

RELIANCE
CHEMOTEX INDUSTRIES LIMITED



THIRTY FOURTH ANNUAL REPORT
2011-2012



BOARD OF DIRECTORS

S. L. SHROFF
Chairman

SANJIV SHROFF
Vice Chairman &
Managing Director

N. G. KHAITAN

V. B. L. MATHUR

K. L. SONTALIA

B. K. AGRAWAL

NARAYAN SHROFF
Additional Director

R. N. SHARMA
Wholtime Director

RAHUL SHROFF
Executive Director

**COMPANY SECRETARY &
CHIEF FINANCIAL OFFICER**
M. K. GUPTA

MANAGEMENT
S. L. SHROFF
Chairman

SANJIV SHROFF
Vice Chairman &
Managing Director

R. N. SHARMA
Wholtime 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 FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RELIANCE CHEMOTEX INDUSTRIES LIMITED will be held at Alka Hotel, Shastri Circle, Udaipur-313 001 on Thursday the 27th Day of September, 2012 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, 2012 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 V.B.L. Mathur, who retires by rotation, but being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri K. L. Sonthalia, 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-imbursement 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 pursuant to the provision of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Narayan Shroff, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, liable to retirement by rotation, under the provisions of the Articles of Association of the Company".

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 the immovable and movable properties of the Company wheresoever situate, present and future and the whole of the undertaking of the Company in such manner as may be required from time to time, by way of second charge to or in favour of the Industrial Development Bank of India Limited (IDBI Ltd.) and by joint equitable mortgage ranking pari passu with State Bank of India to secure additional working capital facilities of Rs.300 Lacs (Rupees Three Hundred Lacs only) together with interest, additional interest, liquidated damages, premia on prepayment on or redemption, costs, charges, expenses and all other monies payable by the Company to IDBI Ltd. 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 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."

9. 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 R.N.Sharma be and is hereby re-appointed as Wholetime Director of the Company for a further period of 3 years with effect from 1st November, 2012 on payment of such remuneration by way of salary, and other perquisites during the tenure of his re-appointment as Wholetime 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 R.N.Sharma."

10. 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 6,25,000 (Six Lacs Twenty Five Thousand) 10% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees one hundred) each amounting to Rs. 625.00 Lacs 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 10 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 20th September, 2012 to 27th September, 2012 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 28th September, 2012 to those members whose names are on Company's Register of Members as on 27th September, 2012. 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 19th September, 2012.
- The Company's Equity Shares are listed with Bombay Stock Exchange Limited, Mumbai. The Company has paid the listing fees for the year 2012-2013 to the aforesaid Stock Exchange.
- 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, 2004, 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 2005 and the subsequent financial years are advised to claim it from the Company.
- 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.
- 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.
- The shareholders who have not converted their shares into demat form are requested to do so in their own interest.
- 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 Board of Directors of the Company ("The Board") had, at its meeting held on February 14, 2012, appointed, pursuant to the provisions of Section 260 of the Companies Act, 1956 ("The Act") and Articles of Association of the Company, Shri Narayan Shroff, as an Additional Director of the Company.

In terms of the provision of Section 260 of the Act, Shri Narayan Shroff will hold the office up to the date of this Annual General Meeting.

The Company has received notices in writing from members proposing the candidatures of Shri Narayan Shroff for the office of Director of the Company under the provisions of Section 257 of the Act.

Brief resume of Shri Narayan Shroff, nature of his expertise in specific functional areas and names of Companies in which he holds Directorship, number of shares held in the Company and Membership/ Chairmanship of Board Committees as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are as under :-

Shri Narayan Shroff, son of Late Shri Rambhallav Shroff, aged 75 years is a Commerce Graduate and has over 50 years of experience in Business and Industry.

Shri Narayan Shroff, neither holds any Directorship nor any Committee Membership in other Company's Board. He is holding 50 Equity Shares in the Company.

Shri Narayan Shroff may be deemed to be concerned or interested in the resolution relating to his respective appointment. Except him none of the other Director is interested in the resolution.

ITEM NO. 8

In order to meet the financial requirements, arrangement has since been made with Industrial Development Bank of India Limited (IDBI Ltd.) for additional financial assistance and the Company has been granted additional working capital facility of Rs. 300 Lacs from Industrial Development Bank of India Limited (IDBI Ltd.).

The aforesaid working capital facility is secured by way of first charge having hypothecation of all Current Assets of the Company 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 that the Board of Directors of a Public Limited Company shall not, without the consent of the Company in General Meeting sell, lease or otherwise dispose of the whole or substantially 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 undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Financial Institutions and the Bankers 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 before creation of the second mortgage/charge.

None of the Directors is interested in this resolution.

ITEM NO. 9

The terms of appointment of Shri R.N.Sharma, Wholetime Director of the Company will expire on 31st October, 2012 and the Remuneration Committee of the Company in its meeting held on 31st July, 2012 recommended the re-appointment of Shri R.N.Sharma as Wholetime Director of the Company for a further period of 3 years with effect from 1st November, 2012 to 31st October, 2015 for the sake of continuity of the present systems of the Management and the efficient running of the Company.

Approval of Shareholders is sought for the re-appointment of Shri R.N.Sharma as Wholetime Director of the Company and the remuneration payable to him. The detail of remuneration payable to him is as under.

(a) Salary

Basic Salary Rs.75,000/- (Rupees Seventy Five Thousand only) per month, with such periodic increments as may be decided by the Board of Directors from time to time. However the total increased basic salary will not exceed more than 1,25,000/ per month.

(b) Perquisites

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

- 1. Housing :** Residential accommodation or in lieu thereof House Rent Allowance @40% of the Basic Salary.
- 2. Gas, Electricity, Water and Furnishing :** The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules 1962, which will be subject to a ceiling of 10% of the Salary.
- 3. Medical re-imbursement :** Re-imbursement of expenses incurred for self and family subject to a ceiling of 5% of the annual salary.
- 4. Leave Travel Concession :** Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company, but it shall not exceed one month's salary in a year.

5. **Personal Accident Insurance** : Actual premium on personal accidental insurance.

6. (a) Company's contribution to Provident Fund @ 12% or such other rate as may be applicable to the employees under the Provident Fund Rules.

(b) Company's contribution to super-annuation Scheme as may be applicable from time to time provided, however that the Company's contribution to the super-annuation Scheme shall not exceed 25% of the Salary.

7. **Gratuity** : The gratuity payable shall not exceed half a month's salary for each completed year of service.

8. Car for use on Company's business and telephone at residence will not be considered as perquisites, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

9. **Earned Leave** : On full pay and allowance as per the Rules of the Company, but not exceeding one month's leave for every eleven months' of service. Encashment of leave accumulation but not availed at the end of the tenure as per the rules of the Company.

10. **Exgratia in lieu of Bonus** : Exgratia in lieu of Bonus not exceeding 20% of the Salary as and when become payable as per the Rules of the Company.

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

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 31.03.2012	Rs. in lacs
Sales including other Income	20,007
Profit (before exceptional & extraordinary items & tax)	407
Profit Before Tax	293

5. **Export Performance and net foreign exchange earnings and collaborations** : The earning in Foreign Exchange by Exports & others for the year ended 31.03.2012 was Rs. 12,937 Lacs.

6. **Foreign Investment of collaborators, if any** : Not Applicable

II. Information about the Wholetime Director :

1. **Background** : Shri R.N.Sharma, a graduate in Textile aged about 65 year is Wholetime Director of the Company since 1st November 1999. He has over 38 years of Experience in Textile Industry.

2. **Past Remuneration** : The last remuneration of Shri R.N.Sharma approved by the members of the Company at their 31st Annual General meeting held on 19th September 2009 is as under :

Basic Salary and perquisites : Rs. 75,000/- P.M. and perquisites

3. **Job Profile and his suitability** : Sh.R.N.Sharma, Wholetime Director of the Company is responsible for Overall Production and day to day affairs of the Company. He has substantial powers under the supervision, control and directions of the Managing Director the Company.

4. **Remuneration Proposed** : The Remuneration Committee at their meeting held on 31st July, 2012 approved the re-appointment of Shri R. N. Sharma for a period of 3 years commencing from 1st November, 2012 as mentioned above. The Board of Directors also confirmed the same in their meeting held on 31st July, 2012.

5. **Comparative Remuneration Profile with respect to industry, size of the Company, profile of the position and persons** : Looking to the size, nature, Business of the Company and the duties and responsibilities carried out by Shri R.N.Sharma as Wholetime Director of the Company, the remuneration payable to him is according to the ceiling specified in Schedule XIII of the Companies Act, 1956 and comparable with the salary payable by other Companies to managerial persons.



6. **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnels, if any :** Beside the proposed Remuneration payable to Shri R. N. Sharma does not have any pecuniary relationship with the Company.

III. Other Informations :

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

2. **Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms :**

With a view to improve overall profitability and financial performance, the Company has taken major steps which inter-alla includes marketing re-structuring, reduction in production cost through implementation of various measures. In the current financial year, the Company expects increase in turnover and profit.

The Company has also 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 R.N. Sharma is interested in this resolution to the extent he will receive remuneration from the Company. Except him none of the other Directors is interested in the resolution.

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

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

ITEM NO. 10

The Company has plans for expansion/ modernisation. Apart from that the Company has also to redeem old preference shares amounting to Rs.325.00 Lacs and to allot new Preference Shares of Rs. 300.00 Lacs. For these purpose Company will be issuing 6,25,000 (Six Lacs Twenty Five Thousand) 10% Cumulative Redeemable Preference Shares of Rs. 100/- each amounting to Rs. 625.00 Lacs 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
31st July, 2012

Registered Office:

Village - Kanpur
Post Box No. 73
Udaipur - 313 003

By order of the Board

M. K. GUPTA

Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

The Directors have the pleasure of placing before you the THIRTY FOURTH Annual Report along with the Audited Accounts of the Company for the year ended 31st March 2012.

FINANCIAL RESULTS	Year ended 31.03.2012 (Rs. in lacs)	Year ended 31.03.2011 (Rs. in lacs)
Profit before Depreciation & amortisation, exceptional items and Tax	877.23	1084.85
Less : Depreciation & amortisation	469.88	458.88
	407.35	625.97
Less : Exceptional item	114.01	113.17
Profit before Tax	293.34	512.80
Less : Provision for Taxation		
Current Year	60.21	103.85
Deferred Tax	10.79	71.00 (29.44)
74.41		
Profit after tax	222.34	438.39
Add : Profit brought forward from previous year	882.80	593.20
	1105.14	1031.59
Out of which the following appropriations have been made		
Transfer to General Reserve	10.00	10.00
Proposed Dividend:		
Preference Shares	130.50	83.11
Equity Shares	36.07	166.57 36.07
119.18		
Tax on Proposed Dividend	27.02	19.61
Leaving a balance to be carried forward	901.55	882.80
	1105.14	1031.59

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 and Rs. 5.85 Lacs by way of 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.130.50 Lacs for such Dividend and Rs.21.17 Lacs by way of Dividend Distribution Tax thereon.

OPERATIONS

During the year under review, your Company's operations suffered due to high prices of raw materials, higher interest cost and foreign exchange rate fluctuations. Your Company achieved a turnover of Rs.20,432.77 Lacs as compared to Rs.19,199.40 Lacs in the previous year, an increase of 6.42%.

EXPORTS

Exports (FOB) during the year were Rs.12,937 Lacs as against Rs. 12,599 Lacs in the previous year.

CURRENT OUTLOOK

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

FINANCE

During the year under review the Company has repaid Rs.628.88 Lacs of term loans to the Financial Institutions. The Term loan of Rs.10 Crores sanctioned by the State Bank of India in last year for Expansion & Modernization has been revised to Rs.13 Crores. The Company's bankers have provided need-based working capital limits during the year.

