
# Innovative solutions for **an evolving world**

Responsive Industries Limited

Axiom Cordages Limited

Annual Report 2009-10

# Responsive Industries Limited

Responsive Industries Limited (RIL) is one of the leading global players in PVC-based product segments. RIL manufactures wide varieties of PVC flooring, automotive upholstery solutions, pharmaceutical packaging and transparent sheeting.

RIL's products cater to clients across diverse sectors and geographies. These include sectors such as healthcare, hospitality, transportation, retail, sports infrastructure and real estate. RIL is part of the USD 15 billion resilient flooring market globally, and is present in over 70 countries. Exports comprise more than 50% of its total revenues.

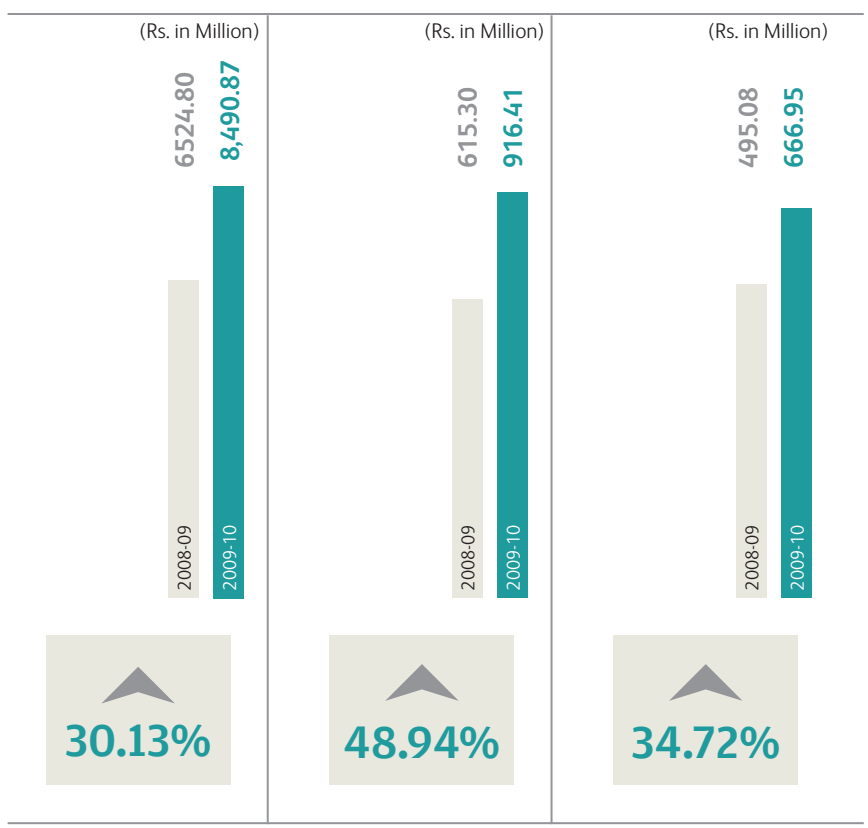
RIL received A (-) rating from Fitch, a 3/5 (fundamental grade) rating from CRISIL Research. It is listed on the Bombay Stock Exchange with a market capitalization of over Rs. 21 Billion as on 31st March, 2010.

# Axiom Cordages Limited

A subsidiary of Responsive Industries Limited, Axiom Cordages manufactures specialized synthetic ropes used in shipping and cargo, oil rigs, fishing and other industrial segments. These ropes are safe, strong, reliable and are made using Polypropylene (PP), Polyethylene (PE), Nylon and Polyester.

Axiom is an export oriented unit with exports to over 65 countries globally contributing to 90% of its sales. Axiom is among India's largest exporters of new generation synthetic ropes, possessing outstanding technical knowhow to deliver next-generation ropes to a wide cross-section of discerning clients globally.

# Consolidated Financial Highlights




# Progression is...

Responsive Industries Limited Annual Report 2009-10

# Part A

## Corporate Identity



## Business Discussion



## Governance



## Financial Statements

At Responsive Industries Limited, we start our day with a simple word-

# progression.

In thoughts, applications, innovations and our vision for the future.
Pursued as a focused and coordinated strategy to provide creative solutions for a constantly evolving world.
At Responsive, progression is...

# ...differentiation

## Experience is extensive

We have a rich two-decade experience in the field of manufacture and management of polymer-based businesses.

## Competition is low

Our domestic competitors are small to nil, while global competitors find it difficult to compete on pricing, product profile and quality among others.

## Products are cost-effective

We have reconciled in-house customisation, in-plant integration, process layout and technical know-how to emerge as a cost-effective producer vis-à-vis peers.

## Quality is a priority

We are certified by the American Standard for Testing & Materials (ASTM) product sale in the US. Similarly, our entire product range has received the 'CE' certifications for sale to the European Union (EU) including the EN standard certification. We have secured several awards, certifications and approvals from leading certifying agencies, such as DMF registration under FDA (US), ISO 14001:2004, ISO 9001:2000. These certifications offer RIL a significant advantage over prospective entrants in the lucrative European and American markets.

## Visibility is high

We enjoy an 85% market share in the Indian surface transport manufacturing industry. We control 95% of the Indian three-wheeler upholstery and canopy market. RIL is a leading supplier to the Indian Railways, large private sector players and road transport companies for seat covers, flooring and other products.

## Clientele is diverse

We have a varied list of clientele: Indian Railways, London Tube, Mercedes Benz, Volvo, Tata Motors and Bajaj Auto in the transportation segment; UAE Ministry of Health, South African Department of Health and SevenHills Hospital in health care segment; Big Bazaar and IKEA in retail segment; Olympics (Beijing) and the Commonwealth Games in sports infrastructure segment; and Bhabha Atomic Research Centre in specialised segment, amongst others.

## Products are eco-friendly

We are among the few companies to offer the recyclability advantage with our products. At the time of product replacement, RIL recycles these products instead of disposal in landfills unlike other substitutes. This has led to our emergence as a preferred supplier to environmentally conscious customers, especially in Europe. RIL's products are certified by various international Green Building Councils.

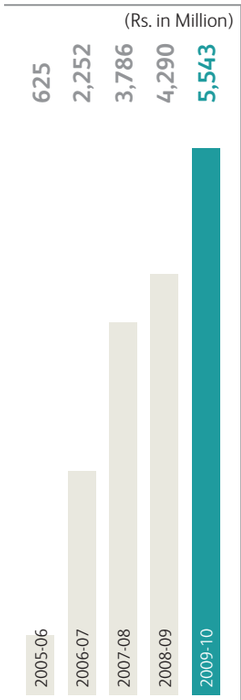
# ...ensuring financial stability*

**Rs. 5,543 Million**
Total income
in 2009-10

**Rs. 816 Million**
EBIDTA generated
in 2009-10

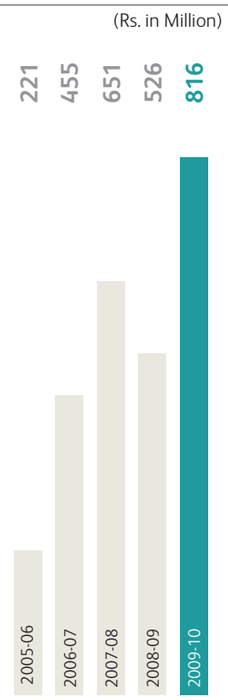
**Rs. 381 Million**
Post tax profit registered
in 2009-10

## Total Income



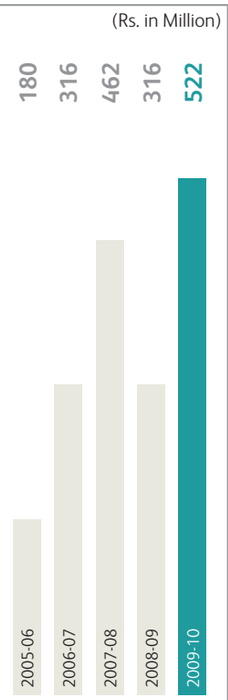

**72.57%**
**CAGR**

## EBIDTA



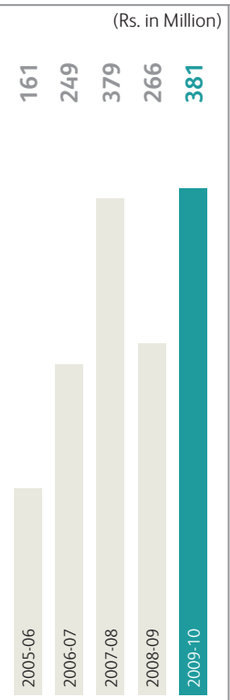

**38.62%**
**CAGR**

## Pre-Tax Profit



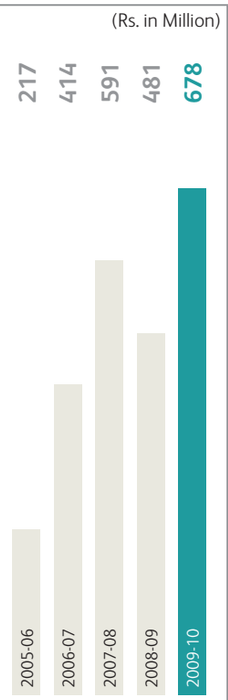

**30.50%**
**CAGR**

## Post-Tax Profit



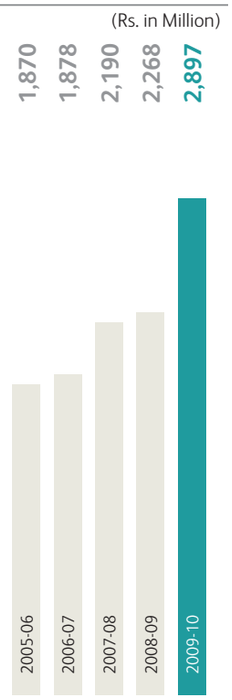

**24.03%**
**CAGR**

## Cash Profit




**32.95%**
**CAGR**

## Gross Block




**11.56%**
**CAGR**

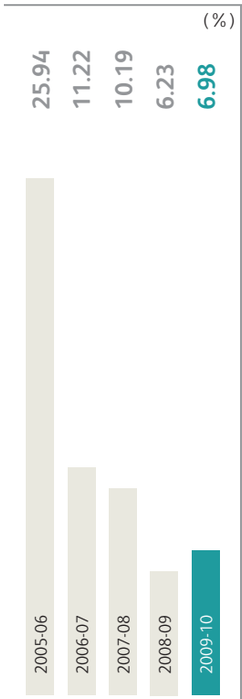
*Standalone Results

**Rs. 678 Million**
Cash profit registered in 2009-10

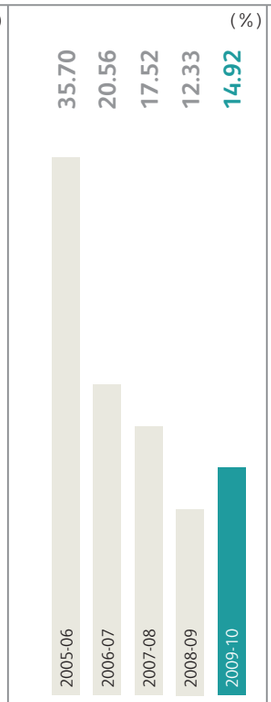
**Rs. 15**
Earnings per share posted in 2009-10

**6.98%**
Net Profit margin reported in 2009-10

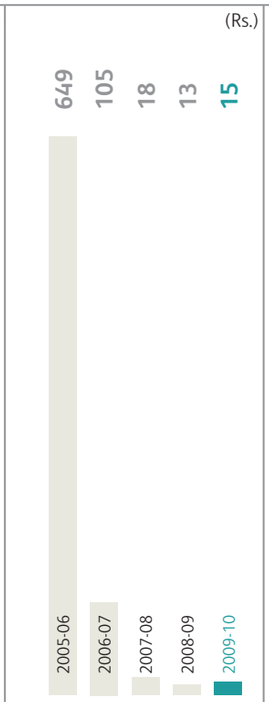
## Net-Profit Margin



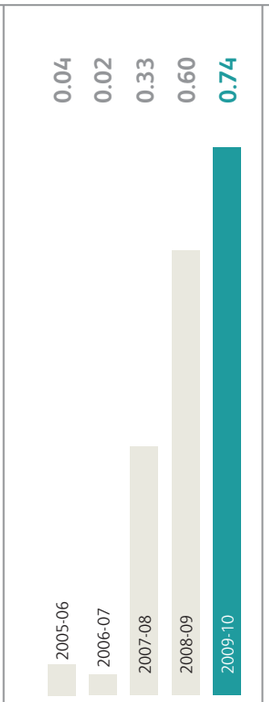

## EBIDTA Margin



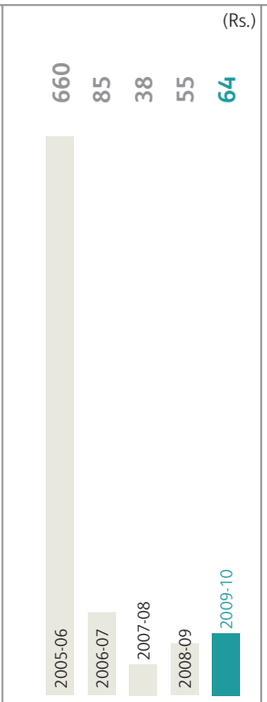

## Earnings per Share (Basic)



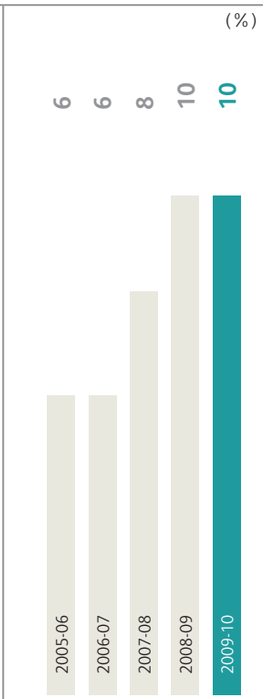

## Debt-equity ratio




## Book Value per Share




## Dividend Payout




*Standalone Results

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Manufactures wide varieties of PVC flooring, automotive upholstery solutions, pharmaceutical packaging and transparent sheeting; caters to clients across diverse sectors and geographies.

Products cater to sectors like healthcare, hospitality, transportation, retail, sports infrastructure and real estate.

RIL is part of the USD 15 Billion global resilient flooring market, present in over 70 countries and having well-established overseas presence with exports comprising more than 50% of its total revenues

Received A (-) rating from Fitch

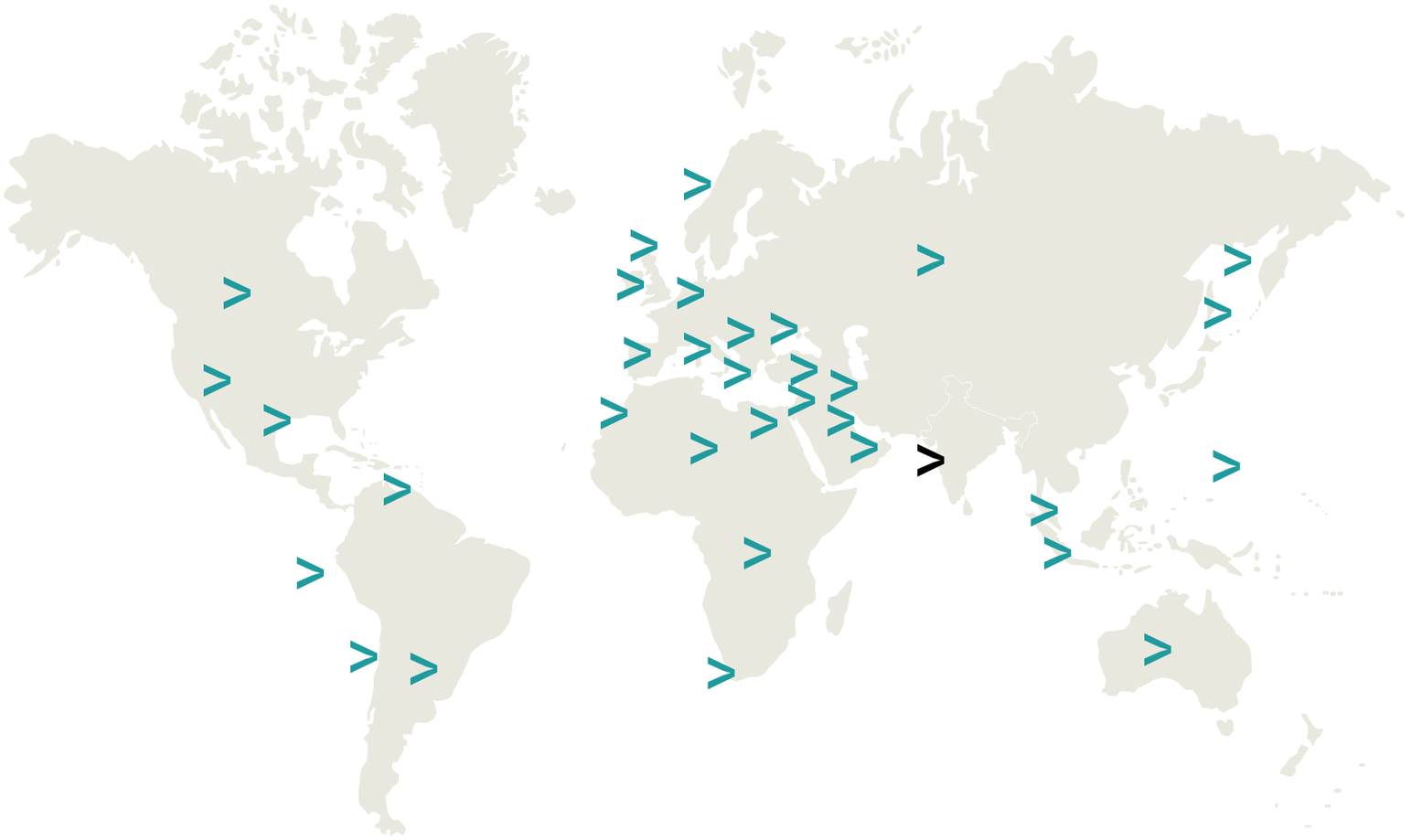
3/5 (fundamental grade) rating from CRISIL Research.

Listed on the Bombay Stock Exchange with a market capitalisation of over Rs. 21 Billion as on 31st March, 2010

RIL's subsidiary, Axiom Cordages Ltd. (Axiom), manufactures specialised synthetic ropes used in shipping and cargo, oil rigs, fishing and other industrial segments. This subsidiary contributes 40% to the consolidated revenue. Axiom is an export oriented unit with exports contributing to 90% of its sales

# ...evolved identity

# ...embracing the world



> Manufacturing Facility, Mumbai, India

> Existing Client Distribution

# ...recognition and accreditations

### ISO 9001:2000

Certifies that the company consistently provides quality products to satisfy customer needs and ensures that is enhanced continuously

### US FDA

DMF Registration under US FDA for Rigid Blister Films used in pharmaceutical packaging

### ISO 14001:2004

For establishment and implementation of environmental management system and assurance of adherence to environmental policy

### U.S. Green Building Council

Provides education and training primarily to the employees of member organisations in green initiatives related to constructions

### World Floor Covering Association

Provides practical solutions and tools to its members to streamline the business and has as its members other organisations associated with the manufacture, sale, services segments

### Indian Green Building Council

Aims to usher in a green building movement and facilitate India's emergence as one of the world leaders in green buildings by 2010.

### Star Net Association of USA

Enables company to become the preferred vendor for top-notch U.S. contractors

### International Maritime Organisation

Develops and maintains regulatory framework for shipping and remits safety, environmental concerns, legal matters, technical cooperation,
maritime security and efficiency of shipping

# ...creating a legacy

## 1992

### Identifying business opportunities and establishing business

- Conceptualised and designed the first high-grade vinyl and PVC processing plant
- Imported machinery to set up the plant
- Conducted operations with a domestic market focus with plenty of unmet demand
- Acquired land on which plant stands today, and undertook expansion of facilities to cater to increasing demand

## 2000

### Increasing focus on export markets

- Increased focus on export markets
- Undertook international certifications of products and processes

## 2004

### Expanding capacity

- Undertook significant up-gradation of machinery and production capabilities
- Enhanced investment in Axiom Cordages for capacity expansion and product innovation

## 2009

### Driving growth to the next level

- With established and certified products and processes in place, company now wants to expand its production lines to cater to growing demand
- Widen global footprint to 130 countries by 2013
- Successfully cater to fast-growing domestic demand

# Thinking aloud

By Mr. Atit Agarwal, Chairman & MD, Responsive Industries Limited

We often talk about 'progression' in life and business, because both are inextricably related and unless one progresses the other simply cannot. This is because, business is not just buying and selling of products or services, it is a useful vehicle to usher in new ideas into the world. Ideas, which in the form of better products or services, cater to everyday needs of people across the world. This has been the overarching vision that has catalyzed the business growth of Responsive Industries Limited, in good years and bad.

I believe, in a year of economic hardship, people may be less receptive to new ideas or innovations, but that does not kill it. The idea remains and flowers when the right moment comes. The good thing is that now businesses throughout the world are witnessing better times like the faint hint of rain after a long, dry summer. At RIL, we have also performed satisfactorily, reflected by our growing numbers. I don't wish to repeat all that. I would rather talk about the action on the ground. We are now focusing on enhancing our research and development initiatives and market visibility. We are also trying to be closer to the customer, because unless you are close to whom you sell you can never feel the pulse of the market.

**Going forward, we will focus on product diversity, quality enhancement and understanding the needs of multi-cultural and multi-geographic clientele through better market penetration and advanced market research.**

We are expanding our existing capacities with a dedicated 35,000-MTPA capacity for vinyl flooring and 11,000 MTPA for our artificial leather capacity by 2012. This will also act as a de-bottlenecking exercise for current capacities. The total capex is expected to be Rs. 5.6 Billion. To fund the capacity expansion, we expect to raise equity and debt to the tune of Rs. 2.6 Billion and

Rs. 3 Billion, respectively. We are in the process of achieving financial closure and have received an in-principal sanction for debt worth Rs. 1.6 Billion and are in the process of getting sanction for an additional debt of Rs. 1.4 Billion. In addition the promoters have infused Rs. 760 Million.

The low per capita consumption of PVC and faster economic development in China, India and Brazil will drive the global PVC demand in the construction industry. This trend will offset the demand slowdown in traditionally larger markets of North America and Europe. The Vinyl Flooring industry is a part of USD 150 Billion global flooring industry and the carpet sector in which Vinyl accounts for some 10%. The global flooring market is projected to grow at 4.1% up to 2015 with increasing demand in China, India, Indonesia, Turkey, Iran, Ukraine and Saudi Arabia. Besides, the surging global demand for Vinyl Flooring, estimated to be USD 12.3 Billion by 2015, has created a fortuitous window of opportunities for RIL. The Company enjoys a competitive advantage in terms of superior quality and price, and it possesses an extensive product range in premium, medium and low-end price segments.

The Indian flooring market is Asia's third largest. The total flooring demand by 2015 would be around 705 million sq. meters. It can be conservatively assumed that about 5% of the above demand could be met by Vinyl floorings, totalling around 35 million sq. meters (turnover Rs. 5,000 million). Thus the domestic market would increase from the present Rs. 1,500 million to about Rs. 6,000 million by 2015.

PVC synthetic leather is fast replacing natural leather for multiple products all over the world, thanks to its durability, broad plasticity range, excellent resistance to sunlight and degradation, greater washability, water-vapour permeability, weather resistance, printability and competitive prices. The demand from PVC synthetic leather primarily comes from the railways, the automobile industry, the footwear industry, the sports goods industry, the garments industry and the luggage industry for furniture and furnishings. In India, for example, the Railway Minister has recently announced that Indian Railways will replace all wooden seats in the trains with cushioned ones and also add third berth on the aisle side in all 14000 AC-3 tier and sleeper coaches and replace the floorings in these new coaches as well. Such measures are expected to create new business opportunities for RIL.

Going forward, we will focus on product diversity, quality enhancement and understanding the needs of multi-cultural and multi-geographic clientele through better market penetration and advanced market research. Finally, human resource development would also be high on our radar. All this will happen, only when we think of at least one bright idea each day. In resistance of the dull, the drab and the commonplace.

Best wishes

**Atit Agarwal**

## Strategic endeavours

- RIL is one of the world's fastest growing and most profitable companies. Leveraging its cost-effective manufacture and superior quality standards, the Company plans to emerge as a leading player in vinyl flooring and leather cloth markets.
- RIL's products have been used in prestigious events like the Commonwealth Games and the Olympics. Such references have helped us create a brand in the quality-conscious developed markets.
- The global manufacturing base is now gravitating from advanced countries to low-cost developing countries with superior quality standards; RIL is suitably positioned to gain from this trend.
- The Company is investing in improving its capacity for premium products and sales and marketing network in the developed markets to emerge as an important supplier of vinyl flooring and leather cloth.
- Thanks to globally accredited quality standards, RIL is expected to reinforce its brand in these markets.
- The expanded capacity and an improved perception will allow RIL to offer premium products in larger quantities to the American and European markets, enhancing sales and profitability margins.
- RIL will continue to grow its presence in the high-growth markets of Asia, the Middle East and Africa. These price-sensitive markets will ensure sustainable growth, while offering necessary volumes to achieve economies of scale.
- The Company will maintain its stronghold in domestic markets, while further developing the market by spreading awareness of vinyl flooring in India.
- RIL intends to grow organically by improving its capacities and with continued focus on quality and cost, the Company can emerge as one of the biggest industry players.
- In the short- and medium-term, RIL is expected to grow inorganically, by adding manufacturing lines for PVC Leather Cloth (11,000 MTPA) and Vinyl Flooring (33,000 MTPA); strengthening its industry presence.
- RIL enjoys a debt free company status.

We have evolved consistent strategies to optimise cost, diversify products and ensure quality to sustain competitive advantage

We are following prudent financial planning, reflected in healthy debt-equity ratio and working capital management

RIL's niche business expertise ensures market dominance in a growing industry with limited competition.

