

**RELIANCE**  
**CHEMOTEX INDUSTRIES LIMITED**



**THIRTY FIRST ANNUAL REPORT**  
**2008-2009**



## **BOARD OF DIRECTORS**

S. L. SHROFF  
Chairman

SANJIV SHROFF  
Managing Director

B. K. JHAWAR

N. G. KHAITAN

P. C. D. NAMBIAR

V. B. L. MATHUR

K. L. SONTHALIA

B. K. AGRAWAL

RAHUL SHROFF

R. N. SHARMA  
Wholetime Director

**COMPANY SECRETARY**  
M. K. GUPTA

### **MANAGEMENT**

S. L. SHROFF  
Chairman

SANJIV SHROFF  
Managing Director

R. N. SHARMA  
Wholetime 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 FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF RELIANCE CHEMOTEX INDUSTRIES LIMITED

will be held at Hotel India International, Sardarpura, Udaipur-313 001 on Saturday the 19<sup>th</sup> Day of September, 2009 at 10.30 A.M. to transact with or without modification(s), as may be permissible, the following business;

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2009 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-imburement of travelling and other incidental expenses, if any, incurred in connection with the Audit".

#### SPECIAL BUSINESS:

7. To consider and if thought fit to pass with or without modification(s), the following Resolution as an Ordinary Resolution;  
"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/or charging by the Board of Directors of the Company of all immovable and movable properties of the Company, present and future, wheresoever situate and the whole of the undertaking(s) of the Company in such manner as may be required from time to time, by way of second charge to or in favour of State Bank of India and by joint equitable mortgage ranking pari passu with Industrial Development Bank of India Limited subject

and subservient to the charges in favour of Industrial Development Bank of India Limited, to secure the additional working capital facilities granted by State Bank of India to the Company amounting to Rs.650 Lacs (Rupees Six Hundred Fifty Lacs only) together with interest thereon at the respective agreed rates, compound and /or additional interest in case of default, further interest by way of liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses, guarantee commission and other monies payable by the Company to State Bank of India in terms of the Loan Agreement(s) entered into/to be entered into by the Company in respect of the said Loan".

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to finalise with State Bank of India 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".

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.400 Lacs (Rupees Four 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 1<sup>st</sup> November, 2009 on payment of such remuneration by way of salary, and other perquisites to him 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".
4. If a Dividend on Share as recommended by the Directors is passed at the meeting, payment of such Dividend will be made on or after 20<sup>th</sup> September, 2009 to those members whose names are on Company's Register of Members as on 19<sup>th</sup> September, 2009. 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 11<sup>th</sup> September, 2009.
5. The Company's Equity Shares are listed with Bombay Stock Exchange Limited, Mumbai. The Company has paid the listing fees for the year 2009-2010 to the aforesaid Stock Exchange.
6. Pursuant to Section 205C of the Companies Act, 1956, all unclaimed/unpaid dividend for a period of 7 years from the date of transfer to the 'Unpaid Dividend Account' are required to be transferred by the Company to the " Investors Education and Protection Fund" established by the Central Government. Accordingly, the unclaimed dividends upto the financial year ended 31<sup>st</sup> March, 2001, have been transferred by the Company to the said Fund on the due date. Those members who have not so far claimed their dividends for the financial years ended 31<sup>st</sup> March 2002 and the subsequent financial years are advised to claim it from the Company.

**NOTES FOR MEMBERS' ATTENTION**

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member.
- Proxies in order to be effective must reach to the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
2. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no.7 to 9 of the notice set out above is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 12<sup>th</sup> September, 2009 to 19<sup>th</sup> September, 2009 both days inclusive.
7. Members holding Shares in physical forms are requested to notify any change in address immediately to the Share Department of the Company/Registrar & Share Transfer Agent, quoting their Folio numbers and members holding Shares in Electronic forms are requested to inform any change in address to their respective Depository Participants.

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**ANNEXURE TO THE NOTICE**

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

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**ITEM NO. 7**

The Company has been granted additional working capital facilities amounting to Rs.650 Lacs by State Bank of India which are to be secured by creating a second mortgage/charge of all the immovable and movable properties of the Company present and future wheresoever situate.

The aforesaid working capital facility is secured by way of first charge having hypothecation of all Current Assets of the Company's both present and future and second mortgage/ charge of all the immovable and movable properties of the Company both present and future wheresoever situate

Section 293(1)(a) of the Companies Act, 1956 provides, inter-alia, that the Board of Directors of a public Company

shall not, without consent of its shareholders in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertakings.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of 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. 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.400 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 31<sup>st</sup> October, 2009 and the Remuneration Committee of the Company in its meeting held on 30<sup>th</sup> June, 2009 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 1<sup>st</sup> November, 2009 to 31<sup>st</sup> October, 2012 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 Furnishings** : The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules 1962, which will be subject to a ceiling of 10% of the Salary.
3. **Medical re-imbusement** : Re-imbusement of expenses incurred for self and family subject to a ceiling of 5% of the annual salary.
4. **Leave Travel Concession** : Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company, but it shall not exceeding one month's salary in 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 31.03.2009      | Rs. in lacs |
|--|-------------|
| Sales including other Income                             | 13,913      |
| Operating Profit (before interest, Depreciation and Tax) | 1,077       |
| Profit Before Tax  | 298         |

5. **Export Performance and net foreign exchange earnings and collaborations :** The earning in Foreign Exchange by Exports & others for the year ended 31.03.2009 was Rs. 11,142 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 62 year is Wholetime Director of the Company since 1<sup>st</sup> November 1999. He has over 35 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 30<sup>th</sup> Annual General meeting held on 29<sup>th</sup> September 2008 is as under :  
Basic Salary : Rs. 75,000/- P.M and perquisites
3. **Job Profile and his suitability :** Shri 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 30th June, 2009 approved the re-appointment of Shri R. N. Sharma for a period of 3 years commencing from 1<sup>st</sup> November, 2009 as mentioned above. The Board of Directors also confirmed the same in their meeting held on 31<sup>st</sup> July, 2009.

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 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 14976 spindles and out of that 6,240 Spindles have already been installed and commissioned during the financial year 2008-09.

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.

Mumbai  
31<sup>st</sup> July, 2009

By order of the Board

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

**M. K. GUPTA**  
Company Secretary



## DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in placing before you the THIRTY FIRST Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2009.

| FINANCIAL RESULTS   | Year ended<br>31.03.2009<br>(Rs. in lacs) | Year ended<br>31.03.2008<br>(Rs. in lacs) |        |  |
|---|---|---|--------|--|
| Profit before Depreciation and Taxation                   | 568.50                                    | 546.95                                    |        |  |
| Less: Depreciation for the year                           | 270.76                                    | 231.50                                    |        |  |
| Profit before Taxation                                    | 297.74                                    | 315.45                                    |        |  |
| Less: Provision for Taxation                              |   |   |        |  |
| Current Year  | 32.50                                     | 47.00                                     |        |  |
| Deferred Tax  | 68.59                                     | 6.81                                      |        |  |
| Fringe Benefit Tax  | 8.50                                      | 7.10                                      |        |  |
| Wealth Tax  | 0.20                                      | 0.17                                      | 61.08  |  |
|   | 109.79                                    | 61.08                                     |        |  |
|   | 187.95                                    | 254.37                                    |        |  |
| Less/Add: Adjustment for taxation for earlier years (net) | 13.50                                     | 15.11                                     |        |  |
| Profit after tax  | 174.45                                    | 269.48                                    |        |  |
| Add: Profit brought forward from previous year            | 527.50                                    | 402.41                                    |        |  |
| Amount available for Appropriation                        | 701.95                                    | 671.89                                    |        |  |
| Out of which the following appropriations have been made  |   |   |        |  |
| Transfer to General Reserve                               | 10.00                                     | 10.00                                     |        |  |
| Proposed Dividend:  |   |   |        |  |
| Preference Shares   | 80.45                                     | 80.45                                     |        |  |
| Equity Shares   | 34.42                                     | 34.42                                     | 114.87 |  |
| Tax on Proposed Dividend                                  | 19.52                                     | 19.52                                     |        |  |
| Surplus carried to Balance Sheet                          | 557.56                                    | 527.50                                    |        |  |
|   | 701.94                                    | 671.89                                    |        |  |

### 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, subject to approval of Financial Institutions and Bank. The Dividend, if approved by the Members at the Annual General Meeting, will absorb a sum of Rs. 34.42 Lacs for Dividend and Rs. 5.85 Lacs for Dividend Distribution tax thereon.

### DIVIDEND ON PREFERENCE SHARES

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

### OPERATIONS

During the year under review, your Company has achieved a turnover of Rs.12,562.41 Lacs as compared to Rs.13,318.84 Lacs in the previous year. The Company has produced 7,562 MT of yarn as compared to 8,133 MT produced in the previous year.

### EXPORTS

Exports (FOB) during the year was Rs.10,881 Lacs as against 12,015 Lacs. Exports have decreased by 9.45% as compared to previous year due to world wide recession.

### CURRENT OUTLOOK

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

### FINANCE

During the year under review the Company has repaid Rs.224 Lacs of term loans to the Financial Institutions. Disbursement of Rs. 2693 Lacs was also received from State Bank of India and IDBI Bank against term loans sanctioned by them.

### FIXED DEPOSITS

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

### EXPANSION OF PLANT

The Company has under taken Expansion of 14976 Spindles at its plant situated at Village:Kanpur, Udaipur, and out of that 6240 Spindles have already been installed and commissioned during the year 2008-2009.

### ISSUE OF EQUITY SHARES

The Company has issued 1,64,600 Equity Shares of Rs.10/- each at a premium of Rs.17/- per Share as on 31.03.2009 to M/s Modern Fibotex India Ltd. a Promoter Group Company on Preferential basis.

### CAPTIVE POWER SUPPLY

The Company has tied up for power from a Company which is installing a Lignite based Captive Power Plant of 135 MW located at Bikaner in the State of Rajasthan for which the Company has invested an amount of Rs. 2.26 Crores in Equity and Preference Shares of the said Company. Supply from this Captive Power Plant is expected to start shortly.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the annual accounts on a going concern basis.

## REPORT ON CORPORATE GOVERNANCE

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

## DIRECTORS

Shri V.B.L. Mathur and 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 of Corporate Governance.

## SUBSIDIARY COMPANY

The Company has no subsidiary as on 31<sup>st</sup> March, 2009.

## MANAGEMENT

The tenure of Shri R.N.Sharma a Wholetime Director of the Company is expiring on 31<sup>st</sup> October, 2009. Based on the recommendation of the Board of Director, the Company has decided to re-appoint Shri R.N.Sharma as Wholetime Director of the Company for a further period of 3 years, subject to approval of Shareholders in the ensuing Annual General Meeting. Remuneration and other terms of appointment of Shri R.N.Sharma have also been approved by the Remuneration Committee.

## 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 was appointed as the Chairman of the Audit Committee.

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

## PERSONNEL & INDUSTRIAL RELATIONS

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

There are no employees in the Company whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956.

## 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.

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

i. **Compliance of Accounting Standard (AS) 15 (Revised) in respect of "Employee Benefits" notified under the Companies (Accounting Standard) Rules, 2006**

This year the Company has complied the Accounting Standard (AS) 15 (Revised) in respect of "Employee Benefits" notified under the Companies (Accounting Standard) Rules, 2006 and all related disclosures/ explanations in that regard are stated in note No 13 in Schedule 23 of Annual Accounts.

ii. **Deferred Revenue Expenditure**

The Company has a system of writing off of Deferred Revenue Expenditure over a period of 5 years as the benefit will accrue over a period of such time. This year no deferred Revenue Expenditure has been incurred. However all related details for Expenditure incurred upto 31.03.2007 are stated in note no 1(x) in Schedule 23 of Annual Accounts.

iii. **There were slight delays in payment of certain dues towards Service Tax. Though such delays were insignificant in nature, the concerned officers have been requested to ensure timely payments and deposits.**

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

The statement pursuant to Section 217(1) (e) of the Companies Act, 1956, read with Companies Act (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure forming part of the report.

## ACKNOWLEDGMENT

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

On behalf of the Board

Place : Mumbai      **R. N. SHARMA**      **SANJIV SHROFF**  
31<sup>st</sup> July, 2009      Wholetime Director      Managing Director





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, 2009.

#### A. CONSERVATION OF ENERGY

##### 1. Energy Conservation Measures Taken

- The Company is continuing with the energy conservation measures taken in earlier years.
- Pumps at two Towers were replaced by energy saver pumps & motor.
- Asia- Electronics Tube Fittings have been replaced for energy conservation in two sections of production hall.
- We have replaced the existing Furnace oil based boiler with latest multifuel based boiler having further improved efficiency.

##### 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.
- Asia- Electronics Tube Fittings will be replaced for energy conservation in another one section of production hall.

### FORM 'A'

Form for disclosure of particulars with respect to conservation of energy 2008-2009.

#### (A) Power and Fuel Consumption

|                              | Current Year<br>31.03.2009 | Previous Year<br>31.03.2008 |
|------------------------------|----------------------------|-----------------------------|
| (1) Electricity              |                            |                             |
| a) Purchased Unit (KWH)      | 1,50,69,900                | -                           |
| Total Amount (Rs.)           | 6,59,26,029                | -                           |
| Rate/ Unit (Rs.)             | 4.37                       | -                           |
| b) Own Generation            |                            |                             |
| i) Through Diesel            |                            |                             |
| Generator (Unit KWH)         | 85,750                     | 2,30,720                    |
| Units per Ltr. of Diesel oil | 2.88                       | 3.15                        |
| Cost/ Unit (Rs.)             | 11.00                      | 9.21                        |
| ii) Through Furnace oil      |                            |                             |
| Generator (Unit KWH)         | 89,06,310                  | 2,21,31,120                 |
| Units per Ltr. of F.O.       | 4.12                       | 4.13                        |
| Cost/ Unit (Rs.)             | 4.94                       | 6.06                        |
| (2) Coal                     |                            |                             |
| Quantity                     | B. Grade                   | B. Grade                    |
| Where used                   | Boiler                     | Boiler                      |
| Quantity (Tonnes)            | 933                        | -                           |
| Total Cost (Rs.)             | 55,29,350                  | -                           |
| Average Rate/ Ton (Rs.)      | 5,815                      | -                           |

##### (3) Furnace Oil Based Boiler

|                             |             |             |
|-----------------------------|-------------|-------------|
| Quantity - HFO (in Ltrs.)   | 5,18,575    | 5,71,600    |
| Quantity - HSD (in Ltrs.)   | -           | -           |
| Total Cost (Rs.)            | 1,57,89,927 | 1,30,68,062 |
| Average rate per Ltr. (Rs.) | 29.96       | 22.86       |

##### (4) 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            | 3.18         | 2.75          |
| 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

Continued efforts in this direction have given results to improve the quality of yarn.

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

Increased production of better quality yarn.

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

R & D Deptt. is proposed to be better furnished and equipped.

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

Capital : Rs. NIL

Recurring : R & D expenses can not be segregated.

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

Installed 100% Auto Coned yarn capacity.

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

|  | (Rs. in Lacs) |
|--|---------------|
| 1. Foreign Exchange Earnings (FOB Value of Export) | 10,880.67     |
| 2. Foreign Exchange outgo                          | 945.28        |

On behalf of the Board

Place : Mumbai    R. N. SHARMA    SANJIV SHROFF  
31<sup>st</sup> July, 2009    Wholetime Director    Managing Director

## REPORT ON CORPORATE GOVERNANCE

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

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

### 2. Code of Conduct

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

### 3. Board of Directors

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

| Name of Director                          | Category                                     | No. of Board Meetings attended | Last AGM attended | No. of other Directorships and Committee Member/Chairmanship |                      |                        | Shares held |            |
|---|--|--------------------------------|-------------------|--|----------------------|------------------------|-------------|------------|
|   |  |                                |                   | Other Directorship   | Committee Membership | Committee Chairmanship | Equity      | Preference |
| Shri Shanker Lal Shroff<br>(Chairman)     | Promoter<br>Not Independent<br>Non-Executive | 2                              | NO                | 1  | -                    | -                      | 195650      | 60000      |
| Shri Sanjiv Shroff<br>(Managing Director) | Not Independent<br>Executive                 | 7                              | NO                | -  | -                    | -                      | 83800       | 115000     |
| Shri B. K. Jhavar                         | Independent<br>Non-Executive                 | -                              | NO                | 5  | 2                    | -                      | 200         | -          |
| Shri N. G. Khaitan                        | Not Independent<br>Non-Executive             | 4                              | YES               | 8  | 8                    | 1                      | 100         | -          |
| Shri P. C. D. Nambiar*                    | Independent<br>Non-Executive                 | 4                              | YES               | 5  | 1                    | 3                      | -           | -          |
| Shri V. B. L. Mathur*                     | Independent<br>Non-Executive                 | 5                              | NO                | 3  | 5                    | -                      | -           | -          |
| Shri K. L. Sonthalia                      | Independent<br>Non-Executive                 | 7                              | NO                | -  | -                    | -                      | 200         | -          |
| Shri B. K. Agrawal                        | Independent<br>Non-Executive                 | -                              | NO                | 4  | -                    | 2                      | -           | -          |
| Shri Rahul Shroff**                       | Not Independent<br>Non-Executive             | -                              | NO                | -  | -                    | -                      | -           | -          |
| Shri R. N. Sharma<br>(Wholetime Director) | Not Independent<br>Executive                 | 2                              | YES               | -  | -                    | -                      | 50          | -          |

\* The Audit Committee had in its meeting held on 28.07.08 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.