FIXED DEPOSITS

The Company has not accepted any deposits during the year under review as per definitions stated in Section 58A of the Companies Act., 1956.

EXPANSION & MODERNIZATION OF PLANT

During the year the Company has undertaken the expansion and modernization of its existing plant situated at Village : Kanpur, Udaipur (Raj.) at an estimated cost of Rs. 35 Crores for the installation of 10,080 Spindles and the Modernization of 5,184 Spindles. The new expansion is expected to come into Commercial Production by March, 2013.

SHARE CAPITAL

There is no change in issued Equity and Preference Share Capital during the year. However, the Company has increased Authorised Preference Share Capital by adding 10 Lacs Preference Shares of Rs.100/- each. Subsequently the present Authorised Preference Share Capital of the Company is Rs. 25.25 Crores as against Rs. 15.25 Crores in last year.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts for the year ended March 31, 2012 the applicable accounting standards have been followed alongwith proper explanation relating to material departures. The notes to the accounts are self explanatory.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company.
- The Directors have taken proper and sufficient care to maintain an adequate accounting records in accordance with the provisions of the Companies Act, 1956 allowing them to safeguard the assets of the Company and to prevent or detect fraud and other irregularities;
- The Directors have prepared the annual accounts for the year ended 31st March, 2012 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 with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchange form a part of the Annual Report.

DIRECTORS

Shri V. B. L. Mathur & Shri K. L. Sonthalia 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 on Corporate Governance.



Shri P. C. D. Nambiar, a Director of the Company since 1986, passed away on 27th May 2012. Shri P. C. D. Nambiar's guidance, support and commitment to the Company over the last 26 years had been invaluable.

The Board of Directors would like to extend their sincerest gratitude for Shri P. C. D. Nambiar's services to the Company and express their deepest condolences for his sad demise. His presence on the Board will be missed.

MANAGEMENT

The tenure of Shri R.N. Sharma, Wholtime Director of the Company is expiring on 31st October, 2012. Based on the recommendation of the Remuneration Committee, the Board has decided to re-appoint Shri R.N. Sharma as Wholtime Director of the Company for a 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, 2012.

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. Out of the above Directors Shri P.C.D. Nambiar passed away on 27th May, 2012 and in his place a new Independent Director will be appointed shortly as an Audit Committee member.

The composition, role, functions and powers of the 'Audit Committee' are in accordance with Clause 49 of the Listing Agreement with Stock Exchange and Section 292A of the Companies Act, 1956.

PERSONNEL & INDUSTRIAL RELATIONS

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

There are no employees of the Company in receipt of a 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 2010-11 was filed with the ROC on 30/09/2011. The Cost Audit Report for the year 2011-12 shall become due for filing on 30th September, 2012. This report is under process and will be filed before the due date. M/s. HMVN & Associates, Cost Accountants, 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 2012-13 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' together with the notes in Accounts they referred to in their report are self-explanatory. However, in this regard we have to state further as under :

- i. The Company is following the Mercantile System of Accounting on all items and recognises Income and Expenditure on accrual basis except for certain items as mentioned in note 1(ix) in Notes 26 of the Annual Accounts due to the reasons mentioned there in. It is not possible now to quantify the effects on Profit/Loss A/C and assets and liabilities of the Company for items referred to in notes. These will be accounted for in the year of settlement.
- ii. As on 1st April, 2011 the Company had unsecured loans of Rs.12.43 Crores. During the year 2011-12 the Company took new unsecured loans of Rs.25.68 Crores and also repaid a sum of Rs.25.23 Crores of these loans. Thereby there was a balance of Rs.12.88 Crores in unsecured loans A/C. Though there were no stipulations regarding the repayment of such unsecured loans, a part of such loans was repaid during the year as the parties demanded repayment. For the year 2012-13 as mentioned in note (1) (xvii) in Notes 26 of Annual Accounts, the Company has obtained letters of undertaking from these parties stating that they will not seek repayment of their outstanding loans before 30/04/13. Accordingly these unsecured loans have been considered as long term borrowings under the provisions of the revised Schedule VI of the Companies Act, 1956.
- iii. There were slight delays in payment of certain dues towards works contract Tax, TDS and ESI etc. Though such delays were insignificant in nature, the concerned officers have been requested to ensure timely payments and deposits.
- iv. As disputes are pending with various Authorities for Rs.2.41 Lacs on a/c of Excise Duty and Rs.45.22 Lacs on a/c of Service Tax, no payment for these dues have been made.

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

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

On behalf of the Board

R. N. SHARMA **SANJIV SHROFF**

Place : Mumbai Wholetime Director Vice Chairman &
31st July, 2012 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 Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2012.

A. CONSERVATION OF ENERGY

1. Energy Conservation Measures Taken

- The Company is continuing with the energy conservation measures taken in earlier years.
- Pumps at another two Humidification Towers were replaced by energy saver pumps & motor.
- We have installed Micro Humidifiers in one more production department for direct increase of humidity to improve quality of Yarn and reduction of electrical load in tower.
- e-Max system is installed at Boiler to Monitor Air Quantity Intake & exhaust gas. Ultimately will reduce the fuel consumption.
- Installed the control system on Humidification plant for supply Air & return Air Fans to work intermittently as per the condition required in the department.

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

- Pumps at another two Towers will be replaced by energy saver pumps & motors.
- At Boiler we are planning to put VFD on ID fan and FD fan motor to conserve electrical energy.

FORM 'A'

Form for disclosure of particulars with respect to conservation of energy 2011-2012.

(A) Power and Fuel Consumption

	Current Year 31.03.2012	Previous Year 31.03.2011
(1) Electricity		
a) Purchased Unit (KWH)	3,49,46,680	3,64,91,413
Total Amount (Rs.)	13,48,82,790	13,70,57,495
Rate/ Unit (Rs.)	3.86	3.76
b) Own Generation		
i) Through Diesel		
Generator (Unit KWH)	19,640	4,040
Units per Ltr. of Diesel oil	2.48	1.92
Cost/ Unit (Rs.)	23.64	23.64
ii) Through Furnace oil		
Generator (Unit KWH)	34,790	37,220
Units per Ltr. of F.O.	3.58	2.04
Cost/ Unit (Rs.)	16.25	23.69

(2) Coal

Quantity	B. Grade	B. Grade
Where used	Boiler	Boiler
Quantity (Tonnes)	1,904	2,307
Total Cost (Rs.)	1,50,76,469	1,78,78,039
Average Rate/ Ton (Rs.)	7,918	7,749

(3) Other/ Internal Generation

NA NA

(B) Consumption per unit of production

Product	Synthetic	Synthetic
	Blended Yarn	Blended Yarn
	Current Year	Previous Year
Units	Per Kg.	Per Kg.
Electricity	3.37	3.45
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.

Special dyed yarn developed for using in core of Chennai Yarn.

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

Improved Yarn Quality.

(c) Further plan of action.

To develop Coarse Count Yarn for Industrial 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 link coners in grey section.

C. FOREIGN EXCHANGE EARNINGS AND OUT GO

	(Rs. in Lacs)
1. Foreign Exchange Earnings (FOB Value of Export)	12,936.98
2. Foreign Exchange outgo	534.44

On behalf of the Board

Place : Mumbai 31st July, 2012
R. N. SHARMA **SANJIV SHROFF**
 Wholetime Director Vice Chairman & Managing Director



REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on the Code of Governance

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

2. Code of Conduct

In tune with the Corporate philosophy stated in the preceeding 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

(i) **Composition** : The Company has a combination of Executive and Non – Executive Directors. As on 31st March, 2012 Company's Board comprises of ten Directors. Seven Directors, including the Chairman, are Non – Executive. Though the Company has a Non – Executive Chairman but being Promoter Director of the Company he is not regarded as Independent Director of the Company. So excluding Chairman five Directors are Independent which is sufficient compliance of listing agreement. All the Independent Directors have met the independent criteria as mentioned under Clause 49 of the listing agreement.

(ii) **Number of Board Meetings held and their dates of holding** : Dates of Board Meeting were fixed in advance for the financial year and agenda papers were circulated to all the Directors in advance during the year 2011–12. Four Board Meetings were held at the following dates 26.05.2011, 06.08.2011, 05.11.2011 and 14.02.2012 respectively. The maximum time gap between any two consecutive meetings was less than four months. The attendance at the Board Meetings during the year, at the last Annual General Meeting and other details regarding other Directorship in Indian Public Companies etc are as follows :

Name of Director	Category	No. of Board Meetings attended	Last AGM attended	No. of other Directorships and Committee Member/Chairmanship			Shares held	
				Other Directorship	Committee Membership	Committee Chairmanship	Equity	Preference
Shri Shanker Lal Shroff (Chairman)	Promoter Not Independent Non-Executive	1	YES	1	-	-	195650	60000
Shri Sanjiv Shroff (Vice Chairman & Managing Director)	Not Independent Executive	3	NO	-	-	-	83800	115000
Shri B. K. Jhawar (upto 14.02.2012)	Independent Non-Executive	-	NO	-	-	-	200	-
Shri N. G. Khaitan	Not Independent Non-Executive	4	YES	9	10	3	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	3	-	2	-	-
Shri R. N. Sharma (Wholetime Director)	Not Independent Executive	2	YES	-	-	-	50	-
Shri Rahul Shroff (Executive Director)	Not Independent Executive	3	YES	-	-	-	-	-
Shri Narayan Shroff w.e.f. 14.02.2012 (Additional Director)	Independent Non-Executive	-	NO	-	-	-	50	-

*The Audit Committee had in its meeting held on 06.08.2011 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.

4. Committees of the Board

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

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

(a) Audit Committee

(i) Terms of reference

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

(ii) Composition of Audit Committee

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

Names of Members	Category	No. of Meetings held during tenure	Number of meetings attended	Sitting Fees
Shri V. B. L. Mathur Chairman	Independent Non-Executive	4	2	10000/-
Shri N. G. Khaitan	Not Independent Non-Executive	4	4	20000/-
Shri P. C. D. Nambiar	Independent Non-Executive	4	4	20000/-
Shri K. L. Sonthalia	Independent Non-Executive	4	4	20000/-

The meetings of the Audit Committee during the year were held on the following dates: 26.05.2011, 06.08.2011, 05.11.2011 and 14.02.2012 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, Dematerialization of Shares, Issue of Duplicate Share Certificate, Non-receipt of Balance Sheet, Non-receipt of declared Dividends etc. Minutes of meetings of the Shareholders/ Investors' Grievances Committee are circulated to members of the Committee and the Board.

(ii) Composition of Shareholders / Investors Grievances Committee

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

Names of Members	Category	No. of Meetings held during tenure	Number of meetings attended	Sitting Fees
Shri V. B. L. Mathur Chairman	Independent Non-Executive	4	2	3000/-
Shri K. L. Sonthalia	Independent Non-Executive	4	4	6000/-
Shri Sanjiv Shroff	Not-Independent Executive	4	3	-
Shri R. N. Sharma	Not-Independent Executive	4	2	-

The Committee held its meetings during the year on following dates: 26.05.2011, 06.08.2011, 05.11.2011 and 14.02.2012 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 26 letters/complaints from Investors which have been resolved during the year. There was no unresolved complaints as on 31st March, 2012. There were no transfer of shares pending for registration for more than 30 days as on 31st March, 2012. The details of complaints received by the Company and Registrar & Share Transfer Agent and resolved as quarter wise during the year 2011-2012 are as under :

Quarter ended on	No. of Complaints received
30.06.2011	6
30.09.2011	4
31.12.2011	4
31.03.2012	12
Total	26

(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 :

Names of Members	Category	No. of Meetings held during tenure	Number of meetings attended	Sitting Fees
Shri V. B. L. Mathur Chairman	Independent Non-Executive	2	-	
Shri K. L. Sonthalia	Independent Non-Executive	2	2	3000/-
Shri P. C. D. Nambiar	Independent Non-Executive	2	2	3000/-

There were 2 (two) meeting of the Remuneration Committee held during the year on 06.08.2011 to re-appoint Shri Sajiv Shroff as Vice Chairman & Managing Director, of the Company for a further period of 3 (Three) year w.e.f. 01st September, 2011 and on 05.11.2011 to increase the remuneration payable to Shri Rahul Shroff, Wholtime Director designated as Executive Director of the Company w.e.f. 01st November, 2011 for the remaining period of his tenure of his office as Wholtime Director ending on 31st July, 2013, respectively.

