



RLF LIMITED

32nd ANNUAL REPORT
2011 - 2012



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CHAIRMAN

Mr. Anil Kumar Khanna

DIRECTORS

Mr. Ashwini Kumar
Mr. B. L. Khurana
Mr. Suman Kapur
Mr. Aditya Khanna (Additional Director)

STATUTORY AUDITORS

M/s. Sharma Goel & Co.
Chartered Accountants
Y-59, Hauz Khas, New Delhi.

PRINCIPAL BANKERS

Vijaya Bank
Central Bank of India
Punjab National Bank

REGISTERED OFFICE & FACTORY

14 Kms., Gurgaon Pataudi Road,
Village Jhund Sarai Veeran,
Dist. Gurgaon, Haryana

CORPORATE OFFICE

Plot No. 66, Sector-34, EHTP, Gurgaon, Haryana.

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.
A-40, 2nd Floor, Naraina Industrial Area,
Phase-II, New Delhi-110028.
Phone: 011-41410592-93-94
Fax : 011-41410591

WEBSITE

rlfild.com

INVESTOR E-MAIL

investorrelations@rlfild.com

Annual General Meeting on Saturday, the 29th day of September 2012 at Company's Works premises at 14 Kms., Gurgaon Pataudi Road, Village Jhund Sarai Veeran, Distt. Gurgaon, Haryana at 12.00 Noon.

PLEASE NOTE:

1. No gifts/ gift coupons/ company products will be given at the Annual General Meeting.
2. No attendance slip will be issued at the AGM venue.



NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE 32ND ANNUAL GENERAL MEETING OF THE MEMBERS OF RLF LIMITED WILL BE HELD ON SATURDAY, THE 29TH DAY OF SEPTEMBER, 2012 AT THE REGISTERED OFFICE OF THE COMPANY AT 14 KM, VILLAGE JHUND SARAI VEERAN, GURGAON PATAUDI ROAD, GURGAON, HARYANA AT 12.00 NOON TO TRANSACT THE FOLLOWING BUSINESS:

A. ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2012 and the Profit & Loss account for the year ended on that date, together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. B.L. Khurana who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Suman Kapur who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration. M/s Sharma Goel & Company, Chartered Accountants, the retiring auditors being eligible, offers themselves for re-appointment.

B. SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

To consider the regularization of Mr. Aditya Khanna as Director:

"RESOLVED THAT Mr. Aditya Khanna, who was appointed as an Additional Director, on Board of the Company w.e.f. 01.07.2012 pursuant to Section 260 of the Companies Act, 1956 and who holds the Office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company."

6. To consider and if thought fit to pass with or without modification, the following resolution as an ordinary resolution.

To consider the appointment of Mr. Vikas Grover as Director:

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956 (including any modification or re-enactment thereof) Mr. Vikas Grover in respect of whom a notice in writing has been received by the Company proposing his candidature for the office of Director under section 257 of the Companies Act, 1956, be and is hereby appointed as director liable to retire by rotation w.e.f. 29.09.2012."

7. To consider and if thought fit to pass with or without modification, the following resolution as an ordinary resolution.

To consider the appointment of Mr. Aman Vij as Director:

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956 (including any modification or re-enactment thereof) Mr. Aman Vij in respect of whom a notice in writing has been received by the Company proposing his candidature for the office of Director under section 257 of the Companies Act, 1956, be and is hereby appointed as director liable to retire by rotation w.e.f. 29.09.2012."

By order of the Board
For RLF Limited

Sd/-
(Anil Kumar Khanna)
Chairman

Date: 13th August, 2012
Place: New Delhi

NOTES:**1. PROXY**

A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself and that proxy need not be a member. The instrument appointing a proxy should however be deposited at the Corporate Office of the Company not less than 48 hours before the commencement of the meeting. A blank proxy form is annexed to this Annual Report.

2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Notice as set out above is annexed hereto

Item No.5.

Mr. Aditya Khanna was appointed as an Additional Director of the Company w.e.f. 01.07.2012, by the Board of Directors of the Company. As per the provisions of Section 260 of the Companies Act, 1956 he holds office only upto the date of the ensuing Annual General Meeting. It is proposed to appoint him as a Director, at the ensuing AGM. Hence the present resolution is recommended for the consideration of the members.

Mr. Anil Kumar Khanna, being related to Mr. Aditya Khanna and Mr. Aditya Khanna himself are interested in this resolution.

Item No. 6

Mr. Anil Kumar Khanna, Member, has proposed the appointment of Mr. Vikas Grover as Director on Board of the Company by giving a notice to the Company in writing signifying his intention to propose Mr. Vikas Grover as a candidate to the office of Director in terms of Section 257 of the Companies Act, 1956.

Hence the present resolution is put up for approval of members.

None of the Directors is interested in the resolution.

Item No. 7

Mr. Anil Kumar Khanna, Member, has proposed the appointment of Mr. Aman Vij as Director on Board of the Company by giving a notice to the Company in writing signifying his intention to propose Mr. Aman Vij as a candidate to the office of Director in terms of Section 257 of the Companies Act, 1956.

Hence the present resolution is put up for approval of members.

None of the Directors is interested in the resolution.

2. BOOK CLOSURE

Share Transfer Books and Register of Members of the Company will remain closed from 22nd September 2012 to 28th September 2012 (Both days inclusive).

3. NOMINATION FACILITY

In terms of Section 109A of the Companies Act, 1956, every shareholder is now entitled to nominate a person to whom his shares in the company shall vest in the unfortunate event of his death.

- (a) Nomination by Joint Holders: Where the shares are held jointly by two persons, the joint holders may together nominate a person to whom all rights in the shares shall vest in the event of death of both the joint holders. It may be noted that nomination of separate persons by the joint holders is not permitted.
- (b) Nomination of a Minor: Where the nominee is a minor, the shareholder may appoint any person to become entitled to the securities in the event of his death during minority.



The shareholders who want to avail of the facility of nomination may send in their nomination in Form 2B prescribed under the Companies Act, 1956. A specimen of the said form is appended at the end of this Annual Report.

4. MEMBERS ARE REQUESTED TO:

- i) Notify any change in their address immediately.
- ii) Quote their Folio Number while corresponding with the Company, in case they hold physical shares.
- iii) Send their queries, if any, to reach the Company's Corporate Office at least 10 days before the date of the meeting so that information can be made available at the meeting.
- iv) Bring their copy of the Annual Report at the meeting.
- v) Members who hold shares in dematerialized form are requested to bring the Client ID & DP ID numbers for easy identification of attendance at the meeting.

**By order of the Board
For RLF Limited**

**Date : 13th August, 2012
Place: New Delhi**

**Sd/-
(Anil Kumar Khanna)
Chairman**

DIRECTORS' REPORT

The Directors have pleasure in presenting the 32nd Annual Report together with the audited financial statements of the company for the year ended on 31st March 2012.

