

RINKU POLYCHEM LIMITED

19TH ANNUAL REPORT
2008-2009

BOARD OF DIRECTORS

Mr. Vardhaman C. Shah
Mr. Jaysukh C. Shah
Mr. Bhadrash C. Shah

Chairman
Managing Director
Executive Director
Executive Director

19TH

AUDITORS

M/s V. S. Loharia & Co.
Chartered Accountants

ANNUAL REPORT

2008-2009

REGISTERED OFFICE

B-9, P. K. Road,
Candolim,
Mumbai-400001

REGISTRAR & SHARE TRANSFER AGENTS

M/s SHAREX INDIA PVT. LTD.
17B Daxi Bank Building, 2nd Floor,
Kamdar Circle,

RINKU POLYCHEM LTD

RINKU POLYCHEM LIMITED

19th ANNUAL REPORT 2008-2009

BOARD OF DIRECTORS

Mr. Vardhman C. Shah
Mr. Jaysukh C. Shah
Mr. Bhadrhresh C. Shah

Chairman & Managing Director
Executive Director
Executive Director

AUDITORS

M/s V.S.Lalpuria & Co.
Chartered Accountants

REGISTERED OFFICE

B-9 to B-16 MIDC,
Osmanabad,
Maharashtra- 413501.

REGISTRAR & SHARE TRANSFER AGENTS

M/s SHAREX INDIA PVT. LTD.
17/B Dena Bank Building, 2nd Floor,
Horniman Circle, Fort, Mumbai - 400001

NOTICE:

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Rinku Polychem Limited held on Wednesday 30th day of September 2009 at 10:00 A.M. at B-9 to B-16 Osmanabad Maharashtra- 413501 to transact the following business, with or without modifications.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2009 and Profit & Loss Account for the period ended on that date along with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Bhadhresh C. Shah Director of the Company, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors
For **RINKU POLYCHEM LIMITED**

Sd/-

MR. VARDHAMAN C. SHAH
CHAIRMAN & MANAGING DIRECTOR

Date: 6th September, 2009
Place: Osmanabad

Registered Office:
B-9 to B-16 MIDC,
Osmanabad,
Maharashtra- 413501

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING AND ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The members are requested to notify immediately changes, if any, in their registered address to the Company's Registrar & Share Transfer Agent M/S Sharex India Pvt. Ltd., 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Mumbai-400001, email ID: sharexindia@vsnl.com.
3. Members are requested to write their Folio Number in the Attendance Slip for easy identification at the meeting and number of shares held by them.
4. The Share Transfer Books and the Register of Members will remain closed from Thursday the 24th day of September 2009 to Wednesday the 30th day of September 2009 (both days inclusive).
5. At the ensuing Annual General Meeting Mr. Bhadrresh C. Shah – Director, retires by rotation and being eligible offers himself for re-appointment, the brief resume of this director is as under:

Name	Bhadrresh C. Shah
Age	48
Qualification	Bcom
Expertise in Specific Area	Factory
Date of First Appointment on the Board of the Company	July 11,1990
Name(s) of the other companies in which Directorship held and Committee Membership/Chairmanship held.	Refer to Report on Corporate Governance.

6. Shareholders desiring any information as regards to the Accounts are requested to write to the Company at least Seven days in advance of the Annual General Meeting so that the information, to the extent practicable, can be made available at the Annual General Meeting.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their **NINETEENTH ANNUAL REPORT** together with the Audited Accounts of the Company for the year ended on 31st day of March 2009.

FINANCIAL HIGHLIGHTES:

	For the year ended on 31.03.2009	(Rs. in Lac) For the year ended on 31.03.2008
Turnover	98,38,779.50	3,00,89,595.00
Other Income	34,84,723.00	6,24,924.00
Increase / Decrease in Stock	-	-
Total Income	1,88,57,160.50	3,67,88,710.00
Total Expenditure	1,77,93,672.15	3,66,48,392.50
Profit / (Loss) before Taxation	10,63,488.35	1,40,317.50
Provision for Tax	(9,24,863.00)	(9,28,236.00)
Profit / (Loss) after Taxation	(93,818.65)	10,68,553.50
Balance b/f from Previous Year	14,52,465.31	3,83,911.81
Deferred Tax	(10,41,085.00)	(9,46,236.00)
Earlier Year Adjustments	-	-
Balance Carried to Balance Sheet	13,58,646.66	14,52,465.31

OPERATIONAL REVIEW:

The Sales for the period ended 31.03.2009 were at Rs. 98,38,779.50 as against Rs. 3,00,89,595.00 for the previous year ended 31.03.2008. The Profit / (Loss) After Tax is Rs. (93,818.65) against Rs. 10,68,553.50 for the previous year ended 31.03.2008.

DIVIDEND:

In view of the revival of the company's operation, your Directors have decided not to recommend any dividend on account for the year under operation.

MANAGEMENT DISCUSSION AND ANALYSIS:

As required by clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis Report are appended.

DIRECTORS:

Mr. Bhadrhresh C. Shah retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your Directors recommends his re-appointment.

PERSONNEL:

There were no employees during the year or part of the year drawing remuneration, which falls within the preview of the provisions of Section 217 (2A) of the Companies Act 1956.

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

Information relating to Conservation of Energy, Technology absorption and Foreign Exchange Earning and Outgo as stipulated under Section 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is set out in the separate statement, attached to this report & forms part of it.

AUDITORS' REPORT:

The observation made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence do not call, any further comments under Section 217 of the Companies Act 1956.

AUDITORS:

M/s V.S. Lalpuria & Co., Chartered Accountants, retires as Auditors of the Company at the conclusion of the ensuing Annual General Meeting. The Company has received letters from them to effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

FIXED DEPOSITS:

The Company has not invited / accepted / renewed any fixed deposits as per the provisions of Section 58 A of the Companies Act 1956 from the public during the year under review.

CORPORATE GOVERNANCE:

A separate report on the Corporate Governance and Management Discussion & Analysis is attached as a part of the Annual Report. The Auditors' Certificate regarding compliance of the conditions of Corporate Governance is also annexed.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 217 (2AA) of the Companies Act 1956, the directors would like to state that:

- 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENTS:

Your Company & its Directors wish to extend their sincerest thanks to the Bankers, State Government, Customers, Suppliers and Staff for their continuous co-operation & guidance.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Date: 06/09/2009
PLACE: Osmanabad

Sd/-
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE TO DIRECTORS' REPORT

Information as per 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.

A. CONSERVATION OF ENERGY

The capacity of the plant utilized partially, so there was no need to use Generator.

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

Sr. No.	Particulars	31-03-2009	31.03.2008
1	Electricity		
a.	Purchased Units	----	----
	Total Amount in Rs.	----	----
	Average Rate	----	----
b.	Own Generation	----	----
	Unit per litre of Diesel	----	----
	Cost per unit	----	----
2	Coal Specify quality where used	----	----
	Quantity (Tonnes)	----	----
	Total Cost	----	----
	Average Cost	----	----
3	Furnance oil	----	----
	Quantity (Lits)	----	----
	Total Amount	----	----
	Average Rate	----	----

B. TECHNOLOGY ABSORPTION

Indigenous technology is used. Continuous efforts are being made to improve the quality.