5. Details of remuneration paid to Directors for the year 2011-2012

(i) Executive Directors

(Amount in Rs.)

Name of Executive Director	Basic Salary	Exgratia	Allowances & Perquisites	Contribution to PF	Total	Service Contract (Years)	Period
Shri Sanjiv Shroff	16,75,000	-	9,45,654	2,01,000	28,21,654	3	01/09/11 to 31/08/14
Shri R. N. Sharma	9,00,000	1,80,000	2,59,470	1,08,000	14,47,470	3	01/11/09 to 31/10/12
Shri Rahul Shroff	9,90,000	1,12,000	4,95,000	1,18,800	17,15,800	3	01/08/10 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 2011-2012 are as follows :

Name of Director	Sitting fee for (Amount in Rs.)	
	Board Meeting	Committee Meeting
Shri S. L. Shroff	-	-
Shri N. G. Khaitan	40,000	20,000
Shri P. C. D. Nambiar	40,000	23,000
Shri V. B. L. Mathur	20,000	13,000
Shri K. L. Sonthalia	40,000	29,000
Shri B. K. Agrawal	-	-
Shri Narayan Shroff	-	-

6. General Body Meetings

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

Year	AGM	Location	Date	Time
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
2010-11	33 rd AGM	Hotel India International, Udaipur	28 th Sept. 2011	10:30 AM

(ii) Special Resolutions passed in the previous three AGMs :

(a) In the AGM held on 28th September, 2011

To re-appoint Shri Sanjiv Shroff as Vice Chairman & Managing Director of the Company for a further period of 3 (three) years w.e.f. 1st September, 2011 and to accord consent of the Company for remuneration payable to him.

To accord consent of the Company pursuant to provision of Section 81(1A) of the Companies Act., 1956 to issue 17,00,000 (Seventeen Lacs) 10% Cumulative Redeemable Preference Shares of Rs. 100/- each at par to any person as the Board of Directors deem fit.

(b) 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 Article No.133, under the heading "Members approval for change in Business" for seeking approval of members by way of Ordinary/Special Resolution through Postal Ballot after complying the requirements under the Companies (passing the Resolution by Postal Ballot) Rules, 2001 whether or not such business is specified as the mandatory business under rule 4 of the said rules.

(c) 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.

(iii) No Special Resolution was passed last year through postal ballot.

(iv) Presently no Special Resolution is proposed to be conducted through Postal Ballot in the ensuing AGM.

(v) Following Special Resolutions are proposed to be passed in the ensuing AGM :

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, 2012 and to approve the remuneration payable to him.

To accord consent of the Company pursuant to provision of Section 81(1A) of the Companies Act, 1956 to issue 6,25,000 (Six Lacs Twenty Five Thousand) 10% Cumulative Redeemable Preference Shares of Rs. 100/- each at par to any person as the Board of Directors deem fit.



7. Disclosures

- (i) During the year, there was no materially significant transactions except as set out in Note 26 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 Financial Express (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	27 th September, 2012 at 10.30 A.M. at Alka Hotel, Shastri Circle, Udaipur (Rajasthan)
2.	Financial Calendar: Financial Year Quarterly Financial reporting	1 st April to 31 st March Within 45 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 20 th September, 2012 to 27 th September, 2012 (both days inclusive)
4.	Dividend payment date	01 st October, 2012
5.	Listing on Stock Exchanges and Stock Code	The Shares of the Company are listed at Bombay Stock Exchange Limited, Mumbai with the Code No. 503162
6.	Registrar and Share Transfer Agent	In terms of SEBI regulations regarding appointment of common share transfer agency, the Company has appointed M/s. Bigshares Services Pvt. Ltd., Mumbai as its Registrar & Share Transfer Agent to deal with physical as well as electronic transfer of shares.
7.	Dematerialisation of Shares and Liquidity	As on 31 st March 2012, 30,62,199 (84.32%) of the total number of shares are in dematerialized form out of the 36,31,850 listed Equity Shares of the Company. Further 1,64,600 Equity Shares issued and allotted on 31.03.2009 have been listed during the year 2011-2012 at Bombay Stock Exchange (BSE). The Company's shares are compulsorily traded at the Stock Exchange in dematerialized form. Equity Shares' International Securities Identification Number (ISIN) is INE750D01016 for dematerialization 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	<p>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</p> <p>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 : 28475207 e-mail : info@bigshareonline.com</p>
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(b) Distribution of Shareholding as on 31st March 2012 are as under :

(i) According to category of holding :

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Promoters	10	0.10	16,41,997	45.21
FI's & Banks	1	0.01	150	0.01
Individuals	10,529	98.24	16,33,648	44.97
Body Corporate	110	1.03	2,82,469	7.78
Trusts	1	0.01	1,000	0.03
NRIs	57	0.53	58,131	1.60
Clearing Members	9	0.08	14,455	0.40
TOTAL	10,717	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	10,504	98.01	7,93,334	21.84
501-1000	116	1.08	94,550	2.60
1001-5000	60	0.56	1,31,641	3.63
5001-10000	13	0.12	92,060	2.54
Over 10000	24	0.23	25,20,265	69.39
TOTAL	10,717	100.00	36,31,850	100.00

Name of the Company	Chairman / Director	Members of Committee	Chairman / Member of Committee
Reliance Chemotex Industries Limited	Chairman	Members	Chairman
Reliance Chemotex Industries Limited	Director	Members	Chairman
Reliance Chemotex Industries Limited	Director	Members	Chairman



(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'11	131.80	115.25	19811.14	18976.19
May'11	123.90	92.00	19253.57	17786.13
Jun'11	123.00	86.10	18873.39	17314.38
Jul '11	105.00	86.25	19131.70	18131.86
Aug'11	128.00	74.65	18440.07	15765.53
Sep'11	168.65	111.00	17211.80	15801.01
Oct'11	151.95	120.00	17908.13	15745.43
Nov'11	128.80	114.50	17702.26	15478.69
Dec'11	130.50	106.50	17003.71	15135.86
Jan'12	136.00	115.10	17258.97	15358.02
Feb'12	131.95	105.15	18523.78	17061.55
Mar'12	128.00	101.50	18040.69	16920.61

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

10. Disclosures regarding Appointment or Re-appointment of Directors

The Term of Shri R.N. Sharma, Wholtime Director of the Company will expire on 31st October, 2012 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 Wholtime Director of the Company for a further period of 3 Years w.e.f. 1st November, 2012.

Two Non-Executive Directors Shri V.B.L. Mathur and Shri K.L. Sonthalia are retiring by rotation at this Annual General Meeting and are eligible for re-appointment. Further, the Board of Directors of the Company in its meeting held on 14th February, 2012 has appointed Shri Narayan Shroff as an additional Director on the Board. In terms of the provisions of Section 260 of the Companies Act, 1956, he will hold the office upto to the date of next Annual General Meeting. Resolution has been included in the notice convening the Annual General Meeting for obtaining necessary approval of Share holders of the Company to appoint him as Director of the Company, liable to retire by rotation, under the provisions of the Articles of Association of the Company. The brief particulars of Shri R.N.Sharma, Shri V.B.L. Mathur, Shri K.L. Sonthalia and Shri Narayan Shroff are as under :

Shri R.N.Sharma aged about 65 years is a Textile Graduate and has over 35 years of experience in Textile Industry, who is holding the position of Wholtime Director of the Company Since 1st November 1999. He is responsible for overall Production and day to day affairs of the Company from last 13 Years, has substantial power under the supervision, control and directions of the Managing Director of the Company. He is neither holding any Directorship and nor Membership of Committees of the Board in other Public Limited Companies.

Shri V.B.L. Mathur S/o Late Shri S.S.Lal Mathur, aged 78 years is a retired I.A.S. and Ex-Chief Secretary to Govt. of Rajasthan, has about 30 years of experience in the Indian Administrative service. He is expert in long term profile and has experience in handling Administrative and Commercial 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	Particulars of Committee	Chairman / Member of Committee
1.	ASIL Ltd.	Director	Audit Committee Remuneration Committee Finance Committee	Member Member Member
2.	Indo-Continental Hotel	Director	-	-

Shri K.L. Sonthalia aged 74 Years is a Commerce Graduate and has over 35 years of experience in Business and Industry. He has also hold in past the position of Wholtime Director of the Company for 12 years, is expert in strategic Planning, Managing and Implementation of Project and overseeing Business operations. He is neither holding any Directorship and nor Membership of Committees of the Board in other Public Limited Companies.

Shri Narayan Shroff aged about 75 Years is a Commerce Graduate and has over 50 years of experience in Business and Industry. He is neither holding any Directorship and nor Membership of Committees at the Board in other Public Limited Companies.

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

11. Non-Mandatory requirements

The Company has not adopted any 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, 2012.

Place : Mumbai
Date : 31st July, 2012

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, 2012, 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 : 31st July, 2012
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 the manufacturing and marketing of Synthetic Blended Yarn. This report contains the expectations of the Company's business based on the current market environment.

a) Industry structure and developments:

The textile industry continued to pass through a difficult phase during the year under review due to the general economic slow down and lack of demand in domestic as well as export markets. During the year under review the Indian economy recorded a lower growth rate of 6.75% compared to an average of 8% in the previous three years. Though the agriculture and service sectors performed well, weak industrial growth was a major contribution to India's slowdown. However, there is general awareness and concern about the need to revive industry and exploit its export potential. The government also plans to introduce various incentives to increase exports.

Therefore we expect that although yarn exports have had a setback on account of adverse economic conditions globally the international demand for synthetic yarn is likely to increase and a better realization is expected in the future.

The Government of India has restarted the reconstructed TUF Scheme for loans sanctioned after 01/04/12 to the extent of the unutilized amount of the subsidy caps of Rs.1,972 Crores or the sectoral caps thereunder, whichever is reached earlier.

The Company has started the expansion and modernization of its existing plant situated at Village: Kanpur, Udaipur (Raj.) for the installation of 10,080 Spindles and the modernization of 5,184 Spindles. For this the Company has been sanctioned a term loan of Rs.1,000 Lacs and Rs.1,300 Lacs each from RIICO & State Bank of India (SBI) respectively. We expect the completion of this project by March/April 2013.

b) Opportunities and threats:

The Indian Textile Industry faces stiff competition in the international market. There is ample scope for the export of synthetic yarn to Europe, USA and Latin America. Thus the Company is targeting these countries for growth. The textile industry in the country continuously attracts domestic & foreign investments. Interest by global investors in the form of private equity investments has resulted in industry-wide capacity expansion. 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 to enhance economies of scale, integrate its product chain, increase its

productivity and provide a shorter lead time in order to increase its competitiveness in the market.

However, the following things have affected the future of the textile industry in India and also the Company:

- 1) Fluctuations in Exchange Rates i.e. USD and EURO against INR.
- 2) Rise in the Interest Cost of Working Capital and Term Loans.
- 3) Shortage of unskilled workers in Rajasthan.
- 4) Rise in Interest Rates on Export Packing Credit Limits in Rupees.
- 5) Withdrawal of DEPB Scheme for Export w.e.f. 1st October, 2011 by the Government of India.

c) Performance review and analysis:

The Company is only in one line of business, namely the manufacturing and marketing of Synthetic Blended yarn. The Company has no activity outside India except the export of yarn manufactured in India. The Production of yarn during the year 2011-12 was 10,128 M. Ton as against 10,574 M.Ton in previous year. The Company has achieved an Operational Profit (PBIT) of Rs. 1,740 Lacs during the year 2011-2012 as against Rs. 1,898 Lacs in previous year. The Company has earned a profit before tax amounting to Rs. 293 Lacs during the year 2011-2012 as against Rs. 513 Lacs in the previous year.