We are closely associated with prestigious investors like FMO and Banyan tree who are highly satisfied with ACL's performance

We have planned a brownfield expansion to manufacture margin-accretive products, which are expected to enhance profitability

We are following a practice of ethical governance standards as well as transparent financial reporting and disclosure standards

We are rewarding our shareholders through liberal dividends (10 percent in 2009-10)

# ...being in sync with investor expectations

## Replacement demand

- Products sold by RIL and Axiom – flooring, leather cloth and ropes - need to be replaced after every few years, thus generating consistent repeat business
- Products used in mass transportation and high footfall areas need to be replaced even more frequently due to faster wear-and-tear
- As per International Maritime laws, ropes have to be compulsorily replaced after specified number of trips/docking/ other parameters, despite satisfying rope condition

## Products serving varied industries

- The Company's products enjoy multi-industry application, which may or may not be dependent on each other
- Impact on sales due to slowdown in one industry is compensated by growth in other industries
- Possesses a multi product portfolio catering varied regions across the globe

## Diverse geographies

- RIL has a presence in over 70 countries (across both developed and developing nations) and plans to add 10 to 12 countries each year
- A slowdown in orders from a particular country is made up by focusing on other geographies

## Products essential to the industry

- Flooring, leather cloth and ropes are essential to the industries, which use them
- The cyclicality of an industry using RIL's products has a negligible impact on the demand of RIL's products.
- For instance, even with the slowdown in global shipping industry, demand for ropes has not fallen as it is an indispensable product

# Our business model

# We see progression through Anaida's mother's eyes

Anaida is a mischievous three-year old. She runs, jumps, somersaults and makes faces at Usain Bolt's picture on the wall. But her mother can't care less. RIL's slip-resistant, anti-bacterial, anti-static and moisture-and-stain-resistant vinyl flooring ensures peace of mind for Anaida's mother. Anaida and her mother live in an upscale residential area in Paris.

# ...inspiring a vibrant life through multiple products and solutions

## We are preferred because our products are

**We have secured several awards, certifications and approvals from leading specifying agencies, such as DMF registration under FDA, ISO certifications, ASTM, EN norms, CE certification, ensuring consistency and high standards in production and output.**

### Durable

RIL's products are durable with an average 5-10-year life span. The products are quick and easy to install, making them an effective and time-saving option for high traffic areas.

### Recyclable

RIL's products are recyclable and can be melted and re-casted to form new styles and varieties, enhancing eco-pragmatism. The customers can return the product to RIL at the time of replacement, instead of disposing it off in a landfill or otherwise.

### Quality excellence

RIL's products and processes demonstrate consistent quality, aligned to international quality standards. We have secured several awards, certifications and approvals from leading specifying agencies, such as DMF registration under FDA, ISO certifications, ASTM, EN norms, CE certification, ensuring consistency and high standards in production and output.

### Variety

RIL's products are available in multiple shapes, sizes, colours and textures, creating a fascinating array of choices in creativity and design.

### Competitive

Thanks to cost-effective manufacturing processes, RIL's products are competitively priced in the international market.

### Desirable substitute

The products are slip-resistant, anti-bacterial, anti-static and moisture-and-stain-resistant, creating an attractive flooring option vis-à-vis traditional flooring in commercial and residential spaces like hotels, hospitals, IT centers, sports and fitness centers, schools and colleges, buses and trains, among others.

# We feel progression through Mahesh Ranganathan's hands

Mahesh Ranganathan is a software programmer. He stays in Bangalore, travels in city buses and works for an MNC. During weekends he visits his parents in Mattur village near Shimoga, which is 300 km from Bangalore city. And for each month in a year, he has to make overseas trips to foreign locations to work for clients.

In Mahesh's itinerary nothing remains constant - time zone, geography, food, faces of friends or the challenges of software programming - except of course the seating comfort of the vehicle in which he travels. RIL's products are endorsed by national and international bus manufacturers and Indian Railways.

# ...enhancing trust across geographic boundaries

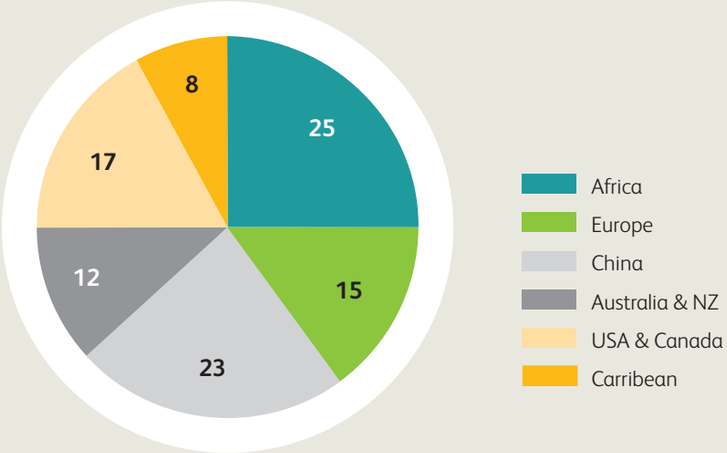
RIL's products are exported to over 70 countries across the world.

A network of 11 sales offices drive market penetration and our products are available at over 300 retailers.

Over 50% of RIL's standalone sales in 2009-10 are from exports, while around 88% of flooring sales and 19% of leather cloth sales are from overseas market.

We are expecting to widen our footprint to over 130 countries by 2013.

## Geographic revenue break-up (%)




**Brands**

RIL is a recognised brand in the vinyl flooring and PVC leather goods segment. RIL has product brands for vinyl floorings such as Vega Plus, Spica, Talitha, Zeta, Aquaris, Canopus and Regor, among others.

**B2B marketing**

RIL is a reputed multi-sectoral player. We participate in international seminars and exhibitions, and regularly promote our products through trade magazines.

**B2C marketing**

We have recently launched advertising campaigns to enhance brand awareness among retail consumers. RIL is involved in outdoor advertising, as well as print media advertising to enhance visibility.

**Advertising campaigns**

RIL regularly advertises through bill boards, hoardings and posters

**Memberships and accreditations**

We are a member of the US Green Building Council, World Floor Covering Association and Star Net Association. Our manufacturing facility is US-FDA approved and ISO certified. These accreditations help us cater to niche and relevant consumers.

# ...keeping good company

| Government | Commercial | Transportation | Others |
|---|---|---|---|
| Indian Railways | AI Jaber | Mercedes Benz | 7 Hills Hospitals |
| Ministry of Health United Arab Emirates | Al Habtoor | Bajaj | Big Bazaar |
| South African Department of Health | Toyota Al Futtaim | Volvo | Bhabha Atomic Research Centre |
| Tata | The Home Store | | |

# We listen to the growing demand for our products across global markets. So we are drawing up an impressive blueprint for further growth.

**RIL is proposing a brown field expansion in its existing premises by adding manufacturing lines for PVC leather cloth and vinyl flooring.**

# ...gearing up for the next frontier

## The rationale is simple

The new production lines will increase the capacity of the key products viz. vinyl flooring and PVC leather cloth allowing RIL to substantially improve revenues, profitability and market share.

The expansion will result in dedicated lines for key customers (such as Railways) and product categories (premium products). This will substantially reduce downtimes and change-over times, resulting in high capacity utilisation and improved profitability.

The new lines are technologically superior to the existing infrastructure. The units are compact and very streamlined. This will ensure higher production with relatively lower investment and space requirements.

The additional lines will help streamline the existing operations and reduce bottlenecks.

| Product | Existing capacity (MTPA) | Additional capacity (MTPA) | Proposed total capacity (MTPA) | Year of commissioning |
|---|---|---|---|---|
| PVC leather cloth | 22,000 | 11,000 | 33,000 | 2012 |
| Vinyl flooring | 15,000 | 35,000 | 50,000 | 50,000 |

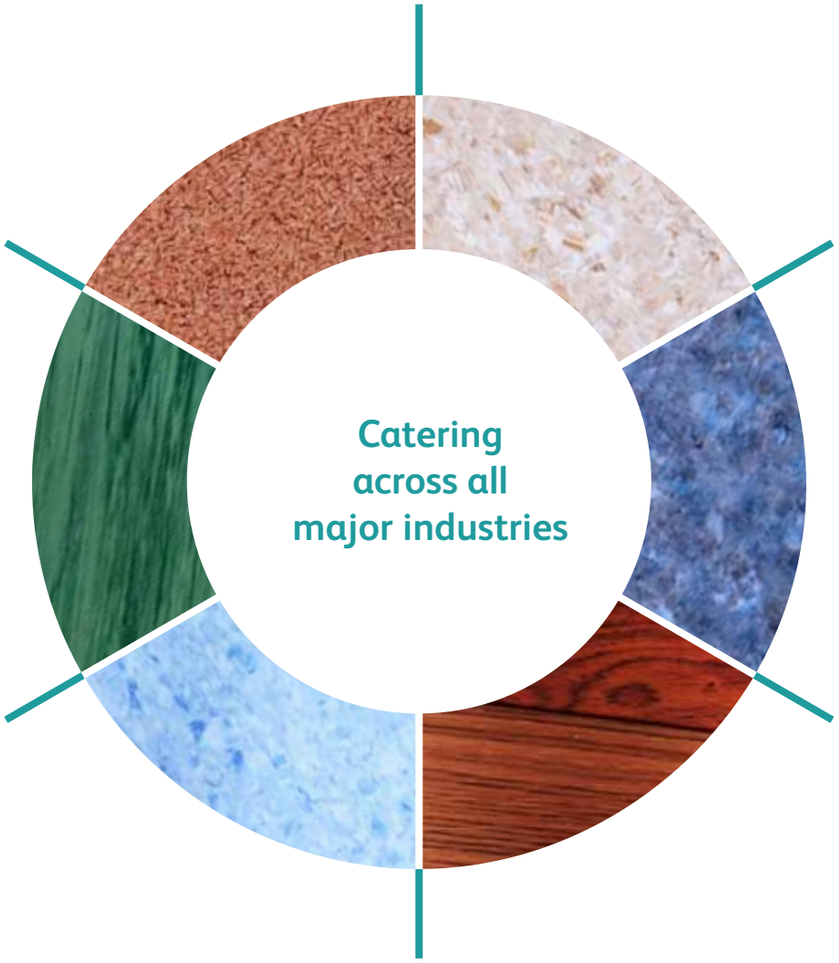
### Project utilities

**Power:** RIL avails of 6 MW power from the MSEB grid. We also have an option to draw an additional 20% of current availability. The same is considered sufficient for the expansion project. We also have a 750 KVA DG for back-up power support.

**Water:** RIL's water purification plant (750,000 litres annual capacity) is sufficient for future requirement.

**Environmental clearance**: We abide by all relevant environmental norms.

# ...widening sectoral presence




**Commercial**

Offices
Warehouses

**Transportation**

Buses
Airports
Stations
Trains

**Speciality**

Malls
Amusement Parks
IT Hubs
Organised Retails

**Education**

Schools
Universities

**Healthcare**

Hospitals
Clinics
Pathology labs
Pharmaceuticals

**Fitness**

Gymnasiums
Courts
Athletic Areas
Sports & Fitness
Centers

# ...harmonizing diverse efficiencies

All progression, individual or collective, is the result of diverse efficiencies and the ability to harmonise them.

## Raw material management

In our business, the timely availability of quality material from a proximate location is critical, because it has cost, utilisation and realisation implications. PVC resins, plasticisers, stabilisers, coated cotton fabric, lubricants, pigments and solvents are the primary raw materials, among which PVC Resin forms 90% of the total raw material cost. About 5% of the raw materials consumed are required to be imported and the balance 95% is indigenously procured. RIL undertakes regular vendor appraisal and maintains 10-12 days of raw material inventory to sustain the production process.

## Manufacturing capabilities

RIL's manufacturing facility is located at Boisar, Tarapur, Maharashtra. The facility employs cutting edge technology and complies with globally benchmarked standards. The entire operation is managed and supervised by well-experienced plant managers and operating engineers. Our in-house well-equipped laboratory and testing and research personnel facilitate new product developments. We have also institutionalised a strong in-house logistics support system for critical delivery. We maintain 90-100% capacity utilisation for most of our product lines. The unit is 120 kms from nearest port which helps to cater the export demand.

## Capacities

| | |
|---|---|
| Vinyl Flooring | 15,000 MTPA |
| PVC Leather Cloth | 22,000 MTPA |
| Rigid Blister Films | 3,000 MTPA |
| Soft Sheeting | 4,000 MTPA |

## Quality excellence

At RIL, consistent quality compliance is a top priority, which delights clients and facilitates repeat orders. RIL conforms to ISO 9001:2000 quality certifications, which certify dependable product-process consistency. All products undergo stringent quality tests that address various quality parameters. RIL is certified by the American Standard for Testing & Materials (ASTM) product sale in the US. Similarly, our entire product range has received the 'CE' certifications for sale to the European Union (EU). We have secured several awards, certifications and approvals from leading certifying agencies, such as DMF registration under FDA (US) and ISO 14001:2004. These certifications offer RIL a significant advantage over prospective entrants in the lucrative European and American markets.

RIL has commenced the manufacture of thick paper tubes - used for packing finished products to maintaining quality during storage and transportation - as a backward integration initiative.

## Research and development expertise

RIL's strong R&D capability accelerates product innovation, customisation and cost reduction. The R&D team, along with support of production engineers, continuously endeavors on product development and quality improvement. Besides, the versatility of the manufacturing line and the manufacturing process help create new designs and new products.

## Logistical advantage

Timely and prompt transportation of finished goods to the port for exports and supply to domestic distributors is critical. Similarly, transportation of imported raw material from port to the factory enhances superior inventory management. As private operators are seldom dependable, we have acquired a fleet of 29 trucks for the transportation of finished goods, facilitating prompt delivery of goods to the port and distributors and also for the transportation of imported raw materials to the plant.

## Marketing reach

RIL's strategically located 11 sales offices across India cater directly to institutional clients and retail customers. It also possesses a wide network of regional and local distributors across India. RIL's product USPs comprise: superior quality, wide diversity, international quality accreditations and 30% price competitiveness. As a part of our marketing initiative, elegant brochures and catalogues with samples of products are distributed to prospective clients. RIL has also participated in various interior decoration exhibitions in India and abroad to popularise the RIL "Tusker" brand.

RIL, a 100% EOU, generates more than 50% of its turnover from exports. At present, the export market is having sole distributors across 32 countries. We have increased our distribution channel for the export market by appointing new distributors in different countries and also strengthened domestic market network by appointing more distribution channels. We concentrate on the export of high-end premium products for higher margins. Our revenue from exports increased significantly from Rs. 2.22 Billion in 2008-09 to Rs. 4.27 Billion in 2009-10 with enhanced focus on Europe, USA, Middle-East and African countries on account of an immense market potential.

## Information technology

RIL's advanced IT infrastructure plays an important role in enhancing business growth and we are implementing SAP module for close monitoring and tracking of the supply chain network.

### Advantage IT

- Faster multi-level decision-making to improve productivity and profitability
- Better export sales through E-marketing
- Greater dissemination of product information to educate national and international clients through an interactive website
- Quicker finalisation of financial data on a daily basis to assess costing/profitability, enabling the management to re-fix prices of all finished goods to be competitive and profitable in the market

## Enhanced integration

RIL has integrated different functions like raw material purchases, warehousing of finished goods, logistics, order processing, goods dispatch (domestic and export) and dealer and institutional supply. RIL's logistics facility expedites the movement of raw materials and finished goods.

## Grooming talent

At RIL, human resource development encompasses manpower planning, recruitment, training and performance appraisal. We employ over 1,300 people.

### Highlights, 2009-10

- Assessing multi-disciplinary manpower requirements
- Undertaking need-based recruitment followed by induction
- Identifying training needs and planning for the training and development programmes
- Evolving various HR policies, rules and regulations to align organisational goals with individual goals and to ensure employee satisfaction
- Implementing Performance Management System
- Formulating KRAs and performance-linked rewards
- Preparing Management Information Systems (MIS) Reports
- Organising welfare programs for employees

### Training policy

The HR team identifies the training needs of employees and ropes in professional experts for training purposes. In addition, general training to continuously develop employee skill set is imparted.

### Employee welfare

RIL maintains very cordial relations with its employees. Many employees are provided with residential quarters at the factory site. Canteen facility at the factory is available for nutritious and hygienic food. The children of employees are being helped to pursue good education and are also provided with excellent medical facilities.

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We think Huan Sung of Shanghai, China is as much a part of the RIL family as Francisco Pizzaro of South Santiago, Chile or Muhammad Ali of Cairo, Egypt. Different cultures, diverse nationalities, bound by a common thread of progression.

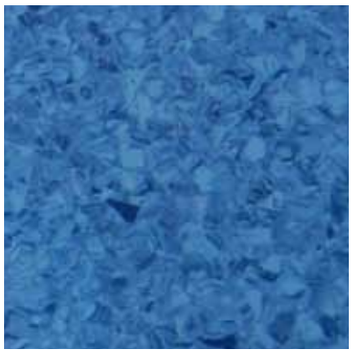
# ...delighting people with diversified offerings

## RIL's fascinating array of products

Our multiple products cater to the day-to-day needs of life with a touch of creativity, sensitivity and advanced levels of technical know-how. The result is comfort, peace of mind and a reassuring sense of safety for our clients. With each passing day, we are intensifying efforts to widen our products profile, enhance differentiation and reinforce safety parameters. So that discerning clients across multiple geographies are delighted to be associated with brand Responsive.

## VINYL FLOORINGS

Homogenous Flooring




### Overview and key features

- Has the same layer of color, design & texture throughout the thickness of the material making the product 'very heavy duty'
- Is Polyurethane Reinforced (PUR) specified throughout the entire thickness of material
- Is tough, durable, low maintenance, resist stains, anti-bacterial, anti-fungal and anti-slip (with a rating of R10)
- RIL is the only South Asian manufacturer with ability to produce this kind of flooring, which requires very specialised technology and know-how

### Major applications

- Healthcare
- Retail
- Education
- Offices and commercial spaces
- Hospitality

### Brands

- Spica
- Vega Plus
- Talitha
- Aquaris

## Heterogeneous Flooring




### Overview and key features

- Has the multi layers of color, design & texture throughout the flooring
- Wear Layer is decided based on the end use
- Entire Wear Layer is PUR Reinforced which gives it extra scratch resistance and makes it tough and durable
- It repels stains, bacteria and fungus with ease.
- Adheres to highest fire and smoke standards
- Foam Backed Vinyl for used in acoustic areas
- Can be custom made to client requirements

### Overview and key features

- Offices and commercial spaces
- Healthcare
- Retail
- Education

### Brands

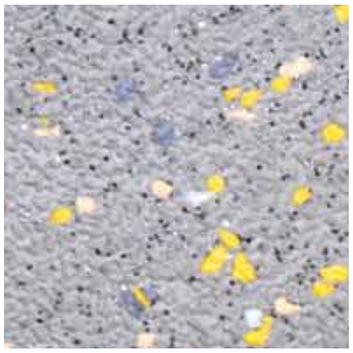
**Six brands under the 'Zeta' umbrella brand**

- Zeta Naos
- Zeta Spectra
- Zeta Wood Essence
- Zeta Kongo
- Zeta Pegasus
- Zeta Ghana
- Zeta Taurus

### Portfolio

- Naos
- Spectra
- Wood Essence
- Taurus

## Safety & Transport Flooring




### Overview and key features

- Has Silicon Carbide Crystals for shine and attractive finish
- Has as high as Anti-slip rating (R12)
- PUR reinforced throughout the entire thickness of material
- Homogeneous Wear Layer: 'Very Heavy Duty'
- Endorsements from national and international bus manufacturers and Indian Railways
- RIL has all international certifications in place

### Major applications

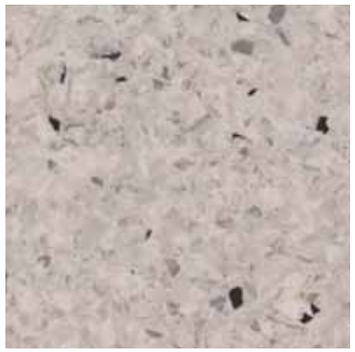
- Buses
- Railways
- Traffic areas (airports, stations) with high footfalls
- Wet areas

### Brands

- Canopus
- Canopus Plus
- Canopus Crompton
- Regor

## Antistatic & Conductive Flooring






### Overview and key features

- Has high electrical resistance to prevent electrostatic build-up in sensitive areas
- Reduces static properties and eliminates static charge
- Has full 'Carbon Layer' for conductive flooring – RIL has a unique ability to supply in rolls thus reducing welding joints and copper strips
- Performance assurances for use in sensitive areas where there is possible danger to human life
- High performance testing by independent foreign labs

### Major applications

- Healthcare (operation theatre, laboratories, among others)
- IT and telecom
- Rooms with electronic hardware
- Raised floor manufacturers

### Brands

- Electra
- Electra Plus

## Sports Flooring




### Overview and key features

- This flooring cushions running feet and sliding bodies from shock
- Ideal for athletic pursuits as flooring is tested for ball rebound and bounce
- Has very good residual indentation and dimensional stability properties
- Is available in wood grain and bright colors
- Is foam backed vinyl flooring and is ideal for knees and backs
- RIL is one of the few manufacturers of such specialised sports flooring in Asia

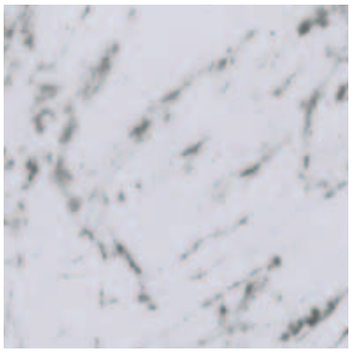
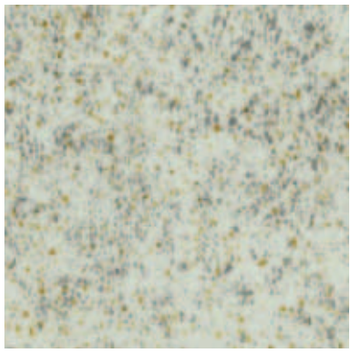
### Major applications

- Fitness centers
- Courts and athletic facilities
- Movie theaters
- Gymnasiums and health clubs
- Children Play Areas
- Old Age Homes

### Brands

- Polaris Punch
- Polaris Footwork

## Printed Flooring


### Overview and key features

- High flexibility, tear quality and competitive price
- Available in over 500 different designs consisting of a wide range of colors, patterns, textures and base finishes.
- These products are PUR reinforced with low maintenance costs
- Entire range of flooring is 'CE' marked for sales to European Union

### Major Applications

- Retail
- Budget hotels/Office areas
- Exhibition centers
- Temporary covering

# PVC LEATHER CLOTH




## Overview

- Is combustion resistant artificially manufactured leather cloth
- Is offered in various colors, texture, designs and thickness to suite varied requirements
- Key export locations include United States, UAE and Saudi Arabia

## Key features

- **Sponge leather** Long lasting properties, large array of colours, wide array of uses such as automobile upholstery, material for furniture, etc
- **Un-foamed leather** Extra superior tear strength, used in making soft luggage, shoes, bags, diary covers, etc
- **Coated leather cloth** Process of coating is unique to RIL and mastered by us. Its applications are numerous retail items such purses, bags, shoes, etc

## Applications

- Buses/trains Seat covers
- Car paneling
- Retail items (Jackets, wallets, cushion covers, etc)

## Key customers

- Indian Railways
- State transport authorities
- Coach manufactures
- Leather industry
- Other small scale industries

# RIGID BLISTER FILMS


## Overview

- The highest order thermo-forming film surpassing benchmark standards of packing companies worldwide. Because of its speed draw capacity, it is used on high speed machines finding uses in box folding, hardware packing, food packing
- A notch above Armstrong, Armstrong plus has added features such as dual polish and high detestability which makes it more durable and strong for extreme packing requirements
- Designed specifically for high speed, high productive machines, Maxima is the most tensile PVC Rigid Film. Therefore, it is the preferred film for life saving drugs and medicinal capsules that adhere to stringent standards
- The conventional PVC Film, Pearl, is made to suit the rigorous requirements of pharmaceuticals machines and enjoys immense popularity with several medical and pharmaceutical companies to package their tablets
- Magic is the best PVC Rigid Film used for thermo- forming capabilities and can be rendered into any shape. The extremely versatile nature of this film has made it popular in packing of tooth brushes, biscuits, shaving razors

## Product Portfolio

- Armstrong
- Armstrong plus
- Maxima
- Pearl
- Magic

## SOFT SHEETING

### Overview

- Soft Sheeting is used mainly in fabrication of rain wear, shower curtain, file folders, dairy covers, baby nappies and lining material, among others.
- This product is exported mainly to Nigeria, Mombasa, Kenya and Sudan, among others.

### Key features

- **Opaque Sheeting** This product is used for diary and passbook covers, files, folders and other stationery items, soft lug, etc.
- **Printed Film** Available in over 50 designs and 500 combinations, Responsive Printed Film is used in tablemats, raincoats, covers for fridge, television and washing machines, shower curtains
- **Clear Transparent Film** Available as embossed and un-embossed, this film finds use in making of stationery items, diary covers, files, folders, raincoats, shower curtains, table mats and several other applications

### Brands

- **'Chill Man'** brand for raincoats, shower curtains, and table mats
- **'Toy Lamina'** brand for inflatable toys and aprons
- **'Insulation Tape Film'** for electric insulation and other uses
- **'Clinical Film'** for urine bags and medical kits

Our specialised medical flooring solutions find application at reputed hospitals including **Seven Hills, Asian Heart, Wockhardt, Apollo Hospital** and many more.

# ...matured market insight

At RIL, a matured market insight is the critical wherewithal to expand business and derisk operations.

## Customer influence

- Customer influence is low-to-medium as markets are dominated by a few large players globally
- RIL itself dominates the Indian market for its products. The end user's influence on pricing is significantly low
- However, customer segment is large and their demand is for consistent and superior products

## Competition

- RIL dominates domestic market with 65% market share in vinyl flooring. The other players are significantly smaller in terms of revenues and scale of manufacture, as also supply mainly low-quality products
- International competitors of RIL are not price competitive, as they are in high cost manufacturing zones. They therefore find it difficult to compete on pricing parameters, while adhering to the same quality standards

## New Product Development

- PVC Flooring and Leather Cloth are more cost-effective, durable and efficient vis-à-vis their traditional counterparts. Therefore, they are fast acting as substitutes in commercial spaces and high traffic areas
- PVC is one of the major raw materials for various industries. It is an oil based product for which no substitute is available currently
- Considering the economies of scale, built by the industry coupled with high quality of the end products, substitutes for these products are difficult in near future

## Supplier influence

- PVC is an oil based product, and so the raw material prices are determined by crude oil prices
- Considering the volatility in crude oil prices, raw material prices are subject to revision. However, with continuous innovation and efficiencies built in the procurement and production process, RIL strives to keep the input cost within limits

## Barriers to entry

- The production technology is expensive and few companies have the wherewithal to invest high amounts of capital to procure it or develop such technology in-house
- RIL has developed international production process technology in-house, at significantly lower capital cost
- Entry of new competitors is restricted due to the long duration of nearly 3-5 years taken by incumbents to innovate on technology and procure international certifications for their products to gain recognition

# Board of Directors

## Mr. Atit Agarwal

32, holds a Bachelor of Science Degree in International Marketing from Bentley University. He has also done his MBA in finance from the same institution. He possesses a rich and diverse repository of experience, having worked across multiple industries including that of commercial banking.

