

ANNUAL REPORT 2011-12





Corporate Information

Directors

R. N. Sengupta - Chairman
B. K. Agrawal - Managing Director
A. K. Chakraborty
D. B. Guha - Executive Director
K. K. Chaudhuri
M. P. Agrawal
Nadia Basak
Smita Khaitan
Sunil Kumar Agrawal - Executive Director
Suresh Kumar Agrawal - Executive Director
Sushil Kumar Agrawal - Executive Director

Company Secretary

Anubhav Maheshwari

Auditors

M/s. SRB & Associates

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
59C, Chowringhee Road,
Kolkata-700020

Registered Office

8/1, Lal Bazar Street
Bikaner Building, 3rd Floor,
Kolkata-700001

Bankers

Allahabad Bank
Axis Bank Ltd.
Citi Bank N.A.
DBS Bank Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.
Standard Chartered Bank
State Bank of India

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Twenty Eighth Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS:

	Rs. in lacs	
	2011-12	2010-11
Total Revenue	114,121.22	93,650.88
Profit before exceptional items and tax	5,037.94	3,304.93
Less: Exceptional Items	3,945.87	(700.97)
Profit before tax	1,092.07	4,005.60
Less: Provision for Taxation	361.00	1,020.00
Short/(Excess) provision for Taxation for Earlier year	-	59.68
Profit After Tax	731.07	2,925.92
Surplus brought forward from previous year	29.52	7.73
Transfer from Exchange Fluctuation Reserve	-	200.00
Total Amount available for appropriation	760.59	3,133.65
Appropriation to :		
(i) General Reserves	-	300.00
(ii) Debenture Redemption Reserves	150.00	900.00
(iii) Dividend on Equity Shares	-	1,638.35
(iv) Tax on Dividend	-	265.78
Surplus Carried to Balance Sheet	610.59	29.52
	760.59	3,133.65

DIVIDEND

The Board due to strain on earnings and Cash Flows coupled with wild fluctuations in foreign exchange, which had considerable adverse impact on profitability, has decided not to recommended any dividend for the Financial year ended 31st March 2012.

OPERATIONS AND BUSINESS PERFORMANCE

Kindly refer to Management Discussion & Analysis Report which forms part of the Directors' Report.

NON- CONVERTIBLE DEBENTURES

During the period under review, the Company in accordance to the terms of issuance of 11.95% Non-Convertible Debentures aggregating to Rs 60 crores, has redeemed Debentures of Rs 18 crores within due date.

DEPOSITS

During the period under review, the Company has not accepted any deposit nor has any outstanding deposit as defined under Section 58A of the Companies Act, 1956.

INDUSTRIAL RELATIONS & PERSONNEL

Your Company continued to enjoy warm and healthy relations with its employees at all locations.

Your Directors take this opportunity to record their appreciation for the dedicated services and significant efforts made by employees at all levels towards the progress of the Company.

EARNINGS IN FOREIGN EXCHANGE

During the year the export earnings of the Company amounted to Rs 64,000.96 lacs from the previous year level of Rs. 55355.70 lacs. Foreign currency expenditure of your Company amounted to Rs. 1324.82 lacs as against Rs. 921.62 lacs last year.

ENVIRONMENT

Your Company continues to place great emphasis on environment management and protection. As one of the Eastern India's premier corporations, Manaksia lays paramount importance on its responsibility to contribute to the preservation and enrichment of the physical environment.

CREDIT RATING

The Company was awarded 'AA' rating by CARE for its long and medium term loans, 'A1+' (A ONE PLUS) rating by CARE for short term debt instruments and 'A1+' (A ONE PLUS) rating by ICRA for commercial paper, which represent high security for timely servicing of debt instruments and carrying very low credit risk. The Company's financial discipline and prudence are reflected from the good Credit ratings by leading international agencies.

PARTICULARS OF EMPLOYEES

During the period under review, no employee of the Company has drawn remuneration in excess of the limits specified under Companies (Particulars of Employees) Amendment, Rules, 2011 and hence no disclosure has been made under Section 217 (2A) of the Companies Act, 1956 in the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

We, the Directors of the Company, hereby confirm, pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, in respect of financial year under review:

- a) That in the preparation of the annual accounts for the year ended 31st March 2012, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India have been followed along with proper explanation relating to material departures, if any.
- b) That we have selected such accounting policies and have applied them consistently and have made judgements and estimates that are reasonable and prudent manner so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period.
- c) That we 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.
- d) That the annual accounts have been prepared on a going concern basis.

