

## **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 31<sup>st</sup> March 2011. The Company is the Wholly Own Subsidiary of Meghmani Organics Limited.

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.

During the year under review,. one share was transferred from Mr. ketan Mapara to Mr. Anand Patel

The Company has registered a net loss of Rs. (1,38,82,420). 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.

**Place: Ahmedabad**  
**Date: 18 May,2011**

**for and on behalf of the Board**  
**(Ananad I patel)**  
**Director**

Balance Sheet as at 31.03.2011	31.03.2011		31.03.2010	
<b>Share Capital</b>				
Issued \$Subscribed Cap.				
Less : Calls in arrears		1,443,433		1,443,433
<b>Reserve &amp; Surplus</b>				
Profit & Loss A/c.	(38,511,751)		(27,390,319)	
Add /Less Current year	(13,882,420)	(52,394,171)	(11,121,432)	(38,511,751)
Translation Reserve		(1,820,451)		(7,494,788)
<b>Secured Loans</b>				
Loan (House )	25,821,224	25,821,224	25,996,651	25,996,651
<b>Unsecured Loans</b>				
Meghmani Organics Ltd., India	148,210,341	148,210,341	111,470,354	111,470,354
<b>Total Liabilites</b>		<b>121,260,376</b>		<b>92,903,899</b>
<b>Fixed Assets</b>				
Gross Block	39,868,326		37,602,160	
Less: Accumulated Depreciation	5,981,886		4,351,609	
Net Block	33,886,440	33,886,440	33,250,552	33,250,552
<b>Current Assets</b>				
Cash on Hand & Bank Bal.	-			
ABN AMRO BANK	14,082,848		12,711,147	
Bank of India	136,897		130,569	
KBC BANK	389,577		3,538,439	
Cash Bal.	-			
Invenotry	53,751,702		63,373,212	
Sundry Debtors	116,170,358		179,943,804	
Deposits/ guarantees	1,989,296		1,639,286	
Income Receivable	1,855,198			
Other Current Assets	57,044		1,979,894	
<b>Total Current Assets</b>	<b>188,432,921</b>		<b>263,316,351</b>	
<b>Current Liabilites</b>				
<b>Creditors</b>	83,650,464		202,798,965	
Provisions and Unpaid Exp.	968,747		260,592	
Other Current Liabilities	16,439,773		603,447	
<b>Total Current Liabilities</b>	<b>101,058,984</b>		<b>203,663,004</b>	
<b>Net Current Assets</b>		87,373,936		59,653,347
<b>Total Assets</b>		<b>121,260,376</b>		<b>92,903,899</b>

<b>Meghmani Europe BVBA</b>		
<b>Profit &amp; Loss Account for the year ended on 31.03.11</b>		
<b>Particulars</b>	<b>01.04.10 to 31.03.2011</b>	<b>01.04.09 to 31.03.2010</b>
<b>Sales</b>	<b>161,647,121</b>	<b>226,222,104</b>
Purchases	139,663,127	229,848,460
(Increase) / Decrease in Stock	9,621,510	-2,296,421
Stock Reserve		
<b>Gross Profit</b>	<b>12,362,484</b>	<b>-1,329,935</b>
Administration Expenses	40,209,618	15,953,808
Selling & Distribution Expenses	4,994,061	3,712,310
Financial Expenses	8,324,136	7,376,496
Depreciation	1,419,391	1,459,535
Other Income	-28,702,303	-18,782,926
	26,244,904	9,719,223
Net Profit	-13,882,420	-11,049,158
Prior Period Adjustments		72274
<b>Net profit</b>	<b>-13,882,420</b>	<b>-11,121,432</b>
<b>Grouping of Profit &amp; Loss Account</b>		
<b>Particulars</b>	<b>01.04.10 to 31.03.2011</b>	<b>01.04.09 to 31.03.2010</b>
Total Income		
<b>Sales</b>	<b>161,647,121</b>	<b>226,222,104</b>
Sales - Goods in Transport		
<b>Other Income</b>		
Interest Received		2,005
Rate Difference/exchange gain	4,534,412	
Personnal Part Of Meal Vouchers	16,503	
Recharged Other Charges	12,113,998	
Recharged Registration Charges	7,804,289	
Professional Taxes Credit	33,009	
Other Income	3,497,379	729,896
Commission	702,714	18,051,026
	<b>28702303</b>	<b>18782927</b>
<b>Cost of Goods Sold</b>		
Purchase	133,149,518	221,294,464
Transport Charges	771,443	-757,676
Custom charges	4,109,634	9,951,829
Purchase Expenses	2,261,372	
Discount from Supplier	-628,840	-640,157
<b>Total</b>	<b>139663127</b>	<b>229,848,460</b>

