

**MEGHMANI ORGANICS LIMITED**

**Full year Financial Statement And Dividend Announcement for the Year Ended 31 March 2010**

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, 2010 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		%
	31.03.2010	31.03.2009	Increase / (Decrease)	31.03.2010	31.03.2009	Increase / (Decrease)
	Rs. ‘000	Rs. ‘000		Rs. ‘000	Rs. ‘000	Rs. ‘000
Revenue	8,162,724	7,914,002	3.1	7,292,185	7,683,688	-5.1
Cost of sales	(6,885,206)	(6,208,267)	10.9	(5,966,843)	(6,068,233)	-1.7
<b>Gross Profit</b>	<b>1,277,518</b>	<b>1,705,735</b>	<b>-25.1</b>	<b>1,325,342</b>	<b>1,615,455</b>	<b>-18.0</b>
Other operating income	226,912	251,533	-9.8	228,733	262,197	-12.8
Distribution expenses	(523,487)	(565,571)	-7.4	(504,175)	(526,426)	-4.2
Administrative expenses	(232,507)	(200,441)	16.0	(186,047)	(177,737)	4.7
Other operating expenses	151,816	(447,585)	-133.9	109,111	(312,237)	-134.9
<b>Profit from operations</b>	<b>900,252</b>	<b>743,671</b>	<b>21.1</b>	<b>972,964</b>	<b>861,252</b>	<b>13.0</b>
Finance cost	(418,712)	(261,017)	60.4	(136,011)	(240,055)	-43.3
Income from investments	346	37	835.1	331	37	794.6
<b>Profit before tax</b>	<b>481,886</b>	<b>482,691</b>	<b>-0.2</b>	<b>837,284</b>	<b>621,234</b>	<b>34.8</b>
Income tax	(85,632)	(110,422)	-22.5	(221,482)	(115,927)	91.1
<b>Profit after income tax</b>	<b>396,254</b>	<b>372,269</b>	<b>6.4</b>	<b>615,802</b>	<b>505,307</b>	<b>21.9</b>
Minority Interest	120,508	(1,055)	-11522.6	-	-	-
<b>Profit after Minority Interest</b>	<b>516,762</b>	<b>371,214</b>	<b>39.2</b>	<b>615,802</b>	<b>505,307</b>	<b>21.9</b>

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

	Group			Company		
	Year ended		%	Year ended		%
	31.03.2010	31.03.2009	Increase (Decrease)	31.03.2010	31.03.2009	Increase (Decrease)
	Rs. ‘000	Rs. ‘000		Rs. ‘000	Rs. ‘000	
Allowance for doubtful trade receivables (net off recovery)	8,445	(39)	n.m.	-	(39)	n.m.
Foreign currency exchange adjustment loss/(gain)	(179,183)	444,997	-140.3	(104,763)	309,208	-133.9
Loss on disposal of plant and equipment	23,371	2,626	790.0	(348)	2,626	-113.3
Research and developments expenditure	7,392	7,815	-5.4	6,863	7,749	-11.4
Sundry Balance written off	(4,449)	1	n.m.	(4,000)	442	-1005.0

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 31.03.2010	As at 31.03.2009	As at 31.03.2010	As at 31.03.2009
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash & bank balances	220,021	234,339	153,831	85,880
Available for sale investments	187,457	404,154	187,457	-
Trade receivables	3,156,864	2,829,916	3,236,969	2,968,939
Other receivables and prepayments	1,615,200	1,744,842	1,266,355	1,152,665
Inventories	1,386,310	1,132,091	1,209,156	1,054,449
Income tax recoverable	19,077	78,589	24,471	80,732
<b>Total current assets</b>	<b>6,584,929</b>	<b>6,423,931</b>	<b>6,078,239</b>	<b>5,342,665</b>
<b>Non – current assets</b>				
Property, plant and equipments	6,804,078	6,178,779	1,846,589	1,501,187
Interest in subsidiaries	-	-	1,110,530	1,097,116
Available for sale investments	5,583	5,583	5,573	5,573
Deferred tax Assets	36,418	-	-	-
<b>Total non – current assets</b>	<b>6,846,079</b>	<b>6,184,362</b>	<b>2,962,692</b>	<b>2,603,876</b>
<b>Total assets</b>	<b>13,431,008</b>	<b>12,608,293</b>	<b>9,040,931</b>	<b>7,946,541</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Bank borrowings	2,010,031	1,770,158	1,991,323	1,749,025
Other borrowings	5,322	31,073	-	-
Trade payables	1,006,752	868,308	912,881	704,659
Other payables	556,545	750,451	426,784	633,795
<b>Total current liabilities</b>	<b>3,578,650</b>	<b>3,419,990</b>	<b>3,330,988</b>	<b>3,087,479</b>
<b>Non – current liabilities</b>				
Long Term Loan	4,378,275	3,887,322	493,900	152,160
Deferred tax liabilities	-	119,348	117,831	126,709
<b>Total non – current liabilities</b>	<b>4,378,275</b>	<b>4,006,670</b>	<b>611,731</b>	<b>278,869</b>
<b>Capital &amp; reserves</b>				
Issued capital	254,314	254,314	254,314	254,314
Share premium	1,565,048	1,565,048	1,565,048	1,565,048
General reserve	489,270	489,270	489,270	489,270
Capital Reserve	3,520	3,520	3,122	3,122
Capital redemption reserve	18,433	18,433	18,433	18,433
Dividend reserve	680	98,463	680	98,463
Currency translation reserve	(2,596)	3,424	-	-
Accumulated profits	2,463,677	1,946,915	2,767,345	2,151,543
Minority interest	681,737	802,246	-	-
<b>Total equity</b>	<b>5,474,083</b>	<b>5,181,633</b>	<b>5,098,212</b>	<b>4,580,193</b>
<b>Total liabilities and equity</b>	<b>13,431,008</b>	<b>12,608,293</b>	<b>9,040,931</b>	<b>7,946,541</b>