NATURE OF BUSINESS

There has been no change in the nature of the business of the Company and any of its subsidiary companies during the year.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

During the year under review, the Company has sold its 100% equity stake in Solex Chemicals Private Limited at a consideration amount of US\$ 1.50 million equivalent to Rs 724.93 lacs. As reported in previous year's Directors' Report, during the year under review, the Company has invested in 50,000 Equity shares of Rs 10 each equivalent to 100% Equity Capital in Manaksia Industries Ltd, thereby making it wholly owned subsidiary company. The Company has also made investments of AED 64000 equivalent to Rs 8.57 lacs through subscription of the Equity Capital of a wholly owned foreign subsidiary company in the name of UNI Metals FZE at Sharjah, UAE. These investments have been made keeping in mind the business opportunities available.

The statements required under Section 212 of the Companies Act, 1956 in respect of subsidiary companies are attached with Report as **Annexure "A"**.

In terms of circular issued by Ministry of Corporate Affairs, the Board has given its consent for not attaching the Balance Sheet, Profit & Loss Account, Report of the Board of Directors, Auditors' Report and other documents of the subsidiary

companies to the Annual Report. The annual accounts of these subsidiary companies and the related detailed information will be made available to any member of the Company/its subsidiary companies seeking such information at any point of time and are also available for inspection by any member of the Company/its subsidiary companies at the registered office of the Company. The annual accounts of the said subsidiary companies will also be available for inspection, as above, at the Registered Office of Company and at the respective subsidiary companies registered offices. The Company will furnish hard copy of the annual accounts of subsidiary Companies to any member on demand. A statement containing brief financial details of the Company's subsidiaries for the financial year ended 31st March 2012 is attached as **Annexure "B"**.

As required under the Listing Agreement with the Stock Exchanges, a consolidated financial statement of the Company and all its subsidiary companies is attached. The consolidated financial statements has been prepared in accordance with the Accounting Standard 21 issued by the Institute of Chartered Accountants of India and shows the financial resources, assets, liabilities, income, profits and other details of the Company and its subsidiary companies.

DELISTING OF EQUITY SHARES

The Equity Shares of the Company were voluntary delisted under SEBI (Delisting of Equity Shares) Regulations, 2009 from The Calcutta Stock Exchange Ltd. w.e.f. 8th December 2011. The Company continues to be listed on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd.(NSE).

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

The information regarding conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo required under Section 217(1) (e) of the Companies Act, 1956, is attached as Annexure-**"C"**..

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Report on the Corporate Governance forms part of the Annual Report. However, the requisite certificate from the Auditors of the Company confirming compliance with the conditions of the Corporate Governance is attached with the Report as **Annexure-"D"**.

ABRIDGED ANNUAL FINANCIAL STATEMENTS

In terms of provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 read with Clause 32 of the Listing Agreement and to support the **"GREEN INITIATIVE"** measures of the Ministry of Corporate Affairs, the Board has decided to circulate the Abridged Annual Report containing the salient features of the Balance Sheet and Profit & Loss Account to the shareholders for the financial year 2011-12. The Complete Annual Report would be available on the Company's website www.manaksia.com and will be available for inspection at the Registered Office, during business hours of the Company. The Company on receipt of the request from the shareholder would provide free of cost, a copy of the complete Annual Report.

DIRECTORS

Mr Sunil Kumar Agrawal, Mr Suresh Kumar Agrawal and Mr Mahabir Prasad Agrawal, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment at the ensuing Annual General Meeting.

STATUTORY AUDITORS & AUDITORS' REPORT

The Statutory Auditors Messrs SRB & Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. A Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the Companies Act 1956. The Auditors have also confirmed that they have subjected themselves to the peer review, the process of Institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the Peer Review Board of the ICAI.

The Auditors' Report to the shareholders does not contain any qualification.