\*\* Appointed as an additional Director w.e.f. 28.07.2008.

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

Seven Board Meetings were held during the year 2008-2009 at the following dates 22.04.2008, 28.06.2008, 28.07.2008, 21.10.2008, 29.01.2009, 25.02.2009 and 31.03.2009 respectively.



#### 4. Committees of the Board

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

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

##### (a) Audit Committee

###### (i) Terms of reference

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

###### (ii) Composition of Audit Committee

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

| Names of Members                 | Category                         | Number of meetings attended |
|----------------------------------|----------------------------------|-----------------------------|
| Shri V. B. L. Mathur<br>Chairman | Independent<br>Non-Executive     | 3                           |
| Shri N. G. Khaitan               | Not Independent<br>Non-Executive | 4                           |
| Shri P. C. D. Nambiar            | Independent<br>Non-Executive     | 3                           |
| Shri K. L. Sonthalia             | Independent<br>Non-Executive     | 4                           |

The meetings of the Audit Committee during the year were held on the following dates: 28.06.2008, 28.07.2008, 21.10.2008 and 29.01.2009 respectively.

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

###### (i) Terms of reference

The Committee has been formed to specifically look into the redressing of Shareholders and Investors complaints in respect to Transfer of Shares, Dematerialisation of Shares, Non-receipt of Balance Sheet, Non-receipt of declared Dividends etc.

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

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

| Names of Members                 | Category                     | Number of meetings attended |
|----------------------------------|------------------------------|-----------------------------|
| Shri V. B. L. Mathur<br>Chairman | Independent<br>Non-Executive | 3                           |
| Shri K. L. Sonthalia             | Independent<br>Non-Executive | 4                           |
| Shri Sanjiv Shroff               | Not-Independent<br>Executive | 4                           |
| Shri R. N. Sharma                | Not-Independent<br>Executive | 1                           |

The Committee held its meetings during the year on following dates: 28.06.2008, 28.07.2008, 21.10.2008 and 29.01.2009 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 fortnight.

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

The Company has received 17 letters/complaints from Investors which have been resolved during the year. There was no unresolved complaints as on 31<sup>st</sup> March, 2009. There were no transfer of shares pending for registration for more than 30 days as on 31<sup>st</sup> March, 2009. The details of complaints received by the Company and Registrar & Share Transfer Agent and resolved as quarter wise during the year 2008-2009 are as under:

| Quarter ended on | No. of Complaints received |
|------------------|----------------------------|
| 30.06.2008       | 6                          |
| 30.09.2008       | 4                          |
| 31.12.2008       | 3                          |
| 31.03.2009       | 4                          |
| <b>Total</b>     | <b>17</b>                  |

**(c) Remuneration Committee**

The Company has also constituted a Remuneration Committee for approval of the remuneration payable to the managerial persons with reference to provisions of Schedule XIII of the Companies Act, 1956 and Clause 49 of the listing agreement. The Committee held a Meeting on 28<sup>th</sup> July, 2008 to increase in salary payable to Shri R.N.Sharma, Wholtime Director of the Company and to re-appoint Shri Sanjiv Shroff as Managing Director of the Company for a further period of 3 (Three) years w.e.f. 1<sup>st</sup> September, 2008, which was attended by two independent non executive Directors of the Company i.e. Shri V.B.L. Mathur, Chairman and Shri K.L. Sonthalia, member and also by Shri S.L. Shroff Chairman of the Company, who is also a Promoter, Non-Independent and Non-Executive Director of the Company, as member of the Remuneration Committee.

**5. Details of remuneration paid to Directors for the year 2008-2009**

**(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         | 15,00,000    | -        | 7,38,343                 | 1,80,000           | 24,18,343 | 3                        | 01/09/08 to 31/08/11 |
| Shri R. N. Sharma          | 9,00,000     | 97,200   | 1,58,521                 | 1,08,000           | 12,63,721 | 5                        | 01/11/04 to 31/10/09 |

**(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 2008-2009 are as follows :-

| Name of Director        | Sitting fee for ( Amount in Rs.) |                   |
|-------------------------|----------------------------------|-------------------|
|                         | Board Meeting                    | Committee Meeting |
| Shri Shanker Lal Shroff | -                                | -                 |
| Shri B. K. Jhavar       | -                                | -                 |
| Shri N. G. Khaitan      | 40,000                           | 20,000            |
| Shri P. C. D. Nambiar   | 40,000                           | 15,000            |
| Shri V. B. L. Mathur    | 50,000                           | 21,000            |
| Shri K. L. Sonthalia    | 70,000                           | 27,500            |
| Shri B. K. Agrawal      | -                                | -                 |
| Shri Rahul Shroff       | -                                | -                 |

**6. General Body Meetings**

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

| Year    | AGM                  | Location                           | Date                        | Time     |
|---------|----------------------|------------------------------------|-----------------------------|----------|
| 2005-06 | 28 <sup>th</sup> AGM | Hotel Lakend, Udaipur              | 23 <sup>rd</sup> Sept. 2006 | 10:30 AM |
| 2006-07 | 29 <sup>th</sup> AGM | Hotel India International, Udaipur | 24 <sup>th</sup> Sept. 2007 | 11:00 AM |
| 2007-08 | 30 <sup>th</sup> AGM | Hotel India International, Udaipur | 29 <sup>th</sup> Sept. 2008 | 11:00 AM |

(ii) Extra Ordinary General Meeting

| Year    | AGM | Location                | Date                       | Time     |
|---------|-----|-------------------------|----------------------------|----------|
| 2007-08 | EGM | Village Kanpur, Udaipur | 26 <sup>th</sup> Mar. 2009 | 11:00 AM |



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

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

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

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

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

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

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

#### **(c) In the AGM held on 23<sup>rd</sup> September 2006 :**

No Special Resolution was transacted.

#### **(d) Presently following Special Resolution is proposed to be conducted through Postal Ballot in the ensuing AGM :-**

To alter Memorandum of Association of the Company by inserting the new object clause as the Company intends to sell / deal in Power.

Following Special Resolution is also 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. 1<sup>st</sup> November, 2009 and to approve the remuneration payable to him.

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

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

## **7. Disclosures**

- (i) During the year, there was no materially significant transactions except as set out in Schedule 23 of the Annual Report with the related parties viz Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have a potential conflict with the interest of the Company at large.
- (ii) 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.
- (iii) 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.
- (iv) The Company does not have any whistle Blower Policy as on now but no personnel is being denied any access to the Audit Committee.
- (v) All the mandatory requirement have been appropriately complied with and the non-mandatory requirements are dealt with at the end of this report.

## **8. Means of Communication**

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

**RELIANCE**  
CHEMOTEX INDUSTRIES LIMITED

**9. General Shareholder's Information**

(a)

|     |  |  |
|-----|--|--|
| 1.  | Annual General Meeting Date, Time and Venue  | 19 <sup>th</sup> September, 2009 at 10.30 A.M. at Hotel India International, Sardarpura, Udaipur (Rajasthan)   |
| 2.  | Financial Calendar:<br>Financial Year<br>Quarterly Financial reporting                                     | 1 <sup>st</sup> April to 31 <sup>st</sup> March<br>Within 30 days of each quarter except fourth quarter when Annual Results are published within 3 Months  |
| 3.  | Book Closure   | The Register of Members and Share Transfer Book of the Company shall remain closed from 12 <sup>th</sup> September, 2009 to 19 <sup>th</sup> September, 2009 (both days inclusive)   |
| 4.  | Dividend payment date  | 24 <sup>th</sup> September, 2009   |
| 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 circular regarding appointment of common share transfer agency, the Company has appointed M/s. Bigshares Services Pvt. Ltd., Mumbai as its Registrar & Share Transfer Agent to deal with physical as well as electronic transfer of shares.   |
| 7.  | Dematerialisation of Shares and Liquidity  | As on 31 <sup>st</sup> March 2009, 28,39,119 (81.88%) of the total number of shares are in dematerialised form out of the 34,67,250 paid up and listed Equity Shares of the Company. Further 1,64,600 Equity Shares issued and allotted on 31.03.2009 are in physical form and the same are yet to be listed at Bombay Stock Exchange (BSE), however the Company has already filed an application with BSE for necessary listing of the said shares. The Company's shares are compulsorily traded at the Stock Exchange in dematerialised form. Equity Shares' International Securities Identification Number (ISIN) is INE750D01016 for dematerialisation of Share with NSDL and as well as CDSL. |
| 8.  | Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity | N.A.   |
| 9.  | Plant Location   | The Company has its plant located at following address :<br>Village : Kanpur, District : Udaipur – 313 003 (Raj.)  |
| 10. | Address for Correspondence   | <b>Registered Office :</b><br>Reliance Chemotex Industries Limited<br>Post Box No. 73, Village : Kanpur<br>Dist. : Udaipur – 313 003 (Raj.)<br>Ph.No. : 0294-2490488, 2491489, 2491490<br>Fax No. : 0294-2490067<br>E-mail : rciludr@sanchamet.in<br>Website : Reliancechemotex.com<br><br><b>Registrar &amp; Share Transfer Agent :</b><br>M/s. Bigshare Services Pvt. Ltd.<br>E- 2 & 3, Ansa Industrial Estate, Saki Vihar Road<br>Saki Naka, Andheri (E), Mumbai – 400 072<br>Ph. No. : 28470652 Fax : 28475207<br>E-mail : info@bigshareonline.com   |

(b) Distribution of Shareholding as on 31<sup>st</sup> March 2009 are as under :

(i) According to category of holding :

| Category     | No. of Shareholders | % of Shareholders | No. of Shares held | % of Shareholding |
|--------------|---------------------|-------------------|--------------------|-------------------|
| Promoters    | 11                  | 0.08              | 17,08,600          | 47.04             |
| FI's & Banks | 2                   | 0.01              | 40,150             | 1.11              |
| Individuals  | 14,068              | 98.12             | 16,38,279          | 45.11             |



|                  |               |               |                  |               |
|------------------|---------------|---------------|------------------|---------------|
| Body Corporate   | 173           | 1.21          | 1,57,497         | 4.34          |
| NRI              | 79            | 0.55          | 84,803           | 2.33          |
| Clearing Members | 4             | 0.03          | 2,521            | 0.07          |
| <b>TOTAL</b>     | <b>14,337</b> | <b>100.00</b> | <b>36,31,850</b> | <b>100.00</b> |

(ii) According to Number of Equity Shares :

| No. of Equity Shares held | No. of Shareholders | % of Shareholders | No. of Shares held | % of Shareholding |
|---------------------------|---------------------|-------------------|--------------------|-------------------|
| 1-500                     | 13,945              | 97.26             | 11,96,696          | 32.95             |
| 501-1000                  | 226                 | 1.58              | 1,81,536           | 5.00              |
| 1001-5000                 | 141                 | 0.98              | 2,79,165           | 7.68              |
| 5001-10000                | 11                  | 0.08              | 79,015             | 2.18              |
| Over 10000                | 14                  | 0.10              | 18,95,438          | 52.19             |
| <b>TOTAL</b>              | <b>14,337</b>       | <b>100.00</b>     | <b>36,31,850</b>   | <b>100.00</b>     |

(c) Market Price Data :

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

| Month   | MUMBAI STOCK EXCHANGE |           | BSE Sensex |          |
|---------|-----------------------|-----------|------------|----------|
|         | High (Rs.)            | Low (Rs.) | High       | Low      |
| Apr'08  | 75.00                 | 46.15     | 17480.74   | 15297.96 |
| May'08  | 78.75                 | 55.00     | 17735.70   | 16196.02 |
| Jun'08  | 59.95                 | 39.65     | 16632.72   | 13405.54 |
| Jul '08 | 48.70                 | 36.05     | 15130.09   | 12514.02 |
| Aug'08  | 58.25                 | 42.40     | 15579.78   | 14002.43 |
| Sep'08  | 47.40                 | 31.15     | 15107.10   | 12153.55 |
| Oct'08  | 34.40                 | 21.00     | 13203.86   | 7697.39  |
| Nov'08  | 27.05                 | 20.40     | 10945.21   | 8316.39  |
| Dec'08  | 24.95                 | 18.30     | 10188.54   | 8467.43  |
| Jan'09  | 23.10                 | 15.40     | 10469.72   | 8631.60  |
| Feb'09  | 20.20                 | 15.20     | 9724.89    | 8619.22  |
| Mar'09  | 18.70                 | 14.00     | 10127.09   | 8047.17  |

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

**10. Disclosures regarding Appointment or Re-appointment of Directors**

The term of Shri R.N. Sharma, Wholetime Director of the Company will expire on 31<sup>st</sup> October, 2009 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 Wholetime Director of the Company for a further period of 3 Years w.e.f. 1<sup>st</sup> November, 2009.

Further 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. The brief particulars of Shri R.N.Sharma, Shri V.B.L. Mathur and Shri K.L.Sonthalia are as under:

Shri R.N. Sharma aged about 62 years is a Textile Graduate and has over 35 years of experience in Textile Industry. He is holding the position of Wholetime Director of the Company Since 1<sup>st</sup> November 1999. He is responsible for overall Production and day to day affairs of the Company from last 10 Years. He has substaintial 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 Shri V.B.L. Mathur s/o Late Shri S.S. Lal Mathur, aged 75 years is a retired I.A.S. and Ex-Chief Secretary to Govt. of Rajasthan. He has about 30 years of experience in the Indian Administrative service. He is expert in long term profile and has experience in handling Adminstrative 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 | Particular of ommittee   | Chairman / Member of Committee |
|--------|---------------------------------------|---------------------|--|--------------------------------|
| 1.     | ASIL Industries                       | Director            | Audit Committee<br>Remuneration Committee<br>Finance Committee | Member<br>Member<br>Member     |
| 2.     | Indo-Continental Hotel & Resorts Ltd. | Director            | -  | -                              |
| 3.     | Jaipur Stock Exchange                 | Director            | Listing Committee<br>Executive Committee                       | Member<br>Member               |

Shri K.L. Sonthalia aged 71 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 Wholetime Director of the Company for 12 Years. He is expert in Strategic Planning, Manging 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.

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

**11. Non-Mandatory requirements**

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

**Declaration regarding affirmation of Code of Conduct**

In terms of the requirement of the amended Clause 49 of the Listing Agreement, Code of Conduct as approved by the Board of Directors of the Company has been displayed at Reliance Chemotex Industries Limited's website [www.reliancechemotex.com](http://www.reliancechemotex.com) under the head of Code of Conduct. All thê members of the Board and the senior management personnel have affirmed compliance of the Code for the period ended 31<sup>st</sup> March, 2009.

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

**SANJIV SHROFF**  
Managing Director

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

**To the Members of 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 31,2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Above Laxmi Dharam Kanta  
Hawa Sarak, 22 Godown,  
**Jaipur - 302 006**  
Dated : 31<sup>st</sup> July, 2009  
Camp : Mumbai

**For G. P. KEJRIWAL & Co.**  
Chartered Accountants

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





## MANAGEMENT DISCUSSION AND ANALYSIS

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

### a) Industry structure and developments:

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

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

Your Company has initiated further expansion of its spinning capacity by adding another 14,976 spindles and out of them 6240 Spindles have already been installed and commissioned during the year 2008-2009.

### b) Opportunities and threats:

The fundamental growth drives of the Country's economy as well as textile Industry continue to remain strong despite the pressures of slowdown and inflationary conditions prevailing in the nation and also globally. The Consumption of textile products is growing in response to growing per capita Income, population and strong retail push. Textile Industry in the country is continuously attracting investments from domestic and foreign investors. Capacity expansion has already taken place across industry coupled with enticement of interest by global investors in the form of Private equity Investment. This is likely to radically change the shape of Industry in next few years.

The Company's philosophy of continuous modernization, strict quality control and continuous innovation will enable it to meet future challenges. The Company had taken steps for enhanced

economies of scale, product integration chain, higher productivity, shrinking delivery schedules and aggressive marketing.

The Company is also aiming at reducing the cost of production. With this view of rationalizing costs and achieving consistency in production, the Company has invested an amount of Rs. 2.26 Crores in the Equity and Preference Capital of a Power Generating Company which will supply 8 M.W. power at a concessional rate to the Company.

### c) Performance review and analysis:

The Company is only in one line of business namely manufacturing of Synthetics Blended yarn. The Company has no activity outside India except export of yarn manufactured in India.

### d) Outlook:

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

### e) Risks and concerns:

The Textile business, like other businesses, is susceptible to various risks. The primary risk factor is the raw material prices, which is the largest component of cost, as the commodity prices are cyclical in nature. As a result, they exert significant impact on profitability. The Company has significant exports. The recent volatility in foreign exchange markets has a bearing on the profitability and the cost of production. The rapid strengthening of the rupee against the dollar has adversely affected the profitability of the Company. We are taking all possible measures to mitigate the adverse impact of the movements in the foreign exchange markets.

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

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

### f) Internal control system:

The Company has proper and adequate system of Internal Controls and policies in all its spheres of activities. The Internal Controls are supplemented by regular Internal Audit of the Company which helps in

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

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

The Company has achieved an operational profit (PBIT) of Rs 1077 Lacs during the year 2008-2009 as against Rs 938 Lacs in previous year. Company earned profit before tax amounting to Rs 298 Lacs during the year 2008-2009 as against Rs 315 Lacs in the previous year.

