

MEGHMANI ORGANICS LIMITED

Full year Financial Statement And Dividend Announcement for the Year Ended 31 March 2008

The Board of Directors of Meghmani Organics Limited ("MOL" or the "Company" or "the Issuer") wishes to make the following announcement of the Company's results for the year ended 31 March, 2008 as follows:-

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(a) An income statement (for the Company and Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			Company		
	Year ended		%	Year ended		%
	31.03.2008	31.03.2007		31.03.2008	31.03.2007	
	Rs. '000	Rs. '000	Increase / (Decrease)	Rs. '000	Rs. '000	Increase / (Decrease) Rs. '000
Revenue	5,963,066	4,662,080	27.9	5,894,295	4,684,878	25.8
Cost of sales	(4,971,198)	(3,546,618)	40.2	(4,915,319)	(3,560,130)	38.1
Gross Profit	991,868	1,115,462	-11.1	978,976	1,124,748	-13.0
Other operating income	145,838	32,075	354.7	139,847	32,069	336.1
Distribution expenses	(501,263)	(409,776)	22.3	(490,297)	(409,690)	19.7
Administrative expenses	(132,825)	(180,199)	-26.3	(120,659)	(179,285)	-32.7
Other operating expenses	43,047	2,650	n.m.	43,784	2,650	n.m.
Profit from operations	546,665	560,212	-2.4	551,651	570,492	-3.3
Finance cost	(162,981)	(115,385)	41.2	(99,187)	(115,357)	-14.0
Income from investments	21,739	30	n.m.	21,739	30	n.m.
Share of profit of associate	-	1,485	-100.0	-	-	-
Profit before tax	405,423	446,342	-9.2	474,203	455,165	4.2
Income tax	(99,301)	(46,357)	114.2	(98,232)	(46,357)	111.9
Profit after income tax	306,122	399,985	-23.5	375,971	408,808	-8.0
Minority Interest	1,374	-	n.m.	-	-	-
Profit after Minority Interest	307,496	399,985	-23.1	375,971	408,808	-8.0

1(a) (ii) The net profit attributable to the shareholders includes the following charges/ (credits):

	Group			Company		
	Year ended		%	Year ended		%
	31.03.2008	31.03.2007		31.03.2008	31.03.2007	
	Rs. '000	Rs. '000	Increase (Decrease)	Rs. '000	Rs. '000	Increase (Decrease)
Allowance for doubtful trade receivables (net off recovery)	(13)	(70)	-81.4	(13)	(70)	-81.4
Foreign currency exchange adjustment loss/(gain)	(46,907)	(909)	n.m.	(47,644)	(909)	n.m.
Loss on disposal of plant and equipment	2,813	1,188	136.8	2,813	1,188	136.8
Research and developments expenditure	6,528	17,979	-63.7	6,528	17,979	-63.7
Sundry Balance written off	1,060	(2,859)	-137.1	1,060	(2,859)	-137.1

Note: n.m. means not meaningful.

1(b) (i) A balance sheet of the Company and Group together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 31.03.2008	As at 31.03.2007	As at 31.03.2008	As at 31.03.2007
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS				
Current assets				
Cash & bank balances	361,088	82,531	65,623	79,116
Available for sale investments	40,000	250,000	-	250,000
Trade receivables	2,646,897	1,913,234	2,661,751	1,950,757
Other receivables and prepayments	1,417,189	411,312	853,069	441,283
Inventories	955,303	957,134	854,445	943,015
Income tax recoverable	53,155	55,104	53,336	55,099
Total current assets	5,473,632	3,669,315	4,488,224	3,719,270
Non – current assets				
Property, plant and equipments	2,119,747	1,576,164	1,375,063	1,484,370
Interest in subsidiaries	-	-	1,084,486	28,553
Interest in associate	-	1,858	-	373
Available for sale investments	5,578	5,793	5,568	5,758
Total non – current assets	2,125,325	1,583,815	2,465,117	1,519,054
Total assets	7,598,957	5,253,130	6,953,341	5,238,324
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	1,854,119	1,718,568	1,721,971	1,718,568
Other borrowings	22,750	9,300	-	-
Trade payables	714,810	352,712	683,181	374,008
Other payables	171,119	138,601	133,008	114,937
Total current liabilities	2,762,798	2,219,181	2,538,160	2,207,513
Non – current liabilities				
Long Term Loan	212,302	-	120,360	-
Deferred tax liabilities	130,688	115,627	130,951	115,627
Total non – current liabilities	342,990	115,627	251,311	115,627
Capital & reserves				
Issued capital	254,314	200,630	254,314	200,630
Share premium	1,565,048	663,259	1,565,048	663,259
General reserve	434,270	392,526	434,270	392,526
Capital Reserve	3,122	3,122	3,122	3,122
Capital redemption reserve	18,433	18,433	18,433	18,433
Dividend reserve	89,260	84,502	89,260	84,502
Currency translation reserve	(1,061)	(44)	-	-
Accumulated profits	1,728,887	1,543,890	1,799,423	1,552,712
Minority interest	400,896	12,004	-	-
Total equity	4,493,169	2,918,322	4,163,870	2,915,184
Total liabilities and equity	7,598,957	5,253,130	6,953,341	5,238,324

In FY 2007, Meghmani Europe BVBA, Belgium (“Meghmani BVBA”), was an associate of the Company. During FY 2008 due to purchase of shares from Payam Properties UK, Meghmani Europe BVBA has become subsidiary of the Company.

