



RADHA MADHAV CORPORATION LIMITED
ANNUAL REPORT
2011-12

BOARD & OTHER PARTICULARS

BOARD OF DIRECTORS

Mr. Anil J. Agrawal	Chairman
Mr. Mitesh A. Agrawal	Managing Director & CEO
Mr. Abhishek Agrawal	Jt. Managing Director
Mr. Kanubhai Patel	Director
Mr. Subhash Agarwal *	Director
Mr. Serge A Lapointe *	Director
Mr. Radhey Krishna Mishra*	Director
Mr. Rajiv Prasankumar Nanavati*	Director

* Independent & Non-Executive Directors

AUDITORS

H.P.SHAH ASSOCIATES

COMPANY SECRETARY & COMPLIANCE OFFICER

CS MANGESH SHETYE

COMPANY SECRETARIES IN PRACTICE

JAGDISH PATEL & CO.

BANKERS

**State Bank of India
Vapi I.T. Branch, Vapi**

Bank of Baroda
Mangaldas Market Branch, Mumbai
SSI Daman Branch, Daman

REGISTERED OFFICE

Survey No. 50/9/A, Daman Industrial Estate,
Village Kadaiya, Nani Daman –396 210,
UT of Daman & Diu
Tel No.: 0260 – 6619000, 2220176
Fax No: 0260- 2220177
rmcl@relinpro.com
www.rmclretail.com

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup West,
Mumbai – 400078
Tel No.: 022 – 25963838 25946970
Fax No.: 022 – 25946969
rnt.helpdesk@linkintime.co.in



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NOTICE

NOTICE is hereby given that the **Eighth** Annual General Meeting of the Members of **Radha Madhav Corporation Limited** Will be held at the Registered Office of the Company at Survey No. 50/9/A, Daman Industrial Estate, Village Kadaiya, Nani Daman –396 210, UT of Daman & Diu on 12th September, 2012 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2012 (15 months) and Statement of Profit & Loss Account for the accounting year ended as on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Serge A Lapointe, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Radhey Krishna Mishra, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rajiv Prasankumar Nanavati, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Subhash Agrawal, who was appointed as an Additional Director of the Company by the Board of Directors, who holds office under Section 260 of the Companies Act, 1956, until the date of the Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of a Director, who has given his consent to act as director and declaration in Form DD-A, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT pursuant to Sections 78, and 100 and other applicable provisions, if any, of the Companies Act, 1956, read with Article No.8 of the Articles of Association of the Company and subject to the confirmation by the Honorable Bombay High Court, as provided under Section 100 of the Companies Act, 1956 and any other relevant approval as may be required, the Board of Directors or committee thereof of the Company be and is hereby authorised to write off the losses to the extent of Rs. 120,83,85,550/-, by utilising the credit balances, as on 30th June, 2012, in the Security Premium Account to the extent of Rs.91,55,39,950/- and Share Capital to the extent of Rs.29,28,45,600/- of the Company by reducing share capital from Rs. 32,53,84,000/- of face value of Rs. 10/- each divided into 3,25,38,400 equity shares to Rs. 3,25,38,400/- divided into 3,25,38,400 equity shares of Re. 1/- each and that such reduction be effected by writing off losses to the extent of Rs.9/- over equity share upon each of the 3,25,38,400 equity shares which have been issued and by reducing the nominal amount of all the equity shares in the Company's share capital from Rs.10/- each to Re.1/- each and subject to section 94 the consolidating 10 equity shares of Re. 1/- each into 1 equity share of Rs. 10/- each, and thereafter, the paid-up equity share capital of the Company will be Rs. 3,25,38,400/- divided into 32,53,840 equity shares of Rs. 10/- each.



RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors of the Company be and is hereby authorized to do (hereinafter referred to as "the Board" which term shall be deemed to include a Committee thereof) perform all such acts, deeds, matters and things as it may in its absolute discretion deemed necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to the above resolution and accounting thereof or to carry out including agreeing with changes/modifications, if any, as may be expedient or suggested by the Honorable Bombay High Court and/or any other relevant authority, to implement the aforesaid resolution.

