



RELIANCE
CHEMOTEX INDUSTRIES LIMITED

BOARD OF DIRECTORS

S. L. SHROFF
Chairman

SANJIV SHROFF
Vice Chairman &
Managing Director

B. K. JHAWAR

N. G. KHAITAN

P. C. D. NAMBIAR

V. B. L. MATHUR

K. L. SONTHALIA

B. K. AGRAWAL

R. N. SHARMA
Wholetime Director

RAHUL SHROFF
Executive Director

COMPANY SECRETARY
M. K. GUPTA

MANAGEMENT

S. L. SHROFF
Chairman

SANJIV SHROFF
Vice Chairman &
Managing Director

R. N. SHARMA
Wholetime Director

RAHUL SHROFF
Executive Director

BANKERS

STATE BANK OF INDIA
IDBI BANK LTD.
STATE BANK OF BIKANER & JAIPUR

AUDITORS

G. P. KEJRIWAL & CO.
Chartered Accountants
JAIPUR (Raj.)

SOLICITORS

KHAITAN & CO., KOLKATA

REGISTERED OFFICE & WORKS

Village - Kanpur,
UDAIPUR - 313 003 (Raj.)



NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY THIRD ANNUAL GENERAL MEETING OF THE MEMBERS OF RELIANCE CHEMOTEX INDUSTRIES LIMITED will be held at Hotel India International, Sardarpura, Udaipur- 313 001 on Wednesday the 28th Day of September, 2011 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 31st March, 2011 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 B.K. Jhavar, who retires by rotation, but being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri P.C.D. Nambiar, who retires by rotation, but being eligible, offers himself for re-appointment.
6. 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-imburement of travelling and other incidental expenses, if any, incurred in connection with the Audit."

SPECIAL BUSINESS:

7. To consider and if thought fit to pass with or without modification(s), the following Resolution as an Ordinary Resolution;
"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/ or charging by the Board of Directors of the Company of all immovable and movable properties of the Company, present and future, wheresoever situate and the whole of the undertaking(s) in such manner as may be required from time to time, in certain events, to or in favour of Rajasthan State Industrial Development and Investment Corporation Limited by way of joint equitable mortgage ranking pari pasu with Industrial Development Bank of India Limited and State Bank of India to secure a Term Loan of Rs.1000.00 Lacs granted/to be granted by Rajasthan State Industrial Development and Investment Corporation Limited to the Company together with Interest thereon at the respective agreed rates, compound and /or additional interest in case of default, further interest by way of liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses, guarantee commission and other monies payable by the Company to the Financial Institution named herein above under their respective Heads of Agreement/Loan Agreement entered into or to be entered by the Company in respect of the said loans."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to finalise with Industrial Development Bank of India Limited, Rajasthan State Industrial Development and Investment Corporation Limited and State Bank of India the documents for creating aforesaid joint equitable mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

8. To consider and if thought fit to pass with or without modification(s), the following Resolution as an Ordinary Resolution;

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/ or charging by the Board of Directors of the Company of all immovable and movable properties of the Company, present and future, wheresoever situate and the whole of the undertaking(s) in such manner as may be required from time to time, in certain events, to or in favour of State Bank of India by way of joint equitable mortgage ranking pari pasu with Industrial Development Bank of India Limited and Rajasthan State Industrial Development and Investment Corporation Limited to secure a Term Loan of Rs.1300.00 Lacs granted/to be granted by State Bank of India to the Company together with Interest thereon at the respective agreed rates, compound and /or additional interest in case of default, further interest by way of liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses, guarantee commission and other monies payable by the Company to the bankers named herein above under their respective Heads of Agreement/Loan Agreement entered into or to be entered by the Company in respect of the said loans."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalise with Industrial Development Bank of India Limited, Rajasthan State Industrial Development and Investment Corporation Limited and State Bank of India the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

9. To consider and if thought fit to pass with or without modification(s), the following Resolution as an Ordinary Resolution;

"RESOLVED THAT the consent of Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/ or charging by the Board of Directors of the Company of all immovable and movable properties of the Company, present and future, wheresoever situated and the whole of the undertaking(s) of the Company in such manner as may be required from time to time, by way of second charge to or in favour of State Bank of India subject and subservient to the second charge in favour of Industrial Development Bank of India Limited, to secure the additional working capital facilities granted by State Bank of India to the Company amounting to Rs.300 Lacs (Rupees Three Hundred Lacs only) together with interest thereon at the respective agreed rates, compound and/or additional interest in case of default, further interest by way of liquidated damages, commitment charges,

premia on prepayment or on redemption, costs, charges, expenses, guarantee commission and other monies payable by the Company to State Bank of India in terms of the Loan Agreement(s) entered into/to be entered into by the Company in respect of the said Loan".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalise with State Bank of India, Rajasthan State Industrial Development and Investment Corporation Limited and Industrial Development Bank of India Limited, the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

10. 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, 269,309, and 311 and other applicable provisions, if any and Schedule XIII of the Companies Act, 1956. Shri Sanjiv Shroff be and is hereby re-appointed as Managing Director of the Company for a further period of 3 years with effect from 1st September, 2011 on payment of such remuneration by way of salary and other perquisites during the tenure of his re-appointment as Managing Director as set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of such appointment and remuneration as agreed to between the Board of Directors of the Company and Shri Sanjiv Shroff."

11. 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. 28,75,00,000/- (Rupees Twenty Eight 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 15,25,000 (Fifteen Lakhs Twenty Five Thousand) Preference Shares of Rs.100/- (Rupees One Hundred) each to Rs. 38,75,00,000/- (Rupees Thirty 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 25,25,000 (Twenty Five Lakhs Twenty Five Thousand) Preference Shares of Rs.100/- (Rupees One Hundred) each."

12. 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.38,75,00,000/- (Rupees Thirty 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 25,25,000 (Twenty Five Lakhs Twenty Five Thousand) Preference Shares of Rs. 100/- (Rupees One Hundred) each."

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

"RESOLVED THAT pursuant to provisions of section 81(1A) and other applicable provisions if any, of the Companies Act, 1956 and other applicable laws; if any, consent of the Company be and is hereby given and the Board of Directors is authorised to issue 17,00,000 (Seventeen Lacs) 10% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees one hundred) each forming part of the authorised share capital of the Company at par to any person(s) as the Board of Directors deem fit on the following terms and conditions:

- The shares shall carry a right to a cumulative preference dividend of 10% per annum in relation to the capital paid up on them.
- The said shares shall be redeemable on expiry of Twenty years from the respective dates of allotment. However redemption can also be done before maturity by the Board of Directors.
- The holders of the said shares shall have a right to attend General Meetings of the Company and vote on resolutions directly affecting their interest or where the dividends in respect thereof are in arrear for not less than two years on the date of meeting on all resolutions at every meeting of the Company.
- In a winding up, the holders of the said shares shall be entitled to a preferential right of return of the amount paid up on the shares together with arrears of cumulative preferential dividend due on the date of winding up but shall not have any further right or claim over the surplus assets of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to take all the steps as may be necessary in this regard and comply with the provisions of SEBI guidelines, Companies Act and Listing Agreement as may be necessary.

NOTES FOR MEMBERS' ATTENTION

- 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.
- The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 7 to 13 of the notice set out above is annexed hereto.
- The Register of Members and the Share Transfer Books of the Company will remain closed from 21st September, 2011 to 28th September, 2011 both days inclusive.
- 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 29th September, 2011 to those members whose names are on Company's Register of Members as on 20th September, 2011. 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 20th September, 2011.
5. The Company's Equity Shares are listed with Bombay Stock Exchange Limited, Mumbai. The Company has paid the listing fees for the year 2011-2012 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 31st March, 2003, 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 31st March 2004 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.
 8. M/s Bigshare Services Pvt. Ltd. Mumbai is the Registrar and Share Transfer Agent (R & T Agent) for physical shares and also depository interface of the Company with both NSDL and CDSL.
 9. The shareholders who have not converted their shares into demat form are requested to do so in their own interest.
 10. Queries on accounts and operations may please be sent to the Company 7 days in advance of the Annual General Meeting so that the answers can be made available at the meeting.

ANNEXURE TO THE NOTICE

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

ITEM NO. 7

The Company has been sanctioned a term loan to the extent of Rs.1000.00 lacs by RIICO for expansion and modernization of its existing plant situated at village Kanpur, Udaipur, Rajasthan which is to be secured by creating a joint equitable mortgage of all the Company's moveable /immovable properties.

Section 293(1)(a) of the Companies Act, 1956 provides, inter-alia, that the Board of Directors of a public Company shall not, without consent of its shareholders in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertakings.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of Rajasthan State Industrial Development and Investment Corporation Limited, Jaipur (RIICO) may be regarded as disposal of the Company's properties/undertaking, it is necessary for the members to pass a resolution under section 293(1)(a) of the Companies Act, 1956.

None of the Directors is interested in this resolution.

ITEM NO. 8

The Company has been granted a new Term Loan by State Bank of India of Rs. 1000.00 Lacs and sanction of further term loan of Rs. 300.00 Lacs is in process for expansion and modernization of its existing plant situated at village Kanpur, Udaipur, Rajasthan which is to be secured by creating a joint equitable mortgage of all the Company's moveable/immovable properties..

Section 293(1)(a) of the Companies Act, 1956 provides, inter-alia, that the Board of Directors of a public Company shall not, without consent of its shareholders in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertakings.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the State Bank of India may be regarded as disposal of the Company's properties/undertaking, it is necessary for the members to pass a resolution under section 293(1)(a) of the Companies Act, 1956.

None of the Directors is interested in this resolution.

ITEM NO.9

Working capital facility granted by State Bank Of India to the Company have been enhanced by Rs. 300.00 Lacs which is secured by way of first charge having hypothecation of all moveable properties of the Company's both present and future and second mortgage/ charge of all the immovable and movable properties of the Company both present and future wheresoever situate.

Section 293(1)(a) of the Companies Act, 1956 provides, inter-alia, that the Board of Directors of a public Company shall not, without consent of its shareholders in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertakings.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of State Bank of India may be regarded as disposal of the Company's properties/undertaking, it is necessary for the members to pass a resolution under section 293(1)(a) of the Companies Act, 1956.

None of the Directors is interested in this resolution.

ITEM NO.10

The terms of appointment of Shri Sanjiv Shroff, Managing Director of the Company will expire on 31st August, 2011. On approval of the remuneration committee to the remuneration payable to the Managing Director, the Board of Directors of the Company in its meeting held on 06th August, 2011 has approved his re-appointment as Managing Director of the Company for a further period of 3 years with effect

from 1st Septembers, 2011 for the sake of continuity of the present systems of the Management and the efficient running of the Company and in view of duties and responsibilities carried-out by Shri Sanjiv Shroff as Managing Director of the Company.

Approval of Shareholders is sought for the re-appointment of Shri Sanjiv Shroff as Managing Director of the Company and the Remuneration payable to him is detailed as under:

CATEGORY -A

- I. **Salary:** A Salary of Rs.1,50,000/- (Rupees One Lac Fifty Thousand) only per month.
- II. **Perquisites :** In addition to the above, the Managing Director shall be entitled to the following perquisites :
 1. **Housing :** Residential accommodation or in lieu thereof House Rent Allowance at the rate of 40% of the Salary and in case accommodation is provided by the Company 10% salary of the appointee shall be deducted by the Company.
 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. **Earned Leave:** On full pay and perquisites as per the Rules of the Company but not exceeding one Month's leave for every eleven months service.
 4. **Leave Travel Concession:** For the Managing Director and his family, once in a year incurred in accordance with the Rules specified by the Company but it shall not exceeding one month Salary in a year.
 5. **Medical Re-imbusement:** Expenses incurred for the Managing Director and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
 6. **Personal Accident /Medical Insurance :** Actual premium on personal accidental insurance.
 7. **Club Fees:** Fees of Clubs subject to a maximum of two clubs; this will not include admission and life membership fees.

EXPLANATION for the purpose of the above perquisites "Family" means the spouse, the dependent children and dependent parents of the Managing Director.

CATEGORY -B

In addition of the above perquisites, Shri Sanjiv Shroff shall also be entitled to the following perquisites, which shall not be included in the computation of ceiling on remuneration specified above.

1. (a) Company's contribution towards Provident Fund as per the Rules of the Company.
- (b) Company's contribution to Superannuation Fund as per the Rules of the Company's Superannuation Scheme as may be applicable from time to time provided, however, that the Company's contribution to the Superannuation Fund together with its contribution to the Provident Fund shall not exceed the limit provided under the Income Tax Act, 1961.
2. Encashment of leave accumulation but not availed, at the end of the tenure as per the Rules of the Company.

3. **Gratuity:** Gratuity payable shall not exceed half month's Salary for each completed year of service and will become payable as per the Rules of the Company.
4. **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.

CATEGORY -C

Car with Driver for use on Company's business and telephone at residence which 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 to the Managing Director.

Apart from the remuneration as aforesaid, Shri Sanjiv Shroff shall also be entitled to re-imbusement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.