C. FOREIGN EXCHANGE EARNING AND OUTGO:

Total Foreign Exchange Used: NIL

Total Foreign Exchange Earned: NIL

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Date: 6th September, 2009
Place: Osmanabad

Sd/-
CHAIRMAN & MANAGING DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Your Directors have pleasure in presenting the Management Discussion and Analysis report for the year ended on 31st March 2009.

INDUSTRY STRUCTURE, DEVELOPMENT:

Rinky Polychem Limited (RPL) is operating in Pigment and organic Chemical. RPL continues to build strong relationships with key customers.

PERFORMANCE

The Company is doing trading business in poultry feed and organic chemicals. Company is looking for trying to explore the overseas market for exporting chemical products.

SEGMENT-WISE PERFORMANCE:

The Company is into chemical and poultry feed chemicals.

OPPORTUNITIES AND THREATS

The fundamental growth drivers of the country's economy as well as chemical industry continue to remain strong despite the pressures of slowdown and inflationary conditions prevalent till recently in the nation and also globally. The Chemical Industry in the country is continuously attracting investments from domestic and foreign investors. The IMF forecasts global GDP to decline by 1.3% in 2009 – the deepest recession post World War II, with high income countries declining by 3.8% and growth in developing countries slowing down to 1.6%. The Indian economy is expected to grow between 4.5% and 5.5% in FY2009-10.

The threats to the segments in which the company operates are volatility in Exchange rate, pricing pressure arising due to competition from low cost suppliers, technology upgradation, sever competition among competitor and newly emerging competitive nations and stricter environment laws. Further, the Indian economy is now integrated with the world economy to a very large extent and therefore vulnerable to the direct impact of such a slowdown; such an impact could adversely affect the Company's performance as well. Therefore, the company has decided to close down the manufacturing activity, concentrate on the trading, and look for other opportunities in the Export market.

STRENGTH

The existing management has a strong technical knowledge and experience in the chemical industry. Mr. Vardhman Shah, Chairman and Managing Director is an entrepreneur and is having vast knowledge and expertise in handling various business including the chemical business. Mr. Jaysukh Shah, One of executive director has vast experience and expertise in research and development of chemical industry and Mr. Bhadresh Shah, other executive director has vast experience and expertise in running factories and related issues.

RISKS AND CONCERNS

Your company is working essentially in global market place. Currently the MIDC is not able to provide the common Effluent Treatment plant which is necessary for the Manufacturing of the pigments and also necessary from the environment point of view, also the infrastructure provided at the MIDC like Water is not available and hence it causes a huge increase in manufacturing cost because of which we can not be competitive in the market.. However the capability of providing quality services, timely completing of projects and the excellent performance will provide the competitive edge to the Company's business in this sector.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has proper and adequate internal control system commensurate with the size of the business operations geared towards achieving efficiency in its various business operations, safeguarding assets, optimum utilization of resources and compliance with statutory regulations. The management is ensuring an effective internal control system to safeguard the assets of the company. Efforts for continued improvement of internal control system are being consistently made in this regard.

HUMAN RESOURCES VIS-À-VIS INDUSTRIAL RELATIONS

The Company values and appreciates the dedication and drive with which its employees have contributed towards improved performance during the year under review. The industrial relations with workers at plant and officers are cordial during the year under review. All issues pertaining to staff matters are resolved in harmonious and cordial manner.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates changes in the Government regulations, tax laws, and other statutes and other incidental factors.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Date: 6th September, 2009
Place: Osmanabad

Sd/-
CHAIRMAN & MANAGING DIRECTOR

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance:

The Company's philosophy is to aim at the highest levels of quality management through transparency and commitment to all the stakeholders viz. its shareholders, employees, Government, lenders (Banks/Financial Institutions) and the promoters.

Board of Directors:

The Board of Directors provides the strategic direction and thrust to the operations of the Company. The Board has an Executive Chairman and 2 (Two) other Executive Directors.

Board procedures:

The Managing Director prepares the agenda in consultation with the Board of Directors and the Chairman of the various committees. The agenda for the meetings of the Board and its Committees, together with the appropriate supporting documents, are circulated well in advance of the meetings. The meetings are held at the Registered Office of the Company.

Attendance at Board Meeting:

During the year under review, the Board of Directors met 7 (seven) times on 11th April, 2008, 30th April, 2008, 30th June, 2008, 31st July, 2008, 4th September, 2008, 31st October, 2008 and 31st January, 2009.

The attendance record of the Directors at each Board meeting, and the last Annual General Meeting held on 30th September, 2008 is given below:

Name of Director	Type of Director	Board Meeting Attended	AGM Attended	No. of Committee Memberships held (excluding Private Cos.)	No. of outside Directorships Held (excel. Private Cos.)
Mr. Vardhaman C. Shah	Chairman & Managing Director	7	Yes	NIL	NIL
Mr. Jaysukh C. Shah	Executive Director	7	Yes	NIL	NIL
Mr. Bhadresh C. Shah	Executive Director	7	Yes	NIL	NIL

Brief Resume of Directors seeking re-appointment:

A brief resume of Directors seeking re-appointment at the 19th Annual General Meeting is given in notes to the Annual Report.

Audit Committee:

The Audit Committee consists of 3 Executive Director viz.

Sl. No.	Name	Category of Membership
1.	Mr. Bhadhresh C. Shah	Chairman
2.	Mr. Jaysukh C. Shah	Member
3.	Mr. Vardhaman C. Shah	Member

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the stock exchanges.

During the year under review, the Audit Committee met 5 (five) times on 30th April, 2008, 31st July, 2008, 4th September, 2008, 31st October, 2008, and 31st January, 2009.

The Attendance of Directors at the Audit Committee Meetings held during the year ended 31st March 2009 is given below:

Sl. No.	Name	Meetings Held	Meetings Attended
1.	Mr. Bhadhresh C. Shah	5	5
2.	Mr. Jaysukh C. Shah	5	5
3.	Mr. Vardhaman C. Shah	5	5

Shareholders/Investors Grievance and Share Transfer Committee consist of 3 Executive Director viz.,

Sl. No.	Name	Category of Membership
1.	Mr. Jaysukh C. Shah	Chairman
2.	Mr. Vardhaman C. Shah	Member
3.	Mr. Bhadhresh C. Shah	Member

The Committee oversees the performance of share transfer and recommends measures to improve the shareholders/investors service. Mr. Vardhaman C. Shah is the Compliance officer.

During the year under review, the Committee met 5 (five) times on 30th April, 2008, 31st July, 2008, 4th September, 2008, 31st October, 2008, and 31st January, 2009. The Attendance of Directors at the Shareholders/Investors

Sl. No.	Name	Meetings Held	Meetings Attended
1.	Mr. Jaysukh C. Shah	5	5
2.	Mr. Vardhaman C. Shah	5	5
3.	Mr. Bhadhresh C. Shah	5	5

Remuneration Committee:

The Remuneration Committee comprise of three Directors viz :

Sl. No.	Name	Category of Membership
1.	Mr. Bhadhresh C. Shah	Chairman
2.	Mr. Jaysukh C. Shah	Member
3.	Mr. Vardhaman C. Shah	Member

The terms of reference of the Remuneration Committee are as per the guidelines set out in the Listing Agreement with the stock exchanges that include determination of the Company's policy on specific remuneration packages for Directors.

The Non-executive Directors are not paid commission not the sitting fees for attending meetings of the Board or Committee thereof.

