





## NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY SECOND ANNUAL GENERAL MEETING OF THE MEMBERS OF RELIANCE CHEMOTEX INDUSTRIES LIMITED will be held at Hotel India International, Sardarpura, Udaipur-313 001 on Monday the 27<sup>th</sup> Day of September, 2010 at 10.30 A.M. to transact with or without modification(s), as may be permissible, the following business;

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year ended on that date together with reports of the Directors and Auditors thereon.
2. To declare a Dividend on 10% Cumulative Preference Shares.
3. To declare a Dividend on Equity Shares.
4. To appoint a Director in place of Shri S.L. Shroff, who retires by rotation, but being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri N.G. Khaitan, who retires by rotation, but being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri B.K. Agrawal, who retires by rotation, but being eligible, offers himself for re-appointment.
7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:  
"RESOLVED THAT Messrs. G.P. Kejriwal & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors/ Audit Committee plus re-imbursment of travelling and other incidental expenses, if any, incurred in connection with the Audit."

### SPECIAL BUSINESS:

8. To consider and if thought fit to pass with or without modification(s), the following Resolution as a Special Resolution:  
"RESOLVED THAT in accordance with the provisions of Section 198, 269 and 309 and other applicable provisions, if any & Schedule XIII of the Companies Act, 1956 and other applicable Government provisions,

## BOARD OF DIRECTORS

the consent of the Company be and is hereby given to the appointment of Shri Rahul Shroff, as Whole time Director to be designated as Executive Director of the Company for a period of three years w.e.f. 01<sup>st</sup> August, 2010 at the remuneration and on the terms and conditions as set out in the explanatory statement of this resolution and in the draft agreement to be executed with Shri Rahul Shroff with specific authority to the Board of Directors to alter or vary the terms and conditions of the said appointment and /or agreement including the remuneration which shall not exceed an amount of Rs 3,00,000/- per month, as may be agreed to between the Board of Directors and Shri Rahul Shroff.

"RESOLVED further that the remuneration as mentioned in the explanatory statement be paid as minimum remuneration in case of loss or inadequacy of profits."

9. To consider and if thought fit to pass with or without modification(s), the following Resolution as an Ordinary Resolution:  
"RESOLVED THAT the Authorised Share Capital of the Company be increased from Rs. 21,75,00,000/- (Rupees Twenty One Crores Seventy Five Lakhs only) divided into 1,35,00,000 (One Crore Thirty Five Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each and 8,25,000 (Eight Lakhs Twenty Five Thousand) Preference Shares of Rs.100/- (Rupees One Hundred) each to Rs. 28,75,00,000/- (Rupees Twenty Eight Crores Seventy Five Lakhs only) divided into 1,35,00,000 (One Crores Thirty Five Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each and 15,25,000 (Fifteen Lakhs Twenty Five Thousand) Preference Shares of Rs.100/- (Rupees One Hundred) each."
10. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to provision of section 94 of Companies Act, 1956, the existing Clause V (a) of Memorandum of Association of the Company be and is hereby substituted by the following :  
"The Authorised Share Capital of the Company is Rs. 28,75,00,000/- (Rupees Twenty Eight Crores Seventy Five Lakhs only) divided into 1,35,00,000 (One Crores Thirty Five Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each and 15,25,000 (Fifteen Lakhs Twenty Five Thousand) Preference Shares of Rs. 100/- (Rupees One Hundred) each."

11. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Article of Association of the Company be altered to the extent and in the manner set out hereunder:

After the Article no. 132 the following new Article No. 133 under the heading "Members approval for change in Business" be and is hereby added as hereunder.

"The Board may seek approval of Members for any business by way of Ordinary/ Special Resolution/s through postal ballot after complying with the requirements stipulated from time to time under the Companies (Passing the Resolution by Postal Ballot.) Rules, 2001 whether or not such business is specified as the mandatory business under Rule 4 of the said Rules (as amended from time to time).

#### NOTES FOR MEMBERS' ATTENTION

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member.  
Proxies in order to be effective must reach to the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
2. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 8 to 11 of the notice set out above is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 20<sup>th</sup> September, 2010 to 27<sup>th</sup> September, 2010 both days inclusive.
4. If a Dividend on Share as recommended by the Directors is passed at the meeting, payment of such Dividend will be made on or after 28<sup>th</sup> September, 2010 to those members whose names are on Company's Register of Members as on 27<sup>th</sup> September, 2010. As regards Shares held in electronic form, the Dividend will be payable to "beneficial owners" of Shares whose names appear in the statement of Beneficial Ownership furnished by the Depositories as at the end of business hours on 19<sup>th</sup> September, 2010.
5. The Company's Equity Shares are listed with Bombay Stock Exchange Limited, Mumbai. The Company has paid the listing fees for the year 2010-2011 to the aforesaid Stock Exchange.
6. Pursuant to Section 205C of the Companies Act, 1956, all unclaimed/unpaid dividend for a period of 7 years from the date of transfer to the 'Unpaid Dividend Account' are required to be transferred by the Company to the "Investors Education and Protection Fund" established by the Central Government. Accordingly, the unclaimed dividends upto the financial year ended 31<sup>st</sup> March, 2002, have been transferred by the Company to the said Fund on the due date. Those members who have not so far claimed their dividends for the financial years ended 31<sup>st</sup> March 2003 and the subsequent financial years are advised to claim it from the Company.
7. Members holding Shares in physical forms are requested to notify any change in address immediately to the Share Department of the Company/Registrar & Share Transfer Agent, quoting their Folio numbers and members holding Shares in Electronic forms are requested to inform any change in address to their respective Depository Participants.

### ANNEXURE TO THE NOTICE

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

##### ITEM NO. 8

The Board of Directors of the Company in its meeting held on 31<sup>st</sup> July, 2010 on recommendation of Remuneration Committee has appointed Shri Rahul Shroff as Wholtime Director to be designated as Executive Director for a period of three years w.e.f. 01<sup>st</sup> August 2010, as he is fully involved in day to day affairs of the Company, subject to approval of Shareholders in the next annual General Meeting and in accordance with the provisions laid down in Section 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956.

The Draft of the agreement between the Company and Shri Rahul Shroff contains the following terms & conditions :

##### (a) Salary

Basic Salary Rs. 70,000/- (Rupees Seventy Thousand only) per month, with such periodic increments as may be decided by the Board of Directors from time to time. However the total increased basic Salary will not exceed more than Rs.3,00,000/- per months.

##### (b) Perquisites

In addition to the above the Executive Director shall be entitled to the following perquisites;

1. **Housing** : Residential accommodation or in lieu thereof House Rent Allowance @40% of the Basic Salary.



2. **Gas, Electricity, Water and Furnishings :** The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules 1962, which will be subject to a ceiling of 10% of the Salary.
3. **Medical re-imbursment :** Re-imbursment of expenses incurred for self and family subject to a ceiling of 5% of the annual Salary.
4. **Leave Travel Concession :** Leave Travel Concession for self and family once in a year incurred in accordance with the Rules of the Company but it shall not exceeding one month salary in a year.
5. **Personal Accident Insurance :** Actual premium on personal accidental insurance.
6. (a) Company's contribution to Provident Fund @ 12% or such other rate as may be applicable to the employees under the Provident Fund Rules.  
(b) Company's contribution to super-annuation scheme as may be applicable from time to time provided, however that the Company's contribution to the super-annuation scheme shall not exceed 25% of the Salary.
7. **Gratuity :** The gratuity payable shall not exceed half a month's salary for each completed year of service.
8. Car for use on Company's business and telephone at residence will not be considered as perquisites, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.
9. **Earned Leave :** On full pay and allowance as per the Rules of the Company, but not exceeding one month's leave for every eleven months' of service. Encashment of leave accumulation but not availed at the end of the tenure as per the Rules of the Company.
10. **Exgratia in lieu of Bonus :** Exgratia in lieu of Bonus not exceeding 20% of the Salary as and when become payable as per the Rules of the Company.

Statement of informations as required to be published alongwith notice as per para (B) of Section - II of Part - II of the amended Schedule XIII of the Companies Act, 1956 are as under :

**i. General Information :**

1. **Nature of Industry :** Manufacturing and marketing of Synthetic Blended Yarn.

2. **Date or expected date of commencement of Commercial Production :** The Company has already commenced commercial production in the month of August, 1979.
3. **In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :** Not Applicable
4. **Financial performance based on given indicators:**

Particulars for the Financial year ended 31.03.2010	Rs. in lacs
Sales including other income	16,931
Operating Profit (before interest, Depreciation and Tax)	1,514
Profit Before Tax	319

5. **Export Performance and net foreign exchange earnings and collaborations :** The earning in Foreign Exchange by Exports & others for the year ended 31.03.2010 was Rs. 12,372 Lacs.
6. **Foreign investment of collaborators, if any :** Not Applicable

**ii. Information about the Executive Director :**

1. **Background :** Shri Rahul Shroff, son of Shri Sanjiv Shroff, Managing Director of the Company aged about 24 Years is a US Citizen and an Engineering graduate from MIT Cambridge USA. He is being appointed as a Wholtime Director to be designated as Executive Director of the Company w.e.f. 01<sup>st</sup> August 2010. He is fully involved in day to day affairs of the Company from last 8 months.
2. **Past Remuneration :** Not Applicable
3. **Job Profile and his suitability :** Shri Rahul Shroff, Executive Director of the Company is responsible for day to day affairs of the Company. He has substantial powers under the supervision, control and directions of the Managing Director the Company.
4. **Remuneration Proposed :** The Remuneration Committee at its meeting held on 31<sup>st</sup> July, 2010 approved the appointment of Shri Rahul Shroff for a period of 3 years commencing from 01<sup>st</sup> August, 2010 as mentioned above. The Board of Directors has also confirmed the same in its meeting held on that date.

5. **Comparative Remuneration Profile with respect to Industry, size of the Company, profile of the position and persons :** Looking to the size, nature, Business of the Company and the duties and responsibilities carried out by Shri Rahul Shroff as an Executive Director of the Company, the remuneration payable to him is according to the ceiling specified in Schedule XIII and comparable with the salary payable by other Companies to managerial persons.

6. **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnels, if any :** Beside the proposed Remuneration payable to Shri Rahul Shroff does not have any pecuniary relationship with the Company. Shri S.L. Shroff, Shri Sanjiv Shroff and Shri N.G. Khaitan, Directors of the Company are relatives of Shri Rahul Shroff.

**III. Other Informations :**

1. **Reasons of loss or inadequate profits :** Increase in cost of production and lower sales realization have caused pressure on profit margins.

2. **Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms :** With a view to improve overall profitability and financial performance, the Company has taken major steps which inter-alia includes marketing re-structuring, reduction in production cost through implementation of various measures. In the current financial year, the Company expects increase in turnover and Profit.

The Company has also completed expansion of its plant situated at village Kanpur, Udaipur by installing 6,240 spindles during the financial year 2009-10.

Shri Rahul Shroff is interested in this resolution to the extent he will receive remuneration from the Company. Shri S.L. Shroff, Shri Sanjiv Shroff and Shri N.G. Khaitan, Directors of the Company are relatives of Shri Rahul Shroff. Except them none of the other Directors is interested in the resolution.

This may be treated as an abstract of the terms of the contract in terms of Section 302(2) of the Companies Act, 1956.

Since the payment of remuneration may be more than 10% of the net profit of the Company, this Resolution is proposed as Special Resolution.

**ITEM NO. 9**

The Company contemplates to go for further modernization and expansion. Since substantial funds will be required for this project, it is desirable to increase the Authorised Share Capital of the Company from Rs.21.75 Crores to Rs.28.75 Crores.

None of the Directors is interested in the said resolution.

**ITEM NO. 10**

The Company intends to increase the Authorised Share Capital of the Company from Rs.21.75 Crores to Rs. 28.75 Crores. An ordinary Resolution is required to be passed pursuant to the provisions of section 94 of the Companies Act, 1956, to alter Clause V(a) of the Memorandum of Association of the Company. Hence this resolution is proposed for consideration of the shareholders.

None of the Directors of the Company is concerned or interested in the resolution.

**ITEM NO. 11**

Looking to the present business scenario the Company may be intended to diversify its business. Therefore the Shareholders approval is sought to alter its Article of Association by adding another Article No. 133 at its Article of Association by seeking members approval.

None of the Directors of the Company is concerned or interested in the resolution.

Mumbai  
31<sup>st</sup> July, 2010

**Registered Office:**  
Village - Kanpur  
Post Box No. 73  
Udaipur - 313 003

By order of the Board

**M. K. GUPTA**  
Company Secretary



## DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in placing before you the THIRTY SECOND Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2010.

FINANCIAL RESULTS	Year ended 31.03.2010 (Rs. in lacs)	Year ended 31.03.2009 (Rs. in lacs)
Profit before Depreciation and Taxation	749.99	585.50
Less : Depreciation for the year	408.28	279.76
Profit before Taxation	319.11	297.74
Less : Provision for Taxation		
Current Year	49.38	32.50
Deferred Tax	91.17	56.59
Fringe Benefits Tax	-	8.59
Wealth Tax	9.14	0.29
	149.61	107.97
	178.59	187.90
Add/Less : Adjustment for taxation for earlier years (net)	3.47	13.50
Profit after tax	183.97	174.45
Add : Profit brought forward from previous year	557.55	527.50
Amount available for Appropriation	739.52	701.95
Out of which the following appropriations have been made		
Transfer to General Reserve	10.00	10.00
Proposed Dividend:		
Preference Shares	80.45	80.40
Equity Shares	36.97	34.72
Tax on Proposed Dividend	19.88	19.52
Leaving a balance to be carried forward	593.20	557.58
	739.52	701.94

### DIVIDEND ON EQUITY SHARES

Your Directors propose to maintain a Dividend of 10% on Equity Shares i.e. Rs.1.00 per Share of Rs.10/- each. The Dividend, if approved by the Members at the Annual General Meeting, will absorb a sum of Rs. 36.07 Lacs for Dividend and Rs. 6.13 Lacs for Dividend Distributions tax thereon.

### DIVIDEND ON PREFERENCE SHARES

The Dividend @ 10% on Cumulative Redeemable Preference shares of Rs.100/- each has to be paid as per the terms of the issue for the year, which will absorb a sum of Rs.80.45 Lacs for such Dividend and Rs.13.67 Lacs for Dividend Distribution Tax thereon.

### OPERATIONS

During the year under review, your Company has achieved a turnover of Rs.16,485.60 Lacs as compared to Rs.12,562.41 Lacs in the previous year reflecting an increase of 31.23%. The Company has produced 10,380 MT of yarn as compared to 7,562 MT produced in the previous year.

### EXPORTS

Exports (FOB) during the year was Rs.12,002 Lacs as against 10,881 Lacs. Exports have increased by 10.30% as compared to previous year.

### CURRENT OUTLOOK

Current outlook, industry structure & development along with opportunities and threats are discussed in detail in Management Discussion & Analysis Report, which forms part of this report.

### FINANCE

During the year under review the Company has repaid Rs.142.90 Lacs of term loans to the Financial Institutions. Balance disbursement of Rs.89 Lacs was also received during the year from State Bank of India against term loan sanctioned by them in earlier year.

### FIXED DEPOSITS

The Company has not accepted any deposits during the year under review within the meaning of Section 58A of the Companies Act, 1956.

### EXPANSION OF PLANT

During the year the Company has completed Expansion by installing 6240 Spindles at its Plant situated at Village: Kanpur, Udaipur as planned in earlier year.

### SHARES CAPITAL

There is no change in Equity and Preference Share Capital during the year.

### CAPTIVE POWER SUPPLY

Trial Power supply from Lignite based Captive Power Plant of 135 MW located at Bikaner in the State of Rajasthan for which the Company has invested an amount of Rs. 2.26 Crores in Equity and Preference Shares of the said Company, has started in July, 2010. It is expected that the full supply of Power will start in August/September, 2010, which will reduce the cost of power.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts for the year ended March 31, 2010 the applicable accounting standards have been followed alongwith proper explanation relating to material departures and the notes to the accounts are self explanatory.
- 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 as on 31<sup>st</sup> March, 2010 and of the profit of the Company for the year ended on that.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the annual accounts for the year ended 31<sup>st</sup> March, 2010 on a going concern basis.



## REPORT ON CORPORATE GOVERNANCE

A separate section on Corporate Governance and a certificate from Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchange form part of the Annual Report.

## DIRECTORS

Shri S.L.Shroff, Shri N.G.Khaitan and Shri B.K.Agrawal retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Information as required pursuant to Clause 49 of the Listing Agreement with the Stock Exchange on the Directors including those retiring by rotation is provided in the Report of Corporate Governance.

## MANAGEMENT

The Board of Directors of the Company has appointed Shri Rahul Shroff, as Wholetime Director of the Company to be designated as Executive Director for a period of 3 years w.e. from 01<sup>st</sup> August, 2010. Remuneration and other terms of appointment of Shri Rahul Shroff have also been approved by the Remuneration Committee in its meeting held on 31<sup>st</sup> July, 2010. Appointment and remuneration referred to herein above is subject to approval of shareholders in the ensuing Annual General Meeting.

## SUBSIDIARY COMPANY

The Company has no Subsidiary as on 31<sup>st</sup> March, 2010.

## AUDIT COMMITTEE

As per the requirement of Clause 49 of the Listing Agreements with Stock Exchange and in compliance of Sec.292 (A) of Companies Act, 1956, the Company had constituted an Audit Committee comprising the following Directors :

1. Shri V. B. L. Mathur
2. Shri P. C. D. Nambiar
3. Shri N. G. Khaitan
4. Shri K. L. Sonthalia

Shri V.B.L. Mathur is the Chairman of the Audit Committee. The composition, role, functions and powers of the "Audit Committee" are in accordance with Clause 49 of the Listing Agreements with Stock Exchange and Section 292A of the Companies Act, 1956.

