

DIRECTORS' REPORT

To,
The Members,
PT Meghmani Organics Indonesia,

Your Directors have pleasure in presenting Third Audited Financial Statement of the Company for the Financial Year ended on 31st March 2011.

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.

The Company has registered a net Profit of Rs. 37,48,363 Previous year Loss of Rs. 54,40,782.

Place: Ahmedabad
Date: 20 April, 2011

for and on behalf of the Board

Sd/
(N.M.patel)
Director

Report No. MMC-0411-023

Re : Financial statements report years ended March 31, 2011 and 2010

**The Shareholders, Boards of Commissioners and Directors
PT. Meghmani Organics Indonesia
Jakarta**

We have checked the balance sheets of PT. Meghmani Organics Indonesia (the "Company") as of March 31, 2011 and 2010, and the related statements of income and changes in stockholders' equity for the years 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 Certified Public Accountants. Those standards require that we plan and perform the checked to obtain reasonable assurance about whether the financial statements are free of material misstatement. An accounting examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our checked 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 provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PT. Meghmani Organics Indonesia as of March 31, 2011 and 2010, and the results of its operations and its changes in stockholders' equity for the years then ended in conformity with generally accepted accounting principles in Indonesia.

Our checked were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The 2011 supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the accounting procedures applied in our checked of the 2010-2011 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2010-2011 basic financial statements taken as a whole.

MMC Consulting



Date : April 20, 2011

Notice to Readers :

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

Balance Sheet as at 31.03.2011	31.03.2011		31.03.2011	
Share Capital				
Issued &Subscribed Cap.		12,330,000		12,330,000
Less : Calls in arrears				
Reserve & Surplus				
Profit & Loss A/c.	(11,276,148)		(5,835,366)	
Add /Less Current year	3,748,363	(7,527,785)	(5,440,782)	(11,276,148)
Translation Reserve		(2,063,788)		(1,609,685)
Secured Loans				
Loans (hypo of Vehicles)		2,209,016		2,378,138
Loan (House)				
Unsecured Loans				
Meghmani Organics Ltd., India		27,102,834		10,282,549
Total Liabilites		32,050,277		12,104,854
Fixed Assets				
Gross Block	9,575,241		7,349,447	
Less: Accumulated Depreciation	2,277,225		1,095,902	
Net Block	7,298,016	7,298,016	6,253,545	6,253,545
Current Assets				
Cash on Hand & Bank Bal.				
- Petty Cash	128,778		259,602	
- Cash	-		-	
- BCA Rp. 5820230304	1,609,233		657,773	
HSBC 050-106806-115	1,177,406		1,887,467	
Invenotry-	19,439,796		9,243,278	
Sundry Debtors	30,217,248		9,845,564	
	-		-	
Building Deposit	126,250		74,250	
Warehouse-Deposit	91,375			
Bank Guarantee	-		332,435	
Prepaid Expenses	19,190		56,925	
Employee Recoverable Exp.	169,175		34,650	
Other Current Assets- adv,rent	541,238		814,458	
VAT -Paid	1,141,001			
Tax Art.22 import	881,700		151,128	
Total Current Assets	55,542,390		23,357,531	
Current Liabilites				
Creditors	28,884,234		14,074,484	
Other Current Liabilities				
Tax Payable				
VAT Collected	1,127,567		1,077,046	
- PPh 21	111,749		270,248	
- PPh 23	4,419		495	
- Tax Art 4(2)	2,541			
Ramanath M. Liabilities	-		1,711,710	
Others Liabilities	646,993		372,240	
Salary payable	12,625			
Total Current Liabilities	30,790,128		17,506,222	
Net Current Assets		24,752,261		5,851,309
Total Assets		32,050,277		12,104,854