Mr. Agarwal is leveraging his global business insight and enduring relationships with multi-cultural clients to reinforce the visibility of the RIL brand across multiple geographies globally. He has been instrumental behind the drive for ceaseless innovation in RIL. Besides, he emphasises on quality enhancement and technology upgradation to counter competition and delight clients.

Mr. Agarwal drives the overall business strategy at RIL and provides the inspiration and guideline behind product development in line with evolving requirements and aspirations of clients across the world. His vision has transformed RIL into a globally acclaimed enterprise over the last decade, winning several accreditations.

## Mr. Santosh B. Shinde

40, Non-Executive Director, holds a Bachelor's degree in Commerce with a rich one-and-a-half decade industry experience. His specific area of focus is administration.

## Mr. Ashok B. Jha

49, Independent Non-Executive Director, enjoys a rich 17 years of experience. He is a matriculate and is responsible for upgrading the technical expertise of RIL.

## Mr. Rajesh Pandey

40, Independent Non-Executive Director, holds a Bachelors degree in Chemical Engineering and possesses a total manufacturing experience of 12 years. His expertise in chemical engineering has benefited RIL significantly.

## Mr. Ramesh Mistry

47, Independent Non-Executive Director, holds a Bachelor's degree in Commerce with a rich 17-year industry experience. Mr. Mistry is responsible for overseeing RIL's general administration.

## Mrs. Swati Agarwal

29, Non-Executive Director, holds a Bachelor's degree in management studies, possessing around seven years of experience. She is responsible for overseeing general administration.

# Directors' Report

## To the shareholders

To,

The Members,

Your Directors have pleasure in presenting herewith their Twenty Eighth Annual Report of your Company together with the Audited Financial statements for the year ended on 31st March, 2010

### Financial Results

The performance of the Company for the financial year ended 31st March, 2010 is summarised below:

(Rs. in Million)

| Description | Year ended 31.03.2010 | Year ended 31.03.2009 |
|---|---|---|
| **Sales & Other Income** | **5498.68** | **4384.68** |
| Profit before Interest and Depreciation | 816.00 | 526.41 |
| Less : Interest | 41.34 | 3.08 |
| Profit Before Depreciation | 774.66 | 523.33 |
| Less: Depreciation | 253.02 | 207.77 |
| **Profit before Tax** | **521.64** | **315.56** |
| Less: Provision for Taxation | | |
| Current Tax | 94.59 | 39.72 |
| Deferred Tax | 43.61 | 7.47 |
| Fringe Benefit Tax | – | 1.87 |
| Tax Adjusted for earlier Years | 2.02 | 0.46 |
| **Net Profit for the year after Tax** | **381.42** | **266.05** |
| Less: Loss of Responsive Polymers International Ltd. on account of amalgamation | – | (46.24) |
| Add: Profit brought forward from Previous Period | 805.21 | 596.65 |
| **Amount available for appropriation** | **1186.62** | **834.22** |
| Proposed Dividend | 24.79 | 24.79 |
| Corporate Dividend Tax | 4.12 | 4.21 |
| Transferred to General Reserve | – | – |
| Balance carried forward to Balance Sheet | 1157.72 | 805.21 |

## Operations

The total turnover of the Company during the period under review stood at Rs. 5467.71 Million with Profit after Tax amounting to Rs. 381.42 Million as compared to Turnover of Rs. 4270.65 Million with Profit after Tax amounting to Rs. 266.05 Million, of previous year. Your Directors are confident that inspite of the slowdown of the Global Economy during the financial year 2009-10 whereby Indian Economy was also affected and witnessed a sharp slowdown in most of the sectors of the Economy, the Company's performance is satisfactory. During the current year the Company shall endeavour to perform better.

## Dividend

The Directors recommend for consideration of the shareholders, at the ensuing Annual General Meeting, payment of dividend of Re.1/- per share (10 per cent) for the year ended 31st March, 2010. The amount of dividend and tax thereon aggregates to Rs. 28.91 Million.

## Mega Project Status

The Company is proposing to set up an Expansion Project for the manufacture of PVC/CCF Leather Cloth (11000 MTPA) and Vinyl Floorings (35000 MTPA) at Betegaon, Boisar (E), Tal. Palghar Dist Thane.

The Govt. of Maharashtra has conferred the status of "Mega Project" to Company's aforesaid project. This status will enable the Company to avail various incentives from the Govt. of Maharashtra in due course of time.

## Preferential Allotment

During the year , your Company raised an aggregate of Rs. 700 Million through Preferential issue of 7000, 0% Compulsorily Convertible Debentures of face value of Rs. 1,00,000 each at par convertible into Equity shares from Foreign Corporate Bodies.

## Outstanding CCDs

7000, 0% Unsecured Compulsorily Convertible Debentures (CCDs) of Rs. 100000/- each are being converted into 13,72,500 Equity shares of Rs. 10 each at a premium of Rs. 500 per share.

## Subsidiary Companies

Your Company has one subsidiary company i.e. Axiom Cordages Limited. A statement pursuant to Section 212 of the Companies Act, 1956, in respect of Axiom Cordages Limited and its financial statements for the financial year 2009-10 together with the Report of the Directors and Auditors thereon are attached to the accounts of the Company.

## Consolidated Financial Statements

In compliance with Clause 32 and Clause 50 of the Listing Agreement, as per the Accounting Standard on Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements along with the Auditors' Report have been annexed with this report.

## Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Santosh Shinde retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Accordingly, his re-appointment forms part of the notice of the ensuing Annual General Meeting.

## Directors' Responsibility Statement

As required by section 217(2AA) of the Companies Act, 1956, your Board of Directors hereby state:

- that in preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures;
- that 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 as at 31st March, 2010 and of the profit of the Company for the year ended on that date;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the Directors have prepared the annual accounts on a going concern basis.

## Corporate Governance

The Company has complied with all the mandatory requirements of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement with the stock exchanges. A separate report on Corporate Governance and a certificate from M/s. P. P. Shah & Co., Practicing Company Secretaries regarding compliance with the conditions of Corporate Governance is given in a separate section and forms part of the Annual Report. Further, a declaration signed by the Whole Time Director, affirming compliance with the code of conduct by all the board members and senior management personnel along with Certificate from CEO/CFO required under clause 49(V) of the Listing Agreement are also given therein.

## Pledge of Shares

None of the equity shares of the directors of the Company are pledged with any banks, financial institutions.

## Particulars of Employees

There was no employee drawing remuneration exceeding the specified limit, during the year under consideration, hence details prescribed under section 217(2A) of the Companies Act, 1956, read with Companies (particulars of employees) Rules, 1975 are not applicable.

## Public Deposits

The Company has not accepted any public deposits during the year under review.

## Auditors

The Company's Statutory Auditors M/s. Haribhakti & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

## Auditors Qualifications

Regarding Auditors qualifications, the Directors state as follows:

For Item 4(iv) of Audit Report:

No provision for Employee Benefits has been made by the Company and the same shall be accounted for as and when paid . This is not in accordance with the Accounting Standard 15 (AS - 15) on "Employee benefits". The liability towards gratuity premium is not presently ascertained. However, the Company will account for the same in the ensuing financial year in accordance with AS – 15.

## Management Discussion and Analysis

Pursuant to Clause 49 of the Listing Agreement with the stock exchanges , the Management Discussion & Analysis Report for the year under review, is given under a separate section and forms part of the Annual Report.

## Conservation of Energy, Technological Absorption, Foreign Exchange Earnings and Outgo

In accordance with the provisions of 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 the required information relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure to the Directors' Report.

## Acknowledgements

Your Directors express their thanks and appreciation to the shareholders, customers, bankers and all other business associates for the continuous support given by them to the Company and their confidence in its management and to the employees of the Company for their valuable contributions.

For and on behalf of the Board

For **Responsive Industries Limited**

Place: Betegaon
Date: 9th August, 2010

**Atit Agarwal**
*(Chairman)*

# Annexure Forming Part of the Directors' Report

## Information Pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

## A) Conservation of Energy

a) Energy conservation measures taken N.A.

b) Additional investments proposal, if any being implemented for reduction of consumption of energy N.A.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods N.A.

d) Total energy consumption

| Power & Fuel Consumption | Financial Year 2009-10 | Financial Year 2008-09 |
|---|---|---|
| | | |
| **1) Electricity** | | |
| a) Purchased | | |
| Units | 17834927 | 15187133 |
| Total amount (Rs. in Million) | 96.64 | 70.41 |
| Rate / Unit (Rs.) | 5.42 | 4.64 |
| b) Own Generation | | |
| i) Through Diesel Generation | | |
| Units | NIL | NIL |
| Units per Liter of Diesel Oil | NIL | NIL |
| Cost/Units | NIL | NIL |
| ii) Through Steam | | |
| Turbine/Generator | | |
| Units | NIL | NIL |
| Units per Liter of Diesel Oil | NIL | NIL |
| Cost/Units | NIL | NIL |
| **2) Coal (Specify quantity and where used)** | | |
| Quantity (Tonnes) | NIL | NIL |
| Average Rate | NIL | NIL |
| **3) Furnace Oil** | | |
| Quantity (in Liters) | 2488335 | 2226638 |
| Total Amount (Rs. in Million) | 51.11 | 46.47 |
| Average Rate (Rs.) | 20.54 | 20.87 |
| **4) Other/Internal Generation (Please give details)** | | |
| Quantity | NIL | NIL |
| Total Cost | NIL | NIL |
| Rate/Unit | NIL | NIL |

## B) Technology Absorption

| | | |
|---|---|---|
| Efforts made in technology absorption | Nil | Nil |

## C) Foreign Exchange Earnings & Outgo

| | | |
|---|---|---|
| Total Exchange Earned (Rs. in Million) | 2624.30 | 1943.19 |
| Total Outgo (Rs. in Million) | 2850.12 | 1358.73 |

For and on behalf of the Board

For **Responsive Industries Limited**

**Atit Agarwal**
*(Chairman)*

Place: Betegaon
Date: 9th August, 2010

Report On

# Corporate Governance

## 1. Company's Philosophy on Code of Corporate Governance

The Company's philosophy of Corporate Governance aims at providing transparent working and assisting stakeholders to judge and understand the performance of the Company in an appropriate manner. It includes not only application and adaptation of statutory rules/ procedures and guidelines, but also includes application and adoption of good corporate practices so as to keep the stakeholders and authorities well informed on the Company.

## 2. Board of Directors

**A. Composition, category and number of other directorships of Directors:**

| | | | Other Companies Committee | |
|---|---|---|---|---|
| **Name of Directors** | **Category of Directorship** | **Directorship in other Public Limited Companies *** | **Committee Chairmanship**** | **Committee Memberships (including Chairmanship)**** |
| Mr. Santosh Shinde ^^ | Non - Executive Director | Nil | Nil | Nil |
| Mr. Ramesh Mistry | Independent Non - Executive Director | Nil | Nil | Nil |
| Mr. Ashok Jha | Independent Non - Executive Director | 1 | Nil | 1 |
| Mr. Rajesh Pandey | Independent Non - Executive Director | 1 | 1 | 1 |
| Mr. Atit Agarwal, Chairman ^^ | Executive Director (Whole-time Director) | 2 | Nil | Nil |
| Mrs. Swati Agarwal ^^ | Non-Executive Director | 2 | Nil | Nil |
| Mrs. Vaishali Shinde @ | Independent Non - Executive Director | Nil | Nil | Nil |

* Private Limited Companies, Foreign Companies and Companies under section 25 of the Companies Act, 1956 are excluded for this purpose.

** Only Audit Committee and Shareholders' / Investors' Grievance Committee have been considered for the purpose of the Committee positions as per listing agreement.

^^ Promoter Group / related to Promoter.

@ Resigned from Directorship w.e.f.14.10.2009

### B. Details of Board Meetings held and Attendance of Directors at Board Meetings & at the last Annual General Meeting:

Seventeen Board Meetings were held during the Period i.e. on 15th April, 2009, 5th May, 2009, 4th June, 2009, 8th June, 2009, 30th June, 2009, 30th July, 2009, 31st July, 2009, 7th September, 2009, 30th September, 2009, 14th October, 2009 , 30th October, 2009, 17th November, 2009, 24th December, 2009 , 8th January, 2010, 30th January, 2010 and 30th March, 2010.

| Name of Director | No. of Board meetings attended | Attendance at the last AGM |
|---|---|---|
| Mr. Santosh Shinde | 16 | Yes |
| Mr. Ramesh Mistry | 5 | Yes |
| Mr. Ashok Jha | 13 | No |
| Mr. Rajesh Pandey | 15 | Yes |
| Mr. Atit Agarwal | 12 | Yes |
| Ms. Swati Agarwal | 4 | Yes |

## 3. Audit Committee

### A. Brief description of terms of reference

- Review the financial reporting systems and disclosure of its financial information.
- Review with the Management, the annual/quarterly financial statements before submission to the Board for approval.
- Review with the Management, the performance of Statutory Auditors, Internal Auditors and the adequacy of the internal control systems.
- Review the Company's accounting policies.
- Recommend the appointment, re-appointment and replacement or removal of Statutory Auditors and fixation of Audit Fee.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Look into reasons for substantial defaults, if any, in payment to depositors, shareowners and creditors.
- Other functions as required by applicable Regulations.

### B. Composition of Committee and Attendance of Members

The committee met 4 times during the period under review on 30th June, 2009, 7th September, 2009, 30th October, 2009 and 30th January, 2010.

| Name of Director | Attendance at the last AGM |
|---|---|
| Mr. Ramesh Mistry, Chairman | 4 |
| Mr. Santosh Shinde, Member | 4 |
| Mr. Rajesh Pandey , Member | 2 |
| Mrs. Vaishali Shinde | 2 |

## 4. Shareholders/Investors Grievance Committee

This Committee (i) approves and monitors transfers, transmission, splitting and consolidation of securities and issue of duplicate Certificates by the Company, (ii) looks into various issues relating to shareholders including redressal of complaints from shareholders relating to transfer

of shares, non –receipt of Annual Reports, Dividends etc. The Committee overviews the steps to be taken for improving further the quality of service to the investors. The Committee consists of 3 Non-Executive Directors namely :-

| Name of Director | |
|---|---|
| Mr. Ramesh Mistry | Non –Executive Director (Chairman) (Independent) |
| Mr. Santosh Shinde | Non- Executive Director |
| Mr. Rajesh Pandey | Non- Executive Director |

The Committee met 8 times during the year.

**Compliance Officer :** Mr. Santosh Shinde , is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges in India.

**Status of Complaint Received and Pending**

| Number of Complaints From 01.04.2009 to 31.03.2010 | | | |
|---|---|---|---|
| **Pending as on 01.04.2009** | **Received** | **Redressed** | **Pending as on 31.03.2010** |
| Nil | Nil | Nil | Nil |

## 5. Investment Committee

The Board of Directors has constituted an Investment Committee during the financial year 2008-09 to take decisions relating to investing the funds of the Company and to grant, give or make loans or advances on behalf of the Company. The Committee's composition is as under:

| Name of Director | Attendance at the last AGM |
|---|---|
| Mr. Ramesh Mistry | Chairman |
| Mr. Rajesh Pandey | Member |
| Mr. Ashok Jha | Member |

During the year under review, the Committee met 4 times.

## 6. Remuneration Committee

The Company does not have any Remuneration Committee. However the Board determines and recommends the remuneration package.

| | |
|---|---|
| Remuneration of Directors | Rs. 1.2 Million |
| Details of sitting fees paid to the Directors | Rs. Nil |

## 7. General Body Meetings

### A. Location and time of Company's last three Annual General Meetings with details of special resolutions passed:

| Date | 30th September, 2009 | 20th August, 2008 | 28th September, 2007 |
|---|---|---|---|
| Time | 10.00 a.m. | 11.00 a.m. | 11.00 a.m. |
| Venue | Village Betegaon, Boisar (East), Mahagaon Road, Taluka Palghar, Dist. Thane – 401 501 | Village Betegaon, Boisar (East), Mahagaon Road, Taluka Palghar, Dist. Thane – 401 501 | Village Betegaon, Boisar (East), Mahagaon Road, Taluka Palghar, Dist. Thane – 401 501 |
| Details of Special Resolutions passed in the AGM | 1. Issue of equity shares under section 81(1A) of the Companies Act, 1956. | 1. Issue of equity shares under section 81(1A) of the Companies Act, 1956. | NIL |
| | 2. Amendment in Articles of Association of the Company. | | |

### B. No Special resolution was passed through postal ballot in the last year.

### C. At the ensuing Annual General Meeting there is no resolution which is proposed to be passed by postal ballot.

### D. Location, date and time of the Extra Ordinary General Meetings

| Year | Location | Date and time | Special Resolutions Passed |
|---|---|---|---|
| 2009-2010 | Village Betegaon, Boisar (East), Mahagaon Road, Taluka Palghar, Dist. Thane – 401 501 | 28th May, 2009 at 11.00 a.m. | 1. For Alteration of Capital Clause in the Memorandum of Association<br>2. For Substitution of Articles of Association<br>3. For ratification for modification of number of shares to be issued upon conversion of 0% CCDs. |
| | Village Betegaon, Boisar (East), Mahagaon Road, Taluka Palghar, Dist. Thane – 401 501 | 27th November, 2009 at 10.00 a.m. | 1. For further of issue of securities under Section 81(1A) |

## 8. Disclosures

### A. Materially significant Related Party Transactions

There are no materially significant transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives, etc that may have potential conflict with the interest of Company at large.

Details of transactions effected with related parties have been reported separately in the notes to the accounts of the Balance Sheet presented in the Annual Report in accordance with the requirement of Accounting Standard - 18 issued by The Institute of Chartered Accountants of India.

### B. Compliance with Capital Market Laws

The Company has complied with the requisite regulations relating to capital markets. No penalties/strictures have been imposed on the Company by the Stock Exchange or SEBI or any other Statutory Authority on any matter related to Capital Markets during the last three years.

### C. Whistle Blower Policy and Access of personnel to the Audit Committee

The Company has not established the non-mandatory requirement of Whistle Blower Policy. However, no personnel of the Company have been denied access to the Audit Committee.

### D. Implementation of the Non-mandatory requirements

The Company has not implemented the non-mandatory requirements enlisted by way of annexure to Clause 49 of the listing agreement.

## 9. Means of Communication

Quarterly results are taken on record by the Board of Directors and submitted to the Stock Exchange in terms of the requirement of clause 41 of the Listing Agreement.

The Company publishes its quarterly/annual results as well as any official news in two newspapers i.e. Free Press Journal and Navshakti.

The results are also displayed on the Company's website "www.responsiveindustries.com"

## 10. Management Discussion & Analysis

Management discussion & Analysis Report is attached herewith and forms part of the Annual Report

## 11. General Shareholder Information

| | |
|---|---|
| **A. Annual General Meeting: (Day, Date, Time and Venue)** | On 10th September, 2010 at 10.30 a.m. at the Registered office of the Company at Village Betegaon, Mahagaon Road, Boisar (E), Tal. Palghar, Dist. Thane- 401501. |
| **B. Financial Year/Calendar 2010-11 (Tentative)** | |
| Results for the quarter ending 30th June, 2010 | 3rd/ 4th week of July 2010. |
| Results for quarter ending 30th September, 2010 | 3rd / 4th week of October 2010. |
| Results for quarter ending 31st December, 2010 | 3rd/ 4th week of January 2011. |
| Results for year ending 31st March, 2011 | 2nd/3rd week of May 2011. |
| **C. Date of Book Closure** | From 06/09/2010 to 10/09/2010 (Both days inclusive) |
| **D. Dividend payment date** | On or after 10/09/2010 |
| **E. Listing on Stock Exchanges** | Bombay Stock Exchange Limited (BSE)<br>The listing fees payable to BSE for 2010-11 have been paid in full by the Company. |
| **F. i) Stock Code** | 505509 (BSE) |
| **ii) Demat ISIN number in NSDL and CDSL for equity shares** | INE688D01018 |
| **iii) Corporate Identity Number (CIN)** | Our CIN allotted by the Ministry of Corporate Affairs, Government of India, is L99999MH1982PLC027797, and our Company is registered within the jurisdiction of the Registrar of Companies, Maharashtra, Mumbai. |
| **G. Market price data** | The shares of the Company were thinly traded during the year. Accordingly, the market price data of the Company are as given below: |

| Period 2009-10 | High (Rs.) | Low (Rs.) |
|---|---|---|
| **Month** | | |
| April 2009 | – | – |
| May 2009 | – | – |
| June 2009 | 459.65 | 459.65 |
| July 2009 | 436.70 | 383.65 |
| August 2009 | – | – |
| September 2009 | 722.65 | 402.80 |
| October 2009 | 781.95 | 658.00 |
| November 2009 | 805.00 | 780.00 |
| December 2009 | 790.00 | 781.00 |
| January 2010 | 862.50 | 796.00 |
| February 2010 | 877.20 | 860.00 |
| March 2010 | 877.20 | 859.00 |

Note : Blank denotes no trading during the month

**H. Registrar and Share Transfer Agents**

The Company has appointed M/s Link Intime India Private Ltd, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai- 400078 as its Registrar and Share Transfer Agent for handling the share registry work in terms of both physical and electronic (Dematerialisation of shares). Accordingly, shareholders are required to approach Link Intime India Pvt.Ltd. for all work relating to the Company's shares including transfer and transmission of shares, issue of duplicate share certificates, splitting, consolidation and replacement of share certificates as well as dematerialisation of shares held in the Company. The shareholders are required to send all correspondence relating to Company's shares to Link Intime India Pvt. Ltd.

**I. Share Transfer System in physical form:**

Shareholders / Investors are requested to send share transfer related documents directly to our Registrar and Share Transfer Agents whose address is given above. Physical transfer of shares are processed by the Share Transfer Agents and approved by the Shareholders/Investors Grievance Committee. Transfer of shares is affected and share certificates are sent to the transferee within 30 days from the date of receipt, provided the relevant documents are complete in all respects.

The demat requests are processed and completed within an average period of 15 days from the date of receipt, provided they are otherwise in order.

As required under clause 47 (c) of the Listing Agreements entered into by the Company with the Stock Exchanges, a certificate is obtained every six months from a Practicing Company Secretary with regard to inter alia, effecting transfer, transmission, sub-division, consolidation, renewal and exchange of equity shares within one month of their lodgment. The certificate is also forwarded to BSE, where the equity shares are listed.

**J. Distribution of shareholding as on 31st March, 2010:**

| Group of Shares | No. of Shareholders | No. of Shares held | % to total shares |
|---|---|---|---|
| 1 – 5000 | 52 | 11132 | 0.04 |
| 5001 – 10000 | 1 | 8400 | 0.03 |
| 10001 – 50000 | 1 | 25439 | 0.10 |
| 50001 – 100000 | 4 | 226233 | 0.92 |
| 100001 and above | 11 | 24520796 | 98.91 |
| **Total** | **69** | **24792000** | **100.00** |

**K. Shareholding Pattern as on 31st March, 2010**

| Category | No. of Shares held | % of holding |
|---|---|---|
| Promoters | 15600031 | 62.93 |
| Foreign Institutional Investors | 1146998 | 4.63 |
| Overseas Corporate Bodies | 8000000 | 32.27 |
| Clearing Members | 12 | 0.00 |
| Other Bodies Corporate | 11152 | 0.045 |
| Resident Individuals | 33807 | 0.14 |
| **Total** | **24792000** | **100.00** |

**L. Dematerialisation of Shares and liquidity**

The International Securities Identification Number (ISIN) allotted to the Company for both the depositories, viz. NSDL and CDSL is INE688D01018. As per the notification issued by SEBI, the equity shares of the Company are traded compulsorily in dematerialised form by all investors with effect from 8th May, 2000.

As on 31st March, 2010, 99.99 % of the Company's Equity Shares representing 2,47,90,550 Equity shares are held in electronic form.

**M. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity**

The Company had issued and alloted on 15th April, 2009, 7000 zero coupon compulsorily convertible debentures (CCDs) of Rs. 100000/- each to Foreign Corporate Bodies on a private- placement basis.

The above mentioned CCD shall be compulsorily converted into 13,72,500 Equity shares of Rs. 10 each at a premium of Rs. 500 per share.

**N. Registered Office & Plant Location**

Village Betegaon , Mahagaon Road, Boisar (E), Tal. Palghar, Dist. Thane- 401501.

**O. Address for correspondence**

Shareholders should address correspondence to the Company's Registrars and Share Transfer Agents at the address mentioned below. Shareholders could also contact at the Registered Office of the Company at the address mentioned below.

| Registrar & Share Transfer Agents: | Registered Office: |
|---|---|
| Link Intime India Private Ltd.,<br>C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W) ,<br>Mumbai, 400078. | Village Betegaon, Mahagaon Road,<br>Boisar (E), Tal. Palghar, Dist. Thane-401501 |

## 12. Secretarial Audit for Reconciliation of Capital

A qualified Practicing Company Secretary carries out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited and the total issued and listed capital. The audit confirms that the issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

## 13. Practicing Company Secretary's Certificate on Corporate Governance

As required under clause 49 of the Listing Agreement, M/s. P.P. SHAH & Co., Practicing Company Secretaries have verified the compliance of the Corporate Governance norms by the Company. Their certificate is annexed hereto.

# Certificate on Corporate Governance

To,

**The Members Of Responsive Industries Limited**

We have examined the compliance of conditions of Corporate Governance by RESPONSIVE INDUSTRIES LIMITED ("the Company") for the year ended on 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement.