## PERSONNEL & INDUSTRIAL RELATIONS

The detailed discussion on human resources & industrial relations is made in "Management Discussion & Analysis Report" which forms part of this report. The Board places on record their appreciation for the efforts and contribution made by all the employees for continued high level of performance.

As required under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended the particulars of employees of the Company who were in receipt of remuneration of Rs.2,00,000/- per month or more is annexed and marked as Annexure '1' which forms part of this report.

## AUDITORS

M/s G.P. Kejriwal & Co. Chartered Accountants, Jaipur, the retiring Auditors, offer themselves for re-appointment. The Company has received acceptance from the Auditors to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

## AUDITORS' REPORT

The observations of the Auditors' read together with the notes in Accounts referred to by them in their report are self-explanatory. However in this regard we have to state further as under :

- i. The Company is following Mercantile System of Accounting on all items and recognises Income and Expenditure on accrual basis except for certain items as mentioned in schedule 23 note 1(ix) of Annual Accounts due to the reasons mentioned therein.
- ii. The Company has a system of writing off of Deferred Revenue Expenditure over a period of 5 years as the benefit will accrue over a period of such time. This year no deferred Revenue Expenditure has been incurred and such unamortised expenditure is Rs.9,39,587/- as on 31.03.2010. However all related details for Expenditure incurred are stated in note no. 1(xii) in Schedule 23 of Annual Accounts.
- iii. During this year Turnover as per Profit & Loss Account and schedule '14' of Turnover includes Net Foreign Exchange Gain of Rs.3,21,00,165/- on a/c of Forward cover for export sale as stated in note no. 7(xiii) in Schedule 23 of Annual Accounts. Management is of the view that this is not contrary to the Accounting Standard AS-11, as applicable and the provision of schedule VI (Part II) of the Companies Act, 1956.
- iv. There were slight delays in payment of certain dues towards Service Tax, VAT and Tax deducted at source. Though such delays were insignificant in nature, the concerned officers have been requested to ensure timely payments and deposits.

## PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The statement pursuant to Section 217(1) (e) of the Companies Act, 1956, read with Companies Act (Disclosure of Particulars in the Report of Board of Directors) Rules, 1986 is given in the Annexure '2' forming part of the report.

## ACKNOWLEDGMENT

Your Directors expresses their grateful appreciation of the co-operation and continued assistance received from the Financial Institutions, Banks, Government Authorities, Shareholders and Suppliers and Esteemed Customers. Your Directors also wish to place on record the appreciation of the services rendered by the Employees of the Company.

On behalf of the Board

Place : Mumbai      R. N. SHARMA      SANJIV SHROFF  
31<sup>st</sup> July, 2010      Wholetime Director      Managing Director



## ANNEXTURE '1' TO THE DIRECTORS' REPORT

Statement showing the particulars of employees pursuant to the provision of section 217 (2A) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2010.

S. No.	Name	Age (Yrs)	Designation & nature of duties	Remuneration Received (Rs.)	Qualification & Experience	Date of Commencement of Employment	Last Employment & Designation	Duration (Years)
Employed throughout the year under review and were in receipt of remuneration for the financial year in the aggregate of not less than Rs.24,00,000/-								
1.	Sh. Shroff Sanjiv	49	Managing Director	25,07,571	B.Sc. (Hons.) 22 years	1.9.1988		

**Notes :**

1. Above appointment is contractual.
2. Shri Sanjiv Shroff, Managing Director who is a relative of Shri S.L.Shroff, Chairman and Shri N.G.Khaitan and Shri Rahul Shroff, Directors of the Company.
3. Remuneration as shown above includes salary, other allowances contribution to provident fund and also the monetary value if perquisites calculated in accordance with the provision on Income Tax Act, 1951 and the rules made thereunder.

On behalf of the Board

Place : Mumbai  
Dated : 31<sup>st</sup> July, 2010**R. N. SHARMA**  
Wholtime Director**SANJIV SHROFF**  
Managing Director



**ANNEXTURE '2'**

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2010.

**A. CONSERVATION OF ENERGY**

**1. Energy Conservation Measures Taken**

- The Company is continuing with the energy conservation measures taken in earlier years.
- Pumps at another two Towers were replaced by energy saver pumps & motor.
- Asia- Electronics Tube Fittings have been replaced for energy conservation in one more sections of production hall.
- We have installed Humidifiers in production departments for direct increase of humidity to improve quality of Yarn.

**2. Additional investment and proposals, if any, being implemented for reducing the Energy Consumption.**

- We are planning to collect condensate (the hot water) for Dyeing Machine, Heating coil and pipe line, so that the load on Boiler will reduce by feeding this collected hot water in place of cold water.
- Pumps at another two Towers will be replaced by energy saver pumps & motors.
- We are taking trial for installing fogrizer to increase humidity in one finishing department which will help to improve quality and production of yarn.

**FORM 'A'**

Form for disclosure of particulars with respect to conservation of energy 2009-2010.

**(A) Power and Fuel Consumption**

	Current Year Previous Year	
	31.03.2010	31.03.2009
<b>(1) Electricity</b>		
a) Purchased Unit (KWH)	3,22,30,560	1,50,69,900
Total Amount (Rs.)	13,39,64,896	6,59,26,029
Rate/ Unit (Rs.)	4.16	4.37
b) Own Generation		
i) Through Diesel		
Generator (Unit KWH)	13,680	85,750
Units per Ltr. of Diesel oil	2.45	2.88
Cost/ Unit (Rs.)	13.13	11.00
ii) Through Furnace oil		
Generator (Unit KWH)	13,39,810	89,06,310
Units per Ltr. of F.O.	4.14	4.12
Cost/ Unit (Rs.)	5.13	4.94
<b>(2) Coal</b>		
Quantity	<b>B. Grade</b>	<b>B. Grade</b>
Where used	<b>Boiler</b>	<b>Boiler</b>
Quantity (Tonnes)	2,085	933
Total Cost (Rs.)	1,15,55,991	55,29,350
Average Rate/ Ton (Rs.)	5,542	5,815

**(3) Furnace Oil Based Boiler**

Quantity - HFO (in Ltrs.)	5,543	5,18,675
Quantity - HSD (in-Ltrs.)	-	-
Total Cost (Rs.)	88,355	1,57,89,927
Average rate per Ltr. (Rs.)	15.94	29.96

**(4) Other/ Internal Generation**

NA NA

**(B) Consumption per unit of production**

Product	Synthetic Blended Yarn	
	Current Year	Previous Year
Units	Per Kg.	Per Kg.
Electricity	3.24	3.18
Furnace Oil	NA	NA
Coal (Specify Quality)	NA	NA
Other (Specify)	NA	NA

**B. TECHNOLOGY ABSORPTION**

**1. RESEARCH & DEVELOPMENT (R & D)**

**(a) Specific Areas in which R & D carried out in the Company**

- Improving the regularity of Yarn and thus bringing down the count variation (CV).
- Improvement in Dyeing process to achieve better working of dyed fibre in spinning.

**(b) Benefit derived as a result of the above R & D.**

Improved Yarn Quality.

**(c) Further plan of action.**

To develop new innovative yarn for Upholstery use.

**(d) Expenditure on R & D.**

Capital : Rs. NIL

Recurring : R & D expenses can not be segregated.

**2. TECHNOLOGICAL ABSORPTION, ADOPTION AND INNOVATION**

Installed 100% Auto Coned yarn capacity.

**C. FOREIGN EXCHANGE EARNINGS AND OUT GO**

	(Rs. in Lacs)
1. Foreign Exchange Earnings (FOB Value of Export)	12,002.36
2. Foreign Exchange outgo	658.25

On behalf of the Board

Place : Mumbai **R. N. SHARMA** **SANJIV SHROFF**  
31<sup>st</sup> July, 2010 **Wholetime Director** **Managing Director**



## REPORT ON CORPORATE GOVERNANCE

### 1. Company's philosophy on the Code of Governance

The Company firmly believes in following the best standards of business practices and ethics to conduct its operations and follows the principle of transparency, integrity, accountability and equity while dealing with its shareholders, lenders, employees, government, other stakeholders and society at large. The Company's philosophy on Corporate Governance is in line with the requirements of Clause 49 of the Listing Agreement with Stock Exchanges. The Company has professionals on its Board of Directors who are actively involved in the deliberations of the Board on all important policy matters.

### 2. Code of Conduct

In tune with the Corporate philosophy stated in the preceding para, the Board of Directors of the Company has laid down a Code of Conduct for all the Board Members and Senior Management of the Company in terms of the requirement placed in Clause 49 of the Listing Agreement. The Code of Conduct is displayed at Company's website [www.reliancechemotex.com](http://www.reliancechemotex.com) under the head "Code of Conduct". Affirmation regarding Compliance with the Code of Conduct has been obtained from all the Board Members and Senior Management Personnel of the Company.

### 3. Board of Directors

The Company has a Combination of executive and non-executive Directors. Though the Company has a Non-executive Chairman, since the Chairman is a Promoter Director so he is not regarded as independent Director and as required by the amended Listing Agreement the number of independent Directors are 50% of total number of Directors and there are more than 50% non Executive Directors at our Board. The Composition of the Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other Directorships in Indian Public Companies are as follows :

Name of Director	Category	No. of Board Meetings attended	Last AGM attended	No. of other Directorships and Committee Member/Chairmanship			Shares held	
				Other Directorship	Committee Membership	Committee Chairmanship	Equity	Preference
Shri Shanker Lal Shroff (Chairman)	Promoter Not Independent Non-Executive	2	NO	1	-	-	195650	60000
Shri Sanjiv Shroff (Managing Director)	Not Independent Executive	3	NO	-	-	-	83800	115000
Shri B. K. Jhavar	Independent Non-Executive	-	NO	5	2	-	200	-
Shri N. G. Khaitan	Not Independent Non-Executive	4	YES	9	8	1	100	-
Shri P. C. D. Nambiar	Independent Non-Executive	2	NO	5	3	3	-	-
Shri V. B. L. Mathur	Independent Non-Executive	3	YES	2	3	-	-	-
Shri K. L. Sonthalia	Independent Non-Executive	4	NO	-	-	-	200	-
Shri B. K. Agrawal	Independent Non-Executive	-	NO	3	-	2	-	-
Shri Rahul Shroff	Not Independent Non-Executive	-	NO	-	-	-	-	-
Shri R. N. Sharma (Wholetime Director)	Not Independent Executive	2	YES	-	-	-	50	-

#### Number of Board Meetings held and their dates of holding

Dates of Board Meetings are fixed in advance for the financial year and agenda papers are circulated to Directors advance during the year 2009-10. Four Board Meeting were held at the following dates 30.06.2009, 31.07.2009, 31.10.2009 and 30.01.2010 respectively.

**4. Committees of the Board**

The Board of Directors has Constituted 3 Committees of the Directors with adequate delegation of powers to discharge urgent business of the Company. These Committees are (a) Audit Committee (b) Shareholders/ Investors Grievance Committee and (c) Remuneration Committee

The details of Audit Committee and Shareholder/ Investors Grievance Committee are as follows :

**(a) Audit Committee**

**(i) Terms of reference**

Audit Committee was constituted in terms of reference as contained in the Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956. The functions of Audit Committee are according to the Statutory and Regulatory requirements. The Minutes of meetings of the Audit Committee are circulated to members of the Committee and the Board.

**(ii) Composition of Audit Committee**

The Committee Comprises of 4 non-executive Directors who have requisite Financial and Management expertise. The Statutory Auditors, Internal Auditors and Cost Auditors are being invited to the meetings. Shri M.K. Gupta, Company Secretary is the Secretary of the Committee. The attendance of the members at the meeting during the year are as follows :

Names of Members	Category	Number of meetings attended
Shri V. B. L. Mathur Chairman	Independent Non-Executive	3
Shri N. G. Khaitan	Not Independent Non-Executive	5
Shri P. C. D. Nambiar	Independent Non-Executive	3
Shri K. L. Sonthalia	Independent Non-Executive	5

The meetings of the Audit Committee during the year were held on the following dates: 18.04.2009, 30.06.2009, 31.07.2009, 31.10.2009 and 30.01.2010 respectively.

**(b) Shareholders/Investors Grievances Committee**

**(i) Terms of reference**

The Committee has been constituted as per provisions as setout in the Listing Agreement and specifically look into the redressing of Shareholders and Investors complaints in respect to Transfer of Shares, Dematerialisation of Shares, Issue of Duplicate Share Certificate, Non-receipt of Balance Sheet, Non-receipt of declared Dividends etc. Minutes of meetings of the Shareholders/ Investors' Grievances Committee are circulated to members of the Committee and the Board.

**(ii) Composition of Shareholders/ Investors Grievances Committee**

The Committee comprises of 2 (two) non-executive Directors, Managing Director and Whole Time Director. Shri M.K. Gupta, Company Secretary is the Compliance officer of the Company. The Committee held four Meetings during the year and the attendance of the members at the meeting are as follows :

Names of Members	Category	Number of meetings attended
Shri V. B. L. Mathur Chairman	Independent Non-Executive	3
Shri K. L. Sonthalia	Independent Non-Executive	4
Shri Sanjiv Shroff	Not-Independent Executive	4
Shri R. N. Sharma	Not-Independent Executive	2

The Committee held its meetings during the year on following dates: 30.06.2009, 31.07.2009, 31.10.2009 and 30.01.2010 respectively.



(iii) **Transfer of Shares :**

To expedite the process of Share transfers the power of Share transfer has been delegated to the Registrar and Share Transfer Agents. The Registrar and Share Transfer Agents are attending to Share transfer formalities at least once in a week.

(iv) **Investors, Complaints received and resolved during the year**

The Company has received 12 letters/complaints from investors which have been resolved during the year. There was no unresolved complaints as on 31<sup>st</sup> March, 2010. There were no transfer of shares pending for registration for more than 30 days as on 31<sup>st</sup> March, 2010. The details of complaints received by the Company and Registrar & Share Transfer Agent and resolved as quarter wise during the year 2009-2010 are as under :

Quarter ended on	No. of Complaints received
30.06.2009	2
30.09.2009	4
31.12.2009	4
31.03.2010	2
<b>Total</b>	<b>12</b>

(c) **Remuneration Committee**

The Company has also constituted a Remuneration Committee for approval of the remuneration payable to the managerial persons with reference to provisions of Schedule XIII of the Companies Act, 1956, Clause 49 of the listing agreement and within the ceiling fixed by the Shareholders. The Committee held a Meeting on 30<sup>th</sup> June, 2009 to re-appoint Shri R.N.Sharma as Wholtime Director of the Company for a further period of 3 (Three) years w.e.f. 1<sup>st</sup> November, 2009, which was attended by two independent non-executive Directors of the Company i.e. Shri V.B.L.Mathur, Chairman and Shri K.L.Sonthalia, as member of the Remuneration Committee.

5. **Details of remuneration paid to Directors for the year 2009-2010**

(Amount in Rs.)

(i) **Executive Directors**

Name of Executive Director	Basic Salary	Exgratia	Allowances & Perquisites	Contribution to PF	Total	Service Contract (Years)	Period
Shri Sanjiv Shroff	15,00,000	-	8,27,571	1,80,000	25,07,571	3	01/09/08 to 31/08/11
Shri R. N. Sharma	9,00,000	1,80,000	1,80,552	1,08,000	13,68,552	3	01/11/09 to 31/10/12

(ii) **Non-executive Directors**

The Company pays Sitting fee to non-executive Directors for attending Board Meeting / Committee Meeting. The details of Directors fee paid during the year 2009-2010 are as follows :

Name of Director	Sitting fee for ( Amount in Rs.)	
	Board Meeting	Committee Meeting
Shri Shanker Lal Shroff	-	-
Shri B. K. Jhavar	-	25,000
Shri N. G. Khaitan	40,000	15,000
Shri P. C. D. Nambiar	20,000	21,000
Shri V. B. L. Mathur	30,000	32,500
Shri K. L. Sonthalia	40,000	-
Shri B. K. Agrawal	-	-
Shri Rahul Shroff	-	-

6. **General Body Meetings**

(i) Location, date and time of Annual General Meetings held during last three years.

Year	AGM	Location	Date	Time
2006-07	29 <sup>th</sup> AGM	Hotel India International, Udaipur	24 <sup>th</sup> Sept. 2007	11:00 AM
2007-08	30 <sup>th</sup> AGM	Hotel India International, Udaipur	29 <sup>th</sup> Sept. 2008	11:00 AM
2008-09	31 <sup>st</sup> AGM	Hotel India International, Udaipur	19 <sup>th</sup> Sept. 2009	10:30 AM

(ii) Extra Ordinary General Meeting

Year	AGM	Location	Date	Time
2007-08	EGM	Village Kanpur, Udaipur	26 <sup>th</sup> Mar. 2009	11.00 AM

**Special Resolutions passed in the previous three AGMs :**

**(a) In the AGM held on 19<sup>th</sup> September 2009 :**

To re-appoint Shri R.N.Sharma, as wholetime Director of the Company for a further period of 3 (three) years w.e.f. 1<sup>st</sup> November, 2009.

Shri V.B.L. Mathur Chairman and Shri N.G.Khaitan, member of the Audit Committee were present at the Annual General Meeting to reply to the Shareholders queries.

A Postal Ballot notice pursuant to section 192A of the Companies Act, 1956 for passing a Special Resolution under section 16 of the Companies Act., 1956 for the following business was also sent to all the Shareholders of the Company alongwith Notice dated 31<sup>st</sup> July, 2009 for calling the Annual General Meeting of the Company held on 19<sup>th</sup> September, 2009 to alter Memorandum of Association of the Company by inserting a new object Clause No.5 as the Company intends to sell / deal in power.