No sitting fee shall be paid to Shri Sanjiv Shroff for attending the Meetings of Board of Directors or any Committee thereof. He shall not be liable to retire by rotation.

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 31.03.2011	Rs. in lacs
Sales including other Income	19,689
Operating Profit (before interest, Depreciation and Tax)	1,898
Profit Before Tax	513

5. **Export Performance and net foreign exchange earnings and collaborations :** Earnings in Foreign Exchange by way of Exports & others for the year ended 31.03.2011 was Rs. 13010 Lacs.
6. **Foreign Investment or collaborators, if any :** Not Applicable
- II. **Information about the Managing Director :**
 1. **Background :** Shri Sanjiv Shroff, a Science graduate aged 50 year is Managing Director of the Company since 1st September 1988. He has wide Industrial Experience spanning over 25 years in Textile Industry. The Company has progressed substantially under his leadership.
 2. **Past Remuneration :** The last remuneration of Shri Sanjiv Shroff approved by the members of the Company at their 30th Annual General meeting held on 29th September 2008 is as under :



Basic Salary	: Rs.1,25,000/- P.M.
Perquisites	: Rs. 62,500/- P.M.
Total Remuneration	: <u>Rs.1,87,500/- P.M.</u>

3. **Recognition or awards** :The Company has received an award from Rajasthan Government for good Export performance for the year ended 31st March, 2008

4. **Job Profile and his suitability** : Shri Sanjiv Shroff, Managing Director of the Company is responsible for Overall Management of affairs of the Company. He has vested with substantial powers of Management under the supervision control and direction of the Board of Directors. He has been instrumental in deciding Company's policy planning, long term vision and is responsible to evolve strategies to combat competition and to attain targets of the Company besides inculcating Corporate Governance and ensuring co-ordination among Board.

5. **Remuneration Proposed** : The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 06th August, 2011 approved the terms of the remuneration of Shri Sanjiv Shroff for three years commencing from 1st September 2011 which is as under :

Basic Salary	: Rs.1,50,000/- P.M.
Perquisites	: <u>Rs.1,35,000/- P.M.</u>
Total Remuneration	: <u>Rs.2,85,000/- P.M.</u>

6. **Comparative Remuneration Profile with respect to industry, size of the Company, profile of the position and persons** : The executives' remuneration in the industry is on the rise. Appreciating this, the Central Government has also from time to time raised the ceiling specified in Schedule XIII dealing with the remuneration of Managerial Personnel. The "Remuneration Committee" constituted by the Board in term of the said schedule has approved the remuneration of Sri Sanjiv Shroff looking to other Companies comparable with the size of the Company, industry benchmarks in general and profile and responsibilities of Shri Sanjiv Shroff.

7. **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnels, if any** : Beside the above appointment Shri Sanjiv Shroff does not have any pecuniary relationship with the Company. Shri S.L.Shroff, Shri N.G.Khaitan, and Shri Rahul Shroff Directors of the Company are relatives of Shri Sanjiv 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 margin.

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-alla includes marketing re-structuring, reduction in production cost through implementation of various measures..

The Company has also taken expansion of its plant situated at village Kanpur, Udaipur by adding 10,080 spindles and

modernization of 5,184 Spindles and the same is in progress and it's Commercial Production is expected to start in next year.

3 **Expected Increase in productivity and profits in measurable terms**

The Company expects further increase in turnover and profit after expansion and modernization is completed.

Shri Sanjiv Shroff shall be paid aforesaid remuneration and perquisites as minimum remuneration in the event of absence or inadequacy of profit in any financial year.

Shri Sanjiv Shroff is interested in this resolution to the extent he will receive remuneration from the Company. Shri S.L.Shroff, Shri N.G.Khaitan, and Shri Rahul Shroff, Directors are relatives of Shri Sanjiv 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 this remuneration may be more than 10% of the net profit of the Company, this Special Resolution is proposed.

ITEM NO. 11

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.28.75 Crores to Rs.38.75 Crores

None of the Directors is interested in the said resolution.

ITEM NO. 12

The Company intends to increase the Authorised Share Capital of the Company from Rs.28.75 Crores to Rs. 38.75 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. 13

The Company has plans for expansion/ modernisation. Apart from that the Company has also to redeem old preference shares. For these purpose Company will be issuing 17,00,000 (Seventeen Lacs) 10% Cumulative Redeemable Preference Shares of Rs. 100/- each on Private placement basis to Promoters, their relatives, associates and other Companies which Directors deem fit. Pursuant to section 81(1A) and other applicable provisions of the Companies Act., 1956, your permission is sought as stated in the above mentioned resolutions.

The Directors recommend this resolution for your approval.

None of the Directors of your Company is, in any way, concerned or interested in this resolution except those Directors who may be deemed to be concerned or interested to the shares that may be subscribed to, by them or their relatives and associates including the Companies in which they or their relatives are Directors and / or Members.

Mumbai
06th August, 2011

By order of the Board

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

M. K. GUPTA
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in placing before you the THIRTY THIRD Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2011.

FINANCIAL RESULTS	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
Profit before Depreciation and Tax	971.72	749.01
Less: Depreciation for the year	458.88	429.90
	512.84	319.11
Less: Provision for Taxation		
Current year	102.50	49.30
Deferred Tax	(29.44)	91.17
Wealth Tax	0.18	0.14
	73.24	140.61
	439.60	178.50
Less/Add : Adjustment for taxation for earlier years (net)	1.34	3.47
Profit after tax	438.26	181.97
Add : Profit brought forward from previous year	593.20	557.55
	1031.46	739.52
Out of which the following appropriations have been made		
Transfer to General Reserve	10.00	10.00
Proposed Dividend:		
Preference Shares	83.11	80.45
Equity Shares	36.07	36.07
Tax on Proposed Dividend	19.48	19.80
Leaving a balance of to be carried forward'	882.80	593.20
	1031.46	739.52

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. 5.85 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.83.11 Lacs for such Dividend and Rs.13.64 Lacs for Dividend Distribution Tax thereon.

The Company has redeemed 4,79,500 Preference Share during the year and has already paid Rs.39.80 Lacs as Interim Dividend on the said shares out of the above payable Dividend on Preference Shares.

OPERATIONS

During the year under review, your Company has achieved a turnover of Rs.19,412.06 Lacs as compared to Rs.16,485.60 Lacs in the previous year reflecting an increase of 17.75%. The Company has produced 10,573 MT of yarn as compared to 10,380 MT produced in the previous year.

EXPORTS

Exports (FOB) during the year was Rs.13,010 Lacs as against 12,002 Lacs. Exports have increased by 8.40% 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.558.50 Lacs of term loans to the Financial Institutions. The Company has been sanctioned a term loan of Rs.1000.00 lacs each from RIICO & State Bank of India for expansion & modernization. The Company's bankers have provided the need based working capital limit during the 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 & MODERNIZATION OF PLANT

During the year the Company has undertaken expansion and modernization of its existing plant situated at Village: Kanpur, Udaipur (Raj.) at an estimated cost of Rs. 30.00 Crores for installation 10,080 Spindles and modernization of 5,184 Spindles. It is expected to start the Commercial Production by April, 2012

SHARES CAPITAL

As per advice of the Bankers, the Company has redeemed 4,79,500 10% Cumulative Redeemable Preference Shares of Rs.100/- each before maturity out of fresh 9,80,000 Shares issued during the year for a period of 20 years. Now the present issued Preference Shares Capital of the Company is Rs.13.05 Crores against Rs. 8.04 Crores in last year.

CAPTIVE POWER SUPPLY

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 commenced with effect from July, 2010.

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:

- (i) In the preparation of the annual accounts for the year ended March 31, 2011 the applicable accounting standards have been followed alongwith proper explanation relating to material departures and the notes to the accounts are self explanatory.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2011 and of the profit of the Company for the year ended on that.
- (iii) 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;
- (iv) That the Directors have prepared the annual accounts for the year ended 31st March, 2011 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 B.K.Jhawar and Shri P.C.D. Nambiar 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 tenure of Shri Sanjiv Shroff as Managing Director of the Company is expiring on 31st August, 2011. Based on the recommendation of the Remuneration Committee the Board has decided to re-appoint Shri Sanjiv Shroff as Managing Director of the Company for a further period of 3 years, subject to approval of the Shareholders in the ensuing Annual General Meeting.

SUBSIDIARY COMPANY

The Company has no Subsidiary as on 31st March, 2011.

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.

There are no employees of the Company who were in receipt of remuneration of Rs.5,00,000/- per month or more as required to be furnished under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Rules, 1975) as amended.

AUDITORS

STATUTORY 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.

COST AUDITORS

Cost Audit Report for the year 2009-10 was filed with ROC on 25/09/2010. The Cost Audit Report for the year 2010-11 shall become due for filing on 30th September, 2011. This report is under process and will be filed before due date.

M/s R.J. Goel & Co, Cost Accountant 31, Community Centre, Golden Palace, 2nd Floor, Ashok Vihar, Delhi-110 052 have been appointed as Cost Auditors of the Company for the financial year 2011-12 subject to approval of the Central Government, on such remuneration as may be determined by the Managing Director.

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:

- 1) 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 there in. It is not possible now to quantify the results on Profit/Loss A/c and assets and liabilities of the Company for items referred to in schedule 23 note 1(ix). These will be accounted for in the year of settlement.
- 2) The Managing Director has not signed the attached Balance Sheet, Profit and Loss Account along with schedules and the cash flow statement as he was not present within the territory of India at the relative time of the Board Meeting in which such accounts were approved. A statement for this is appended to Balance sheet and Profit and Loss account explaining the reasons for Managing Director not signing the Balance sheet as required under section 215 (2) of the Companies Act 1956.
- 3) Payment of Interim Dividend was made only on part of Redeemable Preference shares as mentioned in note no.7(XIV) in Schedule '23', which were redeemed during the year. Company is of the view that for payment of Interim Dividend permission of shareholders and Financial Institution was not necessary.
- 4) 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 of Rs.9,39,587/- as on 31.03.2010 has been debited in this year. However all related details for Expenditure incurred are stated in note no 1(xii) in Schedule 23 of Annual Accounts.
- 5) There were slight delays in payment of certain dues towards Service Tax, Works Contract Tax and Dividend Tax. Though such delays were insignificant in nature, the concerned officers have been requested to ensure timely payments and deposits.
- 6) As disputes are pending with various Authorities for Rs.0.23 lacs on a/c of Excise Duty, Rs.47.63 lacs on a/c of Service Tax, 0.90 lacs on a/c of Rajasthan Sales Tax Act and Rs.721.68 lacs on a/c of Income Tax & FBT, no payment for these dues have been made.
- 7) 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.

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, 1988 is given in the Annexure '1' forming part of the report.

ACKNOWLEDGMENT

Your Directors express 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
06th August, 2011

R. N. SHARMA
Wholtime Director

SANJIV SHROFF
Managing Director

ANNEXTURE '1'

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Director's) Rules, 1988 and forming part of the Directors Report for the year ended 31st March, 2011.

A. CONSERVATION OF ENERGY

1. Energy Conservation Measures Taken

- a) The Company is continuing with the energy conservation measures taken in earlier years.
- b) Pumps at another two Humidification Towers were replaced by energy saver pumps & motor.
- c) Electronics Choke Tube Fittings have been used for energy conservation in one more section of production hall
- d) We have installed Micro Humidifiers in one production department for direct increase of humidity to improve quality of Yarn and reduction of electrical load in tower.
- e) We have installed the system to collect condensate (the hot water) from Dyeing Machine, Heating Coil, Drier and Steam pipe line, so that the load on Boiler will reduce by feeding this collected hot water in place of cold water, ultimately consumption of fuel will reduce.

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

- a) Pumps at another two Towers will be replaced by energy saver pumps & motors.
- b) We are taking trial for installing fognizer to increase humidity in one finishing department which will help to improve quality and production of yarn alongwith power saving at humidification plant.
- c) At Boiler we are planning to put VFD on ID fan and P.A. fan motor to conserve electrical energy.

FORM 'A'

Form for disclosure of particulars with respect to conservation of energy 2010-2011.

(A) Power and Fuel Consumption

	Current Year 31.03.2011	Previous Year 31.03.2010
(1) Electricity		
a) Purchased Unit (KWH)	3,64,91,413	3,22,30,560
Total Amount (Rs.)	13,70,57,495	13,39,64,896
Rate/ Unit (Rs.)	3.76	4.16
b) Own Generation		
i) Through Diesel		
Generator (Unit KWH)	4,040	13,680
Units per Ltr. of Diesel oil	1.92	2.45
cost/ unit (Rs.)	23.64	13.13
ii) Through Furnace oil		
Generator (Unit KWH)	37,220	13,39,810
Units per Ltrs. of F.O.	2.04	4.14
Cost/ Unit (Rs.)	23.69	5.13

(2) Coal		
Quantity	B. Grade	B. Grade
Where used	Boiler	Boiler
Quantity (Tonnes)	2,307	2,085
Total cost (Rs.)	1,78,78,039	1,15,55,991
Average Rate/ Ton (Rs.)	7,749	5,542
(3) Furnace Oil-Based Boiler		
Quantity - HFO (in Ltrs)	-	5,543
Quantity - HSD (in Ltrs)	-	-
Total Cost (Rs.)	-	88,355
Average rate per ltr. (Rs.)	-	15.94
(4) Other/ Internal Generation	NA	NA
(B) Consumption per unit of production		
Product	Synthetics Blended	Synthetics Blended
	Yarn Current Year	Yarn Previous Year
Units	Per Kg.	Per Kg.
Electricity	3.45	3.24
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

- a. Low cost Acrylic blended yarn developed for light weight carpets / prayers rugs.
- b. Improvement in yarn for making it suitable for knitting fabrics used for backing of coated fabrics.