**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 2010		As at 31 March 2009	
Secured		Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
882,053	863,345	458,888	437,755

As at 31 March 2010		As at 31 March 2009	
Un –Secured		Un –Secured	
Group	Company	Group	Company
Rs. '000	Rs. '000	Rs. '000	Rs. '000
1,127,978	1,127,978	1,311,270	1,311,270

**Amount repayable after one year**

As at 31 March 2010		As at 31 March 2009	
Secured		Secured	
Group	Company	Group	Company
4,378,275	493,900	3,887,322	152,160

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, 2010, bank borrowings amounting to Rs.. 277,384,000 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.

As at March 31, 2009, bank borrowings amounting to Rs.. 437,755,000 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 A (ICICI Bank Limited)**

As at March 31, 2010, bank borrowings are amounting to Rs. 134,700,000 as at March 31, 2009, bank borrowings amounting to Rs. 152,160,000 are secured by:

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

As at March 31, 2009, bank borrowings are amounting to Rs. 152,160,000 as at March 31, 2008, bank borrowings amounting to Rs. Rs. 120,360,000 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, 2010, bank borrowings are amounting to Rs. 65,479,000 (repayable after one year) and Rs. 18,708,000 (repayable within one year) are secured by:

first ranking pari passu charge by way of hypothecation on the Company's current assets

As at March 31, 2009, bank borrowings are amounting to Rs. 95,100,000 (repayable after one year) and Rs. 21,133,000 (repayable within one year) are secured by:

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

**Bank C (ECB – Standard Chartered Bank)**

As at March 31, 2010, bank borrowings amounting to Rs. 493,900,000 are secured. (repayable after one year)

As at March 31, 2009, bank borrowings amounting to Rs. Nil.

**Bank D (State Bank of India)**

As at March 31, 2010, bank borrowings amounting to Rs. 250,490,000 (March 31, 2009: Rs. Nil) are secured.

**Bank E (HDFC Bank Limited)**

As at March 31, 2010, bank borrowings amounting to Rs. 200,771,000 are secured.

As at March 31, 2009, bank borrowings amounting to Rs. Nil are secured.

**Bank F (Standard Chartered Bank)**

As at March 31, 2010, bank borrowings amounting to Rs.325,525,000 are unsecured.

As at March 31, 2009, bank borrowings amounting to Rs.204,148,000 are unsecured.

**Bank G (HDFC Bank Limited)**

As at March 31, 2010, bank borrowings amounting to Rs. 402,453,000 are unsecured.

As at March 31, 2009, bank borrowings amounting to Rs. 756,633,000 are unsecured.

**Bank H (ICICI Bank Limited)**

As at March 31, 2010, bank borrowings amounting to Rs. 300,000,000 are Unsecured.

As at March 31, 2009, bank borrowings amounting to Rs. 350,489,000 are Unsecured.

**Bank I (Kotak Mahindra Bank Limited)**

As at March 31, 2010, bank borrowings amounting to Rs. 100,000,000 are Unsecured.

**Bank J (KBC Bank Limited – Meghmani Europe BVBA)**

As at March 31, 2010, bank borrowings amounting to Rs. 25,997,000 are secured by the assets purchased at Europe.

As at March 31, 2009, bank borrowings amounting to Rs. 30,620,000 are secured by the assets purchased at Europe.

**Bank K (Consortium of banks – Meghmani Finechem Limited (MFL))**

As at March 31, 2010, bank borrowings amounting to Rs. 2,892,521,000 (repayable after one year) are secured by Mortgage/hypothecation of assets.

As at March 31, 2009, bank borrowings amounting to Rs. 2,740,000,000 (repayable after one year) are secured by Mortgage/hypothecation of assets.

**Bank L (International Financial Corporation (IFC) – MFL)**

As at March 31, 2010, bank borrowings amounting to Rs. 898,000,000 (repayable after one year) are secured by Mortgage/hypothecation of assets.

As at March 31, 2009, bank borrowings amounting to Rs. 869,442,000 (repayable after one year) are secured by Mortgage/hypothecation of assets.

**Bank M (PT. Astrasedaya Finance – PT Meghmani Indonesia)**

As at March 31, 2010, bank borrowings amounting to Rs. 2,378,000 are secured by the Vehicle purchased at Indonesia.

As at March 31, 2009, bank borrowings amounting to Rs. Nil.