COST AUDITORS

In terms of the directives of Ministry of Corporate Affairs under Section 233B of the Companies Act, 1956, the Company has after approval of the Central Government, appointed M/s V K Jain & Co., Cost Accountants, Kolkata, as Cost Auditors for the Aluminium & Steel Products manufactured by it during the financial year 2011-12. The due date for filing the Cost Audit Reports for the financial year ended 31st March 2012 is 27th September 2012 and the Cost Auditors are expected to file the Reports with the Central Government within the due date.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (CSR) of the Company is aimed to provide social, environmental and economic benefits for the communities and geographies in which it operates. The CSR activities are focused on education, healthcare, family welfare, environment care and social initiatives amongst others. Some of the initiatives of the Company undertaken as a part of CSR are as follows:

In India

- Installation of Solar Street lights in various villages.
- Organising Eye Camp in villages for free eye check up and providing free spectacles.
- Contribution towards establishment of a Eye Hospital.
- Supporting some of the Municipality schools by sponsorship of English teaching classes.
- Donation for construction of Building at Municipality Schools for upliftment of the under privileged.
- Sponsoring 100 schools for one year for the betterment of under-privileged tribals.

In Nigeria by MINL Ltd.

- Construction of Drainage on a portion of Industrial Estate Road to allow free flow of water.
- Substantial financial assistance to the local community for purchase of transformer to restore power supply.
- Water Supply system developed which included borehole, overhead tank pumping machine and connection to electricity.
- Donations to schools for implementation of various school projects for benefit of the under privileged.
- Donations to State hospital for providing medical services to weaker section of the society.
- Financial Assistance towards wall fencing of local police station.

In Nigeria, by Jebba Paper Mills Ltd

- Installation of water pipe line across the village which has substantially reduced the water problems of the habitants.
- The Company has set up a DEMO FARM. The technical assistance and knowledge transfer to the local farmers are being provided for improving yield per hectare of crops being cultivated by them.

ACKNOWLEDGEMENT

Your Company continues its relentless focus on strengthening competitiveness in all its businesses. It is the endeavour of your Company to deploy resources in a balanced manner so as to secure the interest of the shareholders in the best possible manner in the short, medium and long terms.

Your Directors convey their grateful appreciation for the valuable patronage and co-operation received and goodwill enjoyed by the Company from its esteemed customers, commercial associates, banks, financial institutions, government departments, other stakeholders and the media.

Your directors also wish to place on record their deep sense of appreciation to all the employees at all levels for their commendable team-work, professionalism and enthusiastic contribution towards the working of the Company during the year under review.

Your Directors look forward to the future with hope and conviction.

On behalf of the Board
Sd/-
R N Sengupta
CHAIRMAN

Kolkata, 30th June 2012

Annexure-A

Statement pursuant to Section 212(1)(e) of the Companies Act, 1956 relating to Subsidiary Companies

Figures in Lakhs except for number of shares

	Name of the Subsidiary Company	MINL Ltd.	Dynatech Industries Ghana Ltd.	Mark Steels Ltd.	Eurasian Ventures FZE	Jebba Paper Mills Ltd.	Euroasian Steels LLC	UNI Metals FZE	Manaksia Aluminium Co. Ltd.	Manaksia Overseas Ltd.	Manaksia Coated Metals & Industries Ltd.	Manaksia Ferro Industries Ltd.	Manaksia Steels Ltd.	Manaksia Industries Ltd.
1	The Financial Year of the Subsidiary Company ended on	31-Dec-11	31-Dec-11	31-Mar-12	31-Mar-12	31-Dec-11	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12
2	Date from which it became subsidiary company	23-Aug-95	4-Oct-01	31-Mar-03	4-Jul-05	14-Jul-06	1-Apr-08	3-Oct-11	1-Apr-10	1-Apr-10	1-Apr-10	1-Apr-10	1-Apr-10	1-Apr-11
3 (a)	Number of shares held by Holding Company with its nominee in the subsidiary at the end of the Financial year of the Subsidiary Company	90,78,97,869 Equity Shares of Naira 1 each fully paid up	8,43,961 Ordinary Shares of Cedi 10,000 each	30,00,000 Equity Shares of ₹ 10 each	25 Ordinary Shares of AED 10,00,000 each	2,00,00,000 Ordinary Shares of Naira 1 each fully paid up	1,56,56,250 Shares of GEL 1 each	01 Ordinary Share of AED 64,000 each	50,000 Equity Shares of ₹ 10 each	50,000 Equity Shares of ₹ 10 each	50,000 Equity Shares of ₹ 10 each	50,000 Equity Shares of ₹ 10 each	50,000 Equity Shares of ₹ 10 each	50,000 Equity Shares of ₹ 10 each
(b)	Extent of interest of Holding Company at the end of the Financial year of the Subsidiary Company	100%	100%	100%	100%	100%	93.75%	100%	100%	100%	100%	100%	100%	100%
4	The net aggregate amount of Subsidiary Company Profit/Loss so far it concerns to the members of Holding Company													
(a)	Not dealt with Holding Company's Account													
(i)	For the Financial Year	Profit of ₹ 9833.50	Profit of ₹ 141.65	Profit of ₹ 110.64	Profit of ₹ 42.55	Profit of ₹ 2351.28	Loss of ₹ 126.77	Loss of ₹ 28.37	Loss of ₹ 2.19	Loss of ₹ 2.19	Loss of ₹ 2.19	Loss of ₹ 2.19	Loss of ₹ 1.74	NIL
(ii)	For the previous financial years of the Subsidiary Companies since it became Holding Company's Subsidiary	Profit of ₹ 37776.71	Profit of ₹ 102.85	Profit of ₹ 998.32	Profit of ₹ 2708.72	Profit of ₹ 2022.68	NIL	N.A.	NIL	NIL	NIL	NIL	Loss of ₹ 1.82	N.A.
(b)	Dealt with Holding Company's Account													
(i)	For the Financial Year	Dividend received ₹ 2795.41	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii)	For the previous financial years of the Subsidiary Companies since it became Holding Company's Subsidiary	Dividend received ₹ 2055.35	NIL	NIL	Dividend received ₹ 80.43	NIL	NIL	N.A.	NIL	NIL	NIL	NIL	NIL	N.A.