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

Planning for auto dopping in dyed yarn opening.

C. FOREIGN EXCHANGE EARNINGS AND OUT GO

	(Rs. in Lacs)
1. Foreign Exchange Earnings (FOB Value of Export)	13,010.00
2. Foreign Exchange outgo	869.40

On behalf of the Board

Place: Mumbai
06th August, 2011

R. N. SHARMA
Wholtime Director

SANJIV SHROFF
Managing Director



Statement pursuant to section 215 (2) of the Companies Act, 1956

As per section 215(1) of the Companies Act, 1956 every Balance Sheet and every Profit and Loss Account of a Company shall be signed on behalf of the Board of Directors by not less than two Directors of the Company one of whom shall be a Managing Director where there is one.

However the attached Balance Sheet, Profit and Loss a/c and Cash Flow of Reliance Chemotex Industries Limited has not been signed by the Managing Director as he was not present within the territory of India at the time of the Board Meeting in which such accounts were approved.

He had gone out of territory of India to attend some urgent business meetings with customers which were unavoidable and therefore has not signed the attached Balance Sheet, Profit and Loss a/c and Cash Flow of the Company.

In this regard opinion has also been taken from Solicitors of the Company which states that when the Managing Director is not present within territory of India at the time of signing of the Balance Sheet and Profit & Loss a/c, any other Director of the Company automatically gets the right by virtue of subsection 1(ii) and subsection 2 of Section 215 of the Companies Act, 1956 to sign the Balance Sheet and Profit & Loss a/c of the Company, as long as a statement is appended to the Balance Sheet and Profit & Loss a/c explaining the reason for the absence of Managing Director. Hence we are attaching this statement pursuant to section 215(2) of the Companies Act, 1956 and due to this reason and as authorized by the Board of Directors, we have signed the attached Balance Sheet, Profit and Loss a/c and Cash Flow of the Company.

On behalf of the Board

Place : Mumbai
Dated : 26th May, 2011

R. N. SHARMA
Wholetime Director

S. L. SHROFF
Chairman



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

* The Audit Committee had in its meeting held on 31.07.2010 authorised Shri P.C.D. Nambiar to present at the AGM as the Deemed Chairman of the Audit Committee as Shri V.B.L. Mathur was scheduled to be abroad on the said date.



Number of Board Meetings held and their dates of holding

Dates of Board Meetings were fixed in advance for the financial year and agenda papers were circulated to all the Directors in advance during the year 2010-11. Four Board Meeting were held at the following dates 19.05.2010, 31.07.2010, 22.10.2010 and 28.01.2011 respectively.

1. 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 Shareholders/ 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	2
Shri N.G. Khaitan	Not Independent Non-Executive	4
Shri P.C.D. Nambiar	Independent Non-Executive	4
Shri K.L. Sonthalia	Independent Non-Executive	4

The meetings of the Audit Committee during the year were held on the following dates: 19.05.2010, 31.07.2010, 22.10.2010, and 28.01.2011 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:

Name of Members	Category	Number of meetings attended
Shri V.B.L. Mathur Chairman.	Independent Non-Executive	2
Shri K.L. Sonthalia	Independent Non-Executive	4
Shri Sanjiv Shroff	Not-Independent Executive	4
Shri R.N.Sharma	Not-Independent Executive	1

The Committee held its meetings during the year on following dates: 19.05.2010, 31.07.2010, 22.10.2010 and 28.01.2011 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 20 letters/complaints from Investors which have been resolved during the year. There was no unresolved complaints as on 31st March, 2011. There were no transfer of shares pending for registration for more than 30 days as on 31st March, 2011. The details of complaints received by the Company and Registrar & Share Transfer Agent and resolved as quarter wise during the year 2010-2011 are as under:

Quarter ended on	No. of Complaints received
30.06.2010	2
30.09.2010	4
31.12.2010	8
31.03.2011	6
Total	20

(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 attendance of the members at the meeting during the year are as under :

Name of the Members	Category	Number of Meetings attended
Shri V.B.L Mathur Chairman	Independent Non-Executive	-
Shri K.L. Sonthalia	Independent Non-Executive	1
Shri S.L.Shroff Upto 31 st July 2010	Not Independent Non-Executive	-
Shri P.C.D. Nambiar w.e.f. 31 st July, 2010	Independent Non-Executive	1

The Committee held a Meeting on 31st July, 2010 to appoint Shri Rahul Shroff as Wholetime Director designated as an Executive Director, of the Company for a period of 3 (Three) years w.e.f. 1st August, 2010.

5. **Details of remuneration paid to Directors for the year 2010-2011**

(i) **Executive Directors**

(Amount in Rs.)

Name of Executive Directors	Basic Salary	Exgratia	Allowances & Perquisites	Contribution to PF	Total	Service Contract (Years)	Period
Shri Sanjiv Shroff	15,00,000	-	8,63,331	1,80,000	25,43,331	3	1/09/08 to 31/08/11
Shri R.N.Sharma	9,00,000	1,80,000	2,58,231	1,08,000	14,46,231	3	1/11/09 to 31/10/12
Shri Rahul Shroff	5,60,000	-	2,80,000	67,200	9,07,200	3	1/08/10 to 31/07/13

(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 2010-2011 are as follows:-

Name of Director	Sitting fee for (Amount in Rs.)	
	Board Meeting	Committee Meeting
Shri S.L. Shroff	-	-
Shri B.K. Jhawar	-	-
Shri N.G. Khaitan	40,000	20,000
Shri P.C.D. Nambiar	40,000	21,500
Shri V.B.L.Mathur	20,000	13,000
Shri K.L. Sonthalia	40,000	27,500
Shri B.K.Agrawal	-	-



6. General Body Meetings

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

Year	AGM	Location	Date	Time
2007-08	30 th AGM	Hotel India International, Udaipur	29 th Sept. 2008	11:00 AM
2008-09	31 st AGM	Hotel India International, Udaipur	19 th Sept. 2009	10:30 AM
2009-10	32 nd AGM	Hotel India International, Udaipur	27 th Sept. 2010	10:30 AM

(ii) Extra Ordinary General Meeting

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

Special Resolutions passed in the previous three AGMs :

- a) **In the AGM held on 27th September, 2010**
 To appoint Shri Rahul Shroff as Wholetime Director, designated as an Executive Director of the Company for a period of 3 (three) years w.e.f. 1st August, 2010 and to accord consent of the Company for remuneration payable to him.
 To alter the Article of Association of the Company by adding another Articles, under the heading "Members approval for change in Business" as the Company may be intended to diversify its business.
- b) **In the AGM held on 19th 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. 1st November, 2009.
 To alter the Memorandum of Association of the Company by inserting a new Object Clause no.5 as the Company intended to sell/ deal in Power. The said resolution was passed under section 16 of the Companies Act, 1956 through Postal Ballot pursuant to section 192A of the Companies Act, 1956.
- c) **In the AGM held on 29th 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. 1st September, 2008.
- d) Presently no Special Resolution is proposed to be conducted through Postal Ballot in the ensuring AGM but following Resolutions are proposed to be passed as Special Resolutions:-
 To re-appoint Shri Sanjiv Shroff as Managing Director of the Company for a further period of 3 (three) years w.e.f. 1st September 2011 and to approve the remuneration payable to him.
 Issue of Preference Shares pursuant to provisios of section 81(1A) of the Companies Act, 1956 other than to shareholders in such terms and conditions as the Board may think fit.

Extra Ordinary General Meeting held on 26th 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 financial results alongwith Statement of Assets and Liabilities 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 Economic Times (English) and 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.
- (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	28th September, 2011 at 10.30 A.M. at Hotel India International, Sardarpura, Udaipur (Rajasthan)
2.	Financial Calendar : Financial Year Quarterly Financial reporting	1 st April to 31 st March Within 30 days of each quarter, except fourth quarter when Audited Annual Results are published within 2 Months
3.	Book Closure	The Register of Members and Share Transfer Books of the Company will remain closed from 21st September, 2011 to 28th September, 2011 (both days inclusive)
4.	Dividend payment date	01 st October, 2011
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. Bigshare 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 st March 2011, 28,85,149 (83.21%) 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	Registered Office: 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 Registrar & Share Transfer Agent: M/s. Bigshare Services Pvt. Ltd. E- 2 & 3 Ansa Industrial Estate, Saki Vihar Road Saki Naka, Andheri (E), Mumbai – 400 072 Ph No. 28470652, 40430200 Fax: 2847 5207 e-mail : info@bigshareonline.com



(b) Distribution of Shareholding as on 31st March 2011 are as under:

(i) According to category of holding:

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Promoters	11	0.10	17,08,600	47.04
FI's & Banks	1	0.01	150	0.01
Individuals	11131	98.19	13,05,233	35.94
Body Corporates	127	1.12	5,49,043	15.12
Trusts	1	0.01	1,000	0.03
NRI	57	0.50	62,339	1.71
Clearing Members	8	0.07	5,485	0.15
TOTAL	11,336	100.00	36,31,850	100.00

(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	11,112	98.02	8,56,769	23.59
501-1000	139	1.23	1,13,571	3.13
1001-5000	61	0.54	1,41,000	3.88
5001-10000	8	0.07	56,340	1.55
Over 10000	16	0.14	24,64,170	67.85
TOTAL	11,336	100.00	36,31,850	100.00

(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' 10	38.50	27.50	18047.86	17276.80
May' 10	38.75	31.45	17536.86	15960.15
Jun' 10	40.70	28.00	17919.62	16318.39
Jul' 10	58.50	38.90	18237.56	17395.58
Aug' 10	60.00	51.60	18475.27	17819.99
Sep' 10	75.40	55.05	20267.98	18027.12
Oct' 10	122.00	72.10	20854.55	19768.96
Nov' 10	135.00	115.00	21108.64	18954.82
Dec' 10	140.00	115.00	20552.03	19074.57
Jan' 11	124.00	103.50	20664.80	18038.48
Feb' 11	114.60	76.05	18690.97	17295.62
Mar' 11	139.25	108.00	19575.16	17792.17

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

10. Disclosures regarding Appointment or Re-appointment of Directors

The term of Shri Sanjiv Shroff, Managing Director of the Company will expire on 31st August, 2011 and resolution has been included in the notice convening the Annual General Meeting for obtaining necessary approval of Shareholders of the Company to re-appoint him as Managing Director of the Company for a further period of 3 Years w.e.f. 1st September, 2011.

Further two Non-Executive Directors Shri B.K.Jhawar and Shri P.C.D. Nambiar are retiring by rotation at this Annual General Meeting and are eligible for re-appointment. The brief particulars of Shri Sanjiv Shroff, Shri B.K.Jhawar and Shri P.C.D. Nambiar are as under:

Shri Sanjiv Shroff aged 50 years is a Science Graduate and has over 25 years of experience in Textile Industry. He is holding the position of Managing Director of the Company Since 1st September 1988 and was also appointed as Vice Chairman of the Company w.e.f. 22nd October, 2010. He looks after the overall Management and day to day affairs of the Company from last 23 Years. He is neither holding any Directorship and nor Membership of Committees of the Board in other Public Limited Companies.

Shri B.K.Jhawar, S/o Late Shri Chhagan Lal Jhawar, aged 76 years is a Graduate. He is an Industrialist and has an experience of more than four decades of Industry. Details of his Directorship and Membership of Committee of Board in other Companies are as under:-

S.No.	Name of the Company	Chairman/ Director	Particular of Committee	Chairman / Member of Committee
1.	Usha Martin Ltd.	Chairman Emeritus	-	-
2.	Usha Siam Steel Industries Public Company Limited, Thailand	Chairman	-	-
3.	KGVK Agro Ltd.	Director	-	-
4.	Orient Paper & Industries Ltd.	Director	Audit Committee Remuneration Committee	Member Member
5.	Usha Communication Technology Ltd., BVI	Director	-	-

Shri P.C.D.Nambiar, S/o Late Shri M.K.Nambiar, aged 88 years is professional Banker with more than 55 years of experience. He is Ex-Chairman of State Bank of India and expert in strategic planning and financial functions. Details of his Directorship and Membership of Committee of Board in other Companies are as under :-

S.No.	Name of the Company	Chairman/ Director	Particular of Committee	Chairman / Member of Committee
1.	Beardsell Ltd.	Director	Audit Committee	Member
2.	Hotel Leelaventure Ltd.	Director	Audit Committee	Chairman
3.	Peirce Leslie India Ltd.	Director	Audit Committee Share Holders & Investors Grievances Committee	Chairman Member
4.	PL Agro Technologies Ltd.	Director	-	-
5.	The Western India Plywoods Ltd.	Chairman	Audit Committee Remuneration Committee	Chairman Member

11. Non- Mandatory requirements

The Company has not adopted any other 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 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 31st March, 2011.

