

d) DEPRECIATION

Except for leasehold land and Capital work-in-progress & other assets as stated below depreciation is charged on straight line method (SLM) as per rates prescribed under schedule XIV of the Companies Act 1956.

Leasehold land is amortized over the available balance lease period.

Depreciation is not provided on capital work-in-progress.

Intangible assets are to be amortised within five years from the date of use.

e) INVESTMENTS

Long term investments are stated at cost less amount written off, where there is a permanent diminution in its value. Current investments are stated at lower of cost and fair value. Gain or loss arising from sale or disposal of such investment is accounted at the time of actual sale or disposal.

f) INVENTORIES

Raw Material is valued at cost (net of cenvat) or net realisable value whichever is less. Stock of stores & spares are valued at cost (net of cenvat).

g) BORROWING COSTS

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such asset till such assets are ready for intended use.

h) EMPLOYEE RETIREMENT BENEFIT

Contribution to Defined Contribution schemes such as Provident Fund, etc are charged to the Profit and Loss account as incurred. The Company also provides for retirement / post-retirement benefits in the form of gratuity and leave encashment. Such benefits (Defined benefit plans) are provided for based on valuations, as at the balance sheet date, made by independent actuaries. Termination benefits are recognized as an expense as and when incurred.

i) CENVAT CREDIT

CENVAT Credit of Capital Goods and Consumables is accounted at the time of purchase and such CENVAT credit is shown as balance lying with Excise Authority.

4. The Company expects to complete implementation of the project. Hence, during the period the Company has not carried out any commercial activity and no revenue has been generated. Therefore the Company has not prepared Profit & Loss account for the year.
5. No Profit & Loss Account has been prepared since the Company has not commenced revenue operations. The expenditure incurred during the construction period are classified as "Expenditure incurred during the construction period" pending capitalization and will be apportioned to the assets on the completion of the Project. Necessary details as per part II of Schedule VI to the Companies Act, 1956 are as under:

Expenditure Incurred during Construction Period (included under Capital Work in Progress):

	Rs.
Opening Balance	114,014,802
Add: Excess Provision written back	<u>1,151,981</u>
	115,166,783

MEGHMANI FINECHEM LIMITED

Notes Forming Part of Accounts (Contd...)

Add: (i) Trial Run Expenses	Rs.	
Consumption of Raw Material	1,244,134	
Purchase related Expenses	1,738,146	
Water Charges	3,583,427	
Power & Fuel Expenses	7,840,280	
Hiring & Service charges	2,321,261	
Other Expense	3,540,430	
	20,267,678	
(ii) Payment to and Provision for Employees		
Salaries Wages & Bonus	24,586,395	
Contribution to Statutory Fund	653,840	
Other Employees Welfare Expenses	3,935,546	
	29,175,781	
(iii) Administrative Expenses		
Insurance	2,158,050	
Rent Rates & Taxes	2,028,204	
Repairs & Maintenance	182,850	
Legal & Professional Fees	41,455,171	
Traveling & Conveyance	5,343,136	
Communication Expenses	959,905	
Security Charges	2,328,145	
Electricity Expenses	2,229,796	
Other Admin Expenses	3,288,213	
Audit fees	250,000	
	60,223,470	
(iv) Financial Charges		
Interest	198,561,636	
Other Financial charges	15,644,640	
	214,206,276	
(v) Depreciation	3,245,377	
(vi) Fringe Benefit Tax	600,000	
	327,718,582	
Less: Income		
(i) Interest received	150,0153	
(ii) Dividend received	16,433,168	
(iii) Other income	281,374	
	18,214,695	
Net Expenditure incurred during the year		309,503,887
Closing Balance		424,670,670

MEGHMANI FINECHEM LIMITED

Notes Forming Part of Accounts (Contd...)

6. SHARE CAPITAL

The Company has issued Equity Shares to Promoters, immediate family members of Promoters and Financial Institution as under:

- 1) 43,08,813 Equity Shares of Rs. 10/- each at a premium of Rs. 20/- each were issued to International Financial Corporation, Washington and
- 2) 11,000,000 Equity Shares of Rs. 10/- each at a premium of Rs. 20/- each were issued to Promoters and their immediate family members as partly paid are now fully paid up.

7. CONTINGENT LIABILITIES

Contingent liabilities in respect of Bank Guarantee of Rs. 202.38 lacs (P.Y. Rs.49.22 Lacs) and in respect of Letter of Credit opened and outstanding with Bank of Rs. 700.00 Lacs (P.Y. Rs.6907.89 Lacs) are not provided for in the accounts.

8. RETIREMENT BENEFITS

As per revised Accounting Standard 15 (AS-15) "Employees Benefits" issued by The Institute of Chartered Accountants of India, the company has recognized in the financial statements in respect of Employee Benefits Schemes as per Actuarial Valuation as on 31st March 2009.

Components of Employer Expenses:

	Gratuity Rs.	Leave Encashment Rs.
Current Service Cost	338,987	209,608
Interest on obligation	4,447	4,177
Expected return on plan assets	(40,339)	-
Net Actuarial losses (gain) recognized in year	53,175	57,576
Net Liability recognized in Profit & Loss A/c.	356,270	271,361

Net Asset/(Liability) recognized in Balance Sheet as at 31st March, 2009

Present value of funded obligations	677,763	-
Fair value of plan assets	677,763	-
Present value of unfunded obligations	(242,438)	-
Net liability/(assets) recognised in the Balance Sheet	(242,438)	-

MEGHMANI FINECHEM LIMITED

Notes Forming Part of Accounts (Contd...)

Change in Defined Benefit Obligation during the year ended 31st March 2009

	Gratuity Rs.	Leave Encashment Rs.
Present Value of obligation as at 31st March 2008	(162,715)	52,539
Net Liability	356,270	271,361
Contribution/Benefit Paid	435,993	49,376
Closing value of net liability	(242,438)	274,524

Changes in the Fair value of Plan Assets

Present Value of Plan Assets as at 31st March, 2008	218,651	-
Expected Return on Plan Assets	40,339	-
Actuarial Gain/(Loss)	(17,220)	-
Actual Company Contribution		
Benefit Paid	435,993	-
Fair Value of Plan Assets as at 31st March, 2009	677,763	

Actuarial Assumption

Discount Rate (per annum)	7.95%	7.95%
Expected Return on assets (per annum)	9.00%	-
Annual Increase in Salary cost (per annum)	6.00%	6.00%

9. AUDITORS REMUNERATION

Rs. In Lacs

Particulars	31.03.09	31.03.08
Audit Fees	1.65	0.11
Taxation Fees	0.28	0.11
Certification	0.83	0.56
Total	2.76	0.78

10. FOREIGN EXCHANGE RATE DIFFERENCE

The Company has opted for notification no.GSR 225(E) issued by the Ministry of Corporate Affairs as on 31.3.09 in respect of accounting period commencing on or after Dec 7,2006 and ended on March 31,2011. In accordance with this notification the company has credited Rs.1.48 lacs (net of deferred tax) as income to the statement of expenditure during construction period in respect of prior year on account of exchange difference arising on reporting of long term foreign currency monetary items relating to fixed assets. In current year,exchange loss of Rs.1362.27 lacs arising on reporting of long term foreign currency monetary items relating to fixed assets has been added to the cost of fixed asset under construction in accordance with the above notification.

11. FINANCIAL DERIVATIVES

The Company uses derivative contract to manage its foreign currency exposure relating to its underlying transactions and commitments. The company doesn't enter into any derivative instrument for trading or speculation purpose.

MEGHMANI FINECHEM LIMITED

Notes Forming Part of Accounts (Contd...)

The derivative contracts outstanding as on 31st March 2009 are as under:

Particulars	No of Contracts	Amount in USD (in Lacs)	Amount in INR (in Lacs)
Option & Swap Contract (ECB)	3	171.42	8694.42

12. PROVISION FOR TAXATION

- (i) As the Company has not recognised any revenue, no income tax provision has been made.
- (ii) The Company has made Fringe Benefit Tax (FBT) Provision of Rs. 6.00 lacs for the year ended 31st March 2009 (Previous Year Rs.1.87 Lacs).