1(b) (ii) Aggregate amount of Group and Company borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 March 2008		As at 31 March 2007	
Secured		Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
1,253,519	1,121,371	544,292	544,292

As at 31 March 2008		As at 31 March 2007	
Un - Secured		Un - Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
600,600	600,600	1,174,276	1,174,276

Amount repayable after one year

As at 31 March 2008		As at 31 March 2007	
Secured		Un - Secured	
Group	Company	Group	Company
212,302	120,360	-	-

The details of bank borrowings from various banks and securities are shown below:

Bank borrowings from a consortium of banks (Group and Company) (SBI, HDFC and ICICI)

As at March 31, 2008, bank borrowings amounting to Rs. 1,253,519,000 (Group) and 1,121,371,000 (Company) are secured by:

- first ranking pari passu charge in favour of a consortium of banks by way of hypothecation on the Company's trade receivables and inventories ; and
- first ranking pari passu charge in favour of a consortium of banks by way of hypothecation and/or legal mortgage over certain of Company's present and future properties, plant and equipment.

Bank borrowings from a consortium of banks (Group and Company) (SBI, Corporation and ICICI)

As at March 31, 2007, bank borrowings amounting to Rs. 544,292,000 are secured by:

- first ranking pari passu charge in favour of a consortium of banks by way of hypothecation on the Company's trade receivables and inventories ; and
- first ranking pari passu charge in favour of a consortium of banks by way of hypothecation and/or legal mortgage over certain of Company's present and future properties, plant and equipment.

Bank borrowings from other banks (Group and Company)

Bank A (ICICI Bank Limited)

As at March 31, 2008, bank borrowings are amounting to Rs. 120,360,000 As at March 31, 2007, bank borrowings amounting to Rs. Nil are secured by:

- (a) first ranking pari passu charge by way of hypothecation on the Company's current assets; and

Bank B (ICICI Bank Limited - Bahrain)

As at March 31, 2008, bank borrowings are amounting to Rs. 91,942,000. As at March 31, 2007, bank borrowings amounting to Rs. Nil are secured by:

- (b) first ranking pari passu charge by way of hypothecation on the Company's current assets; and

Bank C (HDFC Bank Limited)

As at March 31, 2008, bank borrowings amounting to Rs. 400,000,000 are unsecured.

As at March 31, 2007, bank borrowings amounting to Rs. 798,947,000 are unsecured.

Bank D (ICICI Bank Limited)

As at March 31, 2008, bank borrowings amounting to Rs. Nil (March 31, 2007: Rs. 250,159,000) are unsecured.

Bank E (CITI Bank Limited)

As at March 31, 2008, bank borrowings amounting to Rs. Nil (March 31, 2007: Rs. 125,170,000) are unsecured

Bank F (Standard Chartered Bank)

As at March 31, 2008, bank borrowings amounting to Rs.200,600,000 (March 31, 2007: Rs. Nil) are unsecured.

Vehicle Loan (Group)

As at March 31, 2008, motor vehicle loans amounting to Rs. Nil (March 31, 2007: Rs. Nil) are secured by way of hypothecation of the respective motor vehicles purchased.