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

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

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

**i) Cautionary Statement:**

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

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## **CEO & CFO CERTIFICATION**

To,

The Board of Directors  
Reliance Chemotex Industries Limited

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

1. We have reviewed the financial statements and the cash flow statement for the period ended 31<sup>st</sup> March, 2009 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 : 30<sup>th</sup> June, 2009

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

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



## AUDITORS' REPORT

To the members of Reliance Chemotex Industries Limited

1. We have audited the attached Balance Sheet of Reliance Chemotex Industries Limited, as at 31<sup>st</sup> March, 2009 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 and on the basis of books and records examined by us in the normal course of audit and on the basis of such checks as we considered appropriate and according to the information and explanations given to us and to the best of our knowledge and belief, we set out in the attached Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above.
  - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) In our opinion subject to Note 1(vii) in schedule 23, proper books of account, as required by law,

have been kept by the Company so far as appears from our examination of the books.

- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of Account as submitted to us;
- (iv) In our opinion subject to Notes 1(vii), 1(x) and 13 in Schedule 23 the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representation received from the Directors, as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to and read together with the NOTES in schedule 23 and the "NOTES" and "OBSERVATIONS" thereon and attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009;
  - b) in the case of Profit and Loss account, of the profit for the year ended on that date; and
  - c) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

Above Laxmi Dharam Kanta,  
Hawa Sadak, 22 Godown,  
Jaipur - 302 006  
Dated : 30<sup>th</sup> June, 2009  
Camp : Mumbai

For **G.P. KEJRIWAL & CO.**  
Chartered Accountants  
**(C. P. JAIN)**  
Partner  
M.N. 70156

**ANNEXURE TO THE AUDITORS' REPORT**

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(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, 2009)

- i. (a) The Company is, in our opinion, maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) In accordance with a programme, decided during the current year, of verifying the Fixed Assets once in three years, the Fixed Assets, as informed were physically verified by the Management in the Previous Year and as informed to us no material discrepancies were noticed on such verification. The periodicity of physical verification, in our opinion is reasonable having regard to the size of the Company and the nature of its Assets.
- (c) In our opinion and according to the information and explanations given to us, the fixed assets disposed off during the year were not substantial part of fixed assets so as to effect the going concern status of the Company.
- ii. (a) The inventories, (including of stores and spare parts etc. of items over Rs. 10,000/-, constituting approx 72% of the total value), lying with the Company are reported to have been physically verified by the management at the year end.
- (b) In our opinion the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventories and according to the records of the Company, the discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion, were not material, in relation to the operations of the Company, have been properly dealt with in the books of accounts.
- iii (a) (i) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and accordingly clauses (iii)(b) to (d) of paragraph 4 of the aforesaid order, are in our opinion, not applicable.
- (ii) According to the information and explanations given to us, the Company has during the year taken unsecured loans of Rs. 200 Lacs from a Director of the Company and of Rs. 319 Lacs from a party covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, the rates of interest and other terms and conditions of unsecured loans taken by the Company during the year are not, prima-facie, prejudicial to the interest of the Company.
- (c) In absence of stipulations, we have no comments to make as to whether or not the Company is repaying the principal amount as stipulated and is also regular in payment of interest and whether there is any overdue amount of more than one lakh for which steps need to be taken by the Company for payment of the principal amount and interest thereon.
- iv) In our opinion and according to the information and explanations given to us and on the basis of test checks carried out by us and considering the explanations given by the management that alternative sources not being available for certain purchases, it appears that there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to major purchases of inventory, Fixed Assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have we been informed by the management or the Internal Auditors of the Company of any instance of major weaknesses in the aforesaid internal control procedures, which would require major corrective action.
- v) (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, we are of the opinion that the contracts or arrangements that need to be entered in the register maintained in pursuance of section 301 of the Companies Act 1956 have been entered in the said register.
- (b) According to the information and explanations given to us, the Company has not entered into any transactions exceeding the value of five lakh rupees in respect of any party during the year that need to be entered in the register in pursuance of section 301 of the Companies Act, 1956 and therefore, Clause v (b) of paragraph 4 of the aforesaid order, is in our opinion, not applicable to the Company for the current year.
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the Public during the year under the provisions of section 58A of the Companies Act, 1956 and the relative rules framed there under. Therefore the provisions of clause (vi) of the aforesaid order are not applicable to the Company.



- vii) In our opinion, the internal audit system is by and large commensurate with the size of the Company and nature of its business.
- viii) On the basis of the records produced, we are of the opinion that prima-facie, the cost accounts and records as prescribed by the Central Government under Clause (d) of Sub-Section (1) of Section 209 of the Companies Act, 1956 have been made and maintained. However, we have not carried out a detailed examination of the said accounts and records.
- ix (a) According to the records of the Company, the Company has regularly deposited during the year undisputed statutory dues (to the extent applicable) including Provident Fund, Investor Education and protection fund, Employees' State Insurance, Income Tax, Sales-Tax, Wealth-Tax, Service-Tax, Customs-Duty, Excise-Duty, Cess and other statutory dues with the appropriate authorities though there has been delays in depositing dues of Service-Tax. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues, which have remained outstanding as at 31.03.2009 for a period of more than six months from the date they became payable.
- (b) On the basis of our examination of the documents produced to us and according to the information and explanations given to us, the dues (to the extent applicable) of income tax/ sales tax/ wealth tax/ service tax/ customs duty/ excise duty/ cess which have not been deposited on account of disputes and the forum where the dispute is pending are as under;

| Nature of the statute  | Nature of the dues                   | Amount involved Rs. | Period to which it relates to (years ended) | Forum where dispute is pending  |
|------------------------|--------------------------------------|---------------------|---|---|
| Central Excise Act     | Excise duty                          | 23,567              | 31.03.80                                    | The Asst. Commissioner, Central Excise, Udaipur<br>The Asst. Commissioner Appeals, Central Excise, Jaipur |
|                        |                                      |                     | 31.03.92                                    |   |
|                        | Service Tax                          | 2,40,837            | 31.03.03                                    |   |
|                        |                                      | 45,22,321           | 31.03.07                                    |   |
| Rajsthan Sales Tax Act | Various additional sales tax demands | 90,300              | 31.03.02                                    | Tax Tribunal, Ajmer   |
| Income Tax Act 1961    | F.B.T.                               | 1,10,830            | 31.03.08                                    | Deputy Commissioner of Income Tax, Kolkata  |

- (x) The Company has no accumulated losses as on 31.03.2009 and has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
- (xi) According to the records of the Company and as per the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution or bank or debenture holders.

- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the provisions of any special statute applicable to Chit Fund, Nidhi or mutual benefit fund/ societies are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
- (xvi) On the basis of review of utilisation of funds pertaining to term loans on overall basis as on 31/03/2009 and related information, explanations and statements as made available to us and as represented to us by the management, the term loans taken by the Company during the year were applied during the year for the purpose for which the loans were obtained.
- (xvii) On the basis of review of utilisation of funds on overall basis as on 31/03/2009, related information, explanations and statements as made available to us and as represented to us by the management, no funds raised on *Short Term basis except such Funds as stated under note 7(xii) in Schedule 23, have been used for Long Term application.*
- (xviii) The Company has made preferential allotment of Equity Shares, to a Company covered in the register maintained under Section 301 of the Act. and the price at which the shares have been issued is prima facie not prejudicial to the interest of the Company as the same have been issued in accordance with the Guidelines for Preferential issues as per Chapter XIII of Securities & Exchange Board of India (Disclosures & Investor Protection) Guidelines issued by Securities & Exchange Board of India.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management or the Internal Auditors of the Company.

Above Laxmi Dharam Kanta, For **G.P. KEJRIWAL & CO.**  
Hawa Sadak, 22 Godown, Chartered Accountants  
Jaipur - 302 006 **(C. P. JAIN)**  
Dated : 30<sup>th</sup> June, 2009 Partner  
Camp : Mumbai M.N. 70156

**RELIANCE**  
CHEMOTEX INDUSTRIES LIMITED

**BALANCE SHEET**  
AS AT 31st MARCH, 2009

|  | Schedule | 31 <sup>st</sup> March, 2009 |                     | 31 <sup>st</sup> March, 2008 |                     |
|--|----------|------------------------------|---------------------|------------------------------|---------------------|
|  |          | Rs.                          | Rs.                 | Rs.                          | Rs.                 |
| <b>I. SOURCES OF FUNDS:</b>                      |          |                              |                     |                              |                     |
| <b>(1) Shareholders' Funds:</b>                  |          |                              |                     |                              |                     |
| (a) Share Capital                                | 1        | 11,66,98,375                 |                     | 11,50,52,375                 |                     |
| (b) Reserves and Surplus                         | 2        | <u>16,80,27,600</u>          | 28,47,25,975        | <u>16,12,24,166</u>          | 27,62,76,541        |
| <b>(2) Loan Funds:</b>                           |          |                              |                     |                              |                     |
| (a) Secured Loans                                | 3        | 53,91,25,055                 |                     | 27,77,98,707                 |                     |
| (b) Unsecured Loans                              |          | <u>10,64,06,615</u>          | 64,55,31,670        | <u>9,25,46,559</u>           | 37,03,45,266        |
| <b>(3) Deferred Tax Liability (Net)</b>          | 6        |                              | 55,06,952           |                              | —                   |
| <b>TOTAL</b>                                     |          |                              | <u>93,57,64,597</u> |                              | <u>64,66,21,807</u> |
| <b>II. APPLICATION OF FUNDS:</b>                 |          |                              |                     |                              |                     |
| <b>(1) Fixed Assets</b>                          |          |                              |                     |                              |                     |
| (a) Gross Block                                  | 4        | 84,91,59,135                 |                     | 54,32,98,253                 |                     |
| (b) <b>Less:</b> Depreciation                    |          | <u>25,59,09,976</u>          |                     | <u>23,42,73,684</u>          |                     |
| (c) Net Block                                    |          | 59,32,49,159                 |                     | 30,90,24,569                 |                     |
| (d) Capital Work-in-Progress                     |          | <u>14,28,45,117</u>          |                     | <u>11,65,17,785</u>          |                     |
|  |          |                              | 73,60,94,276        |                              | 42,55,42,354        |
| <b>(2) Investments</b>                           | 5        |                              | 2,25,60,000         |                              | 1,69,20,000         |
| <b>(3) Deferred Tax Assets (Net)</b>             | 6        |                              | —                   |                              | 13,52,444           |
| <b>(4) Current Assets, Loans and Advances:</b>   |          |                              |                     |                              |                     |
| (a) Inventories                                  | 7        | 22,52,07,039                 |                     | 18,50,61,347                 |                     |
| (b) Sundry Debtors                               | 8        | 2,46,01,588                  |                     | 4,51,42,245                  |                     |
| (c) Cash and Bank Balances                       | 9        | 1,69,04,895                  |                     | 2,08,57,675                  |                     |
| (d) Other Current Assets                         | 10       | 3,52,06,358                  |                     | 7,61,64,366                  |                     |
| (e) Loans and Advances                           | 11       | <u>9,59,27,240</u>           |                     | <u>7,31,04,808</u>           |                     |
|  |          | <u>39,78,47,120</u>          |                     | <u>40,03,30,441</u>          |                     |
| <b>Less: Current Liabilities and Provisions:</b> |          |                              |                     |                              |                     |
| (a) Current Liabilities                          | 12       | 20,58,88,569                 |                     | 18,61,10,411                 |                     |
| (b) Provisions                                   |          | <u>1,78,21,648</u>           |                     | <u>1,69,32,045</u>           |                     |
|  |          | <u>22,37,10,217</u>          |                     | <u>20,30,42,456</u>          |                     |
| <b>Net Current Assets</b>                        |          |                              | 17,41,36,903        |                              | 19,72,87,985        |
| <b>(5) Miscellaneous Expenditure</b>             | 13       |                              | 29,73,418           |                              | 55,19,024           |
| <b>TOTAL</b>                                     |          |                              | <u>93,57,64,597</u> |                              | <u>64,66,21,807</u> |

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

For **G. P. KEJRIWAL & CO.**  
Chartered Accountants

On behalf of the Board of Directors

Place : Mumbai  
Dated : 30<sup>th</sup> June, 2009

**C. P. JAIN**  
Partner  
M.No. 70156

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

**R. N. SHARMA**  
Wholetime Director

**SANJIV SHROFF**  
Managing Director



**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31st MARCH, 2009**

|  | Schedule | 31 <sup>st</sup> March, 2009 |             | 31 <sup>st</sup> March, 2008 |             |
|--|----------|------------------------------|-------------|------------------------------|-------------|
|  |          | Rs.                          | Rs.         | Rs.                          | Rs.         |
| <b>INCOME</b>  |          |                              |             |                              |             |
| Turnover (Gross)   | 14       | 1,25,62,40,985               |             | 1,33,18,83,676               |             |
| Less: Excise Duty  |          | 64,74,894                    |             | 31,68,361                    |             |
| Turnover (Net)   |          | 1,24,97,66,091               |             | 1,32,87,15,315               |             |
| Processing Charges   |          | —                            |             | 53,960                       |             |
| Increase/(Decrease) in stocks                                      | 15       | 3,80,62,341                  |             | (72,07,968)                  |             |
| Other Income   | 16       | 10,34,21,347                 |             | 13,68,86,834                 |             |
|  |          | <u>1,39,12,49,779</u>        |             | <u>1,45,84,48,141</u>        |             |
| <b>EXPENDITURE</b>   |          |                              |             |                              |             |
| Raw Materials Cost   | 17       | 74,71,94,246                 |             | 88,20,14,653                 |             |
| Employment Cost  | 18       | 13,39,22,933                 |             | 11,76,66,612                 |             |
| Manufacturing Cost   | 19       | 23,88,10,331                 |             | 25,11,59,707                 |             |
| Other Cost   | 20       | 16,24,35,227                 |             | 11,32,20,835                 |             |
| Excise Duty and Sales Tax  | 21       | 12,31,688                    |             | 6,06,862                     |             |
|  |          | <u>1,28,35,94,425</u>        |             | <u>1,36,46,68,669</u>        |             |
| Profit on Operations   |          | 10,76,55,354                 |             | 9,37,79,472                  |             |
| Less: Financial Expenses   | 22       | 5,08,05,303                  |             | 3,90,84,128                  |             |
|  |          | 5,68,50,051                  |             | 5,46,95,344                  |             |
| Less: Depreciation for the year                                    |          | 2,70,76,160                  |             | 2,31,50,631                  |             |
| Profit after Depreciation  |          | 2,97,73,891                  |             | 3,15,44,713                  |             |
| Less: Provision for Taxation for the year                          |          |                              |             |                              |             |
| Income Tax   |          | 32,50,000                    |             | 47,00,000                    |             |
| Deferred Tax   |          | 68,59,396                    |             | 6,81,033                     |             |
| Fringe Benefit Tax   |          | 8,50,000                     |             | 7,10,000                     |             |
| Wealth Tax   |          | 20,100                       |             | 17,000                       |             |
|  |          | <u>1,09,79,496</u>           |             | <u>61,08,033</u>             |             |
|  |          | 1,87,94,395                  |             | 2,54,36,680                  |             |
| Less/Add: Adjustment for taxation for earlier years                |          | 13,49,886                    |             | 15,11,326                    |             |
| Profit after Taxation  |          | 1,74,44,509                  |             | 2,69,48,006                  |             |
| Unappropriated profit for previous year                            |          | 5,27,49,838                  |             | 4,02,41,107                  |             |
|  |          | <u>7,01,94,347</u>           |             | <u>6,71,89,113</u>           |             |
| <b>APPROPRIATIONS</b>  |          |                              |             |                              |             |
| Transfer to General Reserve  |          | 10,00,000                    |             | 10,00,000                    |             |
| Proposed Dividend: (Subject to approval of Financial Institutions) |          |                              |             |                              |             |
| Preference Shares  |          | 80,45,000                    |             | 80,45,000                    |             |
| Equity Shares  |          | 34,42,050                    | 1,14,87,050 | 34,42,050                    | 1,14,87,050 |
| Tax on Proposed Dividend   |          | 19,52,225                    |             | 19,52,225                    |             |
| Surplus Carried to Balance Sheet                                   |          | 5,57,55,072                  |             | 5,27,49,838                  |             |
|  |          | <u>7,01,94,347</u>           |             | <u>6,71,89,113</u>           |             |
| Earnings Per Share   |          | 2.33                         |             | 4.66                         |             |
| Basic / Diluted (Schedule 23 (Note 8))                             |          |                              |             |                              |             |

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

For **G. P. KEJRIWAL & CO.**  
Chartered Accountants

On behalf of the Board of Directors

Place : Mumbai  
Dated : 30<sup>th</sup> June, 2009

**C. P. JAIN**  
Partner  
M.No. 70156

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

**R. N. SHARMA**  
Wholtime Director

**SANJIV SHROFF**  
Managing Director

**SCHEDULES**

Schedules "1" to "23" Annexed to and forming part of the Company's Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit and Loss Account for the year ended on that date.