No Remuneration Committee Meeting held during the year ended 31st March 2009.

General Body Meetings:

(i) The particulars of Annual General Meetings held during the last three years are as under:

Year	Date and Time	Venue
2008	30 th September, 2008 10.00 a.m.	Registered Office : B-9 to B-16, M.I.D.C., Osmanabad - 413501
2007	29 th September, 2007 3.00 p.m.	Registered Office : B-9 to B-16, M.I.D.C., Osmanabad - 413501
2006	30 th September, 2006 3.00 p.m.	Registered Office : B-9 to B-16, M.I.D.C., Osmanabad - 413501

(ii) The particulars of Extra-Ordinary General Meetings held during the last three years are as under:

Year	Date and Time	Resolution Passed
2008	9 th June, 2008	Change the name of Company from Rinku Polychem Limited to Indo Euro Industries Limited.
2007	-- N.A.--	-- N.A.--
2006	-- N.A.--	-- N.A.--

(iii) Special Resolution passed in the previous three Annual General Meeting

Year	Date and Time	Special Resolution Passed
2008	30.9.2008	1. Delisting of Shares from Chennai(Madras), Ahmedabad, Calcutta And Baroda Stock Exchange 2. Appointment of Mr. Vardhaman Chhaganlal Shah as Managing Director
2007	29.9.2007	-- N.A.--
2006	30.9.2006	-- N.A.--

(iv) Postal Ballot

No postal ballot was conducted in the year 2009. As on date, the Company does not have any proposal to pass any special resolution by way of postal ballot.

Disclosures:

- a. Related Party Transactions: Disclosure on transaction(s) with related party as required under Accounting Standard 18 has been incorporated in the Notes to the Accounts.
- b. There have been no instances of non-compliance with Stock Exchange (except those related to furnishing of quarterly results and related communication) or SEBI regulations, nor any cases of penalties or strictures imposed by any Stock Exchange or SEBI or any statutory authority for any violation related to Capital Markets during the last three years.
- c. The Company has complied with the requirements of the Listing Agreement with the Stock Exchanges as well as with the Regulations of the Securities and Exchange Board of India, subject to note (b) above.
- d. Our risk management procedures ensure that the management control risks through means of a properly defined framework.

- e. Our whistle blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action. The Company's personnel have not been denied access to the Audit Committee.

Means of Communication:

The Quarterly Financial Results have not been published in English and vernacular newspapers.

Management discussion and Analysis Report:

The Management Discussion and Analysis (MDA) giving an overview of the Company's business and its financial etc. is provided separately as part of this Annual Report.

Code of Conduct:

The code of Conduct for all the members of the Board and senior management of the Company has been prepared.

Shareholders' Information:

- | | |
|----------------------------------|---|
| 1. Annual General Meeting | Date : 30 th September, 2009
Time : 10.00 a.m.
Venue : B-9 to B-16 Osmanabad Maharashtra- 413501 |
| 2. Book Closure Date | 24 th September, 2009 to 30 th September, 2009 |
| 3. Financial Calendar | April, 2008 to March, 2009 |

Results for the quarter ending June 30, 2009	Last week of July 2009 (tentative)
Results for the quarter ending September 30, 2009	Last week of October 2009 (tentative)
Results for the quarter ending December 31, 2009	Last week of January 2010 (tentative)
Results for the quarter ending 31 st March, 2010	Last week of April 2010 (tentative)
Annual General Meeting for financial year 31 st March, 2010	On or before 30 th September, 2010

4. Listing of Shares on Stock Exchanges

The Equity Shares of the Company are listed on the Bombay, Ahmedabad, Baroda and Calcutta and Madras Stock Exchange.

Stock Code: 524458

The ISIN No. is not allotted.

5. Status of Listing Fees

The Company has paid Listing Fees for the year 2008-09 to the Bombay Stock Exchange Limited.

6. Stock Price Data

The shares of the Company are not traded on any stock exchange as the trading of the Company is suspended due to certain non-compliances.

7. Registrar and Share Transfer Agents

M/S Sharex India Pvt. Ltd.,
17/B, Dena Bank Building, 2nd Floor,
Horniman Circle, Mumbai-400001,
Phone No. 022-22702485
email ID: sharexindia@vsnl.com.

8. Shareholding Pattern as on 31.03.2009

Category	No. of Shares	Percentage
Promoters and Persons acting in concert	49,63,700	54.820
Mutual Funds	NIL	NIL
Financial Institutions/Banks	NIL	NIL
Foreign Institutional Investors	NIL	NIL
Private Corporate Bodies	1,58,650	1.752
Public	38,00,350	41.972
NRI's	74,300	0.821
Clearing Members	NIL	NIL
TOTAL	90,54,500	100.00

9. Distribution Schedule As On 31.3.2009

Holding of nominal value of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto 5000	4494	86.49	8455500	9.34
5001 to 10000	323	6.22	2768000	3.06
10001 to 20000	164	3.16	2652000	2.93
20001 to 30000	49	.94	1277000	1.41
30001 to 40000	20	.38	722000	.80
40001 to 50000	14	.27	671000	.74
50001 to 100000	31	.60	2369500	2.62
100001 & above	101	1.94	71630000	79.10
Total	5196	100.00	90545000	100.00

10. Percentage of Shares held in physical & dematerialized form:

As on 31st March 2009, all Shares are in physical form.

11. Address for Correspondence:

B-9 to B-16 MIDC,
Osmanabad,
Maharashtra- 413501.
email: galaxy_delta@yahoo.co.in

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management personnel have confirmed compliance with the code of conduct for the financial year ended 31st March 2008.

For And On Behalf Of Board Of Directors

Date: 6th September, 2009
Place: Mumbai

Sd/-
Chairman

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
Rinku Polychem Limited
Mumbai

We have examined the compliance of conditions of Corporate Governance by **RINKU POLYCHEM LIMITED** for the year ended 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement save as conditions of non-payment of the Listing fees and non submission of documents as required under Listing Agreement.

We further state that such compliance certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

V.S.Lalpuria & Co.
Chartered Accountants

Sd/-
(V S Lalpuria)
Proprietor

Membership No. 015926

Place: Mumbai
6th September, 2009

AUDITOR'S REPORT

TO THE MEMBERS OF M/S. RINKU POLYCHEM LIMITED

We have Audited the attached Balance Sheet of M/S. RINKU POLYCHEM LIMITED., as on 31st March, 2009 and Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed there to. 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 audit.

- 1) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit 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 audit provides a reasonable basis for our opinion.
- 2) As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 & 5 of the said order.
- 3) Further to our comments in the annexure referred to in paragraph 2 above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of accounts as required by the law have been kept by the Company so far as it appears from our examination of the books of the Company.
 - c. The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company.
 - d. In our opinion the Balance Sheet and the profit & Loss Account and Cash Flow Statement complies with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 except AS-15 Accounting for Retirement Benefits in the Financial Statement of Employers (Refer Note No. 4).
 - e. On the basis of written representations received from the Directors and taken on record by Board of Directors, we report that, none of the said Directors of disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of Sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Attention is drawn to the following Notes on Schedule - XV, which effects the financial statements of the Company.

