

MANUGRAPH INDIA LIMITED

BOARD OF DIRECTORS

CHAIRMAN

Mr. Sanat M. Shah

DIRECTORS

Mr. Jayant C. Vakil]

Mr. Jitendra N. Mehrotra]

Mr. Hiten C. Timbadia] Independent Non-Executive Directors

Mr. Harshad H. Vasa]

Mr. Amit N. Dalal]

Mr. Mohan R. Harshe Whole-time Director

VICE-CHAIRMAN & MANAGING DIRECTOR

Mr. Sanjay S. Shah

MANAGING DIRECTOR

Mr. Pradeep S. Shah

COMPANY SECRETARY

Mr. Vinay Nagaonkar

MANAGEMENT

Mr. S. M. Mordekar (General Manager - Operations)

Mr. B. B. Nandgave (General Manager - Operations)

AUDITORS

Messrs B. F. Pavri & Co.
Chartered Accountants

SOLICITORS & ADVOCATES

Messrs Tyabji Dayabhai

REGISTERED OFFICE

Sidhwa House, 1st Floor,
N. A. Sawant Marg, Colaba,
Mumbai 400 005.

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36th Annual General Meeting on Thursday, the 28th August, 2008 at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai-400 001, at 3.30 p.m.

NOTICE

NOTICE is hereby given that thirty-sixth Annual General Meeting of Members of Manugraph India Limited will be held on Thursday the 28th August, 2008 at 3.30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai - 400 001, to transact the following business :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2008 and Profit and Loss account for the year ended 31st March, 2008 together with reports of the Directors and the Auditors thereon;
2. To declare a dividend on equity shares;
3. To appoint a Director in place of Mr. Harshad H. Vasa who retires by rotation and being eligible offers himself for re-appointment;
4. To appoint a Director in place of Mr. Jitendra N. Mehrotra who retires by rotation and being eligible offers himself for re-appointment;
5. To appoint M/s B. F. Pavri & Co., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary resolution.

"RESOLVED THAT in partial modification of the resolution passed at the Annual General Meeting of the Company held on 18th August, 2006 and pursuant to Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, the approval of the members of the Company be and is hereby accorded to the modification in the terms of remuneration, to enhance the perquisites payable to Mr. Mohan R. Harshe, Director (Works) of the Company with effect from 01st April, 2008 to 30th June, 2009 (including remuneration to be paid in the event of loss or inadequacy of profits in the financial year during the tenure of his appointment) with an authority to the Board of Directors to review, revise, increase or enhance the remuneration, perquisites and benefits to be paid or provided to Mr. Mohan R. Harshe, in accordance with the provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable or appropriate to give effect to this Resolution."

Registered Office : Sidhwa House, 1st Floor,
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Colaba,
Mumbai – 400 005.

By Order of the Board of Directors

Sanjay S. Shah
Vice Chairman & Managing Director

Date : 30th June, 2008.

NOTES :

1. Explanatory Statement as required by Section 173(2) of the Companies Act, 1956 in respect of item No. 6 being special business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and the Share Transfer Books of the Company will be closed from Tuesday, 19th August, 2008 to Thursday, 28th August, 2008, both days inclusive.
4. Members are requested to:
 - a) intimate any change in their addresses to the company's registrar and share transfer agents, Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078, if shares are held in physical form. Intimate any change in their addresses/bank details to the Depository Participant if shares are held in electronic form.
 - b) quote client ID and DP ID numbers in respect of shares held in dematerialised form and ledger folio number in respect of shares held in physical form in all the correspondence.
 - c) Intimate Permanent Account Number (PAN) and contact telephone number to the company's registrar and share transfer agents, Intime Spectrum Registry Limited.
5. Members/Proxies are requested to bring copy of Annual Report and attendance slip duly filled in.
6. Corporate members are requested to send a duly certified copy of the board resolution authorising their representatives to attend and vote at the Annual General Meeting.
7. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
8. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the amendment to the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in the prescribed Form No. 2B duly filled in to Intime Spectrum Registry Limited.
9. Members desirous of getting any information about the accounts and operations of the company are requested to address their queries to the Secretary of the Company atleast 10 (Ten) days in advance of the meeting so that the information required can be made readily available at the meeting to the extent possible.
10. The final dividend, as recommended by the board, if declared at the annual general meeting, will be paid on or after 4th September, 2008 to those persons or their mandates :
 - a) whose names appear as beneficial owners as at the end of the business hours on 18th August, 2008 in the list of beneficial owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
 - b) whose names appear as members in the register of members of the company after giving effect to valid share transfers in physical form lodged with the company/its registrar and share transfer agents on or before 18th August, 2008.