FINANCIAL RESULTS

The financial results of the Company for the year ended 31st March 2012 are as follows:

Particulars	(Rs. Lacs)	
	Current Year ended 31.03.12	Current Year ended 31.03.11
Total Turnover	270.00	315.71
Operating Expenses	170.42	153.06
Profit before Interest, Depreciation & Tax	99.58	162.64
Financial Expenses	78.28	74.91
Profit before Depreciation & Tax	21.30	87.73
Depreciation	67.56	68.79
Provision for Taxation	Nil	4.90
Deferred Tax Assets	15.77	4.64
Profit after Tax	(62.03)	9.40
Balance Brought Forward	(159.32)	(160.73)
Proposed Dividend	Nil	Nil
Balance Carried forward	(221.35)	(159.32)

Operations

The company profit during the year has come down primarily on slow demand of our product in the market like Europe and USA, leading textile companies cut back on production and underused capacities. Given the challenging operating environment led by the uncertainty over demand growth, volatility in raw-material prices and persistent increases in other operating costs coupled with the stress on liquidity, it is unlikely that the sector's Outlook will turn Positive.

DIVIDEND

The Company has not declared any dividend this year.

DEPOSITS

Total public deposits as on 31st March 2012 were Rs.172.67 Lacs.

DEPOSITORY SYSTEM

The shares of your company are being traded in de-mat form with effect from 29th January 2001. Shareholders are requested to avail of this facility to their advantage.

MANAGEMENT DISCUSSION & ANALYSIS 2011-12**INDUSTRY SCENARIO**

The local textile sector is now at a critical stage where it should prepare itself to rise and grab the opportunities that are available through liberalization of the international market. Manufacturers however, were caught in inadvertence as new players started to creep on the market at a time when most operators had attention on imminent opportunities coming from a quota-free market. Strategies and policies were mainly targeted towards expansion and modernization leaving more space to domestic players. Now it obviously appear that the latter have had ample freedom to strengthen them and they are now more prepared than export-oriented companies.

Notwithstanding signs of recovery from the previous financial crisis, the textile and apparel industry went through a tough year struggling with the surging and fluctuating prices of raw material. By resources we are taking about the hefty challenges with raw material and manpower. Also, many countries in the EC are also coming under the slowdown blanket. This has impacted the demand for textiles and clothing in the USA and the Europe.

OUTLOOK

Embroidery serves as the major value addition factor for manufacturing garments and made ups and the main emphasis of the company is to concentrate on orders from embroidery exporters. However in CY 2012 we expect the India's overall apparel export to remain flat (in US Dollar Terms) due to subdued demand in key exports market and a correction in key raw material prices that is expected to bring down apparel prices.

Margin pressure would persist for both the cotton and synthetic textiles industry, driven by rising power and wage costs and higher interest rates.

The cotton industry is presently facing challenges like slow demand and a loss in margins, but a recovery is expected on account of falling cotton prices, though this could be negated by further volatility in input costs or forex movements. India has abundant supply of Raw Material and labour to cater to the enormous in the domestic and export markets. Spinning is the only organized segment in the value chain. In order to improve its competitiveness the industry need to make significant investment across the value chain especially in the weaving and processing sector like ours.

Due to the current situation, instead of adding capacity here, garment manufacturers are looking at the option of setting up capacity or outsourcing job work to Bangladesh to benefit from the lower cost of production resulting in weak demand for our industry.

Posing difficulties for textile units, refinancing risks would increase for distressed textiles companies in 2012, as the Reserve Bank of India and the Finance Ministry have rejected the proposal for restructuring of textile loans.

The company is also looking at alternative avenues and has ventured into undertaking assignments as contractors for civil and other works including alternations and beautification of premises. This could yield substantial gains to the company in the coming years.

Threats, Risk & Concerns

Like any other industries the textile embroidery business is exposed to competition from other developing countries to deliver goods at competitive price at low cost. The rupee appreciation will also effect the business of the company and if the rupee appreciated any further the exporters will be adversely effected which indirectly effects the profit margins of the company.

Weak demand for cotton and cotton products last year was mainly a result of surplus inventories prompting mills to postpone further buying in the backdrop of uncertainty in overseas demand for textiles.

Research & Development (R&D)

Research & development of our new services, designs, process and methodologies continue to be of importance to us. This allows us to enhance quality, productivity and customer satisfaction through continuous innovation. In order to successfully carve a niche of our own we need to develop a vital competitive edge in the design development to stay ahead of the competition.

Human Resource Development /Industrial Relation

The company focus is on providing continuous training and guidance which is a key element of our strategy. The company provide a transparent and a level field work environment to its employees that are based on the competencies needed to service our customers. Leadership development is also a core part in the company future development program.

Environment, Occupational Health & Safety

A sustained and meticulous effort continues to be exercised by the Company at the plant of the Company towards greener production and Environment Conservation. The company perseveres its efforts to maintain safe and environmentally accountable behavior in every Employee as well as Vendors by compulsory annual training and refresher courses and frequent awareness programs. Involvement of workers in all safety matters has been encouraged by their participation in shop floor safety meetings.

The health of employees and the environment in and around the plant area have been given due care and attention. The Company continues to comply with the prescribed Industrial Safety Environment Protection and Pollution Control Regulation at its production plant through periodic checks of the system involved and constant monitoring to meet the standards set by the Pollution Control Authorities, etc.

The Plant of the Company is eco-friendly and do not generate any harmful effluents. Safety devices have been installed wherever necessary.

Risk Management System

Your Company follows a comprehensive and effective system of Risk Management. The Company has adopted a procedure for risk assessment and its minimization. It ensures that all the Risks are timely identified and mitigated in accordance with the well structured Risk Management Process. The Board of Directors & the Audit Committee periodically review the Risk Management System.

ACKNOWLEDGEMENT:

Your Directors are pleased to place on record their sincere gratitude to the Government, Financial Institutions, Bankers and Business Constituents for their continued and valuable co-operation and support to the Company. They also take this opportunity to express their deep appreciation for the devoted and sincere services rendered by the employees at all levels of the operations of the Company during the year.

DIRECTORS

In the Meeting of the Board of Director of the company held on 30th May, 2012, the Board had appointed Mr. Aditya Khanna as an additional director of the company w.e.f. 1st July, 2012.

Mr. B.L. Khurana & Mr. Suman Kapur, Directors of the company, retires at the ensuing Annual General Meeting, pursuant to clause 108 of the Articles of Association of the Company and being eligible offer a himself for re appointment.

Mr. Anil Kumar Khanna, Member has proposed the appointment of Mr. Vikas Grover and Mr. Aman Vij, as Director of the Company in terms of Section 257 of Companies Act, 1956. Mr. Vikas Grover and Mr. Aman Vij, shall hold the office of director subject to approval of the shareholders in the ensuing Annual General Meeting.

Post such approval, the Board of Directors of your Company, shall comprise of:

- | | | | |
|-------------------------|---------------------|--------------------|-------------------|
| ➤ Mr. Anil Kumar Khanna | ➤ Mr. Ashwini Kumar | ➤ Mr. B.L. Khurana | ➤ Mr. Suman Kapur |
| ➤ Mr. Aditya Khanna | ➤ Mr. Vikas Grover | ➤ Mr. Aman Vij. | |

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of Sec. 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (I) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act 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 on a going concern basis.

AUDIT COMMITTEE

The Audit Committee constituted by the Board of Directors consists of 3 non-executive independent directors, viz. Mr. B.L. Khurana, Mr. Ashwini Kumar and Mr. Suman Kapur. Mr. B.L. Khurana is the Chairman of the committee. The terms of reference of the Audit Committee have been laid down by the Board at its meeting constituting the committee, held on 30.05.2012.

CONSERVATION OF ENERGY

The Company does not belong to the category of power intensive industries and hence consumption of power is not significant. However, the management is aware of the importance of conservation of energy and also reviews from time to time the measures taken/ to be taken for reduction of consumption of energy.