13. DEFERRED TAX

The Company has not recognised any deferred tax assets / liabilities in the financial statement in accordance with AS-22 "Accounting for Taxes on Income" issued by ICAI. The deferred tax resulting from "timing differences" between taxable and accounting difference does not arise as company has not commenced its production and is in the stage of construction as on 31.03.2009.

14. SEGMENT REPORTING

The Company's activities during the year revolve around setting up of the project (refer note 5 above). Considering the nature of company's business and operations, there are no separate reportable segments (business and / or geographical) in accordance with the requirement of Accounting Standard-17 (AS-17) - 'Segment Reporting', notified in the Companies (Accounting Standards) Rules 2006.

15. RELATED PARTIES DISCLOSURES :-

- Holding Company : Meghmani Organics Limited
- Enterprises in which Directors & KMP have significant influence : Meghmani Energy Limited
Meghmani Infrastructures

Transaction with related parties:

Rs. In Lacs

Particulars	Transaction with Holding Company	Transaction with Enterprises in which Directors & KMP have significant Influence	Total
Year ended 31st March 2009			
Unsecured Loan taken from Meghmani Organics Limited	2967.67	Nil	2967.67
Payment made on behalf of the Company by Meghmani Organics Ltd.	23.25	Nil	23.25
Unsecured Loan repaid (including opening bal. of Rs.407.57 lacs) to Meghmani Organics Ltd.	(3398.49)	Nil	(3398.49)
Purchase of Services from Meghmani Infrastructures	Nil	1978.14	1978.14
Year ended 31st March 2008			
Advance paid for Goods	Nil	2.82	2.82
Interest payable	526.99	Nil	526.99

MEGHMANI FINECHEM LIMITED

Notes Forming Part of Accounts (Contd...)

Outstanding with related parties:

Rs. In Lacs

Particulars	Transaction with Holding Company	Transaction with Enterprises in which Director & KMP have significant Influence	Total
As at 31st March 2008	407.57	2.82	410.39
As at 31st March 2009	Nil	124.27	124.27

16. The Company has called for balance confirmation of Debtors and Creditors on random basis. Out of which the Company has received response from some of the parties, which are reconciled with Company's account. The other balances of Debtors and Creditors are subject to confirmation.
17. The estimated amount of contracts remaining to be executed on capital accounts of Rs. 3973.23 Lacs (P.Y. Rs.19677.49 Lacs) is not provided for.
18. The Company has incurred borrowing cost of Rs.2664.14 lacs on qualifying assets till the year ending 31st March 2009, being project of the company under implementation the same has been shown as part of expenses incurred during construction period, included in capital work in progress and would be capitalised on completion of project.
19. The Company has not received any intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure if any relating to amounts paid as at the end of the year together with the interest paid/payable as required under the said act have not been given.
20. Particulars of Investments Purchased and Sold during the year:

<u>Name of Mutual Fund</u>	<u>Face Value (Rs.)</u>	<u>No.of Units</u>	<u>Purchase Amount (Rs.)</u>
DSPML Cash plus Fund	1,018.18	39,286	40000000
Principal Mutual Fund	10.02	14,963,041	150000000
Principal Mutual Fund	10.01	9,987,715	100000000
Principal Mutual Fund	12.69	3,941,129	50000000
Kotak Flexi Debt Fund	10.0475	9,952,725	100000000
SBI-Premier Liquid Fund	10.03	11,961,126	120000000
DSPML Liquid Plus- Ip	1,000.80	49,960	50000000
ICICI Prudential Flexible Inc.Plan	10.57	6,620,324	70000000
Fidelity Liquid Plus Fund	10.00	9,997,501	100000000
Mirae Asset Liquid Plus	1,001.40	49,930	50000000
Mirae Asset Liquid Plus	1,000.71	149,893	150000000
JM High Liquidity Fund	10.43	9,587,544	100000000
JM High Liquidity Fund	10.43	19,175,088	200000000
Sundaram Bnp Paribas Liquid Plus	10.03	14,962,594	150000000
SBI Magnum Insta Cash Fund	16.75	23,880,169	400000000
UTI Bond Fund	26.78	746,938	20000000
ING Liquid Plus	10.00	29,990,103	300000000
Reliance Liquid Plus Fund	1,001.14	149,830	150000000

MEGHMANI FINECHEM LIMITED

Notes Forming Part of Accounts (Contd...)

21. The Company has operating lease for premises which are renewable on periodic basis and cancellable at its option. Rental expenses for operating lease are charged to statement of expenditure during construction for the year Rs. 1.19 lacs and (P.Y.0.59 lacs) Pertains to period not later than one year.

1. Additional information required under para 3, 4 (c) and 4 (d) of part II of Schedule VI of the Companies Act, 1956 are as under :

1) Licensed and Installed Capacity

Particulars	Unit	Licensed Capacity	Installed Capacity
Caustic Soda	MT	201,600	119,000
Chlorine Gas	MT	178,620	105,435
Hydrogen Gas	MT	5,040	2,975
Dilute Sulphuric Acid	MT	69,120	40,800
Sodium Hypochlorite	MT	16,200	9,563
Captive Power Plant	MW	378,000	336,000

2) Details of Expenditure in Foreign Currency (Rs. in Lacs)

Particulars	31.03.2009	31.03.2008
Loan Processing charges (IFC)	10.32	4.02
Interest on ECB loan (IFC)	382.24	16.33
Other Expenses Including Capital Expenditure	8296.07	937.92
Foreign Travelling	7.48	Nil
Repayment of loan	Nil	1,253.07
Total	8696.11	2,211.34

3) Value of Imported and Indigenous Raw Materials, Stores, Components and Spare Parts Consumed Nil

Signature to schedule 1 to 13
For M/s Patel & Khandwala
Chartered Accountants
(Mukesh M Khandwala)
Partner
Membership No. 32472

For and on behalf of the Board
J. M. Patel - Director
A. N. Soparkar - Director
N. M. Patel - Director

Place : Ahmedabad
Date: 23.05.2009

Place : Ahmedabad
Date: 23.05.2009



MEGHMANI FINECHEM LIMITED

Cash Flow Statement for the year ended 31st March, 2009

Particulars	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
A Cashflow from Operating Activities		
Net Profit Before Tax and Prior Period Adjustment	-	-
Adjustment for :		
Depreciation	-	-
Loss on Sale of Fixed Assets (Net)	-	-
Operating Profit before working capital changes	-	-
Adjustment for:		
Inventories	(15,401,598)	-
Loans and Advances	(487,294,443)	-
Current Liabilities	16,906,893	-
Cash Generated from operation	(485,789,149)	-
Direct Taxes Paid	(786,627)	-
Net Cash from operating activities	(486,575,776)	-
B. Cash flow from Investment Activities		
Purchase of Fixed Assets	(2,884,430,133)	(1,030,025,521)
Expenditure incurred during the construction period	(134,493,760)	(115,329,498)
Purchase of Investment	(3,277,843,519)	(40,010,000)
Sale of Investment	2,913,965,699	
Dividend Received	16,433,168	
Net Cash Used in Investing Activities	(3,366,368,545)	(1,185,365,019)
C. Cash flow from financing Activities		
Dividend paid	-	-
Tax on dividend	-	-
Interest and Finance Charges Paid	(187,525,172)	-
Bank Borrowing (Term Loan)	3,462,013,094	-
Bank Borrowing (Working Capital)	-	-
Proceed from other Borrowing	-	40,757,299
Repayment from other Borrowing	(40,757,299)	-
Increase In Share Capital	131,088,130	484,411,860
Increase In Share Premium	288,576,260	941,423,720
Net Cash Used in Financing Activities	3,653,395,013	1,466,592,879
Net (Decrease)/ Increase in Cash and Cash Equivalent	(199,549,308)	281,227,860
Total Cash on hand -Opening Balance	281,227,860	-
Cash on Hand -Closing Balance	81,678,553	281,227,860
Cash on Hand	29,811	28,243
Balance with Schedule Banks in Current Accounts	61,410,427	276,256,388
Deposits with Schedule Banks	20,238,315	4,943,229
Total Cash & Bank Balance as per Balance Sheet	81,678,553	281,227,860

MEGHMANI FINECHEM LIMITED

Notes to the cash flow statement for the year ended on 31.03.2009

- (1) The Cash flow statement has been prepared in accordance with the requirements of Accounting Standard - 3 "Cash flow statement" issued by the Institute of Chartered Accountants of India.
- (2) Figures in brackets indicate cash outflow.
- (3) The previous year figures have been regrouped/restated wherever necessary to conform to this year's classification.