**Procedure adopted for Postal Ballots was as under :**

- (i) Members entitled to attend and vote at the meeting indicated their assent or dissent to the special resolution by voting through Postal Ballot in the prescribed form and by returning the same in the postage prepaid envelope so as to reach the Scrutinizer before the date specified in this regard in the Postal Ballot form.
- (ii) The Postal Ballot forms duly completed and signed were received at the registered office of the Company at Village : Kanpur, Post No.73, Udaipur-313 003 (Raj.).
- (iii) Postal Ballot received by the Company after the date specified in the Postal Ballot form was treated as if the reply from Member(s) was not received.
- (iv) Incomplete, unsigned or incorrectly ticked ballots were rejected.
- (v) The Company had appointed Mr. C.L.Ostwal, Chartered Accountant as the Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner.
- (vi) The Scrutinizer submitted his report vide his letter dated October 12, 2009.
- (vii) The result of the Postal Ballot was declared by the Managing Director of the Company as on October 15, 2009 and the same was published in Financial Express, Mumbai edition on October 16, 2009 and Prastakal, Udaipur (Raj.) edition on October 17, 2009 respectively. The Board of Directors of the Company has also approved the same in its meeting held on October 31, 2009.

**Approval for alteration in existing object Clause of Memorandum of Association of the Company by adding Clause No. 5 as the Company intends to sell/ deal in Power.**

Total Number of Postal Ballots received from the members	54
Total Number of votes held by the members who voted by Postal Ballots	1775799
Number of Postal Ballots in favour of the Special Resolution	52
Vote in favour of the Special Resolution	1775699
Number of Postal Ballot against the Special Resolution	02
Votes against the Special Resolution	100
Number of Postal Ballot papers invalid	-

**(b) In the AGM held on 29<sup>th</sup> September 2008 :**

To increase the salary payable to Shri R.N.Sharma, Wholetime Director of the Company.

To re-appoint Shri Sanjiv Shroff as Managing Director of the Company for a further period of 3 (three) years w.e.f. 1<sup>st</sup> September, 2008.

**(c) In the AGM held on 24<sup>th</sup> September 2007 :**

To increase the Salary payable to Shri Sanjiv Shroff, Managing Director of the Company.

Issue of Preference Share u/s 81 (1A) of the Companies Act., 1956 other than to Share Holders in such terms and conditions as the Board may think fit.



- (d) Presently no Special Resolution is proposed to be conducted through Postal Ballot in the ensuing AGM but following Resolutions are proposed to be passed as Special Resolutions :-

To appoint Shri Rahul Shroff, as Wholtime Director to be designated as Executive Director of the Company and to fix the remuneration payable to him.

To alter the Article of Association of the Company by adding another Article, under the heading "Members approval for Change in Business".

**Extra Ordinary General Meeting held on 26<sup>th</sup> March, 2009 :**

Special Resolution was passed pursuant to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 to accord consent of the Company by authorizing the Board to issue and allot 1,65,750 Equity Share of Rs.10/- each at a premium of Rs.17/- per Equity Share, amounting to Rs.44,75,250/- to M/s Modern Fibotex India Limited, a Promoter Group Company and/or their nominee (s), by way of preferential allotment on such term and conditions as may be decided by the Board.

**7. Disclosures**

- (i) During the year, there was no materially significant transactions except as set out in Schedule 23 of the Annual Report with the related parties viz Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have a potential conflict with the interest of the Company at large.
- (ii) There has not been any Significant changes in the accounting policies during the year.
- (iii) Pecuniary relationship or transaction of the Non-Executive Directors:  
There is no material transaction with any Non-Executive as well as Independent Director that require a separate disclosure.
- (iv) No penalties or Strictures have been imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority on any matter related to Capital Markets for non Compliance by the Company during the last three years.
- (v) The Company does not have any whistle Blower Policy as on now but no personnel is being denied any access to the Audit Committee.
- (vi) All the mandatory requirement have been appropriately complied with and the non-mandatory requirements are dealt with at the end of this report.

**8. Means of Communication**

- (i) The quarterly, half yearly and annual audited financial results of the Company have been sent to the Stock Exchange immediately after they are approved by the Board of Directors. The results are normally published in Financial Express (English) and Pratik/ Rashtradoot (Hindi). However, half yearly reports are not separately sent to each of the Shareholders. Financial Results and Shareholding Pattern are also available at Company's Web Site [www.reliancechemotex.com](http://www.reliancechemotex.com).
- (ii) Management Discussion and Analysis Report form part of this Annual Report.

**9. General Shareholder's Information**

(a)

1.	Annual General Meeting Date, Time and Venue	27 <sup>th</sup> September, 2010 at 10.30 A.M. at Hotel India International, Sardarpura, Udaipur (Rajasthan)
2.	Financial Calendar: Financial Year Quarterly Financial reporting	1 <sup>st</sup> April to 31 <sup>st</sup> March Within 30 days of each quarter except fourth quarter when Annual Results are published within 3 Months
3.	Book Closure	The Register of Members and Share Transfer Books of the Company will remain closed from 20 <sup>th</sup> September, 2010 to 27 <sup>th</sup> September, 2010 (both days inclusive)
4.	Dividend payment date	01 <sup>st</sup> October, 2010
5.	Listing on Stock Exchanges and Stock Code	The shares of the Company are listed at Bombay Stock Exchange Limited, Mumbai with the Code No.503162
6.	Registrar and Share Transfer Agent	In terms of SEBI regulations regarding appointment of common share transfer agency, the Company has appointed M/s. Bigshares Services Pvt. Ltd., Mumbai as its Registrar & Share Transfer Agent to deal with physical as well as electronic transfer of shares.



7.	Dematerialisation of Shares and Liquidity	As on 31 <sup>st</sup> March 2010, 28,63,549 (82.59%) of the total number of shares are in dematerialised form out of the 34,67,250 listed Equity Shares of the Company. Further 1,64,600 Equity Shares issued and allotted on 31.03.2009 are in physical form and the same are yet to be listed at Bombay Stock Exchange (BSE), however the Company has already filed an application with BSE for necessary listing of the said shares. The Company's shares are compulsorily traded at the Stock Exchange in dematerialised form. Equity Shares' International Securities Identification Number (ISIN) is INE750D01016 for dematerialisation of Share with NSDL and as well as CDSL.
8.	Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity	N.A.
9.	Plant Location	The Company has its plant located at following address : Village : Kanpur, District : Udaipur – 313 003 (Raj.)
10.	Address for Correspondence	<b>Registered Office :</b> Reliance Chemotex Industries Limited Post Box No. 73, Village : Kanpur Dist. : Udaipur – 313 003 (Raj.) Ph.No. : 0294-2490488, 2491489, 2491490 Fax No. : 0294-2490067 E-mail : udaipur@reliancechemotex.com Website : Reliancechemotex.com  <b>Registrar &amp; Share Transfer Agent :</b> M/s. Bigshare Services Pvt. Ltd. E- 2 & 3, Ansa Industrial Estate, Saki Vihar Road Saki Naka, Andhori (E), Mumbai – 400 072 Ph. No. : 28470852 Fax : 28475207 E-mail : info@bigshareonline.com

(b) Distribution of Shareholding as on 31<sup>st</sup> March 2010 are as under :

(i) According to category of holding :

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Promoters	11	0.08	17,08,600	47.04
FI's & Banks	1	0.01	150	1.01
Individuals	13,550	98.05	16,64,062	45.82
Body Corporate	177	1.28	1,81,378	4.99
NRI	71	0.51	74,430	2.05
Clearing Members	10	0.07	3,230	0.09
<b>TOTAL</b>	<b>13,820</b>	<b>100.00</b>	<b>36,31,850</b>	<b>100.00</b>

(ii) According to Number of Equity Shares :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1-500	13,367	96.72	11,62,279	32.95
501-1000	273	1.98	2,21,372	6.09
1001-5000	156	1.13	3,23,093	8.90
5001-10000	13	0.09	86,379	2.38
Over 10000	11	0.08	18,38,727	50.63
<b>TOTAL</b>	<b>13,820</b>	<b>100.00</b>	<b>36,31,850</b>	<b>100.00</b>



(c) Market Price Data :

Monthly high/low market price of the Company's Equity Shares traded on the Stock Exchange, Mumbai and performance in Comparison to BSE Sensex are as follows :

Month	MUMBAI STOCK EXCHANGE		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
Apr'09	32.70	16.30	11492.10	9546.29
May'09	40.70	21.45	14930.54	11621.30
Jun'09	43.70	28.20	15600.30	14016.95
Jul '09	33.90	25.00	15732.81	13219.99
Aug'09	33.70	27.10	16002.46	14684.45
Sep'09	43.40	30.65	17142.52	15356.72
Oct'09	38.95	30.05	17493.17	15605.20
Nov'09	32.75	27.75	17290.48	15330.56
Dec'09	33.00	28.60	17530.94	16577.78
Jan'10	42.00	29.35	17790.33	15982.08
Feb'10	33.70	28.40	16669.25	15651.99
Mar'10	32.00	26.40	17793.01	16438.45

Source: BSE website (bseindia.com/hisdata/stockprc2.asp)

10. Disclosures regarding Appointment or Re-appointment of Directors

Term of three Non-Executive Directors Shri S.L.Shroff, Shri N.G.Khaitan and Shri B.K.Agarwal are due for retirement by rotation at this Annual General Meeting and are eligible for re-appointment. The brief particulars of Shri S.L.Shroff, Shri N.G.Khaitan and Shri B.K.Agarwal are as under :

Shri S.L. Shroff, aged 73 years is a Commerce Graduate from the Calcutta University. He is associated with the Textile Industry for the last 40 years. He is Chairman, Promoter and a founder member of the Company. He was also associated in past with Rajasthan Spinning and Weaving Mills Limited and Hindustan Electro Graphites Limited. He has more than four decades of industrial experience. He is Managing Director of M/s. Modam Fibotex India Limited and does not hold membership in any Committee of other Company.

Shri N.G. Khaitan aged about 59 years is a Legal Expert and Solicitor. He is also a senior partner of M/s. Khaitan & Co, a well known firm of Solicitors and Advocates. He has over 30 years of experience in business and industry. He is a Director of the Company since 1977 and is also Director of various Companies. He is holding membership in 8 Committees of other Companies and Chairmanship in 1 Committees of other Companies. Name of the Indian public Companies in which Shri N.G.Khaitan is a Director and member/chairman of the Committee are as under :

S. No.	Name of the Company	Chairman / Director	Particular of Committee	Chairman / Member of Committee
1.	Chase Bright Steel Ltd.	Director		
2.	DPSC Ltd.	Director		
3.	Gobind Sugar Mills Ltd.	Director	Shareholders/ Investors Grievance Committee	Member
4.	HSIL Ltd. (Formerly Hindustan Sanitaryware & Industries Ltd.	Director	Audit Committee Shareholders/ Investors Grievance Committee Remuneration Committee	Member Member Member
5.	J. K. Laxmi Cement Ltd.	Director	Audit Committee Shareholders/ Investors Grievance Committee	Member Member
6.	Manglam Cement Ltd.	Director	Audit Committee	Member
7.	Manglam Timber Products Ltd.	Director	Audit Committee Share Transfer Committee	Chairman Member
8.	Naga Dhunseri Group Ltd.	Director		
9.	Rasoi Ltd.	Director		



**RELIANCE**  
CHEMOTEX INDUSTRIES LIMITED

Shri B.K. Agarwal, aged 64 years is a Commerce Graduate from the Calcutta University. He is a prominent and renowned Industrialist. He has over 30 years of experience in Manufacturing of Packing, Steel, Iron and Aluminium products. He is holding membership in 2 Committees of other Companies and not holding the position of Chairmanship in any committee of other Companies. Name of the Indian Public Companies in which Shri B.K. Agarwal is a Director and member of the committee are as under :-

S. No.	Name of the Company	Chairman / Director	Particular of Committee	Chairman / Member of Committee
1.	Agrim Steel Industries Limited	Director	-	-
2.	Manaksia Limited	Director	Share Transfer Grievances Committee Committee Meeting	Member Member
3.	Manaksia Steels Limited	Director	-	-

The Shares held by the above Directors have already been disclosed under the caption Board of Directors under serial no.3 above.

**11. Non-Mandatory requirements**

The Company has not adopted any non-mandatory requirements except the formation of Remuneration Committee.

**Declaration regarding affirmation of Code of Conduct**

In terms of the requirement of the amended Clause 49 of the Listing Agreement, Code of Conduct as approved by the Board of Directors of the Company has been displayed at Reliance Chemotex Industries Limited's website [www.reliancechemotex.com](http://www.reliancechemotex.com) under the head of Code of Conduct. All the members of the Board and the senior management personnel have affirmed compliance of the Code for the period ended 31<sup>st</sup> March, 2010.

Place : Mumbai  
Date : 31<sup>st</sup> July, 2010

**SANJIV SHROFF**  
Managing Director

**AUDITORS' COMPLIANCE CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

To the Members of the Reliance Chemotex Industries Limited

We have examined the compliance of conditions of Corporate Governance by Reliance Chemotex Industries Limited, for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 the above-mentioned Listing Agreement.

According to the information and explanations given to us and as per the records available with the Shareholders Grievances Committee, we state that there were no investor grievances remaining unattended/pending for more than 30 days.

We further state that such compliance 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.

Above Laxmi Dharam Kanta  
Hawa Sarak, 22 Godown,

Jaipur - 302 006  
Dated : 31<sup>st</sup> July, 2010  
Camp : Mumbai

For **G. P. KEJRIWAL & Co.**  
Chartered Accountants  
Firm Reg. No. 001036C

**(K. K. SINGHAL)**  
Partner  
M.N. 50140



## MANAGEMENT DISCUSSION AND ANALYSIS

The management of Reliance Chemotex Industries Limited is pleased to present its report on Management Discussions and Analysis. The Core Business of the Company is manufacturing and marketing of Synthetic Blended Yarn. The report contains expectations of the Company's business based on the current market environment.

### a) Industry structure and developments:

Textile industry is still continued to pass through a difficult phase during the year under review due to general economic slow down and demand recession in domestic as well as export markets. During the year under review the Indian Economy recorded a lower growth rate of 6.75% as compared to an average of 8% in the previous three years. However, there is general awareness and concern about the need to revive the industry and exploit its export potential. On its part, the Government is conscious by announcing various Financial Stimulus and took various steps which should have positive impact on this industry.

The Domestic Demand of the Synthetic Yarn is at present less than the installed capacities in India, thereby there is more emphasis on export. Though the yarn exports had a setback on account of Turkey imposing Anti Dumping Duty. However in spite of this the Turkey market has started picking up as that Country has no alternative for Dyed Blended yarn. It is expected that international demand for Synthetic Yarn is likely to increase and a better realization is expected.

### b) Opportunities and threats:

The Indian Textile Industry has intensive competition in the International Market. There is ample scope of export of Synthetic Yarn to many European Countries thus the Company is harnessing opportunities for profitable growth in these Countries. Textile Industry in the country is continuously attracting investments from domestic and foreign investors. Capacity expansion has already taken place across industry coupled with enticement of interest by global investors in the form of Private equity Investment. This is likely to radically change the shape of industry in next few years.

The Company's philosophy of continuous modernization, strict quality control and continuous innovation will enable it to meet future challenges. The Company had taken steps for enhanced economies of scale, product integration chain, higher productivity, shrinking delivery schedules and aggressive marketing.

### c) Performance review and analysis:

The Company is only in one line of business namely manufacturing and marketing of Synthetics Blended yarn. The Company has no activity outside India except export of yarn manufactured in India. Production of Yarn during the year 2009-10 was 10,380 M.Ton as against 7,562 M.Ton in previous year. The

Company has achieved an operational profit (PBIT) of Rs 1614 Lacs during the year 2009-2010 as against Rs 1077 Lacs in previous year. Company earned profit before tax amounting to Rs 319 Lacs during the year 2009-2010 as against Rs 298 Lacs in the previous year.

Your Company has completed Expansion by installing another 6240 Spindles during the year 2009-2010 at its plant situated at Village - Kanpur, Udaipur as planned in earlier year.

The Company has also received trial supply of Power in the month of July, 10 from a Power generating Company in which it has invested Rs. 2.26 Crores in Equity and Preference Capital and it is expected to receive complete supply of Power in the month of August / September 2010 which will also reduce the Cost of Production and due to this performance of the Company is likely to improve in the Current Year.

### d) Outlook:

Although the outlook for the textile industry is uncertain, the Directors are hopeful that with the thrust on improvement in International Scenario, change in the product mix, cost effectiveness and development of new qualities, it would be possible to meet the challenges being faced by the Indian Textile Industry. It is also expected that the export scenario would improve in the coming years. Your Company's strategy to maximize gains and reduce costs in order to meet the market challenges continues.

### e) Risks and concerns:

Today, the world's focus is on India as the economy is growing. We have to face operational challenges in Global trade in our attempt to improve our share in the world market. Our Company has to face upto economics with better infrastructure and logistic. During the year under review the main earning of the Company has been due to export. Thus there has been over dependence of the Company on Exports for its profitability. The Fast changing Global Economy shall have an impact on the overall performance of the Company. The Company has also completed its Expansion. The key business processes such as market development, order procurement and supply management has been re-engineered and new practices adopted at all levels. Technological obsolescence is an inherent business risk in a fast changing world and fast adaptability to change is crucial for survival of business.

The Company has placed a well documented and established foreign exchange risk policy which is reviewed by the Audit Committee on a regular basis in light of changing scenario of forex market and currency risks are hedged accordingly.

The Management has reviewed the risk management policies and accordingly the Assets, Buildings, Plant & Machineries, Vehicles and Stocks of the Company have been adequately covered under Insurance.



**f) Internal Control System & their adequacy:**

The Company has proper and adequate Internal Audit and Control System and policies in all its spheres of activities to ensure that all the transactions are authorized, recorded and reported correctly. The Company's Internal Control Systems ensure effective monitoring of operations to make sure that there is maximum utilization of resources and that all assets are safeguarded and protected against loss from unauthorized use and dispositions and that all transactions are authorized, recorded and reported diligently. The Management of the Company review the reports of the Internal Auditors regularly, who then bring out the deviations to the notice of the Audit Committee and recommended suitable steps to implement their recommendations.

**g) Company's financial performance and Analysis:**

The Operating performance of the Company has been detailed in the first two paragraphs of the Directors' Report under the head operation and Finance.