Annexure-A (Contd.)

Statement pursuant to Section 212(5) of the Companies Act 1956 relating to the changes occurred between the end of the financial year of the Subsidiary Company and 31st March 2012

Figures in Lakhs

Name of the Subsidiary	MINL Ltd	Jebba Paper Mills Ltd	Dynatech Industries Ghana Ltd
Details of material changes which have occurred between the end of the financial year of the Subsidiary and end of the holding company's financial year			
Increase/(-) Decrease in Fixed Assets	(₹ 927.62)	(₹ 25.03)	₹ 54.01
Increase/(-) Decrease in Investments	Nil	Nil	Nil
Increase/(-) Decrease in Money Lent	Nil	Nil	Nil
Increase/(-) Decrease in Money Borrowed	₹ 1465	Nil	Nil
Whether there has been any change in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and the end of the holding company's financial year.	NO	NO	NO

Annexure-B

Information of Subsidiary Company pursuant to Section 212 of the Companies Act 1956

₹ in Lakhs

Name of the Subsidiary Company	Issued & Subscribed Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
MINL Ltd.	2,929.95	51,943.42	77,874.85	77,874.85	–	104,759.25	13,301.00	72.10	13,228.90	4,101.93
Jebba Paper Mills Ltd.	64.54	5,049.54	10,566.39	10,566.39	–	9,309.08	2,335.95	–	2,335.95	–
Mark Steels Ltd.	300.00	1,161.78	7,133.93	7,133.93	4.25	7,839.89	162.70	52.06	110.64	–
Euroasian Ventures FZE	3,465.26	2,751.14	18,381.53	18,381.53	0.28	2,296.36	42.55	–	42.55	–
Euroasian Steels LLC	4,856.36	(135.22)	18,224.73	18,224.73	–	8,926.11	(135.22)	–	(135.22)	–
Dynatech Industries Ghana Ltd.	241.19	74.68	6,724.56	6,724.56	–	15,494.09	(154.65)	–	(154.65)	–
UNI Metals FZE	8.87	(28.37)	6.89	6.89	–	–	(28.37)	–	(28.37)	–
Manaksia Aluminium Co. Ltd.	5.00	(2.19)	2.90	2.90	–	–	(2.19)	–	(2.19)	–
Manaksia Overseas Ltd.	5.00	(2.19)	2.88	2.88	–	–	(2.19)	–	(2.19)	–
Manaksia Coated Metals & Industries Ltd.	5.00	(2.19)	2.90	2.90	–	–	(2.19)	–	(2.19)	–
Manaksia Ferro Industries Ltd.	5.00	(2.19)	2.88	2.88	–	–	(2.19)	–	(2.19)	–
Manaksia Steels Ltd.	5.00	(3.56)	1.51	1.51	–	–	(1.74)	–	(1.74)	–
Manaksia Industries Ltd.	5.00	–	5.07	5.07	–	–	–	–	–	–