As per attached report of even date
For M/s Patel & Khandwala
Chartered Accountants
(Mukesh M Khandwala)
Partner
Membership No. 32472

Place : Ahmedabad
Date: 23.05.2009

For and on behalf of the Board
J. M. Patel - Director
A. N. Soparkar - Director
N. M. Patel - Director

Place : Ahmedabad
Date: 23.05.2009

MEGHMANI FINECHEM LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration Details	
	Registration No.	U24100GJ2007PLC051717
	Status Code	04
	Balance Sheet Date	31st March 2009
II	Capital raised during the year	
	Public Issue	NIL
	Right Issue	NIL
	Bonus Issue	NIL
	Private Placement	NIL
III	Position of Mobilization and Development of Funds	
	Total Liabilities	5454942210
	Total Assets	5454942210
	Source of Funds	
	Paid up Capital	615499990
	Reserves & Surplus	1229999980
	Secured Loans	3609442240
	Unsecured Loans	-
	Deferred Tax Liability	-
	Application of Funds	
	Net Fixed Assets	4575688771
	Investments	404164414
	Deferred Tax Assets	-
	Net Current Assets	475089025
	Miscellaneous Expenditure	-
	Accumulated Losses	-
IV	Performance of Company	
	Turnover (Including other income)	-
	Total Expenditure (Including prior year expenses)	-
	Profit before tax	-
	Profit after tax	-
	Earning per Share (Equity) (Annualised)	-
	Dividend Rate	-
V	General Names of Three Principal Products	
	Item Code No. (ITC Code)	3008
	Product Description	Caustic Soda

As per our attached report of even date

For M/s Patel & Khandwala

Chartered Accountants

(Mukesh M Khandwala)

Partner

Membership No. 32472

For and on behalf of the Board

J. M. Patel - Director

A. N. Soparkar - Director

N. M. Patel - Director

Place : Ahmedabad

Date: 23.05.2009

Place : Ahmedabad

Date: 23.05.2009



MEGHMANI CHEMTECH LIMITED

DIRECTORS' REPORT

To,
The Members,
Meghmani Chemtech Limited

Your Directors have pleasure in presenting First Audited Financial Statement of the Company for the Financial Year ended on 31st March 2009.

The Company was incorporated on 23 July, 2008 as a subsidiary of Meghmani Organic Limited (60% equity) to set up the manufacturing facility at Dahej SEZ Limited, Taluka Vagara, District: Bharuch. The infrastructure facilities at Dahej SEZ will be set up by the end of 2009. The Company has purchased plot admeasuring 84427 Square Meters in Dahej SEZ.

The Company has not commenced any commercial activity and hence no Profit & Loss account has been prepared.

FIXED DEPOSITS:-

The Company has not accepted the fixed deposits during the year under report.

DIRECTORS' RESPONSIBILITY STATEMENT:-

In compliance of Section 217 (2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000, the Directors of your Company confirm:

- a) that the applicable accounting standards have been followed in the preparation of final accounts and that there are no material departures;
- b) that appropriate accounting policies have been selected and applied and such judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at March 31, 2009 and of the profit of the Company for the year ended on March 31, 2009;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual accounts have been prepared on a going concern basis.

ENERGY, TECHNOLOGY, AND FOREIGN EXCHANGE

As no commercial activity has taken place the information under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in The Report Of Board Of Directors) Rules, 1988, has not been submitted.

DIRECTORS

This being the First Annual General Meeting all the directors will be re-appointed.

EMPLOYEE RELATIONS & PARTICULARS OF EMPLOYEE

The Company has not employed any individual whose remuneration falls within the purview of limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS

M/s. Patel & Khandwala, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

Place: Ahmedabad
Date: 22 May, 2009

for and on behalf of the Board
Ashish Soparkar
Director

MEGHMANI CHEMTECH LIMITED

AUDITORS' REPORT

To,
The Members of
MEGHMANI CHEMTECH LIMITED
Ahmedabad

1. We have audited the attached Balance Sheet of **MEGHMANI CHEMTECH LIMITED** as at March 31, 2009 and also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

No Profit and Loss Account has been prepared since the company is yet to commence its revenue operations and the the necessary details as per part II of schedule VI to the Companies Act 1956 have been disclosed in Note No. 1 of Schedule "Revenue Expenditure incurred during the Construction Period".

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to above, we report that:
- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) On the basis of the written representations received from the Directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009; and
 - b) in the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

PLACE: AHMEDABAD
DATE : 22.05.2009

FORM/S PATEL & KHANDWALA
CHARTERED ACCOUNTANTS
(M. M. KHANDWALA)
PARTNER
Membership No. 32472

ANNEXURE TO THE AUDITORS' REPORT

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company are as under.

- (iii) In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - a. The Company has not granted any loan secured or unsecured to any party hence clause (b), (c) & (d) are not applicable to the Company.
 - e. The Company has taken Interest free unsecured loans from one company covered in the register maintained under Section 301 of the Companies Act 1956. The maximum balance outstanding at any time during the year is Rs. 151.53 lacs and total amount outstanding at the year end is Rs. 151.53 Lacs.
 - f. The other terms and conditions of unsecured loan are prima facie not prejudicial to the interest of the Company.
 - g. The Company is regular in payment of principal amount. This being an Interest free loan, question of payment of interest does not arise..
- (iv) In our opinion and according to the information and explanations given to us, there is an internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and inventory. During the financial year, the Company did not undertake any commercial activity. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (ix) In respect of statutory dues:
 - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues, to the extent applicable, have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2009 for a period of more than six months from the date they become payable;
 - b) According to the information and explanations given to us, there is no disputed dues.
- (xii) In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefits fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report), 2003 are not applicable to the Company.
- (xiv) In our opinion the Company is not dealing in or trading in shares, securities debentures and other investments hence the provisions of clause 4 (xiv) are not applicable.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, there are no funds raised on short term basis during the year under audit and hence the question of using the same for long term investment does not arise.

MEGHMANI CHEMTECH LIMITED

- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year under audit.
- (xx) The Company has not raised any monies by way of public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.
- (xxii) The Company has not commenced any Commercial activity, hence clause no (i), (ii), (v), (vi), (vii), (viii), (x), (xi), (xvi) are not applicable

Place: Ahmedabad
Date: 22.05.2009

For M/S PATEL & KHANDWALA
CHARTERED ACCOUNTANTS
(M. M. KHANDWALA)
PARTNER
Membership No. 32472

MEGHMANI CHEMTECH LIMITED

Balance Sheet as at 31st March, 2009

Particulars	Sch. No.	Rs.	As at 31.03.2009 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	500,000	500,000
Loan Funds			
Unsecured Loans	2	15,152,690	15,152,690
TOTAL			15,652,690
APPLICATION OF FUNDS			
Fixed Assets			
Capital work in progress	3	66,002	66,002
Current Assets, Loans and Advances			
Inventories			
Debtors		-	
Cash and Bank Balances	4	471,564	
Loans and Advances	5	15,152,690	
Total Current Assets		15,624,254	
Current Liabilities & Provisions			
Sundry Creditors and Other Liabilities	6	37,566	
Provision for Taxation		-	
Total Current Liabilities		37,566	
Net Current Assets			15,586,688
Notes forming Parts of the Accounts	9		
TOTAL			15,652,690

As per our report of even date
For M/s Patel & Khandwala
Chartered Accountants
(MM Khandwala)
Partner
Membership No. 32472

