

RAJKAMAL
SYNTHETICS LIMITED

28th Annual Report
2008 - 2009

RAJKAMAL SYNTHETICS LIMITED

BOARD OF DIRECTORS

| | | BANKERS |
|-------------------|----------|----------------|
| SHEODUTT SANGHAI | Chairman | Citi Bank N.A. |
| SUSHIL SANGHAI | Director | |
| RAJENDRA NANGALIA | Director | |

28th Annual General Meeting
on 29th September, 2009
Tuesday, 10 A. M. at
DIAMOND PLAZA
7th Floor, 391, Dr. D. B. Marg,
Mumbai - 400 004.

AUDITOR

N. K. Jalan & Co.
2A, Mayur Apt.,
Dadabhai Cross Road No. 3,
Vile Parle (W), Mumbai - 400 056.

REGISTERED OFFICE

Diamond Plaza,
391, Dr. D. B. Marg,
Mumbai - 400 004.

Members are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting, as copies of the Report will not be distributed at the Meeting.

RAJKAMAL SYNTHETICS LIMITED

NOTICE

NOTICE is hereby given that the 28th ANNUAL GENERAL MEETING of the members of **RAJKAMAL SYNTHETICS LIMITED** will be held at Diamond Plaza, 7th Floor (Terrace), 391, Dr. D.B. Marg, Mumbai – 400 004 on Tuesday, the 29th September, 2009 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Rajendra Nangalia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution:
"RESOLVED THAT the Authorised Share Capital of the Company be increased from Rs.30,000,000 (Rupees Three Crores Only) divided into 3,000,000 Equity Shares of Rs. 10/- each to Rs.70,000,000/- (Rupees Seven Crores) divided into 7,000,000/- Equity Shares of Rs. 10/- each by creation of 4,000,000 Equity Shares of Rs. 10/- each ranking pari passu with the Existing Equity Shares and subject to the Memorandum and Articles of Association of the Company and the Memorandum and Articles of the Company be and is hereby altered by substituting the following words and figures:
The Authorised Share Capital of the Company is Rs. 70,000,000/- (Rupees Seven Crores) divided into 7,000,000 (Seventy Lakhs) Equity Shares of Rs. 10/- each (Rupees Ten) each.
5. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by substituting the following words and figures in the existing Article 2.
"The Authorised Share Capital of the Company is Rs. 70,000,000/- (Rupees Seven Crores) divided into 7,000,000 (Seventy Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each.
6. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution:
"Resolved that pursuant to the Provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (the Act) (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into with the Stock Exchanges where the Ordinary Shares of the Company are listed. Foreign Exchange Management Act, 2000 (FEMA) Foreign Exchange Management (Transfer of Security by a person resident outside India) Regulations, 2000 and Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and the regulations/guidelines, if any prescribed by the Securities and Exchange Board of India, Reserve Bank of India, the Stock Exchanges, the Government of India or any other relevant authority from time to time, to the extent applicable and subject to the approvals, consents, permissions, and the sanctions as might be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors be and is hereby authorised on behalf of the Company to create, issue offer and allot, in the course of one or more public or private offerings in domestic and/or one or more international markets, with or without a green shoe option, Ordinary Shares and/or ordinary shares through Depository receipts at the option of the Company and/or the holder(s) of such securities and/or securities linked to Ordinary Shares to eligible Investors under applicable laws, regulations and guidelines (whether residents and/or non residents and/or institutions/banks and/or incorporated bodies, mutual funds and/or individuals and/or trustees and/or stabilizing agents or otherwise and whether or not such investors are members of the Company) through prospectus, and/or letter of offer or circular and/or on public and/or private/preferential basis, such issue and allotment to be made at such time/times in one or more tranches, for cash at such price or prices in such manner and where necessary, in consultation with the Book Running Lead Managers and/or other advisors or otherwise on such terms and conditions as the Board may, in its absolute discretion, decide at the time of Issue of Securities provided that the Total amount raised through the Issuance of such securities does not exceed Rs. 4.75 Crores (Rupees Four Crores Seventy Five Lakhs), as may be decided by the Board, to investors as mentioned above.

"RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of Ordinary Shares as may be required to be issued and allotted, in accordance with the terms and offer, subject to the provisions of the Memorandum and Articles of Association of the Company all such shares shall rank pari passu inter se and with the then existing Ordinary Shares of the Company in all respects, including Dividend.

"RESOLVED FURTHER that the Company and/or agency or body or person authorised by the Board may issue Ordinary Shares in the Capital or such other securities in negotiable, registered or bearer form with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations.