Notes:

The aforesaid data in respect of Subsidiary Companies is for 12 months except as stated below:

For Manaksia Industries Ltd from the date of incorporation i.e. 25th March 2011 to 31st March 2012

For UNI Metals FZE from the date of incorporation 3rd October 2011 to 31st March 2012

Exchange Rate as on:

31st March 2012

IGH = INR 28.58

INGN = INR 0.32

IAED = INR 13.86

IGEL = INR 29.08

31st December 2011

IGH = INR 33.33

INGN = INR 0.31

Annexure-C

Information as per Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report for the year ended 31st March 2012

I Conservation of Energy:
a. Energy Conservation measures taken during the year:-

The thrust for energy conservation continued during the year across all manufacturing locations through combined used of systems and devices. The various measures taken during the year include:

- i. Strengthening of capacitor banks to improve power factor.
- ii. Process has been initiated for Installation of Gasifier to save fuel.
- iii. Installation of Thermal fluid heating system for drying of Mosquito Coils.
- iv. Installation of Hot air generator for drying of Mosquito Coils.
- v. Optimization of loading efficiency of furnace to overcome rise in fuel price.
- vi. Conducting training programmes at various factories for conservation of energy.
- vii. Replacement of old inefficient equipments with energy efficient equipment.

b. Additional Investments and Proposals being implemented for Reduction of Consumption of Energy :-

The Company is constantly taking steps to identify various alternative sources of energy both for thermal and power generation applications. In pursuit of its goal towards savings in energy cost, the Company while procuring new machinery under phased modernization / replacement program take into account its impact on energy conservation.

c. Impact of measures as above for reduction of Energy Consumption and consequent impact on the cost of production of goods :-

The energy conservation measures undertaken during the year as specified in (a) and (b) above have resulted in savings and have thereby contributed in reducing the cost of production.

d. Total Energy Consumption and Energy Consumption per Unit of Production:

FORM-A
(See Rule 2)

A. POWER & FUEL CONSUMPTION

Sl. No.	PARTICULARS	2011-12 Current Year	2010-11 Previous Year
I. ELECTRICITY			
A) Purchased			
	Units (KWH in thousand)	23284.61	22171.63
	Total Amount (Rs. Lacs)	1269.61	1352.80
	Rate/Unit (Rs /unit.)	5.45	6.10
B) Own generation			
i) Through Diesel generator			
	Units (KWH Lacs)	-	-
	Units per litre of diesel oil	-	-
	Cost/Unit (Rs.)	-	-
ii) Through steam turbine/ generator			
	Units	-	-
	Unit per litre of fuel oil/gas	-	-
	Cost/Unit (Rs)	-	-

2. COAL (Hard Coke For Generation of Steam)

Quantity (Tonnes)	36992.97	37273.22
Total cost (Rs in lacs)	270.95	210.48
Average rate (Rs/kg)	7.32	5.65

3. FURNACE OIL

Quantity (k Lts)	2170.13	2295.14
Total cost (Rs in lacs)	884.99	708.13
Average rate (Rs/Lt)	40.79	30.86

4. OTHERS/INTERNAL GENERATION

Quantity	-	-
Total cost	-	-
Average rate	-	-

B. CONSUMPTION PER UNIT OF PRODUCTION
A. CONSUMPTION PER TONNE OF PRODUCTION

PARTICULARS	Aluminium Products		Steel Products	
	2011-12	2010-11	2011-12	2010-11
Electricity (KWH/MT)	0.88	0.69	0.32	0.33
Furnace Oil (Lts/MT)	100.64	84.43	20.46	25.03
Coal (Hard Coke/Steam Coal) (Kgs/MT)	243.42	193.70	--	--
Others	--	--	--	--

II. Technology Absorption:

Efforts made in technology absorption as per Form –B given below

(A) Research and Development (R&D)
a. Specific areas in which the company carried out R&D -

- i. Development of New Products
- ii. Environment protection
- iii. Energy Conservation
- iv. Capacity utilization
- v. Improvement in safety and reliability of the Plant.

b. Benefits derived as a result of the above R&D -

- i. Decrease in waste and rejection
- ii. Better quality product
- iii. Reduction in overall energy cost
- iv. Increase in in-house capability