FUTHER RESOLED that the Link Intime India Private Limited(RTA) of the Company be and are hereby authorised to hold in trust, fractional shares arising out of consolidation of shares of the members of the company, either in Demat/Physical form and sell the same in the market at such time or times and at such prices or prices and to such a person or persons, as RTA may deem fit and deposit such proceeds in the bank account in the name of RTA to be opened with any bank and pay to the company the net sale proceeds thereof for onward distribution of the same to aforesaid members and the RTA be and are hereby authorised to take all the necessary steps, do all such acts, deeds, matters and things and to execute, enter into initial and sign such papers, documents, deeds or agreement, as may be necessary gives undertaking and indemnities on behalf of the company and if required common seal of the company be affixed and any document in presence of any one of the Director or any other person Authorized by the Board to give effect to this resolution.

RESOLVED THAT Mr. Mitesh Agrawal, Managing Director/ Mr. Anil Agrawal Chairman of the Company be and is hereby Authorized to appoint and engage any advocate or firm of advocates and solicitors to represent the company for approval of the Application / Petition for reduction of share capital / Securities Premium Account of the Company."

- 8 To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution:

"RESOLVED that the accumulated losses of the Company have exceed the net worth of the Company as per the audited statement of account for the accounting year ended June, 30, 2012 and thus, the Company has become a sick industrial Company as per the provisions of Section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985, The shareholders further noted that, based upon the opinion formed by the Board of Directors at time of approving the aforesaid accounts, a reference has been filed by the Company under the provisions of section 15 (1) of the Sick Industrial Companies(Special Provisions) Act, 1985 with the Hon'ble Board for Industrial and Financial Reconstruction, and the shareholders took the reference on record.

RESOLVED FURTHER that the Mr. Mitesh Agrawal, Managing Director/ Mr. Anil Agrawal Chairman of the Company be and are hereby severally authorized to inform the (Board for Industrial and Financial reconstruction) about the reason of erosion considered by the shareholders of the company at the general meeting and to do every act and deed that is necessary in connection therewith.

By Order of the Board

sd/-

**(CS. Mangesh Shetye)
Company Secretary**

Place : Daman

Dated: 6th August, 2012

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself, and proxy so appointed need not be a member of the company. In order to be effective, proxy form must be lodged with the company not less than 48 hours before the commencement of the meeting.
2. Explanatory Statements Pursuant to Section 173 (2) of the Companies Act 1956, relating to the special business is annexed herewith.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Meeting.
4. The register of members and the share transfer books of the Company will remain closed from 10.9.2012 to 12.9.2012 (both days inclusive).
5. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members who hold shares in electronic form are requested to write their DP ID and client ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the Meeting to facilities identification of membership at the Meeting. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting. As copies of Annual Report will not be distributed at the meeting.
Members are requested to intimate change of address, if any, to the company quoting reference to their Registered Folio Number.
9. At the ensuing Annual General Meeting Mr. Serge A Lapointe, Mr. Radhey Krishna Mishra and Mr. Rajiv Prasankumar Nanavati retire by rotation and are being proposed for re-appointment and Mr. Subhash Agrawal is proposed to be appointed as Directors, the detail as required under Clause 49 (IV)(E)(v) of the Listing Agreement is given below:

Name	Age	Educational Qualification	Experience	No. of share hold.
Mr. Serge A Lapointe	57	BEPC, BEI, BAC, BTC Chemistry, Diploma Engineer.	41 Years	Nil
Mr. Radhey Krishna Mishra	46	B.Sc.	22 Years	Nil
Mr. Rajiv Prasankumar Nanavati	63	B.A	33 Years	Nil
Mr. Subhash Agrawal	48	B. Com.	12 years	Nil

By Order of the Board

sd/-

**(CS. Mangesh Shetye)
Company Secretary****Place : Daman****Dated: 6th August, 2012**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACTS, 1956
Item No. 6

Mr. Subhash Agrawal was appointed as an Additional Director of the Company with effect from 4th January, 2012, and pursuant to Section 260 of the Companies Act, 1956. Mr. Subhash Agrawal holds office of Director upto the date of ensuing Annual General Meeting. The Company has received notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr. Subhash Agrawal for the office of Directorship under the provisions of Section 257 of the Companies Act, 1956.

None of the Directors are concerned or interested in this resolution except Mr. Subhash Agrawal.