- i. Note No. 4 :- Recording of Gratuity liability on cash basis contrary to AS-15 issued by the Institute of Chartered Accountants of India. If the total outstanding gratuity liabilities upto year is provided, the profit would be lower by Rs.1,96,730/- and the liabilities will also increase to that extent.
- ii. Note No. 6 :- No Contractual interest is provided on Bank Loans from Sangli Urban Co-op. Bank Ltd. @ 17% p.a. amounting to Rs.1,29,21,165 /-, as the management is disputing the above interest liability and are of mind to settle disputes. The Interest paid to banks and unsecured loans are shown lower to the extent of Rs.1,29,21,165/- for the year and if total unprovided liability taken together ,the interest amount would be Rs.7,58,51,124/-.

Considering the effect of (i) and (ii) the loss during the year would increase by Rs.1,31,17,895/- and brought forward losses would increase by Rs.7,60,47,854/-. The loss for the year will be Rs.1,20,54,407/-. The Debit balance in Profit and Loss Account will be Rs.7,42,35,039/- and the unsecured loans will be Rs.8,91,93,574/ and the current liabilities will be Rs.28,42,310/-.

- g. Further attention is drawn to the following notes on Schedule XV, whose impact on the Company's financial Statements is presently not ascertainable

- i. Note No. 13:- Share Certificates of Sangli Co-op. Bank Ltd. in which the Company has invested, but verification not possible as Physical Certificates not received from Co-operative Bank. We are unable to comment of the physical receipt of share certificates and amount recoverable on such investment.

- h. In our opinion and on the basis of our information and according to the explanations given to us, the annexed accounts subject to read with other Notes and Accounts Policies gives the information required under the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting practices generally accepted in India.

- i. In the case of Balance Sheet, of the State of the Company's Affairs as at 31st March, 2009 and;
- ii. In case of Profit & Loss Account, of the Profit for the year ended on that date
- iii. in the case of Cash Flow Statement of the Cash Flow for the year ended on that date.

For V.S. LALPURIA & COMPANY
CHARTERED ACCOUNTANTS

PLACE: MUMBAI
DATE : 6th September, 2009

(V.S.LALPURIA)
PROPRIETOR

ANNEXURE TO THE AUDITORS REPORT

Statement referred to in paragraph 2 of the Auditors' Report of even date to the Members of Rinku Polychem Limited. on the accounts for the year ended 31st March, 2009

- I. a) The Company has still to prepare records showing full particulars , including quantitative details and situation of all its fixed assets.
- b) As informed to us, the fixed assets of the Company were physically verified by the management during the financial year and according to the information and explanations given to us, no material discrepancies were noticed on physical verification carried out during the financial year and all assets exist in good condition.
- c) In our opinion and according to the information and explanations given to us the Company has not disposed-off any assets during the year hence no affect on the going concern status.
- II. a) As per the information furnished , the inventories have been physically verified during the year at reasonable interval by the management.
- b) In our opinion the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the inventory records of the Company, we are of the opinion that the Company is maintaining proper records of inventory. As informed no discrepancies were noticed on physical verification of stock with book record.
- III. a) In respect of loans, secured or unsecured granted.. by the Company from and to Companies, Firms or other parties no upto date register under section 301 of the Companies Act, 1956 are maintained by the Company however the management has undertaken to complete the records.
- The Company has granted interest free loans against interest advances/deposits in the nature of loans to four persons of which one is squared off whose details are to be updated in Register under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs.62,04,669/- and the balance at year end was Rs.32,23,000/-.
- b) Deposit has been given for office premises considered as loans which is interest free. The loans given generally are against interest, unsecured and in our opinion the other terms and conditions of are not prima facie prejudicial to the interest of the Company.
- c) As there is no stipulation of repayment no repayment are made.
- d) There amount is outstanding and no repayment has come.
- e) The Company had not taken any loans unsecured loans from Directors and their relatives, no upto date register under section 301 of the Companies Act, 1956 are maintained by the Company has under taken to complete the records.

- IV. In our opinion and according to the information and explanations given to us, there are internal control procedures commensurate with size of the Company and the nature of its business with regards to purchases of inventory and fixed assets and for the sale of goods. Further on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, there is a failure to correct major weaknesses in the internal controls procedure.
- V. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions in which directors were interested and which were required to be entered into the register maintained under section 301 have not been updated.
- b) In our opinion and according to the information and explanations given to us, there are no transactions exceeding the value of five lakhs rupees made during the year however in pursuance of contracts or arrangements required to be registered in the register maintained under section 301 have not updated.
- VI. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58A and 58AA or any other relevant provisions of the Act, and its rules and also the directives of Reserve Bank of India with regards to acceptance of deposits from public. No order has been passed by the Company Law Board, or National Company Law Tribunal or Reserve Bank of India or any other Tribunal.
- VII. In our opinion, the Company has no internal audit system commensurate with the size of the Company and the nature of its business nor does it have proper and adequate internal checks system for business operation.
- VIII. We have been informed that maintenance of cost records and accounts has not been prescribed by the Central Government of India under Section 209(1) (d) of the Act.
- IX. a) As Certified by the Board of Directors, the Company is not covered under Provident Fund and Employee's State Insurance Act.
- Further according to the information and explanation given to us and we have noticed that the Company has to pay as under:-
- | | | |
|----|--|------------|
| a) | Share refund money payable to investor education & protection fund | Rs. 10,500 |
| b) | Income Tax A.Y. 1998-99 | Rs. 74,582 |
| | Income Tax A.Y. 2000-01 | Rs. 53,788 |
- except the above there are no undisputed amounts payable in respect of investor education and protection fund, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues wherever applicable outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.
- b) As per information and explanations given to us and on the basis of our examination of the documents and records of the Company the management has informed to us that there are no disputed statutory dues pending which have not been deposited with appropriate authorities.

- X. The Company has no accumulated book losses as on 31st March, 2009, but considering our qualification if considered, and accounted the total losses is more than 50% of its net worth. It has not incurred cash losses during the financial year and in the preceding financial year.
- XI. According to information and explanation given by the management the Company has defaulted in payment to Sangli Co-op. Bank Ltd. Rs.1,31,45,720/- since, 1998 (11 years), and no interest provision is made on above loans (refer note no. 5 to schedule-XV).
- XII. Based on our examination of the records and the information and explanation given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. Clause (xiii) of the Order is not applicable to the Company as the Company is not a Chit fund Company or nidhi/mutual benefit fund/society.
- XIV. In our opinion the Company is not a dealer and trader in shares, securities, debentures and other securities. Accordingly, the provisions of clause 4 (XIV) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- XV. In our opinion and according to the information and explanation given to us, the Company has not given any guarantees for loan taken by others from bank or financial institutions during the year.
- XVI. According to the information and explanations given to us, no term loans has been raised by the Company during the year.
- XVII. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no funds raised during the year on short term basis have been used for long term investment.
- XVIII. The Company has not made any preferential allotment of shares during the year.
- XIX. During the year covered by our audit report the Company has not issued any secured debentures against securities.
- XX. The Company has not raised any money by public issues during the year covered by our report.
- XXI. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For V.S. LALPURIA & COMPANY
CHARTERED ACCOUNTANTS

PLACE: MUMBAI
DATED: : 6th September, 2009

(V.S.LALPURIA)