1(c) A cash flow statement of the Group and Company, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Particulars	Group		Company	
	Year ended		Year ended	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities:				
Profit from operations	546,665	566,098	551,651	576,377
Adjustments for :			-	
Depreciation on property, plant and equipment	149,115	135,034	143,702	135,014
Unrealised foreign exchange gain (loss)	(70,197)	16,915	(70,197)	16,915
Interest Received	(173)	(391)	(173)	(391)
Balance of subsidiary eliminated (see note below)	6,762	22,274	-	-
Diminution of Investment	190		190	-
Loss on disposal of Investment	566	-	566	-
Loss on disposal of property, plant and equipment	2,813	1,189	2,813	1,189
Operating cash flows before movement in working capital	635,741	741,119	628,552	729,104
Trade receivables	(733,663)	(305,647)	(710,994)	(222,941)
Other receivables and prepayments	(935,680)	(98,785)	(341,589)	(130,525)
Inventories	1,009	(62,778)	88,570	(146,302)
Trade payables	362,097	(8,742)	309,173	14,774
Bills payables	228,366	659	228,366	659
Other payables	34,261	27,529	19,816	4,010
Cash generated from operations	(407,869)	293,355	221,894	248,779
Income taxes paid	(80,977)	(56,458)	(81,147)	(56,453)
Interest and finance charges paid	(162,981)	(115,385)	(99,187)	(115,357)
Net cash from operating activities	(651,827)	121,512	41,560	76,969
Cash flows from investing activities:				
Purchase of property, plant & equipments	(699,046)	(471,077)	(39,234)	(380,124)
Proceeds on disposal of property, plant & equipments	2,027	1,791	2,027	1,791
Purchase of available for sale investments	2,953	(408)	-	-
Purchase of Investment in Mutual Fund	(1,305,000)		(1,305,000)	
Sales of Investment in Mutual Fund	1,304,434		1,304,434	
Interest received	173	391	173	391
Investments in subsidiaries	(1,070)	-	(1,055,560)	(28,553)
Investment income received	21,739	30	21,739	30
Minority interest	390,266	12,004	-	-
Net cash used in investing activities	(283,524)	(457,269)	(1,071,421)	(406,465)
Cash flows from financing activities:				
Dividend paid	(72,227)	(70,221)	(72,227)	(70,221)
Tax on dividend paid	(12,275)	(9,848)	(12,275)	(9,848)
Proceeds from bank borrowings, net of repayments	119,487	687,766	(104,603)	688,346
Proceeds from other borrowings, net of repayments	13,450	9,300	-	-
Increase in Share Capital - Indian IPO	53,684	-	53,684	-
Increase in Share Premium - Indian IPO	901,789	-	901,789	-
Net cash from financing activities	1,003,908	616,997	766,368	608,277
Net effect of exchange rate change in consolidation	-	(6,011)	-	-
Net (decrease) increase in cash and cash equivalents	68,557	275,229	(263,493)	278,781

Particulars	Group		Company	
	Year ended		Year ended	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
Cash and cash equivalents at the beginning of the year	332,531	57,302	329,116	50,335
Cash and cash equivalents at the end of the year	401,088	332,531	65,623	329,116

In FY 2007, Meghmani Europe BVBA, Belgium ("Meghmani BVBA"), was an associate of the Company. During FY 2008 due to purchase of shares from Payam Properties UK, Meghmani Europe BVBA has become subsidiary of the Company.

1 (d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Rs. '000									
	Issued capital	Share premium	General reserve	Capital Reserve	Capital redemption reserve	Dividend reserve	Currency translation reserve	Accumulated Profits	Minority Interest	Total
Balance as at March 31,2006 as per Indian GAAP	200,630	663,259	351,526	3,122	18,433	80,069	5,967	1,269,407	-	2,592,413
New Capital issued	-	-	-	-	-	-	-	-	-	-
Share premium received	-	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-	399,985	-	399,985
Currency Translation Reserve	-	-	-	-	-	-	(44)	-	-	(44)
Transfer to (from) reserve	-	-	41,000	-	-	-	-	(41,000)	-	-
Proposed dividend	-	-	-	-	-	84,502	-	(84,502)	-	-
Final dividend paid	-	-	-	-	-	(80,069)	-	-	-	(80,069)
Addition during the year	-	-	-	-	-	-	-	-	12,004	12,004
Balance of subsidiary eliminated	-	-	-	-	-	-	(5,967)	-	-	(5,967)
Balance as at March 31,2007	200,630	663,259	392,526	3,122	18,433	84,502	(44)	1,543,890	12,004	2,918,322
New Capital issued	53,684	-	-	-	-	-	-	-	-	53,684
Share premium received	-	901,789	-	-	-	-	-	-	-	901,789
Net profit for the year	-	-	-	-	-	-	-	307,496	-	307,496
Currency Translation Reserve	-	-	-	-	-	-	(1,017)	-	-	(1,017)
Transfer to (from) reserve	-	-	40,000	-	-	-	-	(40,000)	-	-
Proposed dividend	-	-	-	-	-	89,260	-	(89,260)	-	-
Final dividend paid	-	-	-	-	-	(84,502)	-	-	-	(84,502)
Addition during the year	-	-	-	-	-	-	-	-	388,892	388,892
Balance of subsidiary eliminated	-	-	-	-	-	-	-	-	-	6,761
Gratuity Provision Earlier Year	-	-	1,744	-	-	-	-	-	-	1,744
Balance as at March 31,2008	254,314	1,565,048	434,270	3,122	18,433	89,260	(1,061)	1,728,887	400,896	4,493,169