Place : Ahmedabad
Date : 22.05.2009

For and on behalf of the Board

Maulik J. Patel, Director
Karana R. Patel, Director

Place : Ahmedabad
Date : 22.05.2009



MEGHMANI CHEMTECH LIMITED

Schedule to the Balance Sheet As At 31st March 2009

Particulars	As at 31.03.2009 Rs.
Schedule - 1	
Share Capital	
Authorised Share Capital :	
50000 Equity shares of Rs.10/- each	500,000
Issued subscribed & paid up capital :	
50000 Equity shares of Rs.10/- each fully paid up	500,000
Total	500,000
Schedule - 2	
Unsecured Loans	
Meghmani Organics Limited	15,152,690
Total	15,152,690
Schedule - 3	
Fixed Assets	
Capital work in progress	66,002
Total	66,002
Schedule - 4	
Cash & Bank Balance	
Balance with Schedule Banks in Current Accounts	471,564
Total	471,564
Schedule - 5	
Curent Assets, Loans and Advances	
A. Current Assets	
(i) Advance for Capital Goods	15,152,690
Total	15,152,690
Schedule - 6	
Other Current Liabilities	
Sundry Creditors (From Micro, Small & Medium Enterprises)	-
From others	37,566
Total	37,566

MEGHMANI CHEMTECH LIMITED

Cash Flow Statement for the year ended 31st March 2009

Particulars	Rs.	Rs.
A. Cashflow from Operating Activities		
Net Profit Before Tax		-
Operating Profit before working capital changes		-
Adjustment for:		
Curent Liabilities	37,566	37,566
Cash Generated from operation		37,566
B. Cash flow from Investment Activities		
Purchase of Fixed Assets & Addition to capital WIP	(15,218,692)	
Net Cash used in investing activities		(15,218,692)
C. Cash flow from financing Activities		
Increase In Share Capital	500,000	
Increase In Unsecured Loan	15,152,690	
Net Cash Used in Finanacing Activities		15,652,690
Net (Decrease)/ Increase in Cash and Cash Equivalent		471,564
Cash on Hand -Opening Balance		-
Cash on Hand -Closing Balance		471,564

Notes to the cash flow statement for the year ended on 31.03.2009

- (1) The Cash flow statement has been prepared in accordance with the requirements of Accounting Standard - 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- (2) Figures in brackets indicate cash outflow.

As per our report of even date
For M/s Patel & Khandwala
Chartered Accountants
(M M Khandwala)
Partner
Membership No. 32472

Place : Ahmedabad
Date : 22.05.2009

For and on behalf of the Board

Maulik J. Patel, Director
Karana R. Patel, Director

Place : Ahmedabad
Date : 22.05.2009

MEGHMANI CHEMTECH LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration Details	
	Registration No.	U24100GJ2008PLC054564
	Status Code	04
	Balance Sheet Date	31st March 2009
II	Capital raised during the year	
	Public Issue	NIL
	Right Issue	NIL
	Bonus Issue	NIL
	Private Placement	500,000
III	Position of Mobilization and Development of Funds	
	Total Liabilities	15652690
	Total Assets	15657690
	Source of Funds	
	Paid up Capital	500000
	Reserves & Surplus	-
	Secured Loans	15152690
	Unsecured Loans	-
	Deferred Tax Liability	-
	Application of Funds	
	Net Fixed Assets	66002
	Investments	404164414
	Deferred Tax Assets	15586688
	Net Current Assets	-
	Miscellaneous Expenditure	-
	Accumulated Losses	-
IV	Performance of Company	
	Turnover (Including other income)	-
	Total Expenditure (Including prior year expenses)	-
	Profit before tax	-
	Profit after tax	-
	Earning per Share (Equity) (Annualised)	-
	Dividend Rate	-
V	General Names of Three Principal Products	
	Item Code No. (ITC Code)	32041751
	Product Description	Pigment Green
	Item Code No. (ITC Code)	38081023
	Product Description	Acephate

As per our report of even date
For M/s Patel & Khandwala
Chartered Accountants
(M M Khandwala)
Partner
Membership No. 32472

For and on behalf of the Board

Maulik J. Patel, Director
Karana R. Patel, Director

Place : Ahmedabad
Date : 22.05.2009

Place : Ahmedabad
Date : 22.05.2009

DIRECTORS' REPORT

**To,
The Members,
Meghmani Europe BVBA**

Your Directors have pleasure in presenting Audited Financial Statement of the Company for the Financial Year ended on 31st March 2009. The company is the wholly owned subsidiary of Meghmani Organics Ltd.

The Company is engaged in the Trading Activities in European Countries. It caters to many small customers who are logistically difficult to manage from India and also extends technical help to customers.

There is no change in the shareholding during the year under review.

The Company has registered a net loss of Rs. (866,034). Your Directors have analyzed that high overheads in European countries are the resultant of negative contribution. The Company is taking adequate steps to have positive contribution in the current year.

Auditor's Remark:

The Auditor has given qualified opinion. Your directors have sent a special team of qualified accounts personnel to remove all the procedural qualifications. Your director believes that the qualifications are of setting up system at Belgium.

Date: 04 June, 2009

**for and on behalf of the Board
Ketan Mapara
Director**

AUDITORS' REPORT

MEGHMANI EUROPE BVBA
Mechelsesteenweg 42-44
2600, Antwerpen
BELGIUM

STATUTORY AUDITOR'S REPORT TO THE GENERAL ASSEMBLY OF SHAREHOLDERS OF MEGHMANI EUROPE BVBA ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

In accordance with the legal and statutory requirements, we report to you on the performance of the assignment as statutory auditor.

This report contains our opinion on the true and fair view of the financial statements as well as the required additional statements (and information).

Qualified audit opinion on the financial statements and explanatory note

We have audited the financial statements for the year ended 31 March 2009, prepared in accordance with the financial reporting framework applicable in Belgium, which shows a balance Sheet total of 4.564.292.34 EUR and a loss for the year of 83,521,45 EUR.

Management is responsible for the preparation and the fair presentation of these financial statements. This responsibility includes : designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the Institute of Registered Auditors. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to fraud or error.

In accordance with the above-mentioned standards, we have taken into consideration the company's accounting and administrative system, as well as its internal control procedures. We have obtained from management and the company's officials, the explanations and information necessary for executing our audit procedures. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the appropriateness of accounting policies and the reasonableness of the significant accounting estimates made by the company as well as the overall presentation of the financial statement. We believe that these procedures provide a reasonable basis for our opinion.

The qualification we make concerns following items:

1. Reason for qualification: uncertainty about the collection, the volume and the completeness of trade-receivables-qualification on the financial position of the company is not possible.
2. Reason for qualification: the bankslips of the Bank of India in USD haven't been received and booked. Qualification on the financial position of the company is not possible.
3. Reason for qualification: the unrealised exchange differences are not registered which results in a additional loss of approx, 72,000,00 EUR.

4. Reason for qualification: uncertainty about the volume and the completeness of trade-payables-qualification on the financial position of the Company is not possible.
5. Reason for qualification: uncertainty about the volume and the completeness of Intercompany-payables-qualification on the financial position of the Company is not possible.
6. Reason for qualification: the financial debts are wrongly registered and not properly divided in debts payable over 1 year and debts payable within 1 year.
7. Reason for qualification: the VAT payable and VAT recoverable haven't been set-off which results in a higher receivable and a higher debt in the balance sheet.
8. Reason for qualification: the provision for holiday pay wasn't sufficient at the year-end closing.
9. Reason for qualification: the accounts payable as mentioned under the trade debts show a negative amount which had to be considered as a receivable on the assets side of the balance sheet.
10. Reason for qualification: the payroll taxes, social security contributions and net salaries payable were not matched with the confirmations from the payroll office which results in some wrong balances.

In our opinion, the financial statements for the year ended March 31, 2009 doesn't give a true and fair view of the company's assets and liabilities, its financial position and the results of its operations in accordance with the financial reporting framework applicable in Belgium.

Despite the serious losses which influence the financial position of the company, the financial statements have been presented in the assumption of going-concern of the activities of the company. The accumulated carry forward losses is 513,558,86 EUR. The loss of the year is 83,521,45 EUR. The capital plus the carry forward losses amount to a negative balance of 488,808,86 EUR. We wish to draw your attention on the report of the directors in which they justifies the application of the valuation rules in the supposition of the continuation of the activities of the Company. The solvability of the Company could be raised through a capital increase. The financial statements have been presented in going concern, no changes in reclassifications or valuations have been made, which could be necessary when the Company would not continue her activities.

Additional statements and information

The preparation of the director's report and its content, as well as the company's compliance with the company code and its bylaws are the responsibility of the directors.

Our responsibility is to add to our report the following additional statements (and information), which do not modify our qualified audit opinion on the financial statements:

- The director's report includes the information required by law and is consistent with the financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the company is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.
- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.