|  | 31 <sup>st</sup> March, 2009 |                     | 31 <sup>st</sup> March, 2008 |                     |
|--|------------------------------|---------------------|------------------------------|---------------------|
|  | Rs.                          | Rs.                 | Rs.                          | Rs.                 |
| <b>1. SHARE CAPITAL</b>  |                              |                     |                              |                     |
| <b>Authorised:</b>   |                              |                     |                              |                     |
| 1,35,00,000 Equity Shares of Rs.10/- each  |                              | 13,50,00,000        |                              | 13,50,00,000        |
| 8,25,000 Preference Shares of Rs.100/- each  |                              | 8,25,00,000         |                              | 8,25,00,000         |
|  |                              | <u>21,75,00,000</u> |                              | <u>21,75,00,000</u> |
| <b>Issued:</b>   |                              |                     |                              |                     |
| 36,52,100 (P. Y. 34,87,500) Equity Shares of Rs.10/- each  |                              | 3,65,21,000 (a)     |                              | 3,48,75,000         |
| 8,04,500 10% Cumulative Redeemable Preference Shares of Rs.100/- each  |                              | 8,04,50,000         |                              | 8,04,50,000         |
|  |                              | <u>11,69,71,000</u> |                              | <u>11,53,25,000</u> |
| <b>Subscribed and Paid-up:</b>   |                              |                     |                              |                     |
| 36,31,850 (P. Y. 34,67,250) Equity Shares of Rs.10/- each fully paid up in cash  | 3,63,18,500 (a)              |                     | 3,46,72,500                  |                     |
| Less: Allotment money in Arrears   | 1,26,000                     |                     | 1,26,000                     |                     |
|  | <u>3,61,92,500</u>           |                     | <u>3,45,46,500</u>           |                     |
| <b>Add:</b> Forfeited Shares   | 55,875 (b)                   | 3,62,48,375         | 55,875 (b)                   | 3,46,02,375         |
| 8,04,500 10% Cumulative Redeemable Preference Shares of Rs.100/- each  |                              | 8,04,50,000 (c)     |                              | 8,04,50,000 (c)     |
|  |                              | <u>11,66,98,375</u> |                              | <u>11,50,52,375</u> |
| (a) Includes 1,64,600 Equity Shares of Rs.10/-each allotted on 31.03.09, with due approval and in accordance with SEBI Guidelines, to a Promotor Group Company, on Preferential Basis at a Premium of Rs.17/- Per Share (Also refer note 7 (xiii) in Schedule 23.).  |                              |                     |                              |                     |
| (b) Amount paid up on 20,250 Equity Shares forfeited during an earlier year.   |                              |                     |                              |                     |
| (c) 6,24,500 Shares are redeemable on expiry of 13 years from the respective dates of allotment i.e. 28.03.2002, 31.10.2002 and 30.01.2003, 98,000 Shares are redeemable on expiry of 14 Years from the date of allotment i.e. 30.07.2005 and 82,000 Shares are redeemable on expiry of 14 Years from the date of allotment i.e. 29.04.2006. |                              |                     |                              |                     |
| <b>2. RESERVES AND SURPLUS</b>   |                              |                     |                              |                     |
| <b>Capital Reserve:</b>  |                              |                     |                              |                     |
| Central Cash Subsidy   |                              | 15,00,000           |                              | 15,00,000           |
| <b>Share Premium Account</b>   |                              |                     |                              |                     |
| As per last Account  | 4,98,72,938                  |                     | 4,98,72,938                  |                     |
| <b>Add:</b> Amount received on Preferential issue of Equity Shares   | 27,98,200                    |                     | —                            |                     |
|  | <u>5,26,71,138</u>           |                     | <u>4,98,72,938</u>           |                     |
| <b>Less:</b> Amount unpaid   | 3,78,000                     | 5,22,93,138         | 3,78,000                     | 4,94,94,938         |
| <b>General Reserve:</b>  |                              |                     |                              |                     |
| As per last Account  | 5,74,79,390                  |                     | 5,64,79,390                  |                     |
| <b>Add:</b> Transferred from Profit & Loss Account   | 10,00,000                    | 5,84,79,390         | 10,00,000                    | 5,74,79,390         |
| <b>Surplus:</b>  |                              |                     |                              |                     |
| As per annexed Profit and Loss account   |                              | 5,57,55,072         |                              | 5,27,49,838         |
|  |                              | <u>16,80,27,600</u> |                              | <u>16,12,24,166</u> |





|   | 31 <sup>st</sup> March, 2009 |                         | 31 <sup>st</sup> March, 2008 |                     |
|---|------------------------------|-------------------------|------------------------------|---------------------|
|   | Rs.                          | Rs.                     | Rs.                          | Rs.                 |
| <b>3. LOAN FUNDS</b>  |                              |                         |                              |                     |
| <b>TERM LOANS:</b>  |                              |                         |                              |                     |
| Industrial Development Bank of India (IDBI)<br>(Refer note 1)                                     | 25,44,40,000                 |                         | 8,03,80,000                  |                     |
| Rajasthan State Industrial Development &<br>Investment Corporation Ltd. (RIICO)<br>(Refer note 2) | —                            |                         | 45,46,050                    |                     |
| State Bank of India (SBI)<br>(Refer note 3)   | <u>18,74,94,242</u>          | <u>44,19,34,242 (a)</u> | <u>11,00,00,000</u>          | 19,49,26,050 (a)    |
| <b>Vehicle Loans:</b>   |                              |                         |                              |                     |
| From Banks  | 12,06,948                    |                         | 6,38,099                     |                     |
| From Others   | <u>9,63,308</u>              | <u>21,70,256</u>        | <u>—</u>                     |                     |
| (Refer note 4)  |                              |                         |                              | 6,38,099            |
| <b>Borrowings for Working Capital:</b>  |                              |                         |                              |                     |
| State Bank of India   |                              |                         |                              |                     |
| Cash & Packing Credit Accounts (Refer note 5)   |                              | 7,07,63,354             |                              | 6,10,11,435         |
| IDBI Bank Ltd.  |                              |                         |                              |                     |
| Cash & Packing Credit Accounts (Refer note 6)   |                              | <u>2,42,57,203</u>      |                              | <u>2,12,23,123</u>  |
|   |                              | <u>53,91,25,055</u>     |                              | <u>27,77,98,707</u> |
| <b>UNSECURED LOANS:</b>   |                              |                         |                              |                     |
| From Bodies Corporate   | 8,51,75,000                  |                         | 8,70,50,000                  |                     |
| From a Director   | 1,50,50,000                  |                         | 35,50,000                    |                     |
| Interest Accrued and Due  | <u>61,81,615</u>             | <u>10,64,06,615</u>     | <u>19,46,559</u>             | <u>9,25,46,559</u>  |
|   |                              | <u>64,55,31,670</u>     |                              | <u>37,03,45,266</u> |

a) Includes Rs. 1,42,90,000/- (Previous year Rs. 2,23,86,050/-) due within one year.

**NOTES:**

- Term Loans from IDBI under Technology Upgradation Fund Scheme is secured by hypothecation by way of joint first charge ranking pari-passu of all immovable properties (by way of deposit of Title Deeds of Lease Hold Land), both present and future including movable (save and except book debts) machinery, spares, tools and accessories, present and future, subject to prior charges created in favour of Bankers for working capital facilities and assets specifically charged to RIICO. The above loan is also guaranteed by Managing Director and one other Director of the Company and also secured by way of extension of pledge of 5,86,400 Equity Shares of the Company in names of Directors and their relatives.
- Term loans from RIICO under Equipment Finance/Re-Finance/Technology Upgradation Fund Schemes are secured by hypothecation by way of first charge ranking pari-passu on the existing assets and certain Plant & Machinery (except certain Equipments on which RIICO has exclusive first charges). The above loans are also guaranteed by Managing Director and one other Director of the Company. The said loan was repaid during the year. The documents for satisfaction of charge are still to be filed with the concerned authorities.
- (a) Term Loan from SBI under Technology Upgradation Fund Scheme is secured by way of Joint first charge of all immovable properties (by deposit of Title Deeds of Lease Hold Land with IDBI on behalf of SBI), both present and future including movable (save and except book debts) machinery, spares, tools and accessories, present and future, subject to prior charges created in favour of Bankers for working capital facilities and assets specifically charged to RIICO. The above loan is also guaranteed by Managing Director and one other Director of the Company and also secured by way of extension of pledge of Preference Shares of the face value of Rs.1.75 crores of the Company in names of Promoter Directors. The Company has further agreed to pledge, Preference Shares of the face value of Rs.1.50 Crores of the Company in the name of the Promoters/ their relatives.  
(b) The Documents for satisfaction of charge in respect of Corporate Loan from S.B.I. taken in an earlier year and repaid during the Previous year, are still to be filed with the concerned authorities.
- Vehicle Loans from HDFC Bank Ltd., The Federal Bank Ltd. & Tata Capital Ltd. are secured by way of Hypothecation of Cars acquired out of the said Loans and includes Rs.14,67,839/- (Previous Year Rs.3,64,813/-) due within one year. The charge documents are still to be filed with the concerned authorities.
- Borrowings from SBI for working capital are secured by hypothecation of raw materials, stock in transit, process stock, finished goods, consumables stores and spares and book debts and are guaranteed by Managing Director and one other Director of the Company. Such borrowings are also secured by joint second charge of fixed assets of the Company.
- Borrowings from IDBI for working capital are secured by hypothecation of raw materials, stock in transit, process stock, finished goods, consumables stores and spares and book debts and are guaranteed by Managing Director and one other Director of the Company. Such borrowings are also secured by joint second charge of fixed assets of the Company.
- The nature of securities, guarantees and other particulars as stated above under notes 1 to 6, are subject to confirmations of respective lenders.

**4. FIXED ASSETS**

|  | GROSS BLOCK (AT COST) |                     |                            | DEPRECIATION        |                     |                    |                            | NET BLOCK           |                     |                     |
|--|-----------------------|---------------------|----------------------------|---------------------|---------------------|--------------------|----------------------------|---------------------|---------------------|---------------------|
|  | As at<br>01.04.2008   | Additions           | Deductions/<br>adjustments | As at<br>31.03.2009 | Upto<br>31.03.2008  | For the<br>year    | Deductions/<br>Adjustments | Upto<br>31.03.2009  | As at<br>31.03.2009 | As at<br>31.03.2008 |
|  | (Rs.)                 | (Rs.)               | (Rs.)                      | (Rs.)               | (Rs.)               | (Rs.)              | (Rs.)                      | (Rs.)               | (Rs.)               | (Rs.)               |
| <b>Land :</b>  |                       |                     |                            |                     |                     |                    |                            |                     |                     |                     |
| Free Hold  | 8,01,041              |                     |                            | <b>8,01,041</b>     |                     |                    |                            |                     | <b>8,01,041</b>     | 8,01,041            |
| Lease Hold   | 10,68,421             |                     |                            | <b>10,68,421</b>    | 3,22,119            | 10,792             |                            | 3,32,911            | <b>7,35,510</b>     | 7,46,302            |
| Buildings  | 6,81,70,919           | 12,26,16,764        |                            | <b>19,07,87,683</b> | 2,48,98,146         | 24,90,277          |                            | 2,73,88,423         | <b>16,33,99,260</b> | 4,32,72,773         |
| Building Construction  |                       |                     |                            |                     |                     |                    |                            |                     |                     |                     |
| Equipment  | 23,451                |                     |                            | <b>23,451</b>       | 23,447              |                    |                            | 23,447              | <b>4</b>            | 4                   |
| Plant & Machinery  | 45,72,91,262          | 18,52,52,220(a)     | 54,34,088                  | <b>63,71,09,394</b> | 20,13,81,831        | 2,27,50,693        | 41,51,929                  | 21,99,80,595        | <b>41,71,28,799</b> | 25,59,09,431        |
| Furniture, Fixtures & Equipments                               | 84,27,574             | 26,27,046           | 1,78,983                   | <b>1,08,75,637</b>  | 52,18,772           | 9,49,803           | 73,762                     | 60,94,813           | <b>47,80,824</b>    | 32,08,802           |
| Vehicles   | 61,05,624             | 31,53,905           | 10,75,471                  | <b>81,84,058</b>    | 16,19,081           | 8,46,858           | 5,91,468                   | 18,74,471           | <b>63,09,587</b>    | 44,86,543           |
| <b>Intangible Assets</b>                                       |                       |                     |                            |                     |                     |                    |                            |                     |                     |                     |
| Computer Software  | 14,09,961             | 40,500              | 11,41,011                  | <b>3,09,450</b>     | 8,10,288            | 27,737             | 6,22,709                   | 2,15,316            | <b>94,134</b>       | 5,99,673            |
| <b>Total</b>   | <b>54,32,98,253</b>   | <b>31,36,90,435</b> | <b>78,29,553</b>           | <b>84,91,59,135</b> | <b>23,42,73,684</b> | <b>2,70,76,160</b> | <b>54,39,868</b>           | <b>25,59,09,976</b> | <b>59,32,49,159</b> | <b>30,90,24,569</b> |
| <b>Capital Work in Progress:</b>                               |                       |                     |                            |                     |                     |                    |                            |                     |                     |                     |
| (including Capital Advances (Refer note 7 (vi) in Schedule 23) |                       |                     |                            |                     |                     |                    |                            |                     | 14,28,45,117        | 11,65,17,785        |
| <b>As at 31.03.2009</b>  | <b>65,98,16,038</b>   | <b>45,65,35,552</b> | <b>12,43,47,338</b>        | <b>99,20,04,252</b> | <b>23,42,73,684</b> | <b>2,70,76,160</b> | <b>54,39,868</b>           | <b>25,59,09,976</b> | <b>73,60,94,276</b> | <b>42,55,42,354</b> |
| <b>As at 31.03.2008</b>  | <b>50,18,59,908</b>   | <b>4,34,26,429</b>  | <b>1,988,083</b>           | <b>54,32,98,253</b> | <b>21,24,07,872</b> | <b>2,31,50,631</b> | <b>12,84,819</b>           | <b>23,42,73,684</b> | <b>42,55,42,354</b> | <b>29,35,54,099</b> |

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

**5. INVESTMENTS (LONG TERM)**

|  | 31 <sup>st</sup> March, 2009 |                    | 31 <sup>st</sup> March, 2008 |             |
|--|------------------------------|--------------------|------------------------------|-------------|
|  | Rs.                          | Rs.                | Rs.                          | Rs.         |
| <b>Trade Investments :</b>   |                              |                    |                              |             |
| Unquoted Fully Paid "Class A" Shares of Rs.10/- each of M/s VS Lignite Power Private Limited (Refer Note 9 in Schedule 23) |                              |                    |                              |             |
| 7,70,371 (P.Y. 5,77,778) Equity Shares   | <b>77,03,710</b>             |                    | 57,77,780                    |             |
| 14,85,629 (P.Y. 11,14,222) 0.01% Cumulative Redeemable Preference Shares   | <b>1,48,56,290</b>           | <b>2,25,60,000</b> | 1,11,42,220                  | 1,69,20,000 |

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

|  |                    |                    |           |                    |
|--|--------------------|--------------------|-----------|--------------------|
| Deferred Tax Liability on Account of Difference in Depreciation              | <b>1,06,04,322</b> |                    | 12,37,993 |                    |
| Others   | <b>10,10,663</b>   | <b>1,16,14,985</b> | 12,44,052 | 24,82,045          |
| <b>Less : Deferred Tax Assets Expenditure u/s 43 B of the I.T. Act, 1961</b> |                    | <b>61,08,033</b>   |           | <b>38,34,489</b>   |
|  |                    | <b>55,06,952</b>   |           | <b>(13,52,444)</b> |



## 7. INVENTORIES

(as taken, valued and certified by the Management)

|   |                  |                                |                  |                                |
|---|------------------|--------------------------------|------------------|--------------------------------|
| Stores, Spares and Packing Materials etc. | 1,87,21,411      |                                | 1,67,69,829      |                                |
| Dyes and Chemicals                        | <u>15,60,831</u> | 2,02,82,242                    | <u>14,11,694</u> | 1,81,81,523                    |
| <b>Raw Materials</b>                      |                  | <b>6,56,97,120</b>             |                  | <b>6,57,14,488</b>             |
| Finished Goods                            |                  | 7,04,63,762 (a)                |                  | 5,33,23,274                    |
| Work-in Process                           |                  | 6,84,68,613                    |                  | 4,71,29,796                    |
| Waste                                     |                  | 1,03,783                       |                  | 4,59,214                       |
| Scrap and Residual Materials              |                  | <u>1,91,519</u>                |                  | <u>2,53,052</u>                |
|   |                  | <b><u>22,52,07,039 (b)</u></b> |                  | <b><u>18,50,61,347 (b)</u></b> |

(a) Includes value of stock of Rs. 25,56,519/- lying with outside parties, for which confirmation certificate are pending receipt.

(b) Includes items of the value of stock in transit Rs. 3,85,88,798/- (Previous year Rs. 3,33,28,932/-).