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	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cash flows from operating activities:</b>				
Profit from operations	900,252	743,671	972,964	861,252
Adjustments for :				
Depreciation on property, plant and equipment	514,279	173,516	170,157	153,627
Unrealised foreign exchange gain (loss)	30,619	428,286	75,486	428,286
Interest Received	(15,351)	(27,267)	(20,656)	(27,267)
Loss on disposal of property, plant and equipment	23,371	2,626	(348)	2,626
<b>Operating cash flows before movement in working capital</b>	<b>1,453,170</b>	<b>1,320,832</b>	<b>1,197,603</b>	<b>1,418,524</b>
Trade receivables	(326,947)	(60,902)	(268,029)	(185,072)
Other receivables and prepayments	99,023	(878,056)	(189,176)	(849,998)
Inventories	(254,219)	(176,393)	(154,707)	(200,004)
Trade payables	138,443	153,498	208,222	21,477
Bills payables	(350,460)	(103,567)	(350,460)	(103,566)
Other payables	(193,907)	579,333	(207,011)	500,786
<b>Cash generated from operations</b>	<b>565,103</b>	<b>834,745</b>	<b>236,442</b>	<b>602,147</b>
Income taxes paid	(181,885)	(148,510)	(174,100)	(147,563)
Interest and finance charges paid	(418,712)	(261,017)	(136,011)	(240,056)
<b>Net cash from operating activities</b>	<b>(35,494)</b>	<b>425,218</b>	<b>(73,669)</b>	<b>214,528</b>
<b>Cash flows from investing activities:</b>				
Purchase of property, plant & equipments	(1,172,678)	(4,239,334)	(524,940)	(288,041)
Proceeds on disposal of property, plant & equipments	9,728	5,664	9,728	5,664
Purchase of available for sale investments	-	12,625	-	(5)
Interest received	15,351	27,267	20,656	27,267
Investments in subsidiaries	-	(12,630)	(13,413)	(12,630)
Investment income received`	346	37	331	37
Minority interest	-	400,546	-	-
<b>Net cash used in investing activities</b>	<b>(1,147,253)</b>	<b>(3,805,825)</b>	<b>(507,638)</b>	<b>(267,708)</b>
<b>Cash flows from financing activities:</b>				
Dividend paid	(83,520)	(76,018)	(83,520)	(76,018)
Tax on dividend paid	(14,263)	(12,966)	(14,263)	(12,966)
Proceeds from bank borrowings, net of repayments	1,264,578	3,694,627	1,117,790	162,421
Proceeds from other borrowings, net of repayments	(209,043)	8,323	(183,292)	-
<b>Net cash from financing activities</b>	<b>957,752</b>	<b>3,613,966</b>	<b>836,715</b>	<b>73,437</b>
Net effect of exchange rate change in consolidation	(6,020)	4,046		-
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(231,015)</b>	<b>237,405</b>	<b>255,408</b>	<b>20,257</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>638,493</b>	<b>401,088</b>	<b>85,880</b>	<b>65,623</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>407,478</b>	<b>638,493</b>	<b>341,288</b>	<b>85,880</b>

**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 31,2008	254,314	1,565,048	434,270	3,122	18,433	89,260	(1,061)	1,728,888	400,896	4,493,170
Net profit for the year	-	-	-	-	-	-	-	371,214	-	371,214
Transfer to (from) reserve	-	-	55,000	-	-	-	-	(55,000)	-	-
Proposed dividend	-	-	-	-	-	98,187	-	(98,187)	-	-
Final dividend paid	-	-	-	-	-	(88,984)	-	-	-	(88,984)
Addition during the year	-	-	-	398	-	-	-	-	401,350	401,748
Currency Translation Reserve	-	-	-	-	-	-	4,485	-	-	4,485
<b>Balance as at March 31,2009</b>	<b>254,314</b>	<b>1,565,048</b>	<b>489,270</b>	<b>3,520</b>	<b>18,433</b>	<b>98,463</b>	<b>3,424</b>	<b>1,946,915</b>	<b>802,246</b>	<b>5,181,633</b>
Net profit for the year	-	-	-	-	-	-	-	516,762	-	516,762
Transfer to (from) reserve	-	-	-	-	-	-	-	-	-	-
Proposed dividend	-	-	-	-	-	-	-	-	-	-
Final dividend paid	-	-	-	-	-	(97,783)	-	-	-	(97,783)
Addition during the year	-	-	-	-	-	-	-	-	(120,509)	(120,509)
Currency Translation Reserve	-	-	-	-	-	-	(6,020)	-	-	(6,020)
<b>Balance as at March 31,2010</b>	<b>254,314</b>	<b>1,565,048</b>	<b>489,270</b>	<b>3,520</b>	<b>18,433</b>	<b>680</b>	<b>(2,596)</b>	<b>2,463,677</b>	<b>681,737</b>	<b>5,474,083</b>