The Company aims to reduce the cost of production through various methods in future.

d) Outlook:

Although the outlook for the textile industry is uncertain, the Directors hope that foreseeable improvements in the international scenario along with a change in the product mix and development of new qualities, it would be possible to meet the challenges being faced by the Indian Textile Industry. The Company's strategy to maximize gains and reduce costs in order to meet market challenges continues.

e) Risks and concerns:

The domestic market for Synthetic Yarns as a whole is decreasing with poor margins for producers. Thus the Company is focusing on expanding its Export Market. During the year under review the main earning of the Company has been due to export. Therefore the Company has relied on exports for its profitability. The fast changing global economy will have an impact on the overall performance of the Company. Key business processes such as market development, order procurement and supply chain Management have been re-engineered and new practices adopted at all levels to ensure profitability.

Technological obsolescence is an inherent business risk in a fast changing world and being quick to adapt to change is crucial for the survival of any business.

The Company follows a well-documented and established foreign exchange risk policy which is reviewed by the Audit Committee on a regular basis. In light of the changing scenario of the Forex market, currency risks are hedged meticulously.

The Management has reviewed the risk Management policies and accordingly the Assets of the Company have been adequately covered under Insurance.

f) Internal Control System & their adequacy:

The Company has proper and adequate Internal Audit and Control Systems and policies in every sphere of activity to ensure that all transactions are authorized, recorded and reported correctly. The Company's Internal Control Systems allow the effective monitoring of operations to ensure that there is maximum utilization of resources. This also ensures that all assets are safeguarded and protected against loss from unauthorized use and dispositions and also that all transactions are authorized, recorded and reported diligently. The Management of the Company reviews the reports of the Internal Auditors regularly, and then presents any deviations to the Audit Committee which then recommends suitable steps of action.

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 Operation and Finance head.

h) Developments in human resources and industrial relations:

There is no doubt that the Company has achieved its business targets every year due to the dedicated efforts of the Human Resources of the Company. This year is no exception. Employer-Employee relations continued to be cordial throughout the year. The 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 to achieve 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, 2012 and that of the best of our knowledge and belief;
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violating the Company's code of conduct.

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

Place : Mumbai
Date : 31st July, 2012

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 Ltd. as at 31.03.2012 and also the Statement of Profit and Loss and the cash flow statement for the year ended on the 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 disclosure in the financial statement. An audit also include assessing the accounting principle used and significant estimate 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)(Amended) Order, 2004 (together the "Order") issued by the Central Government of India in terms of Section 227(4A) of the Companies Act 1956 on the basis 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 explanation 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 paragraph 4 and 5 of the said order.
4. The aggregate impact on matters as referred to in Para 1(vii), 1(ix) of note 26 on result for the year and year end assets and liabilities have not been ascertained and stated.
5. Attention is drawn to note no.1 (xvii) of attached Note 26 as per which unsecured loans of Rs. 12,88,50,000/- have been considered as long term borrowings within the meaning of the provision of revised schedule VI of the Companies Act., 1956, inspite of the fact that part of these loans were repaid during the year and there were no stipulations regarding repayment of such unsecured loans as mentioned in para III(C) to the Annexure to the Audit Report. As these loans have been considered as long term borrowings, the short term borrowings have been understated and long term borrowings have been overstated by the aforesaid amount.
6. Subject to our comments in the Annexure stated in paragraph 3 & 5 above.

- (i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) In our opinion subject to note 1(ix) in note 26 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, Statement of Profit & Loss 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 Para 1(ix) in note 26. The Balance Sheet, Statement of Profit and Loss 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 2012 and taken on record by the Board of Directors, we report that none of the 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 subject to and read together with the note 26 and the "NOTES" and "OBSERVATION" 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 principle 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 Statement of Profit and Loss 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, 2012
Camp : Mumbai

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

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, 2012)

- 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 the 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 31.03.2012. 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 explanation 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 books records, which in our opinion were not material in relation to the operation of the Company have been properly dealt with in the books of accounts.
- iii. (a) (i) According to the information and explanation 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) 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 loan of Rs.795.00 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 explanation 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 stipulation for repayment of unsecured loans to concerned parties, we have no comments to make whether or not the Company is repaying the principal amount whether or not is regular in payment of Interest and whether or not there is any over due amount more than one lakh for which steps need to be taken by the Company for payment of principal amount and interest thereon.
- iv) In our opinion and according to the information and explanation 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 examinations 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 weakness 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 lacs 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 Section 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 systems 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 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, Custom Duty, Excise Duty, Cess, other statutory dues with the appropriate authorities though there has been delays in depositing dues of Works Contract Tax, TDS, and ESI.

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 31st March, 2012 for a period more than 6 months from the date the become payable.

(b) On the basis of our examination of the document produced to us and according to the information and explanation given to us the dues (to the extent applicable) of Income Tax/ Sale Tax/ Wealth Tax/ Excise Duty/ Custom Duty/ Cess which have not been deposited on account of dispute 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 to 31.03.92	The Asst. Commissioner, Central Excise, Udaipur
Service Tax Act	Service Tax	2,40,837 45,22,321	31.03.03 to 31.03.07	The Asst. Commissioner (Appeals), Central Excise, Jaipur

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

(x) The Company has no accumulated losses as on 31-03-2012 and has not incurred cash loss in the financial year ended on that date and in the immediately proceeding the financial year.

(xi) According to the records of the Company as per the information and explanation give 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 explanation given to us the Company has not granted any loans and 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, debenture and other investment.

(xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks and financial Institutions during the year.

(xvi) On the basis of review of utilization of funds pertaining to term loans overall basis as on 31.03.2012 and related information, explanations and statements as made available to us and as represented to us by the Management, that no long term loans taken by the Company during the year.

(xvii) On the basis of review of utilization of fund on overall basis as on 31.03.2012 and related information explanation and statement 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) During the year the Company has not made Preferential Allotment of Shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company has not issued any debenture during the year.

(xx) The Company has not raised any money by way of public issue during the year.

(xxi) During the course of our examination of the books of account and records of the Company, carried out according with the generally accepted auditing practices in India and according to the information and explanation given to us we have neither come across any instance of material fraud on or by the Company notice and 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, 2012
Camp : Mumbai

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

BALANCE SHEET
AS AT 31st MARCH, 2012

PARTICULARS	Note No.	31 st March, 2012		31 st March, 2011	
		Rs.	Rs.	Rs.	Rs.
I. EQUITY AND LIABILITIES :					
(1) Shareholders' Funds					
(a) Share Capital	1	16,67,48,375		16,67,48,375	
(b) Reserves and Surplus	2	20,54,27,610	37,21,75,985	20,25,52,352	36,93,00,727
(2) Non Current Liabilities					
(a) Long-term borrowings	3	37,91,13,790		43,76,60,855	
(b) Deferred Tax liabilities(Net)	4	1,27,58,918	39,18,72,708	1,16,79,525	44,93,40,380
(3) Current Liabilities					
(a) Short-term borrowings	5	15,26,49,238		10,55,47,847	
(b) Trade Payables	6	16,52,28,661		26,36,48,139	
(c) Other current liabilities	7	16,99,37,477		14,96,62,899	
(d) Short-term provisions	8	2,86,74,862	51,64,90,238	1,39,66,499	53,28,25,384
TOTAL			1,28,05,38,931		1,35,14,66,491
II. ASSETS :					
(1) Non-current Assets					
a. Fixed Assets					
(i) Tangible assets	9	66,42,19,673		67,89,44,029	
(ii) Intangible assets	9	16,28,154		1,83,123	
(iii) Capital work-in-progress	9	2,26,45,238		16,89,600	
b. Non-current Investments	10	2,25,60,000		2,25,60,000	
c. Long-term loans and advances	11	2,58,56,238		2,52,99,916	
d. Other non-current assets	12	—	73,69,09,303	—	72,86,76,668
(2) Current Assets					
(a) Current Investments	13	6,00,35,541		2,00,00,000	
(b) Inventories	14	23,68,55,428		37,61,70,754	
(c) Trade Receivable	15	12,09,08,693		6,77,59,962	
(d) Cash and Bank Balances	16	5,63,53,622		5,41,40,786	
(e) Short-term loans and advances	17	3,83,18,166		6,68,46,008	
(f) Other current assets	18	3,11,58,178	54,36,29,628	3,78,72,313	62,27,89,823
TOTAL			1,28,05,38,931		1,35,14,66,491

Note : Significant Accounting Policies 1 to 18 and 26 and Notes on Financial Statements,
As per our attached Report of even date.

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

On behalf of the Board of Directors

Camp : Mumbai
Dated : 26th May, 2012

C. P. JAIN
Partner
M.No. 70156

M. K. GUPTA
Company Secretary
& Chief Financial Officer

R. N. SHARMA
Wholetime Director

SANJIV SHROFF
Vice Chairman &
Managing Director



**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH, 2012**

PARTICULARS	Note No.	31 st March, 2012		31 st March, 2011	
		Rs.	Rs.	Rs.	Rs.
I Revenue from Operations	19	2,04,32,77,379		1,91,99,39,938	
Less: Excise Duty		4,98,67,606		3,82,97,581	
		<u>1,99,34,09,773</u>		<u>1,88,16,42,357</u>	
II Other Income	20	72,68,024		1,09,11,694	
III Total Revenue (I + II)		<u>2,00,06,77,797</u>		<u>1,89,25,54,051</u>	
IV EXPENSES					
Cost of Materials Consumed	21	1,20,80,72,653		1,16,82,38,135	
Changes in Inventories of Finished Goods, Work in Progress and stock in trade	22	(1,15,81,343)		(3,77,96,516)	
Employee Benefits Expense	23	19,33,88,625		17,94,71,212	
Finance Costs	24	9,79,64,150		9,20,70,788	
Depreciation and amortisation Expense	9	4,69,88,490		4,58,87,627	
Other Expense	25	42,51,09,936		38,20,85,381	
		<u>1,95,99,42,511</u>		<u>1,82,99,56,627</u>	
Total Expenses					
V Profit before exceptional and extraordinary items and Tax (III-IV)		<u>4,07,35,286</u>		<u>6,25,97,424</u>	
VI Exceptional Items		<u>1,14,01,251</u>		<u>1,13,17,651</u>	
VII Profit before extraordinary items and tax (V-VI)		<u>2,93,34,035</u>		<u>5,12,79,773</u>	
VIII Extraordinary Items		—		—	
IX Profit before tax (VII - VIII)		<u>2,93,34,035</u>		<u>5,12,79,773</u>	
X Tax Expense :					
1. Current Tax		60,20,607		1,03,84,671	
2. Deferred Tax		10,79,393	71,00,000	(29,43,945)	74,40,726
XI Profit for the Year (IX-X)		<u>2,22,34,035</u>		<u>4,38,39,047</u>	
XII Earning per equity share (Basic and Diluted)		1.96		9.46	

Note : Significant Accounting Policies 19 to 25 and 26 forms part of this Balance Sheet,
As per our attached Report of even date.

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

On behalf of the Board of Directors

Camp : Mumbai
Dated : 26th May, 2012

C. P. JAIN
Partner
M.No. 70156

M. K. GUPTA
Company Secretary
& Chief Financial Officer

R. N. SHARMA
Wholtime Director

SANJIV SHROFF
Vice Chairman &
Managing Director

NOTES

Notes "1" to "26" Annexed to and forming part of the Company's Balance Sheet as at 31st March, 2012 and Statement of Profit and Loss for the year ended on that date.