Place : Mumbai
Dated : 06th August, 2011

SANJIV SHROFF
Vice Chairman &
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, 2011, 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 : 06 August, 2011
Camp : Mumbai

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

(C. P. JAIN)
Partner
M.N. 70156

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:

The textile industry holds significant status in India, Textile Industry provides one of the most fundamental necessities of the people. It is an independent industry, from the basic requirement of raw materials to the final products, with huge value-addition at every stage of processing. The growth of textile Industry has become more volatile in the wake of growing production centers in Asia resulting in intensified competition among the producers in these countries. Relocation, Consolidation and Collaboration are expected to characterize the textile Industry in next few years. The Indian textile Industry is rapidly integrating with the global textile industry with alliances and acquisitions. In the emerging scenario, it is likely that eventually a few large textile conglomerates would emerge in the Industry.

In view of Global dynamics mentioned above, the competencies required in the textile Industry are also changing rapidly with cost, services and innovation as the key drivers. Customers now aggressively seek alternatives, compare offers and hold out for the best option. The product portfolios are having a shorter product life cycle and ever growing levels of variety. The textile producers in order to sustain their existence will have to recognize these factors and build better competencies to face these global challenges.

The Government of India has started the TUF Scheme w. e from 28th April, 2011 which will enable the industry to expand capacity substantially in current years. This scheme is applicable till March, 2012.

The Company has started expansion and modernization of its existing plant situated at Village: Kanpur, Udaipur (Raj.) for installation of 10,080 Spindles and modernization of 5184 Spindles for which the Company has been sanctioned a term loan of Rs. 1000.00 Lacs each from RIICO & State Bank of India (SBI). This will be completed by March/ April, 2012.

b) Opportunities and threats:

The fundamental growth drives of the Country's economy as well as textile Industry continue to remain strong despite the pressures of slowdown and inflationary conditions prevailing in the nation and also globally. The consumption of textile products is growing in response to growing per capita Income, population and strong retail push. 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. However following things may affect the future of the textile industry and also your Company.

1. Fluctuations in the Exchange rates i.e USD and EURO against INR.
2. Rising Interest cost for Working Capital and Term Loans.
3. Withdrawal of Interest Subvention rebates by the Government of India on Exports and also substantial increase in interest cost on Export Packing Credit Limits in Rupees.
4. Proposed withdrawal of DEPB Scheme for Export from 1st October, 2011 by Government of India.
5. Shortage of unskilled workers in Rajasthan
6. Discontinuation of TUF Scheme from 1st April, 2012.

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 2010-11 was 10,574 M.Ton as against 10,380 M.Ton in previous year. The Company has achieved an operational profit (PBIT) of Rs 1,898 Lacs during the year 2010-2011 as against Rs 1,614 Lacs in previous year. Company earned profit before tax amounting to Rs 513 Lacs during the year 2010-2011 as against Rs 319 Lacs in the previous year.

The Company is also aiming at reducing the cost of production. With this view of rationalizing costs and achieving consistency in production, the 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 been started as agreed by the said Power Generating Company.

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 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 and 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 Director's 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 31st March, 2011 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
Dated : 06th August, 2011

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 31st March, 2011 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. *The aggregate impact on matters as referred to in Note 1(ix) in Schedule 23, on results for the year and year end Assets and Liabilities have not been ascertained and stated.*
5. *The Managing Director has not signed the attached Balance Sheet, Profit and Loss Account alongwith Schedules and the Cashflow Statement, as he is reported to have been not present within the territory of India at the relative time and had not attended the Board Meeting in which such Accounts were approved. The Company has been advised that the Managing Director need not sign the Accounts if he is not present within the territory of India at the necessary time of signing the Accounts and does not attend the relative Board Meeting. The Accounts have been authenticated by two Directors of the Company and the Company has been advised that the same is sufficient compliance of the provisions of section 215 of the Companies Act 1956, as long as a statement is appended to the Balance Sheet and the Profit and Loss account explaining the reason for the absence of the Managing Director.*

6. *Attention is drawn to Note 7(xiv) in schedule 23 regarding declaration and payment of Interim Dividend only on part of Redeemable Preference Shares.*
7. 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(xiv) 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 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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, *Notes (b) to (f) in Schedule "1" of share capital regarding issue and redemption of preference shares* 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 31st March, 2011;
 - 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. 001036C

Dated : 26th May, 2011
Camp : Mumbai

(C. P. JAIN)
Partner
M.N. 70516



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 31st March, 2011)

- 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 during the year ended 31.3.2011 and the discrepancies noticed on such physical verification, which in our opinion, were not material, in relation to the operations of the Company, had 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 effect 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 (iii)(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.1,073.50 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 and services. 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 *except that formal internal audit system need to be introduced at Mumbai branch with proper scope and adequate coverage.*
- 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. 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, Works Contract Tax and Dividend Tax.*

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 31.03.2011 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
	Service Tax	2,40,837 45,22,321	31.03.03 31.03.07	The Asst. Commissioner Appeals, Central Excise, Jaipur
Rajsthan Sales Tax Act	Various additional sales tax demands	90,300	31.03.02	Tax Tribunal, Ajmer
Income Tax Act 1961	F.B.T.	1,10,830	31.03.08	Deputy Commissioner of income tax, Kolkata
	Income Tax	7,20,58,480	31.3.08	Commissioner of I. Tax Appeals XII Calcutta

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 31.03.2011 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 31/03/2011 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 31/03/2011, 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 made preferential allotment of Preference Shares to parties and Companies covered in the register maintained under Section 301 of the Act during the year and according to the information and explanations given to us, the price at which such Preference Shares have been issued are not prejudicial to the interest of the Company.
- (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,
Hawa Sadak, 22 Godown,
Jaipur - 302 006

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

Dated : 26th May, 2011
Camp : Mumbai

(C. P. JAIN)
Partner
M.N. 70516



**BALANCE SHEET
AS AT 31ST MARCH, 2011**

	Schedule	31 st March, 2011		31 st March, 2010	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS:					
(1) Shareholders' Funds:					
(a) Share Capital	1	16,67,48,375		11,66,98,375	
(b) Reserves and Surplus	2	<u>20,25,52,352</u>	36,93,00,727	<u>17,25,92,765</u>	28,92,91,140
(2) Loan Funds:					
(a) Secured Loans	3	43,26,96,734		53,11,77,062	
(b) Unsecured Loans		<u>17,66,37,947</u>	60,93,34,681	<u>13,82,85,618</u>	66,94,62,680
(3) Deferred Tax Liability (Net)	4		1,16,79,525		1,46,23,470
TOTAL			<u>99,03,14,933</u>		<u>97,33,77,290</u>
II. APPLICATION OF FUNDS:					
(1) Fixed Assets					
(a) Gross Block	5	99,74,02,212		99,40,95,299	
(b) Less: Depreciation		<u>31,82,75,060</u>		<u>29,18,32,177</u>	
(c) Net Block		67,91,27,152		70,22,63,122	
(d) Capital Work-in-Progress		<u>1,06,00,950</u>		<u>1,85,82,654</u>	
			68,97,28,102		72,08,45,776
(2) Investments	6		4,25,60,000		2,25,60,000
(3) Current Assets, Loans and Advances:					
(a) Inventories	7	37,61,70,754		28,39,63,084	
(b) Sundry Debtors	8	6,77,59,962		4,85,99,477	
(c) Cash and Bank Balances	9	5,41,40,786		2,33,30,618	
(d) Other Current Assets	10	3,78,72,313		4,06,90,803	
(e) Loans and Advances	11	<u>8,32,34,574</u>		<u>10,69,59,630</u>	
		<u>61,91,78,389</u>		<u>50,35,43,612</u>	
Less: Current Liabilities and Provisions:					
(a) Current Liabilities	12	34,71,85,059		25,70,11,094	
(b) Provisions		<u>1,39,66,499</u>		<u>1,75,00,591</u>	
		<u>36,11,51,558</u>		<u>27,45,11,685</u>	
Net Current Assets			25,80,26,831		22,90,31,927
(5) Miscellaneous Expenditure	13		-		9,39,587
TOTAL			<u>99,03,14,933</u>		<u>97,33,77,290</u>

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.

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

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

On behalf of the Board of Directors

Camp : Mumbai
Dated : 26th May, 2011

C. P. JAIN
Partner
M.No. 70156

M. K. GUPTA
Company Secretary
& Chief Financial Officer

R. N. SHARMA
Wholetime Director

S. L. SHROFF
Chairman

RELIANCE
CHEMOTEX INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH, 2011

	Schedule	31 st March, 2011		31 st March, 2010	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Turnover (Gross)	14		1,94,12,05,815(A)		1,64,85,60,239(A)
Less: Excise Duty			3,82,97,581		1,82,14,120
Turnover (Net)			1,90,29,08,234		1,63,03,46,119
Processing Charges (TDS Rs.1,255/-)			81,602		-
Increase in stocks	15		3,77,96,516		-
Other Income	16		2,81,01,246		6,27,97,746
			<u>1,96,88,87,598</u>		<u>1,69,31,43,865</u>
EXPENDITURE					
Decrease in stocks	15		-		1,95,65,422
Raw Materials Cost	17		1,16,82,38,135		96,82,32,506
Employment Cost	18		19,07,88,863		15,44,96,635
Manufacturing Cost	19		27,99,68,539		27,64,27,762
Other Cost	20		13,70,36,251		11,12,86,263
Excise Duty and Sales Tax	21		30,28,620		17,16,980
			<u>1,77,90,60,408</u>		<u>1,53,17,25,568</u>
Profit on Operations			18,98,27,190		16,14,18,297
Less: Financial Expenses	22		9,26,41,990		8,65,17,776
			9,71,85,200		7,49,00,521
Less: Depreciation for the year			4,58,87,627		4,29,90,012(B)
Profit after Depreciation			5,12,97,573		3,19,10,509
Less: Provision for taxation for the year					
Income Tax		1,02,50,000		49,30,000	
Deferred Tax		(29,43,945)		91,16,518	
Wealth Tax		17,800		14,300	
			73,23,855		1,40,60,818
			<u>4,39,73,718</u>		<u>1,78,49,691</u>
Less /Add : Adjustments for taxation for earlier years(net)			1,34,671		3,47,323
Profit after Taxation			4,38,39,047		1,81,97,014
Unappropriated profit for previous year			5,93,20,237		5,57,55,072
			<u>10,31,59,284</u>		<u>7,39,52,086</u>
APPROPRIATIONS					
Transfer to General Reserve			10,00,000		10,00,000
Interim Dividend on 4,79,500 preference shares (alloted on 28.03.02,31.10.02,31.01.03,01.09.05) (C)		39,80,507		-	-
Tax on above dividend (D)		6,74,334		-	-
Proposed Dividends:					
Preference Shares		43,30,383		80,45,000	
Equity Shares		36,06,650		36,06,650	
Tax on Proposed Dividends			12,87,586		19,80,199
Surplus Carried to Balance Sheet			8,82,79,824		5,93,20,237
			<u>10,31,59,284</u>		<u>7,39,52,086</u>
Earnings Per Share			9.46		2.44
Basic / Diluted (Schedule 23 (Note 8))					

(A) Refer Note 7(xiv) in schedule 23

(B) Refer Note 7(xi) in schedule 23

(C) Paid on 01.02.2011 as per Board Resolution dated 28.01.2011 (See also 7(xv) in schedule 23).

(D) Including interest Rs. 13,222/- on late payment of Dividend Tax on Interim Dividend paid on Preference Shares.

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.

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

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

On behalf of the Board of Directors

Camp : Mumbai
Dated : 26th May, 2011

C. P. JAIN
Partner
M.No. 70156

M. K. GUPTA
Company Secretary
& Chief Financial Officer

R. N. SHARMA
Wholetime Director

S. L. SHROFF
Chairman



Schedules "1" to "23" Annexed to and forming part of the Company's Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date.

	31 st March, 2011		31 st March, 2010	
	Rs.	Rs.	Rs.	Rs.
1. SHARE CAPITAL				
Authorised:				
1,35,00,000 Equity Shares of Rs.10/- each		13,50,00,000		13,50,00,000
15,25,000 (PY 8,25,000) Preference Shares of Rs.100/- each		15,25,00,000		8,25,00,000
		<u>28,75,00,000</u>		<u>21,75,00,000</u>
Issued:				
36,52,100 Equity Shares of Rs.10/- each		3,65,21,000		3,65,21,000
13,05,000 (PY 8,04,500) 10% Cumulative Redeemable Preference Shares of Rs.100/- each		13,05,00,000		8,04,50,000
		<u>16,70,21,000</u>		<u>11,69,71,000</u>
Subscribed and Paid-up:				
36,31,850 Equity Shares of Rs.10/- each fully paid up in cash	3,63,18,500		3,63,18,500	
Less: Allotment money in Arrears	<u>1,26,000</u>		<u>1,26,000</u>	
	<u>3,61,92,500</u>		<u>3,61,92,500</u>	
Add: Forfeited Shares	<u>55,875 (a)</u>	3,62,48,375	<u>55,875 (a)</u>	3,62,48,375
13,05,000 (PY 8,04,500) 10% Cumulative Redeemable Preference Shares of Rs.100/- each		<u>13,05,00,000(c)(d)(e)</u>		<u>8,04,50,000 (b)</u>
		<u>16,67,48,375</u>		<u>11,66,98,375</u>

(a) Amount paid up on 20,250 Equity Shares forfeited during an earlier year.