Item No. 7

For the last three years, the Company has been incurring continuous losses and the accumulated loss standing in the Balance Sheet of the Company is Rs.142,84,29,052/- as on 30th June, 2012. Since it is difficult to visualise such extremely favourable circumstances in future as to wipe off these losses completely out of further profits (although the present indications are that the Company is in a position to start on an even keel after these losses are wiped off), the special resolution is proposed to enable the Company to start on a new slate.

The proposed proposal is to set off Rs.29,28,45,600/- from the share capital and amount of Rs.91,55,39,950/- from the securities premium account to write-off the accumulated loss to the extent of Rs.120,83,85,550/-. Pursuant to section 100 of the Companies Act, 1956, this resolution will be effective after confirmation by the Hon. Bombay High Court.

The proposed reduction will be for the benefit of the Company and its shareholders, creditors and all concerned as a whole. Writing off of the accumulated losses will help in enabling the company to make its net worth positive at the earliest. Such reduction will also not cause any prejudice to the creditors of the Company. For the sake of clarity, it is specified that the reduction of capital does not involve the diminution of any liability. The creditors of the Company are in no way affected by the proposed reduction of the share capital. Further, the proposed adjustment would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or to pay its debts in the ordinary course of business.

The Capital Structure of the Company

Share Capital	Before reduction of Share Capital	After Reduction of share Capital & Consolidation
Authorised	Rs.59,00,00,000/- divided into 5,30,00,000 equity shares of Rs. 10/- each and 60,00,000 preference shares of Rs. 10/- each	Rs.59,00,00,000/- divided into 5,30,00,000 equity shares of Rs. 10/- each and 60,00,000 preference shares of Rs. 10/- each
Paid-up	Rs. 32,53,84,000/- Divided into 3,25,38,400 equity shares of Rs.10/- each	Rs. 3,25,38,400/- divided into 32,53,840 equity shares of Rs. 10/- each

Shareholding Pattern of the Company.

Particular	Before Reduction of share capital		After Reduction of share capital & consolidation	
	No. Of Shares	%	No. Of Shares	%
Promoter and Promoters Group	73,28,947	22.52%	7,32,894	22.52%
Public	2,52,09,453	77.48%	25,20,946	77.48%
Total	3,25,38,400	100%	32,53,840	100%



The Board recommends adoption of the said Special Resolution.

None of the Directors of the Company is concerned or interested in the Resolution except to the extent of their holding of shares.

The documents referred to in this Notice/ Explanatory Statement will be open for inspection by members at the Company's Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company, (Monday to Friday), upto the day previous to the date of the Annual General Meeting

Item No. 8

In the terms of the duly Audited financial statement of the Company for the accounting year ended 30th June, 2012, the net worth of the Company has been completely eroded, because of manifold causes like high cost of finance, overall increase in cost of production (including losses arising out of deficiency of working capital), while there is no corresponding rise in turnover in same proportionate. The management is constantly focused on the marketing of the product thus incurred heavy expenditure on marketing and brand building. The same will have positive impact on the long term prospects of the company. The Board of Directors have formed its opinion that the Company has become a Sick Industrial Company within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special Provision) Act, 1985 and a reference is to be made u/s 15 of the said Act to the Board for Industrial and Financial Reconstruction for determining measures that will be adopted with respect to the Company. Under the circumstance, the Directors will make a reference to the Board for Industrial and Financial Reconstruction.

None of the Directors are concerned or interested in this resolution.

By Order of the Board

sd/-

(CS. Mangesh Shetye)
Company Secretary

Place : Daman

Dated: 6th August, 2012

DIRECTORS' REPORT

To,
The Members,
Radha Madhav Corporation Limited,

Dear Sir/Madam

The Directors have pleasure in presenting the Eighth Annual Report together with the Audited Accounts for the accounting year ended on 30th June, 2012(15 months).