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

For **P.P. SHAH & Co.**
*Practicing Company Secretary*

**Pradip C. Shah**
*Partner*
FCS –1483
COP– 436

Place: Mumbai
Date: 9th August, 2010

# CEO/CFO Certification

I, Mr. Atit Agarwal, Whole-time Director and Chief Financial Officer of Responsive Industries Limited hereby certify that:

(a) I have reviewed financial statements and the cash flow statement for the Financial Year ended 31st March, 2010 and that to the best of my 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.

(b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) I am responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) I have indicated to the auditors and the Audit committee that:

(i) there have been no significant changes in internal control over financial reporting during the year;

(ii) there have been no significant changes in accounting policies during the year; and

(iii) there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Betegaon
Date: 9th August, 2010

For **Atit Agarwal**
*Whole-time Director & Chief Financial Officer*

# Declaration Under Clause 49 Of The Listing Agreement

This is to confirm that the Company has adopted a Code of Conduct for its Directors and Senior Management Personnel, which is displayed on the Company's web site.

I confirm that all the Members of the Board of the Company and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct as applicable to each one of them, for the Financial year ended 31st March, 2010.

Place: Betegaon
Date: 9th August, 2010

For **Atit Agarwal**
*Whole-time Director*

# Management Discussion & Analysis Report

## A. Industry Structure and Developments

The Company is engaged in manufacturing of PVC products, which are widely used in both for household and commercial purposes. In spite of deceleration from 9% GDP growth to about 7% GDP growth in 2009-10, India remains the second largest growing economy in the world.

The Indian economy has been adversely affected due to the impact of global financial meltdown, moderating consumption demand and depreciating currency. For the year 2009-10, the manufacturing sector grew by 10.9 percent from 2.8 percent in the previous fiscal. Indian plastic product sector witnessed strong double-digit growth, with strong offtake from key user industries like packaging, automotive and infrastructure sector.

During the year under review, the Company's performance was satisfactory and the Company was able to meet the demand of PVC products satisfactorily. Despite the slow down, your Company is seeing bright future for its business and will strive for better performance in coming years.

## B. Opportunities and Threats

The Company is among the market leaders in PVC products segment. The consumption of PVC products like PVC Leather Cloth is increased with reasonable percentage in both commercial and household purposes and for other PVC products also like PVC Sheeting, PVC Rigid, the consumption in commercial purposes has been increased. With this growing demand of PVC products in the domestic markets as well as the overseas markets for commercial and household applications, the Company is expecting several opportunities for profitable growth. The Company has all geared up to meet these challenges and continue to be among the leaders in this sector.

The threats that the Company faces are from the unorganised sector in the domestic markets due to cheaper imports and European & other countries competition in the overseas market. However, the strong product development and market efforts have enabled the Company to stay ahead.

## C. Product Wise Performance

The Company is engaged only in one segment of products i.e. PVC products. The product wise performance during the year is shown below:

### 1. PVC Leather Cloth

The production during the year 2009-10 is 43980.47 Sq. Mtrs./Kgs. as against the production of 62745.42 Sq. Mtrs./Kgs for the previous year 2008-09. The sales during the year 2009-10 is Rs. 2353.56 Million as against the sales of Rs. 2003.90 Million for the year 2008-09.

### 2. PVC Flooring

The production during the year 2009-10 is 10745.52 Sq. Mtrs./Kgs as against the production of 7070.05 Sq. Mtrs./Kgs for the previous year 2008-09. The sales during the year 2009-10 is Rs. 2673.81 Million as compared to the sales of Rs. 1809.56 Million for the previous year 2008-09.

### 3. PVC Sheeting

The Production during the year 2009-10 is 5885.98 Sq. Mtrs./Kgs as against the production of 3785.20 Sq. Mtrs./Kgs for the year 2008-09 and the sales is Rs. 247.99 Million for the year 2009-10 as against the sales of Rs. 156.88 Million for the year 2008-09.

### 4. PVC Rigid

The Production during the year is 4419.70 Sq. Mtrs./Kgs as compared to the production of 3004.07 Sq.Mtrs./Kgs for the previous year 2008-09 and sales during this year is Rs. 352.78 Million as against the sale of Rs. 252.39 Million for the year 2008-09.

## D. Outlook

With Company's increased capacity utilisation, strong product development, market efforts, the Company is optimistic about its growth in the coming years too.

## E. Risk and Concerns

Your Company has a clearly documented risk management policy. The management team of the Company regularly identifies, reviews and assesses such risk and decides appropriate guideline for mitigating the same.

## F Internal Control Systems and their Adequacy

The Company has instituted adequate internal control procedure commensurate with the nature of its business and the size of its operations for the smooth conduct of its business.

Internal audit is conducted at regular intervals at the plants and covers the key areas of operations. It is an independent objective and assurance function responsible for evaluating and improving the effectiveness of risk management control, and governance processes.

## G. Financial & Operational Performance

Your Company achieved Net sales of Rs. 5467.71 Million for the year ended 31st March, 2010 as compared to Rs. 4270.65 Million in the previous year. Further, your Company recorded net profit after tax of Rs. 381.41 Million as compared to 266.05 Million for the previous year.

In term of geographical markets performance of the Company is as follows.

(Rs. in Million)

| Sales | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
|---|---|---|
| Local | 2822.98 | 2251.54 |
| Export | 2644.73 | 2019.11 |
| **Total** | **5467.71** | **4270.65** |

## H. Human Resources

Your Company has employee strength of around 1300 in its factories and regional offices. Your Company's industrial relation continued to be harmonious during the year review. Your Company conducts regular in house training program for employee at all level.

## I. Transparency in Sharing Information

Transparency refers to sharing information and acting in an open manner. Processes and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them. Your Company believes in total transparency in sharing information about its business operations with all its stakeholders. Your Company strives to provide maximum possible information in this report to keep the stakeholders updated about the business performance.

## J. Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives , projections, estimates , expectations may constitute a 'forward looking statement' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed and implied. Important factors that could make a difference to your Company operation include economic condition affecting demand/supply and price condition in the domestic markets in Government Regulations, tax laws and other statutes and other incidental factors.

# Auditors' Report

To
The Members of **Responsive Industries Limited**

1) We have audited the attached Balance Sheet of Responsive Industries Limited ('the Company') as at 31st March, 2010 and the Profit and Loss account also 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 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, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4) Further to our comments in the paragraph 3 above, we report that:

   **i)** We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

   **ii)** In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   **iii)** The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   **iv)** In our opinion, 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, except for *Accounting Standard 15 (Revised) - "Employee Benefits", as no provision has been made for gratuity and leave encashment. Accordingly, we are unable to comment upon the resultant effect on the related expense, liability and the profit for the year*;

   **v)** On the basis of the written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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 para 4 (iv) give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

   a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;

   b) in the case of the profit and loss account, of the profit for the year ended on that date; and

   c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**
*Chartered Accountants*
FRN No.103523W

**Sarah George**
*Partner*
Membership No.45255

Place: Mumbai
Date: 14th June, 2010

# Annexure to Auditors' Report

**[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Responsive Industries Limited on the financial statements for the year ended 31 March 2010]**

1) **a)** The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   **b)** As explained to us, all the fixed assets have been physically verified by the management in a phased periodic manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.

   **c)** There was no substantial disposal of fixed assets during the year.

2) **a)** The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

   **b)** The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   **c)** The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

3) **a)** The Company has granted interest free loans to two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 62.09 Million and the year- end balance of loans granted to such parties was Rs.Nil.

   **b)** In our opinion and according to the information and explanations given to us, the terms and conditions for such interest free loans are not, prima facie, prejudicial to the interest of the Company.

   **c)** In respect of loans granted, repayment of principal amount is as stipulated which have been repaid.

   **d)** There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

   **e)** The Company has taken an interest free loan from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 918.18 Million and the year-end balance of loans taken from such party was Rs.Nil.

   **f)** In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions for such loan is not, prima facie, prejudicial to the interest of the Company.

   **g)** In respect of the loan taken, repayment of principal amount is as stipulated and has been fully repaid.

4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.

5) **a)** According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register under section 301 have been so entered.

   **b)** In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

7) In our opinion, the Company has an internal audit system which is commensurate with the size and nature of its business.

8) To the best of our knowledge, the Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

9) **a)** The Company is regular in depositing with appropriate authorities undisputed statutory dues 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 material statutory dues applicable to it.

Further, since the Central Governent has till date not prescribed the amount of cess payable under section 441 A of the Companies Act,1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

**b)** According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

**c)** According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

10) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in current and immediately preceding financial year.

11) Based on our audit procedures and as per the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

12) According to information and explanation given to us and based on document and records provided to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

15) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

16) The Company has not obtained any term loans.

17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

18) The Company has not made preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.

19) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 7000 unsecured debentures of Rs. 1,00,000 each.

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

21) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Haribhakti & Co.**
*Chartered Accountants*
FRN No.103523W

**Sarah George**
*Partner*
Membership No.45255

Place: Mumbai
Date: 14th June, 2010

# Balance Sheet as at 31st March, 2010

(Rs. in Million)

| | Schedules | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|---|
| **Sources of Funds** | | | |
| **Shareholder's funds** | | | |
| Share Capital | A | 247.92 | 219.42 |
| Share Capital Suspense Account | | – | 28.50 |
| Share Application Money | | 760.22 | – |
| Reserves & Surplus | B | 1,332.10 | 979.59 |
| | | 2,340.24 | 1,227.51 |
| **Loan funds** | | | |
| Secured Loans | C | 464.40 | 15.77 |
| Unsecured Loans | D | 700.00 | 700.00 |
| | | 1,164.40 | 715.77 |
| Buyer Credit (In Foreign Currency) | | 1,018.39 | – |
| Deferred Tax Liabilities (Net) | | 122.39 | 78.78 |
| | | **4,645.42** | **2,022.06** |
| **Application Of Funds** | | | |
| **Fixed Assets** | E | | |
| Gross Block | | 2,896.91 | 2,267.94 |
| Less: Depreciation | | 821.66 | 568.89 |
| Net Block | | 2,075.25 | 1,699.05 |
| Capital Work in Progress ( including Capital Advances) | | 1,212.01 | 138.44 |
| | | 3,287.26 | 1,837.49 |
| **Investments** | F | 570.00 | 104.87 |
| **Current Assets, Loans & Advances** | | | |
| Inventories | G | 324.95 | 230.57 |
| Sundry Debtors | H | 477.96 | 181.25 |
| Cash & Bank Balances | I | 211.38 | 71.75 |
| Loans & Advances | J | 185.60 | 532.15 |
| | | 1,199.89 | 1,015.72 |
| **Less: Current Liabilities & Provisions** | K | | |
| Current Liabilities | | 246.65 | 768.56 |
| Provisions | | 165.09 | 167.46 |
| **Net Current Assets** | | 788.16 | 79.70 |
| | | **4,645.42** | **2,022.06** |
| Significant Accounting Policies & Notes forming part of the Accounts | S | | |

As per our attached report of even date

For **HARIBHAKTI & CO.**
*Chartered Accountants*

**Sarah George**
*Partner*
Mem. No. 45255

Place: Mumbai
Date: 14th June, 2010

For and on behalf of the Board of Directors

**Atit Agarwal**
*Director*

**Santosh Shinde**
*Director*

**Kilpa Shah**
*Company Secretary*

Place: Mumbai
Date: 14th June, 2010

# Profit and Loss Account for the year ended 31st March, 2010

(Rs. in Million)

| | Schedules | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|---|
| **Income** | | | |
| Gross Sales | | 5,749.21 | 4,538.71 |
| Less: Excise Duty | | 281.51 | 268.06 |
| Net Sales | | **5,467.71** | **4,270.65** |
| Increase/(Decrease) in Stocks | | (44.18) | 94.82 |
| Other Income | M | 75.15 | 19.21 |
| | | **5,498.68** | **4,384.68** |
| **Expenditure** | | | |
| Manufacturing & Other Expenses | N | 4,489.01 | 3,551.69 |
| Personnel Cost | O | 63.77 | 69.44 |
| Administrative & Other Expenses | P | 54.65 | 171.91 |
| Selling & Marketing Expenses | Q | 75.26 | 65.24 |
| Interest & Finance Charges | R | 41.34 | 3.08 |
| Depreciation | | 253.02 | 207.77 |
| | | **4,977.04** | **4,069.12** |
| **Profit Before Tax** | | **521.64** | **315.56** |
| Less: Provision for Tax | | | |
| Current Tax | | 94.59 | 39.72 |
| Deferred Tax Liability/(Asset) | | 43.61 | 7.47 |
| Fringe Benefit Tax | | – | 1.87 |
| Tax Adjustment for earlier years | | 2.02 | 0.46 |
| **Profit After Tax** | | **381.42** | **266.05** |
| Less: Loss of Responsive Polymers International Ltd. | | | |
| i) Period from 01.07.2006 to 31.03.2008 | | – | 1.25 |
| ii) Loss of Responsive Polymers International Ltd. upto 30.06.2006 | | – | 46.24 |
| | | **381.42** | **218.56** |
| Add: Reserve on account of Amalgamation | | – | 19.00 |
| Add: Balance as per last Balance Sheet | | 805.21 | 596.65 |
| | | **1,186.63** | **834.22** |
| **Appropriations** | K | | |
| Proposed Dividend | | 24.79 | 24.79 |
| Tax on Dividend | | 4.12 | 4.21 |
| **Balance carried to Balance Sheet** | | **1,157.72** | **805.21** |
| **Earning Per Share of Rs. 10 each/- (in Rs.)** | | | |
| Basic | | 15.38 | 12.66 |
| Diluted | | 14.50 | 12.66 |
| Significant Accounting Policies & Notes forming part of the Accounts | S | | |

As per our attached report of even date

For **HARIBHAKTI & CO.**
*Chartered Accountants*

**Sarah George**
*Partner*
Mem. No. 45255

Place: Mumbai
Date: 14th June, 2010

For and on behalf of the Board of Directors

**Atit Agarwal**
*Director*

**Santosh Shinde**
*Director*

**Kilpa Shah**
*Company Secretary*

Place: Mumbai
Date: 14th June, 2010

# Cash Flow Statement for the year ended 31st March, 2010

(Rs. in Million)

| | | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|---|
| A | **Cash Flow from Operating Activities** | | |
| | **Net Profit Before Tax and Extraordinary Items** | **521.64** | **315.56** |
| | **Adjustments For :** | | |
| | Depreciation | 253.02 | 207.77 |
| | Loss on Sale/Discard of Fixed Assets | 0.26 | – |
| | Interest paid | 41.34 | 2.09 |
| | Interest Income | (26.99) | (6.04) |
| | Dividend Income | – | (0.22) |
| | Provision For Doubtful Debt | 3.71 | – |
| | (Profit) / Loss on Sale of Investment | (0.71) | 1.73 |
| | Loss on Trading in Equity Derivative Instruments (Net) | 0.02 | 1.20 |
| | Unrealised (Gain) / Loss on Foreign Exchange | (38.24) | 98.74 |
| | **Operating Profit Before Working Capital Changes** | **754.05** | **620.83** |
| | **Adjustments For :** | | |
| | Inventories | (94.37) | (41.14) |
| | Trade & Other Receivables | (300.43) | (21.43) |
| | Loans and Advances | 338.99 | (243.27) |
| | Trade Payables | (620.81) | 157.13 |
| | **Cash Generated From Operations** | **77.43** | **472.13** |
| | Income tax paid and TDS certificates Received | 7.56 | (58.32) |
| | **Net Cash From Operating Activities** | **84.99** | **413.80** |
| B | **Cash Flow from Investing Activities:** | | |
| | Purchase of Fixed Assets | (629.71) | (78.25) |
| | Capital Advances given | (1,073.57) | (59.20) |
| | Sale/Discard of Fixed Assets | 0.24 | 0.45 |
| | Interest received | 26.99 | 6.04 |
| | Dividend Income | – | 0.22 |
| | Loss on Trading in Equity Derivative Instruments (Net) | (0.02) | (1.20) |
| | Sale / (Purchase) of Investments | (465.13) | (54.95) |
| | Profit / (Loss) on sale of Investments | 0.71 | (1.73) |
| | **Net Cash Used in Investing Activities** | **(2,140.49)** | **(188.62)** |

(Contd.)

# Cash Flow Statement for the year ended 31st March, 2010 (Contd.)

(Rs. in Million)

| | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| **C Cash Flow from Financing Activities** | | |
| Interest Paid | (41.34) | (2.09) |
| Increase / (Decrease) in Loan | 1,467.02 | (77.10) |
| Decrease on account of amalgamation of RPIL | – | (9.14) |
| Share Application Money Received | 760.22 | – |
| Dividend Paid ( Including Dividend Distribution Tax ) | (29.01) | – |
| Decrease on account of amalgamation of RPIL | – | (19.65) |
| **Net Cash Used in Financing Activities** | **2,156.90** | **(107.97)** |
| Add:Unrealised Gain/ (loss) on Foreign Exchange Fluctuation | 38.24 | (98.74) |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 139.63 | 117.20 |
| **Cash & Cash Equivalents (Opening Balance)** | 71.75 | 53.28 |
| **Cash & Cash Equivalents (Closing Balance)** | **211.38** | **71.75** |

**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 Statement issued by the Institute of Chartered Accountants of India.

2) Cash and Cash Equivalents at the year end consist of Cash in Hand and Balances with Banks as follows

(Rs. in Million)

| | As on 31st March, 2010 | As on 31st March, 2009 |
|---|---|---|
| Cash in hand | 4.63 | 1.26 |
| Balances with Banks | 206.76 | 70.49 |
| **Total** | **211.38** | **71.75** |

3) Figures in brackets represents outflows.

4) Previous Year figures have been recast/restated wherever necessary.

As per our attached report of even date

For **HARIBHAKTI & CO.**
*Chartered Accountants*

**Sarah George**
*Partner*
Mem. No. 45255

Place: Mumbai
Date: 14th June, 2010

For and on behalf of the Board of Directors

**Atit Agarwal**
*Director*

**Santosh Shinde**
*Director*

**Kilpa Shah**
*Company Secretary*

Place: Mumbai
Date: 14th June, 2010

# Schedules Forming Part of the of the Accounts for the year ended 31st March, 2010

(Rs. in Million)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|
| **Schedule – A Share Capital** | | |
| **Authorised** | | |
| 4,20,00,000 (P.Y. 2,20,00,000) Equity Shares of Rs. 10/- each | 420.00 | 220.00 |
| Nil (P.Y. 2,00,00,000) Preference Shares of Rs. 10/- each | – | 200.00 |
| | 420.00 | 420.00 |
| **Issued, Subscribed & Paid-up** | | |
| 2,47,92,000 (P.Y.2,19,42,000) Equity Shares of Rs. 10/- each fully paid up. | 247.92 | 219.42 |
| (Of the above 1,57,44,000 Equity Shares of Rs. 10/- each have been alloted as Bonus Shares by capitalisation of Profit and Loss Account in F.Y.2007-08.) | | |
| (Of the above 1,32,85,033 (P.Y.1,32,85,033) Equity Shares of Rs. 10/- each are held by the Holding Company Wellknown Business Ventures Private Limited.) | | |
| Nil (P.Y.1,92,93,200) 0% Redeemable Non-Convertible Preference Shares of Rs. 10/- each fully paid up. | – | 192.93 |
| Less: Adjusted on account of Amalgamation | – | 192.93 |
| | **247.92** | **219.42** |
| **Schedule – B Reserves and Surplus** | | |
| **Capital Reserve Account** | | |
| Balance as per last account | 1.38 | – |
| Add : Transfer during the year | – | 1.38 |
| | 1.38 | 1.38 |
| **Securities Premium Account** | | |
| Balance as per last account | 172.90 | – |
| Add: Transferred on account of amalgamation | – | 172.90 |
| | 172.90 | 172.90 |
| General Reserve | 0.10 | 0.10 |
| Profit & Loss Account | 1,157.72 | 805.21 |
| | **1,332.10** | **979.59** |
| **Schedule – C Secured Loans** | | |
| Working Capital Loan from Bank (Secured against entire fixed assets of the Company) | 368.19 | – |
| Other Loans (Secured against pledge on portfolio of CEM Structured Notes) | 90.00 | – |
| Vehicle Loans (Secured against mortgage of respective vehicles) | 6.21 | 15.77 |
| | **464.40** | **15.77** |
| **Schedule – D Unsecured Loans** | | |
| 0% 7000 (P.Y. Nil) Compulsory Convertible Debentures of Rs. 1,00,000/- each | 700.00 | – |
| Debentures Application Money | – | 700.00 |
| | **700.00** | **700.00** |

# Schedules Forming Part of the Accounts for the year ended 31st March, 2010

**Schedule – E Fixed Assets**

(Rs. in Million)

| Description | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April, 2009 | Additions During the year | Deductions/ Adjustments During the year | As at 31st March, 2010 | Up to 31st March, 2009 | For the Year | Adjustments during the year | Up to 31st March, 2010 | As at 31st March, 2010 | As at 31st March, 2009 |
| Freehold Land | 78.10 | – | – | 78.10 | – | – | – | – | 78.10 | 78.10 |
| Factory Buildings | 139.01 | 8.69 | – | 147.70 | 13.05 | 4.68 | – | 17.73 | 129.97 | 125.96 |
| Plant & Machinery | 1,973.14 | 613.75 | – | 2,586.89 | 541.48 | 240.17 | – | 781.65 | 1,805.23 | 1,431.65 |
| Electric Installations | 17.80 | 4.54 | – | 22.34 | 3.20 | 1.96 | – | 5.16 | 17.18 | 14.60 |
| Computers | 4.67 | 1.80 | – | 6.47 | 1.64 | 0.85 | – | 2.49 | 3.98 | 3.03 |
| Furniture & Fixtures | 1.14 | 0.02 | – | 1.16 | 0.10 | 0.07 | – | 0.17 | 0.98 | 1.03 |
| Office Equipments | 5.39 | 0.84 | – | 6.23 | 0.30 | 0.28 | – | 0.58 | 5.65 | 5.09 |
| Weighing Scale | 0.18 | 0.06 | – | 0.24 | 0.02 | 0.01 | – | 0.03 | 0.21 | 0.16 |
| Motor Cars | 26.39 | – | 0.74 | 25.65 | 3.77 | 2.50 | 0.25 | 6.02 | 19.63 | 22.62 |
| Motor Trucks | 22.12 | – | – | 22.12 | 5.32 | 2.50 | – | 7.82 | 14.30 | 16.80 |
| **Total** | **2,267.94** | **629.71** | **0.74** | **2,896.91** | **568.89** | **253.02** | **0.25** | **821.66** | **2,075.24** | **1,699.05** |
| Previous Year | 2,190.25 | 78.25 | 0.56 | 2,267.94 | 361.23 | 207.77 | 0.11 | 568.89 | 1,699.05 | – |

Note: Additions / (Reduction) in Plant and Machineries reflects (Rs. 8.93 Million) towards Foreign Exchange Fluctuations Gain. {P.Y. Rs. 55.39 Million Loss}.