(b) No. of Preference Share Allotted	Dates of Allotment
3,76,000	28.03.2002 (A)
52,500	31.10.2002 (A)
1,96,000	31.01.2003 (A)
98,000	01.09.2005 (B)
82,000	29.04.2006 (B)
<u>8,04,500</u>	

(A) These shares are redeemable at par on expiry of 13 years from the respective dates of allotment.

(B) These shares are redeemable at par on expiry of 14 years from the respective dates of allotment.

(c) After redemption at par of 4,79,500 Preference Shares earlier than the date of redemption i.e. during the year on dates, as stated under

No. of Preference Share Redeemed	Dates of Redemption
36,500	11.02.2011
80,000	17.02.2011
18,000	17.03.2011
1,85,000	25.03.2011
1,60,000	29.03.2011
<u>4,79,500</u>	

(d) Includes 980000 Preference Shares allotted during the year, on dates as stated under. These shares are redeemable at par on expiry of 20 years from the respective dates of allotment

No. of Preference Share Allotted	Dates of Allotment
2,75,000	28.01.2011
72,000	24.03.2011
1,33,000	26.03.2011
5,00,000	31.03.2011
<u>9,80,000</u>	

In respect of above issue of shares, vide resolution dated 28.01.2011 of Board of Directors and dated 24.3.2011, 26.3.2011 and in 31.3.2011 of Finance committee, consent letters of Financial Institutions were not available for Auditors inspection.

The Company has issued Share Certificate for 2,75,000 Shares allotted on 28.01.2011, however the remaining Share Certificates are still to be issued to the respective Preference Shareholders.

(e) 4,79,500 (Part of Allotted Shares) Preference Shares as mentioned under (b) above were redeemed during the year, though such Preference Shares were redeemable on dates mentioned under note (b.) above, as per terms of issue vide equity and preference shareholders resolution dt. 05.01.2011 after the expiry of 13 or 14 years, in pursuance to Board resolution dated 28.01.2011. The balance 3,25,000 Preference Shares are pending redemption.

(f) As stated under Note no. 1 in Schedule "3" of Secured Loans : Term Loans of Rs 1,919 Lacs from IDBI 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.

RELIANCE
CHEMOTEX INDUSTRIES LIMITED

	31 st March, 2011		31 st March, 2010	
	Rs.	Rs.	Rs.	Rs.
2. RESERVES AND SURPLUS				
Capital Reserve:				
Central Cash Subsidy		15,00,000		15,00,000
Share Premium Account:				
As per last account	5,26,71,138		5,26,71,138	
Less: Amount unpaid	3,78,000	5,22,93,138	3,78,000	5,22,93,138
General Reserve:				
As per last Account	5,94,79,390		5,84,79,390	
Add: Transferred from Profit & Loss Account	10,00,000	6,04,79,390	10,00,000	5,94,79,390
Surplus:				
As per annexed profit and Loss account		8,82,79,824		5,93,20,237
		<u>20,25,52,352</u>		<u>17,25,92,765</u>
3. LOAN FUNDS				
SECURED LOANS				
TERM LOANS:				
IDBI Bank Limited (Refer note 1)		20,07,88,546		24,01,50,000
State Bank of India (S.B.I.) (Refer Note 2)		17,52,50,242		19,64,00,242
		<u>37,60,38,788 (a)</u>		<u>43,65,50,242 (a)</u>
Vehicle Loans :				
From Banks	6,47,106		11,61,031	
From Others	2,46,165	8,93,271	6,27,644	17,88,675
(Refer note 3)				
Borrowings for Working Capital:				
State Bank Of India		4,33,35,698		7,47,61,353
Cash and Packing Credit Accounts (Refer Note 4)				
IDBI Bank Ltd		1,24,28,977		1,80,76,792
Cash and Packing Credit Accounts (Refer Note 5)		<u>43,26,96,734</u>		<u>53,11,77,062</u>
UNSECURED LOANS:				
From Bodies Corporate	17,30,20,512		12,03,25,000	
From a Director	9,00,000		83,50,000	
Interest Accrued and Due	27,17,435	17,66,37,947 (b)	96,10,618	13,82,85,618 (b)
		<u>60,93,34,681</u>		<u>66,94,62,680</u>

a) Includes Rs. 6,28,87,496/- (Previous year Rs. 5,58,50,000/-) due within one year.

b) Includes Rs. 3,08,527/- (P.Y. Rs. 4,26,907/-) payable to a Director.

NOTES:

- 1 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. As per Certificate of the Management, the above loans, have also been 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 the names of Directors and their relatives.
- b) In respect of Term Loans of Rs. 1,919 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.2,678 lacs to Rs.1,919 Lacs, is still to be filed with the concerned authorities.



	31 st March, 2011		31 st March, 2010	
	Rs.	Rs.	Rs.	Rs.
2	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. As per Certificate of the Management the above loan is also guaranteed by Managing Director and one other Director of the Company and is 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.			
3	Vehicle Loans from Axis Bank Ltd., The Federal Bank Ltd. and Tata Capital Ltd. are secured by way of Hypothecation of respective Cars acquired out of the said Loans and includes Rs.7,33,708/- (Previous Year Rs.9,03,138/-) due within one year. The charge documents are still to be filed with the concerned authorities.			
4	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 reported to have also been 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.			
5	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 reported to have also been guaranteed by Managing Director and one other Director of the Company. Such borrowings are also secured by joint second charge on fixed assets of the Company.			
6	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 / others.			
4.	DEFERRED TAX LIABILITY (NET)			
	Deferred Tax Liability on Account of :			
	Difference in Depreciation	2,60,74,192	2,04,75,419	
	Deferred Revenue Expenditure	-	3,19,366	2,07,94,785
	Less : Deferred Tax Assets :			
	Expenditure u/s 43 B of the I.T. Act, 1961	1,43,94,667		61,71,315
		1,16,79,525		1,46,23,470

5. FIXED ASSETS

	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deductions/ adjustments	As at 31.03.2011	Up to 31.03.2010	For the year	Deductions/ Adjustments	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Land :										
Free Hold	8,01,041			8,01,041					8,01,041	8,01,041
Lease Hold	10,68,421			10,68,421	3,43,703	10,792		3,54,495	7,13,926	7,24,718
Buildings	20,02,90,323	65,87,747		20,68,78,070	3,34,38,856	64,41,102		3,98,79,957	16,69,98,113	16,68,51,468
Building Construction Equipment	23,451			23,451	23,447			23,447	4	4
Plant & Machinery	77,09,21,061(a)	2,32,60,294	2,85,42,351	76,56,39,004	24,88,35,528	3,77,55,658	1,92,41,079 (c)	26,73,50,107	49,82,88,897	52,20,85,533
Furniture, Fixtures & Equipments	1,12,63,110	15,59,220	2,54,968	1,25,67,462	65,52,298	7,23,583	1,73,001	71,02,880	54,64,582	47,10,812
Vehicles	94,18,442	5,57,421	32,278	99,43,585	23,97,856	8,98,927	30,664	32,66,119	66,77,466	70,20,586
Intangible Assets										
Computer Software	3,09,450	1,71,728		4,81,178	2,40,490	57,565		2,98,055	1,83,123	68,960
Total									67,91,27,152	70,22,63,122
Capital Work In Progress:										
(including Capital Advances (Refer note 7 (vi) in Schedule 23)									1,06,00,950	1,85,82,654
As at 31.03.2011	99,40,95,299	3,21,38,410	2,88,29,497	99,74,02,212	29,18,32,177	4,58,87,627	1,94,44,744	31,82,75,060	68,97,28,102	72,08,45,776
As at 31.03.2010	84,91,59,135	17,18,65,180	2,69,29,016 (d)	99,40,95,299	25,59,09,976	4,30,88,088	71,65,895 (c)(d)	29,18,32,177	72,08,45,776	

- (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. 46,78,665/- (P.Y. Rs. 16,52,699/-) W.D.V of Fixed Assets written off (refer Note 1(ix)(b)(ii) in Schedule 23).
- (d) Includes Rs. 98,074/- for depreciation provided in earlier year to previous year on Expenditure referred to under Note(b) above and written back in previous year (refer Note 7(xi) in Schedule 23).

RELIANCE
CHEMOTEX INDUSTRIES LIMITED

	31 st March, 2011		31 st March, 2010	
	Rs.	Rs.	Rs.	Rs.
6. INVESTMENTS				
A. Long Term				
Trade Investments: (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 (a)	1,48,56,290	
B. Short Term (Current Investments)				
Units of Mutual Fund (Unquoted)				
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend (Reinvest Dividend)	2,00,00,000	4,25,60,000	-	2,25,60,000 (a)
(a) Refer Notes 1(vi) and 9 in Schedule 23.				
7. INVENTORIES				
(as taken, valued and certified by the management)				
Stores, Spares & Packing Materials etc.	1,93,78,361 (a)		1,53,15,943	
Dyes and Chemicals	16,45,553	2,10,23,914	19,06,459	1,72,22,402
Raw Materials		19,76,88,069		14,70,78,427
Finished Goods		8,39,94,986 (b)		6,67,11,786
Work-in-Process		7,31,05,258		5,26,13,636
Waste		2,90,058		2,70,287
Scrap and Residual Materials		68,469		66,546
		37,61,70,754 (c)		28,39,63,084 (c)
(a) Includes Capital Goods of value in Stock Rs 56,13,715/-.				
(b) Includes stock of value of Rs.8,94,286/- lying with outside Parties.				
(c) Includes stock items of the value of Rs.4,94,31,486/- in transit (Previous year Rs.2,62,06,664/-).				
8. SUNDRY DEBTORS				
(Unsecured, considered good by the Management except as otherwise stated)				
Debts outstanding for a period exceeding six months				
Considered Good	18,119			
Considered Doubtful	22,21,698		22,21,698	
	22,39,817		22,21,698	
Less: Provision	22,21,698	18,119	22,21,698	
Other Debts:				
Considered Good		6,77,41,843		4,85,99,477
		6,77,59,962		4,85,99,477
9. CASH AND BANK BALANCES				
Cash and Cheques in Hand (as certified)		14,82,218		11,96,305
Balances in foreign cash/ credit cards (US \$9489.10, EURO 254.34 (unconfirmed))		4,35,563		
With Scheduled Banks:				
On Current Accounts	2,90,75,667		39,21,153	
On Saving Accounts	6,34,876 (a)		3,81,642 (a)	
On Margin and Deposit Accounts	1,97,68,910 (a,b,c)		1,54,49,434 (a,b,c)	
On Unpaid Dividend Accounts(as per contra)	27,43,552	5,22,23,005	23,82,084	2,21,34,313
		5,41,40,786		2,33,30,618
(a) Includes ear-marked deposits Rs. 15,29,542/- (Previous year Rs. 11,35,017/-).				
(b) Includes Rs.1,87,49,382/- (Previous year Rs.1,45,60,000/-) Fixed Deposits Receipts of which deposited with Banks under lien of Banks against Guarantees and Letters of Credit.				
(c) Includes interest accrued Rs.1,24,862/- (Previous year Rs.1,36,059/-).				



