

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. Ravindra V. Joshi

MANAGEMENT

Mr. Arun Kumar Puri (President - Plant Operations)
 Mr. Suresh Narayan (Chief Financial Officer)
 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

BANKERS

State Bank of India
 State Bank of Bikaner & Jaipur
 Syndicate Bank

REGISTERED OFFICE

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

CONTENTS

| | Page No. | | Page No. |
|---------------------------------------|----------|---|----------|
| Notice | 2 | Profit and Loss Account | 29 |
| Directors' Report | 8 | Schedules A to T | 30 |
| Report on Corporate Governance | 14 | Notes forming part of the Accounts - Schedule T | 43 |
| General Shareholder Information | 19 | Cash Flow Statement | 56 |
| Analysis of Results in Brief | 22 | Financial Statistics | 58 |
| Auditors' Report | 23 | Consolidated Accounts | 60 |
| Balance Sheet | 28 | Statement pursuant to Section 212 of the Companies Act, 1956 | 83 |

37th Annual General Meeting on Tuesday, the 29th September, 2009 at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai-400 001, at 11.30 a.m.

NOTICE

NOTICE is hereby given that thirty-seventh Annual General Meeting of Members of Manugraph India Limited will be held on Tuesday the 29th September, 2009 at 11.30 a. 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, 2009 and Profit and Loss account for the year ended 31st March, 2009 together with reports of the Directors and the Auditors thereon;
2. To declare dividend on equity shares;
3. To appoint a Director in place of Mr. Hiten C. Timbadia who retires by rotation and being eligible offers himself for re-appointment;
4. To appoint a Director in place of Mr. Amit N. Dalal 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 pursuant to the provisions of Sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and any statutory modifications or enactment thereof and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such requisite approvals, if any, consent of the Company be and is hereby accorded for the re-appointment of Mr. Mohan R. Harshe as Whole-time Director designated as Director (Works), for a period of 1 (one) year with effect from 1st July, 2009 on the following remuneration and perquisites and terms and conditions as set out in the draft Agreement submitted to this meeting and initialed by the Chairman for the purpose of identification :

- a. Basic Salary : Rs.70,000/- per month
- b. 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.

RESOLVED FURTHER THAT subject to the limits prescribed from time to time in Section II of Part II of Schedule XIII of the Companies Act, 1956, the remuneration payable as aforesaid shall be paid to Mr. Mohan R. Harshe as minimum remuneration, notwithstanding that in any financial year of the Company during the tenure of his office as such, the Company may have made no profits or inadequate profits.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the said re-appointment and /or draft Agreement in such manner as may be agreed to between the Board of Directors and Mr. Mohan R. Harshe and to do all acts, deeds, matters and things, as it may at its absolute discretion, consider necessary, expedient or desirable, to give effect to the foregoing resolution.

Registered Office : Sidhwa House, 1st Floor,
N. A. Sawant Marg,
Colaba,
Mumbai - 400 005.

By Order of the Board of Directors

Sanjay S. Shah
Vice Chairman & Managing Director

Date : 18th August, 2009.

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. Members are requested to:
 - a) intimate any change in their addresses to the company's registrar and share transfer agents, Link Intime India Private 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, Link Intime India Private Limited.
4. Members/Proxies are requested to bring copy of Annual Report and attendance slip duly filled in.
5. 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.
6. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
7. 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 annexed to this Report duly filled in to Link Intime India Private Limited.
8. 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 at least 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.
9. The Register of Members and the Share Transfer Books of the Company will be closed from Saturday the 12th September, 2009 to Tuesday the 29th September, 2009, both days inclusive.
10. The dividend, as recommended by the board, if declared at the Annual General Meeting, will be paid within the prescribed time limit to those persons or their mandates :
 - a) on the basis of beneficial ownership as per details furnished for this purpose 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 11th September, 2009.