Company

	Issued capital	Share premium	General reserve	Capital Reserve	Capital redemption reserve	Dividend reserve	Accumulated Profits	Total
Balance as at March 31, 2006 as per Indian GAAP	200,630	663,259	351,526	3,122	18,433	80,069	1,269,406	2,586,445
New Capital issued	-	-	-	-	-	-	-	-
Share premium received	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	408,808	408,808
Transfer to (from) reserve	-	-	41,000	-	-	-	(41,000)	-
Proposed dividend	-	-	-	-	-	84,502	(84,502)	-
Final dividend paid	-	-	-	-	-	(80,069)	-	(80,069)
Balance as at March 31, 2007	200,630	663,259	392,526	3,122	18,433	84,502	1,552,712	2,915,184
New Capital issued	53,684	-	-	-	-	-	-	53,684
Share premium received	-	901,789	-	-	-	-	-	901,789
Net profit for the year	-	-	-	-	-	-	375,971	375,971
Transfer to (from) reserve	-	-	40,000	-	-	-	(40,000)	-
Proposed dividend	-	-	-	-	-	89,260	(89,260)	-
Final dividend paid	-	-	-	-	-	(84,502)	-	(84,502)
Gratuity Provision Earlier Year	-	-	1,744	-	-	-	-	1,744
Balance as at March 31, 2008	254,314	1,565,048	434,270	3,122	18,433	89,260	1,799,423	4,163,870

Rs. '000

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There is change in the Company's share capital due to Indian IPO.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Auditors report have already been circulated.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual Financial Statements have been applied?

The Group's financial statements have been prepared from those accounting records maintained under Generally Accepted Accounting Practices in India ("Indian GAAP")

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting year compared with the audited financial statements for the year ended 31 March 2007 under Indian GAAP.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for and the effect of, the change.

Not Applicable

6. Earnings per ordinary share of the company for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting and provision for preference dividends.

Earnings per Ordinary shares	Group		Company	
	Year ended		Year ended	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
(a) Based on weighted average number of ordinary shares in issue (Rs)	1.27	1.99	1.55	2.04
Earnings per SDS (Rs)	0.64	1.00	0.78	1.02
(b) On a fully diluted basis (detailing any adjustments made to the earnings) (Rs)	1.27	1.99	1.55	2.04
Earnings per SDS (Rs.)	0.64	1.00	0.78	1.02

7. Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the :-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	As at 31.03.2008	As at 31.03.2007	As at 31.03.2008	As at 31.03.2007
Net assets value per ordinary share based on issued share capital at the end of the year reported in Rs.	17.67	14.55	16.37	14.53

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-

(a) any significant factors that affected the turnover , costs , and earnings of the group for the current financial period reported on , including (where applicable) seasonal or cyclical factors ; and

(b) any material factors that affected the cash flow , working capital , assets or liabilities of the group during the current financial period reported on.

The principal activities of the Group are (i) manufacturing and trading of Pigments and Agrochemicals and (ii) trading of dyes, dyes intermediates and Agrochemicals technical and intermediates products.

Review of results for the year ended on 31 March, 2007

Revenue -Group

Group revenue for FY 2008 rose by 27.9% to Rs. 5963.1 million from Rs. 4,662.1 million in FY.

Breakdown of Revenue by Product

(Rs. in Millions)

Products	FY 2008	FY 2007	Increase/ (Decrease)	%
Pigment	2257.66	2,314.95	-57.29	-2.5
Agrochemical	2581.85	2,274.84	307.01	13.5
Trading / Subsidiary	1123.55	72.29	1051.26	1454.2
Total	5963.06	4,662.08	1300.98	27.9

Breakdown of Domestic Sales by Product

(Rs. in Millions)

Domestic Sales	FY 2008	FY 2007	Increase/ (Decrease)	%
Pigment	351.01	442.85	-91.84	-20.7
Agrochemical	1207.23	976.91	230.32	23.6
Total	1558.24	1,419.76	138.48	9.8

Breakdown of Exports Sales by Product**(Rs. in Millions)**

Export Sales	FY 2008	FY 2007	Increase/ (Decrease)	%
Pigment	1906.65	1,872.10	34.55	1.8
Agrochemical	1374.62	1,297.93	76.69	5.9
Trading / Subsidiary	1123.55	72.29	1051.26	1454.2
Total	4404.82	3,242.32	1162.50	35.8

Reasons for Increase / (Decrease) in Sales

- 1) Export sales of Pigment Division increased by 1.8% mainly due to increase in quantities sold of Pigment Green 7.
- 2) Export sales of Agrochemical Division increased by 5.9% mainly due to increase in quantities sold of Acephate Technical and Permethrin.
- 3) Domestic sales of Pigment Division decreased by 20.7 % mainly due to focus attention to increase export sales.
- 4) Domestic sales of Agrochemical Division increased by 23.6 %.
- 5) Trading activity of Merchant exports increased substantially by Rs. 1051.3 million.

Revenue - Company

Company revenue for FY 2008 rose by 25.8% to Rs. 5894.3 million from Rs. 4,684.9 million in FY 2007.