# Schedules Forming Part of the Accounts for the year ended 31st March, 2010

(Rs. in Million)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|
| **Schedule – F Investments** | | |
| **(As per Annexure "1")** | 570.00 | 104.87 |
| | **570.00** | **104.87** |
| **Schedule – G Inventories** | | |
| (As taken, valued and certified by the Management) | | |
| Raw Materials [Including Stock in Transit Rs. 70.73 Million (P.Y.Rs.Nil) ] | 261.58 | 128.14 |
| Stores and Spares | 5.23 | 4.25 |
| Packing Materials | 5.60 | 1.47 |
| Work in Progress | 40.67 | 96.72 |
| Finished Goods | 11.87 | – |
| | **324.95** | **230.57** |
| **Schedule – H Sundry Debtors** | | |
| (Unsecured) | | |
| a) Debts due for more than six months | | |
| Considered Good | 17.00 | 25.93 |
| Considered Doubtful | 3.71 | – |
| | 20.71 | 25.93 |
| b) Other Debts (Considered Good) | 460.96 | 155.32 |
| | 481.67 | 181.25 |
| Less: Provision for Doubtful Debts | 3.71 | – |
| | **477.96** | **181.25** |
| **Schedule – I Cash and Bank Balances** | | |
| Cash on hand | 4.63 | 1.26 |
| **Balances with Scheduled Banks** | | |
| On Current Accounts | 168.48 | 25.48 |
| In Fixed Deposit Accounts * | 38.27 | 45.01 |
| * [includes Rs. 38.07 Million (P.Y. Rs. 45.00 Million) pledged against Letter of Credit issued] | | |
| | **211.38** | **71.75** |

# Schedules Forming Part of the Accounts for the year ended 31st March, 2010

(Rs. in Million)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|
| **Schedule – J Loans and Advances** | | |
| (Unsecured, Considered good) | | |
| Advances recoverable in cash or in kind or for value to be received | 70.72 | 404.70 |
| Balance with Customs, Excise, VAT, etc. | 14.17 | 20.06 |
| Other Deposits | 9.63 | 8.74 |
| Advance Tax & TDS | 91.09 | 98.65 |
| | **185.60** | **532.15** |
| **Schedule – K Current Liabilities and Provisions** | | |
| **Current Liabilities** | | |
| Sundry Creditors | | |
| – Due to Micro, Small and Medium Enterprises | 1.56 | – |
| – Others | 203.25 | 272.02 |
| Advance received from Customers | 12.72 | 57.04 |
| Other Current Liabilities | 29.11 | 439.50 |
| | **246.65** | **768.56** |
| **Provisions** | | |
| Provision for Tax | 134.31 | 136.11 |
| Fringe Benefit Tax | 1.87 | 2.35 |
| Proposed Dividend | 24.79 | 24.79 |
| Provision for Dividend Distribution Tax | 4.12 | 4.21 |
| | **165.09** | **167.46** |

# Schedules Forming Part of the Accounts for the year ended 31st March, 2010

(Rs. in Million)

| | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| **Schedule – L Other Income** | | |
| Interest on Fixed Deposits (TDS - Rs. 0.31 Million P.Y.- Rs. 0.02 Million) | 1.75 | 1.59 |
| Other Interest (TDS - Rs. 0.50 Million P.Y. Nil) | 26.99 | 4.45 |
| Dividend Income | | |
| Long Term Investments - Non Trade | 0.43 | 0.07 |
| Investments in subsidiary - Long Term | 3.28 | 0.14 |
| Excise Duty Refund | – | 10.10 |
| Gain on Exchange Fluctuations (Net) | 38.24 | – |
| Profit on Sale of Investments | 0.71 | – |
| Profit on Sale of Fixed Assets | – | 0.19 |
| Rental Income (TDS - Rs. 0.09 Million P.Y. Rs. Nil) | 0.60 | 0.05 |
| Other Income | 3.15 | 2.61 |
| | **75.15** | **19.21** |
| **Schedule – M Increase / (Decrease) in Stocks** | | |
| Closing Stocks | | |
| Stock-in-Process | 40.67 | 96.72 |
| Finished Goods | 11.87 | – |
| | 52.54 | 96.72 |
| Less : Opening Stocks | | |
| Stock-in-Process | 96.72 | 1.89 |
| Finished Goods | – | – |
| | 96.72 | 1.89 |
| | **(44.18)** | **94.82** |
| **Schedule – N Manufacturing & Other Expenses** | | |
| **Raw Materials Consumed** | | |
| Opening Stock | 128.14 | 182.53 |
| Add: Purchases | 4,341.55 | 3,284.83 |
| Less: Closing Stock | 261.58 | 128.14 |
| | **4,208.11** | **3,339.22** |
| **Other Expenses** | | |
| Power & Fuel Charges | 147.75 | 117.07 |
| Loading and Unloading Charges | 45.71 | 31.53 |
| Packing Materials Consumed | 40.54 | 30.90 |
| Stores and Spares Consumed | 27.97 | 17.66 |
| Repairs & Maintenance (Machinery) | 18.19 | 12.15 |
| Repairs & Maintenance (Buildings) | 0.74 | 3.16 |
| | **4,489.01** | **3,551.69** |

# Schedules Forming Part of the Accounts for the year ended 31st March, 2010

(Rs. in Million)

| | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| **Schedule – O Personnel Costs** | | |
| Salaries, Wages & Bonus | 55.05 | 59.85 |
| Workmen & Staff Welfare Expenses | 6.96 | 7.79 |
| Contribution to Provident & Other Funds | 1.77 | 1.80 |
| | **63.78** | **69.44** |
| **Schedule – P Administration & Other Expenses** | | |
| Rent, Rates and Taxes | 4.17 | 7.45 |
| Insurance | 2.50 | 2.39 |
| Communication Costs | 4.03 | 4.26 |
| Printing & Stationery | 3.04 | 2.70 |
| Travelling, Conveyance & Motor Car Expenses | 12.73 | 13.76 |
| Loss on Exchange Fluctuations (Net) | – | 98.74 |
| Legal & Professional Charges | 8.14 | 23.14 |
| Repairs & Maintenance (Others) | 3.90 | 4.13 |
| Auditors Remuneration | 1.80 | 1.20 |
| Provision for Doubtful Debts | 3.71 | – |
| Loss on Sale of Investments | – | 1.73 |
| Loss in Trading in F & O | – | 0.81 |
| Loss on Trading in Commodities | 0.02 | 0.31 |
| Loss on Speculation Business | – | 0.08 |
| Loss on Sale / Discard of Fixed Assets | 0.26 | – |
| Miscellaneous Expenses | 10.34 | 11.20 |
| | **54.64** | **171.91** |
| **Schedule – Q Selling and Marketing Expenses** | | |
| Freight, Clearing & Forwarding Charges | 58.96 | 46.10 |
| Business Promotion Expenses | 3.72 | 5.69 |
| Exhibition Expenses | 3.72 | 1.80 |
| Brokerages, Commissions & Discount | 8.86 | 11.65 |
| | **75.26** | **65.24** |
| **Schedule – R Interest and Finance Charges** | | |
| Interest on Vehicle Loan | 1.39 | 1.66 |
| Interest on Bank Loan | 33.65 | – |
| Other Interest | 1.19 | 0.42 |
| Bank Charges | 5.10 | 0.99 |
| | **41.33** | **3.08** |

# Annexure 1 Forming Part of the Schedule "F" to the Accounts for the year the ended 31st March, 2010

(Rs. in Million)

| | | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|---|
| | **Investments** | | |
| **A** | **Long Term Investments** | | |
| | **Non Trade** | | |
| | **Quoted** | | |
| | **Equity Shares** | | |
| | Energy Development Company Limited | 1.31 | 1.31 |
| | [13,000 (P.Y. 13,000) Equity Shares of Rs. 10/- each fully paid up ] | | |
| | Jai Corp Limited | 1.17 | 1.17 |
| | [1,000 (P.Y. 1,000) Equity Shares of Rs. 1/- each fully paid up ] | | |
| | Syschem India Limited | 0.27 | 0.27 |
| | [1,38,000 (P.Y. 1,38,000) Equity Shares of Rs. 10/- each fully paid up ] | | |
| | Reliance Industrial Infrastructure Limited | 26.42 | 26.42 |
| | [20,600 (P.Y. 20,600) Equity Shares of Rs. 10/- each fully paid up ] | | |
| | Wellworth Overseas Limited | 0.09 | 0.09 |
| | [1,00,000 (P.Y. 1,00,000) Equity Shares of Rs. 1/- each fully paid up ] | | |
| | **Unquoted** | | |
| | Barclays Securities (India) Private Limited | 44.00 | – |
| | [44 (P.Y. Nil) Equity linked Debentures at Rs. 10 lakh each] | | |
| | Benchmark AMC A/c BDP Series 66 | 168.00 | – |
| | [168 (P.Y. Nil) Equity linked Debentures at Rs. 10,08,500 each] | | |
| | Benchmark AMC A/c BDP Series 66 | 50.00 | – |
| | [50 (P.Y. Nil) Indexed Linked Non-Principal Protected Debentures at Rs. 10 lakh each] | | |
| | Krishna Vinyls Limited | 6.03 | 1.65 |
| | [40,20,000 (P.Y. 11,00,000) Equity Shares of Rs. 10/- each fully paid up ] | | |
| | **Mutual Funds** | | |
| | JM Contra Fund - Dividend Plan Rs. 10/- per unit | 5.00 | 5.00 |
| | [4,88,998 (P.Y. 4,88,998) units of Rs. 10/- each fully paid up ] | | |
| | Citi Financial Consumer Finance (India) Limited | 2.00 | – |
| | [1 (P.Y. Nil) Non-Convertible Debentures of Rs. 20 Lakhs ] | | |
| | **Investment in Subsidiary** | | |
| | **Unquoted** | | |
| | Axiom Cordages Limited | 6.00 | 6.00 |
| | [1,64,00,000 (P.Y. 1,64,00,000) Equity Shares of Rs. 10/- each fully paid up ] | | |
| | 0% Compulsory Convertible Debentures of Axiom Cordages Limited | 257.70 | 57.70 |
| | [2,577 (P.Y. 577) Debentures of Rs. 1,00,000/- each fully paid up ] | | |

# Annexure 1 Forming Part of the Schedule "F" to the Accounts for the year the ended 31st March, 2010

(Rs. in Million)

| | | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|---|
| **B** | **Current Investments** | | |
| | **Mutual Funds** | | |
| | Reliance Growth Fund of Rs. 10/- per unit | – | 3.25 |
| | [Nil (P.Y. 69,403) units of Rs. 10/- each fully paid up ] | | |
| | Reliance Asset Management A/C Debt PMS | 2.00 | 2.00 |
| | **Total** | **570.00** | **104.87** |
| | Aggregate of Unquoted Investments (At Cost) | **531.73** | **75.60** |
| | Aggregate amount of Quoted Investments (At Cost) | **38.27** | **29.27** |
| | Aggregate Quoted Investments (At Market Value) | **17.84** | **6.65** |

# Schedules Forming Part of the Accounts for the year ended 31st March, 2010

## Schedule – S

### I) Company Overview

Responsive Industries Limited ('RIL' or 'the Company'), is a major producer and supplier of various products like Vinyl flooring, Rigid PVC, Leather Cloth & Soft Sheetings. Applications for Vinyl Flooring include Printing Flooring & Other Flooring and in case of Rigid PVC, it includes Packaging of Pharmaceutical Products in Pharma industry.

### II) Significant Accounting Policies

**a) Basis of Preparation of Financial Statements**

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles under the historical cost convention on an accrual basis and in accordance with the applicable accounting standards issued by The Institute of Chartered Accountants of India and in compliance with the provisions of the Companies Act, 1956.

**b) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires the management to make estimates and assumption that affect reported balances of assets and liabilities and the disclosures relating to contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the period. Differences between actual results and estimates are recognised in the period in which the results are known / materialised

**c) Revenue Recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Revenue from domestic sale of goods is recognised when the significant risks and the rewards of ownership of the goods are passed on to the buyer (i.e. on dispatch of goods).

ii) Revenue in respect of export sales is recognised on the basis of dispatch of goods for exports.(i.e. on the date of Bill of Lading)

iii) Interest is recognised using the time proportionate method, based on rates implicit in the transactions.

iv) Dividend income is recognised when the right to receive the dividend is established.

v) Other Income is accounted for on accrual basis, when certainty of receipt is established.

**d) Fixed Assets**

Fixed Assets are stated at cost, net of cenvat availed, less accumulated depreciation. Capital work in progress comprises cost of fixed assets that are not ready for the intended use at the reporting date. All cost, including financing cost till assets are ready for its intended use, exchange gain or loss on adjustments arising from exchange rate variations attributable to the fixed assets is capitalised.

**e) Depreciation & Amortisation**

Depreciation on fixed assets is provided on Straight-line method, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions to/ deletions from fixed assets is provided on pro-rata basis from/ up to the date of such additions/deletions as the case may be. Assets costing less than Rs. 5,000 each are fully depreciated in the year of purchase.

**f) Impairment of Fixed Assets**

At the end of each reporting period, the Company determines whether the provision should be made for impairment loss to fixed assets by considering the indications that the impairment loss may have occurred in accordance with Accounting Standards 28 on "Impairment of Assets" issued by the ICAI. The Impairment loss is charged to Profit & Loss Account in the period in which, an asset is identified as impaired, when the carrying value of assets exceeds its recoverable value. The impairment loss recognised in the earlier periods is reversed, if there has been a change in the estimate of recoverable amount.

**g) Leases**

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight-line basis in the Profit and Loss account over the lease term.

**h) Investments**

Investments that are readily realisable and intended to be held generally for not more than a year are classified as current investment. All other investment are classified as long term investment. Current investment is carried at lower of cost and fair value determined on an individual investment basis. Long term investment are carried at cost less provision recorded to recognise any decline, other than temporary, in the carrying value of each investment.

**i) Inventories**

i) Raw Materials (including Goods in Transit), Packing Material, Stores and Spares are valued at cost, which is ascertained on the FIFO Basis.

ii) Work in Progress is valued at cost which includes raw material, direct labour, and factory overheads.

iii) Finished goods are valued at lower of cost or net realisable value. Cost for this purpose includes direct cost, attributable overheads and excise duty.

**j) Borrowing Cost**

Borrowing Cost that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are is recognised as expenses in the period in which they are incurred.

**k) Provisions, Contingent Liabilities & Contingent Assets**

A provision is recognised if, as a result of a past event, the company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as a contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are neither recognised nor disclosed in the financial statements.

**l) Accounting For Taxation on Income**

Income taxes are accrued at the same period in which the related revenue and expense arise. A provision is made for income tax annually based on the tax liability computed after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. MAT paid in accordance with the tax laws, which give rise to the future economic benefits in the form of tax credit against future income tax liability, is not recognised as an asset in the Balance Sheet. The Company offsets, on a year to year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit offered for income tax and profit as per financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing differences. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred Tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date.

**m) Excise Duty and Sales Tax / Value Added Tax**

Excise duty is accounted on the basis of both, payments made in respect of goods cleared and also provision made for goods lying in the warehouse. Difference between Sales Tax / Value Added Tax recovered and paid is charged to Profit and Loss Account.

**n) Foreign Currency Transactions**

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at the exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Profit and Loss Account. Non-monetary assets and liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevailing at the date when the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevailing at the date of the transaction.

Revenue, expense and cash flow items denominated in foreign currency are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction. Transaction gains or losses realised upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled, except to the extent, relating to fixed assets are adjusted to carrying value of fixed assets.

**o) Employee Benefits**

Retirement Benefits in the form of Provident Fund is a defined contribution scheme and the contributions are accounted on accrual basis and are charged to Profit and Loss Account for the year. Gratuity and Leave Encashment is accounted for in the year of payment, without recognising any provisions as prescribed under Accounting Standard 15 (Revised) issued by ICAI.

**p) Earnings per share**

Basic Earning Per Share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the period. Diluted Earning Per Share is computed by dividing the net profit after tax (by adjusting any tax benefits) by the weighted average number of equity shares considered for deriving basic earning per share and also weighted average number of equity shares

that could have been issued upon conversion of all dilutive potential equity shares.

**q) Miscellaneous Expenditure**

Preliminary expenses are amortised and charged-off to profit and loss account in the year in which it is incurred.

### III) Notes to Accounts

**1)** The Schedules referred to in the Balance Sheet & Profit & Loss Account form an integral part of the Accounts.

**2)** In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated in the financial statements and are realisable in the ordinary course of business. The provision for all known liabilities is adequate.

**3)** In respect of balance confirmations sought by the Company from various parties reflected under Sundry Debtors, Sundry Creditors and Loans & Advances, very few have responded to the request of the Company. As such balances of Sundry Debtors, Sundry Creditors and Loans & Advances are taken as appearing in the books of accounts and are subject to confirmation and reconciliation, if any. Consequential impact, if any, will be considered as and when determined.

**4)** No events or transactions have occurred since the date of Balance Sheet or are pending that would have a material effect on the financial statements at that date or for the period then ended, other than those reflected or fully disclosed in the books of account.

**5)** Current liabilities includes unpaid dividend of Rs. 3,870 (P.Y. Rs. 3,870).

**6)** Contingent Liabilities not provided for in respect of Letter of Credit issued by Bank amounting to Rs. 232.18 Million (P. Y. Rs. Nil).

**7)** No Provision for Leave Encashment & Gratuity as required by AS- 15 (Revised 2005) Employee Benefits notified by Companies (Accounting Standard) Rules 2006, has been made and the same shall be accounted for as and when paid.

**8)** Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. Nil (P.Y. Rs. 21.56 Million).

**9)** The Company has continued to adjust the foreign currency exchange differences of Rs. 8.93 Million (P.Y. Rs. 55.39 Million) on amount due to the foreign suppliers of fixed assets to whom dues are payable exceeding one year to the carrying cost of fixed assets which is in accordance with the notification no. G.S.R. 25(E) issued by the Ministry of Corporate Affairs, New Delhi dated 31st March, 2009, however at variance to the treatment prescribed in accounting Standard (AS -11) on "Effects of Changes in Foreign Exchange Rates" notified in the Companies (Accounting Standards) Rules 2006.

**10)** Closing stock of Finished goods amounting to Rs. 11.87 Million (P.Y. Rs. Nil) includes Excise duty component amounting to Rs. 1.11 Million (P.Y. Rs. Nil).

**11)** During the year the Company has issued 7,000 (0% compulsorily convertible debentures of Rs. 1,00,000/- each). The said debentures shall mandatorily be converted by the Company into equity shares on 9th August, 2010.

**12) Director's Remuneration**

(Rs. in Million)

| | 2009 – 2010 | 2008 - 2009 |
|---|---|---|
| Salary paid to Director Mr. Atit Agarwal | 1.2 | Nil |

**13) Auditor's Remuneration (excluding service tax)**

(Rs. in Million)

| | For the year ended 31st March, 2010 | For the year ended 31st March, 2009 |
|---|---|---|
| Audit Fees | 1.80 | 1.20 |
| | **1.80** | **1.20** |

**14) Taxes on Income**

a) Provision for taxation for the accounting year has been made in accordance with the provisions of the Income Tax Act, 1961.

b) In terms of Accounting Standard on "Accounting for Taxes on Income" (AS 22) the Company has recognised Deferred Tax Liability amounting to Rs. 43.61 Million (P.Y. Rs. 7.47 Million) for the year ended 31st March 2010 in the Profit & Loss Account.

The accumulated balance in Net Deferred Tax Liability / (Assets) as on 31st March 2010 comprises of:

(Rs. in Million)

| | | Opening Year ended 31st March, 2009 | Adjustment during the year | Closing Year ended 31st March, 2010 |
|---|---|---|---|---|
| 1) | Depreciation | 78.90 | 44.84 | 123.74 |
| 2) | Disallowance u/s 40(a)(ia) | (0.12) | (1.23) | (1.35) |
| | **Deferred Tax Liability / (Assets)** | **78.78** | **43.61** | **122.39** |

**15) Earning Per Share (As per AS – 20)**

i) Basic E P S

(Rs. in Million)

| | | Year ended 31st March, 2010 | Year ended 31st March, 2009 |
|---|---|---|---|
| A) | Net Profit after tax available for equity shareholders used as Numerator | 381.42 | 266.05 |
| B) | Weighted Average number of Equity Shares used as Denominator | 24,792,000 | 21,012,822 |
| C) | Basic earning per share (In rupees) | 15.38 | 12.66 |

ii) Diluted E P S

(Rs. in Million)

| | | Year ended 31st March, 2010 | Year ended 31st March, 2009 |
|---|---|---|---|
| A) | Net Profit after tax available for equity shareholders (Rupees) used as Numerator | 381.42 | 266.05 |
| B) | Weighted Average number of Equity Shares used as Denominator | 26,308,373 | 21,012,822 |
| C) | Diluted earning per share (In Rupees) | 14.50 | 12.66 |

**16) Related Party Disclosures**

a) Key Management Personnel

| | | |
|---|---|---|
| i) | Mr. Atit Agarwal | Whole-Time Director |
| ii) | Mrs. Swati Agarwal | Director |
| iii) | Mr. Santosh Shinde | Director |
| iv) | Mr. Ashok Jha | Director |
| v) | Mr. Rajesh Pandey | Director |
| vi) | Mr. Ramesh Mistry | Director |

b) Relatives of key management personnel

i) Mr. Abhisek Agarwal

ii) M/s. Om Prakash Agarwal H.U.F.

c) Subsidiary

Axiom Cordages Ltd. (Formerly known as Axiom Impex International Ltd.)

d) Fellow Subsidiary

Sun Plastochem Limited

e) Holding Company

Welknown Business Ventures Private Limited

There are no transactions during the current year with the related parties mentioned in (a) (ii), (iii), (iv) (v) and (vi).
Following are the transactions with the related parties mentioned in (a) (i), (b), (c), (d) and (e) above

(Rs. in Million)

| | In relation to (a) (i) above | | In relation to (b) above | | In relation to (c) above | | In relation to (d) above | | In relation to (e) above | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Loans & Advances Received | Nil | Nil | Nil | Nil | 918.18 | 1314.88 | Nil | Nil | Nil | 12.50 |
| Loans and Advance Repaid | Nil | Nil | 67.46 | Nil | 918.18 | 1566.65 | Nil | Nil | Nil | 3.38 |
| Loan Given | Nil | Nil | 9.19 | 45.70 | Nil | Nil | Nil | Nil | Nil | Nil |
| Rent Income | Nil | Nil | Nil | Nil | 0.60 | Nil | Nil | Nil | Nil | Nil |
| Director's Remuneration | 1.2 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sales | Nil | Nil | Nil | Nil | 72.48 | Nil | Nil | Nil | Nil | Nil |
| Purchases | Nil | Nil | Nil | Nil | 528.10 | Nil | Nil | Nil | Nil | Nil |
| **Amount Outstanding at the end of the year** | | | | | | | | | | |
| Rent Deposit Payable | Nil | Nil | Nil | Nil | 5.00 | 5.00 | Nil | Nil | Nil | Nil |
| Amount Payable | Nil | Nil | Nil | Nil | Nil | Nil | 5.00 | 5.00 | Nil | 9.12 |
| Amount Receivable | Nil | Nil | Nil | 57.7 | 0.09 | Nil | Nil | Nil | Nil | Nil |

Notes: Related Parties as disclosed by Management and relied upon by auditors. There is no amount written off / written back due from / to related parties.

**17) Additional Information Pursuant to the Provision of Part II of the Schedule VI of the Companies Act 1956.**

a) Quantitative Information:

i) Installed Capacity N.A.

ii) Purchase/Production, Consumption/Sales/Stock:

(Rs. in Million)

**Stocks, Productions/Purchases & Sales of Finished Goods**

| Products | Units | Opening Stocks | | Production | Sales | | Closing Stocks | |
|---|---|---|---|---|---|---|---|---|
| | | Qty ('000) | Amount | Qty ('000) | Qty ('000) | Amount | Qty ('000) | Amount |
| PVC Leather Cloth | Sq. Mtrs./ L. Mtrs / Kgs. | NIL | NIL | 43,980.47 | 43,979.66 | 2,353.56 | 0.81 | 0.08 |
| | | (Nil) | (Nil) | (62,745.42) | (62,745.42) | (2,003.90) | (Nil) | (Nil) |
| PVC Flooring | | NIL | NIL | 10,745.52 | 10,678.03 | 2,673.81 | 67.49 | 10.40 |
| | | (Nil) | (Nil) | (7,070.05) | (7,070.05) | (1,809.56) | (Nil) | (Nil) |
| PVC Sheeting | | NIL | NIL | 5,885.98 | 5,840.09 | 247.99 | 45.89 | 0.92 |
| | | (Nil) | (Nil) | (3,785.20) | (3,785.20) | (156.88) | (Nil) | (Nil) |
| PVC Rigid | | NIL | NIL | 4,419.70 | 4,414.76 | 352.78 | 4.94 | 0.41 |
| | | (Nil) | (Nil) | (3,004.07) | (3,004.07) | (252.39) | (Nil) | (Nil) |

Figures in brackets indicates previous year figure

# Schedules Forming Part of the Accounts for the year ended 31st March, 2010

### Raw Materials Consumed

(Rs. in Million)

| | Current Year | | Previous year | |
|---|---|---|---|---|
| Products | Qty (MT) | Amount | Qty (MT) | Amount |
| Resin | 52,200 | 2,413.01 | 41,188.55 | 1,953.20 |
| Plasticizers | 8,878 | 496.06 | 8,947.58 | 602.96 |
| Others | – | 1,299.04 | – | 783.06 |
| **Total** | **–** | **4,208.11** | **–** | **3,339.22** |

b) Value of Imported and Indigenous Raw Materials, Stores & Spares consumed during the year.

### Raw Materials

(Rs. in Million)

| | | Current Year | | Previous year | |
|---|---|---|---|---|---|
| | Description | % | Amount | % | Amount |
| i) | Imported | 48.65 | 2,047.44 | 39.73 | 1,326.75 |
| ii) | Indigenious | 51.35 | 2,160.67 | 60.27 | 2,012.47 |
| | **Total** | **100.00** | **4,208.11** | **100** | **3,339.22** |

### Stores & Spares

(Rs. in Million)

| | | Current Year | | Previous year | |
|---|---|---|---|---|---|
| | Description | % | Amount | % | Amount |
| i) | Imported | 11.43 | 3.20 | NIL | NIL |
| ii) | Indigenious | 88.57 | 24.77 | 100 | 17.66 |
| | **Total** | **100** | **27.97** | **100** | **17.66** |

c) C.I.F. Value of Imports, Expenditure and Earnings in Foreign Currencies

(Rs. in Million)

| | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| **i) Expenditure in Foreign Currency** | | |
| a) C.I.F. value of Purchases | 2,080.61 | 1,339.49 |
| b) C.I.F. value of Capital Goods | 751.88 | NIL |
| **ii) Expenses** | | |
| c) Foreign Travelling | 0.16 | NIL |
| d) Freight – Exports | 13.54 | 17.51 |
| e) Exhibition Expenses | 3.14 | 1.44 |
| f) Testing charges | 0.79 | 0.29 |
| **iii) Earnings in Foreign Currencies** | | |
| Export Sales – FOB | 2,624.30 | 1,943.19 |

**18) Foreign Currency Exposure (unhedged)**

(USD in Million)

| | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| i) Debtors | $ 6.86 | $ 0.06 |
| ii) Advance from Debtors | $ 0.01 | $ 5.19 |
| iii) Creditors | $ 23.75 | $ 0.05 |
| iv) Advance to Creditors | $ 0.66 | $ 1.17 |

**19) Segmental Information**

i) Primary (Business) Segment

As the company's business consists of one reportable business segment of Plastic products, hence, no separate disclosures pertaining to attributable Revenues, Profits, Assets, Liabilities, Capital Employed are given.

ii) Secondary (Geographical) Segment

Secondary segment reporting is performed on the basis of geographical location of the customers. The operation of the Company comprises local sales and export sales. The Management views the Indian market and export market as distinct geographical segments. The following is the distribution of the Company's sale by geographical markets:

(Rs. in Million)

| Sales | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| India | 2,822.98 | 2,251.54 |
| Export | 2,644.73 | 2,019.11 |
| **Total** | **5,467.71** | **4,270.65** |

The following is the carrying amount of segment assets by geographical area in which the assets are located.

(Rs. in Million)

| Assets | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|
| India | 4,747.89 | 2,954.49 |
| Outside India* | 309.26 | 2.86 |
| **Total** | **5,057.15** | **2,957.35** |

* Carrying amount of segment assets outside India represents receivable from export Sales.