Unclaimed Dividends :

The details of dividends paid by the Company and their respective due dates of the proposed transfer to such Fund of the Central Government if they remain unencashed are as under :

Date of Declaration of dividend	Date of Dividend warrant	Dividends for the year	Dividend per share Rs.	Due date of the proposed transfer to the Central Government
30.07.2001	07.08.2001	31.03.2001	1.20	06.08.2008
30.07.2002	03.08.2002	31.03.2002	1.80	02.08.2009
29.08.2003	01.09.2003	31.03.2003	1.20	31.08.2010

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Date of Declaration of dividend	Date of Dividend warrant	Dividends for the year	Dividend per share Rs.	Due date of the proposed transfer to the Central Government
30.07.2004	03.08.2004	31.03.2004	4.00	02.08.2011
10.01.2005	28.01.2005	Interim 04-05	4.00	27.01.2012
10.08.2005	16.08.2005	31.03.2005	6.00	15.08.2012
25.10.2005	15.11.2005	Interim 05-06	1.50 *	14.11.2012
18.08.2006	25.08.2006	31.03.2006	2.50 *	24.08.2013
05.02.2007	27.02.2007	Interim 06-07	2.00 *	26.02.2014
11.09.2007	18.09.2007	31.03.2007	1.00 *	17.09.2014
02.11.2007	26.11.2007	Interim 07-08	2.00 *	25.11.2014

*The face value of equity share is Rs. 2/- per share w.e.f. 10.10.2005.

Your Company has maintained and followed a practice of sending an Indemnity Letter - cum - Reminder to, each and every eligible shareholder, whose dividend remains unpaid / unclaimed, atleast 6 (Six) Months before the actual due date for Transfer of Unpaid / Unclaimed Dividend Amount to the Investor Education & Protection Fund of the Central Government. The Company waits for the replies of the said shareholders / claimants until atleast up to 10 (Ten) days before the actual due date and processes the relevant requests received accordingly with the help of its bankers.

It may please be noted that no claim will lie from a member once the transfer is made to the credit of the Investor Education & Protection Fund of the Central Government, under the amended provisions of Section 205(C) of the Companies Act, 1956.

In view of the new regulation, the shareholders are advised to send the entire unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for transfer to the Central Government.

Registered Office : Sidhwa House, 1st Floor,
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Mumbai – 400 005.

By Order of the Board of Directors

SANJAY S. SHAH
Vice Chairman & Managing Director

Date : 30th June, 2008.



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ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Mr. Mohan R. Harshe, Director (Works) was appointed for a term of 3 (three) years, commencing from 1st July, 2006 to 30th June, 2009 on the terms and conditions approved by the shareholders at the 34th Annual General Meeting of the Company held on 18th August, 2006.

As per the existing terms of employment agreement with Mr. Mohan R. Harshe, an amount of Rs.15,000/- (Rupees Fifteen Thousand Only) per month is payable as perquisites.

On the recommendation of the Remuneration Committee, the Board of Directors at their meeting held on 30th June, 2008 decided that considering various socio-economic factors and the industry practices of revision of pay packages of key personnel, it is expedient to modify the amount of perquisites payable to Mr. Mohan R. Harshe during the term commencing from 1st April, 2008 to 30th June, 2009.

Accordingly, it is proposed to modify the relevant clause of the employment agreement as follows :

Clause D (2)

Perquisites such as house rent allowance, educational allowance, Newspapers and periodicals, special allowance, leave travel allowance, soft furnishing, medical reimbursement, holiday resort and conveyance allowance not exceeding Rs. 50,000/- (Rupees Fifty Thousand only) per month.

The revised terms of remuneration for approval of members of the Company.

All other terms and conditions governing his appointment as approved by the members at the Annual General Meeting held on 18th August, 2006 shall remain unchanged.

Mr. Mohan R. Harshe is concerned and interested in resolution under Item No. 6.

This may be treated as an abstract of the modification in the terms of remuneration payable to Mr. Mohan R. Harshe, pursuant to Section 302 of the Companies Act, 1956.

Save as aforesaid, none of the other Directors of the Company is, in any way, concerned or interested in this business.

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By Order of the Board of Directors

SANJAY S. SHAH
Vice Chairman & Managing Director

Date : 30th June, 2008.

Details of directors seeking re-appointment/modification of terms of remuneration at the forthcoming Annual General Meeting are given below:

Particulars	Details of the Directors		
Name of the Director	Mr. Harshad H. Vasa	Mr. Jitendra N. Mehrotra	Mr. Mohan R. Harshe
Date of Birth	25.03.1934	03.06.1931	31.01.1945
Date of appointment	20.03.1986	24.04.1987	16.02.1998
Expertise in specific functional areas	Business executive in textile industry for 33 years having vast business experience. He has sound knowledge of share, stock and finance related matters.	He has over 4 decades of managerial experience in the company and has extensive knowledge on machine tool industry and has served on the Board of many well-reputed companies.	He has vast experience in the field of Printing and Printing Technology especially design, assembly & testing.
List of other Directorship	1. Varda Plastopack Industries Pvt. Ltd. 2. Vardayini Plastopack Industries Pvt. Ltd. 3. Vasa R. Engineering Pvt. Ltd.	1. Anjai Investments Pvt. Ltd. 2. Surbhay Consultancy & Investments Pvt. Ltd. 3. Vigel Manufacturing Technologies Pvt. Ltd. 4. RMA Consultants	Nil
Chairmanship / Membership of the committees of other Companies	Nil	Nil	Nil

DIRECTORS' REPORT

including Management Discussion and Analysis Report.