Company

Rs. '000

	Issued capital	Share premium	General reserve	Capital Reserve	Capital redemption reserve	Dividend reserve	Accumulated Profits	Total
<b>Balance as at March 31,2008 as per Indian GAAP</b>	<b>254,314</b>	<b>1,565,048</b>	<b>434,270</b>	<b>3,122</b>	<b>18,433</b>	<b>89,260</b>	<b>1,799,423</b>	<b>4,163,870</b>
New Capital issued	-	-	-	-	-	-	-	-
Share premium received	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	505,307	505,307
Transfer to (from) reserve	-	-	55,000	-	-	-	(55,000)	-
Proposed dividend	-	-	-	-	-	98,187	(98,187)	-
Final dividend paid	-	-	-	-	-	(88,984)	-	(88,984)
Gratuity Provision Earlier Year	-	-	-	-	-	-	-	-
<b>Balance as at March 31,2009</b>	<b>254,314</b>	<b>1,565,048</b>	<b>489,270</b>	<b>3,122</b>	<b>18,433</b>	<b>98,463</b>	<b>2,151,543</b>	<b>4,580,193</b>
New Capital issued	-	-	-	-	-	-	-	-
Share premium received	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	615,802	615,802
Transfer to (from) reserve	-	-	-	-	-	-	-	-
Proposed dividend	-	-	-	-	-	-	-	-
Final dividend paid	-	-	-	-	-	(97,783)	-	(97,783)
Gratuity Provision Earlier Year	-	-	-	-	-	-	-	-
<b>Balance as at March 31,2010</b>	<b>254,314</b>	<b>1,565,048</b>	<b>489,270</b>	<b>3,122</b>	<b>18,433</b>	<b>680</b>	<b>2,767,345</b>	<b>5,098,212</b>



**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 no change in the Company's share capital.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.**

	31 March 2010	31 March 2009
Total number of issued ordinary shares		
<b>Excluding treasury shares</b>	71,569,650	63,319,650

The Company has issued 8,250,000 underline equity shares to SDS holders under two way fungibility mechanism.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company does not have any treasury shares.

**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 in accordance with the provisions of Generally Acceptable Accounting Practices in India.

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

There is no qualification or adverse remarks by Auditors. The Auditors' Report will be circulated along with Annual Report.

**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 2009 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	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
(a) Based on weighted average number of ordinary shares in issue (Rs)	2.03	1.46	2.42	1.99
Earnings per SDS (Rs)	1.02	0.73	1.21	1.00
(b) On a fully diluted basis (detailing any adjustments made to the earnings) (Rs)	2.03	1.46	2.42	1.99
Earnings per SDS (Rs.)	1.02	0.73	1.21	1.00

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.**

Net assets value per ordinary share based on issued share capital at the end of the year reported in Rs.	Group		Company	
	As at 31.03.2010	As at 31.03.2009	As at 31.03.2010	As at 31.03.2009
	21.52	20.37	20.05	18.01

- 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, Agrochemicals Basic Chemicals and (ii) trading of dyes, dyes intermediates and Agrochemicals technical and intermediates products.

## Review of results for the year ended on 31 March, 2010

### Revenue -Group

Group revenue for FY 2010 rose by 3.1% to Rs. 8162.72 million from Rs. 7914.00 million in FY 2009.

### **Breakdown of Revenue by Product**

(Rs. in Millions)

Products	FY 2010	FY 2009	Increase/ (Decrease)	%
Pigment	2377.43	2259.26	118.17	5.2
Agrochemical	4077.97	4272.55	-194.58	-4.6
Power	57.97	0.00	57.97	n.m.
Caustic Chlorine	752.67	0.00	752.67	n.m.
Trading / Subsidiary	896.68	1382.19	-485.51	-35.1
<b>Total</b>	<b>8162.72</b>	<b>7914.00</b>	<b>248.72</b>	<b>3.1</b>

### **Breakdown of Domestic Sales by Product**

(Rs. In Millions)

Domestic Sales	FY 2010	FY 2009	Increase/ (Decrease)	%
Pigment	644.56	405.32	239.24	59.0
Agrochemical	1502.81	1446.79	56.02	3.9
Power	57.97	0.00	57.97	n.m.
Caustic Chlorine	752.67	0.00	752.67	n.m.
Trading	27.81	0.00	27.81	n.m.
<b>Total</b>	<b>2985.82</b>	<b>1852.11</b>	<b>1133.71</b>	<b>61.2</b>

### **Breakdown of Exports Sales by Product**

(Rs. in Millions)

Export Sales	FY 2010	FY 2009	Increase/ (Decrease)	%
Pigment	1732.87	1853.94	-121.07	-6.5
Agrochemical	2575.16	2825.76	-250.60	-8.9
Trading / Subsidiary	868.87	1382.19	-513.32	-37.1
<b>Total</b>	<b>5176.90</b>	<b>6061.89</b>	<b>-884.99</b>	<b>-14.6</b>

### **Reasons for Increase / (Decrease) in Sales**

- 1) Export sales of Pigment Division decreased by 6.5% because of less quantity sales and pressure on pricing .
- 2) Export sales of Agrochemical Division decreased by 8.9 % . % because of less quantity sales and pressure on pricing .
- 3) Domestic sales of Pigment Division increased by 59.0 % on account of new customerSbase.
- 4) Domestic sales of Agrochemical Division increased by 3.9 %.

5) Trading activity of Merchant exports decreased substantially by Rs. 513.32 million i.e. By 37%.

### **Revenue - Company**

Company revenue for FY 2010 decreased by 5.1 % to Rs. 7292.18 million from Rs. 7683.69 million in FY 2009.