M/S. RINKU POLYCHEM LIMITED

BALANCE SHEET AS ON 31ST MARCH, 2009

PARTICULARS	SCHEDULES	CURRENT YEAR	PREVIOUS YEAR
<u>SOURCES OF FUNDS:</u>			
<u>Shareholders Funds:</u>			
Share Capital	I	90,347,000.00	90,347,000.00
Reserves & Surplus	II	4,358,646.66	4,452,465.31
		<u>94,705,646.66</u>	<u>94,799,465.31</u>
<u>Loan Funds :</u>			
Unsecured Loans	III	13,145,720.00	13,145,720.00
Deferred Tax Liabilities		2,301,555.00	1,260,470.00
		<u>15,447,275.00</u>	<u>14,406,190.00</u>
Total Rs.		<u>110,152,921.66</u>	<u>109,205,655.31</u>
<u>APPLICATION OF FUNDS:</u>			
<u>Fixed Assets</u>			
Gross Block	IV	108,714,327.00	110,941,357.00
Less: Depreciation		73,298,179.00	68,809,298.00
Net Block		<u>35,416,148.00</u>	<u>42,132,059.00</u>
Investments (At cost)	V	30,000.00	30,000.00
<u>Current Assets, Loans & Advances</u>			
Stock in Trade		8,459,028.00	10,010,286.00
Sundry Debtors		13,672,200.00	25,719,094.00
Cash & Bank Balance		343,308.34	1,017,763.04
Loans & Advances		54,880,011.82	33,587,793.27
		<u>77,354,548.16</u>	<u>70,334,936.31</u>
Less: Current Liabilities & Provisions	VII	2,647,774.50	3,291,340.00
		<u>74,706,773.66</u>	<u>67,043,596.31</u>
Total Rs.		<u>110,152,921.66</u>	<u>109,205,655.31</u>

SIGNIFICANT ACCOUNTING POLICIES XV
AND NOTES FORMING PART OF THE
ACCOUNTS

AS PER OUR REPORT OF EVEN DATE
For V.S. LALPURIA & COMPANY

CHARTERED ACCOUNTANT

FOR & ON BEHALF OF THE BOARD

PLACE: MUMBAI
DATED:

(V.S. LALPURIA)
PROPRIETOR

DIRECTORS

M/S. RINKU POLYCHEM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	SCH NO	CURRENT YEAR	PREVIOUS YEAR
<u>INCOME:</u>			
Sales		9,838,779.50	30,089,595.00
Other Income	VIII	3,484,723.00	624,924.00
Closing Stock	IX	5,533,658.00	6,074,191.00
Total Rs.		<u>18,857,160.50</u>	<u>36,788,710.00</u>
<u>EXPENSES</u>			
Opening Stock	X	6,074,191.00	6,074,191.00
Raw Materials Bought Out Consumed and Traded	XI	5,447,450.00	24,475,617.00
Payment to & Benefit to Employees	XII	450,478.00	194,279.00
Mfg. & other Expenses	XII	385,820.00	354,466.00
Interest & Finance charges	XIV	6,156.15	6,640.50
Depreciation		5,429,577.00	5,543,199.00
Total Rs.		<u>17,793,672.15</u>	<u>36,648,392.50</u>
Net Profit/(Loss) during the year		1,063,488.35	140,317.50
<u>Less:-Provision for Taxation</u>			
Current Tax		110,000.00	14,500.00
Deferred Tax		(1,041,085.00)	(946,236.00)
Fringe Benefit Tax		5,000.00	3,500.00
Previous Year I.T.R FBT+A11		1,222.00	-
Net Profit/(Loss) after Tax		<u>(93,818.65)</u>	<u>1,068,553.50</u>
Add:-Balance b/fd. from Previous Year		1,452,465.31	383,911.81
Balance carried to Balance Sheet		<u>1,358,646.66</u>	<u>1,452,465.31</u>
Basic and diluted earnings per share		<u>(0.01)</u>	<u>0.12</u>

SIGNIFICANT ACCOUNTING POLICIES

XV

AND NOTES FORMING PART OF THE

ACCOUNT

AS PER OUR REPORT OF EVEN DATE

For V.S. LALPURIA & COMPANY

CHARTERED ACCOUNTANTS

FOR & ON BEHALF OF THE BOARD

PLACE: MUMBAI

(V.S. LALPURIA)

DATED :

PROPRIETOR

DIRECTORS

M/S. RINKU POLYCHEM LIMITED

SCHEDULE FORMING PART OF FINAL ACCOUNT

<u>PARTICULARS</u>	<u>CURRENT YEAR</u>	<u>PREVIOUS YEAR</u>
<u>SCHEDULE -I</u>		
<u>SHARE CAPITAL</u>		
<u>AUTHORISED CAPITAL</u>		
1,00,00,000 Equity Shares of Rs.10/- each	100,000,000.00	100,000,000.00
TOTAL RS.	<u>100,000,000.00</u>	<u>100,000,000.00</u>
<u>ISSUED & SUBSCRIBED</u>		
9054500 Equity shares of Rs. 10/- each.	90,545,000.00	90,545,000.00
TOTAL RS.	<u>90,545,000.00</u>	<u>90,545,000.00</u>
<u>PAID UP :</u>		
9054500 Equity shares of Rs. 10/- each.	90,545,000.00	90,545,000.00
Less: Allotment money in arrears.	198,000.00	198,000.00
TOTAL RS.	<u>90,347,000.00</u>	<u>90,347,000.00</u>
<u>SCHEDULE II</u>		
<u>RESERVES & SURPLUS</u>		
<u>a. Capital Reserves</u>		
State Subsidy	3,000,000.00	3,000,000.00
<u>b.Profit & Loss Account</u>	1,358,646.66	1,452,465.31
TOTAL RS.	<u>4,358,646.66</u>	<u>4,452,465.31</u>
<u>SCHEDULE III</u>		
<u>UNSECURED LOAN</u>		
1. From Bank	13,145,720.00	13,145,720.00
TOTAL RS.	<u>13,145,720.00</u>	<u>13,145,720.00</u>

M/S RINKU POLYCHEM LIMITED

SCHEDULE-IV

FIXED ASSETS AS ON 31ST MARCH, 2009

Sr. No.	PARTICULARS OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		COST AS ON 01.04.2008	ADDITION DURING THE YEAR	SALE/ TRANSFER/ ADJUSTMENT	COST AS ON 31.03.2009	UPTO 31.03.2008	FOR THE YEAR	DEDUCTION OR ADJUSTMENT	UPTO 31.03.2009	AS ON 31.03.2009	AS ON 31.03.2008
1)	Leasehold Land	444,380.00	-	-	444,380.00	-	-	-	-	444,380.00	444,380.00
2)	Factory Building	13,140,072.00	-	-	13,140,072.00	5,470,059.00	438,878.00	-	5,908,937.00	7,231,135.00	7,670,013.00
3)	Plant & Machinery	91,996,389.00	-	2,227,030.00	89,769,359.00	59,172,647.00	4,739,822.00	940,696.00	62,971,773.00	26,797,586.00	32,823,742.00
4)	Electrical Installation	2,358,543.00	-	-	2,358,543.00	1,491,902.00	112,031.00	-	1,603,933.00	754,610.00	866,641.00
5)	Furniture & Fixture	1,912,413.00	-	-	1,912,413.00	1,668,610.00	121,056.00	-	1,789,666.00	122,747.00	243,803.00
6)	Office Equipment	972,810.00	-	-	972,810.00	924,170.00	-	-	924,170.00	48,640.00	48,640.00
7)	Computer	109,750.00	-	-	109,750.00	74,984.00	17,790.00	-	92,774.00	16,976.00	34,766.00
8)	Vehicle	7,000.00	-	-	7,000.00	6,926.00	-	-	6,926.00	74.00	74.00
	Total Rs.	110,941,357.00	-	2,227,030.00	108,714,327.00	68,809,298.00	5,429,577.00	940,696.00	73,298,179.00	35,416,148.00	42,132,059.00
	Previous Year	110,905,607.00	35,750.00	-	110,941,357.00	63,266,079.00	5,543,199.00	-	68,809,278.00	52,742,079.00	58,249,528.00