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 | Dividends for the year | Dividend per share Rs. | Due date of the proposed transfer to the Central Government |
|---------------------------------|------------------------|------------------------|---|
| 30.07.2002 | 31.03.2002 | 1.80 | 02.10.2009 |
| 29.08.2003 | 31.03.2003 | 1.20 | 02.11.2010 |
| 30.07.2004 | 31.03.2004 | 4.00 | 02.10.2011 |
| 10.01.2005 | Interim 04-05 | 4.00 | 13.03.2012 |

| Date of Declaration of dividend | Dividends for the year | Dividend per share Rs. | Due date of the proposed transfer to the Central Government |
|---------------------------------|------------------------|------------------------|---|
| 10.08.2005 | 31.03.2005 | 6.00 | 13.10.2012 |
| 25.10.2005 | Interim 05-06 | 1.50* | 28.12.2012 |
| 18.08.2006 | 31.03.2006 | 2.50* | 21.10.2013 |
| 05.02.2007 | Interim 06-07 | 2.00* | 11.04.2014 |
| 11.09.2007 | 31.03.2007 | 1.00* | 15.11.2014 |
| 02.11.2007 | Interim 07-08 | 2.00* | 06.01.2015 |
| 28.08.2008 | 31.03.2008 | 2.00* | 01.11.2015 |

*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, at least 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.

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 all the unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date of transfer to the Central Government.

11. In respect of reappointment of the existing Directors, a statement containing details of the concerned Directors is annexed as Annexure A to this notice.

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 : 18th August, 2009.

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

Item No. 6

On the recommendation of the Remuneration Committee, the Board of Directors at its meeting held on 18.8.2009 has reappointed Mr. M. R. Harshe, Director (Works) for a period of 1(One) year with effect from 1st July, 2009 on the terms and conditions as set out in the draft agreement being executed by the company with the said director.

Mr. M.R. Harshe is Diploma holder in Mechanical Engineering and has vast knowledge and hands on experience with Printing Machines and the Printing Industry in general.

Mr.M.R.Harshe is primarily responsible for smooth functioning of two units situated at Shirol and Warananagar both at Kolhapur in the state of Maharashtra.

- a) Period : 1.7.2009 to 30.6.2010 (one year)
- b) Basic Salary : Rs.70,000/- per month
- c) Contribution by the Company to the Provident Fund at a rate not exceeding 12% of the Salary.
- d) Contribution to the Pension Fund and/or Superannuation Fund at a rate not exceeding 15% of the Salary.
- e) Gratuity payable in accordance with the gratuity Scheme of the Company provided that it does not exceed half month's salary for every completed year of continuous service.
- f) 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.
- g) The Whole-time Director shall be eligible for leave as per Rules of the Company and encashment of leave at the end of tenure.
- h) In addition to the above salary and perquisites, Mr. M. R. Harshe Director (Works) of the Company shall be entitled to the following benefits :
 - i) Use of car and telephone at residence for official purposes will not be considered as perquisites.
 - ii) Personal long distance calls and use of car for private purpose shall be billed by the Company to the Director (Works).
 - iii) Reimbursement of expenses incurred by the Director (Works) for the purpose of business of the company.

A draft copy of the Agreement to be entered into by the Company with Mr. M. R. Harshe according the terms of his re-appointment for a period of 1(one) year from 1.7.2009 to 30.6.2010 is available for inspection by the Members between 11.00 a. m. and 2.00 p. m. on any working day at the Registered Office of the Company.

This may be treated as an abstract of the draft agreement to be executed between the Company and Mr. M. R. Harshe pursuant to Section 302 of the Companies Act, 1956.

The Whole-time Director shall not as long as he continues to be a Whole-time Director of the Company, be liable to retire by rotation.

The Whole-time Director as long as he functions as such, shall not be paid any fee for attending the meeting of the Board of Directors or any Committee or Committees thereof.

Termination

The Agreement may be terminated by either party giving the other party three months' notice.

Mr. M. R. Harshe undertakes, to the best of his skill and ability :

- a. To use his utmost endeavours to promote the interests and welfare of the Company.
- b. To conform to and comply with the directions and regulations of the Company and all such orders and directions as may from time to time be given by the Board.
- c. to devote the whole of his time and attention to the business of the Company.