### **Breakdown of Revenue by Product**

(Rs. in Millions)

Products	FY 2010	FY 2009	Increase/ (Decrease)	%
Pigment	2814.69	2663.08	151.61	5.7
Agrochemical	4119.93	4297.49	-177.56	-4.1
Trading / Subsidiary	357.56	723.12	-365.56	-50.5
<b>Total</b>	<b>7292.18</b>	<b>7683.69</b>	<b>-391.51</b>	<b>-5.1</b>

### **Breakdown of Domestic Sales by Product**

(Rs. in Millions)

Domestic Sales	FY 2010	FY 2009	Increase/ (Decrease)	%
Pigment	644.56	405.32	239.24	59.0
Agrochemical	1502.81	1446.79	56.02	3.9
Trading	27.80	0.00	27.80	n.m.
<b>Total</b>	<b>2175.17</b>	<b>1852.11</b>	<b>323.06</b>	<b>17.4</b>

### **Breakdown of Exports Sales by Product**

(Rs. in Millions)

Export Sales	FY 2010	FY 2009	Increase/ (Decrease)	%
Pigment	2170.13	2257.76	-87.63	-3.9
Agrochemical	2617.12	2850.70	-233.58	-8.2
Trading	329.76	723.12	-393.36	-54.4
<b>Total</b>	<b>5117.01</b>	<b>5831.58</b>	<b>-714.57</b>	<b>-12.2</b>

### **Reasons for Increase / (Decrease) in Sales**

- 1) Export sales of Pigment Division decreased by 3.9 %.
- 2) Export sales of Agrochemical Division decreased by 8.2 % due to pressure on pricing.
- 3) Domestic Sales of Pigment Division increased by 59.0% mainly due to focus on new customer base.
- 4) Domestic Sales of Agrochemical Division increased marginally by 3.9 %.
- 5) Trading activity decreased by Rs.393.36 million.

### **Gross profit - Group**

The gross profit decreased by 25.1% to Rs. 1277.52 million in FY 2010 from Rs 1705.73 million in FY 2009. The gross profit margin decreased to 15.7% in FY 2010 from 21.5% in FY 2009.

#### **Breakdown of Gross Profit by Division**

(Rs. in Millions)

Division	FY 2010	GP Margin FY 2010 (%)	FY 2009	GP Margin FY 2009 (%)	Increase/ (Decrease)	Increase/ Decrease (%)
Pigment	492.11	20.7	585.49	25.9	-93.38	-15.9
Agrochemical	853.14	20.9	941.97	22.0	-88.83	-9.4
Power	81.03	39.5*	0.00	0.00	81.03	n.m.
Caustic Chlorine	-138.93	-18.5	0.00	0.00	-138.93	n.m.
Trading/Subsidiary	-9.83	-1.1	178.27	12.9	-188.10	-105.5
<b>Total</b>	<b>1277.52</b>	<b>15.7</b>	<b>1705.73</b>	<b>21.5</b>	<b>-428.21</b>	<b>-25.1</b>

\* GP Percentage of power is calculated on total sales made by Meghmani Energy Limited

#### **Reasons for increase / (decrease) in GP margin**

##### **GP of Pigment**

The gross profit of Pigment Division decreased by 15.9% and GP margin decreased from 25.9% in FY 2009 to 20.7 % in FY 2010 due to pressure on pricing and less sales of quantity of Beta Blue.

##### **GP of Agrochemical**

The amount of gross profit of Agrochemical Division decreased by 9.4% and GP margin decreased from 22.0% in FY 2009 to 20.9% in FY 2010 due to pressure on sales price of certain products and increase in raw material prices.

### **Gross profit – Company**

The amount of gross profit decreased by 18.0% to Rs. 1325.34 million in FY 2010 from Rs.1615.45 million in FY 2009. The gross profit margin decreased from 21.0 % in FY 2009 to 18.2% in FY 2010.

#### **Breakdown of Gross Profit by Division**

(Rs. in Millions)

Division	FY 2010	GP Margin FY 2010 (%)	FY 2009	GP Margin FY 2009 (%)	Increase/ (Decrease)	%
Pigment	492.11	17.5	585.49	22.0	-93.38	-15.9
Agrochemical	853.14	20.7	941.97	21.9	-88.83	-9.4
Trading / Subsidiary	-19.91	-5.6	87.99	12.2	-107.90	-122.6
<b>Total</b>	<b>1325.34</b>	<b>18.2</b>	<b>1615.45</b>	<b>21.0</b>	<b>-290.11</b>	<b>-18.0</b>

## **Reasons for increase / (decrease) in GP margin**

### **GP margin of Pigment**

The amount of gross profit of Pigment Division decreased by 15.9% and GP margin decreased from 22.0% in FY 2009 to 17.5% in FY 2010 due to pressure on pricing and less sales of quantity of Beta Blue.

### **GP of Agrochemical**

The amount of gross profit of Agrochemical Division decreased by 9.4% and GP margin decreased from 21.9% in FY 2009 to 20.7 % in FY 2010 due to pressure on pricing and increase in raw material cost.

### **Other operating income – Group & Company**

Other operating income of the Group and the Company which consists mainly of export benefits such as Duty Entitlement Passbook Benefit (DEPB), duty drawback, etc. has decreased by Rs. 24.6 million and Rs. 33.5 million in FY 2010 respectively mainly due to decrease DEPB income on account of lesser export sales.

### **Distribution, Administrative and Other Operating Expenses – Group & Company**

#### **Distribution expenses**

Distribution expenses of Group decreased by Rs. 42.1 million, i.e. by 7.4% and the Company decreased by Rs. 22.2 million i.e. by 4.2% in comparison to the corresponding figures for the previous year. The main contributories are Export Clearing and Forwarding Charges and Transportation cost. This is due to lesser export.

