

Directors' Report

FOR THE YEAR ENDED 31ST MARCH, 2008

Dear Shareholders,

Your Directors are pleased to present the Annual Report of the Company for the year ended 31st March 2008.

OPERATIONAL REVIEW

During the year under review, your Company achieved a turnover of Rs.78402.84 lacs and recorded profit before Interest, Depreciation and Tax Rs.9507.95. lacs.

Financial Report

Rs. in Lacs

	Financial Year 2007 - 2008	Financial Year 2006 - 2007
Profit before Interest Depreciation and Tax	9507.95	8417.99
Less: Interest	3027.48	3199.59
Less : Depreciation	1684.30	1609.39
Profit before tax	4796.17	3609.01
Less: Taxation	695.00	534.30
Net Profit	4101.17	3074.71
Balance from last period	25.89	35.13
Profit available for appropriation	4127.06	3109.84
Less: Transfer to General Reserve	1450.00	2950.00
Transfer to Exchange Fluctuation Reserve	1000.00	-
Less: Proposed Dividend on Equity Shares	1390.68	108.07
Less: Provision for Dividend On Preference Shares	11.87	6.42
Less: Provision for Tax on Proposed Dividend	238.36	19.46
Balance Carried to Balance Sheet	36.15	25.89
Total	4127.06	3109.84

RAISING OF CAPITAL

During the year, the Company issued 15500000 Equity Shares of Rs.2/- each at a premium of Rs.158/- per share by way of Public issue for an aggregate amount of Rs.248 Crores. The issue was over subscribed by 8.33 times. As a result of this public issue your Company's paid up capital has increased from Rs.13.18 Crores to Rs.16.28 Crores. The amount raised from the Public Issue is being utilised for the objects of issue as specified in the Red Herring Prospectus.

DIVIDEND

Your Directors recommend subject to the approval of share holders a dividend of 100% i.e. Rs 2/- per Equity Share of Rs.2/- each for the year ended 31.03.2008 (last year 20% Re. 0.20 per share). This will be paid in line with the applicable regulations. The total outgo including tax on dividend would be Rs. 1629.04 lacs (last year Rs.127.53 lacs).

Your Directors also recommend a dividend of 5% i.e. Re. 1/- per Preference Share of Rs. 20/- each for the year ended 31.03.2008 (last year 5% i.e. Re. 1/- per share prorata). This will be paid in line with the applicable regulations. The total outgo including tax on dividend would be Rs. 11.87 lacs (last year Rs. 6.42 lacs).

FINANCE

All financial commitments including payment of loan instalments were met in time within the year under review.

As part of financial restructuring, some Rupee loans as well as foreign currency loans carrying higher interest rates were repaid/substituted with low cost funds including ECBs and FCNR (B) loans. These measures resulted in a significant reduction of cost of borrowings.

The lenders continued to rate the Company as a prime customer.

MANAGEMENT DISCUSSION & ANALYSIS FOR EACH BUSINESS SEGMENT

The operating performance of each business segment of the Company has been comprehensively covered in the Management's Discussion and Analysis Report, which forms part of this Directors' Report.

Directors' Report

FOR THE YEAR ENDED 31ST MARCH, 2008

CASH FLOW ANALYSIS

In conformity with the provisions of Clause 32 of the Listing Agreement the Cash Flow Statement for the year ended 31st March 2008 is included in the annual accounts.

CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has prescribed certain corporate governance standards. Your directors reaffirm their commitment to these standards and this annual report carries a section on Corporate Governance.

ENVIRONMENT

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

EARNINGS IN FOREIGN EXCHANGE

In spite of continued strengthening of Indian Rupee, the export earnings of the Company increased to Rs.38397.51 lacs from the previous year level of Rs.31733.26 lacs. Foreign currency expenditure of your Company amounted to Rs.32490.24 lacs as against Rs.24506.76 lacs last year.

Full particulars of Foreign Exchange earnings and outgo are provided in Schedule "T" to the Accounts.

CREDIT RATING

Working Capital facilities of the Company have been awarded PR1 rating (highest rating) by CARE upto Rs.373 Crores which represent strong capacity for timely payment of short term debt obligations and carrying lowest credit risk. The Company was also awarded AA rating by CARE for its long and medium term loans to the tune of Rs.127 Crores which represent high security for timely servicing of debt instruments and carrying very low credit risk.

EXPANSION

Your Directors are pleased to report that the expansion and growth plans for the metal segment are progressing as per schedule. As reported earlier, the Company has successfully implemented Steel Cold Rolling Mill with a capacity of 50000 TPA during the year.

DEPOSITS

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

INDUSTRIAL RELATION & 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 outstanding contribution by employees at all levels.

PARTICULARS OF EMPLOYEES

Particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956 has been given in Annexure "A" to the Report.