"RESOLVED FURTHER that for the purpose of giving effect to any offer or allotment of Ordinary Shares, the Board be and is hereby authorised on behalf of the Company, to do all such acts, deeds matters and things as it may in its absolute discretion deem necessary or desirable for such purpose including without limitation, entering into arrangements for appointment of agencies for managing, underwriting, marketing, listing, trading of Securities issued the depository, custodian, registrar stabilizing agent, paying and conversion agent, trustee and to issue any offer documents including but not limited to the preliminary and final offering documents and sign all deeds, documents and writings and to pay any fees, commissions and remuneration, expenses relating thereto and with such power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issues or allotments as it may in its absolute discretion deem fit.

"RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any committee of Directors or any one or more Directors of the Company with power to delegate to any Officers of the Company, including filing of Offer Document with authorities as required affixing the Common Seal of the Company on Agreements/documents, arranging delivery and execution of contracts, deeds agreements and instruments and opening bank accounts and demat accounts."

Registered Office :

Diamond Plaza,
391, Dr. D.B. Marg,
Mumbai – 400 004.
Date : 20-08-2009

BY ORDER OF THE BOARD OF DIRECTORS

SHEODUTT SANGHAI
CHAIRMAN

RAJKAMAL SYNTHETICS LIMITED

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours.
3. The Register of members and Share Transfer Books of the Company will remain closed from Saturday, the 26th September, 2009 to Tuesday the 29th September, 2009 (Both days inclusive)
4. Members/Proxies should bring the Attendance Slip sent herewith duly filled for attending the meeting.
5. The Explanatory Statement pursuant to Section 173(2) of the Companies Act is annexed herewith.

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

ITEM NO. 4 & 5

AS apart of the Company's on going Restructuring Programmed, it would be necessary to increase the Authorised Capital of the Company. Accordingly consent of the Shareholders is being sought to increase the Authorised Share Capital of the Company to Rs. 70,000,000/- By addition of 4,000,000 Equity Shares of Rs. 10/- each Section 94 and 31 of the Companies Act, 1956 provide inter-alia that the Alteration of Capital Clauses in the Memorandum and Articles of Association of the Company requires the consent of the Shareholders in a General Meeting.

Your Directors recommend the Resolutions as set out in the Item Nos. 4 & 5 for your approval.

None of the Directors are interested or concerned in the said Resolution.

ITEM NO. 6.

The Company intends to raise additional Long term finance by issue of Securities in the Domestic Markets and utilize the proceeds for repayment of indebtedness, working capital in the Company and general corporate purposes. The Proposed Resolution seeks the enabling authorization of the Members to the Board of Directors to raise additional Funds through the Issue of Securities in the Domestic Markets for an amount not exceeding Rs. 4.75 Crores (Four Crores Seventy Five Lakhs) or its equivalent, in one or more tranches, in such form, on such terms, in such manner at such price and at such time as may be considered appropriate by the Board to various categories of investors.

The Board of Directors accordingly recommends the Resolution set out at Item No. 6 of the accompanying Notice for the Approval of the Members.

The Directors of the Company may be deemed concerned or interested in the Resolution at Item No. 6 of the Notice to the extent of Securities that may be subscribed to by the Companies/Institutions of they are directors or Members.

Diamond Plaza,
391, Dr. D.B. Marg,
Mumbai - 400 004.
Date : 20.08.009

BY ORDER OF THE BOARD OF DIRECTORS

SHEODUTT SANGHAI
CHAIRMAN

DIRECTORS' REPORT

To
The Members

Your Directors hereby present the 28th ANNUAL REPORT of the Company together with Audited Statement of Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS :

| | (Amount in Rs.) | |
|---|-----------------|---------------|
| | Current Year | Previous Year |
| Profit/(Loss) for the Year | 17,83,672 | (2,17,193) |
| Add : Surplus/ (Deficit) on appropriation account brought forward from previous year | (6,46,34,415) | (6,44,17,222) |
| Profit / (Losses) carried to balance sheet | (6,28,50,743) | (6,46,34,415) |

DIVIDEND :

In view of carried forward losses your Directors regret their inability to recommend any dividend.

OPERATIONS:

Sales during the year were of Rs.88,12,163 as against Rs.84,65,168 during the previous year.

FUTURE PLAN :

The Company has repaid part of secured loan.

The DRT Suit no. 31/2001 between M/s Kotak Mahindra Bank Ltd. and the Company has been settled and withdrawn on 28th May, 2009. After the withdrawal of the suit your Company has approached to UTI, the term lending institution/ debenture holder and other debenture holders through Canara Bank (Debenture Trustee), Bangalore to grant 50% remission in the balance principal outstanding amount as shown in Balance Sheet of 31.03.2009 because as on today the Company has no asset.

The Company is not in a financial position to discharge balance outstanding liability as shown in the Balance Sheet as on 31/03/2009. The financial help in necessary to save the Company from winding-up.