MEGHMANI EUROPE BVBA

- There are no transactions undertaken or decisions taken in violation of the company's statutes or the Company Code that we have to report to you. The appropriation of results proposed to the general assemble complies with the legal and statutory provisions.
- This report has been delivered on the date below and doesn't take into consideration the events after balance sheet date between this date and the date of the general assembly of shareholders of the company; the statutory date of this general assembly is September 18, 2009.

Antwerp, 4 June 2009

The Statutory Auditor

MGI Audit

**Represented by Mr. Frank Grare
and Mr. Joeri Vanhuynegem**

MEGHMANI EUROPE BVBA

Balance Sheet as on 31.03.2009

	INR	31.03.2009 INR	31.03.2008 INR
Share Capital			
Issued & Subscribed Cap.		1443433	1443433
Less : Calls in arrears			
Reserve & Surplus			
Profit & Loss A/c.	-29001763		-20096866
Add /Less Current year	-866034	-29867797	-6497413
Translation Reserve		2292874	-550860
Secured Loans			
ABN Amro Bank		0	123790217
Loans (hypo of Vehicles)		0	0
Loan (House)		30620233	0
Unsecured Loans			
Meghmani Organics Ltd., India		105346191	0
Total Liabilities		109834936	98088511
Fixed Assets			
Gross Block	40130439		13095229
Less: Accumulated Depreciation	-3226358		-1614276
Net Block		36904081	11480953
Current Assets			
Cash on Hand & Bank Bal.	678514		3079074
ABN AMRO BANK	36277622		0
Bank of India	5894489		0
Cash Bal.	37144		0
Invenotry	61076791		88417982
Stock Reserve			0
Rental Security Deposit			0
Sundry Debtors	154511916		203528878
Prepaid Expenses			
Employee Recoverable Exp.	3536095		0
Advance to suppliers	42127074		0
Income Receivable	9057305		0
Other Current Assets	6860730		24895741
TOTAL	320057680		319921675
Current Liabilities			
Creditors	240120163		230515762
Provisions and Unpaid Exp.	2484319		2798355
Other Current Liabilities	4522343		0
TOTAL	247126825		233314117
Net Current Assets		72930855	86607558
Total Assets		109834936	98088511

MEGHMANI EUROPE BVBA

Profit & Loss Account for the year ended on 31-03-09

Particulars	01.04.08 to 31.03.2009	01.04.07 to 31.03.2008
	INR	INR
Sales	359,462,191	262,645,367
Total Income	359,462,191	262,645,367
Cost of Goods Sold	284,770,516	264,624,605
(Increase)/Decrease in Stock	27,341,191	-22,003,882
Total	312,111,707	242,620,723
Gross Profit	47,350,484	20,024,644
Administration Expenses	17,862,414	13,048,971
Selling & Distribution Expenses	21,646,676	11,025,603
Financial Expenses	10,513,685	6,034,894
Depreciation	1,510,232	852,124
Other Income	-3,316,489	-4,439,536
Total	48,216,518	26,522,056
Net Profit	-866,034	-6,497,413

Grouping of Profit & Loss Account for the year ended on 31-03-09

Particulars	01.04.08 to 31.03.2009	01.04.07 to 31.03.2008
	INR	INR
Total Income		
Sales	359,462,191	262,645,367
Sales - Goods in Transport		
Other Income		
Interest Received	1,131	11,729
Rate Difference	3,020,131	0
Other Income	295,226	4,427,807
TOTAL	362,778,679	267,084,903
Cost of Goods Sold		
Purchase	283200996	261516934
Transport Charges	4908504	3107671
Purchase Expenses	0	0
Discount from Supplier	-3338984	0
TOTAL	284770516	264624605
Administration Expenses		
Computer Maintenance Charges	557,799	24,541
Electricity Expenses	184,473	0
Education Expenses	3,581,091	0
Legal Fees	2,326,203	3,090,629
Meal vouchers	16,385	0
Office Charges	195,314	727,894
Office installation charges	115,648	0
Office Rent	4,508	985,021
Rent House	72,092	0
Gardener Expenses	40,332	0

MEGHMANI EUROPE BVBA

Profit & Loss Account for the year ended on 31-03-09

Other Expenses	822,314	1,404,558
Other Recurring Cost , maintenance	897,142	0
Office Furniture Expenses	106,056	0
Postage Expenses	102,834	76,523
Salary	3,917,566	4,049,132
Salary Admin Exp.-social security contribution	2,454,666	498,859
Social security contribution - Directors	208,150	0
Services Pro pay	306,950	0
Service from out side	110,545	-31,935
Benefit in Kind	-327,693	0
Meal vouchers- Salary	302,945	0
Holiday Pay	83,365	0
13th month provision	457,405	0
Telephone Expenses	1,249,234	981,015
VAT not recoverable	33,003	62,313
Taxes on House /Car	29,667	0
Commune Tax	14,418	0
JCH Services	0	-201,066
Sundry expenses	0	196,829
Rate difference	0	1,234,005
Salary Admini Expenses	0	-49,347
TOTAL	17,862,414	13,048,971
Selling & Distribution Expenses		
Car Expenses	445,504	379,705
Commission Paid	955,313	465,170
Fuel Expenses	172,160	59,021
Taxi Cost	141,943	0
Gift to Customers	179,779	65,624
Packing Expenses	249,857	189,559
Storage Charges	1,910,724	949,653
Transporatation & C&F	15,505,937	7,439,656
Credit Insurance	30,291	0
Travelling Expenses	2,055,168	1,281,404
Entertainment to Customer	0	277,745
Exhibition Expenses	0	-81,934
TOTAL	21,646,676	11,025,603
Finance Expenses		
Bank Charges	1,151,076	234,629
Bank Interest	5,672,390	4,955,169
Exchanges Difference / rate Difference	1,440,639	737,107
Interest on Car Lease	60,330	109,215
Interest Others	2,189,249	0
Tax Payments	0	-1226
TOTAL	10,513,685	6,034,894

MEGHMANI EUROPE BVBA

Meghmani Europe BVBA

As On 31.03.09

Particulars	Gross Block				Depreciation			Net Block	
	Opening INR	Addition INR	Deletion INR	Closing INR	Opening INR	For the year INR	Closing INR	31.03.2009 INR	31.03.2008 INR
Computer	839598		0	839598	410593	239239	649832	189765	429005
Furniture & fixtures	158417	448199	0	606616	73919	121327	195246	411371	84498
Vechiles	1048057	0	0	1048057	764203	262012	1026216	21842	283854
Office Building	11875383	19859786	0	31735169	467412	887653	1355065	30380103	11407971
House	0	0		0	0	0	0	0	0
Land	0	5901000		5901000	0	0	0	5901000	0
Total	13921454	26208985	0	40130440	1716127	1510232	3226359	36904081	12205328

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MEGHMANI ORGANICS INC. USA

DIRECTORS' REPORT

**To,
The Members,
Meghmani Organics Inc. USA.**

Your Directors have pleasure in presenting Audited Financial Statement of the Company for the Financial Year ended on 31st March 2009. The company is the wholly owned subsidiary of Meghmani Organics Ltd.

The Company is engaged in the Trading Activities in USA. It also provides technical and logistic help to major customers that are being handled from India office. USA being the largest ink and paint market, MOL USA works as a strong marketing arm extension. There is no change in the shareholding during the year under review.

The Company has registered a net loss of Rs. (2,855,467). Your Directors are quite optimistic to have positive contribution from in the current year.