Breakdown of Revenue by Product**(Rs. in Millions)**

Products	FY 2008	FY 2007	Increase/ (Decrease)	%
Pigment	2471.50	2,350.45	121.05	5.1
Agrochemical	2608.13	2277.59	330.54	14.5
Trading / Subsidiary	814.67	56.84	757.83	1333.3
Total	5894.30	4,684.88	1209.42	25.8

Breakdown of Domestic Sales by Product**(Rs. in Millions)**

Domestic Sales	FY 2008	FY 2007	Increase/ (Decrease)	%
Pigment	351.01	442.85	-91.84	-20.7
Agrochemical	1207.23	976.91	230.32	23.6
Total	1558.24	1,419.76	138.48	9.8

Breakdown of Exports Sales by Product

(Rs. in Millions)

Export Sales	FY 2008	FY 2007	Increase/ (Decrease)	%
Pigment	2120.49	1,907.60	212.89	11.2
Agrochemical	1400.90	1300.68	100.22	7.7
Trading / Subsidiary	814.67	56.84	757.83	1333.3
Total	4336.06	3,265.12	1070.94	32.8

Reasons for Increase / (Decrease) in Sales

- 1) Export sales of Pigment Division increased by 11.2 % mainly due to increase in quantities sold of Beta Blue and Pigment Green 7.
- 2) Export sales of Agrochemical Division increased by 7.7 % mainly due to increase in the quantities sold of Acephate Technical and Permethrin.
- 3) Domestic Sales of Pigment Division decreased by 20.7 % mainly due to focus on export sales.
- 4) Domestic Sales of Agrochemical Division increased by 23.6% mainly due to increase in sales of Acephate, Cyper Tech and Imida Technical.
- 5) Trading activity of Merchant exports increased substantially by Rs. 757.8 million.

Gross profit - Group

The gross profit decreased by 11.1% to Rs. 991.9 million in FY 2008 from Rs 1115.5 million in FY 2007. The gross profit margin decreased to 16.6% in FY 2008 from 23.9% in FY 2007.

Breakdown of Gross Profit by Division

(Rs. in Millions)

Division	FY 2008	GP Margin FY 2007 (%)	FY 2007	GP Margin FY 2006 (%)	Increase/ (Decrease)	Increase/ Decrease (%)
Pigment	488.62	21.6	585.19	25.3	-96.57	-16.5
Agrochemical	385.17	14.9	533.28	23.4	-148.11	-27.8
Trading/Subsidiary	118.08	10.5	-3.01	-4.2	121.09	4022.9
Total	991.87	16.6	1115.46	23.9	-123.59	-11.1

Reasons for increase / (decrease) in GP margin

GP of Pigment

The gross profit of Pigment Division decreased by 16.5% while GP margin decreased from 25.3% in FY 2007 to 21.6% in FY 2008 due to increase in raw material prices.

GP of Agrochemical

The amount of gross profit of Agrochemical Division decreased by 27.8% and GP margin decreased from 23.4% in FY 2007 to 14.9% in FY 2008 due to reduction in quantities sold, decrease in price realisation and increase in cost of raw materials in certain products.

Gross profit – Company

The amount of gross profit decreased by 13.0% to Rs. 979 million in FY 2008 from Rs. 1,124.8 million in FY 2007. The gross profit margin decreased to 16.6 % in FY 2008 from 24% in FY 2007.

Breakdown of Gross Profit by Division

Division	(Rs. in Millions)					
	FY 2008	GP Margin FY 2008 (%)	FY 2007	GP Margin FY 2006 (%)	Increase/ (Decrease)	%
Pigment	488.62	19.8	585.19	24.9	-96.57	-16.5
Agrochemical	385.17	14.8	533.28	23.4	-148.11	-27.8
Trading / Subsidiary	105.19	12.9	6.28	11.0	98.91	1575.0
Total	978.98	16.6	1124.75	24.0	-145.77	-13.0

Reasons for increase / (decrease) in GP margin

GP margin of Pigment

The amount of gross profit of Pigment Division decreased by 16.5% and GP margin decreased from 24.9% in FY 2007 to 19.8% in FY 2008 due to less quantities sold and raw material price.

GP of Agrochemical

The amount of gross profit of Agrochemical Division decreased by 27.8% and GP margin decreased from 23.4% in FY 2007 to 14.8% in FY 2008 due to reduction in quantities sold, decrease in price realisation and increase in cost of raw materials in certain products.

Other operating income

Other operating income of the Group which consists mainly of export benefits such as Duty Entitlement Passbook Benefit (DEPB), duty drawback, etc. has increased by Rs. 113.8 million in FY 2008 mainly due to increase DEPB due to increase in the rates of DEPB benefits and gain on forex derivatives.

Distribution , Administrative and Other Operating Expenses

Distribution expenses

Distribution expenses of Group increased by Rs. 91.5 million, i.e. by 22.3% and the Company increased by Rs. 80.6 million i.e. by 19.7% in comparison to the corresponding figures for the previous year, the main factors being increase in freight (marine), clearing, forwarding charges and packing material cost..