The Company has received the encouraging favourable response from UTI and we hope that your Company shall also get the favourable response from other debenture holders.

The Company has approached to creditors of the Company and they have agreed in Principle to convert their balance outstanding amount into equity shares of the Company at a future date. The entire proposed revival scheme of the Company shall depend on the settlement of term lending institution and other debenture holders.

The Company has started the trading activity during this year and has earned profit of Rs. 4.15 lacs as shown in the Balance Sheet as on 31.03.2009. In the June quarter ending, 2009 the Company has earned net profit of Rs. 2.42 lacs.

The Company/management is confident in the revival of the Company. In the proposed revival scheme the present management with the Co-partners shall contribute Rs. 145 lacs by purchase of proposed 14,50,000 equity share of Rs. 10/- each at par in their name/associates/nomines.

Out of the above amount of Rs. 45,00,000/- shall be utilized for the repayment of the UTI term loan, debenture holders and necessary charges which shall be paid for implementation of the revival scheme. The authorized capital of the Company shall be increased from Rs. 3 crores to Rs. 7 crores after obtained the necessary approvals. The balance amount of Rs. 105 lacs shall be available as Working Capital with the Company. As per Balance Sheet as on 31/03/2009, the financial position of the Company is as under:

| | Amount in lacs | | Amount in lacs |
|-----------------|-------------------|-------------|-------------------|
| Share capital | 225.00 | Asset | Nil |
| Revenue surplus | 3.70 | | |
| Loan | 351.30 | C/F P & A/c | 580.00 |
| | <u>580.00</u> | | |

After implementation of the proposed revival scheme the financial position of the Company will be as under :

| | Amount in lacs | | Amount in lacs |
|--------------------|-------------------|---------------|-------------------|
| Authorised capital | 700.00 | Balance | 105.00 |
| Paid-up capital | <u>650.00</u> | | |
| Reserve surplus | 3.70 | C/F P & L A/c | 548.70 |
| | <u>653.70</u> | | <u>653.70</u> |

1. The Company will be a zero debt company.
 2. The positive net worth of the Company will be Rs. 105 lacs
 3. With the above positive net worth the shares of the Company shall be traded through Demand Account.
- The Proposed revival scheme of the Company is subject to the approval of share holders in Annual General Meeting.

DIRECTORS :

Shri Rajendra Nangalia, the Director retires by rotation and is eligible for re-appointment.

FIXED DEPOSIT :

The Company has not accepted any fixed deposit from the Public during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed :

- (i) That in preparation of the accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that were 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 or loss of the Company for the year under review.
- (iii) That the Directors have taken prior and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the accounts for the financial year 31st March, 2009 on a going concern basis.

ENVIRONMENT :

Information pursuant to 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 are not given since there was no manufacturing activity during the year under view. Foreign exchange earning/outgo during the year and also during the previous year was NIL.

PARTICULARS OF EMPLOYEES :

No employee has drawn remuneration of Rs. 24,00,000/- per annum nor Rs. 2,00,000/- per month during part of the year.

AUDITORS :

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

The Auditors M/s. N.K. Jalan & Co., Chartered Accountants will retire at the conclusion of the ensuing Annual General Meeting. They have given their consent to act as Auditors of the Company if re-appointed, members are requested to re-appoint them and fix their remuneration.

Your Directors would like to acknowledge the co-operation and support received by the Company during the year from its employees, bankers, financial institutions and business partners.

PLACE : MUMBAI
DATED : 20.08.2009

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
SHEODUTT SANGHAI
CHAIRMAN

RAJKAMAL SYNTHETICS LIMITED

AUDITORS' REPORT TO THE MEMBERS OF M/S. RAJKAMAL SYNTHETICS LIMITED

We have audited the attached Balance Sheet of M/S. RAJKAMAL SYNTHETICS LIMITED, for the year ended 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. 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.

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 misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit 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.

As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that :

- (i) 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;
- (ii) In our opinion, proper Books of Accounts as required by law, have been kept by the Company, so far as appears from our examination of those books;
- (iii) The Balance Sheet and the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts;
- (iv) In our opinion, the Balance Sheet and the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is 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:
- (vi) ***The Company incurred a net profit of Rs.17,83,672/- during the year ended March 31, 2009 and as of that date the company's current liabilities exceeded its current assets by Rs.82,20,761/- and total liabilities exceeded from its total assets by Rs.5,79,69,743/-. The Company has repaid part of its secured loan. For the revival of the company, Company has started the trading activities and management is confident in its revival.***
- (vii) Subject to the above, and notes appearing in schedule N, in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principle generally accepted in India :
 - (i) In the case of Balance Sheet of the State of affairs of the Company as at 31st March, 2009; and
 - (ii) In the case of the Profit and Loss Account of the Loss of the Company for the year ended on that date; and
 - (iii) In case of Cash Flow Statement, of the cash flow for the year ended on that date.