TECHNOLOGY ABSORPTION

During the year, your Company was running successfully its embroidery unit in Gurgaon comprising 8 computerized, high quality embroidery machines purchased from Saurer, Switzerland.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign exchange earned	: Rs. 34,66,628/-
Total Foreign exchange used	: Nil

PARTICULARS OF EMPLOYEES

The Company had no employee during the financial year under review whose particulars are required to be given under section 217(2A) of the Companies Act, 1956.

AUDITORS

M/s Sharma Goel & Co. Chartered Accountants, Auditors of the company, retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

ACKNOWLEDGEMENTS

Yours Directors with to place on record their sincere appreciation of the assistance and support extended by customers, banks, vendors, Government and to all those whose continued support has been a source of strength to the company. Your Directors also wish to place on record their sincere appreciation of the devotion and commitment of every employee of the Company.

ON BEHALF OF THE BOARD

Place: New Delhi
Date : 13th August, 2012

Sd/-
(Anil Kumar Khanna)
Chairman

CORPORATE GOVERNANCE REPORT

Company's philosophy

Your Company believes that for its sustained success, it must maintain global standards of corporate conduct towards its shareholders, customers, employees, all other stakeholders and society in general. The company has always focused on good corporate governance that is a key driver of sustainable corporate growth and long term value creation for its shareholders.

The Company believes that corporate governance is not just limited to creating checks and balances. It is more about creating organization excellence leading to increasing employee and customer satisfaction and shareholder value. The primary objective to corporate governance is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness, to develop capabilities and identify opportunities that best serve the goal of value creation.

Board of Directors

The Board of Directors consists of five Directors. Mr. B.L. Khurana and Mr. Suman Kapur retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. His brief particulars are given below:

Name of the Director	:	B.L. Khurana	Suman Kapur
Date of Appointment	:	26/11/1987	25/05/2005
Date of Birth	:	01/11/1925	07/01/1950
Experience in specific functional areas	:	Vast experience in Finance & Banking	Vast experience in business Administration & management.
Qualification	:	B.A.C.A.I.I.B.	M.A.
Directorship in other public limited Companies	:	Hindustan Tin Works Ltd. Rexam HTW Beverage Can (India) Ltd. Usha Leasing Pvt.Ltd.	Sony Creations Pvt.Ltd.
Member/ Chairman of the Committee of the Board of the Public limited Companies on which he is a director	:	Nil	Nil

Meetings and Attendance

Name of the Director	Category	No. of Board Meetings attended out of 4 Meetings held	Attendance at the AGM held on Sept. 30, 2011	No. of other Directorships held as at March 31, 2012	Committee/s position as at March 31, 2012*	
Mr. Anil Kumar Khanna	Promoter	4	Yes	11	-	3
Mr. Ashwini Kumar	Independent/ Non executive	4	No	1	1	--
Mr. B. L. Khurana	Independent/ Non executive	4	No	3	3	--
Mr. Suman Kapur	Independent/ Non executive	3	Yes	1	-	--
Mr. Aditya Khanna	Additional Director.	Nil	No	3	-	--

*The Board of Directors met 4 times during the year on 27th May, 2011, 30th July 2011, 11th November, 2011 and 11th February, 2012

Audit Committee as on 31.03.2012**Brief description of terms of reference**

The role and the powers of the audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges. The committee also acts as a link between the auditors and the Board of Directors. The Committee meets the auditors periodically and reviews the quarterly/ half-yearly and annual financial statements and discusses their findings and suggestions and seeks clarifications thereon.

Composition, name of members and chairperson

The Audit Committee comprises of the following Non-Executive and Independent Directors:-

Mr. B. L. Khurana
Mr. Ashwini Kumar

The Audit Committee met four times during the year and the attendance of the Members at the meetings was as follows:

Name of the members	No. of Audit Committee Meetings attended out of 4 meetings held
Mr. Ashwini Kumar	4
Mr. B. L. Khurana	4

General Body Meeting

i) Location and time, where last three AGMs held.

Date & Year	Time	Location
September 30, 2011	12.00 Noon	14km, Village Jhund Sarai Veeran, Gurgaon Pataudi Road, Dist. Gurgaon, Haryana.
September 30, 2010	12.00 Noon	14km, Village Jhund Sarai Veeran, Gurgaon Pataudi Road, Dist. Gurgaon, Haryana.
September 30, 2009	12.00 Noon	14km, Village Jhund Sarai Veeran, Gurgaon Pataudi Road, Dist. Gurgaon, Haryana.

- ii) Whether any special resolutions passed in the previous three AGMs? No
iii) Whether any special resolution passed last year through postal ballot? No
iv) Whether any special resolution is proposed to be conducted through postal ballot? No

Disclosures

- i) Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large.

There are no material transactions with any related party, which may have potential conflict with the interests of the Company at large.

- ii) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

Subsequent to close of the financial year, an intimation was received from Bombay Stock Exchange about suspension of trading in shares of the company w.e.f 20th April 2012, due to non receipt of reports at their end and seeking compliance with the requirement of having a functional website containing the regular details of interest to investors/stakeholders. We have already provided copies of all reports both electronically and otherwise to the exchange. We have also put up our functional website which can be accessed at www.rlftd.com.

Subsequently, we are working actively with Bombay Stock Exchange and hope to get the suspension in trading revoked at the earliest.

General Shareholder information

Annual General Meeting	Date	Saturday, 29 th September, 2012
	Time	12.00 Noon
	Venue	14Kms, Gurgaon Pataudi Road, Village Jhund Sarai Veeran, Distt. Gurgaon, Haryana.
Financial Calendar	Financial Year	1 st April to 31 st March
	1 st Quarterly Results	Last Week of July
	2 nd Quarterly Results	2 nd Week of November
	3 rd Quarterly Results	2 nd Week of February
	Annual Audited Results	Last Week of May
Date of Book Closure	22 nd September 2012 to 28 th September 2012 (Both days inclusive)	
Dividend payment date	Not applicable due to non declaration of dividend.	
Listing on Stock Exchanges	Equity shares are listed on the Stock Exchanges at Mumbai & Kolkata.	
ISIN No.	INE 629C01014.	
Registrar and Transfer Agents	Link Intime India Pvt. Ltd., A-40, 2 nd Floor, Naraina Industrial Area, Phase-II, New Delhi-110028 Tel. 41410592/93/94, Fax No. 41410591	
Share Transfer System	Share Transfer request can be lodged with the Registrar and Transfer Agents at the above mentioned address. Share transfer requests received in physical form is registered within an average period of 15 days. A Share Transfer Committee comprising of members of the Board generally meets once in a fortnight to consider the transfer of shares.	
Distribution of Shareholding	As per Appendix "A"	
Dematerialisation of shares & Liquidity	3569578 equity shares, which are 35.74% of the paid up capital as on March 31, 2012 have been dematerialised.	
Outstanding GDR/ADR/Warrants or any Convertible instruments, conversion date and likely impact on equity	The company has not issued any GDR/ADR/Warrants or any convertible instruments that are pending for conversion	
Plant Locations and the Registered of the Company	14Kms, Gurgaon Pataudi Road, Village Jhund Sarai Veeran, Distt. Gurgaon, office Haryana.	
Address for Correspondence	Link Intime India Pvt. Ltd. A-40, 2 nd Floor, Naraina Industrial Area, Phase-II, New Delhi-110028 Tel. 41410592/93/94, Fax No. 41410591	
WEBSITE	rlftd.com	
INVESTOR E-MAIL	investorrelations@rlftd.com	