Dear Shareholders,

Your Directors have pleasure in presenting the thirty-sixth Annual Report and audited accounts for the year ended 31st March, 2008.

FINANCIAL HIGHLIGHTS

	(Rs. in lakhs) April to March 2007 – 2008	(Rs. in lakhs) April to March 2006 – 2007
Profit for the year	10,200.93	7,782.91
Less : Depreciation	828.62	741.85
Profit before tax	9,372.31	7041.06
Less : Provision for Taxation		
Current tax	2,910.00	2,160.00
Deferred tax	227.45	115.12
Fringe benefit tax	28.85	23.10
	3,166.30	2,298.22
Provision for wealth tax	3.13	2.27
	3,169.43	2,300.49
Profit after tax	6,202.88	4,740.57
(Less) / Add : Income-tax pertaining to previous years	(13.16)	21.15
	6,189.72	4,761.72
Add : Balance brought forward from previous year	1,597.09	1,459.35
AMOUNT AVAILABLE FOR APPROPRIATION	7,786.81	6,221.07
APPROPRIATIONS		
Interim dividend	608.30	608.30
Tax on interim dividend	103.38	85.31
Proposed dividend	608.30	304.15
Tax on proposed dividend	103.38	51.69
General reserve	4,600.00	3,574.53
Balance carried to balance sheet	1,763.45	1,597.09
	7,786.81	6,221.07

DIVIDEND

During the year, the Board declared and paid interim dividend of Rs. 2/- per equity share of Rs. 2/- each (Previous year Rs. 2/- per share of Rs. 2/- each). Your Directors recommend a final dividend of Rs. 2/- per equity share of Rs. 2/- each (Previous year Re. 1/- per share of Rs. 2/- each) subject to the approval of the members at the ensuing annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS**INDUSTRY STRUCTURE AND OPPORTUNITIES**

In the year ended March 2008 you will observe the demand continues to remain strong both in domestic and international markets. Increase in the vendor base resulted in increasing outsourcing and plant modernization of machine shop through increased Capex has enabled the Company to increase the production from 704 print units to 812 print units.

With the increased Capex the installed capacity will be enhanced from 830 print units to 960 print units.

The Agreement of Business Co-operation for marketing with MAN Germany comes to a close with both Partners parting ways mutually to explore business in their respective segments. This will be effective 26th July, 2008.

The Selling agreement with MAN Ferrostaal continues.

OUTLOOK

The decline in the US market continues and will affect your subsidiary in the current year 2008-09. Although synergies of both companies are in progress, due to an extremely busy order booking in your parent company, the effect of synergies will materialize in the year 2009-10 only. However prudent measures have been taken to ensure reduction in work force and other costs in your subsidiary.

The business outlook for 2008-09 continues to be favourable with your parent company and with Dollar remaining at today's value, hopefully, the export business will generate additional income.

Your company has successfully participated in just concluded, once in four years, DRUPA 08 Exhibition in Germany. The event was extremely successful with visitors from over 25 countries. Enquiries, new agents and new markets effect will be felt in the next fiscal 2009-10. Your company will continue participating in Domestic and International Trade Shows as deemed necessary.

The global outlook for the printing industry remains encouraging. The Manugraph brand continues to be globally seen as a value proposition with reliable and quality products having excellent performance characteristics.

RISKS AND CONCERNS

As mentioned above your subsidiary will be severely affected due to decline in the US market. Your company is trying to take adequate steps to ensure that the bottom line will not be severely affected. However the very idea of obtaining 100% subsidiary was to have a continual presence in North American markets, which we will ensure.

Your company, which was negotiating for a New Wage Agreement has signed the same effective from April, 2007, for three years.

Increase in cost of raw materials continues at an alarming rate, whereas the cost has not been able to be passed on to customers, since contracts already signed before hand.

The uncertain interest rate outlook with an upward bias, the recent backdrop of rupee depreciation against the USD and the high levels of inflation provide a challenging backdrop for the overall finance and treasury management. The Company has a prudent risk mitigation structure to contain these risks. The debt funding is expected to be lowered during the year, replaced by internal accruals.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has an effective system of accounting and administrative controls which ensures that all assets are safe guarded and protected against loss from unauthorised use or disposition. The company's policies, guidelines and procedures are in place to ensure that all transactions are authorised, recorded and reported correctly.