**20) Amounts due to Micro, Small and Medium Enterprise**

# Schedules Forming Part of the Accounts for the year ended 31st March, 2010

As per the requirement of section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 following information has been disclosed. This information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

(Rs. in Million)

| | | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|---|
| i) | a) Principal amount remaining unpaid to any supplier at the end of the accounting year included in Sundry Creditors. | 1.56 | Nil |
| | b) Interest due on above. | Nil | Nil |
| ii) | Amount of interest paid by the buyer in term of Section 16 of the Act. | Nil | Nil |
| iii) | Amount of payment made to the supplier beyond the appointed day during the accounting year. | Nil | Nil |
| iv) | Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but wadding the interest specified in this Act. | Nil | Nil |

**21) Net dividend remitted in foreign currency**

(Rs. in Million)

| Year in which Payment is made | Year to which it relates | No. of Non-Resident Shareholders | No. of Equity Shares held | Dividend remitted |
|---|---|---|---|---|
| 2009-2010 | 2008-2009 | 3 | 8,000,000 | 8.00 |
| 2008-2009 | 2007-2008 | 3 | 8,000,000 | 6.40 |

**22)** The previous year's figures have been regrouped, rearranged, reclassified and reworked wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

For and on behalf of the Board of Directors

**Atit Agarwal**
*Director*

**Santosh Shinde**
*Director*

**Kilpa Shah**
*Company Secretary*

Place: Betegaon
Date: 14th June, 2010

Additional Information as required under Part IV of Schedule VI to the Companies Act '1956

# Balance Sheet Abstract and Company's Business Profile

## I) REGISTRATION DETAILS

| | | | |
|---|---|---|---|
| Registration No. | L99999MH1982PLC027797 | | |
| State Code | 11 | Balalnce Sheet Date | 31.03.2010 |

## II) CAPITAL RAISED DURING THE YEAR (AMOUNT IN RUPEES MILLION)

| | | | |
|---|---|---|---|
| Public Issue | NIL | Rights Issue | NIL |
| Bonus Issue | 28.50 | Private Placement | NIL |

## III) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RUPEES MILLION)

| | | | |
|---|---|---|---|
| Total Liabilities | 4645.42 | Total Assets | 4645.42 |

**SOURCES OF FUNDS**

| | | | |
|---|---|---|---|
| Paid Up Capital | 247.92 | Reserves and Surplus | 1332.10 |
| Secured Loans | 464.40 | Unsecured Loans | 700.00 |
| Deferred Tax Liabilities | 122.39 | | |

**APPLICATION OF FUNDS**

| | | | |
|---|---|---|---|
| Net Fixed Assets | 3287.26 | Investments | 570.00 |
| Net Current Asssets | 788.16 | Miscellaneous Expenditure | NIL |

## IV) PERFORMANCE OF COMPANY

| | | | |
|---|---|---|---|
| Total Income | 5467.71 | Total Expenditure | 4977.04 |
| Profit/(Loss) before Tax | 521.64 | Profit/(Loss) After Tax | 381.42 |
| Earning per Share in Rs. | 15.38 | Dividends Rate (%) | 10.00 |

## V) GENERIC NAMES OF ONE PRINCIPAL PRODUCT/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

| | | | |
|---|---|---|---|
| Item Code No. | NA | Product Description | NA |

For and on behalf of the Board of Directors

**Atit Agarwal**
*Director*

**Santosh Shinde**
*Director*

**Kilpa Shah**
*Company Secretary*

Place: Mumbai
Date: 14th June, 2010

# Statement pursuant to Section 212

**of the Companies Act, 1956, related to Subsidiary Companies.**

| | | |
|---|---|---|
| 1) | Name of Subsidiary Company | Axiom Cordages Limited |
| 2) | Financial year of the Subsidiary Company ended on | 31st March 2010 |
| 3) | Shares of the Subsidiary held by the Company on the above date | |
| | a) Number & face value | 16400000 Equity Shares of Rs. 10/- each |
| | b) Extent of Holding | 86 % |
| 4) | Net aggregate amount of profits/(losses) of the Subsidiary Company for its Financial Year so far as they concern the members of Responsive Industries Limited:- | |
| | a) Dealt within the accounts of the Company for the year ended 31st March, 2010 (Rs. Million) | NIL |
| | b) Not dealt with the accounts of the Company for the year ended 31st March, 2010 (Rs. Million) | 286.92 |
| 5) | Net aggregate amount of profits/(losses) of the Subsidiary Company for the Previous Financial years so far as they concern members of the Responsive Industries Limited | |
| | a) Dealt within the accounts of the Company for the previous financial year ended 31st March, 2009 (Rs. Million) | NIL |
| | b) Not dealt with the accounts of the Company for the previous financial year ended 31st March, 2009 (Rs. Million) | 229.03 |

For and on behalf of the Board of Directors

**Atit Agarwal**
*Director*

**Santosh Shinde**
*Director*

**Kilpa Shah**
*Company Secretary*

Place: Betegaon
Date: 14th June, 2010

# Notes

# Roping in the future

Axiom Cordages Limited Annual Report 2009-10

Part B - Axiom Cordages Limited

# Part B

## Corporate Identity



## Business Discussion



## Governance



## Financial Statements

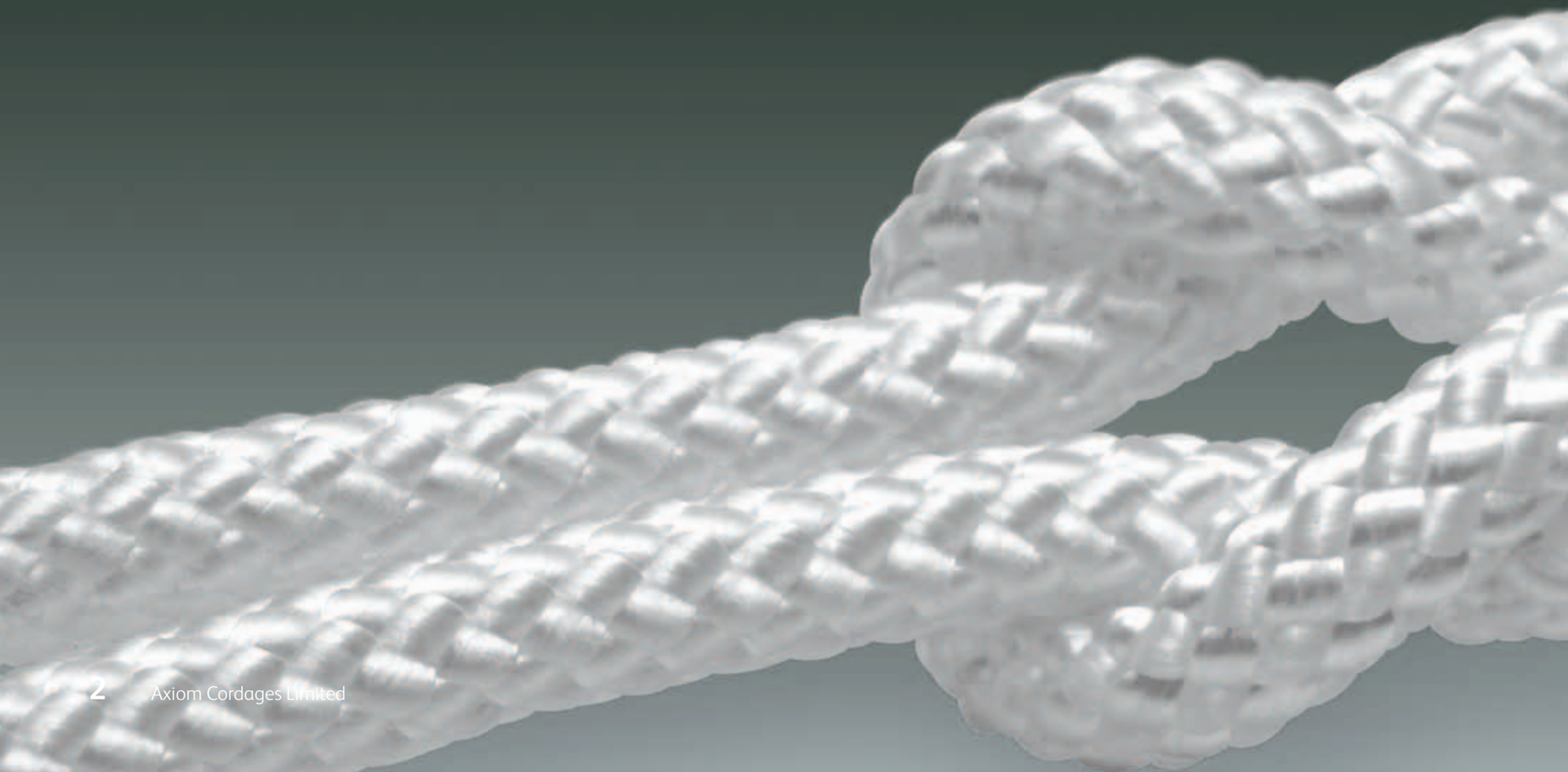
The art of rope manufacture is very old, in fact as old as civilisation: when humans learnt to dig wells and draw water, pull stones to high altitudes for building structures like the pyramid or subsequently summoned the courage to brave the turbulent ocean for exploration, trade and commerce and colonisation.

Time passed. Generations matured. And every new generation bequeathed new ideas to posterity for implementation and further exploration in the quest for excellence in rope manufacture.

At Axiom Cordages Limited, we are carrying forward this remarkable legacy, harmonising fresh perspectives, advanced technologies and infrastructure facilities, proactive marketing strategies, globally benchmarked compliances and enduring client relationships. Besides, our production facility is situated close to the financial capital of Mumbai, which is one of the most strategic and important ports in South Asia. This facilitates movement of raw materials and finished products.

At Axiom Cordages, the big picture is that we are putting in passion, dedication and imagination each day to rope in the future.

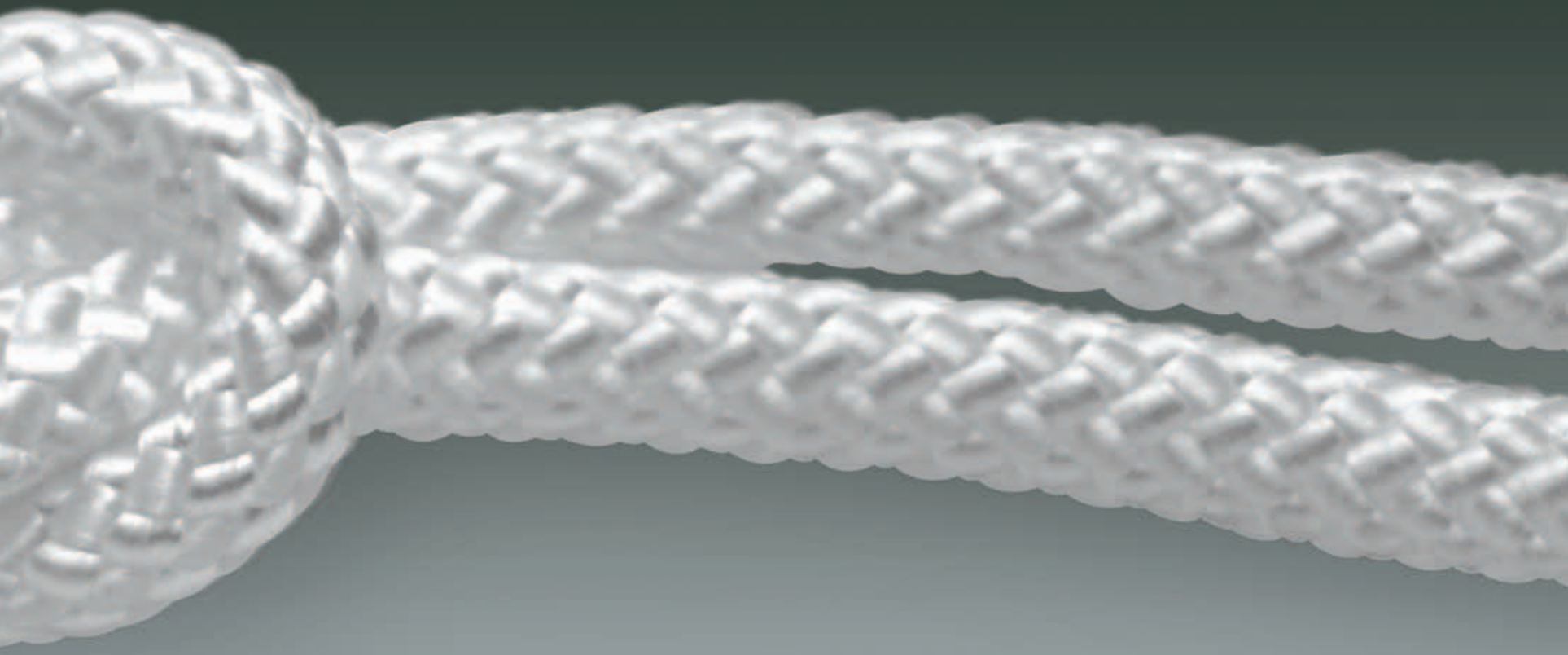
# A rope maker's tale.



Axiom Cordages Ltd (formerly known as Axiom Impex International Ltd) is among India's largest exporters of new generation synthetic ropes, possessing outstanding technical knowhow to deliver next-generation ropes to a wide cross-section of discerning clients globally.

A subsidiary of Responsive India Ltd and a 100% export oriented unit (EOU) engaged in manufacturing safest, strongest, reliable and wide range of synthetic ropes using Polypropylene (PP), Polyethylene (PE), Nylon and Polyester.

We cater to the requirements of shipping, transport, oil exploration and telecom industries across 65 countries globally.



# 5 year financial **highlights**

## Total Income

(Rs. in Million)

| | |
|---|---|
| 2009-10 | **3,549** |
| 2008-09 | 2,235 |
| 2007-08 | 1,298 |
| 2006-07 | 901 |
| 2005-06 | 775 |

## Post-Tax Profit

(Rs. in Million)

| | |
|---|---|
| 2009-10 | **287** |
| 2008-09 | 229 |
| 2007-08 | 125 |
| 2006-07 | 20 |
| 2005-06 | 122 |

## EBIDTA

(Rs. in Million)

| | |
|---|---|
| 2009-10 | **570** |
| 2008-09 | 385 |
| 2007-08 | 187 |
| 2006-07 | 48 |
| 2005-06 | 141 |

## Cash Profit

(Rs. in Million)

| | |
|---|---|
| 2009-10 | **444** |
| 2008-09 | 327 |
| 2007-08 | 160 |
| 2006-07 | 30 |
| 2005-06 | 138 |

## Pre-Tax Profit

(Rs. in Million)

| | |
|---|---|
| 2009-10 | **396** |
| 2008-09 | 300 |
| 2007-08 | 162 |
| 2006-07 | 39 |
| 2005-06 | 137 |

## EBIDTA Margin

(%)

| | |
|---|---|
| 2009-10 | **15.55** |
| 2008-09 | 17.27 |
| 2007-08 | 14.54 |
| 2006-07 | 5.35 |
| 2005-06 | 18.27 |

## Net-Profit Margin

(%)

| | |
|---|---|
| 2009-10 | **7.83** |
| 2008-09 | 10.27 |
| 2007-08 | 9.71 |
| 2006-07 | 2.18 |
| 2005-06 | 15.87 |

## Debt-equity ratio

| | |
|---|---|
| 2009-10 | **1.98** |
| 2008-09 | 1.21 |
| 2007-08 | 0.13 |
| 2006-07 | 0.00 |
| 2005-06 | 0.00 |

## Gross Block

(Rs. in Million)

| | |
|---|---|
| 2009-10 | **1,681** |
| 2008-09 | 1,102 |
| 2007-08 | 431 |
| 2006-07 | 186 |
| 2005-06 | 65 |

## Book Value per Share

(Rs.)

| | |
|---|---|
| 2009-10 | **50** |
| 2008-09 | 35 |
| 2007-08 | 24 |
| 2006-07 | 699 |
| 2005-06 | 660 |

## Earnings per Share (Basic)

(Rs.)

| | |
|---|---|
| 2009-10 | **15** |
| 2008-09 | 12 |
| 2007-08 | 7 |
| 2006-07 | 42 |
| 2005-06 | 462 |

## Dividend Payout

(%)

| | |
|---|---|
| 2009-10 | **2** |
| 2008-09 | 2 |
| 2007-08 | 0 |
| 2006-07 | 0 |
| 2005-06 | 0 |

# We are enhancing our expertise through strategic alliances **and partnerships with some of the best companies across the world.**

> In North America > In Europe > In Middle East > In Russia > In East Asia

> Manufacturing Facility, Mumbai, India

> Existing Client Distribution

> Near Future Potential Clients

| Particulars | Unit | Capacity P.A |
|---|---|---|
| Pe/Pp Ropes, Split Yarn Ropes | M.T. | 21,000 |
| Karat Maxi Ropes | M.T. | 4,320 |
| Nylon Ropes | M.T. | 2,400 |
| Polyster Ropes | M.T. | 2,400 |
| Nylon Polyster Blend Ropes | M.T. | 1,200 |
| Polyster Pp Blend Ropes | M.T. | 1,200 |
| **TOTAL CAPACITY** | **M.T.** | **32,520** |

The manufacturing capacity is at Boisar (Thane), 125 km away from Mumbai.

# Key milestones

| 1999 | 2006 | 2008 | 2010 |
|---|---|---|---|
| Incorporation | Business Expansion | Investment from FMO and Banyan Tree Netherlands Sovereign Fund | Renamed Axiom Cordages Ltd |

# The ropes we manufacture are those that **the world prefers.**

## Quality

We comply with globally accepted quality standards and enjoy Germanischer Lloyds certification. In addition, we are more than eligible to pass the stringent quality parameters of inspecting agencies like Bureau Veritas, DNV and Lloyds register of shipping and SGS, among others.

## New generation ropes

We possess the competence to manufacture ropes in line with current demands and market trends.

## Research and development

We possess fully equipped research and development facility and testing laboratory that serves as a perfect complement to the high standards of manufacturing process and equipment in use. The result is improvement in breaking strength, lower material cost and also enhanced rope quality.

## Location

The 60-acres manufacturing facility is strategically located near the city of Mumbai that enables an easy access to port facilities, roadways and rail line connectivity. Located in an industrial area, we are assured of adequate power supply on a 24-hour basis and 365-day basis.

## Technology

We put in place Europe's latest hi-tech and state-of-the-art machinery and technical knowhow for rope manufacture.

## Experienced management team

We have an experienced management team that oversees all projects in rope manufacture.

## Strong financials

We reported a consistent growth in revenues, EBIDTA and PAT over the last five years, with a CAGR of 46.29 %, 41.80 % and 23.85 % respectively.

## Labour availability

We maintain cordial relationships with labour unions, resulting in adequate availability.

## Highly customised product offering

The products and characteristics of products are adjusted to meet specific client requirements.

## IT infrastructure

We possess a robust IT infrastructure facilitating an efficient communication system, resulting in increased employee productivity, quicker finalisation of accounts and faster response to client queries.

# Chairman's **statement**

Dear friends,

When it comes to shaping the future, there are three kinds of people: those who let it happen, those who make it happen, and those who wonder what happened. At Axiom Cordages, we try to belong to the second category on the strength of our research and development capabilities and an inherent drive towards innovation and business growth.

The external environment is also enabling in more senses than one. The truth of the statement is borne out by the fact that the world is witnessing 'green shoots of recovery' after a prolonged period of socio-economic hardship and de-growth. There has been a discernible improvement in the global economy, although the extent of the recovery varies from one country to another.

Even the Indian economy has demonstrated strong resilience, notwithstanding the global economic crisis, as a result of two factors: the proactive measures undertaken by the Indian Government and sustained growth in domestic demand. The demand in the plastic industry continued to grow in line with the country's GDP growth, growing at about 7-8% annually. Axiom Cordages has continued to perform well, riding on the crest of these positive realities. While our revenues and post-tax profits increased by 57% and 25% compared to last year, our operating margins touched 16%.

## Competing globally

Axiom generates more than half of its revenues through its exports across 65 countries. Our significant technology investments have enabled us to manufacture products that are globally accepted. All our products have received quality certifications from the Lloyds (Germany) for the requisite minimum guaranteed breaking strength, in line with international standards. The Company's products are well accepted in the international market for their quality excellence and competitive pricing.

## Identifying opportunities

The shipping and the oil exploration industry are major consumers of our products. All the major shipping companies worldwide have more than doubled their fleet over the last three years. Besides, to cope with the growth in the international sea bound trade, new ports are being built and infrastructure is being spruced up all over the world. Concurrently, no fresh capacities have been added in the rope manufacturing industry. Further, all ropes used in the shipping industry and oil rigs have to be replaced mandatorily after a certain period of use. Therefore, taking into account fresh-and-replacement demand, the market for our products is attractive. Other production operations cost ineffective and shutting down

## Nurturing talent

Nurturing talent is a continuous process in Axiom. We are implementing modern HR policies and practices to create an inspiring work culture that enhances learning, encourages teambuilding and improves retention. We are investing in industry relevant training for our people. The training modules are upgraded in line with evolving industry requirements. We even invite suggestions from our people to incorporate fresh perspectives into our HR practices.

## Looking ahead

Axiom has acquired a new unit, which will increase the Company's capacity significantly. This will enable us to meet the additional demand and enrich our product portfolio. We will even focus on strengthening our marketing team to enhance our global visibility.

In our collective journey to make Axiom Cordages a globally acclaimed futuristic brand I seek your continued support and encouragement.

Best wishes
**Atit Agarwal**

### FMO (Dutch Sovereign fund)/BanyanTree funding

FMO (Dutch Sovereign fund)/BanyanTree had invested **USD 27.5 Million** by way of external commercial borrowings **(USD 6.25 Million)** and compulsorily convertible debentures **(USD 21.25 Million)**. The Company has drawn these funds during March 2009 to November 2009 to meet the funding requirements of **Rs. 135 Crores** for the expansion scheme. The expansion scheme has been partly implemented and expected to complete by September 2010.

Roping in the future through

# Multiple clients and **a singular relationship model**

# At Axiom, we cater to a widening fraternity of clientele spanning multiple sectors and geographies. Each one bound by an enduring trust for our brand.

Axiom markets its synthetic ropes under the brand 'Ocean Safety'. While 8 strand ropes are primarily used in the shipping industry and oil rigs, 3/4 strand ropes are used in general applications i.e. transport and telecom, among others. Taking into account the demand and higher profit margins, 75% of our products comprise 8 strand ropes.

During 2009-10, we added 12 strand ropes to our existing product line that further gave us a competitive edge over other producers in the global market as there are only 3 manufacturers globally that manufacture such product. We also increased the length of the 3/4 strands rope to a length of 120 mm (earlier it was restricted only to 40 mm) that resulted in shipping companies use the 3 strand ropes in general conditions instead of spending high amount for 8 and 12 strand ropes.

Our ropes are strong, lightweight, non-corrosive, abrasion resistant and possess controlled elongation, immunity to extreme atmospheric conditions, water absorption resistance and shock absorption capacity, among others.

We are catering to the requirements of oil rigs and oil exploration companies, defense and navy. Moreover, with the privatisation of the infrastructure industry, especially power transmission and oil exploration, a large potential demand for superior synthetic ropes is being created. Traditionally, big buyers like major oil exploration companies, state electricity boards and private shipping companies, among others float tenders for their annual rope requirement. Most tenders extend for a two-year period and involve big-ticket orders.

## Domestic

- In the domestic market, our market share is about 30-40%. Of this, 75% is for 8 strand ropes and the balance for other sectors.

- Axiom is directly marketing its products in the domestic market, especially to institutional clients like the major shipping companies in the country along with the major oil exploration companies, defense and navy.

## Export

- We have 10 sales distributors abroad. Our sales are primarily driven by distributors abroad and direct marketing efforts.
- We have published elegant brochures, catalogues with samples of our products for distribution to prospective clients through our marketing network in India and abroad.
- We have participated in few exhibitions of India and abroad to popularise our products.
- We export most of our products to Europe, USA, the Middle East and Singapore. This was primarily on account of strong marketing set up in these countries and our ability to retain multiple institutional customers on a sustained basis.

Roping in the future through

# Varied quality parameters **and a distinctive eye for superlative performance**

At Axiom, our day starts with a commitment to quality and ends with the same objective in mind. We are dedicated in providing quality products and services, which meet or exceed the expectation of our customers and provide true value for money to our clients.

Our products are certified with international agency, Germanischer Lloyds for quality and minimum breaking strength. The certificate is a respected accreditation in the rope industry and only a few manufacturers globally have been certified by Lloyd's Register of Shipping. Besides, thanks to unceasing quality initiatives and product innovation, Axiom has been able to reduce its production cost substantially. The result is that our products are cheaper by around 25% vis-à-vis global competitors.

Our ISO 9000 & 14001 certification reinforces our quality commitment. In addition, Axiom products are approved by Germanischer Lloyds, an international insurance and inspection agency. The certificate issued by this agency is insurance to the users of Axiom's products against the loss caused by snapping of the ropes by reasons other than overloading. Additionally, each and every coil of the rope manufactured by the company carries a certificate of quality stating the guarantee on MBL specified as per the size of the rope.

The result is that we are able to command a premium for our products in the global markets on the strength of this certification. In the last five years, there has not been a single claim for damage by our customers.

# Product range **and USPs**

## Dan-strong ropes

- Higher breaking strength
- Abrasion resistance
- Excellent shock absorption
- Better grip
- Minimal elongation
- Durable and ultraviolet stabilised
- Excellent shape retention
- Fully balanced and torque free
- Manufactured in 3,4,8 & 12 Strand
- Manufactured 3 strand in bigger sizes
- 3 & 4 strand can be provided in plastic and wooden reels palletised
- Dimensional stability
- Economical pricing

## Mixed Ropes / Maxi Flex / Marina Maxi

- High breaking strength
- High abrasion resistance
- No loss of strength when wet
- Very low snap- back effect
- Low weight –easy handling
- Manufactured in 8 & 12 Strand
- Technologically superior
- Higher strength to weight ratio
- Easy to handle
- Superior breaking strength
- Extremely low elongation, offering stability during usage

## Polyamide (Nylon)

- High strength
- Shock absorbent
- Excellent well strength retention
- Torque free
- Balanced and easy to handle
- Excellent abrasion resistance
- Manufactured in 3,4,8 & 12 Strand
- Manufactured 3 strand in bigger sizes
- Longer durability
- Flexible with maximum bearing surface for superior handling
- Excellent wet strength retention
- Superior performance in rigorous conditions

## Aoxi Flex (Polydacron Polyester)

- 70-75 % stronger
- Excellent wear life i.e. high abrasion
- Superior sunlight resistance due to SL-5 ultraviolet inhibitors
- Excellent visibility and identification
- Manufactured in 3,4,8 & 12 Strand
- Manufactured 3 strand in bigger sizes

## Tusker (Polypropylene / Split Film)

- High breaking strength
- Fully balanced
- Torque free
- Abrasion resistance
- Manufactured in 3,4,8 & 12 Strand
- Manufactured 3 strand in bigger sizes

## Polyethylene Flexi (HDPE/PE/COLOURED)

- Higher abrasion resistance
- Shock absorption
- Excellent wet strength retention
- Torque free
- Balanced and easy to handle
- Superior working in rigorous conditions
- Excellent abrasion resistance
- Manufactured 3 strand in bigger sizes

## Slings

- Resistant to chemical reaction
- Manufactured in 3,4,8 & 12 Strand
- Customised as per client's requirement

## Super Flex

- Excellent abrasion resistance
- Excellent strength
- Flotation – permanent flotation in water
- Flexible and easy to handle
- Fully UV stabilised with medium elongation in use
- Protected spliced eye at the each end
- Tremendous range of uses
- Characteristics hi-vis yellow colour with two black marker yarns
- Wet strength equally to dry strength
- Manufactured in 3,4,8 & 12 Strand
- Manufactured 3 Strand in bigger sizes

## Baler Twines

- High breaking strength
- Good shape retention
- Flexible and durable
- Non corroding
- Manufactured using highly sophisticated extrusion technology and twisting systems
- Environmental friendly
- High breakage strength
- Good shape retention
- Non – corroding

## Extensive and diverse product application

| Marine industry (Maritime and offshore ropes) | Industrial | Commercial fishing | Other applications |
|---|---|---|---|
| Anchor lines | Utility ropes | Trawl ropes | Sports playing net |
| Deep water | Construction lines | Aquaculture | Vehicle and industrial row ropes |
| Mooring ropes | Winch lines | Fishing nets | Military applications |
| Seismic tow ropes | | | Security barriers |
| Heavy lift slings | | | Cargo nets |
| Ship mooring lines | | | |

# Certifications

PROTOTYPE TEST

OCIMF Prototype Rope Testing

Germanischer Lloyd
Industrial Services GmbH.