**h) Developments in human resources and industrial relations:**

There is no doubt that your Company has achieved the business targets every year due to the continuous and consistent dedicated efforts of the human resources of the Company and this year is no exception.

Employer-Employee relations continued to be cordial throughout the year. Your Company is committed to leveraging its human resources to enhance competitiveness in a globally challenging environment. A high level of organizational vitality is sought to be constantly maintained with a view to achieving the Company's vision.

**i) Cautionary Statement:**

Certain statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward-looking statements," within the meaning of applicable laws and regulations. Forward-looking statements are identified in this report by using words like "anticipates", "believes", "expects", "intends" and other similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied. Some of these risks and uncertainties have been discussed in the section on "Risk Management". The Company takes no responsibility for any consequence of decisions made, based on such statements, and holds no obligation to update these in the future.

## CEO & CFO CERTIFICATION

To,

The Board of Directors  
Reliance Chemotex Industries Limited

We, to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements and the cash flow statement for the period ended 31<sup>st</sup> March, 2010 and that of the best of our knowledge and belief;
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violating the Company's code of conduct.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company and have disclosed to the auditors and the audit committee, deficiencies in the design or operations of internal controls, pertaining to financial reporting, if any, of which we are aware and the steps we have taken, propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the audit committee;
  - (i) Significant changes in internal controls for financial reporting, during the period;
  - (ii) Significant changes in accounting policies during the period and that the same have been disclosed in the Notes to the Financial Statements, and
  - (iii) Instances of significant fraud of which we have become aware and the involvement there in, if any, of the management of an employee having a significant role in the Company's internal control system over financial reporting.

Place : Mumbai  
Date : 19<sup>th</sup> May, 2010

**M. K. GUPTA**  
Company Secretary  
& Chief Financial Officer

**SANJIV SHROFF**  
Managing Director  
& Chief Executive Officer



## AUDITORS' REPORT

To the members of Reliance Chemotex Industries Limited

1. We have audited the attached Balance Sheet of Reliance Chemotex Industries Limited, as at 31<sup>st</sup> March, 2010 and also the Profit and Loss account and 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.
2. We conducted our audit in accordance with the 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 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.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 and on the basis of books and records examined by us in the normal course of audit and on the basis of such checks as we considered appropriate and according to the information and explanations given to us and to the best of our knowledge and belief, we set out in the attached Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above.
  - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) In our opinion subject to Note 1(ix) in schedule 23, proper books of account, as required by law, have been kept by the Company so far as it appears from our examination of the books.

- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of Account as submitted to us;
- (iv) In our opinion subject to Notes 1(ix), 1(xii) and 7(xiii) in Schedule 23 the Balance Sheet, Profit and Loss account and 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 representation received from the Directors, as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to and read together with the NOTES in schedule 23 and the "NOTES" and "OBSERVATIONS" thereon and attached thereto, 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 principles generally accepted in India.
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
  - b) in the case of Profit and Loss account, of the profit for the year ended on that date; and
  - c) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

Above Laxmi Dharam Kanta,  
Hawa Sadak, 22 Godown,  
Jaipur - 302 006

For G.P. KEJRIWAL & CO.  
Chartered Accountants  
Firm Reg. No. 001030C

Dated: 19<sup>th</sup> May, 2010  
Camp: Mumbai

(K. K. SINGHAL)  
Partner  
M.N. 050140



## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (1) of our Report of even date of RELIANCE CHEMOTEX INDUSTRIES LTD. as at and for the year ended 31<sup>st</sup> March, 2010)

- i. (a) The Company is, in our opinion, maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) In accordance with a programme, of verifying the Fixed Assets once in three years, Fixed Assets are reported to have been physically verified by the Management at the year end and the discrepancies noticed on such physical verification, which in our opinion, were not material, in relation to the operations of the Company, have been properly dealt with in the books of accounts. The periodicity of physical verification, in our opinion, is reasonable having regard to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the fixed assets disposed off during the year were not substantial part of fixed assets so as to affect the going concern status of the Company.
- ii. (a) The inventories lying with the Company are reported to have been physically verified by the management at the year end.
- (b) In our opinion the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventories and according to the records of the Company, the discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion, were not material, in relation to the operations of the Company, have been properly dealt with in the books of accounts.
- iii. (a) (i) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and accordingly clauses (ii)(b) to (d) of paragraph 4 of the aforesaid order, are in our opinion, not applicable.
- (ii) According to the information and explanations given to us, the Company has during the year taken unsecured loans of Rs. 83 Lacs from a Director of the Company and of Rs. 131 Lacs from a party covered 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 rates of interest and other terms and conditions of unsecured loans taken by the Company during the year are not, prima-facie, prejudicial to the interest of the Company.
- (c) In absence of stipulations, we have no comments to make as to whether or not the Company is repaying the principal amount as stipulated and is also regular in payment of interest and whether there is any overdue amount of more than one lakh for which steps need to be taken by the Company for payment of the principal amount and interest thereon.
- iv) In our opinion and according to the information and explanations given to us and on the basis of test checks carried out by us, and considering the explanations given by the management that alternative sources not being available for certain OEM and other purchases, it appears that there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to major purchases of inventory, 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, we have neither come across nor have we been informed by the management or the Internal Auditors of the Company of any instance of major weaknesses in the aforesaid internal control procedures, which would require major corrective action.
- v) (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, we are of the opinion that the contracts or arrangements that need to be entered in the register maintained in pursuance of section 301 of the Companies Act 1956 have been entered in the said register.
- (b) According to the information and explanations given to us, the Company has not entered into any transactions exceeding the value of five lakh rupees in respect of any party during the year that need to be entered in the register in pursuance of section 301 of the Companies Act, 1956 and therefore, Clause v (b) of paragraph 4 of the aforesaid order, is in our opinion, not applicable to the Company for the current year.
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the Public during the year under the provisions of sections 58A, 58AA or any other relevant provisions of the Act. Therefore the provisions of clause (vi) of the aforesaid order are not applicable to the Company.
- vii) In our opinion, the internal audit system is by and large commensurate with the size of the Company and nature of its business.



- viii) On the basis of the records produced, we are of the opinion that prima-facie, the cost accounts and records as prescribed by the Central Government under Clause (d) of Sub-Section (1) of Section 209 of the Companies Act, 1956 have been made and maintained. However, we have not carried out a detailed examination of the said accounts and records.
- ix (a) According to the records of the Company, the Company has regularly deposited during the year undisputed statutory dues (to the extent applicable) including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, VAT (Sales Tax), Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities *though there has been delays in depositing dues of Service Tax, VAT and Tax deducted at source.* According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues, which have remained outstanding as at 31.03.2010 for a period of more than six months from the date they became payable.
- (b) On the basis of our examination of the documents produced to us and according to the information and explanations given to us, the dues (to the extent applicable) of income tax/ sales tax/ wealth tax/ service tax/ customs duty/ excise duty/ cess which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Nature of the statute	Nature of the dues	Amount involved Rs.	Period to which it relates to (years ended)	Forum where dispute is pending
Central Excise Act	Excise duty	23,567	31.03.80 31.03.92	The Asst. Commissioner, Central Excise, Udaipur The Asst. Commissioner Appeals, Central Excise, Jaipur
	Service Tax	2,40,837	31.03.03	
		45,22,321	31.03.07	
Rajasthan Sales Tax Act	Various additional sales tax demands	90,300	31.03.02	Tax Tribunal, Ajmer
Income Tax Act 1951	F.B.I.	1,10,830	31.03.08	Deputy Commissioner of Income Tax, Kolkata

We have been informed that except as stated above there are no other amounts which have not been deposited on account of disputes.

- (x) The Company has no accumulated losses as on 31.03.2010 and has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year

- (xi) According to the records of the Company and as per the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution or bank or debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the provisions of any special statute applicable to Chit Fund, Nidhi or mutual benefit fund/ societies are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
- (xvi) On the basis of review of utilisation of funds pertaining to term loans on overall basis as on 31/03/2010 and related information, explanations and statements as made available to us and as represented to us by the management, the term loans taken by the Company during the year were applied during the year for the purpose for which the loans were obtained.
- (xvii) On the basis of review of utilisation of funds on overall basis as on 31/03/2010, related information, explanations and statements as made available to us and as represented to us by the management, no funds raised on Short Term basis have been used for Long Term application.
- (xviii) The Company has not made any preferential allotment of Shares to parties and Companies covered in the register maintained under Section 301 of the Act. During the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) During the course of our examination of the books of account 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 or the Internal Auditors of the Company.

Above Laxmi Dharam Kanta, For G.P. KEJRIWAL & CO.  
Hawa Sadak, 22 Godown, Chartered Accountants  
Jaipur - 302 006 Firm Reg. No. 001036C

Dated : 19<sup>th</sup> May, 2010 (K. K. SINGHAL)  
Camp : Mumbai Partner  
M.N. 050140



**BALANCE SHEET**  
AS AT 31st MARCH, 2010

	Schedule	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS:</b>					
<b>(1) Shareholders' Funds:</b>					
(a) Share Capital	1	11,66,98,375		11,66,98,375	
(b) Reserves and Surplus	2	17,25,92,765	28,92,91,140	16,80,27,600	28,47,25,975
<b>(2) Loan Funds:</b>					
(a) Secured Loans	3	53,11,77,062		53,91,25,055	
(b) Unsecured Loans		13,82,85,618	66,94,62,680	10,84,06,615	84,55,31,670
<b>(3) Deferred Tax Liability (Net)</b>	<b>6</b>		<b>1,48,23,470</b>		<b>55,06,952</b>
<b>TOTAL</b>			<b>97,33,77,290</b>		<b>93,57,64,597</b>
<b>II. APPLICATION OF FUNDS:</b>					
<b>(1) Fixed Assets</b>					
(a) Gross Block	4	99,40,95,299		84,91,59,135	
(b) Less: Depreciation		29,18,32,177		25,59,09,976	
(c) Net Block		70,22,63,122		59,32,49,159	
(d) Capital Work-in-Progress		1,85,82,654		14,28,45,117	
			72,08,45,776		73,60,94,276
<b>(2) Investments</b>	<b>5</b>		<b>2,25,60,000</b>		<b>2,25,60,000</b>
<b>(3) Current Assets, Loans and Advances:</b>					
(a) Inventories	7	28,39,63,084		22,52,07,039	
(b) Sundry Debtors	8	4,85,99,477		2,46,01,588	
(c) Cash and Bank Balances	9	2,33,30,618		1,69,04,895	
(d) Other Current Assets	10	4,06,90,803		3,52,06,358	
(e) Loans and Advances	11	10,69,59,630		9,59,27,240	
		50,35,43,612		39,78,47,120	
<b>Less: Current Liabilities and Provisions:</b>					
(a) Current Liabilities	12	25,70,11,094		20,58,88,569	
(b) Provisions		1,75,00,591		1,78,21,648	
		27,45,11,685		22,37,10,217	
<b>Net Current Assets</b>			<b>22,90,31,927</b>		<b>17,41,36,903</b>
<b>(4) Miscellaneous Expenditure</b>	<b>13</b>		<b>9,39,587</b>		<b>29,73,418</b>
<b>TOTAL</b>			<b>97,33,77,290</b>		<b>93,57,64,597</b>

**Note :** Schedules 1 to 13 and the Notes in Schedule 23 form part of this Balance Sheet.  
As per our attached Report of even date.

For **G. P. KEJRIWAL & CO.**  
Chartered Accountants  
Firm Reg. No. 001036C

On behalf of the Board of Directors

Place : Mumbai  
Dated : 19<sup>th</sup> May, 2010

**K. K. SINGHAL**  
Partner  
M.No. 050140

**M. K. GUPTA**  
Company Secretary  
& Chief Financial Officer

**R. N. SHARMA**  
Wholtime Director

**SANJIV SHROFF**  
Managing Director



**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31st MARCH, 2010**

	Schedule	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>					
Turnover (Gross)	14		1,64,85,60,239 (A)		1,25,62,40,985
Less: Excise Duty			1,82,14,120		64,74,894
Turnover (Net)			1,63,03,46,119		1,24,97,66,091
Increase in stocks	15		—		3,80,62,341
Other Income	16		6,27,97,746		10,34,21,347
			<u>1,69,31,43,865</u>		<u>1,39,12,48,779</u>
<b>EXPENDITURE</b>					
Decrease in stocks	15		1,95,65,422		—
Raw Materials Cost	17		96,82,32,506		74,71,94,246
Employment Cost	18		15,44,96,635		13,39,22,933
Manufacturing Cost	19		27,64,27,762		23,88,10,331
Other Cost	20		11,12,86,263		16,24,35,227
Excise Duty and Sales Tax	21		17,16,980		12,31,688
			<u>1,53,17,25,568</u>		<u>1,28,35,94,425</u>
Profit on Operations			16,14,18,297		10,76,55,354
Less: Financial Expenses	22		8,65,17,776		5,08,05,303
			<u>7,49,00,521</u>		<u>5,68,50,051</u>
Less: Depreciation for the year			4,29,90,012 (B)		2,70,76,160
Profit after Depreciation			3,19,10,509		2,97,73,891
Less: Provision for Taxation for the year					
Income Tax		49,30,000		32,50,000	
Deferred Tax		91,16,518		68,59,396	
Fringe Benefit Tax		—		8,50,000	
Wealth Tax		14,300		20,100	
			<u>1,40,60,818</u>		<u>1,09,79,496</u>
			1,78,49,691		1,87,94,395
Add/(Less): Adjustment for taxation for earlier years (net)			3,47,323		13,49,886
Profit after Taxation			1,81,97,014		1,74,44,509
Unappropriated profit for previous year			5,57,55,072		5,27,49,838
			<u>7,39,52,086</u>		<u>7,01,94,347</u>
<b>APPROPRIATIONS</b>					
Transfer to General Reserve			10,00,000		10,00,000
Proposed Dividend:					
Preference Shares		80,45,000		80,45,000	
Equity Shares		36,06,650	1,16,51,650	34,42,050	1,14,87,050
Tax on Proposed Dividend			19,80,199		19,52,225
Surplus Carried to Balance Sheet			5,93,20,237		5,57,55,072
			<u>7,39,52,086</u>		<u>7,01,94,347</u>
Earnings Per Share			2.44		2.33
Basic / Diluted (Schedule 23 (Note 8))					
(A) Refer Note 7(xiii) in schedule 23					
(B) Refer Note 7(xi) in schedule 23					

Note : Schedules 14 to 22 and the Notes in Schedule 23 form part of this Profit and Loss Account.  
As per our attached Report of even date.

For G. P. KEJRIWAL & CO.  
Chartered Accountants  
Firm Reg. No. 001036C

On behalf of the Board of Directors

Place: Mumbai  
Dated: 19<sup>th</sup> May, 2010

K. K. SINGHAL  
Partner  
M.No. 050140

M. K. GUPTA  
Company Secretary  
& Chief Financial Officer

R. N. SHARMA  
Whole-time Director

SANJIV SHROFF  
Managing Director





**SCHEDULES**

Schedules "1" to "23" Annexed to and forming part of the Company's Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year ended on that date.

	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Rs.	Rs.	Rs.	Rs.
<b>1. SHARE CAPITAL</b>				
<b>Authorised:</b>				
1,35,00,000 Equity Shares of Rs.10/- each		13,50,00,000		13,50,00,000
8,25,000 Preference Shares of Rs.100/- each		8,25,00,000		8,25,00,000
		<u>21,75,00,000</u>		<u>21,75,00,000</u>
<b>Issued:</b>				
36,52,100 Equity Shares of Rs.10/- each		3,65,21,000		3,65,21,000 (a)
8,04,500 10% Cumulative Redeemable Preference Shares of Rs.100/- each		8,04,50,000		8,04,50,000
		<u>11,69,71,000</u>		<u>11,69,71,000</u>
<b>Subscribed and Paid-up:</b>				
36,31,850 Equity Shares of Rs.10/- each fully paid up in cash	3,63,18,500		3,63,18,500 (a)	
Less: Allotment money in Arrears	<u>1,26,000</u>		<u>1,26,000</u>	
	3,61,92,500		3,61,92,500	
Add: Forfeited Shares	55,875 (b)	3,62,48,375	55,875 (b)	3,62,48,375
8,04,500 10% Cumulative Redeemable Preference Shares of Rs.100/- each		8,04,50,000 (c)		8,04,50,000 (c)
		<u>11,66,98,375</u>		<u>11,66,98,375</u>
(a) Includes 1,64,600 Equity Shares of Rs.10/-each allotted on 31.03.09, with due approval and in accordance with SEBI Guidelines, to a Promotor Group Company, on Preferential Basis at a Premium of Rs.17/- Per Share.				
(b) Amount paid up on 20,250 Equity Shares forfeited during an earlier year.				
(c) 5,24,500 Shares are redeemable on expiry of 13 years from the respective dates of allotment on 28.03.2002, 31.10.2002 and 30.01.2003, 98,000 Shares are redeemable on expiry of 14 Years from the date of allotment i.e. 30.07.2005 and 82,000 Shares are redeemable on expiry of 14 Years from the date of allotment on 29.04.2006.				
(d) As stated under Note no.1 in Schedule "3" of Secured Loans : Term Loans of Rs.1,919 Lacs from IDBI Bank Ltd., the Company shall agree that 50% of unsecured loans, i.e. Rs.4 Crores to be converted into equity capital as per SEBI formula within 6 months from date of first disbursement. The Company has taken up the matter with IDBI Bank Ltd. and such Conversion is to be done, on finalisation of the matter.				
<b>2. RESERVES AND SURPLUS</b>				
<b>Capital Reserve:</b>				
Central Cash Subsidy		15,00,000		15,00,000
<b>Share Premium Account</b>				
As per last Account	5,26,71,138		4,98,72,938	
Add: Amount received on Preferential issue of Equity Shares	—		27,98,200	
	<u>5,26,71,138</u>		<u>5,26,71,138</u>	
Less: Amount unpaid	3,78,000	5,22,93,138	3,78,000	5,22,93,138
<b>General Reserve:</b>				
As per last Account	5,84,79,390		5,74,79,390	
Add: Transferred from Profit & Loss Account	10,00,000	5,94,79,390	10,00,000	5,84,79,390
<b>Surplus:</b>				
As per annexed Profit and Loss account		5,93,20,237		5,57,55,072
		<u>17,25,92,765</u>		<u>16,80,27,600</u>



	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Rs.	Rs.	Rs.	Rs.
<b>3. LOAN FUNDS</b>				
<b>SECURED LOANS:</b>				
<b>TERM LOANS:</b>				
IDBI Bank Limited (Refer note 1)		24,01,50,000		25,44,40,000
State Bank of India (SBI) (Refer note 2)		19,64,00,242		18,74,94,242
		<u>43,65,50,242 (a)</u>		<u>44,19,34,242 (a)</u>
<b>Vehicle Loans:</b>				
From Banks	11,61,031		12,06,948	
From Others (Refer note 3)	6,27,644	17,88,675	9,63,308	21,70,256
<b>Borrowings for Working Capital:</b>				
State Bank of India				
Cash & Packing Credit Accounts (Refer note 4)		7,47,61,353		7,07,63,354
IDBI Bank Ltd.				
Cash & Packing Credit Accounts (Refer note 5)		1,80,76,792		2,42,57,203
		<u>53,11,77,062</u>		<u>53,91,25,055</u>
<b>UNSECURED LOANS:</b>				
From Bodies Corporate	12,03,25,000		8,51,75,000	
From a Director	83,50,000		1,50,50,000	
Interest Accrued and Due	96,10,618 (b)	13,82,85,618	61,81,615 (b)	10,64,06,615
		<u>66,94,62,680</u>		<u>64,55,31,670</u>

a) Includes Rs. 5,58,50,000/- (Previous year Rs. 1,42,90,000/-) due within one year.

b) Includes Rs. 4,26,907/- (Previous year Rs. 1,33,745/-) payable to a Director.