<b>Administration Expenses</b>		
accountants		
Computer Maintainance Charges	6,122	79,610
Electricity Exp.	133,880	210,433
Education Exp.	980,961	863,066
JCH Services	14,990	4,106,125
Legal & professional Fees	991,504	24,418
ketan mapara's Initial Exp.	2,424,573	
Office Charges	321,564	2,062
Office installation charges		46,174
Office Rent		80,976
Gardener Exp.		29,094
Other Expenses	1,356,894	643,172
Cost of reach registration	7,831,433	
Other Recurring Cost , maintenannce	16,811	575,871
Office Furniture Exp.	132,891	
Postage Expenses	174,302	143,420
Salary	5,366,795	6,930,286
Salary Admin Exp.-social security contribution	808,692	725,127
Services Pro pay	184,580	199,995
Charges Proper Employer	72,385	
Meal vouchers- Salary	90,360	102,281
Holiday Pay	180,353	79,125
13th month provision	195,438	
Medical Exp.		74,893
Telephone Expenses	843,053	576,839
VAT not recoverable		122,468
Taxes on House /Car		252,569
insurance exp.	61,602	46,665
Commune Tax/ city tax	84,544	39,136
Other Exceptional Charges	17,935,894	
<b>Total</b>	<b>40,209,618</b>	<b>15,953,805</b>

<b>Selling &amp; Distribution Expenses</b>		
Car Expenses	247,978	494,094
Fines of Car	38,183	
Commission Paid	745,771	488,366
Fuel Expenses	127,513	129,889
Taxi Cost	28,427	220,601
Gift to Customers	6,410	1,860
Packing Expenses		28,435
Storage Charges	575,183	646,465
Credit Insurance	2,096,006	512,943
Credit CardCharges	5,328	
Travelling Expenses	1,123,261	1,189,658
<b>Total</b>	<b>4,994,061</b>	<b>2,729,851</b>
Finance Expenses		
Bank Charges	475,170	352,146
Bank Interest	1,495,756	1,973,892
Exchanges Difference / rate Difference	3,514,846	3,771,188
Interest on Car Lease	0	43,041
Interest Others	1,804,184	1,236,229
Unrealised Exchange Losses	1,034,180	
<b>Total</b>	<b>8,324,136</b>	<b>7,376,496</b>
<b>Depreciation</b>		
Computer		170104
Furniture	104106	108748
Car		19604
New car	430473	325943
Building	879374	824763
Tangible assets	5438	10374
<b>Total</b>	<b>1,419,391</b>	<b>1,459,536</b>

<b>Meghmani Europe BVBA</b>	<b>Amt. in INR</b>						
<b>As On 31.03.11</b>							
	<b>Gross Block</b>			<b>Depreciation</b>			<b>Net Block</b>
	<b>Opening</b>	<b>Addition</b>	<b>Closing</b>	<b>Op Dep</b>	<b>for the year</b>	<b>Cl. Dep</b>	<b>31.03.2011</b>
Computer	789,084		789,084	789,084	-	789,084	-
Furniture & fixtures	570,119		570,119	297,517	104,106	401,623	168,496
Vehicles	985,001		985,001	985,001	-	985,001	-
Vehicles - new	1,708,688	443671	2,152,359	341,741	430,473	772,214	1,380,145
Buildings	29,312,437		29,312,437	2,138,276	879,374	3,017,650	26,294,787
Other Tangible Assets	54,382		54,382	10,876	5,438	16,315	38,068
Land	6,004,944		6,004,944	-	-	-	6,004,944
<b>Total</b>	<b>39,424,655</b>	<b>443671</b>	<b>39,868,326</b>	<b>4,562,495</b>	<b>1,419,391</b>	<b>5,981,886</b>	<b>33,886,440</b>