Test Certificate

Germanischer Lloyd
Industrial Services GmbH.

Test Certificate

BUREAU OF INDIAN STANDARDS

LICENCE FOR THE ENVIRONMENTAL MANAGEMENT SYSTEMS CERTIFICATION

SCHEDULE

# The ropes that pull **the wheels of excellence**

## Raw material sourcing

Axiom has an established network of suppliers and logistics, which are readily available. The primary raw materials required for the manufacture of ropes comprise HDPE and PP granules and Nylon. The prices are volatile and linked to the crude oil prices. However, Axiom enjoys the flexibility to purchase the raw materials locally or by way of imports, leveraging the price advantage.

The major suppliers in India include Reliance Industries Limited and Indian Petrochemical Corporation LTM. The major suppliers in the international market are Marubeni Corporation of Japan and Korea Petrochemical Industrial Corporation of South Korea. As the raw materials are locally and internationally available in adequate quantities, we do not anticipate problems in procurement. The pricing for an order is fixed based on prevailing price of PP/PE, the primary raw material. Generally, all the orders are executed within a 15-day to one month's time frame. However, taking into account wide raw material fluctuations, Axiom is following a policy of keeping raw material stock of about 15 to 20 days only.

These steps insulated us from fluctuations in raw material prices. Timely and prompt transportation of imported raw material from port to the factory is also very crucial for inventory management.

Our 29-truck fleet promptly transports finished goods to the ports/distributors in the country and also transports imported raw materials to the factory.

## Supply chain management

Axiom follows a disciplined supply chain model, ensuring an on-time delivery of finished goods to its consumers. The finished goods are packed and dispatched by way of road and rail for domestic market and by road and ship for export market. It possesses its own transport network for dispatch of goods in domestic market and also for transporting the products to the Mumbai port. The transit is consistently monitored till final destination and delivery. Taking into account the growing volume of domestic and export sales, Axiom is in negotiation with many vendors for the implementation of a SAP module for close monitoring and tracking of the supply chain network.

## Inventory management

Axiom follows a cost effective inventory management. The raw materials are procured to the factory site within two or three days, either locally or by way of imports based on price advantage. In case of imports, it takes maximum one month for goods to arrive at the factory site. Leveraging the advantage of local purchase and imports, we maintain only a minimum stock of 15 to 20 days requirement at the factory site. The finished goods are packed and dispatched to final destination within three-to-five days. Consequently, we are de-risked from any inventory accumulation.

## Information technology

IT has streamlined our business activities, resulting in operational efficiency, transparency and skill set of employees in product marketing. We have computerised operations including accounting, finance, banking, logistics, pay-rolls and marketing. Decision making is made at various levels, based on in-house networking and emailing system. Networking of all computers and printers are interconnected to each other with D-Link Switches and cat5 wires. Latest Tally software is used as an application for day-to-day accounting, taxation, purchase and sales.

The IT infrastructure also facilitated export sales through E-marketing, resulting in access to new markets globally. Our website provides better product understanding to clients and generates new businesses in the domestic and export markets.

## Human resources

Axiom has strengthened its HR department by recruiting specialised HR persons, along with supporting staff. They have designed and developed various HR policies, rules and regulations to support and sustain business operations. Various HR tools and techniques were implemented to ensure employee satisfaction. Management information Systems (MIS) Reports are prepared to ensure a proper co-ordination among departments, taking into account the expansion scheme already under implementation. The marketing set up is being strengthened by recruiting more people with relevant experience and qualification at various levels. The technical competence of people at the factory site is also being upgraded through hands-on. This is done to improve their skills to handle in-plant sophisticated machinery. The HR department is focusing on recruitment of personnel at various levels. The training needs of people are also being assessed periodically by respective departments. The HR team conducts a periodic appraisal system and organises employee welfare programs to sustain employee motivation.

# Prominent faces at **Axiom**

## Mr. Atit Agarwal

32, holds a Bachelor of Science Degree in International Marketing from Bentley University. He has also done his MBA in finance from the same institution. He possesses a rich and diverse repository of experience, having worked across multiple industries including that of commercial banking.

He believes in the power of innovation and a global outlook. Given his training in international marketing and dealing with clients in the private banking domain, he has been able to bring a unique skill set to the business of Axiom Cordages Limited.

Today, Mr. Agarwal steers the overall strategy and business of Axiom Cordages, focusing specifically on product development, widening the customer base, improving efficiency and performance. His vision and ability to operationalise strategy has resulted in the rapid growth of Axiom over the last five years.

## Mr. Rajesh Pandey

40, Director possesses 16 years of total manufacturing experience with 12 years in the field of rope manufacture. His association with the Group dates back to 1995. He is responsible for production and supervises day-to-day factory operations.

## Mr. Ashok B. Jha

49, Director enjoys a rich experience of 17 years. He is a matriculate and focuses on the technical aspects of rope manufacture.

## Mr. Bharat Mahalik

37, Director, holds a Bachelor's degree in Commerce and possesses around 12 years industry experience with emphasis on general administration. He oversees the administrative affairs at Axiom Cordages Limited.

## Mrs. Swati Agarwal

29, whole-time Director, holds a Bachelor's degree in management studies, possessing around seven years of experience. She is responsible for overseeing general administration.

## Mr. Sanjiv Singhal

43, represents Banyan Tree Growth Capital on the Board of Axiom Cordages. He is also on the Board of Directors of GEI Industrial Systems Ltd, Trimax IT Infrastructure Limited and Deepak Fasteners Limited.

Mr. Singhal has worked in Citibank and Standard Chartered Bank, possessing a rich 13 years of banking experience. He headed Structured Finance for India and later SE Asia, stationed at Singapore for Standard Chartered Bank. He worked as an entrepreneur in the first three years of his professional career and revived an ailing automobile components manufacturing company.

Mr. Singhal holds a prestigious management degree from the Wharton Business School (USA), a Master's degree with distinction from the University of Essex, UK and a Bachelor's degree with honours from the Delhi University. In 2001, Mr. Singhal was selected by the British Council for a Chevening Scholarship to spend 10 weeks at the London School of Economics. It was during his stay in London that he authored the book Internet Banking: The Second Wave. This book was published by McGraw-Hill and is currently enjoying a second reprint.

# Directors' Report

## To the shareholders

To,

The Members,

Your Directors have pleasure in presenting the Eleventh Annual Report together with Audited Accounts of the Company for the Financial Year ended on 31st March 2010.

## Financial Results

(Rs. in Million)

| Description | Financial Year 2009-10 | Financial Year 2008-09 |
|---|---|---|
| **Net Sales** | **3525.86** | **2231.10** |
| Profit before Interest and Depreciation | 569.94 | 385.19 |
| Less : Interest | 53.66 | 20.91 |
| Profit Before Depreciation | 516.28 | 364.28 |
| Less : Depreciation | 120.12 | 64.55 |
| **Net Profit Before Tax** | **396.16** | **299.73** |
| Less: Provision for Taxation | | |
| Current Tax | 71.92 | 37.01 |
| Deferred Tax | 37.15 | 33.35 |
| Tax of Earlier years | 0.17 | 0.00 |
| Fringe Benefit Tax | 0.00 | 0.34 |
| **Net Profit after Taxation** | **286.92** | **229.03** |
| Add: Profit brought forward from Previous Period | 444.70 | 220.13 |
| Less: Appropriations | | |
| Proposed Dividend | 3.81 | 3.81 |
| Tax on Dividend | 0.63 | 0.65 |
| **Balance carried forward to Balance Sheet** | **727.18** | **444.70** |

## Dividend

Your Directors are pleased to recommend for your consideration payment of a dividend at the rate of 2% i.e Re. 0.20 per equity share for the financial year ended on 31st March 2010, amounting to Rs. 3.81 Million.

## Operations

The total turnover of the Company during the period under review stood at Rs. 3525.86 Million with Profit after Tax amounting to Rs. 286.92 Million as compared to Turnover of Rs. 2231.10 Million with Profit after Tax amounting to Rs. 229.03 Million, of previous year. Yours Directors are confident that the Company's performance is outstanding despite of the global economic slow down coupled with liquidity crunch. During the current year the Company shall endeavor to perform even better by improving its net sales realisation through implementing successful strategies.

## Directors

Mr. Rajesh Pandey, Director of the Company retires by rotation at the forth coming Annual General Meeting of the Company and being eligible, offers himself for reappointment.

## Changes In Equity Capital

During the year, the following changes were effected in the capital of the Company:

a) During the year, your Company allotted 100 equity shares on preferential basis on 4th June, 2009 pursuant to the resolution passed at the Extra Ordinary General Meeting of the Company held on 23rd December, 2008.

b) During the year, your Company raised an aggregate of Rs. 3.3 Million through Preferential issue of 33, 12% Compulsorily Convertible Debentures of face value of Rs. 1,00,000 each at par from Private Equity Fund and an aggregate of Rs. 119.2 Million through issue of 1192, 0.015% Compulsorily Convertible Debentures of face value of Rs. 1,00,000 each at par from Private Equity Fund.

c) During the year, your Company raised an aggregate of Rs. 288.5 Million through Preferential issue of 2885, 15.5% Compulsorily Convertible Debentures of face value of Rs. 1,00,000 each at par from Private Equity Fund.

## Public Deposits

The Company has not accepted any deposits from public during the year. Hence Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company.

## Particulars Of Employees

None of the employees were in receipt of the remuneration in excess of that specified under provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

## Energy, Technology and Foreign Exchange

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo required to be given pursuant to Section 217(1)(e) of the Companies Act, 1956 read together with the companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

## Directors' Responsibility Statement

Pursuant to the requirements Under Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed;

ii) appropriate accounting policies have been selected and applied constantly and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2010 and of the Profit of the Company for the year ended 31st March, 2010;

iii) proper and sufficient care have been taken 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) the annual accounts have been prepared on a going concern basis.

## Auditors

The Company's Statutory Auditors M/s. Haribhakti & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

## Auditors Qualifications

Regarding Auditors qualifications, the Directors state as follows:

For Item 4(iv) of Audit Report:

No provision for Employee Benefits has been made by the Company and the same shall be accounted for as and when paid. This is not in accordance with the Accounting Standard 15 (AS - 15) on "Employee benefits". The liability towards gratuity premium is not presently ascertained. However, the Company will account for the same in the ensuing financial year in accordance with AS – 15.

## Acknowledgements

The Directors wish to place on record their appreciation to the Shareholders, Customers, Banks and other Business Associates for their continued support and cooperation. The Board of Directors also takes the opportunity to acknowledge the dedicated efforts of the staff and officers and their contribution to the success achieved by the Company.

By Order of The Board of Directors

For **Axiom Cordages Ltd.**
*(Formerly Axiom Impex International Limited)*

Place: Boisar
Date: 14th June, 2010

**Atit Agarwal**
*Director*

**R. K. Pandey**
*Director*

# Annexure Forming Part of The Directors' Report

## A) Conservation of Energy

a) Energy conservation measures taken N.A.

b) Additional investments proposal, if any being implemented for reduction of consumption of energy N.A.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods N.A.

d) Total energy consumption

| Power & Fuel Consumption | Financial Year 2009-10 | Financial Year 2008-09 |
|---|---|---|
| **1) Electricity** | | |
| a) Purchased | | |
| Units | 6077880 | 4857268 |
| Total amount (Rs. in Million) | 30.93 | 18.83 |
| Rate / Unit (Rs.) | 5.09 | 3.87 |
| b) Own Generation | | |
| i) Through Diesel Generation | | |
| Units | NIL | NIL |
| Units per Litre of Diesel Oil | NIL | NIL |
| Cost/Units | NIL | NIL |
| ii) Through Steam Turbine/Generator | | |
| Units | NIL | NIL |
| Units per Litre of Diesel Oil | NIL | NIL |
| Cost/Units | NIL | NIL |
| **2) Coal (Specify quantity and where used)** | | |
| Quantity (Tonnes) | NIL | NIL |
| Average Rate | NIL | NIL |
| **3) Furnace Oil** | | |
| Quantity (Litres) | NIL | NIL |
| Total Amount (Rs. in Million) | NIL | NIL |
| Average Rate (Rs.) | NIL | NIL |
| **4) Other/Internal Generation (Please give details)** | | |
| Quantity | NIL | NIL |
| Total Cost | NIL | NIL |
| Rate/Unit | NIL | NIL |

## B) Technology Absorption:

| | | |
|---|---|---|
| Efforts made in technology absorption | Nil | Nil |

## C) Foreign Exchange Earning & Outgo

| | | |
|---|---|---|
| Total Exchange Earned (Rs. in Million) | 1772.42 | 1265.93 |
| Total Outgo (Rs. in Million) | 2209.21 | 461.34 |

By Order of The Board of Directors

For **Axiom Cordages Ltd.**
*(Formerly Axiom Impex International Limited)*

Place: Boisar
Date: 14th June, 2010

**Atit Agarwal**
*Director*

**R. K. Pandey**
*Director*

# Auditors' Report

To
The Members of **Axiom Cordages Limited** (Formerly known as **Axiom Impex International Limited**)

1) We have audited the attached Balance Sheet of Axiom Cordages Limited ('the Company') as at 31st March, 2010 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 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, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4) Further to our comments in the paragraph 3 above, we report that:

   **i)** We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   **ii)** In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   **iii)** The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   **iv)** In our opinion, 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, except for *Accounting Standard 15 (Revised) - "Employee Benefits", as no provision has been made for gratuity and leave encashment. Accordingly, we are unable to comment upon the resultant effect on the related expense, liability and the profit for the year;*

   **v)** On the basis of the written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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 para 4 (iv) give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

   a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;

   b) in the case of the profit and loss account, of the profit for the year ended on that date; and

   c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**
*Chartered Accountants*
FRN No.103523W

**Sarah George**
*Partner*
Membership No.45255

Place: Mumbai
Date: 14th June, 2010

# Annexure to Auditors' Report

**[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Axiom Cordages Limited on the financial statements for the year ended 31st March, 2010]**

1) **a)** The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   **b)** As explained to us, all the fixed assets have been physically verified by the management in a phased periodic manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.

   **c)** There was no substantial disposal of fixed assets during the year.

2) **a)** The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

   **b)** The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   **c)** The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

3) **a)** The Company has granted loans to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 918.18 Million and the year- end balance of loans granted to such company was Rs.Nil.

   **b)** In our opinion and according to the information and explanations given to us, terms and conditions for such interest free loans are not, prima facie, prejudicial to the interest of the Company.

   **c)** In respect of loans granted, repayment of principal amount is as stipulated which have been repaid.

   **d)** There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

   **e)** As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, the requirements of Clause (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.

4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.

5) **a)** According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

   **b)** In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

7) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8) To the best of our knowledge, the Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

9) **a)** The Company is regular in depositing with appropriate authorities undisputed statutory dues 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 material statutory dues applicable to it.

Further, since the Central Governent has till date not prescribed the amount of cess payable under section 441 A of the Companies Act,1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

**b)** According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

**c)** According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

10) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in current and immediately preceding financial year.

11) Based on our audit procedures and as per the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

12) According to information and explanation given to us and based on document and records provided to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

15) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

16) In our opinion, the term loans have been applied for the purpose for which the loans were raised.

17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

18) The Company has not made preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.

19) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 9,682 debentures of Rs. 1,00,000 each.

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

21) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Haribhakti & Co.**
*Chartered Accountants*
FRN No.103523W

**Sarah George**
*Partner*
Membership No.45255

Place: Mumbai
Date: 14th June, 2010

# Balance Sheet as at 31st March, 2010

(Rs. in Million)

| | Schedules | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|---|
| **Sources of Funds** | | | |
| **Shareholder's funds** | | | |
| Share Capital | A | 190.47 | 190.47 |
| Reserves & Surplus | B | 766.23 | 483.76 |
| | | 956.70 | 674.23 |
| **Loan funds** | | | |
| Secured Loans | C | 625.69 | 300.00 |
| Unsecured Loans | D | 1,269.70 | 501.50 |
| | | 1,895.39 | 801.50 |
| Deferred Tax Liabilities ( Net ) | | 101.14 | 63.99 |
| | | **2,953.23** | **1,539.72** |
| **Application of Funds** | | | |
| **Fixed Assets** | E | | |
| Gross Block | | 1,680.87 | 1,102.30 |
| Less: Depreciation | | 223.23 | 103.12 |
| Net Block | | 1,457.64 | 999.18 |
| Add: Capital Work in Progress (including Capital Advances) | | 749.36 | 291.12 |
| | | 2,207.00 | 1,290.30 |
| **Investments** | F | 100.27 | 70.11 |
| **Current Assets, Loans & Advances** | | | |
| Inventories | G | 125.00 | 46.91 |
| Sundry Debtors | H | 589.06 | 9.52 |
| Cash & Bank Balances | I | 152.13 | 279.47 |
| Loans & Advances | J | 140.72 | 253.65 |
| | | 1,006.91 | 589.55 |
| **Less : Current Liabilities & Provisions** | K | | |
| Current Liabilities | | 247.23 | 325.46 |
| Provisions | | 113.72 | 84.78 |
| **Net Current Assets** | | 645.96 | 179.31 |
| | | **2,953.23** | **1,539.72** |
| Significant Accounting Policies & Notes forming part of the Accounts | T | | |

As per our attached report of even date

For **HARIBHAKTI & CO.**
*Chartered Accountants*

**Sarah George**
*Partner*
Mem. No. 45255

Place: Mumbai
Date: 14th June, 2010

For and on behalf of the Board of Directors

**Atit Agarwal**
*Director*

**R. K. Pandey**
*Director*

Place: Mumbai
Date: 14th June, 2010

# Profit and Loss Account for the year ended 31st March, 2010

(Rs. in Million)

| | Schedules | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|---|
| **Income** | | | |
| Sales | | 3,664.90 | 2,337.47 |
| Less: Excise Duty | | 139.04 | 106.37 |
| Net Sales | | **3,525.86** | **2,231.10** |
| Other Income | L | 23.34 | 3.84 |
| Increase/(Decrease) in Stocks | M | 0.69 | (7.58) |
| | | **3,549.89** | **2,227.36** |
| **Expenditure** | | | |
| Cost of Materials Consumed | N | 2,831.67 | 1,708.21 |
| Manufacturing & Other Expenses | O | 79.21 | 60.58 |
| Personnel Cost | P | 9.85 | 6.91 |
| Administrative & Other Expenses | Q | 37.79 | 43.61 |
| Selling & Marketing Expenses | R | 21.43 | 22.85 |
| Interest & Finance Charges | S | 53.66 | 20.91 |
| Depreciation | | 120.12 | 64.55 |
| | | **3,153.73** | **1,927.62** |
| **Profit before Taxation** | | **396.16** | **299.73** |
| Less: Provision for Taxation | | | |
| Current Tax | | 71.92 | 37.01 |
| Deferred Tax Liability/(Asset) | | 37.15 | 33.35 |
| Tax of Earlier years | | 0.17 | – |
| Fringe Benefit Tax | | – | 0.34 |
| **Profit After Tax** | | **286.92** | **229.03** |
| Add: Balance as per last Balance Sheet | | 444.70 | 220.13 |
| | | **731.62** | **449.16** |
| **Appropriations** | | | |
| Proposed Dividend | | 3.81 | 3.81 |
| Tax On Dividend | | 0.63 | 0.65 |
| **Balance carried to Balance Sheet** | | **727.18** | **444.70** |
| **Earning Per Share of Rs. 10 each/- (in Rs.)** | | | |
| Basic | | 15.06 | 12.02 |
| Diluted | | 12.97 | 11.04 |
| Significant Accounting Policies & Notes forming part of the Accounts | T | | |

As per our attached report of even date

For **HARIBHAKTI & CO.**
*Chartered Accountants*

**Sarah George**
*Partner*
Mem. No. 45255

Place: Mumbai
Date: 14th June, 2010

For and on behalf of the Board of Directors

**Atit Agarwal**
*Director*

**R. K. Pandey**
*Director*

Place: Mumbai
Date: 14th June, 2010

# Cash Flow Statement for the year ended 31st March, 2010

(Rs. in Million)

| | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| **A Cash Flow from Operating Activities** | | |
| Net Profit Before Tax and Extraordinary Items | 396.17 | 299.73 |
| **Adjustments For :** | | |
| Depreciation | 120.11 | 64.55 |
| Interest income | (5.22) | (3.08) |
| Interest | 53.66 | 20.91 |
| Dividend income | (0.45) | (0.04) |
| **Operating profit before working capital changes** | **564.27** | **382.08** |
| **Adjustments for :** | | |
| Inventories | (78.08) | 1.81 |
| Trade and other receivables | (579.54) | 3.29 |
| Loans and Advances | 137.70 | 169.50 |
| Trade Payables | (125.66) | 136.02 |
| **Cash Generated From Operations** | **(81.31)** | **692.70** |
| Direct Tax Paid | (24.77) | (25.89) |
| **Cash From Operating Activities** | **(106.08)** | **666.81** |
| Adjustments of earlier years | 0.17 | – |
| **Net Cash From Operating Activities** | **(106.25)** | **666.81** |
| **B Cash Flow from Investing Activities:** | | |
| Purchase of Fixed Assets | (578.57) | (671.60) |
| Purchase of Investments | (30.16) | (0.16) |
| Interest received | 5.22 | 3.08 |
| Dividend Received | 0.45 | 0.04 |
| **Net Cash used in Investing Activities** | **(603.06)** | **(668.64)** |

(Contd.)

# Cash Flow Statement for the year ended 31st March, 2010 (Contd.)

(Rs. in Million)

| | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| **C Cash Flow from Financing Activities:** | | |
| Secured Loan Received | 325.70 | 300.00 |
| Capital Advances | (458.27) | (291.12) |
| Increase in Unsecured Loan | 768.20 | 267.81 |
| Issue of New Equity Shares | 0.01 | 0.01 |
| Interest | (53.66) | (20.91) |
| **Net Cash from Financing Activities** | **581.97** | **255.78** |
| **Net Increase/(Decrease) in Cash and Cash Equivalents** | **(127.34)** | **253.94** |
| **Cash & Cash Equivalents (Opening)** | **279.47** | **25.52** |
| **Cash & Cash Equivalents (Closing)** | **152.13** | **279.47** |

**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 Statement issued by the Institute of Chartered Accountants of India.

2) Cash and Cash Equivalents at the year end consists of Cash in Hand and Balances with Banks as follows:

(Rs. in Million)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|
| Cash in hand | 8.91 | 0.32 |
| Balances with Banks | 143.23 | 279.15 |
| **Total** | **152.13** | **279.47** |

3) Figures in brackets represents outflows.

4) Previous Year figures have been recast/restated wherever necessary.