**Place: Ahmedabad
Date: 21 June, 2009**

**for and on behalf of the Board
Ashish Soparkar
Director**



MEGHMANI ORGANICS INC. USA

REVIEW REPORT

To,
The Board of Directors and Stockholders
Meghmani Organics USA Inc
10422 Pickrel Lane Charlotte NC 28213

I have reviewed the accompanying balance sheet of Meghmani Organics USA Inc as of March 31, 2009 and the related statement of Income, retained earnings and cash flows for the 12 months period than ended in accordance with Statements on Standards for Accounting and Review services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the company.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

June 21, 2009
Charlotte, North Carolina

For Jay Patel Tax & Accounting Services
Jay Patel
Accountant



MEGHMANI ORGANICS INC. USA

Balanace Sheet as on 31.03.2009

Meghmani Organics USA Inc. Balance Sheet as on 31.03.2009	Amt. in INR Actual 31.03.2009		Amt. in INR Actual 31.03.2008
Share Capital 12500 Shares of \$ 1.00 each		556,750	556,750
Reserve & Surplus Profit & Loss A/c.	-1,271,342		-688,759
Current Year Profit	-2,855,467	-4,126,809	
Translation Reserve		3,884,105	-509925
Unsecured Loans Meghmani Organics Ltd., India		12,350,475	10,859,459
Total Liabilites		12,664,521	10,217,524
Fixed Assets Gross Block	9,490,423		7,507,014
Less: Accumulated Depreciation	1,146,323		393,056
Net Block		8,344,100	7,113,958
Current Assets Cash on Hand	60,917		117,172
Wachovia Bank Checking A/c.	1,020,146		500,417
Wachovia Money Market A/c.	13,428,633		1,606,638
Wachovia Money Comm.Market A/c.	507,200		-
Invenotry	10,006,886		16,952,626
Sundry Debtors	60,579,578		25,274,244
Pre Paid Expenses	-		18174
Utility Service Connection Deposit	21,810		17252
Other receivables	111,556		0
	85,736,726		44,486,523
Current Liabilites Creditors	78,817,851		41,226,429
Salary Deposit	491,768		-
Payroll Deduction & Taxes	119,775		82,106
Local Tax & Licenses Payable	18,006		14,243
Accounting Charges Payable	-		60180
Commission on Sales Payable	1,521,600		-
Withholding Tax Payable	447,305		-
	81,416,305		41,382,957
Net Current Assets		4,320,421	3,103,566
Total Assets		12,664,521	10,217,524

MEGHMANI ORGANICS INC. USA

Profit & Loss Account for the year ended on 31-03-09

Particulars	INR	INR
	01.04.2008 to 31.03.2009	01.04.2007 to 31.03.2008
Sales	312,562,274	61,192,345
Cost of Goods Sold	288,269,857	54,907,866
Gross Profit	24,292,417	6,284,479
Administration Expenses	7,769,824	4,038,634
Selling & Distribution Expenses	17,334,344	1,345,819
Financial Expenses	1,503,793	77,435
Depreciation	649,419	375,265
Other Income	-109,496	-232,411
Sub Total	27,147,884	5,604,742
Net Profit	-2,855,467	679,737
Provision For Tax	-	-
Profit After Tax	-2,855,467	679,737

Grouping of Profit & Loss Account

Particulars	INR	INR
	01.04.2008 to 31.03.2009	01.04.2007 to 31.03.2008
Sales		
Sales	312,562,274	61,192,345
	312,562,274	61,192,345
Cost of Goods Sold		
Purchase	281,324,135	66,229,066
(Increase) / Decrease in Stock	6,945,722	(11,321,201)
Total	288,269,857	54,907,865
Administration Expenses		
Officers Salary	2,931,810	2,628,843
Salary to other Staff	2,094,150	-
Payroll Tax Expenses	467,828	217,546
Cleaning & Maintenance	207,455	-
Accounting Charges	-	270,911
State Income tax	-	-
Property Tax Expense	107,879	-
Insurance	570,176	82,173
Office Expenses	211,353	98,101
Postage & Freight	154,146	70,887
Rent	-	49,366
Telephone, Cable, Internet & Network Exp.	242,700	27,017
Late Filing Penalties	115,341	3,209

MEGHMANI ORGANICS INC. USA

Profit & Loss Account for the year ended on 31-03-09

Particulars	INR	INR
	01.04.2008 to 31.03.2009	01.04.2007 to 31.03.2008
Other Legal Expenses (visa renewal)	247,342	569,485
Trading Claim and allownaces	361,142	-
Utilities Expenses	58,501	21,096
Total	7,769,823	4,038,634
Selling & Distribution Expenses		
Travelling Expenses	4,080,371	843,266
Vehicle Expenses	218,838	74,972
Custom Bond Expenses	10,885,921	20,068
Meals & Entertainment Expenses	50,990	23,295
Warehouse & Storage Expenses	618,358	384,218
Commission Expenses	1,479,866	-
Total	17,334,344	1,345,819
Finance Expenses		
Bank & Other Services	135754	77435
Interest	1368038	-
Total	1,503,793	77,435
Depreciation		
Furniture	141204	60764
Computer	14404	21753
Office Equipments	4666	5980
Vehicles	248528	211993
Building	240616	74772
Total	649418	375262
Other Income		
Bank Interest	95508	42489
Other Misc. Income	13988	189922
Total	109,496	232,411

MEGHMANI ORGANICS INC. USA

Schedule - Fixed Assets as at 31.03.09

SR.		Gross Block				Depreciation				Net Block	
NO.	Particulars	Opening	Addition	Deduction	Closing	Opening	Addition	Deduction	Closing	Closing Balance 31.03.09	Closing Balance 31.03.08
1	Furniture & Fixture	405,310	-	-	592,157	79,732	141,204	-	220,936	371,221	405,310
2	Computers	25,361	-	-	62,741	30,635	14,404	-	45,039	17,701	25,361
3	Office Equipments	16,246	-	-	28,961	8,420	4,666	-	13,086	15,875	16,246
4	Vehicles	706,354	-	-	1,176,704	283,626	248,528	-	532,154	644,550	706,354
5	Building	5,960,520	-	-	7,629,860	94,491	240,616	-	335,107	7,294,753	5,960,520
	Total -	7,113,791	-	-	9,490,423	496,904	649,418	-	1,146,322	8,344,100	7,113,791

No addition deletion has been taken place the difference appears is on account of exchange rate difference.

* * * * *

PT MEGHMANI ORGANICS INDONESIA

DIRECTORS' REPORT

To,
The Members,
PT Meghmani Organics Indonesia

Your Directors have pleasure in presenting First Audited Financial Statement of the Company for the Financial Year ended on 31st March 2009.

The Company is the Wholly Owned Subsidiary of Meghmani Organics Limited. The Company is engaged in the Trading Activities at Indonesia. The operations are looked after by the residential representative.

Your directors expect to benefit by establishing overseas subsidiary.

Place: Ahmedabad
Date: 15 May, 2009

for and on behalf of the Board
Ramnathan
Director

REVIEW REPORT

**To,
The Board of Directors & Stockholders
PT. Meghmani Organics Indonesia
Jakarta**

We have checked the accompanying balance sheet of PT. Meghmani Organics Indonesia as of 31 March 2009 and the related statement of income and changes in stockholders' equity for the year then ended. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our checked.

We conducted our checked in accordance with accounting standards established by the Indonesian Institute of Accountants. Those standards require that we plan and perform the checked to obtain reasonable assurance about whether the financial statement are free of material misstatement. An accounting examining. On a test basis, evidence supporting the amounts and disclosure in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our checked provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above fairly, in all material respect, the financial position of PT. Meghmani Organics Indonesia as of 31 March 2009, and the result of its operations, its changes in stockholders' equity for year then in conformity with generally accepted accounting principles in Indonesia.

Jakarta, 15 May 2009
Global Consulting

Notice to Readers

The accompanying financial statements are not intended to present the financial position, results of operations, changes in stockholders' equity and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than those in Indonesia. The standards, procedures and practices to check such financial statement are those generally accepted and applied in Indonesia.