## 8. SUNDRY DEBTORS

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

### Debts outstanding for a period exceeding six months

|                         |                  |                    |                  |                    |
|-------------------------|------------------|--------------------|------------------|--------------------|
| Considered Good         | 14,62,852        |                    | 22,78,325        |                    |
| Considered Doubtful     | <u>22,66,698</u> |                    | <u>26,39,232</u> |                    |
|                         | <u>37,29,550</u> |                    | <u>49,17,557</u> |                    |
| <b>Less : Provision</b> | <u>22,66,698</u> | <b>14,62,852</b>   | <u>26,39,232</u> | 22,78,325          |
| <b>Other Debts :</b>    |                  |                    |                  |                    |
| Considered Good         |                  | <u>2,31,38,736</u> |                  | <u>4,28,63,920</u> |
|                         |                  | <u>2,46,01,588</u> |                  | <u>4,51,42,245</u> |

## 9. CASH AND BANK BALANCES

|  |                     |                    |                     |                    |
|--|---------------------|--------------------|---------------------|--------------------|
| Cash and Foreign Currencies in Hand (as certified) |                     | 6,50,230           |                     | 8,08,942           |
| Remittance in transit                              |                     | —                  |                     | 2,00,000           |
| <b>With Scheduled Banks :</b>                      |                     |                    |                     |                    |
| On Current Accounts                                | 31,16,634           |                    | 76,35,917           |                    |
| On Saving Accounts                                 | 2,47,895 (a)        |                    | 1,50,214 (a)        |                    |
| On Margin and Deposit Accounts                     | 1,08,85,054 (a,b,c) |                    | 1,08,27,096 (a,b,c) |                    |
| On Unpaid Dividend Accounts (as per contra)        | <u>20,05,082</u>    | <u>1,62,54,665</u> | <u>12,35,506</u>    | <u>1,98,48,733</u> |
|  |                     | <u>1,69,04,895</u> |                     | <u>2,08,57,675</u> |

(a) Includes ear-marked deposits Rs.10,01,270/- (Previous year Rs.8,03,468/-).

(b) Includes Rs.1,00,60,000/- (Previous year Rs.1,00,60,000/-) Fixed Deposits Receipts deposited with Banks under lien of Banks against Guarantees and Letter of Credit.

(c) Includes interest accrued Rs.71,678/- (Previous year Rs.1,13,842/-).

## 10. OTHER CURRENT ASSETS

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

|   |                    |                    |                  |                    |
|---|--------------------|--------------------|------------------|--------------------|
| DEPB Licence Benefits and Export Incentives and Benefits Receivable | 2,17,33,940        |                    | 6,84,38,827      |                    |
| Other Receivables   | <u>1,34,72,418</u> | <u>3,52,06,358</u> | <u>77,25,539</u> | <u>7,61,64,366</u> |

**RELIANCE**  
CHEMOTEX INDUSTRIES LIMITED

|  | 31 <sup>st</sup> March, 2009 |                           | 31 <sup>st</sup> March, 2008 |                           |
|--|------------------------------|---------------------------|------------------------------|---------------------------|
|  | Rs.                          | Rs.                       | Rs.                          | Rs.                       |
| <b>11. LOANS AND ADVANCES</b>  |                              |                           |                              |                           |
| (Unsecured, considered good by the Management except as otherwise stated)  |                              |                           |                              |                           |
| <b>Loans to officers</b>   |                              | <b>5,81,210 (a)</b>       |                              | <b>48,67,749 (a)</b>      |
| <b>Advances :</b>  |                              |                           |                              |                           |
| Recoverable in cash or in kind or for value to be received or pending adjustments  |                              |                           |                              |                           |
| <b>Considered Good :</b>   |                              |                           |                              |                           |
| Balance with Excise Department   |                              | <b>6,629</b>              |                              | <b>15,60,685</b>          |
| Payments of Income Tax and Tax deducted at source (Less Provision)   |                              | <b>26,17,698</b>          |                              | <b>35,47,248</b>          |
| <b>Others :</b>  |                              | <b>9,27,21,703 (b)(c)</b> |                              | <b>6,30,58,226 (b)(c)</b> |
|  |                              | <b>9,59,27,240</b>        |                              | <b>7,30,33,908</b>        |
| (a) Maximum amount due at any time during the year Rs.48,67,749/- (Previous year Rs.48,67,749/-).                          |                              |                           |                              |                           |
| (b) Includes Cenvat/VAT/Service tax/Excise duty rebates etc. receivable Rs.6,31,42,210/- (Previous year Rs.5,15,26,648/-). |                              |                           |                              |                           |
| (c) Also refer note 7 (x) in Schedule 23.  |                              |                           |                              |                           |
| <b>12. CURRENT LIABILITIES AND PROVISIONS</b>  |                              |                           |                              |                           |
| <b>Current Liabilities :</b>   |                              |                           |                              |                           |
| <b>Sundry Creditors</b>  |                              | <b>18,58,50,399 (a)</b>   |                              | <b>16,62,78,475 (a)</b>   |
| Deposits and Advances  |                              | <b>22,50,433</b>          |                              | <b>35,81,868</b>          |
| Investor Education and Protection Fund shall be credited by:   |                              |                           |                              |                           |
| Unpaid Dividends (as per contra)   |                              | <b>20,05,082 (b)</b>      |                              | <b>12,35,506 (b)</b>      |
| Other Liabilities  |                              | <b>1,57,82,655</b>        |                              | <b>1,48,83,862</b>        |
| Interest accrued but not due on Term loans   |                              | <b>—</b>                  |                              | <b>1,30,700</b>           |
|  |                              | <b>20,58,88,569</b>       |                              | <b>18,61,10,411</b>       |
| <b>Provisions :</b>  |                              |                           |                              |                           |
| Provision for Leave encashment benefits  | <b>36,06,332</b>             |                           |                              | <b>34,21,870</b>          |
| Provision for Gratuity   | <b>7,76,041</b>              |                           |                              | <b>—</b>                  |
| <b>Proposed Dividend :</b>   |                              |                           |                              |                           |
| Preference Shares  | <b>80,45,000</b>             |                           | <b>80,45,000</b>             |                           |
| Equity Shares  | <b>34,42,050</b>             | <b>1,14,87,050</b>        | <b>34,42,050</b>             | <b>1,14,87,050</b>        |
| Tax on Proposed Dividend   | <b>19,52,225</b>             | <b>1,78,21,648</b>        |                              | <b>19,52,225</b>          |
|  |                              | <b>22,37,10,217</b>       |                              | <b>20,29,71,556</b>       |

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

(b) The figures reflect the position as on 31.03.2009. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due dates.

(c) Net of payments/ taxes at source.



|   | 31 <sup>st</sup> March, 2009 |                           | 31 <sup>st</sup> March, 2008 |                           |
|---|------------------------------|---------------------------|------------------------------|---------------------------|
|   | Rs.                          | Rs.                       | Rs.                          | Rs.                       |
| <b>13. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)</b>  |                              |                           |                              |                           |
| Deferred Revenue Expenditure  |                              |                           |                              |                           |
| <b>Compensation to workers :</b>  |                              |                           |                              |                           |
| As per last account   | 55,19,024                    |                           | 80,64,630                    |                           |
| <b>Less : Written off during the year</b>   | <u>25,45,606</u>             | <u>29,73,418</u>          | <u>25,45,606</u>             | <u>55,19,024</u>          |
|   |                              | <u>29,73,418</u>          |                              | <u>55,19,024</u>          |
| <b>14. TURNOVER</b>   |                              |                           |                              |                           |
| Sales   |                              | 1,22,41,82,256            |                              | 1,28,41,62,630            |
| <b>Less :</b>   |                              |                           |                              |                           |
| Returns in respect of sales in previous years   | 1,80,196                     |                           | —                            |                           |
| Rabate, Claims and Remissions   | <u>23,19,120</u>             | <u>24,99,316</u>          | <u>76,14,143</u>             | <u>76,14,143</u>          |
|   |                              | <u>1,22,16,82,940 (a)</u> |                              | <u>1,27,65,48,487 (a)</u> |
| Consideration (including Premium/Discount) for transfer of DEPB Licence benefits (Less at debit Rs.1,24,888/- P.Y. Rs.23,530/-)     |                              | <u>3,45,58,045</u>        |                              | <u>5,53,35,189</u>        |
|   |                              | <u>1,25,62,40,985</u>     |                              | <u>1,33,18,83,676</u>     |
| (a) Excluding sales of scrap and residual materials included under miscellaneous sales, receipts and realisations in Schedule "16". |                              |                           |                              |                           |
| <b>15. INCREASE / (DECREASE) IN STOCKS</b>  |                              |                           |                              |                           |
| <b>Closing Stock :</b>  |                              |                           |                              |                           |
| Work-in-Process   | 6,84,68,613                  |                           | 4,71,29,796                  |                           |
| Finished Goods  | 7,04,63,762                  |                           | 5,33,23,274                  |                           |
| Waste   | 1,03,783                     |                           | 4,59,214                     |                           |
| Scrap and Residual Materials  | <u>1,91,519</u>              | <u>13,92,27,677</u>       | <u>2,53,052</u>              | <u>10,11,65,336</u>       |
| <b>Less : Opening Stock :</b>   |                              |                           |                              |                           |
| Work-in-Process   | 4,71,29,796                  |                           | 3,29,07,973                  |                           |
| Finished Goods  | 5,33,23,274                  |                           | 7,51,60,935                  |                           |
| Waste   | 4,59,214                     |                           | 2,12,800                     |                           |
| Scrap and Residual Material   | <u>2,53,052</u>              | <u>10,11,65,336</u>       | <u>91,596</u>                | <u>10,83,73,304</u>       |
|   |                              | <u>3,80,62,341</u>        |                              | <u>(72,07,968)</u>        |
| <b>16. OTHER INCOME</b>   |                              |                           |                              |                           |
| Interest (Tax deducted at source Rs.3,72,505/- Previous year Rs.5,17,036/-)   |                              |                           |                              |                           |
| On Fixed Deposits with Banks  | 10,95,569                    |                           | 10,92,612                    |                           |
| On Saving Accounts with Banks   | 4,881                        |                           | 3,265                        |                           |
| On Debts  | <u>10,45,148</u>             | <u>21,45,598</u>          | <u>13,71,570</u>             | <u>24,67,447</u>          |
| Sales Tax Refunds and Remission Benefits  |                              | —                         |                              | 2,73,435                  |
| Dividend on Long Term Investments   |                              | 1,120                     |                              | 788                       |
| Insurance Claims  |                              | —                         |                              | 18,54,578                 |
| Export Incentives and Benefits (Less at Debit Rs.NIL/-) (P.Y. Rs.40,25,274/-)   |                              | <u>9,33,30,781</u>        |                              | <u>9,74,34,685</u>        |
| Miscellaneous Sales, Receipts and Realisations  |                              | <u>39,27,427</u>          |                              | <u>32,18,583</u>          |
| Excess Provisions, unspent Liabilities and Sundry Balances Written back (Net of Rs.8,024/- (P.Y. Rs.6,806/-) at debit)              |                              | <u>18,11,986</u>          |                              | <u>6,60,988</u>           |
| Lease Rent (T.D.S. Rs.81,576/-) (P.Y. Rs.81,576/-)  |                              | <u>3,60,000</u>           |                              | <u>3,60,000</u>           |
| Profit on sale of Fixed Assets (Net of Loss of Rs.3,73,406/-)   |                              | <u>18,44,435</u>          |                              | —                         |
| Exchange Difference (Net of loss of Rs.16,79,949/-)   |                              | —                         |                              | <u>3,06,16,330</u>        |
|   |                              | <u>10,34,21,347</u>       |                              | <u>13,68,86,834</u>       |

**RELIANCE**  
CHEMOTEX INDUSTRIES LIMITED

|  | 31 <sup>st</sup> March, 2009 |                     | 31 <sup>st</sup> March, 2008 |                     |
|--|------------------------------|---------------------|------------------------------|---------------------|
|  | Rs.                          | Rs.                 | Rs.                          | Rs.                 |
| <b>17. RAW MATERIALS COST</b>                        |                              |                     |                              |                     |
| <b>Raw Materials Consumed :</b>                      |                              |                     |                              |                     |
| Opening Stock  | 6,57,14,488                  |                     | 8,31,28,092                  |                     |
| <b>Add :</b>   |                              |                     |                              |                     |
| Purchases and Incidental Expenses<br>(net of Cenvat) | <u>74,71,76,878</u>          | <u>81,28,91,366</u> | <u>86,46,01,049</u>          | <u>94,77,29,141</u> |
| <b>Less :</b>  |                              |                     |                              |                     |
| Closing Stock  |                              | <u>6,56,97,120</u>  |                              | <u>6,57,14,488</u>  |
|  |                              | <u>74,71,94,246</u> |                              | <u>88,20,14,653</u> |

**18. EMPLOYMENT COST**

|   |                     |                     |
|---|---------------------|---------------------|
| Salaries, Wages and Bonus etc.            | 11,50,54,653 (a)    | 10,08,12,199 (a)    |
| Gratuity                                  | 45,59,258 (b)       | 39,50,704 (b)       |
| Provision for Leave Encashment Benefits   | 4,46,310            | 4,71,990            |
| Contribution to Provident and Other Funds | 1,15,31,841         | 1,01,23,633         |
| Welfare Expenses                          | 23,30,871           | 23,08,086           |
|   | <u>13,39,22,933</u> | <u>11,76,66,612</u> |

(a) Includes Rs. 25,45,606/- (Previous year Rs. 25,45,606/-) Deferred Revenue Expenditure written off (Refer Note 1(x) in Schedule 23) and provisions Rs. 37.80 Lacs (Previous year Rs. 34.20 Lacs).

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

**19. MANUFACTURING COST**

|                                |                     |                     |
|--------------------------------|---------------------|---------------------|
| Stores and Spare Parts etc.    | 4,03,90,682         | 3,44,60,822         |
| Dyes and Chemicals             | 3,21,30,948         | 2,54,21,228         |
| Packing Materials              | 3,03,01,350         | 3,38,08,904         |
| Power and Fuel                 | 12,66,24,793 (a)    | 14,92,74,917 (a)    |
| Repairs to Plant and Machinery | 42,76,372 (b)       | 26,81,116 (b)       |
| Repairs to Building            | 39,99,174 (c)       | 43,57,277 (c)       |
| Economic Rent                  | 513                 | 513                 |
| Water Charges                  | 10,86,499           | 11,54,930           |
|                                | <u>23,88,10,331</u> | <u>25,11,59,707</u> |

(a) Includes Stores and Spares Parts Rs.13,43,424/- (Previous year Rs.1,84,62,728/-), Insurance Rs.2,95,885/- (Previous year Rs.5,86,997/-).

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

(c) Including Stores and Spares Parts Rs.10,54,173/- (Previous year Rs.12,36,240/-) and Salaries and Wages (amount not separately ascertainable).



|  | 31 <sup>st</sup> March, 2009 |                     | 31 <sup>st</sup> March, 2008 |                     |
|--|------------------------------|---------------------|------------------------------|---------------------|
|  | Rs.                          | Rs.                 | Rs.                          | Rs.                 |
| <b>20. OTHER COST</b>  |                              |                     |                              |                     |
| Rent (Net of realisations Rs. 1,4,405/-) (P.Y. Rs. 1,04,040/-)                           |                              | 14,99,716           |                              | 14,88,561           |
| Rates and Taxes  |                              | 3,58,384            |                              | 4,34,836            |
| Insurance<br>(Net of realisations Rs. 2,45,135/-) (P.Y. Rs. 1,90,288/-)                  |                              | 10,86,355           |                              | 10,52,150           |
| Commission and Brokerage   |                              | 3,63,55,560 (a)     |                              | 5,47,42,507         |
| Freight and Octroi charges<br>(Net of realisations Rs. 2,46,653/-) (P.Y. Rs. 1,44,184/-) |                              | 4,47,98,583         |                              | 3,22,81,868         |
| Selling Expenses   |                              | 50,76,780           |                              | 83,21,618           |
| Exchange Difference (Net of gain Rs. 2,11,86,318/-)                                      |                              | 5,28,29,458         |                              | —                   |
| Miscellaneous Expenses<br>(Net of realisations Rs. 91,941/-) (P.Y. Rs. 33,819/-)         |                              | 1,98,59,771         |                              | 1,45,24,475         |
| Loss on Sale of Fixed Assets<br>(Net of Profit of Rs. 59,763/-)                          |                              | —                   |                              | 2,58,412            |
| Fixed Assets Written off   |                              | 5,25,620            |                              | 1,16,408            |
| Provision for Doubtful Debts   |                              | 45,000              |                              | —                   |
| Bad and irrecoverable Debts and<br>advance Written Off                                   | 4,17,534                     |                     | 5,11,478                     |                     |
| Less : Provision for Doubtful Debts and advances made in earlier year written back       | 4,17,534                     | —                   | 5,11,478                     | —                   |
|  |                              | <u>16,24,35,227</u> |                              | <u>11,32,20,835</u> |

(a) Includes Provision Rs. 1,20,74,021/-

## 21. EXCISE DUTY AND SALES TAX

### Excise duty

|                               |            |                  |            |                 |
|-------------------------------|------------|------------------|------------|-----------------|
| On Closing Stock              | 11,41,836  |                  | 5,46,437   |                 |
| Sales Tax Paid                | 58,534     |                  | —          |                 |
| Other Payments of Excise Duty | 31,318 (a) | 12,31,688        | 60,425 (a) | 6,06,862        |
|                               |            | <u>12,31,688</u> |            | <u>6,06,862</u> |

(a) Includes Rs.12,454/- (Previous year Rs.3,834/-).