PLACE : MUMBAI
DATED : 20-08-2009

For **N. K. JALAN & CO.,**
CHARTERED ACCOUNTANTS
(N.K. JALAN)
PROPRIETOR

**ANNEXURE TO THE AUDITORS' REPORT
(REFERRED TO IN PARAGRAPH-2 OF OUR REPORT OF EVEN DATE)**

- (i) There are no Fixed Assets with the company.
- (ii) There is no stock with the company.
- (iii) (a) The company has not given any advances in the nature of loan.
 (b) The company had taken loan from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 23,24,500/- and the year-end balance of loan taken from such parties was Rs. 23,24,500/-
 (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
 (d) There is no overdue amount of loans taken from directors or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) According to information given to us there is no business activity of the company since last 15 years. However during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that needed to be entered have been entered in the register maintained under section 301 of the Companies Act, 1956.
 (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (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 of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. The Company has not accepted deposits from the public.
- (vii) In our opinion, the company is not required to have internal audit.
- (viii) The Company is not required to maintain cost records u/s. 209(1) (d) of the Companies Act, 1956. Accordingly the provision of clause 4(viii) of the order 2003 is not applicable to this Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty and other statutory dues applicable to it.
 (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
 (c) According to the information and explanations given to us, there are no dues of sales tax, custom duty, income tax wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. The company has earned cash profits in the current year.
- (xi) In our opinion and according to the information and explanations given to us, the company has settled with Kotak Mahindra Bank Ltd. (ICICI Bank), who was the major secured creditor. And the settlement with the other secured creditor namely UTI and the Debenture Holders are in process.
- (xii) The company has not granted any advances in the nature of loans on the basis of security by way of pledge of shares or other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Orders, 2003 is not applicable to this company.
- (xiv) In our opinion, the company is not dealing in or trading in share, securities, debentures and other investments, Hence, the clause (xiv) of the order is not applicable.
- (xv) In our opinion, the company has not given any guarantees for loans taken by others from banks or financial institutions. Hence, the clause (xv) of the others is not applicable.
- (xvi) There is no Term Loan taken by the Company during the period under Audit.
- (xvii) According to the informations and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No. long-term funds have been used to finance short-term assets.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) During the period covered by our audit, the company has not issued any debentures. Hence, the clause (xix) of the Order is not applicable.
- (xx) The Company has not raised any money by public issue during the period covered by our audit. Accordingly, the provision of clause 4(xx) of the order, 2003 is not applicable to this company.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed during the course of our audit.

**For N. K. JALAN & CO.,
CHARTERED ACCOUNTANTS**

(N.K. JALAN),

PROPRIETOR

PLACE : MUMBAI
DATED : 20.08.2009

RAJKAMAL SYNTHETICS LIMITED

M/s. Rajkamal Synthetics Limited BALANCE SHEET AS ON 31ST MARCH, 2009.

| SCHEDULE | | CURRENT YEAR | | PREVIOUS YEAR | |
|---|---|--------------|-------------|---------------|--------------|
| | | Rs. | Rs. | Rs. | Rs. |
| SOURCE OF FUNDS : | | | | | |
| SHAREHOLDERS FUNDS : | | | | | |
| Share Capital | A | 22,500,000 | | 22,500,000 | |
| Reserves and Surplus | B | 369,390 | 22,869,390 | 369,390 | 22,869,390 |
| LOAN FUNDS : | | | | | |
| Secured Loans | C | — | | 19,690,532 | |
| Unsecured Loans | D | 26,879,592 | 26,879,592 | 2,069,500 | 21,760,032 |
| TOTAL | | | 49,748,982 | | 44,629,422 |
| APPLICATION OF FUNDS : | | | | | |
| FIXED ASSETS : | | | | | |
| Gross Block | E | — | | — | |
| Less : Depreciation | | — | | — | |
| Net Block | | | — | | — |
| CURRENT ASSETS, LOANS AND ADVANCES : | | | | | |
| Inventories | F | — | | — | |
| Sundry Debtors | G | — | | 25,168 | |
| Cash and Bank Balance | H | 3,400 | | 17,792 | |
| Loans and Advances | I | — | | 1,20,970 | |
| | | 3,400 | | 163,930 | |
| LESS : CURRENT LIABILITIES AND PROVISIONS : | | | | | |
| Liabilities | J | 8,223,552 | | 20,168,314 | |
| Provisions | | 184,329 | | 609 | |
| | | 8,407,881 | | 20,168,923 | |
| NET CURRENT ASSETS | | | (8,220,761) | | (20,004,993) |
| PROFIT & LOSS APPROPRIATION A/C. | | 62,850,743 | | 64,634,415 | 64,634,415 |
| Less: Capital Receipts Remission on Debenture | | 4,881,000 | 57,969,743 | — | — |
| TOTAL | | | 49,748,982 | | 44,629,422 |
| NOTES FORMING PART OF THE ACCOUNTS | | N | | | |

SIGNATURES TO THE SCHEDULES 'A' TO 'N' WHICH FORM AN INTEGRAL PART OF THE ACCOUNTS

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR N.K. JALAN & CO.
CHARTERED ACCOUNTANTS

N.K. JALAN
PROPRIETOR

Dated : 20.08.2009.