**NOTES:**

- (a) Term Loans from IDBI Bank Ltd. under Technology Upgradation Fund Scheme are secured by hypothecation by way of joint first charge ranking pari-passu of all immovable properties (by way of deposit of Title Deeds of Lease Hold Land), both present and future including movable (save and except book debts) machinery, spares, tools and accessories, present and future, subject to prior charges created in favour of Bankers for working capital facilities. The above loans are also guaranteed by Managing Director and one other Director of the Company and are also secured by way of extension of pledge of 5,86,400 Equity Shares of the Company in names of Directors and their relatives.

(b) In respect of Term Loans of Rs.1919 Lacs -

  - The Company shall deploy 50% of total promoter's contribution i.e. Rs.6.42 Crores in the project upfront. The unsecured loans brought in would be sub-ordinated to IDBI loans and the Company would seek IDBI approval for payment of interest, if any, on the unsecured loans and
  - The Company shall agree that 50% of unsecured loans, i.e. Rs. 4 Crores to be converted into equity capital as per SEBI formula within 6 months from date of first disbursement.

The modification charge for reduction of Terms Loans for Power Plant and Expansion from Rs.2678 lacs to Rs.1919 Lacs, is still to be filed with the concerned authorities.
- Term Loans from SBI under Technology Upgradation Fund Scheme are secured by way of joint first charge of all immovable properties (by deposit of Title Deeds of Lease Hold Land with IDBI Bank Ltd. on behalf of SBI), both present and future including movable (save and except book debts) machinery, spares, tools and accessories, present and future, subject to prior charges created in favour of Bankers for working capital facilities. The above loan is also guaranteed by Managing Director and one other Director of the Company and are also secured by way of extension of pledge of Preference Shares of the face value of Rs.1.75 crores of the Company belonging to Directors and pledge of Preference Shares of the face value of Rs.1.50 Crores belonging to a Promoter Company.
- Vehicle Loans from Axis Bank Ltd., HDFC Bank Ltd., The Federal Bank Ltd. & Tata Capital Ltd. are secured by way of Hypothecation of Cars acquired out of the said loans and includes Rs.9,03,138/- (Previous Year Rs.14,67,839/-) due within one year. The charge documents are still to be filed with the concerned authorities
- Borrowings from SBI for working capital are secured by hypothecation of raw materials, stock in transit, process stock, finished goods, consumables stores and spares and book debts and are guaranteed by Managing Director and one other Director of the Company. Such borrowings are also secured by joint second charge of fixed assets of the Company.
- Borrowings from IDBI for working capital are secured by hypothecation of raw materials, stock in transit, process stock, finished goods, consumables stores and spares and book debts and are guaranteed by Managing Director and one other Director of the Company. Such borrowings are also secured by joint second charge of fixed assets of the Company.
- The nature of securities, guarantees and other information as stated, above, under notes 1 to 5 and status of compliance of terms and conditions, are subject to confirmations of respective lenders.



**4. FIXED ASSETS**

	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions	Deductions/ adjustments	As at 31.03.2010	As at 31.03.2009	For the year	Deductions/ Adjustments	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>Land :</b>										
Freehold	8,01,041			8,01,041					8,01,041	8,01,041
Leasehold	10,68,421			10,68,421	3,32,911	10,792		3,43,703	7,24,718	7,35,510
Buildings	19,07,07,683	1,11,88,781	16,95,141	20,02,00,323	2,73,08,423	80,53,495	3,063	3,34,38,955	19,68,51,468	16,33,95,260
Building Construction Equipment	23,451			23,451	23,447			23,447	4	4
Plant & Machinery	63,71,08,394	15,75,77,685	2,37,66,018 (b)(c)	77,09,21,061 (a)	21,99,80,595	3,53,13,829	64,58,096 (c)(d)	24,88,35,528	52,20,85,533	41,71,28,789
Furniture, Fixtures & Equipments	1,00,75,637	10,26,626	6,39,153	1,12,63,110	60,94,813	8,66,980	4,08,495	65,52,288	47,10,812	47,80,824
Vehicles	81,84,058	20,72,088	8,37,704	94,18,442	16,74,471	8,18,816	2,95,231	23,07,858	78,20,586	63,09,687
<b>Intangible Assets</b>										
Computer Software	3,09,450	—		3,09,450	2,15,316	25,174	—	2,40,490	68,980	94,134
<b>Total</b>									78,22,63,122	69,32,49,159
<b>Capital Work in Progress:</b>										
(including Capital Advances (Refer note 7 (v) in Schedule 23))									1,85,82,654	14,28,45,117
<b>As at 31.03.2010</b>	84,91,39,125	17,18,65,180	2,69,29,016	99,40,85,299	25,59,09,976	4,38,88,695	71,65,885	29,18,32,177	72,88,48,776	73,60,94,276
<b>As at 31.03.2009</b>	54,32,98,253	31,36,90,435	78,29,653	84,91,59,135	23,42,73,684	2,70,76,160	54,39,868	25,53,99,976	73,60,94,276	

(a) Refer Note 7 (x) in Schedule 23.

(b) Includes Rs. 1,54,08,480/- transferred to "Manufacturing Cost" in Schedule "19 (refer note 7 (xi) in Schedule 23)".

(c) Includes Rs. 16,52,699/- W.D.V. of Fixed Assets written off.

(d) Includes Rs. 98,074/- for depreciation provided in earlier year on Expenditure referred to under note (b) above and written back this year (refer Note 7 (xi) in Schedule 23).

**5. INVESTMENTS (LONG TERM)**

	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Rs.	Rs.	Rs.	Rs.
<b>Trade Investments :</b>				
(Fully Paid Unquoted "Class A" Shares of M/s VS Lignite Power Private Limited)				
7,70,371 Equity Shares of Rs.10/- each	77,03,710		77,03,710	
14,85,629 0.01% Cumulative Redeemable Preference Shares of Rs.10/- each	1,48,56,290	2,25,60,000	1,48,56,290	2,25,60,000

(a) Refer Notes 1(vi) and 9 in Schedule 23.

**6. DEFERRED TAX ASSETS (NET)**

Deferred Tax Liability on Account of :				
Difference in Depreciation	2,04,75,419		1,06,04,322	
Deferred Revenue Expenditure	3,19,366	2,07,94,785	10,10,663	1,16,14,985
<b>Less : Deferred Tax Assets Expenditure</b> u/s 43 B of the I.T. Act, 1961		61,71,315		61,08,033
		<b>1,46,23,470</b>		<b>55,06,952</b>



## 7. INVENTORIES

(as taken, valued and certified by the Management)

Stores, Spares and Packing Materials etc.	1,53,15,943		1,87,21,411	
Dyes and Chemicals	19,06,459	1,72,22,402	15,60,831	2,02,82,242
Raw Materials		14,70,78,427		6,56,97,120
Finished Goods		6,67,11,786		7,04,63,762 (a)
Work-in Process		5,26,13,636		6,84,68,613
Waste		2,70,287		1,03,783
Scrap and Residual Materials		66,546		1,91,519
		<u>28,39,63,084 (b)</u>		<u>22,52,07,039 (b)</u>

(a) Includes value of stock of Rs. 25,56,519/- lying with outside parties.

(b) Includes items of the value of stock in transit Rs. 2,62,06,664/- (Previous year Rs. 3,85,88,798/-).

## 8. SUNDRY DEBTORS

(Unsecured, considered good by the Management except as otherwise stated)

Debts outstanding for a period exceeding six months

Considered Good	—		14,62,852	
Considered Doubtful	22,21,698		22,66,698	
	<u>22,21,698</u>		<u>37,29,550</u>	
Less : Provision	22,21,698	—	22,66,698	14,62,852
Other Debts :				
Considered Good		4,85,99,477		2,31,38,736
		<u>4,85,99,477</u>		<u>2,46,01,536</u>

## 9. CASH AND BANK BALANCES

Cash and Cheques in Hand (P.Y. also Foreign Currencies in Hand) (as certified)

		11,96,305		6,50,230
With Scheduled Banks :				
On Current Accounts	39,21,153		31,16,634	
On Saving Accounts	3,81,642 (a)		2,47,895 (a)	
On Margin and Deposit Accounts	1,54,49,434 (a,b,c)		1,08,85,054 (a,b,c)	
On Unpaid Dividend Accounts (as per contra)	23,82,084	2,21,34,313	20,05,082	1,82,54,665
		<u>2,33,30,618</u>		<u>1,69,04,895</u>

(a) Includes ear-marked deposits Rs.11,32,297/- (Previous year Rs.10,01,270/-).

(b) Includes Rs.1,45,80,000/- (Previous year Rs.1,00,80,000/-) in respect of Fixed Deposits Receipts deposited with Banks under lien of Banks against Guarantees and Letter of Credit.

(c) Includes interest accrued Rs.1,36,059/- (Previous year Rs.71,678/-).

## 10. OTHER CURRENT ASSETS

(Unsecured, considered good by the Management except as otherwise stated)

DEPB Licence Benefits and Export Incentives and Benefits Receivable	2,50,47,743		2,17,33,940	
Other Receivables	1,56,43,060	4,06,90,803	1,34,72,418	3,52,06,358



	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Rs.	Rs.	Rs.	Rs.
<b>11. LOANS AND ADVANCES</b>				
(Unsecured, considered good by the Management except as otherwise stated)				
<b>Loans to officers (Interest Free)</b>		<b>3,69,432 (a)</b>		<b>5,81,210 (a)</b>
<b>Advances :</b>				
Recoverable in cash or in kind or for value to be received or pending adjustments				
<b>Considered Good :</b>				
Balance with Excise Department	6,629		6,629	
Payments of Taxes and Taxes deducted at source	42,208	48,837	26,17,698	26,24,327
(Less Provision Rs.51,44,226/- P.Y. Rs.43,20,026/-)				
<b>Others :</b>				
Considered Good	10,65,41,361		9,27,21,703	
Considered Doubtful	45,000		45,000	
	10,65,86,361		9,27,66,703	
Less : Provision	45,000	10,65,41,361 (b)(c)	45,000	9,27,21,703 (b)(c)
		<b>10,69,59,630</b>		<b>9,59,27,240</b>

- (a) Maximum amount due at any time during the year Rs.5,81,210/- (Previous year Rs.48,67,749/-).  
 (b) Includes Cenvat/VAT/Service tax and Excise duty rebates etc, receivable Rs.8,81,20,424/- (Previous year Rs.6,31,42,210/-) (also refer Notes 1(viii)(b) and 1(x)(b)in Schedule 23).  
 (c) Also includes Rs.43,41,595/-(previous year Rs.39,69,507/-) refunds of Excise Duty receivable (also refer Note 7(x)in Schedule 23).

**12. CURRENT LIABILITIES AND PROVISIONS**

<b>Current Liabilities :</b>				
<b>Sundry Creditors</b>		<b>23,35,03,323 (a)</b>		<b>18,58,50,399 (a)</b>
Deposits and Advances		75,61,757		22,50,433
Investor Education and Protection Fund shall be credited by:				
Unpaid Dividends (as per contra)		23,82,084 (b)		20,05,062 (b)
Other Liabilities		1,35,63,930		1,57,82,655
		25,70,11,094		20,58,88,569
<b>Provisions :</b>				
Provision for Leave encashment benefits	38,68,742			36,06,332
Provision for Gratuity	—			7,76,041
<b>Proposed Dividend :</b>				
Preference Shares	80,45,000		80,45,000	
Equity Shares	36,06,650	1,16,51,650	34,42,050	1,14,87,050
Tax on Proposed Dividend	19,80,199	1,75,00,591		19,52,225
		<b>27,45,11,685</b>		<b>22,37,10,217</b>

- (a) Refer Note 7(ii) in Schedule 23.  
 (b) The figures reflect the position as on 31.03.2010. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due dates.



	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Rs.	Rs.	Rs.	Rs.
<b>13. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)</b>				
Deferred Revenue Expenditure				
Compensation to workers :				
As per last account	29,73,418		55,19,024	
Less : Written off during the year	<u>20,33,831</u>	<u>9,39,587</u>	<u>25,45,606</u>	29,73,418
		<u>9,39,587</u>		<u>29,73,418</u>
<b>14. TURNOVER</b>				
Sales		1,55,28,72,950		1,22,41,82,256
Less :				
Returns in respect of sales in previous years	2,48,766		1,80,196	
Rabate, Claims and Remissions	<u>7,90,754</u>	<u>10,39,520</u>	<u>23,19,120</u>	24,99,316
		1,55,18,33,430 (a)		1,22,16,82,940 (a)
Add :				
Net Foreign Exchange Gain		3,21,00,165 (b)		—
Consideration (including Premium/Discount) for transfer of DEPB Licence benefits (P.Y. Less at debit Rs.1,24,888/-)		6,46,26,644		3,45,58,045
		<u>1,64,85,60,239</u>		<u>1,25,62,40,985</u>
(a) Excluding sales of scrap and residual materials included under miscellaneous sales, receipts and realisations in Schedule "16".				
(b) Refer Note 7(xiii) in Schedule 23.				
<b>15. (DECREASE) / INCREASE IN STOCKS</b>				
Closing Stock :				
Work-in-Process	5,26,13,636		6,84,68,613	
Finished Goods	6,67,11,786		7,04,63,762	
Waste	2,70,287		1,03,783	
Scrap and Residual Materials	<u>66,546</u>	<u>11,96,62,255</u>	<u>1,91,519</u>	13,92,27,677
Less : Opening Stock :				
Work-in-Process	6,84,68,613		4,71,29,796	
Finished Goods	7,04,63,762		5,33,23,274	
Waste	1,03,783		4,59,214	
Scrap and Residual Material	<u>1,91,519</u>	<u>13,92,27,677</u>	<u>2,53,052</u>	10,11,65,336
		<u>(1,95,65,422)</u>		<u>3,80,62,341</u>
<b>16. OTHER INCOME</b>				
Interest (Tax deducted at source Rs.3,21,580/- Previous year Rs.3,72,505/-)				
On Fixed Deposits with Banks	11,30,893		10,95,569	
On Saving Accounts with Banks	8,927		4,881	
On Debts	<u>11,57,418 (a)</u>	<u>22,97,238</u>	<u>10,45,148</u>	21,45,596
Dividend on Long Term Investments (Trade Investments)		1,486		1,120
Export Incentives and Benefits (net of Rs.22,952/- at debit)				
Miscellaneous Sales, Receipts and Realisations		3,41,89,706		9,33,30,781
Excess Provisions, unspent Liabilities and Sundry Balances		40,22,806		39,27,427
Written back (Net of Rs.22,170/- (P.Y. Rs.8,024/-) at debit)	1,62,82,248			18,11,986
Lease Rent (T.D.S. Rs.58,788/-) (P.Y. Rs.81,576/-)	<u>3,60,000</u>			<u>3,60,000</u>
Profit on sale of Fixed Assets (Net of Loss of Rs.2,31,777/- P.Y. Rs.3,73,406/-)		12,71,166		18,44,435
Insurance Claims		<u>43,73,096 (b)</u>		<u>—</u>
		<u>6,27,97,746</u>		<u>10,34,21,347</u>
(a) Net of Rs.2,65,788/- for short recoveries.				
(b) Refer Note 12(vi) in Schedule 23.				



	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Rs.	Rs.	Rs.	Rs.
<b>17. RAW MATERIALS COST</b>				
<b>Raw Materials Consumed :</b>				
Opening Stock	6,56,97,120		6,57,14,488	
<b>Add :</b>				
Purchases and Incidental Expenses (net of Convat)	1,04,96,13,813	1,11,53,10,933	74,71,76,878	81,28,01,366
<b>Less :</b>				
Closing Stock		14,70,78,427		6,56,97,120
		<u>96,82,32,506</u>		<u>74,71,94,246</u>

**18. EMPLOYMENT COST**

Salaries, Wages and Bonus etc.	13,46,58,885 (a)	11,50,54,653 (a)
Gratuity	32,23,959 (b)	45,59,258 (b)
Provision for Leave Encashment Benefits	3,50,822	4,46,310
Contribution to Provident and Other Funds	1,34,24,518	1,15,31,841
Welfare Expenses	28,38,451	23,30,871
	<u>15,44,96,635</u>	<u>13,39,22,933</u>

(a) Includes Rs. 20,33,830/- (Previous year Rs. 25,45,606/-) Deferred Revenue Expenditure written off (Refer Note 1(xii) in Schedule 23) and provisions Rs. 39.60 Lacs (Previous year Rs. 37.80 Lacs).