Administrative expenses

Administrative expenses of Group decreased by Rs. 47.4 million i.e. by 26.3% and of Company decreased by Rs. 58.6 million i.e. by 32.7%. This is due to less stock of finished goods resulting in less provision of excise duty.

Other Operating Expenses

Other operating expenses reduced mainly due to volatile fluctuations in the exchange rate of the Indian Rupee against the US dollar which resulted in income of Rs. 40.4 million,

Finance costs

Finance costs of the Group during FY 2008 increased by Rs. 47.6 million, i.e. by 41.2% due to higher utilisation of working capital facilities, on account of (i) increase in trade receivables (ii) increase in other receivables and prepayments (iii) Investment in assets. The finance cost at the Company level decreased by Rs. 16.2 million i.e. by 14% due to receipt of IPO Fund.

Income from investments

During the year, the Company earned marginal income from investments.

Share of associate's profit / loss

Meghmani BVBA is now subsidiary of the Company.

Interest in Subsidiaries

Meghmani Organics USA Inc., a wholly owned subsidiary of the Company, has commenced its commercial transactions from February 2, 2007. Accordingly, profit / loss of Meghmani Organics USA Inc. for the period ended on March 31, 2007 has been included in the profit / loss of the Group.

To set up a Captive Power Plant near its Agrochemical Unit at Chharodi the company has subscribed to 70% of share capital of Meghmani Energy Limited. This has made MEL subsidiary of the Company. Accordingly, profit / loss of MEL for the period ended on March 31, 2008 has been included in the profit / loss of the Group.

To set up a Caustic Chlorine Complex Unit at Dahej the company has subscribed to 57% of share capital of Meghmani Finechem Limited (MFL). This has made MFL subsidiary of the Company. MFL has not commenced production.

Taxation

Income tax of the Group increased by Rs. 52.9 million in FY 2008 i.e. Rs. 99.3 million from Rs. 46.4 million in FY 2007 because of: (i) Ankleshwar Units has been converted from Export Oriented Unit (EOU) to Non Export Oriented Unit (ii) The tax exemption period of Panoli Unit –I is over.

Balance sheet

Trade receivables

The balance of trade receivables increased by Rs. 733.6 million, i.e. by 38%. The receivables turnover ratio increased to 162 days as at 31 March 2008 from 150 days as at 31 March 2007.

Inventories

Inventories for FY 2008 decreased by Rs. 1.8 million..

The inventories holding period decreased to 70 days in FY 2008 from 99 days in FY 2007.

Property, plant and equipments

Property, plant and equipment increased by Rs 543.6 million mainly due to Purchase of Property by Subsidiaries at Meghmani Belgium, Meghmani USA and Meghmani Finechem Ltd.and Meghmani Energy Ltd.

Investments

Investments decreased marginally.

Bank Borrowings

Bank borrowings (current and non-current) increased by Rs 347.8 million due to borrowings made by:

- 1) Meghmani Europe BVBA
- 2) Meghmani Energy Limited

Trade payables

The balance of trade payables increased by Rs. 362.1 million in FY 2008.

Other payables

The balance of other payables increased by Rs 32.5 million i.e. by 23.46% mainly due to higher amount of payables in case of a subsidiary.

Financial Analysis

(Rs. in millions)

Group Key financial highlights	As at 31.03.2007	As at 31.03.2007	Variance	Variance (%)
<u>Profitability</u>				
Sales	5,963	4,662	1,301	27.9
Gross Profit	992	1,115	-123	-11.0
Gross Profit Margin (%)	16.6	23.9	-7.3	
Profit before tax	405	446	-41	-9.2
Profit before tax Margin (%)	6.8	9.6	-2.8	
Net profit	307	400	-93	-23.2
Earning per Share (EPS in Rs.)	1.27	1.99	-0.72	-36.2
Annualised return on equity (ROE)	6.8	13.7	-6.9	-50.4
<u>Financial position</u>				
Net tangible assets	4,493	2,918	1,575	54.0
Debt (short term + long term)	2,066	1,719	347	20.2
Capital Gearing ratio	0.46	0.59	-0.13	-22.0
Net tangible assets per share	16.1	14.5	1.6	11.0
Stock turnover (days)	70	99	-29	-29.3
Trade debts turnover (days)	162	150	12	8.0

Cash flow statement

During the year, the Group generated negative cash flows of Rs. 651.8 million from operating activities.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the company operates and any known factors or events that may affect the company in the next reporting period and the next 12 months.**

Industry Prospects

Pigment

The pigments market continue to deal with the challenges of volatile prices for key raw materials and fuel, improving economic conditions in Europe and increased growth in the Asia Pacific market offer pigment suppliers a ray of hope for the year 2009. On a global basis, consumption of organic pigments is growing at a rate of 2 - 3%.