M/S. RINKU POLYCHEM LIMITED
SCHEDULE FORMING PART OF FINAL ACCOUNT

PARTICULARS	CURRENT YEAR	CURRENT YEAR
SCHEDULE V		
INVESTMENTS (AT COST)		
Equity Shares of Sangli Urban Co-op. Bank Ltd.	25,000.00	25,000.00
National Saving Certificates	5,000.00	5,000.00
TOTAL RS.	30,000.00	30,000.00
Aggregate Book Value of Unquoted Investment	30,000.00	30,000.00
SCHEDULE VI		
CURRENT ASSETS, LOANS & ADVANCES		
A. CURRENT ASSETS:		
1. Stock in Trade		
(As taken valued & certified by the Management)		
a. Stores, Spares, Packing Material	14,795.00	14,795.00
b. Raw Materials & Goods Traded	2,910,575.00	3,921,300.00
c. Work in Progress	2,234,891.00	2,344,461.00
d. Finished Goods	3,298,767.00	3,729,730.00
TOTAL RS.	8,459,028.00	10,010,286.00
2. Sundry Debtors		
(Unsecured, Considered good)		
Outstanding for more than six month	10,011,200.00	-
Others	3,661,000.00	25,719,094.00
TOTAL RS.	13,672,200.00	25,719,094.00
3. Cash & Bank Balance		
a. Balance with Schedule Bank in current A/c *	169,856.84	283,903.99
b. Cash on hand	173,451.50	733,859.05
TOTAL RS.	343,308.34	1,017,763.04
B. LOANS & ADVANCES		
(Unsecured, Considered good unless otherwise stated)		
1) Advances recoverable in cash or kind or value to be received	2,949,722.82	1,721,539.82
2) Deposits with Government & others	629,815.00	629,815.00
3) Sundry Loans & Advances	51,300,474.00	31,236,438.45
TOTAL RS.	54,880,011.82	33,587,793.27
TOTAL RS.	77,354,548.16	70,334,936.31
SCHEDULE VII		
CURRENT LIABILITIES & PROVISION		
CURRENT LIABILITIES		
a. Sundry Creditors for trade & Expenses	2,532,774.50	3,273,340.00
TOTAL RS.	2,532,774.50	3,273,340.00
PROVISION		
For Taxation	110,000.00	14,500.00
For Fringe Benefit Tax	5,000.00	3,500.00
TOTAL RS.	115,000.00	18,000.00
TOTAL RS.	2,647,774.50	3,291,340.00

M/S. RINKU POLYCHEM LIMITED

SCHEDULE FORMING PART OF FINAL ACCOUNT

PARTICULARS	CURRENT YEAR	CURRENT YEAR
<u>SCHEDULE - VIII</u>		
<u>OTHER INCOME</u>		
Commision Recived	950,000.00	-
Genset Rent	800,000.00	-
Profit on sale of Machineries	540,166.00	-
Interest Received	1,194,557.00	624,924.00
TOTAL RS.	3,484,723.00	624,924.00
<u>SCHEDULE - IX</u>		
<u>CLOSING STOCK</u>		
Work in Progress	2,234,891.00	2,344,461.00
Finish Goods	3,298,767.00	3,729,730.00
TOTAL RS.	5,533,658.00	6,074,191.00
<u>SCHEDULE - X</u>		
<u>OPENING STOCK</u>		
Work in Progress	2,344,461.00	2,344,461.00
Finished Goods	3,729,730.00	3,729,730.00
TOTAL RS.	6,074,191.00	6,074,191.00
<u>SCHEDULE - XI</u>		
<u>RAW MATERIALS BOUGHT OUT.</u>		
<u>CONSUMED & TRADED</u>		
Opening Stock	3,921,300.00	4,652,992.00
Add: Purchases	4,436,725.00	23,743,925.00
	8,358,025.00	28,396,917.00
Less: Closing Stock	2,910,575.00	3,921,300.00
TOTAL RS.	5,447,450.00	24,475,617.00
<u>SCHEDULE XII</u>		
<u>PAYMENTS TO & PROVISION FOR EMPLOYEES</u>		
Salaries ,Wages & Bonus	428,545.00	180,000.00
Workman & Staff Welfare	21,933.00	14,279.00
TOTAL RS.	450,478.00	194,279.00
<u>SCHEDULE XIII</u>		
<u>MANUFACTURING & OTHER EXPENSES</u>		
Repairs to Building	35,590.00	5,225.00
Repairs to Machinery	9,540.00	6,325.00
Repairs to Others	3,850.00	-
Travelling & Conveyance	9,513.00	9,300.00
Printing & Stationery	2,510.00	-
Postage,Telegram & Telephone	7,602.00	6,000.00
<u>Payment to Auditors</u>		
Audit Fees	50,000.00	50,000.00
Tax Audit Fees	20,000.00	20,000.00
Tax Matters	10,000.00	10,000.00
Other Services	10,000.00	10,000.00
Service Tax	9,270.00	11,124.00
	99,270.00	101,124.00
Vehicle Expenses	28,450.00	12,084.00
Brokerage & Commission	18,630.00	-
Freight & Forwarding charges	25,590.00	20,146.00
Miscellaneous Expenses	24,039.00	43,000.00
Professional Fees	60,000.00	151,262.00
Listing & Share Transfer Agent	61,236.00	-
TOTAL RS.	385,820.00	354,466.00
<u>SCHEDULE XIV</u>		
<u>INTEREST & FINANCIAL CHARGES</u>		
Bank charges & other Financial charges to Bank	6,156.15	6,640.50
TOTAL RS.	6,156.15	6,640.50

M/S. RINKU POLYCHEM LIMITED

SCHEDULE XV

**SCHEDULE FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2009**

ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES :

i. Basis of Accounting

The Financial statement are prepared under historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956.

ii. Fixed Assets

Fixed Assets are capitalised at cost inclusive of freight duties, taxes and all incidental expenses related upto commencement of production, but net of modvat credit.

iii. Depreciation

Depreciation has been provided on the assets on straight line method at the rate prescribed under schedule XIV of the Companies Act, 1956 as amended. The Leasehold right in land will be amortised over the period of lease agreement.

iv. Inventories

Inventories are taken by the Management at end of year. Raw Materials and Finished goods are valued at lower of cost or net realisable value, however Semi Finished Goods are valued at raw material cost only, and stores, spares, packing materials & fuels are valued at cost.

v. Investments

Investment are stated at cost.

vi. Retirement benefit:

Retirement benefits are dealt in following manner

- a) Company is not covered under the provident fund, hence no provision are made.
- b) Gratuity liability is accounted on cash basis.
- c) Provision for value of unutilised leave due to employees on retirement are made on cash basis.