## 22. FINANCIAL EXPENSES

### Interest on :

|   |               |                    |               |                    |
|---|---------------|--------------------|---------------|--------------------|
| Term Loans                                | 74,70,773 (a) |                    | 43,50,063 (a) |                    |
| Interest on IDBI Working Capital<br>Banks | 11,49,281     |                    | 2,21,623      |                    |
|   | 44,68,993     |                    | 59,80,644 (b) |                    |
| Vehicle Loans                             | 2,20,280      |                    | 61,399        |                    |
| Others                                    | 8,47,183 (c)  |                    | 29,01,105 (c) |                    |
|   |               | 1,41,56,510        |               | 1,35,14,834        |
| Other Financial Charges                   |               | 3,64,85,433 (d)    |               | 2,53,08,890 (d)    |
| Cash Discount                             |               | 1,63,360           |               | 2,60,404           |
|   |               | <u>5,08,05,303</u> |               | <u>3,90,84,128</u> |

(a) After adjustment of Rs.50,46,945/- (Previous year Rs.47,85,038/-) towards interest subsidy under TUFs.

(b) After adjustment of Rs.7,38,527/- towards Interest Subvention.

(c) Includes Rs.2,48,437/- on Service Tax Payments (P.Y. Rs.2,31,415/-) and Rs.1,11,116/- (P.Y. Rs.2,70,492/-) to Managing Director.

(d) Refer note 7(v) in Schedule 23.

**23. NOTES :**

**1. Significant Accounting Policies**

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

**ii) 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 the year ended 31.03.1994, depreciation on Plant and Machinery (including machineries related to utilities) considering the same as continuous process plant, which is required and designed to operate 24 hours a day and on the basis of technical opinion obtained by the Company 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.

**iii) Lease Rentals**

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

**iv) Investment**

- a) Investments are stated at cost.  
b) Dividend is accounted for on accrual basis.  
c) Provision for Temporary diminution 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.

**v) Valuation of Inventories**

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

- a) (i) Stores, Spares, Packing Materials etc. and Dyes and Chemicals has been computed on the basis of weighted average method.  
(ii) There are no significant machinery spares lying in stock which can be directly used in connection with Plant & Machinery and whose life is expected to be irregular.  
b) Raw Materials has been computed on the basis of first in first out method.  
c) Work in process and finished goods (also refer note (vi) 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 basis of estimated replacement market price.  
e) There are no obsolescence stocks for which further provisions need to be made in accounts.

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

- a) The value of closing stock of finished goods lying in factory premises (except goods meant for export) are inclusive of excise duty (refer note 1(viii) (b)).  
b) Benefits of Cenvat/VAT/Service Tax Credits as available are accounted for by adjusting to the cost of relative materials/fixed assets/ expenses.

Such Credits of Rs.6,31,42,210/- (including Rs. 5,15,26,848/- brought forward from earlier years) as available are outstanding as on 31.03.2009 and are included under advances in Schedule "11". The management is confident to get adjustments for such credits in future. Adjustments for non availability and for short recovery, the amount whereof is not presently ascertainable, is intended to be made as and when such credits are finally determined.

**vii) Revenue Recognition**

- a) Expenses and Income considered payable and receivable respectively, are accounted for on accrual basis.





- b) Interest receivable on refunds of Sales Tax and Excise Duty are intended to be accounted as and when the amounts are finally determined or settled.
- c) Claims of Rs.23,07,672/- raised by the Company on a party in an earlier year, alongwith interest and costs is intended to be accounted for as and when, the suit recovery case pending before the High Court at Mumbai is disposed/ settled.
- d) Remissions, if any, recoverable against Rs.75,41,014/- (P.Y. Rs. 56,89,914/-) provided in accounts under respective heads of expenditure for Entry Tax for the period after July, 2006, the deposit of which has been stayed by the Rajasthan High Court, are intended to be accounted, as and when the matter is settled.
- e) Also refer notes 1(vi),1(viii) to 1(x),1(xii), 1(xvi), 1(xvii), 7(x), 7(xi) and 13.

#### viii) Turnover/Sales

- a) Local sales are recognized on despatch of goods and are inclusive of Excise Duty collected but excluding sales tax/ VAT.
- b) Export sales are recognized on basis of dates of bills of lading and are (except to the extent clearance made on payment of excise duty as such Excise Duty paid is refunded by Excise Department by way of *claims of rebate of Central Excise Duty*) exclusive of Excise Duty.  
Such refunds of Rs.21,58,505/- due since 31.03.05 included under advances in schedule "11" are pending realisation. Adjustments, for non-recovery and for short realizations, the amount whereof are not presently ascertainable, are to be made as and when such refunds are received.

#### ix) Retirement Benefits/Gratuity and Leave Encashment Benefits

- a) (i) The liability for gratuity is covered under the Group Gratuity Scheme with Life Insurance Corporation of India. Contribution made to the Scheme is charged to Profit and Loss account.  
(ii) The Company, having taken out the group gratuity policy with Life Insurance Corporation of India (LIC) for future payments of gratuity liability to its employees as stated under (i) above, is paying for annual premium as determined by LIC (including Rs.2,16,783/- (P.Y. Rs.1,81,411) for OYGTA Risk Premium).
- b) Liability for Leave encashment benefits is accounted for on basis of actuarial valuation.
- c) The disclosures required under AS-15 (Revised) are set out in Note 13 below.

#### x) Miscellaneous Expenditure

As per the selected accounting policy and consistent application thereof and on basis of judgements and estimates that are reasonable and prudent, payments made upto 31.03.2007 to workers for compensation were considered by the Company as deferred revenue expenditure and are being amortised over a period of five years from the respective years in which such payments are made. Such expenditure is required to be considered as expenditure for the respective years, as per Accounting Standard 26 issued by ICAI. Such unamortised expenditure is Rs.29,73,418/- (P.Y. Rs.55,19,024/-) as on 31.03.2009. The results of the Company as well as the Liabilities and Assets have accordingly been affected to the extent as stated above.

#### xi) Foreign Currency Transactions

- a) Transactions arising in foreign currency for export/import 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 rate 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 the 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) There were no exchange rate differences resulting on capital account.

#### xii) Export Benefits

- a) Consideration for transfer of DEPB Licence benefits (including for entitlements in hand as on the close of the year and or to be received) are accounted for on accrual basis and value is estimated at net estimated realisable value.
- b) On announcement of relative notifications during the previous year, under Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 by the Govt. of India, the Exporters have option to claim benefits on export at their own under either of the Schemes as per convenience of the exporter. Since previous year the Company is claiming export benefits both under DEPB Scheme and under Drawback Rules as found advantageous and or convenient (as per certificate of the Management).

- c) Benefits (Licences) of Rs.1,61,44,200/- under Target Plus Scheme (TPS) had in an earlier year been accounted for on the basis of entitlements as per terms mentioned in the Export-Import Policy, 2002-2007/ Exim Policy (2003-04)/ Foreign Trade Policy (2004-05). The Licences entitle the Company to duty free Import within the period stipulated in the respective licences, which the management is confident to avail in future for its own duty free Imports. Against such amount, the Company during the previous year received Licences of Rs.1,21,77,908/- vide letter dt. 24.01.08 of the concerned Authorities and the balance amount of short receipt of Rs.39,66,292/- had been debited to "Export Incentives and Benefits " in Schedule"16" of "Other Income". Further receipt of Licences, if any, against these pending Licences, the amount where of can not be presently ascertained are to be accounted for as and when received. Such benefits and Incentives of Rs.70,07,585/- (P.Y. Rs. 1,14,79,862) outstanding as on 31.03.09 are included under "Other Current Assets" in Schedule "10" The Management is confident to get refunds for Benefits and Incentives of Rs. 70,07,585/- in future. Adjustments for non availability and or for short recovery, the amount whereof is not presently ascertainable, is intended to be made as and when such refunds are finally received.

**xiii) Borrowing Costs**

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

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

**xiv) 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.

**xv) Intangible Assets**

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

This year intangible asset of Rs. 5,18,302 /- (W.D.V. as on 01.04.08) has been written off to the Profit & Loss Account, affecting the Profits and Fixed Assets of the Company to such extent.

**xvi) Provision for tax**

**A) Current Tax** : a) Provision for Income Tax Rs. 32.50 Lacs (P.Y. Rs.47 Lacs) and Fringe Benefit Tax Rs.8.50 Lacs (P.Y. Rs.7.10 Lacs) made in Accounts are as estimated and certified by the management. Provision for Income Tax, in previous year, had been made considering expenditure of Rs.165.96 Lacs for replacement of part of Plant & Machinery as revenue expenditure though the same had been capitalized under the head "Plant & Machinery" in Accounts. Shortfall, if any, is intended to be provided for only on finalisation of the relative assessment. It is not presently possible to quantify the amount of such shortfall, if any.

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

**B) Deferred Tax** : The deferred tax liabilities or 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 realisation.

**xvii) Impairment of Assets**

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

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

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

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

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



|   | 31 <sup>st</sup> March, 2009 |                     | 31 <sup>st</sup> March, 2008 |  |
|---|------------------------------|---------------------|------------------------------|--|
|   | Rs.                          | Rs.                 | Rs.                          | Rs.                                      |
| <b>2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances of Rs. 34,49,560/-) (Previous year Rs. 5,76,88,527/-)</b>   |                              | <b>3,39,83,762</b>  |                              | <b>11,94,69,683</b>                      |
| <b>3. Contingent Liabilities are not provided for in respect of</b>   |                              |                     |                              |  |
| i) Bonds executed in favour of Customs and Excise Authorities   |                              | <b>1,04,00,000</b>  |                              | <b>1,04,00,000</b>                       |
| ii) Unredeemed Bank Guarantees  |                              | <b>1,56,00,000</b>  |                              | <b>1,56,00,000</b>                       |
| iii) Unexpired Letters of Credit  |                              | <b>8,21,37,440</b>  |                              | <b>8,44,00,000</b>                       |
| iv) Bills discounted with Banks   |                              | <b>19,62,40,432</b> |                              | <b>14,46,80,159</b>                      |
| v) Claims not acknowledged as debts (Disputed by the Company);  |                              |                     |                              |  |
| a) Demands by Excise Department (including for Service Tax)   |                              | <b>47,86,725</b>    |                              | <b>47,86,725</b>                         |
| b) Demands of Sales Tax.  |                              | <b>90,300</b>       |                              | <b>90,300</b>                            |
| c) Demands of workers.  |                              | <b>4,12,175</b>     |                              | <b>3,62,657</b>                          |
| vi) Income Tax relating to an earlier year (excluding Interest)   |                              | <b>NIL</b>          |                              | <b>1,65,174</b>                          |
| vii) Obligation to Export towards Excise duty saved on Purchase of capital goods under Export Promotion Capital Goods Scheme (Refer Note 7(x))  |                              | <b>21,50,19,640</b> |                              | <b>Amount not presently determinable</b> |
| <b>4. In the opinion of the Board of Directors, the Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business unless otherwise stated. The provisions for liabilities are adequate and not in excess of the amount reasonably necessary.</b> |                              |                     |                              |  |
| <b>5. (i) Managerial Remuneration under section 198 of the Companies Act, 1956 to Managing Director and Wholetime Director</b>  |                              |                     |                              |  |
| Salaries  |                              | <b>24,00,000</b>    |                              | <b>19,86,000</b>                         |
| Contribution to Provident Fund  |                              | <b>2,88,000</b>     |                              | <b>2,38,320</b>                          |
| Other perquisites (as certified)  |                              | <b>9,94,064 (a)</b> |                              | <b>8,21,675 (a)</b>                      |
|   |                              | <b>36,82,064</b>    |                              | <b>30,45,995</b>                         |
| (a) Excluding Leave Encashment Benefits and Gratuity (Separate details not ascertainable as actuarial valuation is done on an overall Company basis).   |                              |                     |                              |  |
| (ii) Directors' Fees  |                              | <b>2,83,500</b>     |                              | <b>2,04,000</b>                          |
| <b>6. Amount Paid/Payable to Auditors</b>   |                              |                     |                              |  |
| a) Statutory Audit Fee  |                              | <b>2,05,000</b>     |                              | <b>2,05,000</b>                          |
| b) Tax Audit Fee  |                              | <b>77,500</b>       |                              | <b>85,000</b>                            |
| c) Limited Review of Quarterly un-audited results   |                              | <b>30,000</b>       |                              | <b>30,000</b>                            |
| d) Certification for Corporate Governance and others  |                              | <b>70,500</b>       |                              | <b>29,500</b>                            |
| e) Consultancy Charges  |                              | <b>—</b>            |                              | <b>40,000</b>                            |
| f) For Reimbursement of Expenses for Audit and other matters  |                              | <b>56,212</b>       |                              | <b>64,194</b>                            |
| g) Gratuity Trust Audit Fee   |                              | <b>5,000</b>        |                              | <b>5,000</b>                             |
| h) Service Tax/Education Cess   |                              | <b>41,571</b>       |                              | <b>48,704</b>                            |
|   |                              | <b>4,85,783</b>     |                              | <b>5,07,398</b>                          |

**RELIANCE**  
CHEMOTEX INDUSTRIES LIMITED

| 31 <sup>st</sup> March, 2009 |     | 31 <sup>st</sup> March, 2008 |     |
|------------------------------|-----|------------------------------|-----|
| Rs.                          | Rs. | Rs.                          | Rs. |

7. i) Accounts in respect of Current Liabilities, Debtors, Other Current Assets, Loans and Advances are subject to confirmation of respective parties.
- ii) 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.
- iii) Prior period items adjusted under respective account heads in the Profit & Loss Account :

| Particulars  | Debit<br>(Rs.)  | Credit<br>(Rs.) | Debit<br>(Rs.)   | Credit<br>(Rs.)  |
|--|-----------------|-----------------|------------------|------------------|
| Excise Duty  | -               | -               | -                | 3,88,015         |
| Interest Subsidy   | -               | -               | -                | 14,09,566        |
| Store & Spares Parts etc.  | 12,100          | -               | -                | -                |
| Rebate, Claims and Remissions (Net)  | 26,318          | -               | 81,564           | -                |
| Interest Paid/ Received  | 2,48,437        | 5,545           | 2,013            | 52,873           |
| Consideration (Including Premium/ Discount)<br>for transfer of DEPB Licence benefits | 1,24,888        | -               | 23,530           | -                |
| Export Incentives and Benefits   | -               | -               | 40,25,274        | -                |
| Sales Tax Remission Benefits/Refunds   | -               | -               | -                | 1,67,198         |
| Raw Materials Consumed (Net)   | -               | -               | -                | 40,033           |
| Salaries, Wages and Bonus etc.   | -               | 397             | 13,38,949        | -                |
| Welfare Expenses   | -               | -               | 5,532            | -                |
| Insurance Claims   | -               | -               | -                | 18,00,000        |
| Power & Fuel   | 1,11,426        | -               | -                | -                |
| Rates & Taxes  | 20,055          | -               | -                | -                |
| Water Charges  | -               | -               | 15,000           | -                |
| Selling Expenses (Net)   | -               | 83,848          | 7,464            | 4,39,849         |
| Miscellaneous Expenses (Net)   | 32,612          | -               | 48,594           | -                |
|  | <u>5,75,836</u> | <u>89,790</u>   | <u>55,47,920</u> | <u>42,97,534</u> |

- iv) Miscellaneous Expenses as per Schedule 20 includes Rs.55,338/- (Previous year Rs.6,000/-) paid for taxation matters to concerns in which any of the partners of the firm of Auditors are partners/proprietor.
- v) Other Financial Charges as per Schedule 22 includes interest paid on Raw Material payments Rs.35,02,799/- (Previous Year Rs.40,57,833/-).



|   | 31 <sup>st</sup> March, 2009 |                     | 31 <sup>st</sup> March, 2008 |                     |
|---|------------------------------|---------------------|------------------------------|---------------------|
|   | Rs.                          | Rs.                 | Rs.                          | Rs.                 |
| v) Capital work in progress as per Schedule '4' includes  |                              |                     |                              |                     |
| 1 Advances on Capital Account<br>(Unsecured, Considered good by the Management)                               |                              | <b>34,49,560</b>    |                              | 5,76,88,527         |
| 2 Plant and Machinery under erection and at site  |                              | <b>12,68,10,586</b> |                              | 88,19,132           |
| 3 Building under construction (including materials at site)   |                              | <b>7,15,233</b>     |                              | 4,14,72,542         |
| 4 Expenses considered by the Company as incidental expenses on expansion (Pending allocation to fixed assets) |                              |                     |                              |                     |
|   |                              | <b>2008-2009</b>    |                              | <b>2007-2008</b>    |
| Salaries, Wages and Bonus etc   |                              | <b>24,03,048</b>    |                              | 1,26,159            |
| Contribution to Provident & other Funds   |                              | <b>1,69,330</b>     |                              | 16,427              |
| Water Charges   |                              | <b>5,19,589</b>     |                              | 53,804              |
| Rates & Taxes   |                              | <b>1,35,000</b>     |                              | 1,35,000            |
| Insurance   |                              | <b>68,875</b>       |                              | 68,875              |
| Legal and Professional Fees and expenses  |                              | <b>28,36,495</b>    |                              | 29,95,267           |
| Miscellaneous Expenses  |                              | <b>7,12,836</b>     |                              | 4,84,179            |
| Interest on fixed loans (Net of interest subsidy of Rs. 98,87,725/- (P.Y. Nil))                               |                              | <b>1,53,39,028</b>  |                              | 27,48,254           |
| Upfront Fees  |                              | <b>15,00,000</b>    |                              | 15,00,000           |
| Power & Fuel  |                              | <b>10,37,664</b>    |                              | —                   |
| Filing and other fees for increase of Authorised Share Capital  |                              | <b>7,00,000</b>     |                              | 7,00,000            |
| Interest on Unsecured Loans   |                              | <b>66,36,267</b>    |                              | —                   |
|   |                              | <b>3,20,58,132</b>  |                              | 88,27,965           |
| Less : Allocated to Fixed Assets  |                              | <b>2,01,88,394</b>  | <b>1,18,69,738</b>           | 2,90,381            |
|   |                              |                     | <b>14,28,45,117</b>          | <b>85,37,584</b>    |
|   |                              |                     |                              | <b>11,65,17,785</b> |