SHEODUTT SANGHAI CHAIRMAN
SUSHIL SANGHAI DIRECTOR
RAJENDRA NANGALIA DIRECTOR

28th ANNUAL REPORT 2008-2009

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

| | SCHEDULE | CURRENT YEAR | | PREVIOUS YEAR | |
|---|----------|--------------|--------------|---------------|--------------|
| | | Rs. | Rs. | Rs. | Rs. |
| INCOME : | | | | | |
| Sales | | 8,812,163 | | 8,465,168 | |
| Other Income | K | 1,933,566 | | - | |
| Increase/(Decrease) in stock of finished goods | L | - | | | |
| | | | 10,745,729 | | 8,465,168 |
| EXPENDITURE : | | | | | |
| Purchases | | 8,396,870 | | 8,402,695 | |
| Administrative and Other Expenses | M | 565,187 | | 279,666 | |
| | | | 8,962,057 | - | 8,682,361 |
| | | | 8,962,057 | | 8,682,361 |
| PROFIT/(LOSS) BEFORE TAX | | | 1,783,672 | | (217,193) |
| Provision for Taxation | | | 183,720 | | - |
| PROFIT/(LOSS) AFTER TAX | | | 1,599,952 | | (217,193) |
| Add : Prior period Adjustments | | | - | | - |
| | | | 1,599,952 | | (217,193) |
| Add : Balance brought forward | | | (64,634,415) | | (64,417,222) |
| BALANCE CARRIED TO BALANCE SHEET | | | (63,034,463) | | (64,634,415) |
| Earning per Share | | | 0.71 | | (0.10) |
| Basic and diluted (Refer to note 5 in Schedule 'N') | | | | | |
| NOTES FORMING PART OF THE ACCOUNTS | | N | | | |

SIGNATURES TO THE SCHEDULES 'A' TO 'N' WHICH FORM AN INTEGRAL PART OF THE ACCOUNTS

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR N.K. JALAN & CO.
CHARTERED ACCOUNTANTS

N.K. JALAN
PROPRIETOR
Dated : 20.08.2009.

SHEODUTT SANGHAI CHAIRMAN
SUSHIL SANGHAI DIRECTOR
RAJENDRA NANGALIA DIRECTOR

RAJKAMAL SYNTHETICS LIMITED

SCHEDULES 'A' TO 'N' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009.

| | CURRENT YEAR | | PREVIOUS YEAR | |
|--|--------------|------------|---------------|--------------|
| | Rs. | Rs. | Rs. | Rs. |
| SCHEDULE 'A' | | | | |
| SHARE CAPITAL | | | | |
| AUTHORISED : | | | | |
| 3,000,000 Equity Shares of Rs. 10/- each | | 30,000,000 | | 30,000,000 |
| ISSUED, SUBSCRIBED AND PAID-UP : | | | | |
| 2,250,000 Equity Shares of Rs. 10/- each fully paid-up in cash | | 22,500,000 | | 22,500,000 |
| | | 22,500,000 | | 22,500,000 |
| SCHEDULE 'B' | | | | |
| RESERVES AND SURPLUS : | | | | |
| INVESTMENT ALLOWANCE RESERVE UTILISED | | | | |
| Balance as per last Balance Sheet | | 369,390 | | 369,390 |
| | | 369,390 | | 369,390 |
| SCHEDULE 'C' | | | | |
| SECURED LOANS : | | | | |
| A. From Bank & Institution | | | | |
| (i) Terms Loan from ICICI Bank | | | 8,675,000 | |
| (ii) Foreign Currency Loan from ICICI | | | 4,173,810 | |
| (iii) Interest Accrued on Debenture | | | 6,125,722 | |
| (iv) 15% Sec. Reed. Non-Con. Debenture | | | 39,716,000 | 58,690,532 |
| Escrow of Kotak Mahindra Bank (Sale of Land) | | | (21,500,000) | |
| Escrow of ICICI Bank (Sale of Plant) | | | (17,500,000) | |
| | | | | (39,000,000) |
| | | | | 19,690,532 |
| SCHEDULE 'D' | | | | |
| UNSECURED LOANS : | | | | |
| A. From Bank & Institution | | | | |
| (i) Kotak Mahindra Bank | 17,500,000 | | | |
| (ii) Unit Trust of India | 520,214 | | | |
| (iii) 15% Sec. Reed. Non-Con. Debenture | 6,534,878 | 24,555,092 | | |
| B. From Directors | | | | |
| (i) Sheoduttrai Samirkumar HUF | 1,500,000 | | | |
| (ii) Sheodutt Sanghai | 824,500 | 2,324,500 | | 2,069,500 |
| | | 26,879,592 | | 2,069,500 |
| SCHEDULE 'F' | | | | |
| INVENTORIES : | | | | |
| (As at cost, valued and certified by Management) | | | | |
| Raw Materials | — | 0 | — | 0 |
| Finished Goods | — | 0 | — | 0 |
| SCHEDULE 'G' | | | | |
| SUNDRY DEBTORS : | | | | |
| Debts outstanding for a period exceeding six months | — | | — | |
| Other Debts | — | | 25,168 | 25,168 |
| | | | | 25,168 |