vii. Treatment of Contingent Liabilities

Contingent liabilities are not provided in account and are disclosed in notes on accounts.

viii. Sales

Sales are recognised net of returns and trade discount on dispatches of goods to the customers and are reflected in the accounts as gross realisable value i.e. inclusive of excise duty, but sales tax are excluded.

ix. Other Income

Interest income is accounted on accrual basis, but Sales Tax Refund etc. are accounted on cash basis.

x. Accounting for Taxes on Income

Tax expenses comprises both current and deferred income taxes. Current Tax is the provision made for income tax liability on the profits for the year in accordance with the provisions of the Income Tax Act, 1961. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only if there is reasonable certainty of their realisation, except in case of Deferred Tax Assets on unabsorbed depreciation and carried forward business losses, which are recognised only if there is virtual certainty of their realisation.

xi) Earning per Share

Basic earning per shares is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of the equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

xii) Impairment of Assets

The Company is keeping all fixed assets duly greased and painted, hence feel there is no deterioration in value of assets of the Company as on date of the Balance Sheet. The Plant & Machinery are not in use but expected to returns at WDV as per books.

B. NOTES ON ACCOUNTS

1. Figures of previous year have been rearranged/regrouped wherever necessary to make them comparable with current year figures.
2. In the opinion of the Board of Directors the Current Assets and Loan & Advances are approximately of the value stated if realised in the ordinary course of business. The provision for depreciation and all the known Liabilities are adequate and not in excess or short of the amount reasonably necessary.

3. The Company follows the system of recording gratuity liability on cash basis , which is contrary to AS-15 issued by the Institute of Chartered Accountants of India . If retirement benefit are accounted on accrual basis, the profit for the year would be lower by Rs. Nil (Previous Year Rs. Nil/-) as the company has no employees who have completed five years tenure and the liabilities will increase to that extent, but the total liabilities upto Balance Sheet date is Rs.1,96,730/- (Previous Year Rs.1,96,730).
4. Confirmation in respect of Sundry Debtors, Sundry Creditors Loans & Advances are not available for verification, hence they are subject to confirmation and reconciliation if any. In the opinion of the management there are no chances of adjustment and if any adjustment arise out of reconciliation it would not be significant. However if any liabilities may arise on account of late payment or otherwise, the profit of the Company will be effected to that extent.
5. No contractual interest is provided on Bank Loan from Sangli Urban Co-op. Bank Ltd. @ 17% p.a amounting to Rs.1,29,31,165 /- (Previous Year Rs.1,10,52,278/-), as the management is disputing the above interest liabilities and are willing of settlement of disputes. Due to above, the interest paid to Banks are shown lower to the extent of Rs.1,29,31,165/- (Previous Year Rs.1,10,52,278/-) and total Rs.7,58,51,124/- thus the loss is understated by same amount and credit balance of Profit & Loss Account will be debit balance and unsecured loan will increase by the same amount.
6. No provision for tax is required to be made in accounts , due to brought forward depreciation loss in current year , but income tax liability has been provided as per Minimum Alternative Tax U/s. 115JB and provision is also made for Fringe Benefit Tax.
7. The Management have confirmed that all the fixed assets , current assets, Loans & Advances shown in Balance Sheet and all purchases, expenses paid/provided are actually incurred for the purpose of business of Company . All the Sales & Income are fully and genuinely , and correctly , provided in the accounts.
8. Contingent liability not provided for
The amount outstanding on account of contracts of capital goods is not been worked out by the Management, hence no capital commitment are given . The management expect no liabilities as no parties have made any claims and management will try to recover the amount advanced or ask them to deliver the machinery they have been contracted.
9. As informed by the management there are no outstanding payable to the Micro and Small Enterprises to whom the company owed sum exceeding Rs. 1 lakh, which is outstanding for more than 30 days at the end of the year as per Micro Small & Medium Enterprises Development Act, 2006 thus no need to pay any interest.
10. No Share Certificates of Sangli Urban Co-Operative Bank Ltd. could be physically verified as the Bank has not given certificates. N.S.C Certificate are pledged to Sales Tax Authorities for issue of 'C' form.
11. Segment Reporting
The Company is engaged in the business of manufacture, Purchase and sale of Dyes Chemicals Pigments and Animal Feed Supplements which constitute a single business

segment and as there are no export sales and as such there are no reportable geographical segments, thus no segment report are given.

12. **Deferred Tax**

In compliance with the Accounting Standard AS-22 relating to Accounting for taxes on Income, the Company have planned the future growth of the Company and are confident of future profitabilities to claim future tax credit on brought forward losses under Income Tax Act.

The Net Deferred Tax Liabilities are as under:-

	Year ending 31.03.2009	Year ending 31.03.2008
<u>The Deferred Tax Liabilities due to</u>		
Depreciation	92,69,592	1,05,73,772
Less:- <u>Deferred Tax Assets</u>		
Brought Forward Losses etc	69680.37	93,13,302
Net Deferred Tax Liabilities	23,01,555	12,60,470

Difference in current year are accounted out of current year Profit & Loss Account for Rs.10,41,085/- (Previous Year Rs.9,46,236/-)

13. **Related Party disclosures**

Related Party Disclosures as required by AS-18 " Related Party Disclosures" are given below:-

The Company has identified following related parties

- I. (A) Companies/Other Organisation under the control of directors where transactions are entered into and/or outstanding balance exist as at the Balance Sheet Date:-

1. Rushabh Chemical Co.
2. Shah Chhaganlal Laxmichand (HUF)
3. Elite Laminates Pvt. Ltd.

- (B) Key Management Persons and their relatives

- | | | | |
|----|---------------------|---|----------|
| 1. | Mr. Jaysukh Shah | - | Director |
| 2. | Mr. Mahesh Shah | - | Director |
| 3. | Mr. Vardhman Shah | - | Director |
| 4. | Mr. Bhadresha Shah | - | Director |
| 5. | Mrs. Chetna B. Shah | - | Relative |

II. Following are the transactions with related parties mentioned in A & B above.

Sr. No.	Nature of Transaction	Companies /Other Organisations under the control of Directors	Key Management/persons/and their relatives	Total
1.	Loans Given/(Repaid)	-	(4.07)	(4.07)
2.	Loans Received	(164)	-	(164)
	<u>Outstanding at year end</u>			
3.	Sundry Creditors	(6.26)	-	(6.26)
4.	Loans & Advances Receivable in cash or kind	(31.98)	(0.25)	(31.98)
5.	Deposits Given	(4.62)	-	(4.62)
			-	

		Current Year	Previous Year
14.	<u>Earning per Shares (EPS)</u>		
i)	Total Paid-up Equity Capital of the beginning of year	9,03,47,000	9,03,47,000
	Nominal Value per share	Rs. 10/- each	Rs. 10/- each
	Number of Equity Shares of the beginning of the year	90,34,700	90,34,700
	Number of Equity Shares of the beginning of the end of the year	90,34,700	90,34,700
	Weighted average number of equity shares	(93,819)	10,68,554
ii.	Profit/(Loss) for the year after tax		1,40,318
iii.	Basic and diluted earning per share (Rs.)	(0.01)	0.12

15. Additional Information as required by para 3 , 4C & 4D of Part II of the Schedule VI of the Companies Act, 1956 are as under :-