#### **Administrative expenses – Group & Company**

Administrative expenses of Group increased by Rs.32.1 million i.e. by 16.0% on account of expenses of Meghmani Finechem Limited. and of Company increased by Rs. 8.3 million i.e. by 4.7%.

#### **Other Operating Expenses**

Other operating expenses decreased mainly due to volatile fluctuations in the exchange rate of the Indian Rupee against the US dollar and mark to market gain on derivatives which resulted in income of Rs. 599.4 million.

#### **Finance costs**

Finance costs of the Group during FY 2010 increased by Rs. 157.7 million, i.e. by 60.4% on account of Interest of Meghmani Finechem Limited. while at Company level it decreased by Rs. 104.04 million on account of better working capital management and replacement of high cost working capital.

### **Income from investments**

The investment of surplus money in mutual fund.

### **Interest in Subsidiaries**

Meghmani Organics USA Inc., a wholly owned subsidiary of the Company, has commenced its commercial transactions. Accordingly, financial statement of Meghmani Organics USA Inc. for the period ended on 31 March, 2010 has been included in the profit / loss of the Group.

Meghmani Europe is a subsidiary of the Company. Accordingly, financial statement prepared for the quarter ended 31 March, 2010 has been considered in the profit / loss of the Group as Subsidiary.

Meghmani Energy Limited (MEL) a Special Purpose Vehicle (SPV) has set up a Captive Power Plant near its Agrochemical Unit at Chharodi and the Company has subscribed to 70% of its share capital, making MEL subsidiary of the Company.

Meghmani Finechem Limited (MFL) has been formed as a Special Purpose Vehicle (SPV) company to implement Rs. 555 Crore Caustic Chlorine project. The Project has commenced the commercial production on 01 July,2010. Meghmani Organics hold 57% of the share capital.

Meghmani Chemtech Limited has been formed to set up the project in Special Economic Zone. Meghmani Organics Limited holds 60% of the shares.

P T Meghmani Indonesia a trading company has been set up for the trading purpose. Meghmani Organics Limited holds 99% of the shares.

### **Taxation**

Income tax of the Group decreased by Rs. 24.8 million in FY 2010 i.e. Rs. 85.6 million from Rs. 110.4 million in FY 2009. Due to loss of some of the Subsidiaries and deferred tax assets of Meghmani Finechem Limited.

While that of Company increased 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 Group trade receivables increased by Rs. 326.9 million, i.e. by 11.6% and the Company by Rs. 268.0 million i.e. by 9.0%. The receivables turnover ratio increased to 141 days as at 31 March 2010 from 131 days as at 31 March 2009.

#### **Inventories**

The Group Inventories for FY 2010 increased by Rs.254.2 million and for the Company by Rs. 154.7 million. This is due to increase in finished goods and raw material inventories.

### **Property, plant and equipments**

Property, plant and equipment of Group increased by Rs 625.3 million mainly due to Purchase of Property by MOL – Dahej (Agro – III) and Meghmani Finechem Ltd.

### **Investments**

Investments remained static.

### **Bank Borrowings**

Bank borrowings (current) increased by Rs 239.9 million while Bank borrowings (non -current) increased by Rs. 490.9 million. The term loan of Rs. 493.9 million availed by Meghmani Organics Limited – Agro (III).

### **Trade payables**

The balance of trade payables Group increased by Rs. 138.4 million in FY 2010.

### **Other payables**

The balance of other payables decreased by Rs 193.9 million i.e. by 25.8%.

### **Financial Analysis**

(Rs. in millions)

<b>Group Key financial highlights</b>	<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>	<b>Variance</b>	<b>Variance (%)</b>
<b><u>Profitability</u></b>				
Sales	8,163	7,914	249	3.1
Gross Profit	1,278	1,706	-428	-25.1
Gross Profit Margin (%)	15.7	21.5	-5.8	
Profit before tax	482	483	-1	-0.2.
Profit before tax Margin (%)	5.9	6.1	-0.2	
Net profit	517	371	146	39.3
Earning per Share (EPS in Rs.)	2.03	1.46	0.57	39.0
Annualised return on equity (ROE)	9.44	7.16	2.28	31.8
<b><u>Financial position</u></b>				
Net tangible assets	5,474	5,182	292	5.6
Debt (short term + long term)	6,388	5,657	731	12.9
Capital Gearing ratio	1.17	1.09	0.08	7.3
Net tangible assets per share	18.8	17.2	1.6	9.3
Stock turnover (days)	73	67	6	8.9
Trade debts turnover (days)	141	131	10	7.6

### **Cash flow statement**

During the year, the Group generated negative cash flows of Rs. 35.5 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**

Chemical Industry is an important constituent of the Indian economy. Its size is estimated at around US\$ 35 billion approx., which is equivalent to about 3% of India's GDP. The total investment in Indian Chemical Sector is approx. US\$ 60 billion The Indian Chemical sector accounts for 13-14% of total exports and 8-9% of total imports of the country. In terms of volume, it is 12th largest in the world and 3rd largest in Asia. Currently, per capita consumption of products of chemical industry in India is about 1/10th of the world average. Over the last decade, the Indian Chemical industry has evolved from being a basic chemical producer to becoming an innovative industry. With investments in R&D, the industry is registering significant growth in the knowledge sector comprising of specialty chemicals, fine chemicals and pharmaceuticals.