	31 st March, 2011		31 st March, 2010	
	Rs.	Rs.	Rs.	Rs.
10. OTHER CURRENT ASSETS (Unsecured, considered good by the Management except as otherwise stated)				
DEPB Licence Benefits and Export Incentives and Benefits Receivable	2,05,18,745		2,50,47,743	
Other Receivables	<u>1,73,53,568</u>	<u>3,78,72,313</u>	<u>1,56,43,060</u>	<u>4,06,90,803</u>
11. LOANS AND ADVANCES (Unsecured, considered good by the Management except as otherwise stated)				
Loans to Officers (Interest Free)		7,90,000 (a)		3,69,432 (a)
Advances: Recoverable in cash or in kind or for value to be received or pending adjustments				
Considered Good:				
Balance with Excise Department	5,829		6,629	
Payments of Taxes and Tax deducted at source (Less Provisions Rs.1,04,67,726 p.y. Rs.51,44,226/-)	<u>4,26,189</u>	<u>4,32,018</u>	<u>42,208</u>	<u>48,837</u>
Others				
Considered Good	8,20,12,556		10,65,41,361	
Considered Doubtful	<u>45,000</u>		<u>45,000</u>	
	8,20,57,556		10,65,86,361	
Less : Provision	<u>45,000</u>	<u>8,20,12,556 (b)(c)</u>	<u>45,000</u>	<u>10,65,41,361 (b)(c)</u>
		<u>8,32,34,574</u>		<u>10,69,59,630</u>
<p>(a) Maximum amount due at any time during the year Rs. 8,50,000/- (Previous year Rs. 5,81,210/-)</p> <p>(b) Includes Cenvat Credits for VAT/Service tax and Excise duty rebates etc.receivable Rs.5,07,73,111/- (Previous year Rs.8,81,20,424/-)(also refer Notes 1(viii)(b) and 1(x)(b)in schedule 23)</p> <p>(c) Also includes Rs. 13,40,325/-(previous year Rs. 43,41,595/-) refunds of Excise Duty receivable (also refer Note 7(x)in schedule 23)</p>				
12. CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities:				
Temporary Bank (Book) Overdraft		2,12,660		
Sundry Creditors		31,92,04,339 (a)		23,35,03,323 (a)
Deposits and Advances		1,18,17,458		75,61,757
Investor Education and Protection Fund shall be credited by				
Unpaid Dividends (as per contra)		27,43,552 (b)		23,82,084 (b)
Other Liabilities		<u>1,32,07,050</u>		<u>1,35,63,930</u>
		<u>34,71,85,059</u>		<u>25,70,11,094</u>
PROVISIONS				
For Leave encashment benefits	40,80,768			38,68,742
Proposed Dividends:				
Preference Shares	43,30,383		80,45,000	
Equity Shares	<u>36,06,650</u>	<u>79,37,033</u>	<u>36,06,650</u>	<u>1,16,51,650</u>
Tax on Proposed Dividends	<u>19,48,698 (c)</u>	<u>1,39,66,499</u>		<u>19,80,199</u>
		<u>36,11,51,558</u>		<u>27,45,11,685</u>

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

(b) The figures reflect the position as on 31.03.2011. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due dates.

(c) Including Interest Rs.13,222/- on Late payout of Divided Tax on Interim Dividend paid on preference shares.

RELIANCE
CHEMOTEX INDUSTRIES LIMITED

	31 st March, 2011		31 st March, 2010	
	Rs.	Rs.	Rs.	Rs.
13. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)				
Deferred Revenue Expenditure :				
Compensation to workers:				
As per last account	9,39,587		29,73,418	
Less: Written off during the year	9,39,587	-	20,33,831	9,39,587
				9,39,587
14. TURNOVER				
Sales		1,81,95,24,795		1,55,28,72,950
Less:				
Returns in respect of sales in previous years	59,462		2,48,766	
Rebate, Claims and Remissions	3,44,584	4,04,046	7,90,754	10,39,520
		1,81,91,20,749 (a)		1,55,18,33,430
Add:				
Net Foreign Exchange Gain		3,67,34,719 (b)		3,21,00,165 (b)
Consideration (including Premium/ Discount) for transfer of DEPB Licence benefits		8,53,50,347		6,46,26,644
		1,94,12,05,815		1,64,85,60,239
(a) Excluding sales of scrap and residual materials included under miscellaneous sales, receipts and realisations in Schedule "16".				
(b) Refer Note 7(xiv) in schedule 23.				
15. INCREASE / (DECREASE) IN STOCKS				
Closing Stock:				
Work-in-Process	7,31,05,258		5,26,13,636	
Finished Goods	8,39,94,986		6,67,11,786	
Waste	2,90,058		2,70,287	
Scrap and Residual Materials	68,469	15,74,58,771	66,546	11,96,62,255
Less: Opening 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	66,546	11,96,62,255	1,91,519	13,92,27,677
		3,77,96,516		(1,95,65,422)
16. OTHER INCOME				
Interest (Tax deducted at source Rs.2,50,594/- Previous year Rs.3,21,580/-)				
On Fixed Deposits with Banks	12,19,290		11,30,893	
On Savings Accounts with Banks	17,854		8,927	
On Debts	12,46,167	24,83,311	11,57,418(a)	22,97,238
Dividend on Long Term Investments (Trade Investments)		1,486		1,486
Export Incentives and Benefits (P.Y. net of Rs. 22,952/-at debit)		1,65,85,949		3,41,89,706
Miscellaneous Sales, Receipts and Realisations		50,74,634		40,22,806
Excess Provisions, Unspent Liabilities and Sundry Balances Written back (Net of Rs. 2,21,075/- (P.Y.Rs.22,170/-) at debit)		16,50,271 (b)		1,62,82,248
Lease Rent (T.D.S. Rs.36,000/-) (P.Y.Rs.58788/-)		3,60,000		3,60,000
Profit on sale of Fixed Assets (P.Y. net of loss of Rs.2,31,777/-)		-		12,71,166
Insurance Claims		19,45,595		43,73,096
		2,81,01,246		6,27,97,746
(a) Net of Rs.2,65,788/- for Short recoveries.				
(b) Includes Rs. 43,017 for Audit fee and Rs. 24,266 for Tax Audit Fee in respect of excess provisions in previous year for Audit / Tax Audit fees payable to Auditors, written back (including service tax / education cess Rs.6,283/-).				



	31 st March, 2011		31 st March, 2010	
	Rs.	Rs.	Rs.	Rs.
17. RAW MATERIALS COST				
Raw Materials Consumed:				
Opening Stock		14,70,78,428		6,56,97,120
Add :				
Purchases and Incidental Expenses (net of Cenvat)		1,22,14,70,917	1,36,85,49,345	1,04,96,13,813
Less:				
Closing Stock		19,76,88,069		14,70,78,427
Sales		26,23,141(a)	20,03,11,210	-
			<u>1,16,82,38,135</u>	<u>96,82,32,506</u>

(a) Includes Profit, the amount whereof has not been separately ascertained and stated.

18. EMPLOYMENT COST

Salaries, Wages and Bonus etc.	16,66,29,103 (a)	13,46,58,885 (a)
Gratuity	50,00,000 (b)	32,23,959 (b)
Provision for Leave Encashment Benefits	6,71,082	3,50,822
Contribution to Provident and Other Funds	1,53,29,071	1,34,24,518
Welfare Expenses	31,59,607 (c)	28,38,451
	<u>19,07,88,863</u>	<u>15,44,96,635</u>

(a) Includes Rs. 9,39,587/- (Previous year Rs. 20,33,830/-) Deferred Revenue Expenditure written off (Refer Note 1(xii) in Schedule 23), provisions for Bonus Rs.41 Lacs (Previous year Rs.39.60 Lacs) and Rs 103.78 Lacs (p.y. Rs 1.27 Lacs) towards compensation etc. as per agreement dated 30.8.2010 (p.y.127129/-).

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

(c) Includes Insurance Premium Rs 466977 (P.Y. Rs. 3,67,715).

19. MANUFACTURING COST

Stores and spare parts etc.	5,86,94,621	4,80,94,065
Dyes and Chemicals	3,01,31,510	2,82,61,300
Packing Materials	4,24,45,668	3,36,26,024
Power and Fuel	13,77,24,418 (a)	14,11,08,429 (a)
Payments for Electric Installments not owned by Company	-	1,54,08,480 (b)
Repairs to Plant and Machinery	45,78,108 (c)	36,31,999 (c)
Repairs to Buildings	47,05,861 (d)	44,21,974 (d)
Economic Rent	513	513
Water Charges	16,87,840	18,74,978
	<u>27,99,68,539</u>	<u>27,64,27,762</u>

(a) i) Includes stores and spares parts Rs.1,234/-(Previous year Rs.3,70,579/-) and Insurance Rs. 2,17,379/- (Previous year Rs.2,18,543/-).

ii) Also refer Note 1(ix) (g) in Schedule 23.

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

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

(d) Including Stores and Spares Parts Rs.1,20,377/- (P.Y. Rs.5,92,620/-) and Salaries and Wages (amount not separately ascertainable).

RELIANCE
CHEMOTEX INDUSTRIES LIMITED

	31 st March, 2011		31 st March, 2010	
	Rs.	Rs.	Rs.	Rs.
20. OTHER COST				
Rent (Net of realisations Rs. 1,79,050/- (P.Y. Rs. 1,57,675/-)		21,37,137		23,16,977
Rates and Taxes		3,99,476		3,85,496
Insurance (Net of realisations Rs.14,34,006/- (P.Y. Rs.10,57,181/-)		1,34,760		6,45,349
Commission and Brokerage		4,26,11,227		3,53,17,658
Freight and Octroi charges (Net of realisations Rs. 9,40,180/- (P.Y Rs. 10,24,179/-)		5,58,72,503		4,39,25,916
Selling Expenses		74,46,436		62,81,867
Exchange Loss (P.Y. Rs. 5,87,451/-)		7,86,941(a)		38,98,413
Miscellaneous Expenses (Net of realisations Rs. 45,714/- (P.Y Rs. 59,794/-)		2,11,89,906		1,68,11,728
Loss on Sale of Stores and spare parts etc.		5,375		50,160
Loss on sale of Fixed Assets		17,73,825		
Fixed Assets written off		46,78,665		16,52,699
		<u>13,70,36,251</u>		<u>11,12,86,263</u>
(a) Refer Note 7(xiv) in schedule 23.				
21. EXCISE DUTY AND SALES TAX				
Excise duty				
On Closing Stock		27,93,054		15,69,229
Sales Tax Paid		37,361		1,42,509 (a)
Other Payments of Excise Duty		1,98,205 (b)		5,242 (b)
		<u>30,28,620</u>		<u>17,16,980</u>
		<u>30,28,620</u>		<u>17,16,980</u>
(a) Includes Penalty Rs. 36,680/-.				
(b) Includes Rs. 20,947/- interest (Previous year Rs. 5,242/-).				
22. FINANCIAL EXPENSES				
Interest on:				
Term Loans		3,06,45,461 (a)		3,09,74,675 (a)
Interest on IDBI Bank Working Capital		10,39,499		8,66,139
Banks		46,04,757		70,59,492
Vehicle Loans		1,67,136		2,51,867
On Unsecured Loans		71,58,251 (b)(e)		91,45,322 (b)(e)
		4,36,15,104		4,82,97,495
Other Financial Charges		4,84,55,684		3,78,59,338 (c)(d)
Cash Discount		5,71,202 (c)(d)		3,60,943
		<u>9,26,41,990</u>		<u>8,65,17,776</u>

(a) After adjustment of Rs. 2,04,77,110/- (Previous year Rs. 2,18,42,626/-) towards interest subsidy under TUFs.

(b) Includes Rs. 3,42,808/- (P.Y. Rs. 2,93,162/-) to Managing Director.

(c) Includes Rs. 1,491/- (P.Y. Rs. 74,811/-) 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 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 1st 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 (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) Investments :

(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 credits) 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 other 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 (also 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.1,96,66,464/- are outstanding as on 31.03.2011 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) In previous year, Benefits of Cenvat /VAT/ Service Tax credits amounting to Rs. 7,63,475/- had 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. Such benefits for the year under review are also pending to be claimed. The amounts of such claimable/ available Credits for the years earlier to previous year and for this year are still to be ascertained and accounted for. This will affect the results and assets of the Company accordingly.

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 / VAT, Income Tax and Excise duty are intended to be accounted as and when the amounts are finally determined or settled.

(ii) The sale value, the amount whereof is not presently ascertainable and hence not stated, in respect of fixed Assets of Rs.46,78,665/- (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 had been settled by the Bombay High Court and the Company had been granted a decree for recovery of such amount alongwith interest etc. As the whereabouts of the party are not known, the sum of Rs.13,67,265/- payable to the said party as per accounts has been written back to the Profit and Loss Account during the year. The balance amount, recoverable Rs.9,40,407/- from the party alongwith interest is intended to be accounted for in Profit and Loss Account, when the position in his regard is finally clear.

(d) Remissions, if any, receivable against Rs.86,61,030/- (P.Y. Rs.80,60,827/-) 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 for as and when the respective matters are settled. The Management has certified that deposits of such demands still remains stayed by such High Court.

(e) Liabilities, as may arise, due to non receipt 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 and hence not stated.

(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 notifications issued by concerned Authority, the Company filed claims for refunds of Rs. 35,46,085/- (P.Y. Rs 32,13,237) for such service tax payment for the period from 1st July, 2009 to 31st March, 2010 (P.Y. for the year ended 31st March, 2009 and for the period from 1st April, 2009 to 30th June, 2009) claims of Rs 6,27,156 (P.Y. Rs 6,27,156/-) against which appeals had been filed were rejected by authorities but the Company has again filed appeals against such rejection / appeals orders and or is in process of filing the appeals / further appeals. Claims for refund of Service Tax payments (amount to be ascertained and hence not stated) relating to the export expenses for the year ended 31.03.2011 are still to be filed. The Company intends to account for such claims, refunds and or refunds on receipt of such refunds and for which claims are still to be filed as aforesaid on disposal of relative appeals and or on settlement of such claims.