PT MEGHMANI ORGANICS INDONESIA

Balance Sheet as on 31.03.2009

	Amt. in INR Actual 31.03.2009
Share Capital	
Issued &Subscribed Capital	12,330,000
Share Capital	
Issued &Subscribed Capital	12,330,000
Less : Calls in arrears	-
Total	12,330,000
Reserve & Surplus	
Profit & Loss A/c.	-5,835,366
Add /Less Current year	
Translation Reserve	-1,014,708
Total	-6,850,074
Secured Loans	-
Unsecured Loans	
Meghmani Organics Ltd., India	3,417,050
Total	3,417,050
Total Liabilites	8,896,976
Fixed Assets	
Gross Block	649,953
Less: Accumulated Depreciation	75,838
Net Block	574,115
Current Assets	
Cash on Hand & Bank Balance	
- Petty Cash	6,180
- Cash	2,576,508
- BCARp. 5820230304	4,859
Invenotry	4,582,265
Stock Reserve	-
Building Deposit	65,250
Prepaid Expenses	2,352,284
Advances for material- MOL	290,244
Total Current Assets	9,877,590
Total Current Liabilites	
Creditors	
Tax Payable	
- Ph 21 - Vat	9,425
- PPh 23 - Vat	-
Ramanath M. Liabilities	1,504,230
Others Liabilities	41,074
Total Current Liabilities	1,554,729
Net Current Assets	8,322,861
Total Assets	8,896,976

PT MEGHMANI ORGANICS INDONESIA

Profit & Loss Account for the year ended on 31-03-09

Particulars	01.04.08 to 31.03.2009
	INR
Sales	
Total Income	
Cost of Goods Sold	4,582,265
(Increase) / Decrease in Stock	-4,582,265
Stock Reserve	
Gross Profit	0
Administration Expenses	5,697,687
Selling & Distribution Expenses	60,441
Financial Expenses	1,408
Depreciation	75,839
Other Income	-9
Total Expenses	5,835,366
Net Profit	(5,835,366)

Grouping of Profit & Loss Account for the year ended on 31-03-09

Particulars	01.04.08 to 31.03.2009
	INR
Grouping of Profit & Loss Account	
Particulars	
Total Income	
Sales - Goods in Transport	
Other Income	
Other Income / Expenses	
Interest Income	9
Total Other Income / Expenses	9
Cost of Goods Sold	
Purchase	4,582,265
Transport Charges	
Purchase Expenses	
Discount from Supplier	
Total	4,582,265
Administration Expenses	
Employee Expenses	
Management Salaries	1,178,277
Salaries	644,890
Medical Claim	1,022
Building Expenses	
Rent Building	328,553
Electricity	79,828
Telephone	89,904
Water	11,812
Internet	36,543

PT MEGHMANI ORGANICS INDONESIA

Profit & Loss Account for the year ended on 31-03-09

Particulars	01.04.08 to 31.03.2009
	INR
Operational Expenses	
Office Stationary	314,518
Office Supplies	337,065
Postage & Shipping Expenses	14,792
Supporting Document	1,577,723
Transportation	552,900
Entertainment Expenses	87,770
Perjalanan Dinas expenses	438,860
Other Expenses	3,230
Total Expenses	5,697,687
Depreciation & Amortisation Expenses	
Depreciation Expenses	75,839
Total Depreciation & Amortisation Expenses	75,839
Selling & Distribution Expenses	
Marketing Expenses	
Marketing Expenses	60,441
Total Marketing Expenses	60,441
Finance Expenses	
Bank Charges	1,408
Bank Interest	
Exchange Differene / rate Difference	
Interest on Car Lease	
Tax Payments	
Total	1,408
Depreciation	
Furniture	11,149
Computer	26,135
Office Equipment	931
Vehicle	37,624
Total	75,838.90

PT. Meghmani Organics Indonesia As On 31.03.09

Particulars	Gross Block				Depreciation			Net Block
	Opening	Addition	Deletion	Closing	Opening	For the year	Closing	30.09.2009
Computer	40,814	12580	-	53,393	-	11,149	11,149	42,244
Furniture & fixtures	30,989	103783	-	134,772	-	26,135	26,135	108,637
Vechiles	-	10301	-	10,301	-	931	931	9,370
Office Building	-	451487	-	451,487	-	37,624	37,624	413,863
Total	71,803	578150		649,953		75,839	75,839	574,115

MEGHMANI ORGANICS LIMITED

Statement pursuant to section 212 of the Companies Act, 1956 related to subsidiary companies

Sr. No.	Name of Subsidiary Company	Meghmani Energy Limited	Meghmani Finechem Limited	Meghmani Chemtech Limited	Meghmani Europe BVBA	Meghmani INC USA	PT Meghmani Indonesia
1	Financial year of the subsidiary company ended on	31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.03.2009
2	Holding Company's Interest (a) Number of Shares fully paid (b) Extent of holding	2,799,600 70%	35,182,333 57%	30,000 60%	2,000 99%	12,500 100%	2,50,000 100%
3	Net aggregate amount of Profit / (Loss) of the subsidiary, so far as they concern members of the Meghmani Organics Limited i) for the financial year of the subsidiary (a) Dealt with in the account of the holding company (b) Not dealt with in the accounts of the holding company ii) for the previous financial years of the subsidiary since it became the holding company's subsidiary (a) Dealt with in the account of the holding company (b) Not dealt with in the accounts of the holding company	Rs. Crore (0.25) (0.10) (0.32) (0.14)	Rs. Crore - - - -	Rs. Crore - - - -	Rs. Crore (0.09) - (2.71) -	Rs. Crore (0.29) - (0.12) -	Rs. Crore (0.58) - - -
4	As the financial year of the subsidiary companies coincide with the financial year of the holding company, Section 212(5) of the Companies Act, 1956 is not applicable.						

MEGHMANI ORGANICS LIMITED

NOTICE OF MEETING

NOTICE IS hereby given that the Fifteenth Annual General Meeting of the Members of Meghmani Organics Limited ("Company") will be held on Friday, 31 July, 2009 at 3.00 p.m. at **H.T. Parekh Covention Centre, Torrent AMA Centre, Ahmedabad Management Association, ATIRA, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad - 380015** to transact the following businesses:-

ORDINARY BUSINESS:

- 1) To receive, consider, and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the financial year ended 31st March, 2009 together with the reports of the Board of Directors and the Auditors thereon.
- 2) To declare a dividend.
- 3) To appoint a director in place of Mr. Chinubhai R Shah, who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint a director in place of Mr. Balkrishna Thakkar, who retires by rotation and being eligible offers himself for re-appointment.
- 5) To appoint a director in place of Mr. Chandan Bhattacharya, who retires by rotation and being eligible offers himself for re-appointment.
- 6) To appoint Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize to fix their remuneration for the financial year ending on 31 March, 2010.

SPECIAL BUSINESS:-

- 7) To Consider and if thought fit to pass the following resolution with or without modification as Ordinary Resolution:-

APPOINTMENT OF MR. KANTIBHAI PATEL

"RESOLVED THAT in accordance with the provision of Section 257 and 260 of the Companies Act, 1956 and provision of Clause 137 of Articles of Association of the Company Mr. Kantibhai Patel, who was appointed as an Additional Director of the Company by the Board on 24th October, 2008 to hold office upto the date of conclusion of this Annual General Meeting, be and is hereby elected and appointed as a Director of the Company, liable to retire by rotation."

**By Order of the Board
for Meghmani Organics Limited
K D Mehta
COMPANY SECRETARY**

**Registered Office:
184, PHASE II,
GIDC INDUSTRIAL ESTATE,
VATVA, AHMEDABAD 382 445
Date: 25th May, 2009**

Notes:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) The proxy in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting

MEGHMANI ORGANICS LIMITED

- 3) If the appointer is a Corporation, the proxy must be executed under its seal or the hand of its duly authorized officer or attorney.
- 4) Members holding shares in electronic form are requested to provide their client ID and DP ID numbers at the meeting for easy identification.
- 5) The register of Members and share transfer books of the company shall remain closed from Monday **20 July, 2009 to Friday 31 July, 2009 (both days inclusive)**.
- 6) The final dividend for the year ended 31 March, 2009 as recommended by the Board, if approved at the meeting will be paid within the prescribed statutory period to those members whose names appear in the Company's Register of Members as on book closure date.
- 7) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company atleast 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
- 8) Explanatory statement as required under Section 173 (2) of the Companies Act, 1956 in respect of Item No.7 is annexed and form part of this Notice.
- 9) The Statutory Registers Maintained in terms of provisions of the Companies Act, 1956, subject to applicable provisions and all documents referred to in the accompanying notice shall be available for inspection by the Members at the Registered office of the Company on all working days between 4.00 p.m. to 6.00 p.m. except Saturday and Sunday up to the date of the Annual General Meeting.
- 10) Pursuant to Clause 49 of the Listing Agreement, the profile of the directors proposed to be re-appointed/appointed is given in a statement containing details of the concerned directors which is annexed to this Notice.

