

20th

ANNUAL REPORT

2009-2010

RINKU POLYCHEM LTD

RINKU POLYCHEM LIMITED

**20th ANNUAL REPORT
2009-2010**

BOARD OF DIRECTORS

| | |
|------------------------|------------------------------|
| Mr. Vardhman C. Shah | Chairman & Managing Director |
| Mr. Jaysukh C. Shah | Executive Director |
| Mr. Bhadrhresh C. Shah | Executive Director |

AUDITORS

M/s V.S.Lalpuria & Co.
Chartered Accountants

REGISTERED OFFICE

B-9 to B-16 MIDC,
Osmanabad,
Maharashtra- 413501.

REGISTRAR & SHARE TRANSFER AGENTS

M/s SHAREX INDIA PVT. LTD.
17/B Dena Bank Building, 2nd Floor,
Horniman Circle, Fort, Mumbai - 400001

NOTICE:

Notice is hereby given that the Twentieth Annual General Meeting of the Members of Rinku Polychem Limited held on Wednesday 30th day of September 2010 at 10:00 A.M. at B-9 to B-16 Osmanabad Maharashtra- 413501 to transact the following business, with or without modifications.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2010 and Profit & Loss Account for the period ended on that date along with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jaysukh C. Shah Director of the Company, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

**By Order of the Board of Directors
For RINKU POLYCHEM LIMITED**

**Date: 7th September, 2010
Place: Osmanabad
DIRECTOR**

**Sd/-
MR. VARDHAMAN C. SHAH
CHAIRMAN & MANAGING**

Registered Office:
B-9 to B-16 MIDC,
Osmanabad,
Maharashtra- 413501

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING AND ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The members are requested to notify immediately changes, if any, in their registered address to the Company's Registrar & Share Transfer Agent M/S Sharex India Pvt. Ltd., 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Mumbai-400001, email ID: sharexindia@vsnl.com.
3. Members are requested to write their Folio Number in the Attendance Slip for easy identification at the meeting and number of shares held by them.
4. The Share Transfer Books and the Register of Members will remain closed from Wednesday the 29th day of September 2010 to Thursday the 30th day of September 2010 (both days inclusive).
5. At the ensuing Annual General Meeting Mr. Jaysukh C. Shah - Director, retires by rotation and being eligible offers himself for re-appointment, the brief resume of this director is as under:

| | |
|---|--|
| Name | Jaysukh C. Shah |
| Age | 57 |
| Qualification | Bcom |
| Expertise in Specific Area | Research & Development |
| Date of First Appointment on the Board of the Company | March 5, 1992 |
| Name(s) of the other companies in which Directorship held and Committee Membership/Chairmanship held. | Refer to Report on Corporate Governance. |

6. Shareholders desiring any information as regards to the Accounts are requested to write to the Company at least Seven days in advance of the Annual General Meeting so that the information, to the extent practicable, can be made available at the Annual General Meeting.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their TWNETIETH ANNUAL REPORT together with the Audited Accounts of the Company for the year ended on 31st day of March 2010.

FINANCIAL HIGHLIGHTES:

| | | (Rs. in Lac) |
|----------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended on 31.03.2010 | For the year ended on 31.03.2009 |
| Turnover | 2,47,88,560.37 | 98,38,779.50 |
| Other Income | 57,69,770.00 | 34,84,723.00 |
| Increase / Decrease in Stock | - | - |
| Total Income | 3,38,57,097.37 | 1,88,57,160.50 |
| Total Expenditure | 3,37,87,728.69 | 1,77,93,672.15 |
| Profit / (Loss) before Taxation | 69,368.68 | 10,63,488.35 |
| Provision for Tax | (5,12,109.00) | (9,24,863.00) |
| Profit / (Loss) after Taxation | 5,81,477.68 | (93,818.65) |
| Balance b/f from Previous Year | 13,58,646.66 | 14,52,465.31 |
| Deferred Tax | (5,22,829.00) | (10,41,085.00) |
| Earlier Year Adjustments | - | - |
| Balance Carried to Balance Sheet | 19,40,124.34 | 13,58,646.66 |

OPERATIONAL REVIEW:

The Sales for the period ended 31.03.2010 were at Rs.2,47,88,560.37 as against Rs. 98,38,779.50 for the previous year ended 31.03.2009. The Profit / (Loss) After Tax is Rs. 5,81,477.68 against Rs. (93,818.65) for the previous year ended 31.03.2009.

DIVIDEND:

In view of the revival of the company's operation, your Directors have decided not to recommend any dividend on account for the year under operation.

MANAGEMENT DISCUSSION AND ANALYSIS:

As required by clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis Report are appended.

DIRECTORS:

Mr. Jaysukh C. Shah retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your Directors recommends his re-appointment.

PERSONNEL:

There were no employees during the year or part of the year drawing remuneration, which falls within the preview of the provisions of Section 217 (2A) of the Companies Act 1956.

CONSERVATION OF ENERGY, ABSORPTION OF TECHNOLOGY & FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information relating to Conservation of Energy, Technology absorption and Foreign Exchange Earning and Outgo as stipulated under Section 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is set out in the separate statement, attached to this report & forms part of it.

AUDITORS' REPORT:

The observation made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence do not call, any further comments under Section 217 of the Companies Act 1956.