#### **Global demand to rise 3.9% yearly through 2013**

The size of the global pigment and dyestuff market is estimated at USD 13.9 Bn in 2009. Of this, the size of the organic pigment market is estimated at USD 9.1 Bn. The market is forecast to grow at a CAGR of 3.9% to emerge as a USD 16.9 Bn market by 2013. The organic pigment market is expected to grow at a faster pace as compared to the dyestuff market. In volume terms, demand will grow 3.5 percent annually to 2.3 million metric tons. While the textile industry will remain the largest consumer of dyes and organic pigments, faster growth is expected in other markets such as printing inks, paint and coatings, and plastics. Strong gains will occur in the Asia/Pacific region and, to a lesser extent, other developing regions such as the Africa/Mideast region and Eastern Europe, while market maturity will limit advances in North America and Western Europe.

We expect the market to stabilize in 2011. High raw material cost may be a critical issue in 2011. Despite this expected market condition, we continue to expect pigment users to seek alternate sources affording reasonable growth in 2011 and beyond.

### **Agrochemicals**

The global agrochemical market was worth US\$ 43,720 million (including crop-protection and non-crop agrochemicals) in 2009, representing a reduction of 5.2% over the previous year. The total seed business including GM seeds and conventional seeds was valued at US\$ 26,730 million, an increase of 2.7% over the previous year. The main reasons for a fall in the pesticides business were: 1) lower prices of all active ingredients as compared to 2008, 2) global economic crisis and limited access to credit for farmers, as well as formulators and 3) high distributor inventory levels in the Americas. 2010 is expected to be stronger with better crop prices and sustained crop demand, especially for biofuels.

The global agrochemical industry is expected to grow at 8.9% CAGR to touch USD 78.3 Bn by 2014, 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 while Indian market is set to grow 12-15%, given the low penetration and the rising income levels of farmers.

## **Outlook for FY 2011**

### **Raw Material Price**

The recent meltdown coupled with volatility in foreign exchange market the raw material prices are going to remain and this may have impact on finished goods prices, as a result, our profitability is likely to be affected in 1Q FY 2011.

### **Market Price**

The global markets for pigment products have shown signs of recession. But the recessionary trend in this quarter and the coming quarters would witness pressure on pricing. The Agrochemical market may sustain its growth.

### **Profitability**

The Group revenue for Fy 2010 has increased marginally despite global meltdown. The Market Dynamics are changing rapidly. While Gross profit and Net Profit after tax has been reduced The Group Profitability may be affected due to unpredictable recessionary market trends.

### **Registrations**

The focus for the year has remained Brazil and the African markets, 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. To date, 162 registrations have already been received and 440 registrations are applied for in different parts of the world.

## **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. 0.40 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:	Final Dividend
Dividend Type	Cash
Dividend amount per Share (IN INR)	Rs. 0.33 Per Share
Par value of Share	Rs. 1/- per ordinary share

**(c) Date payable:** 11 August, 2010 (Tentative)

**(d) Books closure date:** 19 July, 2010 to 28 July, 2010

**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, 2009**

	<u>Pigments</u>	<u>Agro chemicals</u>	<u>Basic chemicals</u>	<u>Others*</u>	<u>Eliminations</u>	<u>Total</u>
<b>Revenue:</b>						
External Sales	2,377,437	4,077,970	752,675	954,642	-	8,162,724
Inter-segment sales	11	628,802	-	71,056	(699,869)	-
Sales to Subsidiaries	437,257	41,956	96,167	201,853	(777,233)	-
Total Revenue	2,814,705	4,748,728	848,842	1,227,551	(1,477,102)	8,162,724
<b>Results</b>						
Segment results	290,609	715,366	(186,432)	(37,675)	88,752	870,620
Unallocated Expenses						29,631
Profit from Operations						900,251
Finance Costs						(418,712)
Income from Investments						346
<b>Profit before Tax</b>						<b>481,885</b>
Income Tax						(85,631)
Minority Interest						120,508
<b>Profit after Tax</b>						<b>516,762</b>

	<u>Pigments</u>	<u>Agro chemicals</u>	<u>Basic chemicals</u>	<u>Others</u>	<u>Eliminations</u>	<u>Total</u>
Other information:						
Capital additions	123,394	465,546	4,915,113	52,217	(39,979)	5,516,291
Depreciation	(84,227)	(71,032)	(323,479)	(36,518)	977	(514,279)
<b>Balance Sheet:</b>						
Segment assets	2,477,637	4,450,502	5,430,200	1,122,289	(1,882,144)	11,598,484
Unallocated						
Corporate assets						1,796,105
Deferred Tax assets						36,418
<b>Total assets</b>						<b>13,431,007</b>
Segment liabilities	261,790	1,441,626	4,042,476	847,569	(669,261)	5,924,200
Unallocated						
Corporate liabilities						2,032,724
<b>Total liabilities</b>						<b>7,956,924</b>