The company has a reporting system, which evaluates and forewarns the management on issues related to compliance. The performance of the company is regularly reviewed by the Board of Directors to ensure that it is in keeping with the overall corporate policy and in line with pre-set objectives.

The company has appointed independent firms of Chartered Accountants, as internal auditors, who carry out audits in different areas of company's operations. The Audit Committee reviews internal audit reports and the adequacy of internal controls.

Discussion on financial performance with respect to operational performance :

HIGHLIGHTS

	(Rs. in lakhs) 2007 – 2008	(Rs. in lakhs) 2006 – 2007
Net sales	42,296.15	36,884.32
Operating Income	2,121.94	951.07
Other income	1,045.60	282.16
Profit before interest, depreciation, and tax	10,611.53	8,093.69
Interest expenditure (Net of income)	410.60	310.78
Depreciation	828.62	741.85
Profit before tax	9,372.31	7,041.06
Provision for Taxation		
Current	2,941.98	2,185.37
Deferred	227.45	115.12
		2,300.49
Net profit	6,202.88	4,740.57
Earnings per share (in Rs.)	20.39	15.73

The overall performance of the company during the year under consideration has been satisfactory.

Sales

Total income from operations were Rs.44,418.09 lakhs including export sales of Rs. 14,125.84 lakhs.

Other income

Other income consists of dividend, rent and profit on sale of investments.

Interest

The company is continuing its efforts to bring down the finance costs.

Income-tax

As required by Accounting Standard AS-22, issued by the Institute of Chartered Accountants of India, deferred tax liability of Rs. 227.45 lakhs has been adjusted in the Profit and Loss Account.

Earnings per share

Earnings per share stood at Rs. 20.39 per share in 2007-2008.

Personnel

To ensure and boost both productivity and efficiency, the company offers incentives to employees, based on basic minimum output. Industrial relations remain very cordial at all levels.

At the year end, 1341 employees were on the payroll of the company.

For the year under consideration there are no employees coming within the purview of provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975. Hence, no information under the said provisions is being given.

Cautionary Note

The statements forming part of the Directors' Report may contain certain forward looking statements within the meaning of the applicable securities laws and regulations. Many factors could cause the actual results, performances or achievements of the company to be materially different from any future results, performances or achievements that may be expressed or implied, since the company's operations are influenced by many external and internal factors beyond the control of the management.

FIXED DEPOSITS

Fixed deposits accepted from the shareholders and the public stood at Rs. Nil at the close of the financial year. Deposits of Rs. 0.05 lakh from a depositor which fell due for repayment before the close of the financial year remained unclaimed by the depositor as on 31st March, 2008, and have remained unclaimed upto the date of this report.

INSURANCE

The buildings, plant and machinery, stock in trade, standing charges and loss of profits have been adequately and appropriately insured.

CAPITAL EXPENDITURE

Your company incurred Rs. 2,355.84 lakhs towards capital expenditure consisting of building, plant and machinery and other fixed assets during the year under review, which will further continue in the current year 2008-09 to improve, enhance and modernise both the plants.

CONSOLIDATED ACCOUNTS

In accordance with the requirements of Accounting Standard AS-21, prescribed by the Institute of Chartered Accountants of India, the consolidated accounts of the company and its subsidiaries are annexed to this report.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts along with the directors' report for the year ended 31st March, 2008 of Constrad Agencies (Bombay) Private Limited, Manugraph Kenya Ltd. and Manugraph DGM Inc., USA, wholly owned subsidiaries of your company, are annexed.

CORPORATE GOVERNANCE

Your company is fully committed to the philosophy of conducting its business with due compliance of laws, rules and regulations. The sound internal control and efficient management information systems, which play a pivotal role in corporate governance, are in place in your company.

We are pleased to inform you that your company has complied in all material respects with the features of corporate governance as specified in the Listing Agreement. A certificate of compliance from the statutory auditors together with a report on corporate governance forms part of this report.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and company's articles of association, Mr. H. H. Vasa and Mr. J. N. Mehrotra retire by rotation and are eligible for re-appointment.

AUDITORS

Messrs B. F. Pavri & Company, the auditors of company will retire from the office of the auditors at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the directors confirm that, to the best of their knowledge and belief:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2008, and of the profit of the company for the year ended on that date;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given as Annexure A to this report.

ACKNOWLEDGEMENTS

The directors would like to thank the employee unions, shareholders, customers, suppliers, bankers, financial institutions, all other business associates and various departments of Central Government and State Government for the continuous support given by them to the company and their confidence in its management.

For and on behalf of the Board

S. M. SHAH
Chairman

Mumbai
Date : 30th June, 2008