AUDITORS:

M/s V.S. Lalpuria & Co., Chartered Accountants, retires as Auditors of the Company at the conclusion of the ensuing Annual General Meeting. The Company has received letters from them to effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

FIXED DEPOSITS:

The Company has not invited / accepted / renewed any fixed deposits as per the provisions of Section 58 A of the Companies Act 1956 from the public during the year under review.

CORPORATE GOVERNANCE:

A separate report on the Corporate Governance and Management Discussion & Analysis is attached as a part of the Annual Report. The Auditors' Certificate regarding compliance of the conditions of Corporate Governance is also annexed.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 217 (2AA) of the Companies Act 1956, the directors would like to state 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 year under review.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENTS:

Your Company & its Directors wish to extend their sincerest thanks to the Bankers, State Government, Customers, Suppliers and Staff for their continuous co-operation & guidance.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Date: 07/09/2010
PLACE: Osmanabad

Sd/-
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988.

A. CONSERVATION OF ENERGY

The capacity of the plant utilized partially, so there was no need to use Generator.

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

| Sr. No. | Particulars | 31-03-2010 | 31.03.2009 |
|---------|---------------------------------|------------|------------|
| 1 | Electricity | | |
| | a. Purchased Units | ---- | ----- |
| | Total Amount in Rs. | ---- | ----- |
| | Average Rate | ---- | ----- |
| | b. Own Generation | ---- | ----- |
| | Unit per litre of Diesel | ---- | ----- |
| | Cost per unit | ---- | ----- |
| 2 | Coal Specify quality where used | ---- | ----- |
| | Quantity (Tonnes) | ---- | ----- |
| | Total Cost | ---- | ----- |
| | Average Cost | ---- | ----- |
| 3 | Furnance oil | ---- | ----- |
| | Quantity (Lits) | ---- | ----- |
| | Total Amount | ---- | ----- |
| | Average Rate | ---- | ----- |

B. TECHNOLOGY ABSORPTION

Indigenous technology is used. Continuous efforts are being made to improve the quality.

C. FOREIGN EXCHANGE EARNING AND OUTGO:

Total Foreign Exchange Used: NIL

Total Foreign Exchange Earned: NIL

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Date: 7th September, 2010
Place: Osmanabad

Sd/-
CHAIRMAN & MANAGING DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Your Directors have pleasure in presenting the Management Discussion and Analysis report for the year ended on 31st March 2010.

INDUSTRY STRUCTURE, DEVELOPMENT:

Rinky Polychem Limited (RPL) is operating in Pigment and organic Chemical. RPL continues to build strong relationships with key customers.

PERFORMANCE

The Company is doing trading business in poultry feed and organic chemicals. Company is looking for trying to explore the overseas market for exporting chemical products.

SEGMENT-WISE PERFORMANCE:

The Company is into chemical and poultry feed chemicals.

OPPORTUNITIES AND THREATS

The fundamental growth drivers of the country's economy as well as chemical industry continue to remain strong despite the pressures of slowdown and inflationary conditions prevalent till recently in the nation and also globally. The Chemical Industry in the country is continuously attracting investments from domestic and foreign investors. The IMF forecasts global GDP to decline by 1.3% in 2009 - the deepest recession post World War II, with high income countries declining by 3.8% and growth in developing countries slowing down to 1.6%. The Indian economy is expected to grow between 4.5% and 5.5% in FY2009-10.

The threats to the segments in which the company operates are volatility in Exchange rate, pricing pressure arising due to competition from low cost suppliers, technology upgradation, sever competition among competitor and newly emerging competitive nations and stricter environment laws. Further, the Indian economy is now integrated with the world economy to a very large extent and therefore vulnerable to the direct impact of such a slowdown; such an impact could adversely affect the Company's performance as well. Therefore, the company has decided to close down the manufacturing activity, concentrate on the trading, and look for other opportunities in the Export market.

STRENGTH

The existing management has a strong technical knowledge and experience in the chemical industry. Mr. Vardhman Shah, Chairman and Managing Director is an entrepreneur and is having vast knowledge and expertise in handling various business including the chemical business. Mr. Jaysukh Shah, One of executive director has vast experience and expertise in research and development of chemical industry and Mr. Bhadresh Shah, other executive director has vast experience and expertise in running factories and related issues.

RISKS AND CONCERNS

Your company is working essentially in global market place. Currently the MIDC is not able to provide the common Effluent Treatment plant which is necessary for the Manufacturing of the pigments and also necessary from the environment point of view, also the infrastructure provided at the MIDC like Water is not available and hence it causes a huge increase in manufacturing cost because of which we can not be competitive in the market.. However the capability of providing quality services, timely completing of projects and the excellent performance will provide the competitive edge to the Company's business in this sector.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has proper and adequate internal control system commensurate with the size of the business operations geared towards achieving efficiency in its various business operations, safeguarding assets, optimum utilization of resources and compliance with statutory regulations. The management is ensuring an effective internal control system to safeguard the assets of the company. Efforts for continued improvement of internal control system are being consistently made in this regard.

HUMAN RESOURCES VIS-À-VIS INDUSTRIAL RELATIONS

The Company values and appreciates the dedication and drive with which its employees have contributed towards improved performance during the year under review. The industrial relations with workers at plant and officers are cordial during the year under review. All issues pertaining to staff matters are resolved in harmonious and cordial manner.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates changes in the Government regulations, tax laws, and other statutes and other incidental factors.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Date: 7th September, 2010
Place: Osmanabad

Sd/-
CHAIRMAN & MANAGING DIRECTOR