\*Others includes trading activity and Power generation

Segment Results – Group

b) Analysis by business segment

Financial year ended March 31, 2009

	<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
<b>Revenue:</b>					
External sales	2,259,258	4,272,548	1,382,196		7,914,002
Inter-segment sales	40,350	468,644	238,352	(747,346)	-
Sales to subsidiaries	403,821	24,939	26,749	(455,509)	-
<b>Total revenue</b>	<u>2,703,429</u>	<u>4,766,131</u>	<u>1,647,297</u>	<u>(1,202,855)</u>	<u>7,914,002</u>
<b>Results:</b>					
Segment results	<u>517,207</u>	<u>368,259</u>	<u>112,960</u>	<u>(151,803)</u>	846,623
Unallocated expenses					<u>(102,952)</u>
Profit from operations					743,671
Finance costs	(87,063)	(128,520)	(56,216)	10,782	(261,017)
Income from investments	37	-	-	-	37
Profit before income tax					482,961
Income tax					<u>( 110,422)</u>
Minority Interest					(1,055)
Profit after income tax					<u>371,214</u>

	<u>Pigments</u>	<u>Agro chemicals</u>	<u>Others</u>	<u>Basic chemicals</u>	<u>Eliminations</u>	<u>Total</u>
Other information:						
Capital additions	87,732	200,807	86,600	4,043,874	(133,179)	4,285,834
Depreciation	(82,807)	(62,313)	(22,336)			(167,456)
Balance Sheet:						
Segment assets	2,546,045	3,698,665	1,254,055	5,797,668	(817,247)	12,479,186
Unallocated						
Corporate assets						<u>129,106</u>
Total assets						<u>12,608,292</u>
Segment liabilities	196,412	2,877,903	897,931	3,952,358	(617,293)	7,307,311
Minority Interest						802,246
Unallocated						
Corporate						<u>119,348</u>
liabilities						
Total liabilities						<u>8,228,905</u>

\* Others includes trading activity and Power generation

c) **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:

<b>Continent</b>	<b>2010</b>	<b>2009</b>
	<b>Rs'000</b>	<b>Rs'000</b>
Africa	319,021	159,277
Asia	1,071,498	1,052,018
Australia	165,025	292,820
Europe	1,176,477	1,694,435
India	2,985,822	1,902,479
North America	1,434,518	1,936,644
South America	1,010,363	876,329
<b>Total</b>	<b>8,162,724</b>	<b>7,914,002</b>

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:**

	<b>FY 2009</b>	<b>FY 2008</b>	<b>% Increase</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>(Decrease)</b>
<b>Sales</b>			
a) Sales reported for first Quarter	1,652,903	2,034,470	-18.7
b) Sales reported for second Quarter	2,203,278	2,528,724	-12.9
c) Sales reported for third Quarter	2,089,749	1,651,011	26.6
d) Sales reported for fourth Quarter	2,216,794	1,699,797	30.4
<b>Total Sales</b>	<b>8,162,724</b>	<b>7,914,002</b>	<b>3.1</b>
<b>Profit after tax</b>			
a) Profit after tax reported for first Quarter	198,117	132,216	49.8
b) Profit after tax reported for second Quarter	66,535	133,944	-50.3
c) Profit after tax reported for third Quarter	119,045	87,984	35.3
d) Profit after tax reported for fourth Quarter	133,065	17,070	679.5
<b>Total Profit after tax</b>	<b>516,762</b>	<b>371,214</b>	<b>39.2</b>

**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)

	<b>FY 2010</b>	<b>FY 2009</b>
Ordinary	118,621	98,463
Preference	-	-
<b>Total</b>	<b>118,621</b>	<b>98,463</b>

**17. Interested Person Transactions:**

Particulars of interested person transactions for the year ended 31 March, 2010 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 Rs3,200,000) and transactions conducted under shareholders’ mandate pursuant to Rule 920 of the Listing Manual)
Meghmani Pigments	Purchase of Goods	Rs. 18,416,910
Meghmani Infrastructure	Purchase of Services	Rs. 71,366,708
Meghmani Europe BVBA	Purchase of Goods	Rs. 35,446,472
Meghmani Organics USA	Purchase of Goods	Rs. 15,328,827
Meghmani Finechem Limited	Purchase of Goods	Rs. 121,532,297
Ashish Chemicals	Sales of goods	Rs. 12,619,101
Ashish Chemicals (EOU)	Sales of goods	Rs. 16,266,776
Meghmani Industries Ltd.	Sales of goods	Rs. 20,175,750
Vidhi Global Chemicals Limited	Sales of goods	Rs. 41,368,552
Meghmani Europe BVBA	Sales of goods	Rs. 149,399,451
Meghmani organics Inc. USA	Sales of goods	Rs. 160,590,069
PT Meghmani Indonesia	Sales of goods	Rs. 308,650,182
Meghmani Chemicals Ltd.	Sales of goods	Rs. 15,117,206
Meghmani Energy Ltd	Purchase of Captive Power	Rs. 3,350,795
		Rs. 151,010,743

**18. Annual General Meeting :**

The Annual General Meeting of the group will be held on 28 July, 2010 at Ahmedabad, Gujarat, India

- 19.** The Company has been granted waiver by SGX ST in compliance with Rule 220 (1) of the listing manual and the Company is allowed to release its periodical finance report as well as annual report under the Indian GAAP. Provided it is accompanied by a reconciliation of statement to IFRS of the materially affected line items.

The Board is of the view that the variance of the profit reported under the quarter ended **31 March, 2010** is not material.

BY ORDER OF THE BOARD

Kamlesh Dinkerray Mehta

Company Secretary

Date :31.05.2010