Appendix-A**Distribution of Shareholding as on 31st March, 2012**

Category	No. of shares held	Percentage of shareholding
A Promoter's, Relatives and Associates	4655500	46.61
B Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-government Institutions)	191900	1.92
C Institutional Investors/ NRIs/QIBs	0	0
D Mutual Funds and UTI	7900	0.08
E Private Corporate Bodies	434492	4.35
F Indian Public	4699091	47.04
GRAND TOTAL	9,988,883	100.00

Auditors' Certificate on Compliance with the conditions of Corporate Governance under clause 49 of the Listing Agreement(s)

To the members of RLF Limited

1. We have examined the compliance of the mandatory conditions of the Corporate Governance by RLF Ltd. During the year ended March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the 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.
3. In our opinion and to the best of our information and according to the explanations given to us and, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing agreement.
4. We state that in respect of investor grievances received during the year ended March 31, 2012, no investor grievance (s) are pending for a period exceeding one month against the company as per the record maintained by the Share Transfer and Investors Grievance Committee.
5. 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.

**For Sharma Goel & Co.
Chartered Accountants**

**Place: New Delhi
Date : 30.05.2012**

**Sd/-
(Amar Mittal)
Partner
M. No. 17755**

AUDITOR'S REPORT

To the Member of RLF Limited

1. We have audited the attached Balance Sheet of M/s RLF Limited as at 31st March 2012 and also the Statement of Profit & Loss and 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 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 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 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement, dealt with by this report comply with the Accounting Standards, referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except requirements of Accounting Standard 15 on Employee Benefits (Refer Accounting Policy No.- 18(g));
 - v. On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of director is disqualified as on 31st March, 2012 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 read with Significant Accounting Policies and Notes thereon, subject to requirements of Accounting Standard 15 on Employee Benefits (Refer Accounting Policy No.- 18(g)); 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, 2012;
 - b. In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - c. In the case of Cash flow statement, the Cash flows of the company for the year ended on that date.

For Sharma Goel & Co.
Chartered Accountants
FRN. 000643N

Sd/-
(Amar Mittal)
Partner

Membership No. 017755

Place: New Delhi
Dated: 30th May 2012

ANNEXURE TO AUDITORS REPORT

Annexure referred to in paragraph 3 of the Auditor's Report of even date to the Members of RLF Limited on the financial statements for the year ended March 31, 2012

1. In respect of fixed assets of the Company:-
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancy has been noticed on such verification.
 - c) No substantial part of the Fixed Assets has been disposed off during the year, which has a bearing on the Going Concern assumption.
2. In respect of inventories of the Company:-
 - a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of inventory 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 and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on verification between the physical stocks and the book records.
3. During the year, the company has not granted any loans secured or unsecured to /from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Further the year end balance of the loan taken from 2 parties is Rs.10.31 Lacs. The rate of interest and other terms and conditions of the loan taken, are prima facie not prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedures, commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of services. During the course of our audit no major weakness has been noticed in the internal control system.
5. The particulars of contracts or arrangements that are needed to be entered into the register maintained under section 301 of the Companies Act 1956 have been so entered and these transactions prima-facie have been made at prices which are reasonable having regard to the prevailing market price.
6. In our opinion and according to the information and explanations given to us, the company has complied with the direction issued by the Reserve Bank of India and the provision of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules 1975 with regard to deposit accepted from the public.
7. The internal audit of the Company has been conducted by its own internal staff and in our opinion, the company has an internal audit system, commensurate with the size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records by the Company under Section 209 (1)(d) of the Companies Act, 1956, therefore the provision of clause 4 (viii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
9. In respect of disputed and undisputed Statutory Dues of the Company and according to information and explanations given to us and on the basis of our examination of the records of the Company:

- 4 a. Amounts deducted / accrued in the books of accounts in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and any other material Statutory Dues have generally been regularly deposited during the year by the Company with the appropriate authorities, to the extent applicable. There were no dues on account of Cess under Section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears, as at March 31, 2012 for a period of more than six months from the date they became payable.
- b. There are no dues of Income-Tax, Sales Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute except Sales Tax demand of Rs. 28.64 Lacs against which the company has gone into Appeal.
10. The accumulated losses of the company are not more than 50 % of its net worth. Further, the company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The company has not granted any loans and advances, on the basis of security by way of pledge of shares, debentures and other securities, during the year.
13. The Company is not a chit fund, nidhi or mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
14. The Company has maintained proper records of transactions and contracts in respect of dealing in shares and other investments and that timely entry have been made therein. All shares and other investments have been held by the Company in its own name.
15. According to the information and explanation given to us, the Company has not given any guarantee during the year, for loans taken by others from Banks or other Financial Institutions.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to any person during the year.
19. The Company does not have any outstanding debentures. Therefore, the provision of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
20. The Company has not raised any money by public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For Sharma Goel & Co.
Chartered Accountants
FRN. 000643N

Sd/-
(Amar Mittal)
Partner
Membership No. 017755

Place: New Delhi
Dated: 30th May 2012

BALANCE SHEET AS AT 31ST MARCH, 2012(All Amounts in Indian Rupees.
except share data and where otherwise stated)

	Notes	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	99,888,830	99,888,830
(b) Reserves and surplus	2	7,003,108	13,216,513
Total of Shareholders' funds		106,891,938	113,105,343
(2) Non-current liabilities			
(a) Long term borrowings	3	97,313,539	83,166,413
(b) Deferred tax liabilities, net		4,579,271	3,002,132
Total of Non-current liabilities		101,892,810	86,168,545
(3) Current liabilities			
(a) Short-term borrowings	3	18,908,390	22,679,853
(b) Trade payables	4	304,101	368,121
(c) Other current liabilities	5	10,094,494	11,449,919
Total of Current liabilities		29,306,985	34,497,893
Total of Equity and Liabilities		238,091,733	233,771,781
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
Tangible assets	17	₹1,693,836	₹1,693,836
(b) Non-current investments	6	108,464,915	105,389,430
(c) Long-term loans and advances	7	7,588,062	11,707,373
(d) Other non-current assets		4,080,605	3,380,605
Total of Non-current assets		201,827,418	208,927,485
(2) Current assets			
(a) Inventories	9	9,074,133	9,279,517
(b) Trade receivables	8	4,622,355	7,014,241
(c) Cash and cash equivalents	10	2,667,905	2,339,857
(d) Short-term loans and advances	7	19,899,922	6,210,681
Total of current assets		36,264,315	24,844,296
Total of Assets		238,091,733	233,771,781

Summary of significant accounting policies 18

The accompanying notes are an integral part of financial statements

As per our report of even date
For **SHARMA GOEL & CO.**
CHARTERED ACCOUNTANTS
FRN.000643N

For and on behalf of the Board

Sd/-
Amar Mittal
(Partner)
Membership No.017755

Sd/-
Anil Kumar Khanna
(Chairman)

Sd/-
Suman Kapur
(Director)

Place : New Delhi
Dated : May 30, 2012

Statement of Profit and Loss for the year ended March 31, 2012

All Amounts in Indian Rupees,
except share data and where otherwise stated)