Profit & Loss Account for the Year ended on 31.03.2011

Particulars	01.04.10 to 31.03.2011	01.04.09 to 31.03.2010
Sales	49,658,661	21,795,797
Total Income	49,658,661	21,795,797
Cost of Goods Sold	27,192,506	14,546,085
(Increase) / Decrease in Stock		
Stock Reserve		
Total	27,192,506	14,546,085
Gross Profit	22,466,155	7,249,712
Administration Expenses	6,672,606	8,346,840
Selling & Distribution Expenses	11,922,350	2,303,339
Prior Period Selling & Distribution expenses		4,484,123
Financial Expenses	734,388	1,523,606
Depreciation	1,159,184	613,837
Prior Period Depreciation		348,906
Other Income	(1,770,736)	(4,930,156)
Total Expenses	18,717,791	12,690,495
Net Profit	3,748,363	(5,440,782)
Grouping of Profit & Loss Account		
Particulars	01.04.10 to 31.03.2011	01.04.09 to 31.03.2010
Total Income		
Sales	55,617,386	22,824,586
Sales - Goods in Transport		
Less Sales Return	(3,696,709)	1,028,789
Less Sales Discount	(2,262,016)	
Total Sales	49,658,661	21,795,797
Other Income		
Other Income / Expenses		
- Interest Income	15,579	1,448
Other Income		
Insurance Claim	19,637	
Realised Exchange gain	2,695,455	4,928,708
Unrealised Exchange gain	(959,935)	
Total Other Income / Expenses	1,770,736	4,930,156

Cost of Goods Sold		
Purchase Expenses / COGS	27,192,506	14,512,908
Transport Charges		
Purchase Expenses		33,177
Discount from Supplier		
Total	27,192,506	14,546,085
Administration Expenses		
Employee Expenses		
- Management Salaries		
- Salaries	4,610,563	4,012,265
- Medical Claim		
Apartment Rent	361,148	417,958
Building Expenses		
- Rent Building	309,757	291,465
- Electricity	95,105	58,198
- Telephone	311,198	188,456
- Water		18,654
- Internet		31,958
- Security & Maintenance		48,805
Operational Expenses		
- Office Stationary	147,206	94,446
- Office Supplies	180,227	329,846
- Postage & Shipping Expenses		251,200
- Supporting Document		2,222,481
- Transportation	267,416	199,757
Entertainment Expenses		
Office /Pantry Exp.	40,115	
Donation Exp.	15,967	
Perjalanan Dinas expenses		
Assets written off		
Consultant Fee's	249,050	38,213
Office Renovation	24,723	78,250
Notary Fees		49,200
Computer Maintenance	11,354	2,866
Post & Materai-	34,170	12,821
Other Exp.	5,873	
Tax Expenses	8,733	
Total Expenses	6,672,606	8,346,840
Depreciation & Amortisation Ex		
- Depreciation Expenses	1,159,184	613,837
Depreciaiton expenses (2008-2009)		348,906
Total Depreciation & Amortisation Ex		
	1,159,184	962,743
Total	7,836,094	9,309,583

Selling & Distribution Expenses		
Marketing Expenses		
- Marketing Expenses	8,422,108	1,839,930
- Marketing Expenses - 2008-09		
warehouse	918,621	235,354
Vehicle Maintenance	29,872	12,629
Licences of Vehicle	62,229	193,927
Travelling		-
Sales Discount/		21,499
Out Ward Expedition	2,295,189	
Immigration Visa Expenses	194,331	
Total Marketing Expenses	11,922,350	2,303,339
Finance Expenses		
Bank Charges	77,422	122,057
Bank Interest		
Interest Expense-MOL India	307,732	1,009,388
Exchanges Difference / rate Difference		
Interest on Car Lease	349,234	392,161
Tax Payments		
Total	734,388	1,523,606
Depreciation		
Furniture	43,679	9,704
Computer	79,691	16,792
Office Equipment	26,156	3,207
Vehicle	546,460	127,727
Amortization Expense of Product Registration	463,198	456,407
Total	1,159,184	613,837

PT.Meghmani Organics Indonesia	Amt. in INR						
As On 31.03.11							
	Gross Block			Depreciation			Net Block
	Opening	Addition	Closing	Op Dep	for the year	Cl. Dep	31.03.2011
Furniture	244,995	5,372	250,367	34,183	43,679	77,862	172,505
Computer	282,630	79,492	362,122	83,744	79,691	163,435	198,687
Office Equipment	113,280	23,620	136,900	9,760	26,156	35,916	100,984
Vehicle	4,169,844	807,336	4,977,181	524,726	546,460	1,071,186	3,905,995
Product Reg.	2,687,171	1,161,500	3,848,671	465,627	463,198	928,826	2,919,845
Land					-		
Total	7,497,921	2,077,320	9,575,241	1,118,041	1,159,184	2,277,225	7,298,016