(g) (i) Remissions, as may be, received against Rs.51,74,991/- in respect of amounts deducted by the Company from the bills, raised by M/s. VS Lignite Power Private Limited for supply of Power but charged in accounts



under the heads of Power in Schedule "19" of Manufacturing Cost, for the period from July 2010 to March 2011, are intended to be accounted, as and when the matter is settled.

- (ii) Claims of Rs.12,84,933/- raised / to be raised by the Company on M/s. VS Lignite Power Private Limited for lower supply of power to the Company during the year ended 31.03.2011 is intended to be accounted for as and when the matter is settled or payments are received.

(h) Also refer Notes 1(vi) to 1(viii), 1(x) to 1(xiv), 1(xviii), 1(xix), 7(v), 7(ix) to 7(xv) and 13.

- (i) Due to the basis of accounting of matters as stated under paras (a) to (h) above the results for the year and the Assets and Liabilities are affected to the extent stated above. The amounts thereof have not been ascertained and hence not stated.

(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. 3,11,06,647/- (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.

(xi) 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. 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.2,84,906/- (P.Y. Rs.2,64,240/-) for OYGTA Risk Premium and the same is charged to Profit and Loss account.
- 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 judgments 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.Nil (P.Y. Rs.9,39,587/-) as on 31.03.2011. 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(xiv) 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.1,79,60,952 (P.Y. Rs 2,12,77,026) 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 or at net estimated realisable value. Adjustments for short/ excess realisations, if any, are 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 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 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. 102 Lacs (P.Y. Rs.49.30 Lacs) made in Accounts is as estimated and certified by the Management. (subject to note (b) below).
- (b) Income tax Assessments have been completed upto Assessment year 2008-09. In view of certain additions and disallowances a demand of Rs.7,20,58,480/- (including interest) for Assessment year 2008-09 has been raised against the Company for which provision has not been made in Accounts as the said order has been appealed against.
- (c) Also refer Note 1(ix), 7(xi), 7(xii) and 13.
- (d) 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
- (e) The Company is entitled to credit in respect of Minimum Alternate Tax (MAT) under the provisions of Income Tax Act, 1961. However, read with (b) below and keeping in view the consideration of prudence and the probability of availability / availing the MAT Credit (which is based on convincing evidence of realization as envisaged by the Guidance Note issued by ICAI), MAT Credits for the year / earlier years, the amount, whereof not presently ascertainable, has not been considered by the Company.

(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 the 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 Accounts.



31 MAR 2011

	31 st March, 2011 Rs.	Rs.	31 st March, 2010 Rs.	Rs.
2 Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances of Rs. 89,11,350/- (Previous year Rs. 41,34,040/-)		7,88,13,150		2,74,67,490
3 Contingent Liabilities are not provided for in respect of				
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	17,23,72,310		13,75,28,271	
iv) Bills discounted with Banks	22,97,09,702		27,03,50,980	
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	4,04,122		5,20,394	
vi) Obligations to Export towards Custom duty saved on Purchases of capital goods under Export Promotion Capital Goods Scheme (Refer Note 7(x))			18,54,67,006	
vii) Except as stated above, there are no other pending cases and or claims against the Company.				
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 except as stated above are adequate and not in excess of the amount reasonably necessary.				
5 i) Managerial Remuneration under section 198 of the Companies Act, 1956 to Managing Director, Wholetime Director and a Director				
Salaries	29,60,000		24,00,000	
Contribution to Provident Fund	3,55,200		2,88,000	
Other perquisites (as certified)	15,81,562 (a)		11,88,123 (a)	
	<u>48,96,762</u>		<u>38,76,123</u>	
(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	<u>2,22,000</u>		<u>2,23,500</u>	
6 Amount Paid / Payable to Auditors:				
a) Statutory Audit Fee	3,61,000		3,61,000	
b) Tax Audit Fee	1,21,000		1,21,000	
c) Limited Review of Quartely un-audited results	45,000		45,000	
d) Certification for Corporate Governance and others	45,000		65,000	
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	50,065		61,032	
h) Gratuity Trust Audit Fee	5,000		5,000	
i) Service Tax / Education Cess	59,432		94,574	
(*) including Rs. 1,16,000/- for earlier year.				



	31 st March, 2011		31 st March, 2010	
	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)		89,11,350		41,34,040
2 Plant and Machinery under erection and at site				1,04,61,806
3 Buildings under construction (including materials at site)		-		37,12,758
4 Expenses considered by the Company as incidental expenses on Expansion (Pending allocation to Fixed Assets)				
Salaries, Wages and Bonus etc	-		8,89,745	
Contribution to Provident and other Funds	-		62,696	
Water Charges	-		1,92,381	
Rates & Taxes	-		49,985	
Insurance	-		25,501	
Legal and Professional Fees and expenses	-		10,50,231	
Miscellaneous Expenses	-		2,63,932	
Interest on fixed loans (Net of Interest Subsidy)	2,74,050		64,20,696	
Upfront Fees	9,35,150		5,55,385	
Power & Fuel		-	3,84,202	
Filing and other fees for increase of (Authorised)	7,54,450			
Share Capital		-	2,59,180	
Interest on Unsecured Loans		-	24,57,122	
	19,63,650		1,26,11,056	
Less : Allocated to Fixed Assets	2,74,050	16,89,600	1,23,37,006	2,74,050
		1,06,00,950		1,85,82,654

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 01.04.2011 / 01.04.2010	22.67	38.69	39.60	-	22.67	36.06	37.80	7.76
Provided during the year	-	2.12	41.00	-	-	2.63	39.60	-
Amount used during the year	-	-	39.60	-	-	-	37.80	7.76
Balance as at 31.03.2011 / 01.04.2010	22.67	40.81	41.00	-	22.67	38.69	39.60	-

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

- viii) (a) Advances as per Schedule 11 includes lease rent etc receivable Rs. Nil (P.Y. 2,569/-) (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 19 of 'Manufacturing Cost' and Schedule 20 of 'Other Cost' includes :
- Octroi etc. in cases levied, amount not separately ascertained and stated (Previous year same).
 - 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)).

ix) Disclosure of Foreign Currency Exposure as on 31.03.2011

a. Foreign Currency Exposure hedged and Forward booking outstanding as on 31.03.2011.

	Currency			Currency		
	Rupees	USD	Euro	Rupees	USD	Euro
1. Export Debtors (USD sale)	23,98,69,334	50,81,702	-	27,22,26,616	57,78,299	-
2. Import Creditors (USD buy)	30,97,78,839	-	48,18,041	20,86,38,783	-	31,03,167

b. Foreign Currency Exposure not hedged and outstanding as on 31.03.2011.

	Currency			Currency		
	Rupees	USD	Euro	Rupees	USD	Euro
1. Export Debtors	2,22,60,031	3,46,207	1,08,497	1,77,88,374	86,523	2,33,497
2. Bank Balances	44,097	997	-	44,537	997	-
3. Advances from overseas customers	86,27,574	1,41,706	34,000	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. Nil /- (P.Y. Rs. 47,65,954/-) 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. Nil /- (P.Y. Rs. 98,38,835/-) within a period of Eight years. The Balance Excise Duty of Rs. 13,40,325/- due since previous year as on 31.03.11 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 had in previous year reversed the capitalisation under the head "Plant & Machinery" in an 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 such earlier year. Consequently such expenditure of Rs. 1,54,08,780/- had in previous year been charged to Profit & Loss account as per schedule '19' of "Manufacturing Cost" and had written back Depreciation of Rs. 98,074/-. As a result of such change in method of accounting, the profits of the Company for the previous year were reduced by Rs. 1,53,10,406/- (net of write back of Depreciation) and so also the Fixed Assets of the company. The related liabilities for taxation for earlier years 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. 3,02,450/- (P.Y. Rs. 11,88,375) cost of capital assets/ equipments as under:

(a) Assets not exceeding cost of Rs. 5,000/- for each item Rs. 1,90,000/- (P.Y. Rs. 5,87,064/-).

(b) Assets exceeding cost of Rs. 5,000/- for each item Rs. 1,12,450/- (P.Y. 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 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. 1,12,450/- (P.Y. Rs. 6,21,175/- (Less allowable depreciation).

xiii) (a) Turnover as per Profit & Loss Account and Schedule "14" of "Turnover" includes Net Foreign Exchange Gain of Rs. 3,67,34,719 (P.Y. Rs. 3,21,00,165) (net of loss of Rs. 22,60,268 (P.Y. Rs. 2,57,815) on account of forward cover etc. for Export sales. The bifurcation of total figure of Rs. 4,13,41,971 (P.Y. Rs. 2,82,01,752) of "Net Exchange Gain" for the purpose of including Rs. 3,67,34,719 (P.Y. Rs. 3,21,00,165) (net of loss of Rs. 22,60,268 (P.Y. Rs. 2,57,815) in Schedule "14" of Turnover as "Net Foreign Exchange Gain" on Account of forward cover etc. for Export Sales and showing the remaining debit amount of Rs. 7,86,941 (P.Y. Rs. 38,98,413) as "Exchange Loss" (net of gain of Rs. NIL (P.Y. 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.



- (b) The amounts as stated under item (a) above includes/ excludes premium/ discount on forward contracted rates amortised as expenses or income over the Life of the contracts, as referred to under note 1(xiii)(c) above. The relative amount of premium/ discount has not been separately ascertained and stated.
- xiv) Payment of Interim Dividend of Rs. 39,80,507/- on 01.02.2011 on 4,79,500 - 10% Cumulative Redeemable Preference Shares of Rs. 10/- each as per Board Resolution dated 28.01.11 not in accordance to the terms of the issue of such shares nor the consent of the Equity Shareholders and permission of the Financial institutions were obtained in this regard. Such payment of Interim Dividend is not in accordance to the provision of the Companies Act, 1956. The Company is obtaining necessary legal opinion in this regard and do needful accordingly in current year.

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)	3,41,51,326	87,84,766
ii) Basic/Weighted average number of Equity Shares outstanding during the year (B)	36,11,600	36,11,600
iii) Nominal value of Equity shares (Rs.)	10	10
iv) Basic/Diluted Earnings per Share (Rs.) (A) / (B)	9.46	2.44

- 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 M/s. VS Lignite Power Private Limited), setting up a Group Captive Power Plant, at Bikaner in the State of Rajasthan, for supply of 8MW 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 14,85,629 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 had agreed to create lien on the aforesaid Shares at appropriate time in favour of M/s. VS Lignite Power Private Limited (Formerly known as M/s. 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
- A. R. Fibtex Pvt. Limited

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

- Shri Sanjiv Shroff (Vice Chairman & Managing Director)
- Shri R. N. Sharma (Wholetime 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)
- Shri N. G. Khaitan (Partner of Solicitors' Firm)

(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 (e) above (Rs.)		Key Management Personnel and Relatives of Key Management Personnel as referred to para ii (a) to (f) above (Rs.)		Amount Due (In Rupees)	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
1	Reimbursement of Expenses (received) etc.	15,244	5,050	-	-	-	10,194
2	Allotment of Preference Shares on Private Placement basis	5,72,00,000	-	18,00,000	-	-	-
3	Redemption of Preference Shares	4,61,50,000	-	18,00,000	-	-	-
4	Loans Received	10,73,50,000	1,31,00,000	-	83,00,000	4,31,50,000	3,51,50,000
5	Repayment of Loans	9,19,00,000	1,89,00,000	74,50,000	1,50,00,000	-	-
6	Interest Paid / payable on Loans	52,43,274	35,40,422	3,97,591	2,93,162	27,16,651	56,70,181
7	Dividend paid on Equity Shares	11,21,550	9,56,950	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	Interim Dividend paid on Preference Shares	38,31,082	-	1,49,425	-	-	-
10	Rent, Leave and Licence fee paid	8,70,000	8,46,000	-	-	-	-
11	Electricity Charges Reimbursed	73,232	43,918	-	-	-	-
12	Telephone Charges recovered	2,569	-	36,000	36,000	-	2,569
13	Managerial Remuneration	-	-	48,96,762	38,76,123	-	-
14	Deposit received	-	-	-	-	51,000	51,000
15	Lease Rent Received	3,60,000	3,60,000	-	-	-	-
16	Commission	1,37,589	1,52,876	-	-	1,35,000	1,37,589
17	Pledge of Preference Shares with Bank belonging to such parties (A) (3,25,000 Nos.)	-	-	-	-	3,25,00,000	3,25,00,000
18	Legal & Professional Charges	33,090	27,575	-	-	-	-
19	Pledge of Equity Shares (Nos.) with Bank belonging to such parties (A) (5,86,400 Nos.)	-	-	-	-	58,64,000	58,64,000

(A) For financial accomodation by the banks to the Company.

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.

11 Segment Reporting Policies

(a) Identification of Segments:

(i) Primary Segment - Business Segment -

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.

(ii) Secondary Segment - Geographical Segment -

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



	31 st March, 2011		31 st March, 2010	
	Rs.	Rs.	Rs.	Rs.
(b) Information pertaining to Secondary Segment				
(i) Gross Revenue as per Geographical Locations				
Within India		46,89,71,260		34,67,20,205
Outside India		1,38,68,84,208 (a)		1,23,72,13,390 (a)
Total		1,85,58,55,468		1,58,39,33,595

(a) Includes Rs.5,71,22,556/- Exports through Export House/Merchant Exporter (P.Y. Rs.3,69,76,954/-).