The Board commends passing of the resolution as set out in item No. 6 of the accompanying notice.

None of the Directors other than Mr. M.R. Harshe is deemed to be concerned or interested in this resolution.

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Mumbai - 400 005.

By Order of the Board of Directors

Sanjay S. Shah
Vice Chairman & Managing Director

Date : 18th August, 2009.



ANNEXURE A

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

| Particulars | Details of the Directors | | |
|---|---|--|---|
| Name of the Director | Mr. Hiten C. Timbadia | Mr. Amit N. Dalal | Mr. Mohan R. Harshe |
| Date of Birth | 26-02-1964 | 31-01-1963 | 31-01-1945 |
| Date of appointment | 30.03.2001 | 25-10-2005 | 16-02-1998 |
| Expertise in specific functional areas | He possesses vast experience and sound background in Accounts, Finance, Audit, taxation, Banking and other related activities | Well known and respected entity in the Equity Markets | He has vast experience in the field of Printing and Printing Technology especially design, assembly & testing |
| List of other Directorship | Dosti Reality Limited | <ol style="list-style-type: none"> 1. Dhirajlal Maganlal Purshotamdas Pvt. Ltd. 2. Ashrulata & Co. Pvt. Ltd. 3. Nexgen Lifin Pvt. Ltd. 4. Amit Nalin Securities Pvt. Ltd. 5. Sew Electricals Pvt. Ltd. 6. HL Investment Co. Ltd. 7. Tata Investment Corporation Ltd. 8. Sutlej Textiles & Industries Ltd. 9. The Phoenix Mills Ltd. | Nil |
| Membership of the committees of other Companies | 1 | 2 | Nil |

DIRECTORS' REPORT

including Management Discussion and Analysis Report.

Dear Shareholders,

Your Directors have pleasure in presenting the thirty - seventh Annual Report and audited accounts for the year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS

| Particulars | April to March 2008 - 2009 (Rs. in Lakhs) | April to March 2007 - 2008 (Rs. in Lakhs) |
|--|--|--|
| Profit for the year | 6,382.25 | 10,200.93 |
| Less: Depreciation | 927.36 | 828.62 |
| Profit before tax | 5,454.89 | 9,372.31 |
| Less: Provision for Taxation | | |
| Current tax | 1,725.50 | 2,910.00 |
| Deferred tax | 11.66 | 227.45 |
| Fringe benefit tax | 26.21 | 28.85 |
| | 1,763.37 | 3,166.30 |
| Provision for wealth tax | 2.77 | 3.13 |
| | 1,766.14 | 3,169.43 |
| Profit after tax | 3,688.75 | 6,202.88 |
| (Less)/Add: Income-tax pertaining to Previous year | — | (13.16) |
| | 3,688.75 | 6,189.72 |
| Add: Balance brought forward from previous year | 1,763.45 | 1,597.09 |
| AMOUNT AVAILABLE FOR APPROPRIATION | 5,452.20 | 7,786.81 |
| APPROPRIATIONS | | |
| Interim dividend | — | 608.30 |
| Tax on interim dividend | — | 103.38 |
| Proposed dividend | 608.30 | 608.30 |
| Tax on proposed dividend | 103.38 | 103.38 |
| General reserve | 1,200.00 | 4,600.00 |
| Balance carried to balance sheet | 3,540.52 | 1,763.45 |
| | 5,452.20 | 7,786.81 |

DIVIDEND

Your Directors recommend dividend of Rs. 2/- per equity share of Rs. 2/- each (Previous year Rs. 4/- 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**

The start of the financial year ended March 2009 was very strong, in line with the trend exhibited in the past few years. This is reflected in the financial results for the first half of the year. However during the second half, we witnessed general demand cut back and rescheduling of deliveries by some customers, as a consequence of the unprecedented world wide recessionary trend. Further, the cyclical trend inherent to the capital goods industry, to which your company belongs, has also impacted the performance during the second half of the financial year ended March 2009.