	31 st March, 2012		31 st March, 2011	
	Rs.	Rs.	Rs.	Rs.
1. SHARE CAPITAL				
I. Authorised Share Capital :				
1,35,00,000 Equity Shares of Rs.10/- each	13,50,00,000		13,50,00,000	
25,25,000 (P.Y. 15,25,000) Preference Shares of Rs.100/- each	25,25,00,000	38,75,00,000	15,25,00,000	28,75,00,000
Issued:				
36,52,100 Equity Shares of Rs.10/- each	3,65,21,000		3,65,21,000	
13,05,000 10% Cumulative Redeemable Preference Shares of Rs.100/- each	13,05,00,000	16,70,21,000	13,05,00,000	16,70,21,000
Subscribed and Fully Paid :				
36,06,650 Equity Shares of Rs.10/- each	3,60,66,500		3,60,66,500	
Subscribed but not Fully Paid :				
25,200 Equity Shares of Rs.10/- each	2,52,000		2,52,000	
Less: Calls unpaid				
(Other than Directors & Officers)	(1,26,000)		(1,26,000)	
Forfeited	55,875 (a)	3,62,48,375	55,875 (a)	3,62,48,375
13,05,000 10% Cumulative Redeemable Preference Shares of Rs.100/- each		13,05,00,000 (b)		13,05,00,000 (b,c,d,e)
Total Subscribed and Paid up		16,67,48,375		16,67,48,375

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

(b) No. of Preference Share Allotted Dates of Allotment

2,16,000	28.03.2002 (A)
16,000	31.10.2002 (A)
11,000	31.01.2003 (A)
82,000	29.04.2006 (B)
2,75,000	28.01.2011 (C)
72,000	24.03.2011 (C)
1,33,000	26.03.2011 (C)
5,00,000	31.03.2011 (C)
13,05,000	

(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) These shares are redeemable at par on expiry of 20 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

<u>No. of Preference Share Redeemed</u>	<u>Dates of Redemption</u>
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
4,79,500	



	31 st March, 2012		31 st March, 2011	
	Rs.	Rs.	Rs.	Rs.
(d) Includes 9,80,000 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.				
<u>No. of Preference Share Allotted</u>	<u>Dates of Allotment</u>			
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 Certificates 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.

- II. As stated under Note no. 1 in Note "3" of Long Term Borrowings : Term Loans of Rs. 1,919 Lacs from IDBI Ltd., the Company shall agree that unsecured loans amounting to Rs.4 Crores were to be converted into equity capital as per SEBI formula within 6 months from date of first disbursement. The Company has converted an amount of Rs. 44.44 Lacs and for the balance amount, the Company has taken up the matter with IDBI Bank Ltd. and such Conversion is to be done, on finalisation of the matter.

III. Terms/ rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

IV. Terms/ rights attached to Preference Shares

- (a) The shares shall carry a right to a cumulative preference dividend of 10% per annum in relation to the capital paid up on them.
- (b) 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.
- (c) In case of 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."

V. Details of Share Holders, holding more than 5% shares in the Company's Equity Shares of Rs.10/- each fully paid up.

Name of Shareholders	No. of Shares	% Held	No. of Shares	% Held
1. M/s. Modern Fibotex India Ltd.	10,55,097	29.05	11,21,550	30.88
2. M/s. Yoke Securities Limited	—	—	2,34,947	6.47
3. Shri Shanker Lal Shroff	1,95,650	5.39	1,95,650	5.39



		31 st March, 2012		31 st March, 2011	
		Rs.	Rs.	Rs.	Rs.
Details of Share Holders, holding more than 5% shares in the Company's 10% Cumulative Redemable Preference Shares of Rs.100/- each fully paid up.					
Name of Shareholders	No. of Shares	% Held	No. of Shares	% Held	
1. M/s. Modern Fibotex India Ltd.	7,22,000	55.33	7,22,000	55.33	
2. M/s. Nistha Investment & Consultancy Private Limited	2,75,000	21.07	2,75,000	21.07	
3. Shri Sanjiv Shroff	1,15,000	8.81	1,15,000	8.81	
VI. Reconciliation of the number of Shares outstanding at the beginning and at the end of the reporting period - There is no change during the year. No Reconciliation is required as there was no change in the number of shares outstanding at the beginning and at the end of the reporting period.					
2. RESERVES AND SURPLUS					
Capital Reserve :					
Central Cash Subsidy		15,00,000		15,00,000	
Securities Premium Reserve					
Share Premium 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	
Other Reserves :					
General Reserve					
As per last Account	6,04,79,390		5,94,79,390		
Add : Transferred from Profit & Loss Account	10,00,000	6,14,79,390	10,00,000	6,04,79,390	
Surplus :					
As per last Balance Sheet	8,82,79,824		5,93,20,237		
Add : Profit for the year	2,22,34,035		4,38,39,047		
	11,05,13,859		10,31,59,284		
Less Appropriations :					
Transfer to General Reserve	10,00,000		10,00,000		
Interim Dividend	—		39,80,507 (a)		
Tax on Interim Dividend	—		6,74,334 (b)		
Proposed Dividend :					
on Equity Shares	36,06,650		36,06,650		
[Dividend per Share Re.1/- (Previous year Re.1/-)]					
on Cumulative Redemable Preference Shares	1,30,50,000		43,30,383		
[Dividend per Share Rs.10/- (Previous year Rs.10/-)]					
Tax on proposed Dividends	27,02,127	9,01,55,082	12,87,586	8,82,79,824	
		20,54,27,610		20,25,52,352	

(a) Paid on 01.02.2011 as per Board Resolution dated 28.01.2011 (refer note no. 6 (xiii) in Note 26).

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

	31 st March, 2012		31 st March, 2011	
	Rs.	Rs.	Rs.	Rs.
4. Deferred Tax Liabilities (Net)				
Deferred Tax Liabilities				
Timing Difference of Depreciation	3,02,25,974		2,60,74,192	
Deferred Tax Assets				
Expenditure u/s 43B of IT Act 1961	(1,74,67,056)	1,27,58,918	(1,43,94,667)	1,16,79,525
5. Short Term Borrowings				
Loans repayable on Demand				
From Banks (Secured)		10,42,30,637 (a)		5,57,64,675 (a)
Other Loans and Advances (Unsecured)		—		2,12,660
Unsecured Borrowings		4,84,18,601 (b)		4,95,70,512 (b)
		15,26,49,238		10,55,47,847
(a) Borrowings of Rs. 10,42,30,637/- (P.Y. 5,57,64,675/-) from SBI and IDBI Bank Ltd. 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 the Managing Director and one other Director of the Company. Such borrowings are also secured by second charge of fixed assets of the Company.				
(b) Other Loans and Advances (Unsecured) represent channel financing arrangements.				
(c) The nature of securities, guarantees and other information as stated, above and status of compliance of terms and conditions, are subject to confirmations of respective lenders / others.				
6. Trade Payables		16,52,28,661 (a)		26,36,48,139 (a)
(a) Refer Note 7(ii) in Note 26.				
7. Other Current Liabilities				
Current Maturities of Long Term Debt	6,30,47,059		6,36,21,204	
Interest accrued and due on borrowings	67,83,758		27,17,435	
Advances from Customers	80,00,961		1,18,17,458	
Security Deposits	15,00,682		12,92,741	
Statutory Dues	1,74,51,773		1,51,76,429	
Unpaid Dividend Accounts (as per Contra)	31,03,689 (a)		27,43,552 (a)	
Other Payables	7,00,49,555	16,99,37,477	5,22,94,080	14,96,62,899
(a) The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due dates.				
8. Short Term Provisions				
Provision for Employee Benefits		87,16,350		40,80,768
Proposed Dividend				
On Equity Shares	36,06,650		36,06,650	
On Preference Shares	1,30,50,000	1,66,56,650	43,30,383	79,37,033
Tax on Proposed Dividends		27,02,127		19,48,698
Provision for Tax				
(Net of Advances of Rs.53,00,265/-)		5,99,735		—
		2,86,74,862		1,39,66,499

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



9. FIXED ASSETS

(Figure in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2011	Additions	Deductions/ adjustments	As at 31.03.2012	Upto 31.03.2011	For the year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Tangible Assets										
(a) Land :										
Free Hold	8,01,041			8,01,041					8,01,041	8,01,041
(b) Lease Hold	10,68,421			10,68,421	3,54,495	10,792		3,65,287	7,03,134	7,13,926
(c) Buildings	20,68,78,070	61,28,843		21,30,06,913	3,98,79,957	66,13,378		4,64,93,335	16,65,13,578	16,69,98,113
(d) Plant & Equipment	76,56,62,455	2,73,51,376	1,46,88,672	77,83,25,159	26,73,73,554	3,84,83,565	1,20,76,280	29,37,80,839	48,45,44,320	49,82,88,901
(e) Furniture & Fixtures	89,36,243	9,50,268	1,29,996	97,56,515	47,32,033	5,14,925	94,903	51,52,055	46,04,460	42,04,210
(f) Vehicles	99,43,585	—	2,54,800	96,88,785	32,66,119	9,12,543	2,42,060	39,36,602	57,52,183	66,77,466
(g) Office Equipment	36,31,219	3,13,643	84,819	38,60,043	23,70,847	2,25,567	37,328	25,59,086	13,00,957	12,60,372
Sub Total	99,69,21,034	3,47,44,130	1,51,58,287	1,01,65,06,877	31,79,77,005	4,67,60,770	1,24,50,571	35,22,87,204	66,42,19,673	67,89,44,029
Intangible Assets										
Computer Software	4,81,178	18,250	4,680	4,94,748	2,98,055	62,269	4,680	3,55,644	1,39,104	1,83,123
Corporate Club Membership	—	16,54,500		16,54,500	—	1,65,450		1,65,450	14,89,050	—
Sub Total	4,81,178	16,72,750	4,680	21,49,248	2,98,055	2,27,719	4,680	5,21,094	16,28,154	1,83,123
Capital Work in Progress									2,26,45,238	16,89,600
As at 31.03.2012	99,74,02,212	3,64,16,880	1,51,62,967	1,01,86,56,125	31,82,75,060	4,69,88,489	1,24,55,251	35,28,08,298	68,84,93,065	68,08,16,752
As at 31.03.2011	99,40,95,299	3,21,36,410	2,88,29,497	99,74,02,212	29,18,32,177	4,58,87,627	1,94,44,744	31,82,75,060	68,08,16,752	

NON CURRENT ASSETS

10. NON CURRENT INVESTMENTS (AT COST)

	31 st March, 2012		31 st March, 2011	
	Rs.	Rs.	Rs.	Rs.
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	2,25,60,000 (a)
(a) Refer Note 8 in Schedule 26.		2,25,60,000		2,25,60,000

11. LONG TERM LOANS AND ADVANCES

(Unsecured, considered good)				
Capital Advances		89,64,428		89,11,350
Loans to Employees recoverable after 12 Months		51,50,900		29,58,759
FDR with IDBI (due after 12 Months)		27,88,997		—
Security Deposits (Unsecured)				
Considered Good	89,51,913		1,34,29,807	
Considered Doubtful	45,000		45,000	
	89,96,913		1,34,74,807	
Less Provision For Doubtful	45,000	89,51,913	45,000	1,34,29,807
		2,58,56,238		2,52,99,916

12. OTHER NON CURRENT ASSETS

Trade Receivables

((Unsecured, considered Doubtful)

Other Debts - Long Term	22,21,698		22,21,698	
Less : Provision for Doubtful	22,21,698	—	22,21,698	—

13. CURRENT INVESTMENT

Units of Mutual Fund (Unquoted)

SBI-SHF-Ultra Short Term Funds/PLF-IP-DDR	6,00,35,541		2,00,00,000	
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Institutional Plan - Daily Dividend

(Reinvestment Dividend)	6,00,35,541		2,00,00,000	
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14. INVENTORIES

Raw Materials	5,28,65,270		19,76,88,069	
Work-in Progress	6,22,24,852		7,31,05,258	
Finished Goods	10,62,78,826 (a)		8,39,94,986 (a)	
Stores and Spares	1,49,50,044 (b)		2,10,23,914 (b)	
Waste	4,07,903		2,90,058	
Scrap and Residual Materials	1,28,533		68,469	
	23,68,55,428 (c)(d)		37,61,70,754 (c)(d)	

(a) Includes stock of value of Rs. 10,28,364/- (P.Y. Rs. 8,94,286/-) lying with outside Parties.