		Current Year		Previous Year	
		Qty. (M.T.)	Value (in Rs.)	Qty. (M.T.)	Value (in Rs.)
A.	Licensed Capacity		N.A.		N.A.
B.	Installed Capacity		N.A.		N.A.
This being technical matter hence the Auditors have put reliance on the Certificate given by the Management					
	Dyes	600.000	-	600.000	-
	Dye Intermediates	1500.000	-	1500.000	-
	Specialty Chemicals	2400.000	-	2400.000	-
C.	PRODUCTION				
	Dyes/Pigments	-	-	-	-
	Speciality Chemicals	-	-	-	-
D.	OPENING STOCK				
	Dyes/Pigments	22.310	3729730	22.310	3729730
E.	SALES INCLUDING TRADING				
	Animal Fees Supplements	19.750	7811000	189.525	2930000
	Dyes/Pigments/Others	75.783	20,27780	16.652	789595
	Total		9838780		30089595
F.	CLOSING STOCK				
	Dyes/Pigments	13.425	3298767	-	-
G.	RAW MATERIALS & BOUGHT OUT CONSUMED AND TRADED				
	Dyes/Pigments/Others	-	10725	16.652	731692
	Animal Feed Supplements	19.750	4426000	-	23743925
	Total		4436725		24475617
H.	Consumption/traded material of imported & indigenous material				
	Raw Material	%	Value	%	Value
	Imported	-	-	-	-
	Indigenous	100%	10725	100%	731692
NOTE :- The above figures are after adjusting excess & shortages and effects of certain estimates and assumptions made by the Management and relied upon by the Auditors.					

I	STORES & SPARES				
	Imported	-	-	-	-
	Indigenous	-	-	-	-
J	CIF Value of Direct Imports		Nil		Nil
K	Earning in Foreign Exchanges		Nil		Nil
L	Expenditure in Foreign Currency		Nil		Nil

16. CASH FLOW STATEMENT FOR THE ENDED 31ST MARCH, 2009

		2008-2009	2007-2008
A.	<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
	Net Profit before tax and extraordinary items adjusted	10.63	1.41
	Depreciation	54.30	55.43
	Interest	0.06	0.07
	Profit on Sale of Asset	(5.40)	0.00
	Operating Profit before working Capital	59.59	56.91
	<u>Adjustment for</u>		
	Trade and other receivable	(92.45)	(50.62)
	Inventories	15.51	7.32
	Trade Payable and Provisions	(6.43)	(4.83)
	Cash Generated from operations	(83.37)	(48.13)
	Interest paid	(0.06)	(0.07)
	Taxes Paid	(1.16)	(0.18)
	Cash Flow before extraordinary Item	(84.59)	(48.38)
	Net Cash from Operating Activities (A)	(25.00)	8.53
B.	<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
	Purchase of Fixed Assets	0.00	0.36
	Sale of Fixed Assets	18.26	0.00
	Net cash from in Investing Activities (B)	18.26	0.36
C.	<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
	Repayment of Unsecured Loan	0.00	4.07
	Net Cash used in Financing Activities (C)	0.00	4.07
	Net increase (decrease) in cash and cash Equivalents (A+B+C)	(6.74)	4.10
	Cash & Cash Equivalents at start of year	10.18	6.08
	Cash & Cash Equivalents at end of year	3.44	10.18
	Net (Decrease) in cash & cash Equivalents	(6.74)	4.10

Extracted from the Audited Financial Statement and Certified to be in accordance therewith

17. The Companies Act(1of 1956) SCHEDULE VI - PART IV

I. Registration Details

Registration No.	:	57190
State Code .	:	11
Balance Sheet Date	:	31.03.2009

II. Capital Raised during the year

Public Issue .	:	Nil
Rights Issue .	:	Nil
Bonus Shares.	:	Nil
Private Issue.	:	Nil

III. Position of Mobilisation and Deployment of Funds(Rs.in Thousands)

Total Liabilities .	:	110152
Total Assets.	:	110152

Sources of Funds

Paid up Capital.	:	90347
Reserves & Surplus	:	4359
Secured Loans	:	-
Unsecured Loans	:	13146
Deferred Tax Liability	:	2302

Application of Funds

Net Fixed Assets	:	35416
Investments	:	30
Net Current Assets	:	74707
Misc. Expenditure	:	-
Accumulated Losses	:	Nil

IV. Performance of Company

a) Turnover	:	18857
b) Total Expenditure	:	17794
c) Profit Before Tax	:	1063
d) Profit/Loss After Tax	:	(93)
e) Earning per Share in Rs.	:	(0.01)
f) Dividend Rate(%)	:	Nil

Attn: Rs.
1/-
Revenue
Stamp
Signature

Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. : 1
(ITC CODE) : 320419
Product Description : PIGMENTS AND PREPARATIONS BASED
THERE ON - OTHERS

Item Code No. : 2
(ITC CODE) : 320419
Product Description : PIGMENTS AND PREPARATIONS BASED
THERE ON - OTHERS

Item Code No. : 3
(ITC CODE) : 320419
Product Description : PIGMENTS AND PREPARATIONS BASED
THERE ON - OTHERS

For and on behalf of Board of Directors SIGNATURE TO SCHEDULE I TO XV

For V.S. LALPURIA & COMPANY
CHARTERED ACCOUNTANTS

PLACE : MUMBAI (V.S.LALPURIA) (J.C.SHAH) (M.C.SHAH) (V.C.SHAH)
DATED: : 6th September, 2009 PROPRIETOR DIRECTOR DIRECTOR DIRECTOR

RINKU POLYCHEM LIMITED

Regd. Office: B-9 to B-16 MIDC, Osmanabad – 413501, Maharashtra

ATTENDANCE SLIP

19th Annual General Meeting – 30th September 2009

I / We hereby record my / our presence at the NINETEENTH ANNUAL GENERAL MEETING of the Company held at B-9 to B-16 MIDC, Osmanabad – 413501, Maharashtra on Wednesday the 30th September 2009 at 10:00 a.m.

Full Name of member _____

Regd. Folio No. _____ No. of Shares held _____

Clint ID No. _____ D. P. ID No. _____

Full Name of Proxy _____

Member's / Proxy's Signature _____

Note: A Shareholder / Proxy wishing to attend the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly filled and signed.

----- TEAR HEAR -----

RINKU POLYCHEM LIMITED

Regd. Office: B-9 to B-16 MIDC, Osmanabad – 413501, Maharashtra

DP ID	
Client ID	

PROXY FORM

Registered Folio No. _____

I / We _____

of _____ in the district of _____

being a Member / Members of the above named Company, hereby appoint Shri. / Smt. _____ of _____ in the

District of _____ as my / our Proxy to attend and vote for me / us and on my / our behalf at the NINETEENTH ANNUAL GENERAL MEETING of the Company to be held on Wednesday 30th September 2009 at 10:00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2009

Affix Rs.
1/- ,
Revenue
Stamp
Signature

Note: The Proxy must be deposited at the Registered Office at B-9 to B-16 MIDC, Osmanabad – 413501, Maharashtra, not less than FORTY EIGHT HOURS before the time fixed for holding this Meeting.

**BOOK-POST
PRINTED MATTER**

If, undelivered please return to:
Regd. Office:

RINKU POLYCHEM LIMITED

B-9 to B-16 MIDC,
Osmanabad - 413501
Maharashtra (India)