The ink, paints and plastics industries continue to witness steady and sustained growth in demand. India's ability to provide high quality manufacturing is also attracting a higher level of outsourcing from more companies from the developed countries. In addition, companies in US, Europe, Central and South America, and Japan are also increasing their direct supplies of Pigments from India. The Indian ink industry is also expected to consume more Pigments.

To position itself better from increased demand from local market, the group has increased the production capacity of its Pigment Green 7 plant at Vatva. This year, the Group is also evaluating the possibilities of expanding capacities at its Pigment Blue Plant, Panoli. To meet the demand of its global customers' base, the group is in process to introducing new range of High Performance Pigments.

Agrochemical

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

Last year, the Agrochemicals market remained very depressed globally due to droughts, severe cold or excess rain in certain parts of the world. The market has started improving this year. The Group performed well on the domestic front last year as Indian monsoon was good. The Group expect to continue the same this year on the domestic branded formulations sale.

Registrations

The Group continued to make its concentrated efforts to obtain overseas registrations. The Group has received total 130 registrations.

The Group also expects to gain from the new registration received from Brazil and Pakistan.

The registration efforts of the Group are in countries such as Australia, Brazil, Bangladesh, China, Indonesia, Malaysia, Nigeria, Paraguay, Thailand, Turkey and Vietnam. The group has 430 new registrations in pipeline in 60 countries at various stages which will further strengthen the growth plan of the Group.

Outlook for FY 2009

Raw Material Price

During FY 2008 crude oil price continued to increase resulting in higher raw materials cost that are derivatives of crude oil, such as Phathlic, Ortho Nitro Toluene and solvents. There was also a bullish trend in the metal market, resulting in increase in the prices of Copper and Aluminium.

Nevertheless, should the trend of rising raw material costs resume, our profitability is likely to be affected in the 1Q FY 2009. We are also continuously negotiating with customers to pass on the higher raw material costs. With political uncertainty in the Middle East still an issue, and double digit growth in China creating strong demand for energy and raw materials, we do not see an end to upward pressure on raw material prices in 2009, as well.

Market Price

The global market for pigment products continued to show signs of recovery in the sales price of some products. The agro product witnessed pressure on pricing during FY 2008, which is expected to improve during FY 2009.

Profitability

The Group achieved higher revenue in FY 2008. Gross profit and Net Profit after tax decreased. Although the gross profit margins are under pressure. The Company endeavours to manage finance cost, inventory level and speedy realization of trade receivables.

11. Dividend

(a) Current Financial Period Reported on

Any dividend declared for the financial period reported on? Yes

Name of the dividend:	Proposed Final Dividend
Dividend Type	Cash
Dividend amount per Share (IN INR)	Rs. 0.30 Per Share
Par value of Share	Rs. 1/- per ordinary share

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of the dividend:	Proposed Final Dividend
Dividend Type	Cash
Dividend amount per Share (IN INR)	Rs. 0.36 Per Share
Par value of Share	Rs. 1/- per ordinary share

(c) Date payable: 8 August, 2008

(d) Books closure date: 5 August, 2008

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1,Q2,Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements , with comparative information for the immediately preceding year .

Segment Results – Group

a) Analysis by business segment

Financial year ended March 31, 2008

	<u>Pigments</u> Rs'000	<u>Agro chemicals</u> Rs'000	<u>Others</u> Rs'000	<u>Eliminations</u> Rs'000	<u>Total</u> Rs'000
Revenue:					
External sales	2,257,658	2,581,854	1,123,554		5,963,066
Inter-segment sales	180,802	310,460	63,776	(555,038)	-
Sales to subsidiaries	213,837	26,276	9,991	(250,104)	-
Total revenue	<u>2,652,297</u>	<u>2,918,590</u>	<u>1,197,321</u>	<u>(805,142)</u>	<u>5,963,066</u>
Results:					
Segment results	<u>348,117</u>	<u>178,394</u>	<u>70,978</u>	<u>(4,805)</u>	592,684
Unallocated expenses					<u>(46,017)</u>
Profit from operations					546,667
Finance costs	(42,843)	(41,249)	(24,243)	(54,647)	(162,982)
Income from investments	15,914	5,824	-	-	21,738
Share of profit in associate	-	-	-	-	-
Profit before income tax					405,423
Income tax					<u>(99,301)</u>
Minority Interest					1,374
Profit after income tax					<u>307,496</u>
	<u>Pigments</u> Rs'000	<u>Agro chemicals</u> Rs'000	<u>Others</u> Rs'000	<u>Eliminations</u> Rs'000	<u>Total</u> Rs'000
Other information:					
Capital additions	183,175	69,929	675,495	(35,727)	892,872
Depreciation	(80,210)	(61,260)	(7,645)	-	(149,115)
Balance Sheet:					
Segment assets	2,430,327	2,715,264	2,756,548	(406,854)	7,495,285
Unallocated Corporate assets					<u>103,671</u>
Total assets					<u>7,598,956</u>
Segment liabilities	391,721	1,831,397	1,117,610	(365,630)	2,975,098
Minority Interest					400,896
Unallocated Corporate liabilities					<u>130,688</u>
Total liabilities					<u>3,506,682</u>