(b) Includes Capital Goods in Stock Rs. 4,26,095/- (P.Y. Rs. 56,13,515/-).

(c) Includes Stock items of the value of Raw Material Rs. 70,80,395/-, Finished Goods Rs. 2,97,14,295/-, Stores and spares Rs. 10,56,784/- in transit (Previous year Raw Materials Rs. 2,68,92,106/-, Finished Goods Rs. 2,10,81,100/-, Stores and Spares Rs. 14,58,280/-).

(d) Refer Note 1 (viii) In Note 26 for mode of valuation.

15. TRADE RECEIVABLES

((Unsecured, considered good)

Outstanding for a period

exceeding six months	16,08,642		18,119	
Others	11,93,00,051	12,09,08,693	6,77,41,843	6,77,59,962

16. CASH AND BANK BALANCES

Balances with Banks :

On Current Accounts	3,41,36,053		2,90,75,667	
On Savings Accounts	6,42,426		6,34,876	
On Unpaid Dividend A/cs	31,03,689		27,43,552	
On Margin Money Accounts				
Fixed Deposit with Banks	1,62,52,264		1,87,49,382	
Maturity period above 12 months (a)	11,11,036		10,19,528	
Cheques, drafts on hand	26,173		—	
Cash on hand (as certified)	10,81,981		19,17,781	
	5,63,53,622		5,41,40,786	

(a) Ear-marked deposits Rs. 15,37,092/- (Previous year Rs. 15,29,542/-) and Fixed Deposit Receipts of Rs. 1,58,26,208/- (P.Y. Rs. 1,82,39,368/-) deposited with banks under lien of Bank against Guarantees and letters of Credit.

The above Fixed Deposits include interest accrued Rs. 2,16,370/- (Previous year Rs. 1,24,862/-).



	31 st March, 2012		31 st March, 2011	
	Rs.	Rs.	Rs.	Rs.
17. SHORT TERM LOANS AND ADVANCES				
(Unsecured, considered good)				
Advances (Recoverable in cash or in kind or for value to be received or pending adjustment)				
Balance with Excise Department	5,829		5,829	
Payments of Taxes and Tax Deducted at Source (Net of Provisions)	—		4,26,189	
		5,829		4,32,018
Other Advances		3,83,12,337 (a)(b)		6,64,13,990 (a)(b)
		<u>3,83,18,166</u>		<u>6,68,46,008</u>
(a) Includes Cenvat Credits for VAT/Service tax and Excise duty rebates etc. receivable Rs. 2,61,46,170/- (Previous year Rs. 5,08,10,435/-) (also refer Notes 1(viii)(b) and 1(x)(b) in Note 26).				
(b) Includes Rs. Nil (Previous year Rs. 13,40,325/-) refunds of Excise Duty receivable (also refer Note 7(x) in Note 26).				
18. OTHER CURRENT ASSETS				
(Unsecured, considered good by the Management)				
DEPB Licence and Export Incentives Receivable	2,22,37,983		2,05,18,745	
Others	89,20,195	3,11,58,178	1,73,53,568	3,78,72,313
19. REVENUE FROM OPERATIONS				
(a) Sale of Products		1,95,52,19,653		1,81,85,49,547
(b) Sale of Services (Job charges)		—		81,602
(c) Other Operating Revenues				
DEPB licence benefits	5,30,82,914		8,53,50,347	
Duty Drawback benefits	3,03,84,395		1,22,34,603	
Stores Scrap Sales	45,90,417	8,80,57,726	37,23,839	10,13,08,789
		<u>2,04,32,77,379</u>		<u>1,91,99,39,938</u>
Less : Excise Duty		4,98,67,606		3,82,97,581
		<u>1,99,34,09,773</u>		<u>1,88,16,42,357</u>
20. OTHER INCOME				
Interest Income		56,12,027		24,83,311
Dividend Income		66,379		1,486
Duty Free Credit Entitlement (Prior Period)		—		43,51,346
Other Non Operating Income				
(a) Miscellaneous Sales, Receipts and Realisations		4,96,929		1,19,685
(b) Excess Provisions, liabilities and sundry balances Written back		1,35,568		16,50,271
(c) Lease Rent		3,60,000		3,60,000
(d) Insurance Claims		5,97,121		19,45,595
		<u>72,68,024</u>		<u>1,09,11,694</u>

	31 st March, 2012		31 st March, 2011	
	Rs.	Rs.	Rs.	Rs.
21. COST OF MATERIALS CONSUMED				
Opening Stock	19,76,88,070		14,70,78,428	
Add : Purchases and Incidental Expenses	1,06,32,49,853	1,26,09,37,923	1,22,14,70,917	1,36,85,49,345
Less : Sales	—		26,23,141	
Closing Stock	5,28,65,270	5,28,65,270	19,76,88,069	20,03,11,210
		<u>1,20,80,72,653</u>		<u>1,16,82,38,135</u>

22. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK -IN-PROGRESS AND STOCK IN TRADE

Inventories (At Close)				
Finished Goods	10,62,78,826		8,39,94,986	
Work-in-Progress	6,22,24,852		7,31,05,258	
Others :				
Waste	4,07,903		2,90,058	
Scrap and Residual Materials	1,28,533	16,90,40,114	68,469	15,74,58,771
Less : Inventories (At Comencement)				
Finished Goods	8,39,94,986		6,67,11,786	
Work-in-Progress	7,31,05,258		5,26,13,636	
Others :				
Waste	2,90,058		2,70,287	
Scrap and Residual Materials	68,469	15,74,58,771	66,546	11,96,62,255
		<u>1,15,81,343</u>		<u>3,77,96,516</u>

23. EMPLOYEE BENEFITS EXPENSES

Salaries, Wages and Bonus etc.	16,56,64,681 (a)	15,59,82,534 (a)
Contribution to Provident and Other Funds	2,41,47,272	2,03,29,071
Staff Welfare Expenses	35,76,672 (b)	31,59,607 (b)
	<u>19,33,88,625</u>	<u>17,94,71,212</u>

(a) Includes Rs. Nil (Previous year Rs. 9,39,587/-) Deferred Revenue Expenditure written off (Refer Note 1(xi) in Note 26), provisions for Bonus Rs. 38.60 Lacs (Previous year Rs. 41.00 Lacs).

(b) Includes Insurance Premium Rs. 6,60,240/- (P.Y. Rs. 4,66,977/-).

24. FINANCE COSTS

Interest Expenses	5,01,20,598 (a,b)	5,24,28,802 (a,b)
Other Borrowing Costs	4,78,43,552	3,96,41,986
	<u>9,79,64,150</u>	<u>9,20,70,788</u>

(a) After adjustment of Rs. 1,74,49,435/- (Previous year Rs. 2,04,77,110/-) towards interest subsidy under TUFs.

(b) Refer note 6(v) (b) in Note 26.



	31 st March, 2012		31 st March, 2011	
	Rs.	Rs.	Rs.	Rs.
25. OTHER EXPENSES				
Consumption of Stores and Spare Parts etc.		13,87,13,395		13,00,40,689
Power & Fuel		13,53,25,958 (a)		13,75,05,805 (a)
Rent		27,30,404		21,37,137
Repairs to Building		47,45,132		47,05,861
Repairs to Machinery		35,92,272		45,78,108
Insurance (Net of realisations Rs. 17,75,094/-) (P.Y. Rs.14,34,006/-)		6,27,226		3,53,373
Rates & Taxes		8,83,907		6,52,842
Miscellaneous Expenses		3,24,61,391		2,95,74,671
Payment to Auditors		6,94,025		7,50,024
Commission and Brokerage		3,52,43,777		4,26,11,227
Freight and Octroi Expenses (Net of realisations Rs. 4,37,986/-) (P.Y. Rs. 9,40,180/-)		4,96,62,748		5,58,72,503
Loss on Sales of Stores and Spare Parts etc.		—		5,375
Loss on Sale of Fixed Assets		2,35,522		17,73,825
Fixed Assets Written-off		7,35,698		46,78,665
Exchange Loss/(Gain)		1,51,68,698		(3,59,47,778)
Excise Duty on Closing Stock		42,89,783		27,93,054
		42,51,09,936		38,20,85,381

(a) Also refer Note 1(ix) (f)(i) in Note 26.

(b) Refer Note 6(xii) in Note 26.

26. 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 the 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

	31 st March, 2012	31 st March, 2011
	Rs.	Rs.
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 1 st April, 2001, the Accounting Standard (AS-19) "Accounting for 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.		
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. 99,52,961/- (P.Y. Rs.1,96,66,464/-) are outstanding as on 31.03.2012 and are included under "Other Advances" in Notes "16" of "Short term 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.		
ix) Revenue Recognition		
a) Income and Expenses considered receivable and payable 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.7,35,694/- (P.Y. 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 for the period ended 31.03.2011. 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. 1,35,14,755/- (P.Y. Rs.1,19,83,911/-) 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 concern authority have passed assessment order for the year 2007-2008 and 2008-2009 raising demand of Rs. 71,42,068/- in respect of tax, interest & penalty and such amount is included in above for tax & interest. The Management has certified that deposits of such demands still remains stayed by such High Court.
- e) Service Tax payments relating to expenses for Exports were debited by the Company to relative expenses heads of account upto 31st March, 2010. In view of certain notifications issued by concerned Authority, the Company filed claims for refunds of Rs. 31,06,451/- (P.Y. Rs. 32,13,237/-) for such service tax payment for the period from (1st April, 2008 to 31st March, 2009) and such refund claims were rejected by the authorities but the Company has filed the appeals in CEGAT against such rejections. Such claims will be accounted for as and when settled.
- f) (i) Remissions, as may be, received against Rs.1,26,83,136/- (P.Y. Rs.51,74,991/-) in respect of amounts deducted by the Company from the bills raised by M/s. VS Lignite Power Pvt. Ltd. for supply of Power, but charged in accounts under the heads of Power in Note "24" of "Other Cost" from July 10, 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 V.S. Lignite 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.
- g) Also refer Notes 1(vi) to 1(viii), 1(x) to 1(xiv), 1(xviii), 1(xix), 6(v), 6(ix) to 6(xv) and 14.
- (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 exclusive of Excise Duty.