SCHEDULE 'H'

CASH AND BANK BALANCE :

| | | | | |
|-------------------------------------|-------|--------------|--------|---------------|
| Cash-in-Hand | 2,184 | | 6,553 | |
| Balance with Scheduled Banks | | | | |
| In Current Account | 1,216 | | 11,239 | |
| | | 3,400 | | 17,792 |
| | | <u>3,400</u> | | <u>17,792</u> |

SCHEDULE 'I'

LOANS AND ADVANCES :

| | | | | |
|---------------------------------|---|----------|---------|----------------|
| Deposit with Govt. & Semi-Govt. | — | — | 120,970 | 120,970 |
| | | <u>—</u> | | <u>120,970</u> |

SCHEDULE 'J'

CURRENT LIABILITIES AND PROVISIONS :

A. CURRENT LIABILITIES :

SUNDRY CREDITORS :

| | | | | |
|---|-----------|-----------|------------|------------|
| For Goods | 8,187,552 | | 14,556,986 | |
| For Expenses | 36,000 | | 3,872,712 | |
| On Account of Premium (Debenture Redemption) | — | | 1,735,716 | |
| | | 8,223,552 | | 20,168,314 |

B. PROVISIONS :

| | | | | |
|------------------------|--|------------------|--|-------------------|
| Provision for taxation | | 184,329 | | 609 |
| | | <u>8,407,881</u> | | <u>20,168,923</u> |

SCHEDULE 'K'

OTHER INCOME :

| | | | | |
|----------------------|--------------|------------------|---|----------|
| Sundry Balance w/off | 18,732,693 | | — | |
| Less : | (16,799,127) | | — | |
| | | 1,933,566 | | |
| | | <u>1,933,566</u> | | <u>—</u> |

SCHEDULE 'L'

INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS :

CLOSING STOCK :

| | | | | |
|----------------|--|---|--|---|
| Finished Goods | | — | | — |
|----------------|--|---|--|---|

OPENING STOCK :

| | | | | |
|----------------|--|----------|--|----------|
| Finished Goods | | — | | — |
| | | <u>—</u> | | <u>—</u> |

SCHEDULE 'M'

ADMINISTRATIVE AND OTHER EXPENSES :

| | | | | |
|------------------------------------|---------|----------------|---------|----------------|
| Advertising Expenses | 14,576 | | 12,009 | |
| Printing & Stationery | 23,458 | | 22,737 | |
| Postage & Telegram | 24,139 | | 28,171 | |
| Travelling and Conveyance Expenses | 474 | | 329 | |
| General Expenses | 28,056 | | 10,670 | |
| Legal and Professional Fees | 99,850 | | 175,000 | |
| Listing Fees | 14,230 | | 12,750 | |
| Court Receiver Expenses | 313,622 | | 0 | |
| Share Transfer Maint. Charges | 28,782 | | 0 | |
| Auditor's Remuneration | | | | |
| Audit Fees | 18,000 | 565,187 | 18,000 | 279,666 |
| | | <u>565,187</u> | | <u>279,666</u> |

SCHEDULE 'N'

ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009.

(A) SIGNIFICANT ACCOUNTING POLICIES :

(1) Basis of Accounting :

Financial Statements are prepared on cash basis, except for audit fees, no other provisions are made.

(2) Debenture Redemption Reserve :

As per the guidelines issued by the Ministry of Finance on 14th January, 1987, a Debenture Redemption Reserve is to be created by Companies raising resources through Debentures. The Company is of the view that these guide-lines are not applicable to the issue of debentures opened prior to 14th January, 1987 and has therefore not created a Debenture Redemption Reserve.

(3) Taxes on Income :

(a) Provision for current tax, if any is computed in accordance with the relevant tax regulations.