(ii) Fixed Assets as per Geographical Locations

The Company has common fixed assets for producing goods for domestic as well as overseas market. Hence segmentwise information for fixed assets/ additions to fixed assets cannot be furnished.

12 INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956

(i) C.I.F. Value of Imports:

Raw Materials	4,70,79,681		3,43,60,336	
Stores & Spare parts	16,18,405	4,86,98,086	13,75,700	3,57,36,036

(ii) Expenditure in Foreign Currency:

Travel (Purchase of travellers cheques / foreign exchange / currencies)	31,17,900		23,40,486	
Commission (on remittance basis)	3,32,12,996		2,51,28,286	
Others	19,10,626	3,82,41,522	26,19,922	3,00,88,694

(iii) Value of Raw Materials, Stores and Spare Parts & components consumed:

a) Raw Materials

	Rs.	%age	Rs.	%age
Indigenous	1,12,48,08,114	96	92,94,41,252	96
Imported	4,34,30,021	4	3,87,91,254	4
Total	1,16,82,38,135	100	96,82,32,506	100

b) Stores, Spares Parts and Components

Indigenous	5,69,55,244	97	4,73,22,616	98
Imported	17,39,377	3	7,71,449	2
Total	5,86,94,621	100	4,80,94,065	100

c) Dyes & Chemicals

Indigenous	3,01,31,510	100	2,82,61,300	100
------------	-------------	-----	-------------	-----

(iv) Amount remitted during the year in foreign currency on account of Dividend

a) Amount remitted	64,194 (a)	82,635 (a)
b) Year to which Dividend relates.	2009-2010	2008-09
c) Number of non-resident shareholders	63	74
d) Number of equity shares held by non-resident shareholders on which the Dividend are realted.	64,194	82,635

(a) No amount paid in foreign currency but deposited in non resident rupee account.

(v) Earnings in Foreign Exchange:

Exports of Goods

Direct exports calculated on FOB basis	13,00,999,525 (a)(b)	1,20,02,36,436 (a)
--	----------------------	--------------------

(a) Excluding Rs. 5,71,22,556 /- (P.Y. Rs.3,69,76,954/-) through export houses/ merchant exporters.

(b) Includes Rs.4,10,74,083/- (P.Y. Rs. 3,21,00,165/-) Exchange Difference as per Schedule "14' of Turnover.



	31 st March, 2011		31 st March, 2010	
	Rs.	Rs.	Rs.	Rs.
(v) Earnings in Foreign Exchange				
Exports of Goods				
Direct exports calculated on FOB basis		13,00,999,525		1,20,02,36,436
(a) Excluding Rs. 5,71,22,556 /- (P.Y. Rs.3,69,76,954/-) through export houses/ merchant exporters.				
(b) Includes Rs.4,10,74,083/- (P.Y. Rs. 3,21,00,165/-) Exchange Difference as per Schedule "14' of Turnover.				
(vi) Raw Materials Consumed				
	Qty (Kgs.)	Rs.	Qty (Kgs.)	Rs.
Man Made fibres	1,09,51,444	1,16,82,38,135	1,05,13,955	96,82,32,506
(vii) Licenced and Installed Capacity (Spindles)				
a) Licensed Capacity	Not applicable			Not applicable
b) Installed capacity (as certified)	38,400			38,400

(viii) Production, Sales and Stock

DESCRIPTION	OPENING STOCK		PRODUCTION		TURNOVER/SALES		CLOSING STOCK	
	QUANTITY	AMOUNT	QUANTITY	QUANTITY	AMOUNT	QUANTITY	AMOUNT	
	Kgs.	Rs.	Kgs.	Kgs.	Rs.	Kgs.	Rs.	
Yarn	5,24,442	6,67,11,786	1,05,73,495 (a)	1,05,71,691	1,81,48,72,653	5,26,246 (b)	8,39,94,986	
	(6,16,914)	(7,04,63,762)	(1,03,80,476)	(1,04,72,948)	(1,54,92,43,580)	(5,24,442)	(6,67,11,786)	
Waste	34,970	2,70,287		4,10,328	42,48,096	23,730	2,90,058	
	(12,925)	(1,03,783)		(3,11,335)	(25,89,850)	(34,970)	(2,70,287)	
		6,69,82,073			1,81,91,20,749		8,42,85,044	
		(7,05,67,545)			(1,55,18,33,430)		(6,69,82,073)	

Figures in brackets are for previous year.

(a) Excluding 1,288 Kgs. (Previous year 1,697 Kgs.) Samples etc.

(b) Excluding Issued for jobwork 409 kg (P.Y. Nil) and 2,30,914 Kgs (Previous Year 1,08,374 Kgs) transferred to work in process for reprocessing.

13. The disclosures required as per the revised Accounting Standards (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.

Contribution to Defined Benefit Plan, recognized and charged off for the year are as under (excluding for on contracts payments):

	Rs.	Rs.
Provident Fund	36,77,116	32,45,061
Family Pension Fund	58,16,323	53,03,336
Employees State Insurance Scheme	48,68,923	40,16,541

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.



	31 st March, 2011		31 st March, 2010	
	Rs.	Rs.	Rs.	Rs.
	Gratuity (Funded) Rs.	Leave Encashment (Unfunded) Rs.	Gratuity (Funded) Rs.	Leave Encashment (Unfunded) Rs.
a. Reconciliation of opening and closing balances of Defined Benefit Obligation				
Defined Benefit obligation at beginning of the year	2,84,47,335	38,68,742	2,52,71,831	36,06,332
Current Service Cost	30,00,516	16,18,615	29,85,291	21,11,685
Interest Cost	20,01,738	2,91,137	18,58,954	2,67,159
Actuarial (Gain)/ Loss	29,30,072	(12,38,670)	(6,97,180)	(20,28,022)
Benefits paid	(68,51,211)	(4,59,056)	(9,71,561)	(88,412)
Defined Benefit Obligation at year end	2,95,28,450	40,80,768	2,84,47,335	38,68,742
b. Reconciliation of opening and closing balance of fair value of plan assets				
Fair value of plan assets at beginning of the year	1,63,44,163	-	1,22,47,895	-
Expected return on plan assets	14,12,900	-	12,60,800	-
Actuarial Gain/ (Loss)	41,420	-	71,269	-
Employer contribution	-	-	-	-
Benefits Paid	(68,51,211)	4,59,056	(9,71,561)	88,412
Fair Value of plan assets at year end	1,56,60,158	-	1,63,44,163	-
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.				
c. Reconciliation of fair value of Assets and obligations				
Fair value of Plan assets as at 31st March 2011/2010	1,56,60,158	-	1,63,44,163	-
Present value of obligation as at 31st March 2011/2010	1,56,60,158	40,80,768	1,63,44,163	38,68,742
Amount recognised in Balance Sheet	-	40,80,768	-	38,68,742
d. Expenses recognised during the year (Under the head Employment Cost in - Schedule - 18)				
Current Service Cost	30,00,516	16,18,615	29,85,291	21,11,685
Interest Cost	20,01,738	2,91,137	18,58,954	2,67,159
Expected return on Plan Assets	(14,12,900)	-	(12,60,800)	-
Actuarial (Gain)/ Loss	28,88,652	(12,38,670)	(7,68,449)	(20,28,022)
Net Cost	64,78,006 (A)	6,71,082	28,14,996 (A)	3,50,822
(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 years 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 Rates	8.3%	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 Rates	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 31.03.2012 is not readily ascertainable and therefore not disclosed.

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

Signatures to Schedules 1 to 23

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

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

On behalf of the Board of Directors

Camp : Mumbai
Dated : 26th May, 2011

C. P. JAIN
Partner
M.No. 70156

M. K. GUPTA
Company Secretary
& Chief Financial Officer

R. N. SHARMA
Wholetime Director

S. L. SHROFF
Chairman



	31 st March, 2011 Rs.	31 st March, 2010 Rs.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011 (PURSUANT TO CLAUSE 32 OF LISTING AGREEMENT(S))		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extraordinary items	5,12,84,351	3,19,10,509
Adjustments for:		
1. Depreciation	4,58,87,627	4,30,88,086
2. Interest Received	(24,83,311)	(22,97,238)
3. Loss (Profit) on Sale of Fixed Assets	17,73,825	(12,71,166)
4. Fixed assets discarded	46,78,665	16,52,699
5. Miscellaneous Expenditure Written off	9,39,587	20,33,831
6. Interest Expenses	4,36,15,104	4,82,97,495
7. Provision for leave encashment Benefits	2,12,026	2,62,410
8. Provision for Gratuity Benefits	-	(7,76,041)
9. Exchange Difference	7,86,941	38,98,413
Operating Profit before Working Capital charges	14,66,94,815	12,67,98,998
Adjustment for:		
1. Trade and Other Receivables	77,67,042	(4,14,59,769)
2. Inventories	(9,22,07,670)	(5,87,56,045)
3. Trade Payables	8,98,12,497	5,07,45,523
Cash Generated From Operations	15,20,66,684	7,73,28,707
1. Direct Taxes Paid	(1,07,86,452)	(37,53,068)
Cash Flow before extraordinary items	14,12,80,232	7,35,75,639
Extra Ordinary items	-	-
Net cash from operating activities	14,12,80,232	7,35,75,639
B. CASH FLOW FROM INVESTING ACTIVITIES		
1. Purchase of Fixed Assets	(2,41,54,706)	(3,05,08,097)
2. Sale of Fixed Assets	29,32,263	23,88,114
3. Interest Received	24,83,311	22,97,238
4. Deduction in Investments / (Increase)	(2,00,00,000)	-
Net Cash used in investing activities	(3,87,39,132)	(2,58,22,745)
C. CASH FLOW FROM FINANCING ACTIVITIES		
1. Proceeds from issue of share capital	5,00,50,000	-
2. Proceeds from Share Premium	-	-
3. Proceeds from long term borrowings	-	1,02,56,214
4. Repayment of long term borrowings	(6,14,06,858)	(1,60,21,795)
5. Interest Paid	(5,05,08,287)	(4,48,68,492)
6. Dividend Paid (Including Corporate Tax)	(1,72,50,888)	(1,30,62,273)
7. Short Term Loans	81,72,042	2,62,67,588
8. Exchange Difference	(7,86,941)	(38,98,413)
Net cash from / (used in) financing activities	(7,17,30,932)	(4,13,27,171)
Net increase in cash and cash equivalents (A+B+C)	3,08,10,168	64,25,723
Cash and Cash Equivalents (Opening Balance)	2,33,30,618	1,69,04,895
Cash and Cash Equivalents (Closing Balance)	5,41,40,786	2,33,30,618

- 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 regrouped, re-arranged and re-cast wherever found necessary.

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

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

On behalf of the Board of Directors

Camp : Mumbai
Dated : 26th May, 2011

C. P. JAIN
Partner
M.No. 70156

M. K. GUPTA
Company Secretary
& Chief Financial Officer

R. N. SHARMA
Wholtime Director

S. L. SHROFF
Chairman



**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.	L40102RJ1997PLC001994	State Code	17
Balance Sheet Date	31.03.11		

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

Public issue	NIL	Rights Issue	NIL
Bonus issue	NIL	Private Placement :	9,80,00,000

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

Total Liabilities	99,03,14,933	Total Assets	99,03,14,933
Sources of Funds			
Paid up Capital	16,67,48,375	Reserves & Surplus	20,25,52,352
Secured Loans	43,26,96,734	Unsecured Loans	17,66,37,947
		Deferred Tax Liability	1,16,79,525
Application of Funds			
Net Fixed Assets	68,97,28,102	Investments	4,25,60,000
Net Current Assets	25,80,26,831	Accumulated Losses	NIL

IV. PERFORMANCE OF COMPANY (Amount in Rs.)

Turnover	1,96,88,87,598	Total Expenditure	1,91,76,03,247
(including other income)		(Including Depreciation)	
Profit/(Loss) before Tax	5,12,84,351	Profit/(Loss) after Tax	4,38,25,825
Earning per Share (in Rs.)	9.46	Dividend Rate (%)	10%

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

Item Code No. (ITC Code)	5509
Product Description	Man Made Spun Yarn

On behalf of the Board of Directors

Place : Mumbai
Dated : 26th May, 2011

M. K. GUPTA
Company Secretary
& Chief Financial Officer

R. N. SHARMA
Wholetime Director

S. L. SHROFF
Chairman



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 himof

as my/our proxy to vote for me/us on my/our behalf at the THIRTY THIRD ANNUAL GENERAL MEETING of the Company to be held on 28th September, 2011 at 10.30 a.m. and at any adjournment thereof.

Signed thisday of2011.

Affix a
Revenue
Stamp of
Rupee
One

Signature

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 THIRD 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 THIRD ANNUAL GENERAL MEETING of the Company at Hotel India International, Sardarpura, Udaipur-313 001 on Wednesday, the 28th September, 2011 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.