	Notes	For the period ended March 31, 2012	For the year ended March 31, 2011
Revenue			
Revenue from operations	11	23,846,265	30,038,412
Other income	12	3,358,441	303,416
Total		<u>27,204,706</u>	<u>30,341,828</u>
Expenses			
Cost of materials consumed		-	-
Changes in inventories of finished goods, WIP & stock-in-trade		205,384	(1,229,984)
Employee benefits expense	13	7,460,771	10,062,286
Finance costs	14	7,020,413	7,491,288
Depreciation and amortisation expense	17	6,756,241	6,879,450
Manufacturing Expenditure	16	1,714,009	3,576,508
Other Expenses	15	7,876,154	1,668,186
Total		<u>31,840,972</u>	<u>28,447,734</u>
(Loss)/Profit before tax		(4,636,266)	1,894,094
Tax expense:			
Current tax		-	400,000
Deferred tax (Net)		1,577,139	463,980
Prior Period Adjustment		-	90,000
(Loss)/Profit after tax		<u>(6,213,405)</u>	<u>940,114</u>
Earnings per equity share of Rs.10 each			
- Basic (Rs.)		(0.64)	0.10
- Diluted (Rs.)		(0.64)	0.10

See accompanying notes to financial statements

The accompanying notes are an integral part of financial statements

As per our report of even date
For **SHARMA GOEL & CO.**
CHARTERED ACCOUNTANTS
FRN.000643N

For and on behalf of the Board

Sd/-
Amar Mittal
(Partner)
Membership No.017755

Sd/-
Anil Kumar Khanna
(Chairman)

Sd/-
Suman Kapur
(Director)

Place : New Delhi
Dated : May 30, 2012

Notes forming part of the financial statements as at and for the year ended 31 March 2012

(All Amounts in Indian Rupees, except share data and where otherwise stated)

		As at March 31, 2012		As at March 31, 2011
Note-1				
Share capital				
Authorized	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs.10 each	15,000,000	150,000,000	15,000,000	150,000,000
		<u>150,000,000</u>		<u>150,000,000</u>
Issued, subscribed and paid up				
Equity shares of Rs. 10 each	9,988,883	99,888,830	9,988,883	99,888,830
Additions during the year	-	-	-	-
Closing balance of equity share capital at the end of the year	<u>9,988,883</u>	<u>99,888,830</u>	<u>9,988,883</u>	<u>99,888,830</u>

Note 1.1- The holders of equity shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In the event of liquidation of the Company, all preferential amounts, if any, shall be discharged by the Company. The remaining assets of the Company shall be distributed to the holders of equity shares in proportion to the number of shares held to the total equity shares outstanding as on that date.

Note 1.2 - The Details of shareholders holding more than 5% shares :

		As at March 31, 2012		As at March 31, 2011
Equity Shares				
Name of Shareholder	No. of shares	%	No. of shares	%
United Leasing and Industries Ltd.	1,125,300	11.27	1,125,300	11.27
ULL Securities Pvt. Ltd.	1,142,880	11.44	1,142,880	11.44
Anil Kumar Khanna	880,940	8.82	880,940	8.82
Anoop Kumar khanna	568,960	5.70	568,960	5.71

Note 1.3- Paid up equity share capital includes Rs. 33,80,605/- as allotment money in arrears which has been shown under the head "Others Non-Current Assets".

Note-2
RESERVES AND SURPLUS

Capital reserve	227,250	227,250
General reserve	12,790,193	12,790,193
Revaluation reserve*	15,224,195	15,224,195
Other reserves		
-Investment Allowance Reserve	907,763	907,763
Surplus as per profit and loss account		
Balance as at the beginning of the year	(15,932,878)	(16,872,992)
Add: Profit / (loss) for the year	<u>(6,212,405)</u>	<u>240,114</u>
	(22,146,203)	(15,932,878)
Total of reserves and surplus	<u>7,003,108</u>	<u>13,216,513</u>

*(Revaluation Reserve represents the reserves accretion to pursuant to revaluation of Company's land at prevailing market prices as on March 31, 2005).

Notes forming part of the financial statements as at and for the year ended 31 March 2012
(All Amounts in Indian Rupees,
except share data and where otherwise stated)

	As at March 31, 2012	As at March 31, 2011
Note-3		
BORROWINGS		
Long term borrowings		
I. Secured		
(a) Term loans (Including Working Capital Term Loan)		
From banks		
(Secured by equitable mortgage of Factory Land & Building and hypothecation of Imported Plant & Machinery)	24,448,691	30,249,082
Total of secured long term borrowings	<u>24,448,691</u>	<u>30,249,082</u>
II. Unsecured		
(a) Loan from Bank		
(b) Other loans and advances	29,005,691	26,730,206
- Fixed Deposits from Public	8,749,796	5,258,437
- Inter-corporate deposits	35,109,361	20,928,688
Total of un-secured long term borrowings	<u>72,864,848</u>	<u>52,917,331</u>
Total of long term borrowings	<u>97,313,539</u>	<u>83,166,413</u>
Short term borrowings		
I. Secured		
From banks		
a) Cash Credit		
(Secured by a first charge on Raw Material, Finished Goods and Work In Progress of Embroidered Goods)	9,125,078	9,739,870
b) Bank Overdraft	1,157,205	1,143,725
Total of secured short term borrowings	<u>10,282,363</u>	<u>10,883,595</u>
II. Unsecured		
(a) Loans and advances from related parties [Inter-corporate deposits]		
- from Director	109,266	1,900,000
(b) Other loans and advances		
- Fixed Deposits from Public	8,516,761	9,876,258
Total of un-secured short term borrowings	<u>8,626,027</u>	<u>11,796,258</u>
Total of short term borrowings	<u>18,908,390</u>	<u>22,679,853</u>
Note-4		
Trade payables		
Due to micro and small enterprises		
Due to Others	304,101	360,121
Total of trade payables	<u>304,101</u>	<u>368,121</u>

Notes forming part of the financial statements as at and for the year ended 31 March 2012

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006

- i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; Nil
- ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year; Nil
- iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act; Nil
- iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and Nil
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

	As at March 31, 2012	As at March 31, 2011
Note-5		
OTHER CURRENT LIABILITIES		
a) on Fixed Deposits		
- from public (Interest accrued but not due)	861,621	1,378,552
b) TDS payable	251,076	268,128
c) Other liabilities	8,981,797	9,803,239
Total of other current liabilities	10,094,494	11,449,919

Note-6

Fixed Assets

Particulars	Gross Block (at cost)			Depreciation			(Amount in Rs.) Net Block		
	As at	Additions	Deletions	As at	As at	For the year	As at	As at	As at
	31.03.2011			31.03.2012	31.03.2011		31.03.2012	31.03.2012	31.03.2011
Land	27,530,845	-	-	27,530,845	-	-	-	27,530,845	27,530,845
Buildings	11,463,739	-	-	11,463,739	5,106,657	382,889	5,489,546	5,974,193	6,357,082
Plant & Machinery	149,421,247	-	-	149,421,247	95,278,347	6,154,129	101,432,476	47,988,771	54,142,900
Computers	5,332,961	-	-	5,332,961	5,193,842	99,445	5,293,287	39,674	139,119
Vehicles	31,384,341	-	-	31,384,341	31,384,341	-	31,384,341	-	-
Office Equipment	2,296,218	-	-	2,296,218	2,130,736	73,377	2,204,113	92,105	165,482
Furniture & Fixtures	3,475,238	-	-	3,475,238	3,360,589	46,401	3,406,990	68,248	114,649
Total	230,904,589	-	-	230,904,589	142,454,512	6,756,241	149,210,753	81,693,836	88,450,077
Previous Year Figures	230,869,915	34,674	-	230,904,589	135,575,062	6,879,450	142,454,512	88,450,077	-