RAJKAMAL SYNTHETICS LIMITED

- (b) Deferred tax is recognized for all timing difference between accounting income and taxable income and is quantified using enacted/substantially enacted tax as at the balance sheet date. Deferred tax asset are recognized subject to the management judgement that the realization is virtually certain.

(B) NOTES TO ACCOUNTS :

- (1) As certified by the Management Contingent Liabilities are not provided for Rs. 39827 (P. Y. 39827) in respect of ESIC matter in dispute and pending in appeal.
- (2) A settlement was reached with leading Financial Institutions and Institutional Debenture Holders for their dues, full & final settlement is 475 lacs. Out of that the Company has paid as under:-
- (a) From sale of Plant & MachineryRs. 175.00 lacs
(which was sold by the ICICI Bank in 1996.)
- (b) From sale of Land and BuildingRs. 211.86 lacs
(which was sold by the Kotak Mahindra Bank Ltd / ICICI Bank through the Court Receiver under DRT Suit No. 31 of 2001.)

For the balance payment / settlement, company has approached UTI & other Debenture Holders with a request to grant remission because Company has no asset to discharge the balance liabilities.

- (3) (a) No provision has been made for interest on unsecured loan from Directors as the management has decided to account for the same on payment basis.
- (b) In view of the settlement arrived with Debenture Holders, the Company has not made provision for premium payable of Rs. 289,284/- to the debenture holders.
- (4) During the year, the Company has transferred the sale proceeds from Plant & Machinery of Rs. 175.00 lacs and the sale proceeds from Land & Building amounting to Rs. 21186375/- in the respective account of Term Lending Institution & the Debenture Holders. Following are the details:

| Name | Amt. | Amt. |
|--------------------------------------|-------------------|-------------------|
| (a) UTI | 8,591,786 | 6,800,000 |
| (b) Canara Bank | 3,421,837 | 3,000,000 |
| (c) General Insurance Corporation | 595,102 | 544,000 |
| (d) National Insurance Corporation | 260,357 | 238,000 |
| (e) New India Insurance | 371,939 | 340,000 |
| (f) Oriental Insurance | 260,357 | 238,000 |
| (g) United India Insurance | 371,939 | 340,000 |
| (h) Kotak Mahindra Bank (ICICI Bank) | 6,955,256 | 6,000,000 |
| (i) Public Debenture Holders | 357,805 | — |
| | <u>21,186,378</u> | <u>17,500,000</u> |

This distribution is as per the order of Mumbai Debts Recovery Appellate Tribunal dated 31.03.2005

(5) Earnings per Share is Calculated as follows :

| | 2009 | 2008 |
|--|-----------|-----------|
| (a) Net Profit / (Loss) after tax | 1783672 | (217193) |
| (b) Weighted average number of equity shares | 2,250,000 | 2,250,000 |
| Basic & diluted | | |
| Nominal Value of equity shares | 10 | 10 |

- (6) Sundry Balance w/off (net) consists of old balance w/off with respect to creditors, outstanding loans, ICICI Interest & other liabilities. Following are the details:

| | |
|-----------------------|------------------|
| Sundry Balance w/off | 18,732,693 |
| Less : Interest ICICI | 16,799,127 |
| Net | <u>1,933,566</u> |

- (7) Balances of Sundry Debtors, Creditors, Loans and Advances are subject to their confirmation and reconciliation, if any.
- (8) Additional information required under Schedule VI of Part II of the Companies Act, 1956 (as certified by the Management) is not applicable.
- (9) Additional information pursuant to Part IV of Schedule VI of the Companies Act, 1956 is attached.
- (10) Figures in brackets are of previous year.
- (11) Previous year figures have been rearranged/regrouped wherever necessary to confirm to this year's classification.

SIGNATURES TO THE SCHEDULES 'A' TO 'N' WHICH FORM AN INTEGRAL PART OF THE ACCOUNTS

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR N.K. JALAN & CO.
CHARTERED ACCOUNTANTS

N.K. JALAN
PROPRIETOR

Dated : 20.08.2009.

SHEODUTT SANGHAI CHAIRMAN
SUSHIL SANGHAI DIRECTOR
RAJENDRA NANGALIA DIRECTOR

SCHEDULE VI PART IV TO THE COMPANIES ACT, 1956

Information referred to in Note No. 8 in Accounting Policies & Notes :

Part IV Schedule VI of Companies Act, 1956 (as amended)

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

2 4 3 4 4

State Code

1 1

Balance Sheet Date

3 1 - 0 3 - 0 9

Date Month Year

II. Capital Raised During the Year (Amounts in Rs. Thousands)

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

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

Total Liabilities

4 9 7 4 9

Total Assets

4 9 7 4 9

Sources of Funds

Paid-Up Capital

2 2 5 0 0

Reserves & Surplus

3 6 9

Secured Loans

N I L

Unsecured Loans

2 6 8 8 0

Application of Funds

Net Fixed Assets

—

Investment

N I L

Net Current Assets

8 4 0 4

Misc. Expenditure

N I L

Accumulated Losses

5 8 1 5 3

IV. Performance of Company (Amounts in Rs. Thousands)

Turnover

1 0 7 4 6

Total Expenditure

8 9 6 2

Profit Before Tax

- 1 7 8 4

Profit After Tax

1 6 0 0

(+ for profit, - for loss)

Earnings Per Share

N I L

Dividend Rate %

N I L

V. Generic Name of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

N . A .