(b) Payments to LIC (Refer Note 1(xi)(a) in Schedule 23). Also refer Note 13 in Schedule 23.

**19. MANUFACTURING COST**

Stores and Spare Parts etc.	4,80,94,065	4,03,90,682
Dyes and Chemicals	2,82,61,300	3,21,30,948
Packing Materials	3,36,26,024	3,03,01,350
Power and Fuel	14,11,08,429 (a)	12,66,24,793 (a)
Payments for Electric Installments not owned by Company	1,54,08,480 (b)	— (c)
Repairs to Plant and Machinery	36,31,999 (c)	42,76,972 (c)
Repairs to Building	44,21,974 (d)	39,99,174 (d)
Economic Rent	513	513
Water Charges	18,74,978	10,86,499
	<u>27,64,27,762</u>	<u>23,88,10,331</u>

(a) Includes Stores and Spares Parts Rs.3,70,579/- (Previous year Rs.13,43,424/-), Insurance Rs.2,18,543/- (Previous year Rs.2,95,885/-).

(b) Transferred this year from "Plant & Machinery". Also refer Note 7 (xi) in Schedule 23.

(c) Excluding Stores and Spares Parts and Salaries and Wages (amount not separately ascertainable).

(d) Including Stores and Spares Parts Rs.5,92,620/- (Previous year Rs.10,54,173/-) and Salaries and Wages (amount not separately ascertainable).



	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Rs.	Rs.	Rs.	Rs.
<b>20. OTHER COST</b>				
Rent (Net of realisations Rs. 1,57,675/-) (P.Y. Rs. 1,46,405/-)		23,16,977		14,99,716
Rates and Taxes		3,85,496		3,58,384
Insurance (Net of realisations Rs. 10,57,181/-) (P.Y. Rs. 2,45,135/-)		6,45,349		10,86,355
Commission and Brokerage		3,53,17,658		3,63,55,560
Freight and Octroi charges (Net of realisations Rs. 10,24,179/-) (P.Y. Rs. 2,46,653/-)		4,39,25,916		4,47,98,583
Selling Expenses		62,81,867		50,76,780
Exchange Loss (Net of gain Rs. 5,87,451/-) (P.Y. Rs. 2,11,86,318/-)		38,98,413 (a)		5,28,29,458
Miscellaneous Expenses (Net of realisations Rs. 59,794/-) (P.Y. Rs. 91,941/-)		1,68,11,728		1,98,59,771
Loss on Sales of Stores and spare parts etc.		50,160		—
Fixed Assets Written off		16,52,699		5,25,620
Provision for Doubtful Debts and Advances		—		45,000
Bad and irrecoverable Debts and advance Written Off	—	—	4,17,534	—
Less : Provision for Doubtful Debts and advan- ces made in earlier year written back	—	—	4,17,534	—
		<u>11,12,86,263</u>		<u>16,24,35,227</u>
(a) Refer Note 7(xii) in Schedule 23.				
<b>21. EXCISE DUTY AND SALES TAX</b>				
<b>Excise duty</b>				
On Closing Stock		15,69,229		11,41,836
Sales Tax Paid		1,42,509 (a)		58,534
Other Payments of Excise Duty		5,242 (b)	17,16,980	31,318 (b)
			<u>17,16,980</u>	<u>12,31,689</u>
				<u>12,31,689</u>
(a) Includes Penalty Rs.36,680/-.				
(b) Includes Rs.5,242/- interest (Previous year Rs.12,454/-).				
<b>22. FINANCIAL EXPENSES</b>				
<b>Interest on :</b>				
Term Loans		3,09,74,675 (a)		74,70,773 (a)
Interest on IDBI Working Capital		8,66,139		11,49,281
Banks		70,59,492		44,68,993
Vehicle Loans		2,51,867		2,20,280
On Unsecured Loans		91,45,322 (b) (e)		8,47,183 (b) (e)
			4,82,97,495	1,41,56,510
Other Financial Charges		3,78,59,338 (c) (d)		3,64,85,433 (c)(d)
Cash Discount		3,60,943		1,63,360
		<u>8,65,17,776</u>		<u>5,08,05,303</u>
(a) After adjustment of Rs.2,18,42,626/- (Previous year Rs.50,46,945/-) towards interest subsidy under TUFs.				
(b) Includes Rs.2,93,162/- (P.Y. Rs.1,11,116/-) to Managing Director.				
(c) Includes Rs.74,811/- (P.Y. Rs.2,48,437/-) interest on Service Tax Payments.				
(d) Refer note 7(v) (a) in Schedule 23.				
(e) Refer note 7(v) (b) in Schedule 23.				





**23. NOTES :**

**1. Significant Accounting Policies**

**i) Basis of Preparation of Financial Statements**

The Financial Statements are prepared on going concern assumption and under the historical cost convention, in accordance with generally accepted Accounting principles in India and the provisions of the Companies Act 1956.

**ii) Use of Estimates**

The preparation of financial statements requires estimates and assumption to be made that effect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which results are known/ materialized.

**iii) Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation. Cost (net of Modvat / Cenvat credit) is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use. Interest and other borrowing costs on borrowed funds used to finance the acquisition of fixed assets, upto date the assets are ready for use, are estimated and capitalised and included in the cost of the asset.

**iv) Depreciation**

a) (i) Depreciation on fixed assets is provided pro-rata to the period of use on straight line method in the manner and at the rates specified in schedule XIV to the Companies Act, 1956.

(ii) The Company is providing, since 1<sup>st</sup> April, 1993, depreciation on Plant and Machinery (including machineries related to utilities), considering the same as continuous process plant, which is required and designed to operate 24 hours a day, on the basis of technical opinion obtained by the Company in an earlier year, in this regard. This being a technical matter has been relied upon by the auditors.

b) Value of lease hold land is amortised over the period of lease.

c) Assets of value not exceeding Rs.5,000/- are fully depreciated in the year of purchase. (This year subject to Note 7 (xii) below).

**v) Lease Rentals**

As no assets were taken on lease after 1st April, 2001, the Accounting Standard (AS-19) 'Leases' issued by The Institute of Chartered Accountants of India is not applicable.

**vi) Investment**

a) Investments are stated at cost.

b) Dividend is accounted for on accrual basis.

c) Provision for Temporary diminution (amount not ascertained and stated) in the value of Long Term Investments is made only if such a decline is other than temporary, in the opinion of the management.

d) Also refer note 9 below.

**vii) Valuation of Inventories**

Inventories are valued at lower of cost (net of Cenvat / VAT credit) and net estimated realisable value, as certified by the management. Cost for the purpose of valuation of :

a) (i) Stores, Spares, Packing Materials etc. and Dyes and Chemicals has been computed on the basis of weighted average method.

(ii) There are no significant machinery spares lying in stock which can be directly used in connection with Plant & Machinery and whose life is expected to be irregular.

b) Raw Materials has been computed on the basis of first in first out method.

c) Work in process and Finished goods (also refer note (viii) below) has been computed on the basis of estimated cost of materials, labour, cost of conversion and other costs incurred for bringing the inventories to their present location and condition.

d) Waste and scrap and residual materials are computed on the basis of estimated market price.

e) There are no obsolete/ slow moving stocks for which further provisions need to be made in Accounts.



**viii) Excise Duty and Cenvat / VAT / Service Tax Credits**

- a) The value of closing stock of finished goods lying in factory premises (except goods meant for export) are inclusive of excise duty (refer note 1(x) (b)).
- b) Benefits of Cenvat/VAT/Service Tax Credits etc to the extent claimed/ availed are accounted for by adjusting to the cost of relative materials/ fixed assets/ expenses.  
Such Credits of Rs.3,98,98,569/- (including Rs. 47,33,008/- brought forward from earlier years) are outstanding as on 31.03.2010 and are included under "Advances" in Schedule "11" of "Loans and Advances". The management is confident to get adjustments for such credits in future. Adjustments for non availability and or short recoveries, the amount whereof is not presently ascertainable, are intended to be made as and when such credits are finally determined/received.
- c) This year, Benefits of Cenvat /VAT/ Service Tax credits amounting to Rs.7,63,475/- have also been claimed/availed, on certain additional items, of expenses (which had hitherto not been claimed/ availed). The Company intends to claim such Benefits/ Credits, for earlier years also on such other items, of expenses and adjustments in respect of the same shall be made as and when such refunds /credits are determined /availed. The amount of such claimable/available Credits is still to be ascertained and hence is not stated. The Company is also examining the possibility of claiming such Cenvat credits also on some further items of expenses and will accordingly file claims for the same. The same are also intended to be adjusted as and when such credits/refunds are claimed/availed for this year as well as earlier years. The amount claimable/available of such credits is still to be ascertained and hence not stated. Pending adjustments, the results of the Company are affected and or will get affected, consequently.

**ix) Revenue Recognition**

- a) Expenses and Income considered payable and receivable respectively, are accounted for on accrual and prudent basis.
- b) (i) Interest receivable on refunds of Sales Tax, Income Tax and Excise duty are intended to be accounted as and when the amounts are finally determined or settled.  
(ii) The sale proceeds, the amount whereof is not presently ascertainable and hence not stated, in respect of fixed Assets of Rs.16,52,699/- (WDV) written off during the year are intended to be accounted for only as and when such fixed assets are disposed off.
- c) Claims of Rs.23,07,672/- raised by the Company on a party in an earlier year, alongwith interest and costs is intended to be accounted for as and when, the suit recovery case pending before the High Court at Bombay is disposed/ settled. Amount indeterminable.
- d) Remissions, as may be, received against Rs.80,80,827/- (P.Y. Rs. 75,41,014/-) charged in accounts under respective heads of expenditure, for Entry Tax charged for the period after July, 2006, the deposits of which have been stayed by the Rajasthan High Court, are intended to be accounted, as and when the respective matters are settled.
- e) Liabilities, as may arise, due to non availability of Sales Tax Declaration forms are intended to be accounted for, on completion of relative assessments and or as and when such liabilities are finally determined. Amount not ascertained.
- f) Service Tax payments relating to expenses for Exports were debited by the Company to relative expenses heads of account during the year as well as in previous year. In view of certain notification issued by concerned Authority, the Company filed claim for refunds of Rs. 32,13,237/- for such service tax payment for the year ended 31<sup>st</sup> March, 2009 and for the period from 1<sup>st</sup> April, 2009 to 30<sup>th</sup> June, 2009. Claims of Rs. 6,27,156/- out of aforesaid claims were rejected by authorities but the Company has filed appeals against such rejection orders and or is in process of filing the appeals. Claims for refund of Service Tax payment (amount to be ascertained) relating to export expenses for the period from 1<sup>st</sup> July, 2009 to 31<sup>st</sup> March, 2010 are still to be filed. The Company intends to account for such claimed refunds and or for which claim are still to be filed as aforesaid on disposal of relative appeals and or on receipt of such refunds on settlement of such claims.
- g) Also refer Notes 1(vi) to 1(viii), 1(x) to 1(xiv), 1(xviii), 1(xix), 7(v), 7(ix) to 7(xiii) and 13.

**x) Turnover/Sales**

- a) Local sales are recognized on despatch of goods and are inclusive of Excise Duty collected but excluding sales tax/ VAT.
- b) Export sales are recognized on basis of dates of Bills of lading and are (except to the extent clearance made on payment of excise duty and or by way of adjustment with cenvat credit as such Excise duty paid

and or adjusted is refunded by Excise Department by way of claims of rebate of Central Excise Duty), exclusive of Excise Duty.

Such refunds of Rs. 4,82,21,855/- (including Rs.21,58,505/- due since 31.03.05) included under advances in schedule "11" are pending realisations. Adjustments, for non-recovery and for short realizations, the amount whereof are not presently ascertainable, are intended to be made as and when such refunds are received.

**x) Retirement Benefits/Gratuity and Leave Encashment Benefits**

- a) (i) The liability for gratuity is covered under the Group Gratuity Scheme with Life Insurance Corporation of India. A contribution made to the Scheme is charged to Profit and Loss account.
- (ii) The Company, having taken out, the group gratuity policy with Life Insurance Corporation of India (LIC) for future payments of gratuity liability to its employees as stated under (i) above, is paying for annual premium as determined by LIC (including Rs.2,64,240/- (P.Y. Rs.2,16,783) for OYGTA Risk Premium.
- b) Liability for Leave encashment benefits is accounted for on basis of actuarial valuation.
- c) The disclosures required under AS-15 (Revised) are set out in Note 13 below.

**xii) Miscellaneous Expenditure**

As per the selected accounting policy and consistent application thereof and on basis of judgements and estimates that are reasonable and prudent, payments made upto 31.03.2007 to workers for compensation, were considered by the Company as deferred revenue expenditure and the same are being amortised over a period of five years from the respective years in which such payments were made. Such expenditure is required to be considered as expenditure for the respective years, as per Accounting Standard 26 issued by ICAI. Such unamortised expenditure is Rs.9,39,587/- (P.Y. Rs.29,73,418/-) as on 31.03.2010. The results of the Company as well as the Liabilities and Assets have accordingly been affected to the extent as stated above.

**xiii) Foreign Currency Transactions**

- a) Transactions arising in foreign currency for exports/ imports of goods are accounted for at rates of exchange prevailing on the dates of transactions.
- b) Foreign currency monetary items at the Balance Sheet date are translated at the exchange rates prevailing on the date of the Balance Sheet.
- c) Exchange rate differences resulting from foreign exchange transactions on revenue account, settled during the year, including on year end translation of monetary items, are recognized in Profit & Loss Account, except those covered by forward contracted rates, where the premium or discount arising at the inception of such forward exchange contract, is amortised as expenses or income over the life of the contract.
- d) Also subject to Note 7(xiii) below.
- e) There were no Exchange rate differences resulting on Capital account.
- f) The management has certified that the Company has not entered into any forward exchange contract which is intended for trading or speculation purposes. The Auditors have relied on the certificate of the management in this regard.

**xiv) Export Benefits**

- a) Consideration/Benefits for transfer of DEPB Licences and benefits (including for entitlements of Rs.2,12,77,028 in hand as on the close of the year and to be received) are accounted for on accrual basis and are being valued at estimated and at net estimated realisable value. Adjustments for short/ excess realisations, if any, are to be made on actual dates of realisations.
- b) On announcement of relative notifications during a previous year, under Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 by the Govt. of India, the Exporters have option to claim benefits on export at their own under either of the Schemes as per convenience of the exporter. Since issue of such notifications the Company is claiming export benefits either under DEPB Scheme or under Drawback Rules, as found advantageous and convenient.

**xv) Borrowing Costs**

Interest and other costs on borrowing funds used to finance the acquisition of fixed assets, upto date the assets are ready for use are estimated and capitalised under respective fixed assets.



Other interest and costs incurred by the Company in connection with the borrowing of funds are recognised as an expenses in the period in which they are incurred.

**xvi) Research and Development**

Routine research and development expenditure considered as of revenue nature are recognised as an expense in the period in which it is incurred. Such expenditure is included in Schedules 18 and 19, the amount whereof cannot be separately ascertained and stated. The expenditure of capital nature, if any, is capitalised as fixed assets.

**xvii) Intangible Assets**

Intangible assets are recognised at cost and amortised over a period of five years.

**xviii) Provision for taxation**

**A) Current Tax :** a) Provision for Income Tax Rs. 49.30 Lacs (P.Y. Rs.32.50 Lacs) and Fringe Benefit Tax Rs. Nil (P.Y. Rs.8.50 Lacs) made in Accounts are as estimated and certified by the management. (subject to note (b) below).

b) Also refer Note 7(xi), 7(xii) and 13.

c) Short Provision for Fringe Benefit Tax of Rs.1,10,830/- on the basis of assessment for an earlier year is intended to be provided in accounts as and when the rectification petition filed by the Company is disposed off by the concerned Authorities.

**B) Deferred Tax :** The deferred tax liabilities and assets are recognised using current tax rates, to the extent the management feels that there is virtual certainty that sufficient future taxable income will be available, against which such deferred tax assets/ liabilities can be realised. Such assets/ liabilities are reviewed as at each Balance Sheet date, to reassess realisations/ liabilities.

**xix) Impairment of Assets**

As required by AS-28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India, provision for impairment loss of assets is not required to be made as in view of management the estimated realisable value of such assets will be more or equal to the carrying amount stated in the Balance Sheet. The Auditors have relied on the certificate of the management in this regard.

**xx) Provisions, Contingent Liabilities and Contingent Assets**

a) Provisions are recognized in respect of obligations where, based on the evidences available and their existence at the Balance Sheet date are considered probable.

b) Contingent Liabilities are shown by way of Notes on accounts (refer note 3) in respect obligations where, based on the evidences available their existence at the Balance Sheet are considered not probable.

c) Contingent Assets are neither recognized nor disclosed in the Accounts.