FINANCIAL RESULTS

	30.6.2012 (15 months) Rs. In million	31.3.2011 (12 months) Rs. In million
Net Revenue from operation and other Operational Income	1197.72	1056.44
Profit (Loss) before Finance & Depreciation	(137.64)	(178.37)
Less: Finance cost	329.56	221.36
Less: Depreciation & amortization	173.24	136.97
Profit After Depreciation & before Tax	(640.44)	(536.70)
Provision of Tax of earlier year and wealth Tax	4.11	1.10
Profit /(Loss) after tax	(644.55)	(537.80)

For the last three years, the Company has been incurring continuous losses and the company has accumulated losses of Rs.142,84,29,052/- as on 30th June 2012, as reflected in the Balance Sheet of the Company. The causes are manifold like high cost of finance, overall increase in cost of production (including losses arising out of deficiency of working capital), while there is no corresponding rise in turnover in same proportionate resulting losses. The management is constantly focused on the marketing of the product thus incurred heavy expenditure on marketing and brand building. The same will have positive impact on the long term prospects of the company.

In the terms of the duly Audited Accounts of the Company for the financial year ended 30th June, 2012, the Board of Directors have formed its opinion that the Company has become a Sick Industrial Company within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special Provision) Act, 1985 and a reference is to be made u/s 15 of the said Act to the Board for Industrial and Financial Reconstruction.

Management 's Opinion of Auditor's Qualification:

Inadequate provision for bad & doubtful debts to the extent of Rs. 73.93 millions and confirmation of balance and its reconciliation:-

The Company has started dedicated credit control & recovery department headed by a qualified legal expert and has also started serving notice. The Company is hopeful of recovering its entire outstanding within reasonable time. Under the present circumstances, company has made adequate provision for bad & doubtful debts which is appropriate in opinion of the Board. The Company has also started obtaining confirmation from all remaining debtors, loan advance and sundry creditors and reconciling the outstanding balance.

1. Overvaluation of work in progress by Rs. 135.50 million:-

The manufacturing facility of the company can be divided into 15-20 distinct manufacturing areas. With various permutations and combinations, the company can produce approximately 75-100 different products.

Various sizes, thicknesses, applications and customization led to large range of finished

products that the company has been dealing with. At one point of time we were producing 400 different products at peak level.

Varied input is required for each of the product that is manufactured. Although, basic ingredients revolve around 75-100 large product category but customization and specifications led to requirement of additional input material. Each of Final product requires at least 10-12 raw material to produce with very less common versatile input material. Hence company was dealing with as large as 1000 different types of raw material at one time.

Liquidity crunch also led to frequent stoppage of business of various product amongst 75-100 large product category hence Raw Material, Work in Progress and receivable of that product category got stuckup. Company with its limited resources tried to rotate its business in all its category and tried to see that its RM, WIP and Recievable do not get stagnant. However it could not be done with the expected efficiency. The same has resulted into slow moving of inventory.

Company has started the roll-out of its long awaited Franchise model whereby Franchise is ready to pay in advance terms for company's product. This will infuse capital and stagnant businesses will be transferred to Franchise. All the RM, WIP and receivable of these discontinued clients will get mobilized with the new business model.

As mentioned above, the company is been taking various steps towards re-arranging its work in progress lying at various units and is also exploring the best possibilities of effective use of inventory.

The board / management is of the genuine belief that management will be able to liquidate the slow moving inventory, thus no need of provisioning of inventory at this point of time.

2. Uncertainties about going concern assumption:-

As per the view of management there is no uncertainties about continuous operation of the Company in foreseeable future on account following measures taken by the Company:-

- i) The Management has also taken various measures to induce long term capital in the Company through various sources.
- ii) The management is also planning gradually to modify its business plan by appointing franchisee's and thereby reducing working capital intensiveness.
- iii) The Company would be able to continue its operation in the foreseeable future through various restructuring measures.

The Board also noted that the various steps taken by management to turn around the operations of the company.

- Company has reviewed its ongoing business in retail mode and has identified approx. 20 potential Franchises, which are being short-listed by marketing team, out of that 4 of them have already commenced business with the company. The Company's business through Franchise would increase in order to achieve least dependence on working capital. The Company has also reviewed its brands and corporate brand of RMCL Retail.
- The Company has obtained various approvals and quality certifications at Rudrapur Facility. It also reviewed ISO 22,000 training program for the manufacturing employees and congratulated the team for receiving certificate.
- The Company has noted growing dissatisfaction amongst the labour for the late payment of salaries and ensured to meet again for a strategy to tackle the same in a short time.