Product Description

Item Code No. (ITC Code)

N . A .

Product Description

Item Code No. (ITC Code)

N . A .

Product Description

RAJKAMAL SYNTHETICS LIMITED

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

| | | 31-03-2009 | | 31-03-2008 |
|---|--------------|--------------|----------|------------|
| | | Rs. | | Rs. |
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | | | |
| NET PROFIT/(LOSS) BEFORE TAX & EXTRAORDINARY ITEMS | | 1,783,672 | | (217,193) |
| Adjustments | 0 | 10,000,560 | 0 | 0 |
| | | 11,784,232 | | (217,193) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | | | | |
| Adjustment for : | | | | |
| Decrease in Trade and other receivable (Note 2) | 146,138 | | (25,168) | |
| Inventories (Note 3) | 0 | | 0 | |
| Decrease in Trade Payables (Note 4) | (11,944,762) | (11,798,624) | 2,900 | (22,268) |
| CASH GENERATED FROM OPERATIONS | | (14,392) | | (239,461) |
| Direct Taxes Paid (Note 1) | 0 | | 0 | |
| Interest Paid | 0 | 0 | 0 | 0 |
| CASH FLOW FROM EXTRA ORDINARY ITEM | | (14,392) | | (239,461) |
| (Opening Balance) | 0 | 0 | 0 | 0 |
| NET CASH FROM OPERATING ACTIVITIES | | (14,392) | | (239,461) |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | 0 | 0 | 0 | 0 |
| | | (14,392) | | (239,461) |
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | | | |
| Unsecured Loans from Directors | 0 | | 220,000 | |
| NET CASH FROM/USED IN FINANCING ACTIVITIES | | 0 | | 220,000 |
| NET INCREASE IN CASH & CASH EQUIVALENTS | | (14,392) | | (19,461) |
| CASH AND CASH EQUIVALENTS AS AT 01.04.2008/07 | | 17,792 | | 37,253 |
| (Opening Balance) | | | | |
| CASH AND CASH EQUIVALENTS AS AT 31.03.2009/08 | | 3,400 | | 17,792 |
| (Closing Balance) | | | | |

Trade Payables, Trade Receivable have been w/off during the year.
A part of Secured Loans has been w/off during the year and remaining have been unsecured.

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR N.K. JALAN & CO.
CHARTERED ACCOUNTANTS

N.K. JALAN
PROPRIETOR
Dated : 20.08.2009.

FOR AND ON BEHALF OF THE BOARD

SHEODUTT SANGHAI CHAIRMAN
SUSHIL SANGHAI DIRECTOR
RAJENDRA NANGALIA DIRECTOR

RAJKAMAL SYNTHETICS LIMITED

Regd. Office : Diamond Plaza, 391, Dr. D. B. Marg, Mumbai - 400 004.

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall.

Name of the attending Member
(In Block Letters)

Member's Registered
Folio Number

Name of Proxy (In Block Letters)
(To be filled in the Proxy attends instead of the Member)

No. of Share held _____

I hereby record my presence at the 28 th Annual General Meeting at the Mumbai - 400 004
Tuesday, 29th September, 2009.

(Member's / Proxy's Signature)

(To be signed at the time of handing over his slip)

RAJKAMAL SYNTHETICS LIMITED

Regd. Office : Diamond Plaza, 391, Dr. D. B. Marg, Mumbai - 400 004.

FORM OF PROXY

FOLIO NO.

I/We _____ of _____

being a Member / Members of the above named Company hereby appoint _____

_____ of _____ or failing him

_____ of _____ or failing him

_____ of _____ as my/our

proxy to vote of me/our behalf at the 28 th Annual General Meeting of the Company to be held Tuesday the
29th September, 2009.

Signed this _____ day of _____ 2009.

Affix
One Rupee
Revenue
Stamp

Note : This instrument of Proxy shall be deposited at the Registered Office of the Company not less
than 48 (FORTY EIGHT) hours before the time of holding the Meeting.

BOOK POST
PRINTED MATTER

If undelivered please return to :
RAJKAMAL SYNTHETICS LTD.
Diamond Plaza, 391, Dr. D. B. Marg,
Mumbai - 400 004.