MEGHMANI ORGANICS LIMITED

STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT - REAPPOINTMENT:-

In accordance with the Articles of Association of the Company all the Directors are liable to retire by rotation and if eligible may offer themselves for reelection at every Annual General Meeting.

Mr. Chinubhai R Shah and Mr. Balkrishna Thakkar and Mr. Chandan Bhattacharya being eligible offer themselves for re-appointment. The brief profiles of the directors seeking reappointment are as under:-

- 1) **Mr. Chinubhai Shah**, was appointed as a Director of our Company on April 13, 2000 and has been on our Board since then. He holds a Masters degree in Arts and a Masters degree in Law. He also has a Diploma in Labor Practice and Diploma in Taxation practice, both from Gujarat University. He is a fellow member of the Institute of Company Secretaries of India and fellow membership for life was also conferred on him by All India Management Association, New Delhi.

Mr. Chinubhai Shah was twice elected as the President of the Institute of Companies Secretaries of India. He was also elected as the President of All India Management Association. He was a visiting professor and a member of the Board of Governors of the Indian Institute of Management, Ahmedabad. He was the President of the Gujarat Chamber of Commerce and Industry and was also a member of the Company Law Advisory Committee in the Government of India. He is a member of the Secondary Market Advisory Committee of SEBI..

He has had more than 40 years experience in the areas of management, finance and accounting. Mr. Chinubhai Shah headed Torrent Pharmaceuticals and Torrent Exports Limited as Executive Director from 1991 to 1998. From 1998 to 2000 he was the Managing Director of Ahmedabad Electricity Co. Limited (presently Torrent Power Limited).

Mr. Chinubhai Shah is a member of Audit Committee and Chairman of Remuneration Committee, Nominating Committee and Shareholders / Investors Grievances and Share Transfer Committee of the Company and is a director on the Board of the following other companies:-

Name of the Company	Director	Member of Committee	Chairman of Committee
Adani Power Limited	Director	Audit & Shareholders'	--
Apollo Hospitals International Limited	Director	--	--
Arman Lease & Finance Limited	Chairman	Audit	Shareholders'
Cadila Pharmaceuticals Limited	Director	--	Audit
Doshion Limited	Director	--	--
G.S.E.C Limited	Director	--	--
Gujarat NRE Coke Limited	Director	Audit	--
Gulmahor Greens-Golf & Country Club Limited	Director	--	--
HK Finchem Limited	Director	Audit	
India Renal Foundation	Chairman	--	--
Nirma Limited	Director	--	
Saline Area Vitalisation Enterprise Limited	Chairman	--	--
Shilp Gravuers Limited	Director	--	Audit

- 2) **Mr. Chandan Bhattacharya**, an Indian resident was appointed as Director of our Company on 30 July, 2007 and has been on our Board since then. He is also the member of Nomination Committee. Mr. Chandan Bhattacharya did his graduation in Bachelor of Arts from Calcutta University and passed CAIIB Examination.

MEGHMANI ORGANICS LIMITED

Mr. Chandan Bhattacharya has a long 37 years of uninterrupted service in State Bank of India and has very wide range of experience in handling all matters of Banking, Trade and Commerce during his career. Mr. Bhattacharya held several distinguished positions and also served as Director on the following Boards in his long tenure with State Bank of India:-

- (i) SBI (California), Los Angeles, U.S.A., a Bank incorporated and operating in USA
- (ii) SBI Capital Markets Ltd
- (iii) SBI Funds Management Private Ltd.
- (iv) SBI Factors & Commercial Services Private Ltd.
- (v) INMB Bank Limited, Lagos, Nigeria, a Joint Venture Bank of SBI
- (vi) Discount & Finance House of India Limited (DFHI) and 8 Associate Banks of State Bank group spread across India as Dy. Managing Director in charge of SBI's associates and subsidiaries.

Mr. Chandan Bhattacharya retired as Managing Director of State Bank of India on 31.01.2005. After uninterrupted service in State Bank of India for 37 years joined SEBI Appellate Tribunal as Member in May, 2005 and retired on 12 January 2007. At present Mr. Chandan Bhattacharya is a director on the Board of the following other companies:-

Name of the Company	Director	Member of Committee	Chairman of Committee
JSW Power Energy (Ratnagiri) Limited	Director	--	--
Great Offshore Limited	Director	Audit	--
Phoenix ARC Pvt. Limited	Director	--	--
HNG Flotglass Limited	Director	Audit	Chairman
JSW Energy Limited	Director	Audit	Chairman
JSW Power Trading Co. Limited	Director	--	
Shirdi Industries Limited	Chairman	--	--

- 3) Mr. Balkrishna Thakkar, was appointed as a Director of our Company on April 13, 2000. He holds a Bachelor of Commerce degree from Gujarat University and is also a fellow member of the Institute of Chartered Accountants of India. Since 1974, after qualifying as Chartered Accountant, he started his own practice. He is currently practicing as a Chartered Accountant in the name and style of Balkrishna Thakkar & Co., a sole proprietorship that he founded in 1975, and his primary practice areas are audit and taxation.

Mr. Balkrishna Thakkar is the Chairman of Audit Committee and member of Remuneration Committee and Shareholders / Investors Grievances and Share Transfer Committee of the Company.

MEGHMANI ORGANICS LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 7

Mr. K H Patel, holds a Bachelor of Science and Law degree from Gujarat University and also holds diploma of Master of Labour Welfare (MLW). Mr. Patel after completing his graduation served Textile Industries in Ahmedabad for 12 years out of which he served as Labour Welfare Officer for 7 (Seven) years in New Cotton Mills Limited, Ahmedabad. He started his own practice as an Advocate in 1980. His primary practice areas are Labour Law and Criminal Law (Management) side.

He is also on the Board of Rainbow Papers Limited - Ahmedabad, and Orley Laboratories Private Limited.

Mr. K. H. Patel was appointed as an additional director on 24th October, 2008 until the ensuing annual general meeting.

As required under Section 257 of the Companies Act, 1956, the Company has received a Notice from the Members proposing name of Mr. K H Patel as candidate for the office of the Director.

Your directors recommend for the appointment of Mr. K. H. Patel and propose to pass the resolution under Item No.7 of the Notice as an ordinary resolution

No one of the Directors except Mr. K H Patel is interested or concerned in the resolution.

**By Order of the Board
for Meghmani Organics Limited
K D Mehta
COMPANY SECRETARY**

**Registered Office:
184, PHASE II,
GIDC INDUSTRIAL ESTATE,
VATVA, AHMEDABAD 382 445
Date: 25th May, 2009**

MEGHMANI ORGANICS LIMITED

MEGHMANI ORGANICS LIMITED

Registered Office: 184, PHASE II, GIDC, INDUSTRIAL ESTATE, VATVA, AHMEDABAD 382 445

PROXY FORM

I / Weofbeing a Member / Members of Meghmani Organics Limited holding shares in Folio No. / Demat A/c No.hereby appoint:-
.....ofor failing him / her
.....ofor failing him/her.....of
.....as my/our Proxy to attend and vote for me /us and my/our behalf at the **Fifteenth Annual General Meeting** of the said Company to be held on **Friday, 31 July, 2009 at 3.00 p.m.** at **H.T. Parekh Covention Centre, Torrent AMA Centre, Ahmedabad Management Association, ATIRA, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad - 380015** and at any adjournment thereof

Signed thisday of2009

Signature(s) of the Shareholder(s)
.....

Affix
Revenue
Stamp

- N.B. (i) This form must be deposited at the Registered Office of the Company not later than 48 Hours before the time of meeting
(ii) A PROXY NEED NOT BE A MEMBER

.....
Tear Here

MEGHMANI ORGANICS LIMITED

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

I hereby record my presence at **Fifteenth Annual General Meeting** held at **H.T. Parekh Covention Centre, Torrent AMA Centre, Ahmedabad Management Association, ATIRA, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad - 380015**, on **Friday, 31 July, 2009 at 3.00 p.m**

Client ID No.:- D.P. Id No.

Folio No. / Demat A/c No. :.....

.....
Full Name of the Shareholder
(in block letters)

.....
Signature

.....
*** Full Name of Proxy**
(in block letters)

.....
Signature

* (To be filled in if the Proxy attends instead of the Member)