	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Rs.	Rs.	Rs.	Rs.
<b>2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances of Rs. 41,34,040/-) (Previous year Rs. 34,49,560/-)</b>		<b>2,74,67,490</b>		<b>3,39,83,762</b>
<b>3. Contingent Liabilities are not provided for in respect of</b>				
i) Bonds executed in favour of Customs and Excise Authorities		1,04,00,000		1,04,00,000
ii) Unredeemed Bank Guarantees		1,56,00,000		1,56,00,000
iii) Unexpired Letters of Credit		13,75,28,271		8,21,37,440
iv) Bills discounted with Banks		27,03,50,980		19,62,40,432
v) Claims not acknowledged as debts (Disputed by the Company):				
a) Demands by Excise Department (including for Service Tax)		47,86,725		47,86,725
b) Demands of Sales Tax.		90,300		90,300
c) Demands of workers.		5,20,394		4,12,175
vi) Obligation to Export towards Excise duty saved on Purchase of capital goods under Export Promotion Capital Goods Scheme (Refer Note 7(x))		18,54,67,006		40,44,26,001
vii) Except as stated above, there are no other pending cases and or claims against the Company.				
<b>4. In the opinion of the Board of Directors, the Current Assets, Loans, Advances and Deposits are approximately of the value stated, if realised in the ordinary course of business unless otherwise stated. The provisions for liabilities are adequate and not in excess of the amount reasonably necessary.</b>				
<b>5. (i) Managonal Remuneration under section 198 of the Companies Act, 1956 to Managing Director and Wholetime Director</b>				
Salaries		24,00,000		24,00,000
Contribution to Provident Fund		2,88,000		2,88,000
Other perquisites (as certified)		11,88,123 (a)		9,94,064 (a)
		<b>38,76,123</b>		<b>36,82,064</b>
(a) Excluding Leave Encashment Benefits and Gratuity (Separate details not ascertainable as actuarial valuation is done on an overall Company basis and hence not included above).				
(ii) Directors' Fees		2,23,500		2,63,500
<b>6. Amount Paid/Payable to Auditors</b>				
a) Statutory Audit Fee		4,00,000		2,05,000
b) Tax Audit Fee		1,43,000		77,500
c) Limited Review of Quarterly un-audited results		45,000		30,000
d) Certification for Corporate Governance and others		70,000		70,500
e) For Company law Matters		1,50,000*		—
f) For Income Tax matters		82,000*		—
g) For Reimbursement of Expenses for Audit and other matters		61,032		56,212
h) Gratuity Trust Audit Fee		5,000		5,000
i) Service Tax/Education Cess		94,574		41,571
		<b>10,50,606</b>		<b>4,85,783</b>

\* Including Rs.1,16,000/- for earlier year.



	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009		
	Rs.	Rs.	Rs.	Rs.	
7. i)	Accounts in respect of Current Liabilities, Debtors, Other Current Assets, Advances and Deposits are subject to confirmation of respective parties.				
ii)	The management has certified that the Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, disclosures, if any, relating to total outstanding dues of Micro Enterprises and Small Enterprises and the Principal amount and Interest due thereon remaining unpaid and the amount of Interest paid/ payable as required under amended Schedule VI of the Companies Act, 1956 could not be compiled and disclosed. The Auditors have relied on the certificate of the management in this regard.				
iii)	Prior period items adjusted under respective account heads in the Profit & Loss Account :				
	<b>Particulars</b>	<b>Debit (Rs.)</b>	<b>Credit (Rs.)</b>	<b>Debit (Rs.)</b>	<b>Credit (Rs.)</b>
	Excise Duty	10,852	-	-	-
	Interest Subsidy	-	10,959	-	-
	Store & Spares Parts etc.	1,000	-	12,100	-
	Rebate, Claims and Remissions (Net)	-	74,600	26,318	-
	Interest Paid/ Received	2,65,788	-	2,48,437	5,545
	Consideration (Including Premium/ Discount) for transfer of DEPB Licence benefits	-	1,03,710	1,24,888	-
	Export Incentives and Benefits	22,952	-	-	-
	Raw Materials Consumed (Net)	82,872	-	-	-
	Salaries, Wages and Bonus etc.	25,456	-	-	397
	Power & Fuel	-	-	1,11,426	-
	Rates & Taxes	-	-	20,055	-
	Selling Expenses (Net)	-	-	-	83,848
	Financial Charges	2,877	-	-	-
	Payments for Electric installations not owned by Company	1,54,08,480 (a)	-	-	-
	Miscellaneous Expenses (Net)	25,497	-	32,612	-
	Depreciation	-	98,074 (a)	-	-
		<b>1,58,45,774</b>	<b>2,87,343</b>	<b>5,75,836</b>	<b>89,790</b>

(a) Refer Note 7 (xi) below.

iv) Miscellaneous Expenses as per Schedule 20 includes Rs.Nil/- (Previous year Rs.55,338/-) paid for taxation matters to concerns in which any of the partners of the firm of Auditors are partners/proprietor.

v) a) Other Financial Charges as per Schedule 22 includes interest paid on Raw Material payments Rs.29,12,149/- (Previous Year Rs.34,66,559/-).

b) As referred to under Note No.1 in schedule "3" of Loan Funds, the Company would seek approval from IDBI Bank Ltd. for payment of interest on Unsecured Loans. The Company has provided interest this year as well as in earlier year on Unsecured Loans (including funds to be deployed as promoters' contribution in the project upfront and amount to be converted into Equity Capital as per SEBI formula within 6 months from date of first disbursement). Interest so provided (amount not ascertained and stated) is included under the head "Interest on Unsecured Loans" in schedule "22" of "Financial Expenses". The Company has been advised by the solicitors that no approval of IDBI Bank Ltd. is necessary for making such provisions of interest in accounts. The Company has made certain payments during this year out of such provisions for interest. The Company has applied to IDBI Bank Ltd. for relaxation of certain terms and conditions as per sanction letter for Term Loans and one of the terms for which relaxation has been sought is regarding payments of interest on Unsecured Loans brought in to meet the terms and conditions prescribed by IDBI Bank Ltd. Payment of interest as aforesaid are subject to above referred relaxation by and or approval of IDBI Bank Ltd. in this regard.



	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Rs.	Rs.	Rs.	Rs.
vi) Capital work in progress as per Schedule '4' includes				
1 Advances on Capital Account (Unsecured, Considered good by the Management)		41,34,040		34,49,560
2 Plant and Machinery under erection and at site		1,04,61,806		12,68,10,586
3 Building under construction (including materials at site)		37,12,758		7,15,233
4 Expenses considered by the Company as incidental expenses on expansion (Pending allocation to fixed assets)				
			2009-2010	2008-2009
Salaries, Wages and Bonus etc.		8,89,745		24,03,048
Contribution to Provident & other Funds		62,696		1,69,330
Water Charges		1,92,381		5,19,589
Rates & Taxes		49,985		1,35,000
Insurance		25,501		68,875
Legal and Professional Fees and expenses		10,50,231		26,35,495
Miscellaneous Expenses		2,63,932		7,12,836
Interest on fixed loans (Net of interest subsidy)		64,20,696		1,53,39,028
Upfront Fees		5,55,385		15,00,000
Power & Fuel		3,84,202		10,37,664
Filing and other fees for increase of Authorised Share Capital		2,59,180		7,00,000
Interest on Unsecured Loans		24,57,122		66,36,267
		1,26,11,056		3,20,58,132
Less : Allocated to Fixed Assets		1,23,37,006	2,74,050	2,01,88,394
			1,85,82,654	1,18,69,738
				14,28,45,117

vii) Disclosure in terms of Accounting Standard - 29 on Provisions, Contingent Liabilities and Contingent Assets :

	Rs. in Lacs				Rs. in Lacs			
	Bad Debts	Leave encashment Benefits	Bonus	Gratuity	Bad Debts	Leave encashment Benefits	Bonus	Gratuity
(a) Movement for Provisions for Liabilities								
Balance as on 01.04.2009/01.04.2008	22.67	35.06	37.80	7.76	26.39	34.22	34.20	—
Provided during the year	—	3.51	39.60	—	0.45	1.84	37.80	7.76
Amount used during the year	—	—	37.80	7.76	4.17	—	34.20	—
Balance as at 31.03.2010/01.04.2009	22.67	39.57	39.60	—	22.67	36.06	37.80	7.76

(b) No reimbursement is expected in the case of Contingent Liabilities and Liabilities shown respectively under note no. 3 (a) above.

viii) a) Advances as per Schedule 11 includes lease rent receivable Rs.2,569/- (P.Y. Rs.23,202/-) (net of T.D.S.) (Maximum amount due Rs.30,000/-) (P.Y. Rs.30,000/-) due from Spell Fashions Pvt. Ltd., a Company under the same Management and in which a Director is Director and/or Member.

b) Expenses as per Schedule 17 of 'Raw Materials Cost', Schedule 15 of 'Manufacturing Cost' and Schedule 20 of 'Other Cost' includes :

(i) Octroi etc.in cases levied, amount not separately ascertained and stated (Previous year same).

(ii) Service Tax on expenses in respect of which Cenvat credits have not been claimed/availed (amount not ascertained and stated) (also refer Notes 1(viii)(c) and 1(ix)(f)).



	31 <sup>st</sup> March, 2010			31 <sup>st</sup> March, 2009		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>(ix) Disclosure of Foreign Currency Exposure as on 31.03.2010</b>						
<b>a. Foreign Currency Exposure hedged and forward booking outstanding as on 31.03.2010.</b>						
	<b>Currency</b>			<b>Currency</b>		
	<b>Rupees</b>	<b>USD</b>	<b>Euro</b>	<b>Rupees</b>	<b>USD</b>	<b>USD</b>
1. Export (USD)	27,22,26,616	67,78,299	—	10,61,69,170	—	21,50,306
2. Export (Euro)	20,86,38,783	—	31,03,167	—	—	—
<b>b. Foreign Currency Exposure not hedged and outstanding as on 31.03.2010.</b>						
	<b>Currency</b>			<b>Currency</b>		
	<b>Rupees</b>	<b>USD</b>	<b>Euro</b>	<b>Rupees</b>	<b>USD</b>	<b>Euro</b>
1. Export Debtors	1,77,88,374	86,523	2,33,497	33,30,207	—	48,463
2. Bank Balances	44,537	997	—	50,378	997	—
3. In Hand	—	—	—	37,003	400	240
4. Advances from overseas customers	70,00,304	1,56,711	—	—	—	—

The particulars as stated above regarding hedged/not hedged are only as per certificate of the management and in absence of relative evidences, have been relied upon by the Auditors.

- x) Additions to Plant and Machinery as per Schedule '4' includes Rs. 47,65,954/- (P.Y. Rs. 19,97,61,262/-) for purchases under the Export Promotion Capital Goods Scheme of the Government of India. The Company is under an obligation to fulfill quantified exports to the extent of Eight times of Custom Duty saved i.e. Rs. 98,38,835/- (P.Y. Rs. 41,23,87,149/-) within a period of Eight years. The Balance Excise Duty of Rs. 43,41,595/- (including Rs.39,69,507/- due since previous year) as on 31.03.10 which is refundable in due course, paid by the Company on above purchases has been included under the head Advances in Schedule '11'. Adjustments, for non-recovery and for short realisations, the amount where of is not presently ascertainable, is to be made as and when such refund is received.
- xi) In view of certain court decisions and to fall strictly in line with relative Accounting Standards, the Company has this year reversed the capitalisation under the head "Plant & Machinery" in earlier year in respect of payments of Rs.1,54,08,480/- to Rajasthan Rajya Vidyut Prasaran Nigam Ltd. for Electric Installations (not owned by the Company) and so also depreciation provided thereon in earlier year. Consequently such expenditure of Rs. 1,54,08,780/- has this year been charged to Profit & Loss account as per schedule '19' of 'Manufacturing Cost' and has written back Depreciation of Rs.98,074/-. As a result of such change in method of accounting, the profits of the Company are reduced by Rs. 1,53,10,406/- (net of write off Depreciation) and so also the Fixed Assets of the Company. The related liabilities for taxation are also to be accordingly affected, the amounts whereof have not been ascertained and stated.
- xii) "Manufacturing Cost" as per schedule '19' and "Other Cost" as per Schedule '20' includes Rs. 11,88,375/- and Rs. 19,864/- respectively, cost of capital assets/ equipments as under :
- (a) Assets not exceeding cost of Rs.5,000/- for each item Rs.5,87,064/-
- (b) Assets exceeding cost of Rs.5,000/- for each item Rs.6,21,175/-

The Company has considered the cost of above assets/equipments as revenue expenditure as having been made for uninterrupted working of the Factory. Such accounting this year in respect of cost of capital assets / equipments (not exceeding cost of Rs. 5,000/- for each item) has not affected materially the results of the Company, as after capitalisation of such assets/ equipments, 100% depreciation was to be claimed thereon. In respect of capital assets/ equipments (Cost for each item exceeding Rs. 5,000/-), the results of the Company for the year have been affected to the extent of such cost of Rs.6,21,175/- ( Less allowable depreciation).

- xiii) During this year Turnover as per Profit & Loss Account and Schedule "14" of "Turnover" includes Net Foreign Exchange Gain of Rs. 3,21,00,165 /- ( net of loss of Rs.2,57,815) on account of Forward Cover, etc for Export sales. Till previous year, the Company has not been including /adjusting such Exchange gain/loss (Rs.5,28,29,458/- net loss in previous year) in /against "Turnover" and was including /adjusting the same under the accounting head "Exchange Loss/Gain" in Schedule '16' or '20' of 'Other Income' and of 'Other Cost' as the case may be. The bifurcation of total figure of Rs. 2,82,01,752/- of "Net Exchange Gain" for the purpose of





including Rs.3,21,00,165 in Schedule '14' of Turnover as "Net Foreign Exchange Gain" on account of forward cover, etc. as stated above and showing the remaining debit amount of Rs.38,98,413/- as "Exchange Loss (net of gain of Rs.5,87,451/-) in Schedule "20" of "Other Cost", is only as per certificate of the Management and have been relied upon by the Auditors. The Company is of the view that the aforesaid presentation/groupings are not contrary to the Accounting Standard AS-11, as applicable, and the provisions of Schedule VI (part II) of the Companies Act, 1956.

**8. Earnings Per Share (EPS)**

The numerators and denominators used to calculate Basic and Diluted Earnings Per Share :

(i) Profit (after tax and Dividend on Preference Shares) attributable to the Equity Shareholders (Subject to notes in Schedules 1 and 3 to 23) (A)	87,84,766	80,11,685
(ii) Basic/Weighted average number of Equity Shares outstanding during the year (B) (Previous year Excluding on 1,64,600 Equity Shares allotted on 31.03.09)	36,11,600	34,47,000
(iii) Nominal value of Equity Shares (Rs.)	10	10
(iv) Basic/Diluted Earnings Per Share (Rs.) (A)/(B)	2.44	2.33

9. The Company had entered into agreement dated 22.02.07 (as amended by agreement dt. 01.07.2008) with M/s Marudhar Power Private Limited (Subsequently name changed to VS Lignite Power Private Limited), setting up a Group Captive Power Plant, at Bikaner in the State of Rajasthan, for supply of 6 MW of Power also to the Company and in pursuance to such agreements, the Company had subscribed for 7,70,371 Class "A" Equity Shares of Rs.10/- each fully paid at a total value of Rs.77.04 Lacs and for 14,85,829 Class "A" 0.01% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid at a total value of Rs.148.56 Lacs and the same have been classified as Long Term Investments in Schedule "5" as Trade Investments.

Further, the Company has agreed to create lien on the aforesaid Shares at appropriate time in favour of M/s VS Lignite Power Private Limited (Formerly known as Marudhar Power Private Limited), as per terms of the Charter Documents as security towards its obligation under the Power delivery Agreement dated 22.02.2007 and as amended by agreement dt. 01.07.2008.

**10. Related Party Disclosures**

**(A) List of Related Parties**

**(i) Enterprises over which Key Management Personnel/Directors/relatives have control or significant influence**

- Modern Fibotex India Limited
- Indo Textiles & Fibres Limited
- Spell Fashions Pvt. Limited
- Khaitan & Co.
- A. R. Fibtex Pvt. Limited

**(ii) Key Management Personnel and Relatives of Key Management Personnel**

- Shri Sanjiv Shroff (Managing Director)
- Shri R. N. Sharma (Wholtime Director)
- Shri Shanker Lal Shroff (Father of Shri Sanjiv Shroff)
- Smt. Bimla Devi Shroff (Mother of Shri Sanjiv Shroff)
- Smt. Dipika Shroff (Wife of Shri Sanjiv Shroff)
- Shri Rahul Shroff (Son of Shri Sanjiv Shroff)



(B) Transactions with Related Parties

Sl. No.	Nature of Transactions	Enterprises over which Key Management Personnel/Directors/Relatives have control or significant influence as referred to para i (a) to (d) above (Rs.)		Key Management Personnel and Relatives of Key Management Personnel as referred to para ii (a) to (e) above (Rs.)		Amount Due (In Rupees)	
		31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
1	Reimbursement of Expenses (received) etc.	5,050	5,144	-	-	10,194	5,144
2	Allotment of Equity Shares on Preferential basis	-	16,46,000	-	-	-	-
3	Premium on Equity Shares Alloted on Preferential basis	-	27,98,200	-	-	-	-
4	Loans Received	1,31,00,000	3,19,00,000	83,00,000	2,00,00,000	3,51,50,000	4,76,50,000
5	Repayment of loans	1,89,00,000	1,30,00,000	1,50,00,000	85,00,000	-	-
6	Interest Paid/ Payable on Loans	35,40,422	23,59,286	2,93,162	1,49,103	56,70,181	20,07,013
7	Dividend paid on Equity Shares	9,56,950	9,49,450	5,86,450	5,86,450	-	-
8	Dividend paid on Preference Shares	61,15,000	61,15,000	19,30,000	19,30,000	-	-
9	Rent, Leave and Licence fee paid	8,46,000	6,06,000	-	-	-	-
10	Electricity Charges Reimbursed	43,918	4,54,824	-	-	-	-
11	Telephone Charges recovered	2,569	-	36,000	36,000	2,569	-
12	Managerial Remuneration	-	-	38,76,123	36,82,064	-	-
13	Deposit received	-	-	-	-	51,000	51,000
14	Lease Rent Received	3,60,000	3,60,000	-	-	51,000	23,202
15	Commission (refer 16 below )	1,52,876	-	-	-	1,37,589	-
16	Pledge of Preference Shares with Bank belonging to such parties (A) (3,25,000 Nos)	-	1,50,00,000	-	-	3,25,00,000	-
17	Legal & Professional Charges	27,575	-	-	-	-	-
18	Pledge of Equity Shares (Nos.) with Bank belonging to such parties (A)	-	-	-	-	5,86,400	5,86,400

No amounts were written off or written back during the period in respect of debts due from or to related parties.