Notes forming part of the financial statements as at and for the year ended 31 March 2012

(All Amounts in Indian Rupees, except share data and where otherwise stated)

	As at March 31, 2012	As at March 31, 2011
Note-7		
INVESTMENTS		
Non-current investments		
I. Quoted -		
United Leasing & Industries Limited*	11,485,239	11,485,239
(763665 Equity Shares of Rs. 10/- each; Previous Year: 763665)		
II. Un-quoted		
(a) Investment in equity instruments		
Associates:		
- Chitra Utsav Video Pvt. Ltd.	68,841,177	65,065,672
(69,750 Equity Shares of Rs. 10/- each; Previous Year: 69,750)		
(Increase in Investment is due to Capitalisation of Interest on Loan relating to this investment during the year)		
- ADAB Infrastructure Pvt. Ltd.	1,750,000	2,450,000
(175,000 Equity Shares of Rs. 10/- each; Previous Year: 245,000)		
Others:		
- Telecom Finance (India) Ltd.	9,628,499	9,628,499
(883,257 Equity shares of Rs. 10/- each; Previous Year: 883,257)		
- Chene Capital Pvt. Ltd.	2,250,000	2,250,000
(225,000 Equity Shares of Rs. 10/- each; Previous Year: 225,000)		
- Saurer Embroidery Systems (India) Pvt. Ltd.	1,550,000	80,944,191
(155,000 Equity Shares of Rs. 10/- each; Previous Year: 155,000)		
(b) Investments in preference shares		
Associates	12,960,000	12,960,000
1296,000 Preference Shares (Previous Year: 1296,000) of Rs. 10/- each of Chitra Utsav Video Pvt. Ltd.		
Total of non current investments	108,464,915	105,389,430

*Market Rate of the shares is not available as on 31st March, 2012.

	As at March 31, 2012	As at March 31, 2011
Note-8		
LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
(a) Security deposits		
Security deposits	579,007	425,488
(b) Others		
Prepaid expenses	1,706,338	1,736,338
Advance income tax, including tax deducted at source (Net of provision for tax)	4,809,696	4,202,356
Advance to staff	12,312	
Other receivables	480,709	5,343,191
Total of Long term loans and advances	7,588,062	11,281,885
Short-term Loans and advances		
(Unsecured, considered good)		
(a) Loans and advances to related parties		
Chitra Utsav Video Pvt. Ltd.	18,895,420	5,028,850
(b) Others		
Prepaid expenses	30,000	30,000
Advance income tax, including tax deducted at source (Net of provision for tax)	974,502	1,151,831
Total of short term loans and advances	19,899,922	6,210,681



Notes forming part of the financial statements as at and for the year ended 31 March 2012
(All Amounts in Indian Rupees,
except share data and where otherwise stated)

	As at March 31, 2012	As at March 31, 2011
Note-9		
Inventories		
Raw materials	210,276	210,276
Spare Parts	199,700	199,700
Work-in-progress	1,212,157	2,815,541
Finished goods	7,452,000	6,054,000
Total of Inventories	<u>9,074,133</u>	<u>9,279,517</u>
Note-10		
Trade Receivables		
Unsecured, Considered good unless stated Otherwise:		
Exceeding for a period of six months from the date they become due for payment:		
Considered Doubtful	6,096,806	2,880,755
Less: Provision for Doubtful Debts	(6,096,806)	
Debts outstanding for a period exceeding six months		
Others	<u>4,622,355</u>	<u>2,880,755</u>
Total of Trade Receivables	<u>4,622,355</u>	<u>4,133,486</u>
		<u>7,014,241</u>
Note-11		
Cash and cash equivalents		
Cash on hand	212,300	98,403
Balances with scheduled banks		
- In current accounts	416,725	359,189
- In fixed deposit accounts		
maturing within 12 months from reporting date	<u>2,028,890</u>	<u>1,882,265</u>
Total of Cash and Cash Equivalents	<u>2,667,904</u>	<u>2,339,857</u>
Note-12		
Revenue from operations		
Revenue from Manufacturing operations	23,846,265	30,038,412
Total of Revenue from Operations	<u>23,846,265</u>	<u>30,038,412</u>
Note-13		
Other income		
Interest on fixed deposits - gross	174,240	155,556
(Tax deducted at source Rs.17,625 (Previous year Rs.30,347))	1,721,676	
Late payment charges recovered	1,462,525	147,860
Miscellaneous income	<u>3,358,441</u>	<u>303,416</u>
Total of Other Income		

Notes forming part of the financial statements as at and for the year ended 31 March 2012
(All Amounts in Indian Rupees, except share data and where otherwise stated)

	As at March 31, 2012	As at March 31, 2011
Note-14		
Employee benefits expense		
Salaries and wages	7,436,277	10,031,647
Staff welfare expenses	24,494	25,560
Medical Expenses	-	5,079
Total of Employees Expenses and Benefits	<u>7,460,771</u>	<u>10,062,286</u>
Note-15		
Finance costs		
Interest expenses		
- Interest to bank(Including Bank Charges)	4,115,812	4,356,157
- Interest on Deposits	<u>3,712,601</u>	<u>3,135,131</u>
Total of Finance Cost	<u>7,828,413</u>	<u>7,491,288</u>
Note-16		
Manufacturing Expenditure		
Raw Material (Fabric)		
Power & Fuel	1,377,000	1,913,725
Freight & Cartage	293,509	770,927
Other Manufacturing Expenses		180,438
	43,500	711,418
Total of Manufacturing Expenditure	<u>1,714,009</u>	<u>3,576,508</u>
Note-17		
Other Expenses		
Postage, Courier and Telephones	100,312	89,349
Travelling and conveyance expenses	673,862	86,970
Auditor's remuneration as		
- Auditor		
For Tax Audit	56,100	55,150
Fee, Taxes and Insurance	15,000	15,000
Advertisement	312,905	52,540
Office Rent	62,258	64,853
Vehicle Running & Maintenance		7,850
Listing Fee	160,569	262,673
Annual Custody Fee	44,420	16,545
Director's Meeting Fee	16,741	16,633
Business Promotion Expenditure	115,000	115,000
Professional Charges	-	2,379
Exchange Fluctuation	68,740	183,965
Printing and stationery	-	6,862
Bad debts written off	80,573	115,846
Miscellaneous expenses	6,096,806	255,514
	72,789	321,057
Total of Administrative Expenditure	<u>7,876,154</u>	<u>1,668,186</u>

Significant Accounting policies and Notes On Accounts For the year ended 31st March, 2012

18. Significant Accounting Policies:

a) Accounting Concepts:

The Financial Statements are prepared under the historical cost convention on an accrual basis and in accordance with the applicable mandatory Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211 (3C) [Companies (Accounting Standards) Rules 2006, as amended] and all other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Revised Schedule-VI to the Companies Act 1956, based on the nature of product / services and the time between the acquisition of the assets for processing and their realization in cash and cash equivalents, the company has ascertained its operative cycle as 12 months for the purpose of current – non-current classification of assets & liabilities.

b) Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation/amortization (including other expenses related to acquisition and installation) adjusted by revaluation of certain fixed assets.

c) Depreciation / Amortization:

Depreciation/amortization is charged in the accounts on the following basis:
Depreciation has been provided on Straight-Line basis at the rates specified in Schedule-XIV of the Companies Act 1956. Pro rata depreciation is considered on assets acquired during the year.

d) Investments:

Current investments are stated at lower of cost or market value. Long-term investments are stated at cost.

e) Inventories:

Inventories are valued at the lower of Cost or Net Realizable Value except stores & spares which is valued at cost.

f) Revenue Recognition:

Sales are accounted for on accrual basis.

g) Retirement Benefit:

Provident fund is accounted for on accrual basis while Leave Encashment & Gratuity is accounted for on cash basis.

h) Foreign Currency Transactions:

Transactions in Foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Year end balances are valued at the rate prevailing on that date.

i) Provision for Current and Deferred Tax:

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions as per Income Tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be adjusted in future.

j) Earning Per Share:

Basic earnings per equity share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year.