DIRECTORS

Shri Rabindra Nath Sengupta and Sri Ajay Kumar Chakraborty retire from the Board by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Directors Responsibility Statement Pursuant to Section 217 (2AA) of the Companies Act, 1956 has been given below:-

On the basis of Compliance Certificates received from various executives of the Company and subject to disclosures in the annual accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, the Board of Directors state:

- a) That the preparation of the annual accounts for the year ended 31st March 2008, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India have been followed.
- b) That the Directors have adopted such accounting policies and have applied them consistently and have made judgements and estimates in a 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 the year.
- c) That 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.
- d) That the Directors have prepared the annual accounts on a "going concern" basis.

Directors' Report

FOR THE YEAR ENDED 31ST MARCH, 2008

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 as required under Section 217(1) (e) of the Companies Act, 1956, are set out as Annexure – “B” and form a part of this Report.

AUDITORS & AUDITORS' REPORT

M/s. SRB & Associates., Chartered Accountants, Statutory Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from the above Auditors to effect re-appointment, if made, would be within the prescribed limit under section 224(1B) of the Companies Act, 1956.

The notes referred to by the Auditors in their report are self explanatory and do not require further elucidation.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENT

During the year Euroasian Venture FZE, Dubai a wholly owned Subsidiary of the Company has formed a joint Venture in the name of Euroasian Steel LLC in Georgia with local partner for implementation of Steel long Product projects with an estimated capital cost of USD 35 million Euroasian Venture FZE, Dubai will be holding 87.50% shares and local partner will be holding 12.50% shares in the joint venture.

With this the Company has seven subsidiary (including subsidiary 2 step down subsidiaries) Company as on 31.03.2008 there has not been any material change in the nature of the business of the subsidiaries. The statement required under Section 212 of the Companies Act, 1956 in respect of subsidiaries companies is annexed hereto vide Annexure “C”.

CONSOLIDATED FINANCIAL STATEMENT

As required under the Listing Agreement with the Stock Exchange a consolidated financial statement of the Company and all its subsidiaries is attached. The consolidated financial statements have been prepared in accordance with Accounting Standard 21 issued by the Institute of Chartered Accountants of India and show the financial resources, assets, liabilities, income, profits and other details of the Company and its subsidiaries and associate companies as a single entity, after elimination of minority interest.

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 short, medium and long terms.

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

Your directors also placed on record their deep appreciation of the contributions made by the employees at all levels towards growth of the Company.

Your Directors look forward to the future with confidence.

On behalf of the Board

R N Sengupta

Chairman

Kolkata, 28th day of June, 2008.

Annexure "A" to the Directors' Report

Particulars of Employees as required u/s 217 (2A) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended 31st March, 2008.

Name	Qualification	Designation/ Nature of Duties	Age (Years)	Remuneration (Rs.)	Experience (Years)	Date Of joining	Particulars Of last employment
Patodia Dilip	FCA, FCS	CFO	42	26,16,286	19	01.04.00	Orient Paper & Industries Limited, Manager, Fin & Company Secretary

On behalf of the Board

8/1, Lalbazar Street,
Kolkata 700 001

R N Sengupta
Chairman

28th day of June, 2008

Annexure – “B” to Directors' Report

Information as per section 217(1)(e) read with the Companies (Disclosure of Particulars in the Board of Directors' Report) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March 2008.

- I. Conservation of Energy:
 - a. Energy Conservation measures taken during the year:
The thrust on energy conservation continued during the year across all manufacturing locations through combined use of systems and devices. The various measures taken during the year include –
 - i. Installation of Alternative Energy General Devices in the form of –
Biomass Gasifiers for both power generation and thermal application
 - ii. Transfer from conventional lighting model to energy efficient luminaries.
 - iii. Reduction in wastage through better control and tight vigil.
 - iv. Conducting training programmes at various factories for conservation of energy
 - 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 modernisation / replacement program taking 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 substantial saving and have thereby effectively contributed in reducing the cost of production.
 - d. Total Energy Consumption and Energy Consumption per Unit of Production:
'Form –A' – Not applicable to the Company.
- II. Technology Absorption:
Efforts made in technology absorption
 - (A) Research and Development (R&D)
 - a. Specific areas in which the company carried out R&D
 - i. Productivity improvement in respect of current production processes and refining them with reference to quality yield and effluents
 - ii. Development of New Products
 - iii. Environment Protection
 - iv. Energy Conservation
 - v. Capacity Utilization
 - vi. Improvement in safety and reliability of the Plant
 - b. Benefits derived as a result of the above R&D
 - i. Plants operating at higher capacities with better efficiencies
 - ii. Decrease in waste and rejection
 - iii. Better quality product
 - iv. Reduction in overall energy cost
 - v. Increase in in-house capability
 - c. Future plan of action
Efforts to continue towards Conservation of Energy, Reduction of Costs, Protection of Environment and minimization of waste.
 - d. Expenditure on R&D
The total expenditure on R&D was not very significant during the year.
 - (B) Technology Absorption, Adaptation and Innovation
 - a. Efforts
R&D Division is currently involved in devising new methods of cost reduction and product development.
 - b. Benefits derived
 - i. Cost Reduction
 - ii. Better quality product
- III. Foreign Exchange Earnings and Outgo:

a. Foreign Exchange Earnings	Rs 38,862.28 lacs
b. Foreign Exchange Outgo	
CIF Value of Imports	Rs 31504.53 lacs
Expenditure in Foreign Currency	Rs 985.71 lacs

On behalf of the Board

8/1, Lalbazar Street,
Kolkata 700 001

28th day of June, 2008

R N Sengupta
Chairman

Annexure – “C” to Directors' Report

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary	MINL Limited	Dynatech Industries Ghana Limited	Mark Steels Limited	Euroasian Ventures FZE	Crescent Industries (Nepal) Pvt. Limited
The Financial Year of the Subsidiary Company ended on	31-Dec-07	31-Dec-07	31-Mar-08	31-Mar-08	16-Jul-07
Date from which they became Subsidiary Companies	23-Aug-95	10-Apr-01	23-Aug-01	4-Jul-05	22-Mar-01
Number of Shares held by Manaksia Limited (Formerly: Hindusthan Seals Ltd.), with its nominee in the Subsidiary at the end of the financial year of the Subsidiary Company	907,897,869 Ordinary Shares of Naira 1.00 each fully paid up	843,961 Ordinary Shares of Cedi 10,000.00 each fully paid up	3,000,000 Ordinary Shares of Rs.10.00 each fully paid up	7 Ordinary Shares of ADC 1000000.00 each fully paid up	1,520,000 Ordinary Shares of Nepalese Rs.100 each fully paid up
Extent of interest of Holding Company at the end of the Financial year of Subsidiary Company	100%	100%	100%	100%	100%
The net aggregate amount of the Subsidiary Company Profit/(Loss) so far as it concerns to the members of the Holding Company					
Not dealt with in the Holding Company's accounts					
i) For the Financial year	Profit of Naira 2136552824 Equivalent to Rs.729155474	Profit of Cedi 330774 Equivalent to Rs.13398018	Profit of Rs. 13411514	Profit of AED 3851043 Equivalent to Rs.42078150	Profit of Nepalese Rs. 15993724 Equivalent to Rs. 9996078
ii) For the Previous Financial year of the Subsidiary Company Since it became the Holding Company's Subsidiary	Profit of Naira 2835060295 Equivalent to Rs.967539726	Profit of Cedi 91511 Equivalent to Rs.3706658	Profit of Rs. 52792042	Profit of AED 12740750.04 Equivalent to Rs.139210920	Profit of Nepalese Rs. (-75437312) Equivalent to Rs. (-47148320)
Dealt with in the Holding Company's accounts					
i) For the Financial year	Dividend Received in Naira 136184679 Equivalent to Rs. 46476644	NIL	NIL	NIL	NIL
ii) For the Previous Financial year of the Subsidiary Company Since it became the Holding Company's Subsidiary	Dividend Received in Naira 276087708 Equivalent to Rs. 94752285	NIL	NIL	Dividend Received in AED 642250 Equivalent to Rs. 8043000	NIL

STATEMENT PURSUANT TO SECTION 212 (5) OF THE COMPANIES ACT, 1956 RELATING TO THE CHANGES OCCURRED BETWEEN THE END OF
FINANCIAL YEAR OF SUBSIDIARY COMPANY AND 31ST MARCH 2008

Name of the Subsidiary	MINL Limited	Dynatech Industries Ghana Limited	Crescent Industries (Nepal) Pvt. Limited
1 Increase / (-)Decrease in Net Fixed Assets	Naira (-4490097) Equivalent to Rs. (-1532365)	Cedi 1346 Equivalent to Rs.54536	Nepalees Rs (-13566108) Equivalent to Rs. (-8478818)
2 Increase / (-)Decrease in Investments	Naira 19450000 Equivalent to Rs.6637830	NIL	Nepalees Rs 0 Equivalent to Rs.0
3 Increase / (-)Decrease in Money Lent	Naira 125972323 Equivalent to Rs.42991406	NIL	Nepalees Rs 0 Equivalent to Rs.0
4 Increase / (-)Decrease in Money Borrowed	Naira (-423147512) Equivalent to Rs. (-144410343)	NIL	Nepalees Rs (-22720000) Equivalent to Rs. (-14200000)

On behalf of the board

R.N. Sengupta

Chairman

Kolkata

28th June, 2008