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. 5,90,912/- (P.Y. Rs. 2,84,906/-) for OYGTA Risk Premium and the same is charged to Profit & Loss A/c.
- 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 14 below.

xii) 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 6(xiii) below.
- e) There were no Exchange rate differences resulting on Capital account.
- f) The Management has certified that the Company has not entered into any forward exchange contract which is intended for trading or speculation purposes. The Auditors have relied on the Certificate of the Management in this regard.

xiii) Export Benefits

Consideration/Benefits for transfer of DEPB Licences and benefits (including for entitlements of Rs.1,12,51,827/- (P.Y. 1,79,60,952/-) 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.

xiv) 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.

xv) 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.

xvi) Intangible Assets

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

xvii) Unsecured Loans

The Company had taken unsecured loans from certain bodies corporate and a Director of the Company during the year and also in earlier year. These loans were partly repaid also during the year and the outstanding amount thereof as on 31.03.2012 was Rs. 12,88,50,000/-. However the Company has obtained letters of undertaking from these parties, that they will not seek repayment of their such outstanding loans before 30.04.2013. Accordingly these unsecured loans have been considered as long term borrowings within the provisions of revised schedule VI of the Companies Act, 1956.

xviii) Provision for taxation

- A) Current Tax :**
- a) Provision for Income Tax Rs. 59 Lacs (P.Y. Rs.102 Lacs) made in Accounts is as estimated and certified by the Management.
 - b) A demand of Rs.7,20,58,480/- was raised by JCIT, Circle -10, Kolkata for A.Y. 2008-2009. Company's appeal against the said demand has been decided by CIT appeals XII in favour of the Company and demand deleted. The department has filed appeal against such order before ITAT, Kolkata and the appeal is pending.
 - c) Also refer Note 1(ix), 6(xii) and 14.
 - d) 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



	31 st March, 2012	31 st March, 2011
	Rs.	Rs.

the Guidance Note issued by ICAI), MAT Credits for the year / earlier years, the amount, whereof is 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

- Provisions are recognized in respect of obligations where, based on the evidences available, and their existence at the Balance Sheet date are considered probable.
- Contingent Liabilities are shown by way of Notes on accounts (refer note 3) in respect of obligations where, based on the evidences available, their existence at the Balance Sheet are considered not probable.
- Contingent Assets are neither recognized nor disclosed in Accounts.

	31 st March, 2012	31 st March, 2011
	Rs.	Rs.
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances of Rs. 89,64,428/-) (P.Y. Rs. 89,11,350/-)	8,33,11,700	7,88,13,150
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	12,23,93,327	17,23,72,310
iv) Bills discounted with Banks	19,51,51,691	22,97,09,702
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	31,240	90,300
c) Demands of workers	6,53,495	4,04,122
vi) Obligation to Export towards Custom duty saved on Purchase of capital goods under Export Promotion Capital Goods Scheme (Refer Note 6(x))	12,122.96 Lacs	Nil
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.		

	31 st March, 2012		31 st March, 2011	
	Rs.	Rs.	Rs.	Rs.
5. 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 Quarterly un-audited results		45,000		45,000
d) Certification for Corporate Governance and others		65,000		45,000
e) For Reimbursement of Expenses for Audit and other matters		58,920		50,065
f) Gratuity Trust Audit Fee		5,000		5,000
g) Service Tax/Education Cess		72,451		59,432
		7,28,371		6,86,497

6. i) Accounts in respect of Current Liabilities, Debtors, Other Current Assets, Advances and Deposits are subject to confirmation of respective parties.
- ii) The Management has certified that the Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, disclosures, if any, relating to total outstanding dues of Micro Enterprises and Small Enterprises and the Principal amount and Interest due thereon remaining unpaid and the amount of Interest paid/ payable as required under amended Schedule VI of the Companies Act.1956 could not be compiled and disclosed. The Auditors have relied on the certificate of the Management in this regard.
- iii) Prior period items adjusted under respective account heads in the Profit & Loss Account :

Particulars	Debit (Rs.)	Credit (Rs.)	Debit (Rs.)	Credit (Rs.)
Claim	26,904	—	—	—
Export Incentives and Benefits	—	—	—	43,51,346
Miscellaneous Receipt	—	9,392	—	—
Stores & Spares Parts etc.	19,934	—	—	—
Interest Paid / Received	23,537	—	—	1,13,562
Interest Subsidy Received	—	6,75,324	—	—
Consideration (Including Premium / Discount) for transfer of DEPB Licence benefits	—	—	9,769	—
Salaries, Wages and Bonus etc.	—	—	16,925	—
Repairs to Plant & Machinery	—	—	—	23,436
Selling Expenses (Net)	1,36,827	—	16,401	—
Miscellaneous Expenses (Net)	46,796	—	—	65,636
Payments to Auditors for Audit / Tax Audit Fee	—	—	—	67,283
Rent	6,000	—	—	—
Rates & Taxes	4,929	—	—	—
	2,64,927	6,84,716	43,095	46,21,263

(a) Refer Note 7 (xi) below.

- iv) Miscellaneous Expenses as per Note 27 includes Rs. 1,35,006/- (Previous year Rs. 30,223/-) paid for taxation matters to a firm in which any of the partners of the firm of Auditors are partners / proprietors.
- v) a) Other Financial Charges as per Note 26 includes interest paid on Raw Material payments Rs. 50,77,491/- (Previous Year Rs. 54,89,326/-).
- b) As referred to under Note No.1 of Long Term Borrowing, the Company would seek approval from IDBI Bank Ltd. for payment of interest on Unsecured Loans. The Company has provided interest this year as



	31 st March, 2012		31 st March, 2011	
	Rs.	Rs.	Rs.	Rs.

well as in earlier years on Unsecured Loans (including funds to be deployed as promoter's contribution in the project upfront and amount to be converted into Equity Capital as per SEBI formula within 6 months from date of first disbursement). Interest so provided (amount not ascertained and stated) is included under the head "Interest on Unsecured Loans" in schedule 26 of "Financial Cost". The Company has been advised by the solicitors that no approval of IDBI Bank Ltd. is necessary for making such provisions of interest in accounts. The Company has made certain payments during this year and in previous year out of such provisions for Interest. The Company has applied to IDBI Bank Ltd. for relaxation of certain terms and conditions as per sanction letter for Term Loans and one of the terms for which relaxation has been sought is regarding payments of interest on Unsecured Loans brought in to meet the terms and conditions prescribed by IDBI Bank Ltd. Payment of interest as aforesaid are subject to above referred relaxation by and or approval of IDBI Bank Ltd. in this regard.

vi) - Capital work in progress as per Note '9' includes

1 Building under construction (including materials at site)	1,77,48,984	-
2 Expenses considered by the Company as incidental expenses on expansion (Pending allocation to Fixed Assets)		
Legal and Professional Fees and expenses	4,86,800	—
Upfront Fees	36,55,004	9,35,150
Filing and other fees for increase of Authorised Share Capital	7,54,450	7,54,450
	<u>48,96,254</u>	<u>16,89,600</u>
Less : Allocated to Fixed Assets	—	48,96,254
	<u>2,26,45,238</u>	<u>14,15,550</u>

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	40.81	41.00	—	22.67	38.69	39.60	—
Provided during the year	—	3.51	38.60	82.84	—	2.12	41.00	—
Amount used during the year	—	—	41.00	40.00	—	—	39.60	—
Balance as at 31.03.2012/01.04.2011	22.67	44.32	38.60	42.84	22.67	40.81	41.00	—

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

viii) a) Advances as per Note 19 includes lease rent etc. receivable Rs. Nil (P.Y. Rs. Nil) (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 Note 20 of 'Raw Materials Cost', Note 24 of "Other Expenses" includes :

- Octroi etc.in cases levied, amount not separately ascertained and stated (Previous year same).
- Service Tax on expenses in respect of which Cervat credits have not been claimed/availed (amount not ascertained and stated) (also refer Notes 1(viii)(b) and 1(ix)(e)).

	31 st March, 2012			31 st March, 2011		
	Rs.		Rs.	Rs.		Rs.
ix) Disclosure of Foreign Currency Exposure as on 31.03.2012						
a. Foreign Currency Exposure hedged and forward booking outstanding as on 31.03.2012.						
	Currency			Currency		
	Rupees	USD	Euro	Rupees	USD	Euro
1. Export (USD)	26,31,06,035	51,88,445	—	23,98,69,334	50,81,702	—
2. Export (Euro)	25,37,24,632	—	37,62,228	30,97,78,839	—	48,18,041
b. Foreign Currency Exposure not hedged and outstanding as on 31.03.2012.						
	Currency			Currency		
	Rupees	USD	Euro	Rupees	USD	Euro
1. Export Debtors	3,79,93,169	5,98,200	1,14,176	2,22,60,031	3,46,207	1,08,497
2. Bank Balances	44,097	997	—	44,097	997	—
3. Advances from overseas customers	70,79,826	1,39,283	—	86,27,574	1,41,706	34,000

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 Note "9" includes Rs. 95,96,300/- (P.Y. Rs. Nil/-) 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 of Rs. 19,82,748/- (P.Y. Rs. Nil/-) within a period of Eight years apart from annual average Export performance of Rs. 1,19,64,34,480/-.

- xi) "Other Expenses" as per Note '24' includes Rs. 2,09,520/-, (P.Y. Rs. 3,02,450/-) cost of capital assets / equipments as under :

- (a) Assets not exceeding cost of Rs. 5,000/- for each item Rs. 1,84,520/- (P.Y. Rs.1,90,000/-).
(b) Assets exceeding cost of Rs. 5,000/- for each item Rs. 25,000/- (P.Y. Rs.1,12,450/-).

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. 25,000/- (P.Y. Rs. 1,12,450/- (Less allowable depreciation).

- xii) 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.

- xiii) In previous Year Payment of Interim Dividend of Rs. 29,80,507/- on 01.02.2011 on Preference Share as per Board Resolution dated 28.01.2011 not in accordance to the terms of the issue of such share 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.

7. Earnings Per Share (EPS)

The numerators and denominators used to calculate Basic and Dilluted 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)	70,66,998	3,41,51,326
(ii) Basic/Weighted average number of Equity Shares outstanding during the year (B)	36,06,650	36,06,650
(iii) Nominal value of Equity Shares (Rs.)	10	10
(iv) Basic/Diluted Earnings Per Share (Rs.) (A)/(B)	1.96	9.46



	31 st March, 2012	31 st March, 2011
	Rs.	Rs.

8. The Company had entered into agreement dated 22.02.2007 (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 "Non-Current Investments" in Note "12" 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..

9. 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
- N. G. Khaitan & Co.
- A. R. Commercial Pvt. Limited

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

- Shri Sanjiv Shroff (Vice Chairman & Managing Director)
- Shri R. N. Sharma (Wholtime Director)
- Shri Shanker Lal Shroff (Father of Shri Sanjiv Shroff)
- Smt. Bimla Devi Shroff (Mother of Shri Sanjiv Shroff)
- Smt. Dipika Shroff (Wife of Shri Sanjiv Shroff)
- Shri Rahul Shroff (Son of Shri Sanjiv Shroff)
- Shri N. G. Khaitan, Partner of Solicitor's Firm

		31 st March, 2012		31 st March, 2011			
		Rs.	Rs.	Rs.	Rs.		
(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 (f) above (Rs.)		Key Management Personnel and Relatives of Key Management Personnel as referred to para ii (a) to (g) above (Rs.)		Amount Due (In Rupees)	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
1	Reimbursement of Expenses (received) etc.	5,050	15,244	-	-	-	-
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	9,77,00,000	10,73,50,000	50,000	-	4,34,50,000	4,31,50,000
5	Repayment of Loans	9,65,00,000	9,19,00,000	8,50,000	74,50,000	1,00,000	-
6	Interest Paid / Payable on Loans	23,76,878	52,43,274	47,582	3,97,591	47,56,590	27,16,651
7	Dividend paid on Equity Shares	11,21,550	11,21,550	5,86,450	5,86,450	-	-
8	Dividend paid on Preference Shares	20,71,370	61,15,000	17,76,137	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	8,70,000	-	-	-	-
11	Electricity Charges Reimbursed	-	73,232	-	-	-	-
12	Telephone Charges recovered	-	2,569	36,000	36,000	-	-
13	Managerial Remuneration	-	-	59,84,924	48,96,762	-	-
14	Deposit received	-	-	-	-	51,000	51,000
15	Lease Rent Received	3,60,000	3,60,000	-	-	-	-
16	Commission	1,50,000	1,37,589	-	-	1,35,000	1,35,000
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	1,29,403	33,090	-	-	-	-
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 accommodation 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.