Notes On Accounts

19. Contingent liabilities and Commitment:
- | | 31.3.2012
(in Rupees) | 31.3.2011
(in Rupees) |
|---|--------------------------|--------------------------|
| a) Bank Guarantee (100% Margin) | 12,50,000 | 12,50,000 |
| b) The Sales Tax Department had created a demand on the company in respect of cases for 3 years against which the company has preferred appeals to the appropriate appellate authorities aggregating to Rs. 28,64,433/- (Previous Year : Rs 31,48,523). | | |

20. Segment Reporting (Accounting Standard No :-17):

The company business unit consist of textiles & Stone Handicraft.

	Current Year Ended 31.3.2012			Previous Year Ended 31.3.2011		
	Embroidery	Stone Handicraft	Total	Embroidery	Stone Handicraft	Total
1. Segment Revenue						
Manufacturing /Trading Income	20,379,637	3,466,628	23,846,265	3,00,38,412	--	3,00,38,412
Other income	3,358,441	--	3,358,441	303,416	--	303,416
Increase/(Decrease) in stock	(205,384)	--	(205,384)	1,229,984	--	1,229,984
Sub Total	23,532,694	3,466,628	26,999,322	3,15,71,812	--	3,15,71,812
Less: Inter Segment Revenue	--	--	--	--	--	--
Net Segment Revenue	23,532,694	3,466,628	26,999,322	3,15,71,812	--	3,15,71,812
2. Segment Results						
Profit before Tax Interest Income & Interest Expense and Dividend from each Segment	4,127,522	(1,100,105)	3,027,407	1,41,09,276	--	1,41,09,276
Less : Interest Expense	(7,828,413)	--	7,828,413	74,91,288	--	74,91,288
Add : Interest Income	174,240	--	174,240	1,55,556	--	1,55,556
Less : Other Unallocable Expenditure	--	--	--	--	--	--
Add Unallocable income	--	--	--	--	--	--
Profit before Tax	(3,226,581)	(1,400,185)	(4,626,766)	18,94,094	--	18,94,094
Provision for Tax	--	--	--	(4,00,000)	--	(4,00,000)
Provision for Deferred Tax/(Liability)	(1,577,139)	--	(1,577,139)	(4,63,980)	--	(4,63,980)
Profit after Tax	(4,803,720)	(14,00,185)	(6,203,905)	9,40,114	--	9,40,114
2. Other Information	6,756,241	--	6,756,241	68,79,450	--	68,79,450
Depreciation	--	--	--	--	--	--
Other Non Cash Expenses	--	--	--	--	--	--
3. Capital Employed	238,191,733	--	238,191,733	23,03,91,176	--	23,03,91,176
Segment Assets	131,190,296	--	131,190,296	1,18,18,040	--	1,18,18,040
Segment Liabilities	--	--	--	--	--	--

21. Accounting for Taxes on Income (Accounting Standard No:-22):

The Company has during the year recognized Net Deferred Tax Liability amounting to **Rs. 15,77,139** as on 31.3.2012.

Particulars	As on 31.3.2012 Deferred Tax Assets/ (Deferred Tax Liability)	As on 31.3.2011 Deferred Tax Assets/ (Deferred Tax Liability)
Brought Forward Loss	75,09,142	1,06,84,906
Net Block of Assets	(1,20,88,413)	(1,36,87,038)
Net Deferred Tax Asset / (Liability)	(45,79,271)	(30,02,132)

22. In accordance with the requirement of Accounting Standards (AS) - 18 on Related Part Disclosure, the name of the parties where control exists and/or with whom the transaction have taken place during the year are as follows :-

a) Key Management Personal
Anil Kumar Khanna – Chairman

b) Associate Company
Chitra Utsav Video Pvt. Ltd

c) Entities where Key Management Personal exercises significant influence:
i) Saurer Embroidery Systems India Pvt Ltd
ii) Chene Capital Pvt Ltd
iii) Chitra Utsav Video Pvt. Ltd.
iv) ADAB Infrastructure Pvt. Ltd.

SR. NO.	TRANSACTIONS	2011-12	2010-11
1.	PURCHASE OF INVESTMENTS Chitra Utsav Video Pvt Ltd.	37,75,485	32,12,900
2.	SALE OF INVESTMENTS ADAB Infrastructure Pvt. Ltd. (Sold to Anil Khanna's sons in equal proportion).	7,00,000	Nil
3.	SALE OF GOODS Saurer Embroidery Systems India Pvt Ltd.	2,03,79,637	2,57,07,212
4.	PURCHASE OF FABRICS Saurer Embroidery Systems India Pvt Ltd.	0,92,000	Nil
5.	ADVANCES GIVEN/RECEIVED (NET): Chitra Utsav Video Pvt Ltd	1,38,66,570	(14,60,624)
6.	LOAN TAKEN/(REPAID) FROM DIRECTORS (NET)	(17,90,734)	19,00,000
7.	INTEREST ON LOAN TO DIRECTORS	81,485	1,42,427
8.	INTEREST ON ICD (CHENE CAPITAL)	77,135	3,02,902

23. Basic and Diluted Earning Per Share (Accounting Standard No:-20):
Basic and diluted Earnings per share of the company is as under: -

	31.3.2012 (In Rupees)	31.3.2011 (In Rupees)
Profit/(Loss) after tax (A)	(62,03,905)	9,40,114
Avg. Number of Equity shares	96,50,822.5	96,50,822.5
Basic and Diluted Earnings per Share Rupee/Share	(0.64)	0.10

24. Earnings in foreign Currency
- | | |
|---------------|---------------|
| 31.03.2012 | 31.03.2011 |
| Rs. 34,66,628 | Rs. 18,17,552 |

25. CIF Value of Imports:-

	31.03.2012	31.03.2011
Raw Material	Nil	Nil
Capital Goods	Nil	Nil

26. Expenditure in foreign currency
- | | |
|------------|------------|
| 31.03.2012 | 31.03.2011 |
| Nil | Nil |

27. Previous year figures have been regrouped and/or reclassified wherever necessary to conform to those of the Current year grouping and/or classification.