**Note :-** The above particulars and information have been identified by the Company on the basis of information available with the Company and certified by the Management and have been relied upon by the Auditors.



	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Rs.	Rs.	Rs.	Rs.
<b>11. Segment Reporting Policies</b>				
<b>(a) Identification of Segments</b>				
<b>(i) Primary Segment - Business Segments</b>				
The Company's operation predominantly comprises of only one segment i.e. Manufacturing of Synthetic Blended Yarn. In view of the same separate segmental information is not required to be given as per the requirements of Accounting Standard 17 - "Segment Reporting" issued by The Institute of Chartered Accountants of India.				
<b>(ii) Secondary Segment - Geographical Segment</b>				
The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows :				
Sales within India include sales to customers located within India				
Sales outside India include sales to customers located outside India				
<b>(b) Information pertaining to Secondary Segment</b>				
<b>(i) Gross Revenue as per Geographical Locations</b>				
Within India		34,67,20,205		10,75,19,489
Outside India		1,23,72,13,390 (a)		1,11,41,63,451 (a)
<b>Total</b>		<b>1,58,39,33,595</b>		<b>1,22,16,82,940</b>
(a) Includes Rs.3,69,76,954/- Exports through Export House/ Merchant Exporters (P.Y. Rs.44,34,420/-).				
<b>(ii) Fixed Assets as per Geographical Locations</b>				
The Company has common fixed assets for producing goods for domestic as well as overseas market. Hence segmentwise information for fixed assets cannot be furnished.				
<b>12. INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 3, 4C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956</b>				
<b>(i) C.I.F. Value of Imports</b>				
Raw Materials	3,43,60,336		1,26,82,406	
Capital Goods	—		4,69,32,645	
Stores & Spare Parts	13,75,700	3,57,36,036	13,78,254	6,09,93,305
<b>(ii) Expenditure in Foreign Currency</b>				
Travel (Purchase of travellers cheques/foreign currencies)	23,40,486		29,77,575	
Commission (on remittance basis)	2,51,28,286		2,79,43,784	
Others	26,19,922	3,00,88,694	18,37,706	3,27,59,065
a) - Includes for claims on Exports.				
<b>(iii) Value of Raw Materials, Stores and Spare Parts &amp; Components Consumed</b>				
	Rs.	% age	Rs.	% age
<b>a) Raw Materials</b>				
Indigenous	92,94,41,252	96	73,04,13,256	98
Imported	3,87,91,254	4	1,67,80,990	2
	<u>96,82,32,506</u>	<u>100</u>	<u>74,71,94,246</u>	<u>100</u>
<b>b) Stores, Spare Parts and Components</b>				
Indigenous	4,73,22,616	98	3,66,55,116	96
Imported	7,71,449	2	17,35,566	4
	<u>4,80,94,065</u>	<u>100</u>	<u>4,03,90,682</u>	<u>100</u>
<b>e) Dyes &amp; Chemicals</b>				
Indigenous	2,82,61,300	100	3,21,30,948	100



	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Rs.	Rs.	Rs.	Rs.
<b>(iv) Amount remitted during the year in foreign currency on account of Dividend</b>				
a) Amount remitted		82,635 (a)		82,540 (a)
b) Year to which Dividend relates		2008-2009		2007-2008
c) Number of non-resident shareholders		74		75
d) Number of equity shares held by non-resident shareholders on which the Dividends are related.		82,635		82,540
(a) No amount paid in foreign currency but deposited in non resident account.				
<b>(v) Earnings in Foreign Exchange</b>				
Exports of Goods				
Direct export calculated on FOB Basis				
		1,20,02,36,436 (a)(b)		1,08,80,67,479 (a)
(a) Excluding Rs.3,69,76,954/- (P.Y. Rs.44,34,420/-) through export house/ merchant exporters.				
(b) Includes Rs.3,21,00,165/- Exchange Difference as per Schedule "14" of Turnover.				
<b>(vi) Raw Materials Consumed</b>				
	Qty. (Kgs.)	Rs.	Qty (Kgs.)	Rs.
Man Made fibres	1,05,13,955	96,82,32,506	81,08,208	74,71,94,246
<b>(vii) Licensed and Installed Capacity (Spindles)</b>				
a) Licensed Capacity		Not applicable		Not applicable
b) Installed Capacity (as certified)		38,400		32,160
<b>(viii) Production, Sales and Stocks</b>				

DESCRIPTION	OPENING STOCK		PRODUCTION	TURNOVER/SALES		CLOSING STOCK	
	QUANTITY	AMOUNT	QUANTITY	QUANTITY	AMOUNT	QUANTITY	AMOUNT
	Kgs.	Rs.	Kgs.	Kgs.	Rs.	Kgs.	Rs.
Yarn	6,16,914 (3,52,085)	7,04,63,762 (5,33,23,274)	1,03,80,476(a) (75,61,914)(a)	1,04,72,948 (72,97,085)	1,54,92,43,580 (1,21,93,83,472)	5,24,442(b) (6,16,914)(b)	6,67,11,786 (7,04,63,762)
Waste	12,925 (38,915)	1,03,783 (4,59,214)		3,11,335 (3,04,473)	25,89,850 (22,99,468)	34,970 (12,925)	2,70,287 (1,03,783)
		7,05,67,545 (5,37,82,488)			1,55,18,33,430 (1,22,16,82,940)		6,69,82,073 (7,05,67,545)

Figures in brackets are for previous year.

(a) Excluding 1,697 Kgs. (Previous Year 708 Kgs.) Samples etc.

(b) Excluding 1,08,374 Kgs. (Previous Year 36,208 Kgs.) transferred to work in process for re-processing.

13. The disclosures required as per the revised Accounting Standard (AS-15- Employee Benefits) notified under the Companies (Accounting Standards) Rules, 2006 are as under :

#### Defined - Contribution Plans

The Company offers its employees defined contribution plan in the form of Provident Fund (PF), Family Pensions Fund (FPF) and Employees Insurance Scheme (ESI). Provident Fund, Family Pension Fund Employees State Insurance Scheme cover substantially all regular employees. Contribution are paid during the year into separate funds under certain fiduciary-type arrangements. Both the employees and the Company pay predetermined contribution into the Provident Funds, Family Pension Fund and the Employees State Insurance Scheme. The Contributions are normally based on a certain proportion of the employee's salary.



	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Rs.	Rs.	Rs.	Rs.

Contribution to Defined Benefit Plan, recognized and charged off for the year are as under :

	Rs.	Rs.
Provident Fund	32,45,061	27,07,329
Family Pensions Fund	53,03,336	44,95,807
Employees State Insurance Scheme	40,16,541	33,84,937

**Defined - Benefit Plans**

The Company offers its employees defined-benefit plans in the form of a Gratuity Scheme. Benefits under the defined benefit plan is typically based either on years of service and the employee's compensation (generally immediately before retirement). The Gratuity scheme covers substantially all regular employees. The Company contributes funds to Life Insurance Corporation of India, which is irrevocable. Commitments are actuarially determined at year end. The actuarial valuation is done based on "Projected Unit Credit" method. Gains & Losses of changed actuarial assumptions are charged to the profit and loss account. The obligations for leave encashment is recognised in the same manner as gratuity.

	Gratuity (Funded) Rs.	Leave Encashment (Unfunded) Rs.	Gratuity (Funded) Rs.	Leave Encashment (Unfunded) Rs.
<b>a. Reconciliation of opening and closing balances of Defined Benefit Obligation</b>				
Defined Benefit obligation at beginning of the year	2,52,71,831	36,06,332	2,18,65,954	34,21,870
Current Service Cost	29,85,291	21,11,685	26,33,544	14,70,342
Interest Cost	18,58,954	2,67,159	16,23,979	2,46,821
Actuarial (Gain)/ Loss	(6,97,180)	(20,28,022)	22,80,791	(12,70,853)
Benefits paid	(9,71,561)	(88,412)	31,32,437	2,61,848
Defined Benefit Obligation at year end	2,84,47,335	38,68,742	2,52,71,831	36,06,332
<b>b. Reconciliation of opening and closing balance of fair value of plan assets</b>				
Fair value of plan assets at beginning of the year	1,22,47,895	-	1,05,01,121	-
Expected return on plan assets	12,60,800	-	10,01,500	-
Actuarial Gain/ (Loss)	71,269	-	94,494	-
Employer contribution	-	-	-	-
Benefits Paid	(9,71,561)	88,412	31,32,437	2,61,848
Fair Value of plan assets at year end	1,63,44,163	-	1,22,47,895	-
The Plan Assets of the Company are managed by the LIC and the composition of investments relating to these assets are not available with the Company.				
<b>c. Reconciliation of fair value of Assets and obligations</b>				
Fair value of plan assets as at 31.03.10/09	1,63,44,163	-	1,22,47,895	-
Present value of obligation as at 31.03.10/09	1,63,44,163	38,68,742	1,30,23,936	36,06,332
Amount recognised in Balance Sheet	-	38,68,742	7,76,041	36,06,332



	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Rs.	Rs.	Rs.	Rs.
d. Expenses recognised during the year (Under the head Employment Cost in - Schedule - 18)				
Current Service Cost	29,85,291	21,11,685	26,33,544	14,70,342
Interest Cost	18,58,954	2,67,159	16,23,979	2,46,821
Expected return on Plan Assets	(12,60,800)	-	(10,01,500)	-
Actuarial (Gain)/ Loss	(7,68,449)	(20,28,022)	21,86,297	(12,70,853)
Net Cost	<u>28,14,996 (A)</u>	<u>3,50,822</u>	<u>54,42,320 (A)</u>	<u>4,46,310</u>

(A) These Figures are pending reconciliation by the management with the relative figures with figures as per Schedule "18" of "Employment Cost". The likely impact, after such reconciliation on the results for the year/ earlier year and on the year end Assets/ Liabilities, could not be ascertained and stated.

e. The actuarial calculations used for estimated defined benefit commitments and expenses are based on the following assumptions, which, if changed, would affect the defined benefit commitment's size, funding requirements.

Particulars				
Discount Rate	7.5%	7.5%	7.5%	7.5%
Salary Escalation	4.0%	4.0%	4.0%	4.0%
Expected Rate of return on Plan Assets	9.25%	-	9.25%	-
Mortality Rate (LIC)	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors such as demand and supply in the employment market. The above information is as submitted and or obtained from Actuaries and relied upon by the Auditors.

The contribution expected to be made by the Company for the year ending 31.03.2011 is not readily ascertainable and therefore disclosed.

14. Figures for the previous year have been re-grouped, re-arranged and re-cast wherever found necessary.

Signature to Schedules 1 to 23

As per our attached Report of even date.

For G. P. KEJRIWAL & CO.  
Chartered Accountants  
Firm Reg. No. 001038C

On behalf of the Board of Directors

Place : Mumbai  
Dated : 19<sup>th</sup> May, 2010

K. K. SINGHAL  
Partner  
M.No. 050140

M. K. GUPTA  
Company Secretary  
& Chief Financial Officer

R. N. SHARMA  
Wholesale Director

SANJIV SHROFF  
Managing Director



	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
	Rs.	Rs.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2010 (PURSUANT TO CLAUSE 32 OF LISTING AGREEMENT(S))**

	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and Extraordinary items	3,19,10,509	2,97,73,891
Adjustments for:		
1. Depreciation	4,30,88,086	2,70,76,160
2. Interest Received	(22,97,238)	(21,45,598)
3. Loss/(Profit) on Sale of Fixed Assets	(12,71,166)	(18,44,892)
4. Fixed assets discarded	16,52,699	5,25,620
5. Miscellaneous Expenditure Written off	20,33,831	25,45,606
6. Interest Expenses	4,82,97,495	1,41,56,510
7. Provision for leave encashment Benefits	2,62,410	1,84,462
8. Provision for Gratuity Benefits	(7,76,041)	7,76,041
9. Exchange Difference	38,98,413	5,28,29,458
Operating Profit before Working Capital charges	12,67,98,998	12,38,77,258
Adjustment for:		
1. Trade and Other Receivables	(4,14,59,769)	3,85,46,133
2. Inventories	(5,87,56,045)	(4,01,45,692)
3. Trade Payables	5,07,45,523	1,91,39,282
Cash Generated From Operations	7,73,28,707	14,14,16,981
1. Direct Taxes Paid	(37,53,068)	(54,10,329)
Cash Flow before extraordinary items	7,35,75,639	13,60,06,652
Extra Ordinary items	-	-
Net cash from operating activities	7,35,75,639	13,60,06,652
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
1. Purchase of Fixed Assets	(3,05,08,097)	(34,00,17,767)
2. Sale of Fixed Assets	23,88,114	37,08,500
3. Interest Received	22,97,238	21,45,598
4. Deduction in Investments / (Increase)	-	(56,40,000)
Net Cash used in investing activities	(2,58,22,745)	(33,98,03,669)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
1. Proceeds from issue of share capital	-	16,46,000
2. Proceeds from Share Premium	-	27,98,200
3. Proceeds from long term borrowings	1,02,56,214	27,21,44,242
4. Repayment of long term borrowings	(1,60,21,795)	(2,36,03,893)
5. Interest Paid	(4,48,68,492)	(1,00,52,154)
6. Dividend Paid (Including Corporate Tax)	(1,30,62,273)	(1,26,69,899)
7. Short Term Loans	2,62,67,588	2,24,10,999
8. Exchange Difference	(38,98,413)	(5,28,29,458)
Net cash from / (used in) financing activities	(4,13,27,171)	19,98,44,237
Net increase in cash and cash equivalents (A+B+C)	64,26,723	(39,52,780)
Cash and Cash Equivalents (Opening Balance)	1,69,04,895	2,08,57,675
Cash and Cash Equivalents (Closing Balance)	2,33,30,618	1,69,04,895

- Notes :** (1) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.  
(2) The above statement is also subject to and read together with the notes and observations on Accounts and Schedules attached thereto.  
(3) Cash and Cash equivalents at start and close of year includes balances on unpaid dividend accounts.  
(4) Figures for previous year have been re-grouped, re-arranged and re-cast wherever found necessary.

For G. P. KEJRIWAL & CO.  
Chartered Accountants  
Firm Reg. No. 001036C

On behalf of the Board of Directors

Place : Mumbai  
Dated : 19<sup>th</sup> May, 2010

K. K. SINGHAL  
Partner  
M.No. 050140

M. K. GUPTA  
Company Secretary  
& Chief Financial Officer

R. N. SHARMA  
Wholetime Director

SANJIV SHROFF  
Managing Director



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (AS PER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956)**

**I. REGISTRATION DETAILS**

Registration No.	U40102RJ1977PLC001994	State Code	17
Balance Sheet Date	31.03.2010		

**II. CAPITAL RAISED DURING THE YEAR (Amount in Rs.)**

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs.)**

Total Liabilities	97,33,77,290	Total Assets	97,33,77,290
<b>Sources of Funds</b>			
Paid up Capital	11,66,98,375	Reserves & Surplus	17,25,92,765
Secured Loans	53,11,77,062	Unsecured Loans	13,82,85,618
		Deferred Tax Liability	1,46,23,470
<b>Application of Funds</b>			
Net Fixed Assets	72,08,45,776	Investments	2,25,60,000
Net Current Assets	22,90,31,927	Misc. Expenditure	9,39,587
Accumulated Losses	NIL		

**IV. PERFORMANCE OF COMPANY (Amount in Rs.)**

Turnover (Including other Income)	1,69,31,43,865	Total Expenditure (Including Depreciation)	1,66,12,33,356
Profit/(Loss) before Tax	3,19,10,509	Profit / (Loss) after Tax	1,81,97,014
Earning per Share (in Rs.)	2.44	Dividend Rate (%)	10%

**V. GENERIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY (As per Monetary terms)**

Item Code No. (ITC Code)	5.509
Product Description	Man Made Spun Yarn

On behalf of the Board of Directors

Place : Mumbai	<b>M. K. GUPTA</b>	<b>R. N. SHARMA</b>	<b>SANJIV SHROFF</b>
Dated : 19 <sup>th</sup> May, 2010	Company Secretary & Chief Financial Officer	Wholtime Director	Managing Director





**RELIANCE**  
CHEMOTEX INDUSTRIES LIMITED

Regd. Office : Village Kanpur, Udaipur - 313 003

**PROXY FORM**

Regd. Folio / Client ID No. .... No. of Shares held .....

I/We .....  
of .....

being a member/members of the above named Company hereby appoint .....

..... of .....

or failing him ..... of .....

as my/our proxy to vote for me/us on my/our behalf at the THIRTY SECOND ANNUAL GENERAL MEETING of the Company to be held on 27<sup>th</sup> September, 2010 at 10.30 a.m. and at any adjournment thereof.

Signed this ..... day of ..... 2010.

Signature .....

Affix a  
Revenue  
Stamp of  
Rupee  
One

Note : The Proxy duly completed must be deposited at the Registered office of the Company not less than 48 hours before the time for holding the Meeting.



**RELIANCE**  
CHEMOTEX INDUSTRIES LIMITED

Regd. Office : Village Kanpur, Udaipur - 313 003

**ATTENDANCE SLIP**  
THIRTY SECOND ANNUAL GENERAL MEETING

Regd. Folio / Client ID No. .... No. of Shares held .....

I certify that I am registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the THIRTY SECOND ANNUAL GENERAL MEETING of the Company at Hotel India International, Sardarpura, Udaipur-313 001 on Monday, the 27<sup>th</sup> September, 2010 at 10.30 a.m.

Member's/Proxy's Name in BLOCK Letters

Member's/ Proxy's Signature

Note :

1. Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.
2. In view of the high cost of paper and printing, Members are requested to bring their copy of Annual Report at the Meeting.