10. Segment Reporting Policies

(a) Identification of Segments

(i) Primary Segment - Business Segments

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.

(b) Information pertaining to Secondary Segment

(i) Gross Revenue as per Geographical Locations

Within India	62,08,61,632	46,84,00,058
Outside India	1,33,43,58,021 (a)	1,38,68,84,208 (a)
Total	1,95,52,19,653	1,85,52,84,266

(a) Includes Rs.1,48,14,867/- Exports through Export House/Merchant Exporter (P.Y. Rs.5,71,22,556/-).

(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.

11. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 3, 4C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956

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

Raw Materials	88,90,473	4,70,79,681
Capital Goods	95,96,300	—
Stores & Spare Parts	—	1,84,86,773
		16,18,405
		4,86,98,086

(ii) Expenditure in Foreign Currency

Travel (Purchase of travellers cheques / foreign exchange / currencies)	33,31,171	31,17,900
Commission (on remittance basis)	2,90,62,182	3,32,12,996
Others	25,63,355	19,10,626
		3,82,41,522

(iii) Value of Raw Materials, Stores and Spare Parts & Components Consumed

	Rs.	% age	Rs.	% age
a) Raw Materials				
Indigenous	1,18,90,11,806	98	1,12,48,08,114	96
Imported	1,90,60,847	2	4,34,30,021	4
	1,20,80,72,653	100	1,16,82,38,135	100
b) Stores, Spares Parts and Components				
Indigenous	5,70,96,325	99	5,63,08,812	97
Imported	6,21,038	1	17,39,377	3
	5,77,17,363	100	5,80,48,189	100
c) Dyes & Chemicals				
Indigenous	3,36,86,841	100	2,89,81,288	100

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

a) Amount remitted	58,752 (a)	64,194 (a)
b) Year to which Dividend relates	2010-2011	2009-2010
c) Number of non-resident shareholders	57	63
d) Number of equity shares held by non-resident shareholders on which the Dividends are realted.	58,752	64,194

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

(v) Earnings in Foreign Exchange

Exports of Goods

Direct export calculated on FOB Basis 1,29,36,98,484 (a) 1,25,99,25,442 (a)

(a) Excluding Rs. 1,48,14,867/- (P.Y. Rs. 5,71,22,556 /-) through export houses / merchant exporters.

(vi) Raw Materials Consumed

Particulars	Qty. (Kgs.)	Rs.	Qty (Kgs.)	Rs.
Viscose Fibre	57,90,711	73,98,34,220	62,41,860	78,66,79,041
Polyster Fibre	47,38,774	44,95,61,011	42,99,467	33,92,04,229
Others	1,57,432	1,86,77,422	4,10,117	4,23,54,865
	1,06,86,917	1,20,80,72,653	1,09,51,444	1,16,82,38,135

(vii) Licensed and Installed Capacity (Spindles)

a) Licensed Capacity	Not applicable	Not applicable
b) Installed Capacity (as certified)	38,400	38,400

(viii) Production, Sales and Stocks

DESCRIPTION	OPENING STOCK		PRODUCTION		TURNOVER/SALES		CLOSING STOCK	
	QUANTITY	AMOUNT	QUANTITY	QUANTITY	AMOUNT	QUANTITY	AMOUNT	
	Kgs.	Rs.	Kgs.	Kgs.	Rs.	Kgs.	Rs.	
Yarn	4,76,837	7,83,52,292	1,02,81,955(a)	1,00,15,579	1,93,14,77,079	7,43,213(b)	10,21,07,783	
	(5,05,546)	(6,52,88,402)	(1,02,36,036)	(a)(1,02,64,745)	(1,76,97,35,874)	(4,76,837) (b)	(7,83,52,292)	
Chennile	49,409	56,42,694	1,03,115	1,12,266	1,90,27,291	40,258	41,71,043	
Yarn	(18,896)	(14,23,384)	(3,37,459)	(3,06,946)	(4,45,65,577)	(49,409)	(56,42,694)	
Waste	23,730	2,90,058		3,82,512	47,15,283	27,065	4,07,903	
	(34,970)	(2,70,287)		(4,10,328)	(42,48,096)	(23,730)	(2,90,058)	
		8,42,85,044			1,95,52,19,653		10,66,86,729	
		(6,69,82,073)			(1,81,85,49,547)		(8,42,85,044)	

Figures in brackets are for previous year.

(a) Excluding 1,522 Kgs. (Previous Year 1,288 Kgs.) Samples etc.

(b) Excluding issued for jobwork - Nil (P.Y. 409) and 1,42,263/- Kgs. (Previous Year 2,30,914 Kgs.) transferred to work in process for reprocessing/ for further processing.

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

Defined - Contribution Plans

The Company offers its employees defined contribution plan in the form of Provident Fund (PF), Family Pensions Fund (FPF) and Employees Insurance Scheme (ESI). Provident Fund, Family Pension Fund Employees State



	31 st March, 2012		31 st March, 2011	
	Rs.	Rs.	Rs.	Rs.

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	39,71,602	36,77,116
Family Pensions Fund	59,07,283	58,16,323
Employees State Insurance Scheme	49,43,608	48,68,923

Defined - Benefit Plans

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

	Gratuity (Funded) Rs.	Leave Encashment (Unfunded) Rs.	Gratuity (Funded) Rs.	Leave Encashment (Unfunded) Rs.
a. Reconciliation of opening and closing balances of Defined Benefit Obligation				
Defined Benefit obligation at beginning of the year	2,95,28,450	40,80,768	2,84,47,335	38,68,742
Current Service Cost	29,92,155	28,02,260	30,00,516	16,18,615
Interest Cost	21,27,052	3,24,521	20,01,738	2,91,137
Actuarial (Gain)/ Loss	26,08,054	(24,33,849)	29,30,072	(12,38,670)
Benefits paid	(78,02,632)	(3,41,743)	(68,51,211)	(4,59,056)
Defined Benefit Obligation at year end	2,94,53,079	44,31,957	2,95,28,450	40,80,768
b. Reconciliation of opening and closing balance of fair value of plan assets				
Fair value of plan assets at beginning of the year	1,56,60,158	-	1,63,44,163	-
Expected return on plan assets	12,44,700	-	14,12,900	-
Actuarial Gain/ (Loss)	86,705	-	41,420	-
Employer contribution	33,95,412	-	47,12,886	-
Benefits Paid	(78,02,632)	3,41,743	(68,51,211)	4,59,056
Fair Value of plan assets at year end	1,25,84,343	-	1,56,60,158	-

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.

RELIANCE

CHEMOTEX INDUSTRIES LIMITED

	31 st March, 2012		31 st March, 2011	
	Rs.	Rs.	Rs.	Rs.
c. Reconciliation of fair value of Assets and obligations				
Fair value of plan assets as at 31 March 2012/2011	1,25,84,343	-	1,56,60,158	-
Present value of obligation as at 31 March 2012/2011	1,68,68,736	44,31,957	1,56,60,158	40,80,768
Amount recognised in Balance Sheet	42,84,393	44,31,957	-	40,80,768
d. Expenses recognised during the year (Under the head Employee Benefit Expenses - Schedule - 25)				
Current Service Cost	29,92,155	28,02,260	30,00,516	16,18,615
Interest Cost	21,27,052	3,24,521	20,01,738	2,91,137
Expected return on Plan Assets	(12,44,700)	-	(14,12,900)	-
Actuarial (Gain)/ Loss	25,21,349	(24,33,849)	28,88,652	(12,38,670)
Net Cost	63,95,856(A)	6,92,932	64,78,006(A)	6,71,082

(A) These Figures are pending reconciliation by the Management with the relative figures with figures as per "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 Rate	8.5%	7.5%	8.3%	7.5%
Salary Escalation	6.0%	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 31.03.2013 is not readily ascertainable and therefore not disclosed.

13. During the year ended 31st March 2012 the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for presentation of financial statement. However it has significant impact on presentation and disclosures, made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Signatures to Notes 1 to 26

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, 2012

C. P. JAIN
Partner
M.No. 70156

M. K. GUPTA
Company Secretary
& Chief Financial Officer

R. N. SHARMA
Wholtime Director

SANJIV SHROFF
Vice Chairman &
Managing Director



CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES

	Current Year 31.03.2012	Previous Year 31.03.2011
Net Profit before tax and Extraordinary items	2,93,34,035	5,12,79,773
Adjustments for:		
Depreciation	4,69,88,490	4,58,87,627
Interest Income	(56,12,027)	(24,83,311)
Dividend Income	(66,379)	(1,486)
Interest Expense	5,01,20,598	5,24,28,802
Foreign Exchange Loss (Gain)	(1,51,68,698)	3,59,47,778
Loss (Profit) on sale of intangible assets	2,35,522	17,73,825
Fixed assets discarded	7,35,698	46,78,665
Operating Profit before Working Capital charges	10,65,67,239	18,95,11,673
(Increase)/ Decrease in current investment	(4,00,35,541)	(2,00,00,000)
(Increase)/ Decrease in trade receivable	(5,31,48,731)	(1,91,60,485)
(Increase)/ Decrease in inventories	13,93,15,326	(9,22,07,670)
(Increase)/ Decrease in Short Term Loans and advances	2,85,27,842	3,67,29,294
(Increase)/ Decrease in other current assets	67,14,135	28,18,490
(Increase)/ Decrease in other non-current assets*	—	—
(Increase)/ Decrease in Long Term Loans and advances	(5,56,322)	(1,68,42,011)
Increase/ (Decrease) in trade payables	(9,84,19,478)	7,50,56,078
Increase/ (Decrease) in provisions	46,35,582	2,12,026
Increase/ (Decrease) in other current liabilities *	1,64,22,263	1,45,43,759
Working Capital Changes	34,55,076	(1,88,50,519)
Cash generated from operations	11,00,22,315	17,06,61,154
Income Taxes paid	(54,20,872)	(1,03,84,671)
Cash flow before extraordinary item	10,46,01,443	16,02,76,483
Extraordinary items (Specifying nature)	—	—
Net cash from investing activities (A)	10,46,01,443	16,02,76,483
Cash flows from investing activities		
Purchase of tangible fixed assets	(5,56,99,768)	(1,92,05,668)
Purchase of intangible fixed assets	(16,72,750)	(1,71,728)
Purchase of long term investments	—	—
Sale of tangible fixed assets	17,36,496	29,32,263
Sale of long term investments	—	—
Interest Received	56,12,027	24,83,311
Dividend Received	66,379	1,486
Net cash from investing activities (B)	(4,99,57,616)	(1,39,60,336)
Cash Flows from financing activities		
Proceeds from issuance of Share Capital	—	5,00,50,000
Proceeds from long term borrowings	—	—
Repayment of long - term borrowings	(6,36,21,210)	(6,14,06,858)
Increase/ (Decrease) in Unsecured loans	45,00,000	(43,25,000)
Increase/ (Decrease) in Short Term Borrowing	4,71,01,391	1,27,09,752
Interest paid	(4,60,54,275)	(5,93,21,985)
Dividend paid	(79,37,033)	(1,56,32,157)
Dividend distribution tax	(19,48,698)	(19,93,421)
Foreign Exchange Gain(Loss)	1,51,68,698	(3,59,47,778)
Net cash used in financing activities (C)	(5,27,91,127)	(11,58,67,447)
Net increase in cash and cash equivalents (A)+(B)+(C)	18,52,700	3,04,48,700
Cash & Cash equivalents at beginning of period	5,13,97,234	2,09,48,534
Cash and cash equivalents at end of period	5,32,49,933	5,13,97,234

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.

As per our report of even date.

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

On behalf of the Board of Directors

Camp : Mumbai
Dated : 26th May, 2012

C. P. JAIN
Partner
M.No. 70156

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