As per our report of even date
For **SHARMA GOEL & CO.**
CHARTERED ACCOUNTANTS
FRN.000643N

For and on behalf of the Board

Sd/-
Amar Mittal
(Partner)
Membership No.017755

Sd/-
Anil Kumar Khanna
(Chairman)

Sd/-
Suman Kapur
(Director)

Place : New Delhi
Dated : May 30, 2012

Cash Flow Statement for the Year Ended 31st March, 2012

	31.03.2012 [Rs.]	31.03.2011 [Rs.]
A. Cash Flow from Operating Activities		
Profit before Tax and Extraordinary Items	(4,636,266)	1,894,094
Adjustment for :		
Interest Paid	7,828,413	7,491,288
Interest Received	(174,240)	(155,556)
Depreciation	6,756,241	6,879,450
Bad Debt written off	-	255,514
Cash Generated before changes in working capital	9,774,147	16,364,790
Adjustment for :		
(Increase)/Decrease in Trade & Other Receivables	1,691,886	4,671,548
(Increase)/Decrease in Inventories	205,384	(736,624)
Increase/(Decrease) in Trade Payable	(64,020)	(2,643,570)
Cash Flow from extraordinary items	<u>11,607,397</u>	<u>17,656,144</u>
Extraordinary Items (Prior Period Adjustment)	-	-
Net Cash Generated from Operating Activities	<u>11,607,397</u>	<u>17,656,144</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	-	(34,674)
(Increase)/Decrease in Advances	(9,569,930)	-
(Increase)/Decrease in Investments	(3,075,485)	(3,222,150)
Interest Received on Fixed Deposits	174,240	155,556
Net Cash used in Investing Activities	<u>(12,471,175)</u>	<u>(3,101,268)</u>
C. Cash Flow from Financing Activities		
Increase/(Decrease) in Long Term Borrowings-WCTL	(5,800,391)	(6,861,823)
Increase/(Decrease) in Bank Borrowings	1,674,253	(535,333)
Increase/(Decrease) in Other Liabilities	13,146,376	(844,690)
Interest Paid	(7,828,413)	(7,491,288)
Net Cash Generated from Financing Activities	<u>1,191,125</u>	<u>(15,733,134)</u>
Net Increase in Cash & Cash Equivalents (A+B+C)	328,048	(1,178,258)
Cash & Cash Equivalents as on 31st March, 2012	2,667,905	2,339,857
Cash & Cash Equivalents as on 31st March, 2011	2,339,857	3,518,115

Summary of significant accounting policies

The accompanying notes are an integral part of financial statements

As per our report of even date

For **SHARMA GOEL & CO.**
CHARTERED ACCOUNTANTS
FRN.000643N

For and on behalf of the Board

Sd/-
Amar Mittal
(Partner)
Membership No.017755

Sd/-
Anil Kumar Khanna
(Chairman)

Sd/-
Suman Kapur
(Director)

Place : New Delhi
Dated : May 30, 2012

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of RLF Ltd. for the year ended 31st March, 2012. The Statement has been prepared by the Company in accordance with the requirements of the clause 32 of the Listing Agreement and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 30th May, 2012 to the members of the Company.

FOR SHARMA GOEL & CO.
Chartered Accountants
FRNo. 000643N

Place : New Delhi
Dated: May 30, 2012

Sd/-
(AMAR MITTAL)
PARTNER
M. No. 17755

**FORM 2B
(Rule 4CCC and 5D)****NOMINATION FORM**

(To be filled in by individual applying singly or jointly)

I/We _____ and _____ the holders of Shares/Deposit Receipt bearing Folio No./
Receipt No. _____ of M/s RLF LIMITED wish to make a nomination and do hereby nominate the following
person(s) in whom all rights of transfer and/or amount payable in respect of Shares/Deposits shall vest in the event of my/ our
death.

Name and Address of Nominee

Name : _____
Address : _____

Date of Birth*: _____

(*to be furnished in case the nominee is a minor)

**The nominee is a minor whose guardian is (Name and address) _____

(** to be deleted if not applicable)

Signature _____	Signature _____
Name _____	Name _____
Address _____	Address _____
Date _____	Date _____

Delete whichever is not applicable

Signature of two witnesses

Name And Address

Signature with date

1.

2.

Instructions:

1. The Nomination can be made by individuals only applying/ holding shares on their own behalf singly or jointly upto two persons. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney can not nominate. If the shares are held jointly all joint holders will sign the nomination form.
2. A minor can be nominated by a holder of shares/ Deposits and in that event the holder shall give the name and address of the Guardian.
3. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a holder of power of attorney. A non-resident Indian can be a nominee on re-patriable basis.
4. Nomination stand rescinded upon transfer of share/ renewal of deposits made.
5. Transfer of share in favour of a nominee and repayment of amount of deposit to nominee shall be valid discharge by a Company against the legal heir.

RLF**PROXY FORM
RLF LIMITED**

REGISTERED OFFICE: 14 Kms., Gurgaon Pataudi Road, Village Jhund Sarai Veeran, Dist. Gurgaon, Haryana
CORPORATE OFFICE: Plot No. 66, Sector-34, EHTP, Gurgaon, Haryana

DP ID:**

CLIENT ID:**

Folio No.:

I/We _____ being a member/ members of RLF LIMITED hereby appoint _____ of _____ or failing him/ her _____ in the district of _____ as my/ our proxy to attend and vote for me/ us on my/ our behalf at the 32nd ANNUAL GENERAL MEETING of the Company to be held on the 29th September, 2012, at 12.00 Noon at 14 Kms., Gurgaon Pataudi Road, Village Jhund Sarai Veeran, Dist. Gurgaon, Haryana and any adjournment thereof.
Signed this _____ day of _____ 2012

Affix Revenue
Stamp of Rupee
1 (One) here

Signature of Member: _____
Signature of Proxy _____
Address: _____

Strike whichever is not applicable.

Notes:

1. The Proxy need not be a member of the Company.
2. The Proxy to be valid should be duly stamped with a revenue stamp of Rupee 1 (One) and executed by the member and should reach the Company's Corporate Office at least 48 hours before the time fixed for the Meeting.
3. Proxy cannot speak at the meeting or vote on a show of hands

**ATTENDANCE SLIP
RLF LIMITED**

REGISTERED OFFICE: 14 Kms., Gurgaon Pataudi Road, Village Jhund Sarai Veeran, Dist. Gurgaon, Haryana
CORPORATE OFFICE: Plot No. 66, Sector-34, EHTP, Gurgaon, Haryana

NAME & ADDRESS OF THE SHAREHOLDER

Folio No. _____
DP ID:** _____
CLIENT ID:** _____

No. of Shares Held: _____

I hereby record my presence at the 32nd ANNUAL GENERAL MEETING of the Company on the 29th September, 2012 at 12.00 Noon at 14 Kms., Gurgaon Pataudi Road, Village Jhund Sarai Veeran, Dist. Gurgaon, Haryana.

SIGNATURE OF THE SHAREHOLDER (S)/PROXY

*Strike whichever is not applicable.

Notes:

1. No attendance Slip will be issued at the venue of the meeting.
2. Please sign this attendance slip and hand it over at the Attendance Verification Counter at the Entrance of the Meeting Hall.
3. NO GIFTS/ GIFT COUPONS/ COMPANY PRODUCTS WILL BE GIVEN AT THE MEETING.
4. This Attendance is valid only in case shares are held on the date of the meeting.

*** Applicable for investors holding shares in electronic form

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RLF LIMITED

Plot No. 66, Sector - 34, EHTP, Gurgaon, Haryana