During the year, your company has successfully completed Smartline (Project X) to develop 4X1 printing machine which offers substantial benefits through better scale of operations. We are pleased to inform you that this largely in-house

development was carried out within the scheduled time frame. We expect commercial benefits accruing from this project from the year 2010-11.

OUTLOOK

We expect the global recessionary trend to impact our operations during the financial year 2009-10 also. The impact on the US subsidiary company has been more severe as demand has dried up in the US market and there are no indications of any major capacity expansions in the near future.

However, in anticipation of these trends, your management has taken prudent measures to cut back on costs in order to keep the negative impact to the least possible. Some of the measures already yielding results are (a) Structural shift in the business model of US subsidiary (b) Payroll cost cuts for non bargaining cadre already implemented, and also for bargaining cadre under advanced stage of negotiation. (c) Realigning the Production capacities to bring in flexibilities, which result in substantial reduction in the operating cost. The overall focus would be to bring about flexibility to operate profitably, even at a substantially reduced scale. Proactive implementation of these measures has started yielding results, as evident from the financial results Apr - June 09 quarter.

RISKS AND CONCERNS

The operations can be impacted if some of the measures for cost realignment like wage renegotiation with bargaining staff, gets delayed.

The global economy is still in a turbulent state, though some signs of recovery are building up in certain pockets. We foresee business to remain subdued, unless there is sustained recovery quarter over quarter.

The rally of US dollar as against most of the other currencies has been discouraging some of our international customers for capacity expansion. Your company's business potential will be impacted if this situation does not correct.

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 | 2008 - 2009 Rs. in lakhs | 2007 - 2008 Rs. in lakhs |
|---|-------------------------------------|-------------------------------------|
| Net sales | 39,211.12 | 42,296.15 |
| Operating Income | 882.08 | 2,121.94 |
| Other income | 492.59 | 1,045.60 |
| Profit before interest, depreciation, and tax | 6,741.04 | 10,611.53 |
| Interest expenditure (Net of income) | 358.79 | 410.60 |
| Depreciation | 927.36 | 828.62 |
| Profit before tax | 5,454.89 | 9,372.31 |
| Taxation | | |
| Current | 1,754.48 | 2,941.98 |
| Deferred | 11.66 | 227.45 |
| | 1,766.14 | 3,169.43 |
| Net profit | 3,688.75 | 6,202.88 |
| Earnings per share (in Rs.) | 12.13 | 20.39 |

The overall performance of the company during the year under consideration has been satisfactory despite prevalent sluggish market conditions.

Sales

Total income from operations was Rs.40,093.20 lakhs including export sales of Rs.11,928.19 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.11.66 lakhs has been adjusted in the profit and loss Account.

Earnings per share

Earnings per share stood at Rs.12.13 per share in 2008-2009.

Personnel

During the Year your company has paid production linked incentives. Industrial relations remained very cordial at all levels.

As at the year end, the manpower strength (including contract workers) stood at 1327 nos. as against a total of 1550 as at the previous year end.

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are given in the Annexure B forming part of this report.

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

During the year, the company has not accepted/renewed any deposits. However one unclaimed deposit of Rs.5,000/- was repaid during the year. The balance in Fixed Deposit Account was Nil as on 31.3.2009.

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.1,549.50 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 2009-10 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

Your company has received approval under Section 212(8) of the Companies Act, 1956 from Government of India, Ministry of Corporate Affairs, vide their letter No.47/134/2009-CL-III dated 25.5.2009 for exemption from attaching the Balance Sheets etc of its subsidiaries viz Constrad Agencies (Bombay) Private Limited, Manugraph Kenya Ltd. and Manugraph DGM Inc., USA, under subsection (1) of Section 212 of the Companies Act, 1956 for the year ended 31.3.2009 on the application made by the company. Accordingly audited statements of accounts along with the directors' report for the year ended 31st March, 2009 of the said subsidiaries of your company are not annexed.

The Company is however, presenting in the Annual Report the Consolidated Financial Statements of the said Subsidiaries duly audited by the statutory auditors of the Company and the same are in compliance with the applicable accounting standards and the Listing Agreement. The information relating to the subsidiary is disclosed in the consolidated financial