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 |
| (a) Movement for Provisions for Liabilities |              |                           |              |             |             |                           |       |
| Balance as on 01.04.2008/01.04.2007         | <b>26.39</b> | <b>34.22</b>              | <b>34.20</b> | -           | 31.51       | 29.50                     | 17.80 |
| Provided during the year                    | <b>0.45</b>  | <b>1.84</b>               | <b>37.80</b> | <b>7.76</b> | -           | 4.72                      | 34.20 |
| Amount used during the year                 | <b>4.17</b>  | -                         | <b>34.20</b> | -           | 5.12        | -                         | 17.80 |
| Balance as at 31.03.2009/01.04.2008         | <b>22.67</b> | <b>36.06</b>              | <b>37.80</b> | <b>7.76</b> | 26.39       | 34.22                     | 34.20 |

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

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

| 31 <sup>st</sup> March, 2009 |     | 31 <sup>st</sup> March, 2008 |     |
|------------------------------|-----|------------------------------|-----|
| Rs.                          | Rs. | Rs.                          | Rs. |

ix) Disclosure of Foreign Currency Exposure as on 31.03.2009

a. Foreign Currency Exposure hedged and forward booking outstanding as on 31.03.2009.

|                               | Currency     |           | Currency     |           |
|-------------------------------|--------------|-----------|--------------|-----------|
|                               | Rupees       | USD       | Rupees       | USD       |
| 1. Export Debtors (USD sale)  | 10,61,69,170 | 21,50,306 | 35,57,22,997 | 90,01,088 |
| 2. Import Creditors (USD buy) | -            | -         | 4,01,10,000  | 10,00,000 |
|                               | Rupees       | Euro      | Rupees       | Euro      |
| 1. Export Debtors (Euro sale) | -            | -         | 3,27,07,353  | 5,24,661  |

b. Foreign Currency Exposure not hedged and outstanding as on 31.03.2009.

|                   | Currency  |     |        | Currency |     |      |
|-------------------|-----------|-----|--------|----------|-----|------|
|                   | Rupees    | USD | Euro   | Rupees   | USD | Euro |
| 1. Export Debtors | 33,30,207 | -   | 48,453 | -        | -   | -    |
| 2. Bank Balances  | 50,378    | 997 | -      | 39,401   | 997 | -    |
| 3. In Hand        | 37,003    | 400 | 240    | 56,218   | 200 | 775  |

x) Additions to Plant and Machinery as per Shedule "4" includes Rs. 19,97,61,262/- (P.Y. 1,18,60,394) 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 Duty saved i.e. Rs.1,85,91,716/- (P.Y. Rs.18,29,660) within a period of Eight years. The Excise Duty of Rs.1,85,91,716 (P.Y. Rs.18,29,660) which is refundable in due course, paid by the Company on above purchases has been included under the head Advances in Shedule "11".

xi) Additions to Plant & Machinery as per Schedule "4" includes Rs.1,54,08,480/- paid to Rajasthan Rajya Vidhyut Prasaran Nigam Ltd. for Electric Installations not represented by physical Assets owned by the Company and depreciation over such assets has been claimed in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

xii) The Company has used during the year funds of Rs.359.37 Lacs raised on Short Term basis for Long Term Application.

xiii) The proceeds of the Preferential Allotment of 1,64,600 Equity Shares of Rs.10/- each to a Promoter Group Company on Preferential basis at a Premium of Rs.17/- per Share, has been fully used for the intended object of strengthening the long term resource base of the Company, including for meeting Working Capital and Capital Expenditure needs.

**8. 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 on accounts)(A)             | 80,32,261 | 1,60,24,432 |
| (ii) Basic/Weighted average number of Equity Shares outstanding during the year (B) (Excluding on 1,64,600 Equity Shares allotted on 31.03.09) | 34,42,050 | 34,42,050   |
| (iii) Nominal value of Equity Shares (Rs.)   | 10        | 10          |
| (iv) Basic/Diluted Earnings Per Share (Rs.) (A)/(B)  | 2.33      | 4.66        |

9. The Company had entered into an agreement dated 22.02.07 and further amended vide agreement dt. 01.07.2008 with M/s Marudhar Power Private Limited (Subsequently name changed to VS Lignite Power Private Limited), setting up a Group Captive Power Plant, at Bikaner in the State of Rajasthan, for supply of Power also to the Company and in pursuance to such agreements, the Company had agreed to subscribe for Equity and Preference Shares of the said body corporate involving an investment of Rs. 225.60 Lacs. (P.Y. Rs.169.20 Lacs) Accordingly the Company subscribed for 7,70,371 (P.Y. 5,77,778) Class "A" Equity Shares of Rs.10/- each fully paid at a total value of Rs.77.04 Lacs (P.Y. Rs.57.78 Lacs) and for 14,85,629 (P.Y. 11,14,222) Class "A" 0.01% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid at a total value of Rs.148.56 Lacs (P.Y. 711.42 Lacs) and the same have been classified as Long Term Investments in Schedule "5".



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 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 further amended vide agreement dt. 01.07.2008.

## 10. Related Party Disclosures

### (A) List of Related Parties

#### (i) Enterprises over which Key Management Personnel/Directors/relatives have significant influence

Modern Fibotex India Limited  
Indo Textiles & Fibres Limited  
Spell Fashions Pvt. Limited

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

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

### (B) Transactions with Related Parties

| Sl. No. | Nature of Transactions                                 | Enterprises over which Key Management Personnel/Directors/Relatives have significant influence (Rs.) |             | Key Management Personnel and Relatives of Key Management Personnel (Rs.) |            | Amount Due (In Rupees) |             |
|---------|--|--|-------------|--|------------|------------------------|-------------|
|         |  | 31.03.2009   | 31.03.2008  | 31.03.2009   | 31.03.2008 | 31.03.2009             | 31.03.2008  |
| 1       | Reimbursement of Expenses (received) etc.              | 5,144  | 4,495       | -  | -          | 5,144                  | -           |
| 2       | Allotment of Equity Shares on Preferential basis       | 16,46,000  | -           | -  | -          | -                      | -           |
| 3       | Premium on Equity Shares Alloted on Preferential basis | 27,98,200  | -           | -  | -          | -                      | -           |
| 4       | Loans Received   | 3,19,00,000  | 3,47,00,000 | 2,00,00,000  | 45,50,000  | -                      | -           |
| 5       | Repayment of loan                                      | 1,30,00,000  | 2,10,00,000 | -  | -          | 3,26,00,000            | 1,37,00,000 |
| 6       | Repayment of loan                                      | -  | -           | 85,00,000  | 10,00,000  | 1,50,50,000            | 35,50,000   |
| 7       | Interest Paid/ payable on Loans                        | 23,59,286  | 2,31,270    | -  | -          | 18,73,268              | 2,31,270    |
| 8       | Interest Paid/ payable on Loans                        | -  | -           | 1,49,103   | 2,70,492   | 1,33,745               | 2,70,492    |
| 9       | Dividend paid on Equity Shares                         | 9,49,450   | 10,17,450   | 5,86,450   | 5,86,450   | -                      | -           |
| 10      | Dividend paid on Preference Shares                     | 61,15,000  | 60,49,850   | 19,30,000  | 19,30,000  | -                      | -           |
| 11      | Rent, Leave and Licence fee paid                       | 6,06,000   | 6,06,000    | -  | -          | -                      | -           |
| 12      | Electricity Charges Reimbursed                         | 4,64,624   | 4,37,384    | -  | -          | -                      | -           |
| 13      | Telephone Charges recovered                            | -  | -           | 36,000   | 36,000     | -                      | -           |
| 14      | Managerial Remuneration                                | -  | -           | 36,82,064  | 30,45,995  | -                      | -           |
| 14      | Deposit received                                       | -  | 51,000      | -  | -          | 51,000                 | 51,000      |
| 15      | Lease Rent Received                                    | 3,60,000   | 3,60,000    | -  | -          | 23,202                 | 23,202      |

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 approved by the Management and have been relied upon by the Auditors.

|  | 31 <sup>st</sup> March, 2009 |                    | 31 <sup>st</sup> March, 2008 |                       |
|--|------------------------------|--------------------|------------------------------|-----------------------|
|  | Rs.                          | Rs.                | Rs.                          | Rs.                   |
| <b>11. Segment Reporting Policies</b>  |                              |                    |                              |                       |
| <b>(a) Identification of Segments</b>  |                              |                    |                              |                       |
| <b>(i) Primary Segment - Business Segments</b>   |                              |                    |                              |                       |
| The Company's operation predominantly comprises of only one segment i.e. Manufacturing of Synthetic Blended Yarn. In view of the same, separate segmental information is not required to be given as per the requirements of Accounting Standard 17 - "Segment Reporting" issued by The Institute of Chartered Accountants of India. |                              |                    |                              |                       |
| <b>(ii) Secondary Segment - Geographical Segment</b>   |                              |                    |                              |                       |
| The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows :  |                              |                    |                              |                       |
| Sales within India include sales to customers located within India   |                              |                    |                              |                       |
| Sales outside india include sales to customers located outside India.  |                              |                    |                              |                       |
| <b>(b) Information pertaining to Secondary Segment</b>   |                              |                    |                              |                       |
| <b>(i) Gross Revenue as per Geographical Locations</b>   |                              |                    |                              |                       |
| Within India   |                              | 10,75,19,489       |                              | 6,21,04,169           |
| Outside India  |                              | 1,11,41,63,451 (a) |                              | 1,21,44,44,318 (a)    |
|  |                              | <b>Total</b>       |                              | <b>1,27,65,48,487</b> |
|  |                              |                    |                              |                       |

(a) Includes Rs.44,34,420/- Exports through Export House/ Merchant Exporter.

**(ii) Fixed Assets as per Geographical Locations**

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

**12. INFORMATION PURSUANT TO THE PROVISIONS OF 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        | 1,26,82,406 |             | 56,17,301 |             |
| Capital Goods        | 4,69,32,645 |             | -         |             |
| Stores & Spare Parts | 13,78,254   | 6,09,93,305 | 84,48,443 | 1,40,65,744 |

**(ii) Expenditure in Foreign Currency**

|  |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
| Travel (Purchase of travellers cheques/foreign currencies) | 29,77,575   |             | 26,75,698   |             |
| Commission (on remittance basis)                           | 2,87,19,301 |             | 4,97,74,101 |             |
| Others   | 18,37,706   | 3,35,34,582 | 35,17,806   | 5,59,67,605 |

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

|  | Rs.                 | % age      | Rs.                 | % age      |
|--|---------------------|------------|---------------------|------------|
| <b>a) Raw Materials</b>                      |                     |            |                     |            |
| Indigenous                                   | 73,04,13,256        | 98         | 87,66,02,316        | 99         |
| Imported                                     | 1,67,80,990         | 2          | 54,12,337           | 1          |
|  | <b>74,71,94,246</b> | <b>100</b> | <b>88,20,14,653</b> | <b>100</b> |
| <b>b) Stores, Spare Parts and Components</b> |                     |            |                     |            |
| Indigenous                                   | 3,86,55,116         | 96         | 2,52,37,503         | 73         |
| Imported                                     | 17,35,566           | 4          | 92,23,319           | 27         |
|  | <b>4,03,90,682</b>  | <b>100</b> | <b>3,44,60,822</b>  | <b>100</b> |
| <b>c) Dyes &amp; Chemicals</b>               |                     |            |                     |            |
| Indigenous                                   | 3,21,30,948         | 100        | 2,54,21,228         | 100        |





|  | 31 <sup>st</sup> March, 2009 |                | 31 <sup>st</sup> March, 2008 |                    |
|--|------------------------------|----------------|------------------------------|--------------------|
|  | Rs.                          | Rs.            | Rs.                          | Rs.                |
| <b>(iv) Amount remitted during the year in foreign currency on account of Dividend</b>           |                              |                |                              |                    |
| a) Amount remitted   |                              | 82,540 (a)     |                              | 74,526 (a)         |
| b) Year to which Dividend relates  |                              | 2007-2008      |                              | 2006-2007          |
| c) Number of non-resident shareholders   |                              | 75             |                              | 44                 |
| d) Number of equity shares held by non-resident shareholders on which the Dividends are related. |                              | 82,540         |                              | 74,526             |
| (a) No amount paid in foreign currency but deposited in non resident account.                    |                              |                |                              |                    |
| <b>(v) Earnings in Foreign Exchange</b>  |                              |                |                              |                    |
| Exports of Goods   |                              |                |                              |                    |
| Direct export calculated on FOB Basis  |                              | 1,08,80,67,479 |                              | 1,20,14,81,221 (a) |
| (a) Excluding Rs.44,34,420/- through export house/ merchant exporter.                            |                              |                |                              |                    |
| <b>(vi) Raw Materials Consumed</b>   |                              |                |                              |                    |
|  | <b>Qty. (Kgs.)</b>           | <b>Rs.</b>     | <b>Qty (Kgs.)</b>            | <b>Rs.</b>         |
| Man Made fibres  | 81,08,208                    | 74,71,94,246   | 84,38,824                    | 88,20,14,653       |
| <b>(vii) Licensed and Installed Capacity (Spindles)</b>  |                              |                |                              |                    |
| a) Licensed Capacity   |                              | Not applicable |                              | Not applicable     |
| b) Installed Capacity (as certified)   |                              | 27,360         |                              | 21,120             |
| <b>(viii) Production, Sales and Stocks</b>   |                              |                |                              |                    |

| DESCRIPTION  | OPENING STOCK |               | PRODUCTION     |             | TURNOVER/SALES   |               | CLOSING STOCK |  |
|--------------|---------------|---------------|----------------|-------------|------------------|---------------|---------------|--|
|              | QUANTITY      | AMOUNT        | QUANTITY       | QUANTITY    | AMOUNT           | QUANTITY      | AMOUNT        |  |
|              | Kgs.          | Rs.           | Kgs.           | Kgs.        | Rs.              | Kgs.          | Rs.           |  |
| <b>Yarn</b>  | 3,52,085      | 5,33,23,274   | 75,61,914 (a)  | 72,97,085   | 1,21,93,83,472   | 6,16,914 (b)  | 7,04,63,762   |  |
|              | (6,01,555)    | (7,51,60,935) | (81,32,815)(a) | (83,82,285) | (1,27,45,81,956) | (3,52,085)(b) | (5,33,23,274) |  |
| <b>Waste</b> | 38,915        | 4,59,214      |                | 3,04,473    | 22,99,468        | 12,925        | 1,03,783      |  |
|              | (22,895)      | (2,12,800)    |                | (2,77,204)  | (19,66,531)      | (38,915)      | (4,59,214)    |  |
|              |               | 5,37,82,488   |                |             | 1,22,16,82,940   |               | 7,05,67,545   |  |
|              |               | (7,53,73,735) |                |             | (1,27,65,48,487) |               | (5,37,82,488) |  |

Figures in brackets are for previous year.

(a) Excluding 708 Kgs. (Previous year 626 Kgs.) Samples etc.

(b) Excluding 36,208 Kgs. (Previous Year Rs. 35,069 Kgs.) transferred to work in process for re-processing.