Financial year ended March 31, 2007

	<u>Pigments</u> Rs'000	<u>Agro chemicals</u> Rs'000	<u>Others</u> Rs'000	<u>Eliminations</u> Rs'000	<u>Total</u> Rs'000
Revenue:					
External sales	2,314,955	2,274,837	72,288		4,662,080
Inter-segment sales	124,032	276,082	40,770	(440,884)	-
Sales to subsidiaries	35,500	2,748	-	(38,248)	-
Total revenue	<u>2,474,487</u>	<u>2,553,667</u>	<u>113,058</u>	<u>(479,132)</u>	<u>4,662,080</u>
Results:					
Segment results	<u>404,809</u>	<u>249,152</u>	<u>4,723</u>	<u>(8,939)</u>	649,745
Unallocated expenses					<u>(89,533)</u>
Profit from operations					560,212
Finance costs	(47,717)	(66,646)	(1,022)	-	(115,385)
Income from investments	30	-	-	-	30
Share of profit in associate	-	-	-	-	1,485
Profit before income tax					<u>446,342</u>
Income tax					<u>(46,357)</u>
Profit after income tax					<u>399,985</u>
	<u>Pigments</u> Rs'000	<u>Agro chemicals</u> Rs'000	<u>Others</u> Rs'000	<u>Eliminations</u> Rs'000	<u>Total</u> Rs'000
Other information:					
Capital additions	110,121	139,629	147,255	122,636	519,641
Depreciation	(74,131)	(55,729)	(5,153)	-	(135,013)
Balance Sheet:					
Segment assets	2,058,079	2,812,892	354,392	(107,453)	5,117,910
Unallocated					
Corporate assets					<u>128,462</u>
Total assets					<u>5,246,372</u>
Segment liabilities	293,663	1,767,896	222,226	(71,363)	2,212,422
Minority Interest					12,004
Unallocated					
Corporate liabilities					<u>115,627</u>
Total liabilities					<u>2,340,053</u>

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 Group's sales by geographical markets:

	<u>2007</u> Rs'000	<u>2008</u> Rs'000
Africa	230,403	116,254
Asia	354,055	754,153
Australia	122,401	215,285
Europe	1,161,118	1,784,366
India	1,419,755	1,564,272
North America	930,773	886,511
South America	443,575	642,225
	<u>4,662,080</u>	<u>5,963,066</u>

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earning by the business or geographical segments.

Please refer Point No. 8 above

15. A breakdown of sales:

	FY 2008 Rs.'000	FY 2007 Rs.'000	% Increase (Decrease)
Sales			
a) Sales reported for first Quarter	1,114,069	1,014,327	9.8
b) Sales reported for second Quarter	1,695,173	1,366,843	24.0
c) Sales reported for third Quarter	1,355,586	1,147,040	18.2
d) Sales reported for fourth Quarter	1,798,238	1,133,870	58.6
Total Sales	5,963,066	4,662,080	27.9
Profit after tax			
a) Profit after tax reported for first Quarter	80,994	90,396	-10.4
b) Profit after tax reported for second Quarter	92,535	106,608	-13.2
c) Profit after tax reported for third Quarter	90,140	106,818	-15.6
d) Profit after tax reported for fourth Quarter	43,827	96,163	-54.4
Total Profit after tax	307,496	399,985	-23.1

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year:

Total Annual Dividend (Refer to para 16 of Appendix 7.2 for the required details)

(Rs. '000)

	FY 2008	FY 2007
Ordinary	89,260	84,502
Preference		-
Total	89,260	84,502

17. Interested Person Transactions:

Particulars of interested person transactions for the year ended 31 March, 2008 are as under:

Name of Interested Person	Nature of Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 (equivalent to approximately Rs2,600,000) and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)
Alpanil Industries	Purchase of Goods	Rs. 19,224,158
Ashish Chemicals	Purchase of Goods	Rs. 18,611,902
Meghmani Europe BVBA	Purchase of Goods	Rs. 72,729,157
Ashish Chemicals	Sales of goods	Rs. 10,511,209
Ashish Chemicals (EOU)	Sales of goods	Rs. 17,097,600
Meghmani Europe BVBA	Sales of goods	Rs. 183,875,005
Meghmani organics Inc. USA	Sales of goods	Rs. 66,150,566
Meghmani Energy Limited	Purchased for Captive Power	Rs. 22,554,301

18. Annual General Meeting :

The Annual General Meeting of the group held on 30 July, 2008 at Ahmedabad, Gujarat, India

BY ORDER OF THE BOARD
Kamlesh Dinkerray Mehta
Company Secretary
Date :03.08.2008