13. The Company has during the year applied the revised Accounting Standard (AS) 15- Employee Benefits notified under the Companies (Accounting Standard) Rules, 2006. Consequent to the application of the revised AS-15, the following disclosures are being made as required by the said standard :

#### Defined - Contribution Plans

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

**RELIANCE**  
CHEMOTEX INDUSTRIES LIMITED

|  | 31 <sup>st</sup> March, 2009 |     | 31 <sup>st</sup> March, 2008 |     |
|--|------------------------------|-----|------------------------------|-----|
|  | Rs.                          | Rs. | Rs.                          | Rs. |

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

|                                  | Rs.       |
|----------------------------------|-----------|
| Provident Fund                   | 27,07,329 |
| Family Pensions Fund             | 44,95,807 |
| Employees State Insurance Scheme | 33,84,937 |

**Defined - Benefit Plans**

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

|   | Gratuity<br>(Funded)<br>Rs. | Leave<br>Encashment<br>(Unfunded)<br>Rs. |
|---|-----------------------------|--|
| a. Reconciliation of opening and closing balances of Defined Benefit Obligation   |                             |  |
| Defined Benefit obligation at beginning of the year   | 2,18,65,954                 | 34,21,870                                |
| Current Service Cost  | 26,33,544                   | 14,70,342                                |
| Interest Cost   | 16,23,979                   | 2,46,821                                 |
| Actuarial (Gain)/ Loss  | 22,80,791                   | (12,70,853)                              |
| Benefits paid   | 31,32,437                   | 2,61,848                                 |
| Defined Benefit Obligation at year end  | 2,52,71,831                 | 36,06,332                                |
| b. Reconciliation of opening and closing balance of fair value of plan assets   |                             |  |
| Fair value of plan assets at beginning of the year  | 1,05,01,121                 | (A)                                      |
| Expected return on plan assets  | 10,01,500                   | (A)                                      |
| Actuarial Gain/ (Loss)  | 94,494                      | (A)                                      |
| Employer contribution   | -                           | (A)                                      |
| Benefits Paid   | 31,32,437                   | 2,61,848                                 |
| Fair Value of plan assets at year end   | 1,22,47,895                 | (A)                                      |
| The Plan Assets of the Company are managed by the LIC and the composition of investments relating to these assets are not available with the Company. |                             |  |
| c. Reconciliation of fair value of Assets and obligations   |                             |  |
| Fair value of plan assets as at 31.03.09  | 1,22,47,895                 | (A)                                      |
| Present value of obligation as at 31.03.09  | 1,30,23,936                 | 36,06,332                                |
| Amount recognised in Balance Sheet  | <u>7,76,041</u>             | <u>36,06,332</u>                         |



|   | 31 <sup>st</sup> March, 2009 |                 | 31 <sup>st</sup> March, 2008 |     |
|---|------------------------------|-----------------|------------------------------|-----|
|   | Rs.                          | Rs.             | Rs.                          | Rs. |
| d. Expenses recognised during the year<br>(Under the head Salaries, Wages and Amenities - Schedule - 18) (Pending reconciliation) |                              |                 |                              |     |
| Current Service Cost  | 26,33,544                    | 14,70,342       |                              |     |
| Interest Cost   | 16,23,979                    | 2,46,821        |                              |     |
| Expected return on Plan Assets  | (10,01,500)                  | (A)             |                              |     |
| Actuarial (Gain)/ Loss  | 21,86,297                    | (12,70,853)     |                              |     |
| Net Cost  | <u>54,42,320</u>             | <u>4,46,310</u> |                              |     |

(A) Not applicable as unfunded

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

**Particulars**

|  |       |      |
|--|-------|------|
| Discount Rate                          | 7.5%  | 7.5% |
| Salary Escalation                      | 4.0%  | 4.0% |
| Expected Rate of return on Plan Assets | 9.25% | -    |
| Mortality Rate (LIC)                   | -     | -    |

The estimates of future salary increase, 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 31.03.2010 cannot be readily ascertainable and therefore not disclosed.

This being the first year of application of the revised AS-15, previous year figures have not been given.

Adjustments, if any, for the differences in respect of Liability for Gratuity and Leave Encashment Benefits recognised as on 31.03.2007 and/or as on 31.03.2008 based on the pre-revised AS-15, issued by ICAI and the liability determined in accordance with the revised AS-15 as on that dates, have not been ascertained and stated. Therefore the same has not been adjusted against Opening Balance of Revenue Reserves and Surplus as required under Revised AS-15. Consequently such amount remains adjusted under the heads of "Gratuity" and "Provision for Leave Encashment Benefits" in Schedule 18 attached to the accounts. Accordingly the results of the Company for the year have been effected, the amount whereof cannot be ascertained and stated.

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

**Signature to Schedules 1 to 23**

As per our attached Report of even date.

For **G. P. KEJRIWAL & CO.**  
Chartered Accountants

On behalf of the Board of Directors

Place : Mumbai  
Dated : 30<sup>th</sup> June, 2009

**C. P. JAIN**  
Partner  
M.No. 70156

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

**R. N. SHARMA**  
Wholetime Director

**SANJIV SHROFF**  
Managing Director

**RELIANCE**  
**CHEMOTEX INDUSTRIES LIMITED**

|   | 31 <sup>st</sup> March, 2009 |                       | 31 <sup>st</sup> March, 2008 |                       |
|---|------------------------------|-----------------------|------------------------------|-----------------------|
|   | Rs.                          | Rs.                   | Rs.                          | Rs.                   |
| <b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009 (PURSUANT TO CLAUSE 32 OF LISTING AGREEMENT(S))</b> |                              |                       |                              |                       |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |                              |                       |                              |                       |
| Net Profit before tax and Extraordinary items   |                              | 2,97,73,891           |                              | 3,15,44,713           |
| Adjustments for:  |                              |                       |                              |                       |
| 1. Depreciation   |                              | 2,70,76,160           |                              | 2,31,50,631           |
| 2. Interest Received  |                              | (21,45,598)           |                              | (24,67,447)           |
| 3. Loss/(Profit) on Sale of Fixed Assets  |                              | (18,44,892)           |                              | 2,58,412              |
| 4. Fixed assets discarded   |                              | 5,25,620              |                              | 1,16,408              |
| 5. Miscellaneous Expenditure Written off  |                              | 25,45,606             |                              | 25,45,606             |
| 6. Interest Expenses  |                              | 1,41,56,510           |                              | 1,35,14,834           |
| 7. Provision for leave encashment Benefits  |                              | 1,84,462              |                              | 4,71,990              |
| 8. Provision for Gratuity Benefits  |                              | 7,76,041              |                              | -                     |
| 9. Exchange Difference  |                              | 5,28,29,458           |                              | (3,06,16,330)         |
| <b>Operating Profit before Working Capital charges</b>  |                              | <b>12,38,77,258</b>   |                              | <b>3,85,18,817</b>    |
| Adjustment for:   |                              |                       |                              |                       |
| 1. Trade and Other Receivables  |                              | 3,85,46,133           |                              | (8,22,19,385)         |
| 2. Inventories  |                              | (4,01,45,692)         |                              | 2,22,10,380           |
| 3. Trade Payables   |                              | 1,91,39,282           |                              | 5,51,96,812           |
| <b>Cash Generated From Operations</b>   |                              | <b>14,14,16,981</b>   |                              | <b>3,37,06,624</b>    |
| 1. Direct Taxes Paid  |                              | (54,10,329)           |                              | (60,71,264)           |
| <b>Cash Flow before extraordinary items</b>   |                              | <b>13,60,06,652</b>   |                              | <b>2,76,35,360</b>    |
| Extra Ordinary items  |                              | -                     |                              | -                     |
| <b>Net cash from operating activities</b>   |                              | <b>13,60,06,652</b>   |                              | <b>2,76,35,360</b>    |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>   |                              |                       |                              |                       |
| 1. Purchase of Fixed Assets   |                              | (34,00,17,767)        |                              | (15,58,42,151)        |
| 2. Sale of Fixed Assets   |                              | 37,08,500             |                              | 3,28,444              |
| 3. Interest Received  |                              | 21,45,598             |                              | 24,67,447             |
| 4. Deduction in Investments / (Increase)  |                              | (56,40,000)           |                              | (1,69,20,000)         |
| <b>Net Cash used in investing activities</b>  |                              | <b>(33,98,03,669)</b> |                              | <b>(16,99,66,260)</b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>   |                              |                       |                              |                       |
| 1. Proceeds from issue of share capital   |                              | 16,46,000             |                              | -                     |
| 2. Proceeds from Share Premium  |                              | 27,98,200             |                              | -                     |
| 3. Proceeds from long term borrowings   |                              | 27,21,44,242          |                              | 11,06,60,000          |
| 4. Repayment of long term borrowings  |                              | (2,36,03,893)         |                              | (3,22,71,082)         |
| 5. Interest Paid  |                              | (1,00,52,154)         |                              | (1,17,60,575)         |
| 6. Dividend Paid (Including Corporate Tax)  |                              | (1,26,69,699)         |                              | (1,30,08,564)         |
| 7. Short Term Loans   |                              | 2,24,10,999           |                              | 5,02,11,615           |
| 8. Exchange Difference  |                              | (5,28,29,458)         |                              | 3,06,16,330           |
| <b>Net cash from / (used in) financing activities</b>   |                              | <b>19,98,44,237</b>   |                              | <b>13,44,47,724</b>   |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>  |                              | <b>(39,52,780)</b>    |                              | <b>(78,83,176)</b>    |
| Cash and Cash Equivalents (Opening Balance)   |                              | 2,08,57,675           |                              | 2,87,40,851           |
| Cash and Cash Equivalents (Closing Balance)   |                              | 1,69,04,895           |                              | 2,08,57,675           |

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

For **G. P. KEJRIWAL & CO.**  
Chartered Accountants

On behalf of the Board of Directors

Place : Mumbai  
Dated : 30<sup>th</sup> June, 2009

**C. P. JAIN**  
Partner  
M.No. 70156

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

**R. N. SHARMA**  
Wholetime Director

**SANJIV SHROFF**  
Managing Director



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

**I. REGISTRATION DETAILS**

|                    |                       |            |    |
|--------------------|-----------------------|------------|----|
| Registration No.   | L17118RJ1977PLC001994 | State Code | 17 |
| Balance Sheet Date | 31.03.2009            |            |    |

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

|              |     |                            |           |
|--------------|-----|----------------------------|-----------|
| Public Issue | NIL | Rights Issue               | NIL       |
| Bonus Issue  | NIL | Private Placement          | 16,46,000 |
|              |     | Issue of Preference Shares | NIL       |

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

|                   |              |              |              |
|-------------------|--------------|--------------|--------------|
| Total Liabilities | 93,57,64,597 | Total Assets | 93,57,64,597 |
|-------------------|--------------|--------------|--------------|

**Sources of Funds**

|                 |              |                    |              |
|-----------------|--------------|--------------------|--------------|
| Paid up Capital | 11,66,98,375 | Reserves & Surplus | 16,80,27,600 |
| Secured Loans   | 53,91,25,055 | Unsecured Loans    | 10,64,06,615 |

**Application of Funds**

|                    |              |                     |             |
|--------------------|--------------|---------------------|-------------|
| Net Fixed Assets   | 73,60,94,276 | Investments         | 2,25,60,000 |
| Net Current Assets | 17,41,36,903 | Deferred Tax Assets | -           |
| Accumulated Losses | NIL          | Misc. Expenditure   | 29,73,418   |

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

|                                      |                |   |                |
|--------------------------------------|----------------|---|----------------|
| Turnover<br>(Including other Income) | 1,39,12,49,779 | Total Expenditure<br>(Including Depreciation) | 1,36,14,75,888 |
| Profit/(Loss) before Tax             | 2,97,73,891    | Profit / (Loss) after Tax                     | 1,74,44,509    |
| Earning per Share (in Rs.)           | 2.33           | Dividend Rate (%)                             | 10%            |

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

|                          |                       |
|--------------------------|-----------------------|
| Item Code No. (ITC Code) | 5,509                 |
| Product Description      | Man Made<br>Spun Yarn |

On behalf of the Board of Directors

Place : Mumbai  
Dated : 30<sup>th</sup> June, 2009

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

**R. N. SHARMA**  
Wholetime Director

**SANJIV SHROFF**  
Managing Director



## POSTAL BALLOT NOTICE

Notice is hereby given that the approval of the members of the Company is sought by way of postal ballot pursuant to section 192A of the Companies Act., 1956, in respect of the following special business :

1. 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 16 of the Companies Act., 1956 the existing Object Clause of Memorandum of Association of the Company be and is hereby altered by adding following Clause No.5 as follows:-

### **CLAUSE NO.5**

“To generate, harness, develop, accumulate, distribute and supply electricity by setting up power plants by use of liquid, gaseous or solid fuels for the purpose of light, heat, motive power and for all other purpose for which electric energy can be employed, to carry on and generate power supply either by hydro, thermal, gas, diesel oil, furnace oil or through renewable energy sources such as solar, photovoltaic, wind mill and or any other means. To transmit, distribute supply and sell such power either directly or through transmission lines and facilities of central / state Governments or private companies or electricity boards to industries and to central / state Governments, other consumers of

electricity including for captive consumption for any industrial project promoted by this company, promoter companies or promoters, and generally to develop, generate, accumulate power at any other place or places and to transmit, distribute, sell and supply such power.”

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

#### **ITEM NO.1**

The Company intends to sell / deal in Power therefore it is necessary to alter the object clause of the Memorandum of Association of the Company by inserting the New Object Clause as mentioned above.

The Directors have recommended the said Special Resolution for your approval. Further under Provision of Section 192A of the Companies Act., 1956 and Rules there under such consent has to be by way of Postal Ballot Papers.

None of the Directors is in any manner interested in the said resolution.

Mumbai  
31<sup>st</sup> July, 2009

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

By order of the Board

**M. K. GUPTA**  
Company Secretary



## NOTES / INSTRUCTIONS

1. Pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the assent or dissent of the members in respect of the Special Resolution shall be determined through postal ballot.
2. A shareholder desiring to exercise his/her vote by postal ballot may complete this form and send it to the Scrutinizer, appointed by the Company, in the attached prepaid self-addressed envelope. Postage is borne and paid by the Company. However, envelopes containing postal ballot, if sent through courier at the expense of the shareholder will also be accepted.
3. The Company has appointed Shri C. L. Ostwal, Chartered Accountant as the scrutinizer for conducting the postal ballot process. The self-addressed envelope bears the address of the scrutinizer appointed by the Company.
4. There shall be one postal ballot for every folio irrespective of the number of joint holders. A proxy shall not exercise the postal ballot. Voting rights shall be reckoned on the paid up value of shares registered in the name of the shareholders on the date of dispatch of the notice.
5. The postal ballot form should be completed and signed by the shareholder. In case of joint holding, this form should be completed and signed (as per specimen signature registered with the Company) by the first named shareholder and in his absence, by the next named shareholder. In case of corporate shareholders, the form should be signed by an authorised signatory, whose signature is already registered with the Company.
6. Duly completed postal ballot forms should be received by the Scrutinizer not later than the close of working hours of Monday, September 14, 2009. Postal ballot forms received after this date will be treated as if no reply from the shareholder has been received.
7. Incomplete, unsigned or incorrect postal ballot forms will be rejected. The Scrutinizer's decision on the validity of the postal ballot shall be final and binding.
8. The Board of Directors of the Company has appointed Shri Sanjiv Shroff, Managing Director and Shri M.K.Gupta, Company Secretary as the persons responsible for the entire postal ballot voting process.
9. The Scrutinizer will submit his final report as soon as possible after the last date of receipt for postal ballot but not later than September 17, 2009.
10. Shri Sanjiv Shroff, Managing Director, shall announce the result of the postal ballot resolution at the Annual General Meeting of the Company to be held at Hotel India International, Sardarpura, Udaipur - 313 001 at 10.30 A.M. on September 19, 2009.
11. The date of declaration of the result of postal ballot resolution will be taken to be the date of passing of the resolution.



**RELIANCE**  
**CHEMOTEX INDUSTRIES LIMITED**

Regd. Office : Village - Kanpur, P.O. Box No. 73, Udaipur - 313 003.

**POSTAL BALLOT FORM**

Name(s) in block letters) of the Shareholder (s) : \_\_\_\_\_  
(including joint holders, if any) \_\_\_\_\_

Registered address of the sole/  
First named Shareholders : \_\_\_\_\_

Registered folio No./DP ID No. &  
Client ID NO.\* : \_\_\_\_\_  
(\*applicable to investors holding  
shares in dematerialised form)

Number of Shares held : \_\_\_\_\_

I/We hereby exercise my/our vote in respect of the Special Resolution to be passed through postal ballot in respect of business stated in the Postal Ballot Notice dated July 31, 2009 by sending my/ our assent or dissent to the said resolution by placing tick ( 3 ) mark at the appropriate box below :

| Item No. | No. of shares held | DESCRIPTION   | Please mark the tick (3)      |                                |
|----------|--------------------|---|-------------------------------|--------------------------------|
|          |                    |   | I/We assent to the resolution | I/We dissent to the resolution |
| 1.       |                    | Special Resolution under section 16 of the Companies Act., 1956 to alter Memorandum of Association of the Company by inserting the New Object Clause No. 5 as the Company intends to sell/ deal in Power. |                               |                                |

Place :

Date :

(Signature of the Shareholder)





**RELIANCE**  
**CHEMOTEX INDUSTRIES LIMITED**

Regd. Office : Village Kanpur, Udaipur - 313 003

**PROXY FORM**

Regd. Folio / Client ID No. ....

No. of Shares held .....

I/We ..... of

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

.....of .....

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

as my/our proxy to vote for me/us on my/our behalf at the THIRTY FIRST ANNUAL GENERAL MEETING of the Company to be held on 19<sup>th</sup> September, 2009 at 10.30 a.m. and at any adjournment thereof.

Signed this .....day of .....2009.

**Affix a  
Revenue  
Stamp of  
Rupee  
One**

Signature .....

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



**RELIANCE**  
**CHEMOTEX INDUSTRIES LIMITED**

Regd. Office : Village Kanpur, Udaipur - 313 003

**ATTENDANCE SLIP**

**THIRTY FIRST ANNUAL GENERAL MEETING**

Regd. Folio / Client ID No. ....

No. of Shares held .....

I certify that I am registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the THIRTY FIRST ANNUAL GENERAL MEETING of the Company at Hotel India International, Sardarpura, Udaipur-313 001 on Saturday, the 19<sup>th</sup> September, 2009 at 10.30 a.m.

Member's/Proxy's Name in BLOCK Letters

Member's/ Proxy's Signature

Note :

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