As per our attached report of even date

For **HARIBHAKTI & CO.**
*Chartered Accountants*

**Sarah George**
*Partner*
Mem. No. 45255

Place: Mumbai
Date: 14th June, 2010

For and on behalf of the Board of Directors

**Atit Agarwal**
*Director*

**R. K. Pandey**
*Director*

Place: Mumbai
Date: 14th June, 2010

# Schedules forming part of the of the accounts for the year ended 31st March, 2010

(Rs. in Million)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|
| **Schedule – A Share Capital** | | |
| **Authorised** | | |
| 8,00,00,000 (P.Y. 8,00,00,000 ) Equity Shares of Rs. 10/- each | 800.00 | 800.00 |
| | 800.00 | 800.00 |
| **Issued, Subscribed & Paid-up** | | |
| 1,90,47,160( P.Y.1,90,47,060 )Equity Shares of Rs. 10/- each fully paid-up. | 190.47 | 190.47 |
| (Of the above 1,85,82,400 Equity Shares of Rs. 10/- each have been alloted as Bonus Shares by capitalisation of Profit and Loss Account in F.Y. 2007-08) | | |
| (Of the above 1,64,00,000 (P.Y. 1,64,00,000) Equity Shares of Rs. 10/- each are held by Holding Company Responsive Industries Limited) | | |
| (Of the above 26,24,000 (P.Y. 26,24,000) Equity Shares of Rs. 10/- each are held by Ultimate Holding Company Wellknown Business Ventures Private Limited) | | |
| | **190.47** | **190.47** |
| **Schedule – B Reserves and Surplus** | | |
| **Capital Reserve Account** | | |
| Balance as per last account | 2.51 | 2.51 |
| Add: Transferred during the year | – | – |
| | 2.51 | 2.51 |
| **Securities Premium Account** | | |
| Balance as per last account | 36.54 | 36.54 |
| Add: Amount received during the year | – | – |
| | 36.54 | 36.54 |
| Profit & Loss Account | 727.18 | 444.70 |
| | **766.23** | **483.75** |
| **Schedule – C Secured Loans** | | |
| Working Capital Loan from Banks | 182.21 | 100.00 |
| (Secured against entire current assets of the Company) | | |
| Term Loan from Banks | 161.61 | 200.00 |
| (Secured against entire fixed assets of the Company) | | |
| **Other Loans** | | |
| Foreign Currency Loans | 281.87 | – |
| (Refer to Para 11, Schedule T) | | |
| | **625.69** | **300.00** |

# Schedules forming part of the of the accounts for the year ended 31st March, 2010

(Rs. in Million)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|
| **Schedule – D Unsecured Loans** | | |
| 0% 2,577( P. Y. 577) Compulsorily Convertible Debentures of Rs. 1,00,000/- each | 257.70 | 57.70 |
| 12% 6,043 ( P.Y. 2,438 ) Compulsorily Convertible Debentures of Rs. 1,00,000/- each | 604.30 | 243.80 |
| 0.015% 1,192( P.Y. Nil) Compulsory Convertible Debentures of Rs. 100,000/- each | 119.20 | – |
| 15.5% 2,885( P.Y. Nil) Compulsory Convertible Debentures of Rs. 100,000/- each. | 288.50 | – |
| Debentures Application Money | – | 200.00 |
| | **1,269.70** | **501.50** |

**Schedule – E Fixed Assets**

(Rs. in Million)

| | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April, 2009 | Additions During the year | Deductions Adjustment During the year | As at 31st March, 2010 | Upto 31st March, 2009 | For the Year | Adjustments during the year | Up to 31st March, 2010 | As at 31st March, 2010 | As at 31st March, 2009 |
| Factory Buildings | 58.07 | – | – | 58.07 | 0.55 | 1.94 | – | 2.49 | 55.58 | 57.52 |
| Plant & Machinery | 1,034.34 | 576.62 | – | 1,610.96 | 98.94 | 117.28 | – | 216.22 | 1,394.74 | 935.42 |
| Electrical Installations | 2.98 | 1.60 | – | 4.58 | 0.92 | 0.21 | – | 1.13 | 3.45 | 2.06 |
| Furniture & Fixtures | 0.37 | – | – | 0.37 | 0.09 | 0.02 | – | 0.11 | 0.26 | 0.28 |
| Office Equipments | 0.70 | 0.35 | – | 1.05 | 0.19 | 0.04 | – | 0.23 | 0.82 | 0.51 |
| Computers | 0.16 | – | – | 0.16 | 0.04 | 0.03 | – | 0.07 | 0.09 | 0.11 |
| Motor Cars | 3.14 | – | – | 3.14 | 0.81 | 0.30 | – | 1.11 | 2.03 | 2.33 |
| Motor Trucks | 2.54 | – | – | 2.54 | 1.58 | 0.29 | – | 1.87 | 0.67 | 0.95 |
| **Total** | **1,102.30** | **578.57** | **–** | **1,680.87** | **103.12** | **120.12** | **–** | **223.23** | **1,457.64** | **999.18** |
| Previous Year | 430.70 | 671.60 | – | 1,102.30 | 38.57 | 64.55 | – | 103.12 | 999.18 | – |

Note: Additions/(Reduction) in Plant and Machineries reflects (Rs. 8.30 Million) [P.Y. Rs. 43.87 Million] towards Foreign Exchange Fluctuation gain\loss.

# Schedules forming part of the of the accounts for the year ended 31st March, 2010

(Rs. in Million)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|
| **Schedule – F Investments** | | |
| **(As per Annexure "1")** | 100.27 | 70.11 |
| | **100.27** | **70.11** |
| **Schedule – G Inventories** | | |
| (As taken, valued and certified by the management) | | |
| Raw Materials [including Stock in Transit Rs 3.61 Million (P.Y.Rs. Nil)] | 99.10 | 22.05 |
| Stores & Spares | 2.62 | 2.19 |
| Packing Materials | 0.07 | 0.15 |
| Stock in Process | 12.55 | 19.79 |
| Finished Goods | 10.66 | 2.73 |
| | **125.00** | **46.91** |
| **Schedule – H Sundry Debtors** | | |
| (Unsecured and Considered Good) | | |
| Debts outstanding for a period more than six months | 0.43 | 3.51 |
| Other Debts | 588.63 | 6.01 |
| | **589.06** | **9.52** |
| **Schedule – I Cash and Bank Balances** | | |
| Cash on hand | 8.91 | 0.32 |
| **Balance with Scheduled Banks:** | | |
| In Current Accounts | 89.07 | 218.36 |
| In Fixed Deposit Accounts * | 54.15 | 60.79 |
| * [includes Rs. 54.11 Million (P.Y. Rs. 10.00 Million) pledged against Letter of Credit issued] | | |
| | **152.13** | **279.47** |

# Schedules forming part of the of the accounts for the year ended 31st March, 2010

(Rs. in Million)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|
| **Schedule – J Loans and Advances** | | |
| (Unsecured, Considered good) | | |
| Advances recoverable in cash or kind or for value to be received | 50.34 | 195.84 |
| Balances with Customs, Excise, etc. | 10.03 | 3.45 |
| Deposits | 11.82 | 10.59 |
| Advance Tax / TDS | 68.53 | 43.77 |
| | **140.72** | **253.65** |
| **Schedule – K Current Liabilities and Provisions** | | |
| **Current Liabilities** | | |
| Sundry Creditors | | |
| – Due to Micro, Small and Medium Enterprises | – | – |
| – Others | 197.40 | 150.36 |
| Advance Received from Customers | 8.62 | 153.09 |
| Other Liabilities | 41.21 | 22.01 |
| | **247.23** | **325.46** |
| **Provisions** | | |
| Provision For Taxation | 108.94 | 79.68 |
| Provision For Fringe Benefit Tax | 0.34 | 0.64 |
| Proposed Dividend | 3.81 | 3.81 |
| Provision for Dividend Distribution Tax | 0.63 | 0.65 |
| | **113.72** | **84.78** |

# Schedules forming part of the of the accounts for the year ended 31st March, 2010

(Rs. in Million)

| | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| **Schedule – L Other Income** | | |
| Interest on Fixed Deposits (TDS Rs. 0.51 Million, PY:Rs. 0.64 Million) | 3.08 | 3.08 |
| Other Interest (TDS: Rs. 0.05 Million , PY Rs. Nil) | 2.14 | – |
| Excise Duty Refund Received | 6.79 | – |
| Dividends | 0.45 | 0.04 |
| Insurance Claim Received | 2.94 | – |
| Profit on Exchange Rate Fluctuation (Net) | 7.16 | – |
| Miscellaneous Income | 0.78 | 0.72 |
| | **23.34** | **3.84** |
| **Schedule – M Increase / (Decrease) in Stocks** | | |
| **Closing Stocks** | | |
| Finished Goods | 10.66 | 2.73 |
| Stock in process | 12.55 | 19.79 |
| | 23.21 | 22.52 |
| **Less : Opening Stocks** | | |
| Finished Goods | 2.73 | 9.17 |
| Stock in process | 19.79 | 20.93 |
| | 22.52 | 30.10 |
| | **0.69** | **(7.58)** |
| **Schedule – N Cost of Raw Materials Consumed** | | |
| Opening Stock | 22.05 | 17.30 |
| Add: Purchases | 2,908.71 | 1,712.96 |
| | **2,930.77** | **1,730.26** |
| Less: Closing Stock | 99.10 | 22.05 |
| | 2,831.67 | 1,708.21 |
| | **2,831.67** | **1,708.21** |
| **Schedule – O Manufacturing & Other Expenses** | | |
| Power & Fuel | 30.99 | 18.83 |
| Loading & Unloading Charges | 22.51 | 19.66 |
| Stores, Spares & Packing Material Consumed | 11.43 | 10.66 |
| Repairs & Maintenance (Machinery) | 4.97 | 9.38 |
| Repairs & Maintenance (Buildings) | 1.20 | 0.33 |
| Other Manufacturing Expenses | 8.11 | 1.71 |
| | **79.21** | **60.57** |

# Schedules forming part of the of the accounts for the year ended 31st March, 2010

(Rs. in Million)

| | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| **Schedule – P Personnel Costs** | | |
| Salaries, Wages, Bonus & Allowances | 9.36 | 6.49 |
| Contribution to Provident & Other Funds | 0.14 | 0.15 |
| Workmen & Staff Welfare Expenses | 0.35 | 0.27 |
| | **9.85** | **6.91** |
| **Schedule – Q Administrative & Other Expenses** | | |
| Rent, Rates & Taxes | 8.67 | 4.47 |
| Insurance | 1.32 | 0.13 |
| Communication Costs | 1.61 | 1.81 |
| Printing & Stationery | 0.56 | 0.47 |
| Travelling & Conveyance | 0.98 | 1.27 |
| Vehicle Expenses | 0.28 | 0.09 |
| Loss on Exchange Rate Fluctuation (Net) | – | 2.76 |
| Legal & Professional Charges | 17.49 | 28.52 |
| Auditor's Remuneration | 0.80 | 0.50 |
| Miscellaneous Expenses | 6.08 | 3.59 |
| | **37.79** | **43.61** |
| **Schedule – R Sales & Marketing Expenses** | | |
| Freight & Forwarding Charges | 18.07 | 20.54 |
| Sales Promotion Expenses | 2.91 | 0.89 |
| Brokerage, Commission & Discount | 0.44 | 1.43 |
| | **21.43** | **22.86** |
| **Schedule – S Interest & Finance Charges** | | |
| Interest on Term Loans | 21.74 | 0.47 |
| Interest on Debentures | 8.49 | 13.39 |
| Interest on Foreign Currency Loans | 5.56 | – |
| Interest to Banks on Working Capital Loans | 11.68 | 5.46 |
| Bank Charges | 6.20 | 1.60 |
| | **53.66** | **20.92** |

# Annexure 1 to the Schedule "F" Forming Part of the Accounts for the year ended 31st March 2010

(Rs. in Million)

| | | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|---|
| | **Investments** | | |
| | **Long Term Investments** | | |
| | **Non Trade** | | |
| A | **Quoted In Equity Shares of Rs. 10/- each fully paid up unless otherwise stated** | | |
| | Creative Eyes Limited | 0.27 | 0.27 |
| | 10,000 Shares (P.Y. 10,000 Shares) | | |
| | Energy Development Limited | 0.51 | 0.51 |
| | 5,000 Shares (P.Y. 5,000 Shares) | | |
| | Power Grid Corporation Limited | 0.08 | 0.08 |
| | 500 Shares (P.Y. 500 Shares) | | |
| | Mavi Industries Limited (Formerly known as Krishna Filaments Limited) | 0.32 | 0.16 |
| | 36,750 Shares (P.Y. 16,750 Shares) | | |
| | Reliance Industrial Infrastructure Limited | 2.64 | 2.64 |
| | 1,000 Shares (P.Y. 1,000 Shares) | | |
| | **In Holding Company** | | |
| | Responsive Industries Limited | 66.45 | 66.45 |
| | 4,41,833 Shares (P.Y. 1,45,333) Shares | | |
| B | **Unquoted** | | |
| | Barclays Securities (India) Private Limited - PMS | 30.00 | – |
| | 30 Units (P.Y. Nil) | | |
| | **Total** | **100.27** | **70.11** |
| | Aggregate amount of Unquoted Investments (At Cost) | **30.00** | **–** |
| | Aggregate amount of Quoted Investments (At Cost) | **70.27** | **70.11** |
| | Aggregate amount of Quoted Investments (At Market Value) | **382.46** | **71.02** |

# Schedules forming part of the of the accounts for the year ended 31st March, 2010

## Schedule – T

### I. Company Overview

Axiom Cordages Limited ('ACL' or 'the Company'), a subsidiary of Responsive Industries Limited (RIL) is a major producer and supplier in the synthetic rope manufacturing industry. Application for synthetic ropes includes mooring and towing of ships & rigs and bays in the construction industry.

### II. Significant Accounting Policies

**a) Basis of Preparation of Financial Statements**

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles under the historical cost convention on an accrual basis and in accordance with the applicable accounting standards issued by The Institute of Chartered Accountants of India and in compliance with the provisions of the Companies Act, 1956.

**b) Use of Estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management to make estimates and assumption that affect reported balances of assets and liabilities and the disclosures relating to contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the period. Differences between actual results and estimates are recognized in the period in which the results are known / materialized

**c) Revenue Recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Revenue from domestic sale of goods is recognised when the significant risks and the rewards of ownership of the goods are passed on to the buyer (i.e. on dispatch of goods).

ii) Revenue in respect of export sales is recognised on the basis of dispatch of goods for exports.(i.e. on the date of Bill of Lading)

iii) Interest is recognised using the time proportionate method, based on rates implicit in the transactions.

vi) Dividend income is recognised when the right to receive the dividend is established.

v) Other Income is accounted for on accrual basis, when certainty of receipt is established.

**d) Fixed Assets**

Fixed Assets are stated at cost, net of cenvat availed, less accumulated depreciation. Capital work in progress comprises cost of fixed assets that are not ready for the intended use at the reporting date. All cost, including financing cost till assets are ready for its intended use, exchange gain or loss on adjustments arising from exchange rate variations attributable to the fixed assets is capitalised.

**e) Depreciation & Amortisation**

Depreciation on fixed assets is provided on Straight-line method, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions to/ deletions from fixed assets is provided on pro-rata basis from/ up to the date of such additions/deletions as the case may be. Assets costing less than Rs. 5,000 each are fully depreciated in the year of purchase.

**f) Impairment of Fixed Assets**

At the end of each reporting period, the Company determines whether the provision should be made for impairment loss to fixed assets by considering the indications that the impairment loss may have occurred in accordance with Accounting Standards 28 on "Impairment of Assets" issued by the ICAI. The Impairment loss is charged to Profit & Loss Account in the period in which, an asset is identified as impaired, when the carrying value of assets exceeds its recoverable value. The impairment loss recognised in the earlier periods is reversed, if there has been a change in the estimate of recoverable amount.

**g) Leases**

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight-line basis in the Profit and Loss account over the lease term.

**h) Investments**

Investments that are readily realisable and intended to be held generally for not more than a year are classified as current investment. All other investment are classified as long term investment. Current investment is carried at lower of cost and fair value determined on an individual investment basis. Long term investment are carried at cost less provision recorded to recognise any decline, other than temporary, in the carrying value of each investment.

**i) Inventories**

i) Raw Materials (including goods in Transit), Packing Material, Stores and Spares are valued at cost, which is ascertained on the FIFO Basis.

ii) Work in Progress is valued at cost which includes raw material, direct labour, and factory overheads.

iii) Finished goods are valued at lower of cost or net realisable value. Cost for this

purpose includes direct cost, attributable overheads and excise duty.

**j) Borrowing Cost**

Borrowing Cost that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expenses in the period in which they are incurred.

**k) Provisions, Contingent Liabilities & Contingent Assets**

A provision is recognised if, as a result of a past event, the company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as a contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are neither recognised nor disclosed in the financial statements.

**l) Accounting For Taxation on Income**

Income taxes are accrued at the same period in which the related revenue and expense arise. A provision is made for income tax annually based on the tax liability computed after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. MAT paid in accordance with the tax laws, which give rise to the future economic benefits in the form of tax credit against future income tax liability, is not recognised as an asset in the Balance Sheet. The Company offsets, on a year to year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit offered for income tax and profit as per financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing differences. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred Tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date.

**m) Excise Duty and Sales Tax / Value Added Tax**

Excise duty is accounted on the basis of both, payments made in respect of goods cleared and also provision made for goods lying in the warehouse. Difference between Sales Tax / Value Added Tax recovered and paid is charged to Profit and Loss Account.

**n) Foreign Currency Transactions**

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at the exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Profit and Loss Account. Non-monetary assets and liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevailing at the date when the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevailing at the date of the transaction.

Revenue, expense and cash flow items denominated in foreign currency are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction. Transaction gains or losses realised upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled, except to the extent, relating to fixed assets are adjusted to carrying value of fixed assets.

**o) Employee Benefits**

Retirement Benefits in the form of Provident Fund is a defined contribution scheme and the contributions are accounted on accrual basis and are charged to Profit and Loss Account for the year. Gratuity and Leave Encashment is accounted for in the year of payment, without recognising any provisions as prescribed under Accounting Standard 15 (revised) issued by ICAI.

**p) Earnings per share**

Basic earning per share are computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by dividing the net profit after tax (by adjusting any tax benefits) by the weighted average number of equity shares considered for deriving basic earning per share and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**q) Miscellaneous Expenditure**

Preliminary expenses are amortised and charged-off to profit and loss account in the year in which it is incurred.

# Schedules forming part of the of the accounts for the year ended 31st March, 2010

## III)Notes to Accounts

**1)** The Schedules referred to in the Balance Sheet & Profit & Loss Account form an integral part of the Accounts.

**2)** The name of the Company has been changed to Axiom Cordages Limited from Axiom Impex International Limited w. e. f. 20th January 2010. The necessary approval has been received from Registrar of Companies, Maharashtra.

**3)** In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated in the financial statements and are realisable in the ordinary course of business. The provision for all known liabilities is adequate.

**4)** No events or transactions have occurred since the date of Balance Sheet or are pending that would have a material effect on the financial statements at that date or for the period then ended, other than those reflected or fully disclosed in the books of account.

**5)** In respect of balance confirmations sought by the Company from various parties reflected under Sundry Debtors, Sundry Creditors and Loans & Advances, very few have responded to the request of the Company. As such balances of Sundry Debtors, Sundry Creditors and Loans & Advances are taken as appearing in the books of accounts and are subject to confirmation and reconciliation, if any. Consequential impact, if any, will be considered as and when determined.

**6)** No Provision for Gratuity and Leave encashment as required by AS- 15 (Revised 2005) Employee Benefits notified by Companies (Accounting Standard) Rules 2006, has been made and the same shall be accounted for as and when paid.

**7)** Contingent Liabilities not provided for in respect of Letter of Credit issued by Bank amounting to Rs. 240.00 Million (P. Y. Rs. 106.89 Million).

**8)** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. Nil (Previous Year – Rs. 316.71 Million).

**9)** The Company has continued to adjust the foreign currency exchange differences of Rs. 8.30 Million (P.Y. Rs. 43.87 Million) on amount due to the foreign suppliers of fixed assets to whom dues are payable exceeding one year, to the carrying cost of fixed assets which is in accordance with the notification no. G.S.R. 25(E) issued by the Ministry of Corporate Affairs, New Delhi dated 31st March, 2009, which is however at variance to the treatment prescribed in Accounting Standard (AS -11) on "Effects of Changes in Foreign Exchange Rates" notified in the Companies (Accounting Standards) Rules, 2006.

**10)Director's Remuneration:**

(Rs. in Million)

| | For the year ended 31st March, 2010 | For the year ended 31st March, 2009 |
|---|---|---|
| Salary paid to Mr. Atit Agrawal | 1.20 | Nil |
| Salary paid to Mrs. Swati Agrawal | 1.20 | Nil |
| Salary paid to Mr. Rajesh Pandey | 0.50 | 0.50 |

**11)** Foreign Currency Loans include External Commercial Borrowings by the Company and the same is secured by way of (i) first rank pari passu over the Immovable Property of the Company by way of equitable mortgage; and (ii) charge first rank pari passu over all the present and the future movable assets of the Company.

**12)** a) During the year the Company has issued 2,000 (P.Y. 577) (0% compulsorily convertible unsecured debentures of face value of Rs. 1,00,000/- each). The said debentures shall automatically and mandatorily be converted by the Company into equity shares any time after 31st December, 2010 till 15th September, 2027.

b) During the year the Company has issued 3,605 (P.Y. 2,438) (12% compulsorily convertible debentures of face value of Rs. 1,00,000/- each). The said debentures shall automatically and mandatorily be converted by the Company into equity shares any time after 31st December, 2010 till 15th September, 2027.

c) During the year the Company has issued 1,192 (P.Y. Nil) (0.015% compulsorily convertible debentures of face value of Rs. 1,00,000/- each). The said debentures shall automatically and mandatorily be converted by the Company into equity shares any time after 12th November, 2009 till 11th November, 2028. The option was, however, not exercised during the year.

d) During the year the Company has issued 2,885 (P.Y. Nil) (15.5% compulsorily convertible debentures of face value of Rs. 1,00,000/- each). The said debentures shall automatically and mandatorily be converted by the Company into equity shares any time after 12th November, 2009 till 11th November, 2028. The option was, however, not exercised during the year.

**13)** During the year, the Company has allotted in its Board Meeting held on 4th June, 2009, 100 equity shares of Rs. 10 each (at a premium of Rs. 40 per equity share) as per the resolution passed at the Extra Ordinary General Meeting of the Company held on 23rd day of December, 2008.

**14) Auditor's Remuneration**

(excluding Service Tax)

(Rs. in Million)

| Particulars | For the year ended 31st March, 2010 | For the year ended 31st March, 2009 |
|---|---|---|
| Audit Fees | 0.80 | 0.50 |
| **Total** | **0.80** | **0.50** |

**15) Taxes on Income**

a) Provision for taxation for the accounting year has been made in accordance with the provisions of the Income Tax Act, 1961.

b) In terms of Accounting Standard on "Accounting for Taxes on Income" (AS 22) the Company has recognised Deferred Tax Liability amounting to Rs. 37.15 Million (P.Y. Rs. 33.35 Million) for the year ended 31st March 2010 in the Profit & Loss Account.

The accumulated balance in Net Deferred Tax Liability / (Asset) as on 31st March 2010 comprises of:

(Rs. in Million)

| S.No. | Particulars | As at 31st March, 2009 | Adjustment during the year | As at 31st March, 2010 |
|---|---|---|---|---|
| 1 | Depreciation | 64.09 | 37.15 | 101.24 |
| 2 | Disallowances u/s 40(a)(ia) | (0.10) | – | (0.10) |
| | **Deferred Tax Liability / (Assets)** | **63.99** | **37.15** | **101.14** |

**16) Earning Per Share (As per AS – 20)**

i) Basic E P S

(Rs. in Million)

| S.No. | Particulars | Year ended 31st March, 2010 | Year ended 31st March, 2009 |
|---|---|---|---|
| A | Net Profit after tax available for equity shareholders (Rupees) used as Numerator | 286.93 | 229.03 |
| B | Weighted Average number of Equity Shares used as Denominator | 1,90,47,142 | 1,90,47,060 |
| **C** | **Basic earning per share (In Rupees)** | **15.06** | **12.02** |

ii) Diluted E P S

(Rs. in Million)

| S.No. | Particulars | Year ended 31st March, 2010 | Year ended 31st March, 2009 |
|---|---|---|---|
| A | Net Profit after tax available for equity shareholders (Rupees) used as Numerator | 286.93 | 229.03 |
| B | Weighted Average number of Equity Shares used as Denominator | 2,21,14,999 | 2,07,41,651 |
| **C** | **Diluted earning per share (In Rupees)** | **12.97** | **11.04** |

**17) Related Party Disclosure**

a) Key Management Personnel

| | | |
|---|---|---|
| i) | Mr. Atit Agarwal | Whole-Time Director |
| ii) | Mrs.Swati Agarwal | Whole-Time Director |
| iii) | Mr. Ashok Jha | Director |
| iv) | Mr. Bharat Mahalik | Director |
| vi) | Mr. Rajesh Pandey | Director |

b) Holding Company and Parent Company

i) Responsive Industries Limited: Holding Company

ii) Well Known Business Ventures Private Limited: Ultimate Holding Company

(Rs. in Million)

| | In relation to (a) above | | In relation to (b) (i) above | | In relation to (b) (ii) above | |
|---|---|---|---|---|---|---|
| Nature of Transactions | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Loans and Advances Given | Nil | Nil | 918.18 | 1,314.22 | Nil | Nil |
| Loans and Advances Received Back | Nil | Nil | 918.18 | 1,565.99 | Nil | Nil |
| Rent Expenses | Nil | Nil | 0.60 | Nil | Nil | Nil |
| Sales | Nil | Nil | 528.10 | Nil | Nil | Nil |
| Purchases | Nil | Nil | 72.48 | Nil | Nil | Nil |
| Remuneration to Directors | 2.90 | 0.50 | Nil | Nil | Nil | Nil |
| **Amount Outstanding at the end of the year** | | | | | | |
| Deposit Receivable | Nil | Nil | 5.00 | 5.00 | Nil | Nil |
| Rent Payable | Nil | Nil | 0.09 | Nil | Nil | Nil |

Notes: Related Parties as disclosed by Management and relied upon by auditors. There is no amount written off / written back due from / to related parties.

**18) Additional Information Pursuant to the Provision of Part II of the Schedule VI of the Companies Act 1956.**

A) Quantitative Information:

i) Installed Capacity N.A.

ii) Purchase/Production, Consumption/Sales/Stock:

**a) Actual Production**

(in Tonnes)

| | Actual Production | |
|---|---|---|
| Products | 2009-10 | 2008-09 |
| Synthetic Ropes of different polymers & combination | 37,821 | 24,741 |

**b) Stock, Purchase & Sales**

(Qty. in Tonnes and Rs. in Million)

| | | Opening Stock | | Production | | Sales | | Closing Stock | |
|---|---|---|---|---|---|---|---|---|---|
| Products | Unit | Qty. | Amount | Qty. | Amount | Qty. | Amount | Qty. | Amount |
| Synthetic Ropes of different polymers & combination | in Tonnes | 30 | 2.73 | 37,821 | – | 37,745 | 3,525.86 | 106 | 10.66 |
| | | (122) | (9.17) | (24,741) | (-) | (24,833) | (2,231.10) | (30) | (2.73) |

(Figures in brackets indicates previous year figures)

**c) Raw Material Consumed**

(Rs. in Million)

| | 2009-2010 | | 2008-2009 | |
|---|---|---|---|---|
| Products | MT. | Amount | MT. | Amount |
| PE/PP | 37,630 | 2,831.67 | 24,698 | 1,708.20 |

**d) Value of Raw Material Consumed**

(Rs. in Million)

| | 2009-2010 | | 2008-2009 | |
|---|---|---|---|---|
| Particulars | Amount | % of Total Consumption | Amount | % of Total Consumption |
| Imported | 1,200.19 | 42 | 210.17 | 12 |
| Indigenious | 1,631.48 | 58 | 1,498.03 | 88 |
| **Total** | **2,831.67** | **100** | **1,708.20** | **100** |

# Schedules forming part of the of the accounts for the year ended 31st March, 2010

e) Value of Stores, Spares and Packing Material Consumed

(Rs. in Million)

| Particulars | 2009-2010 Amount | 2009-2010 % of Total Consumption | 2008-2009 Amount | 2008-2009 % of Total Consumption |
|---|---|---|---|---|
| Imported | 1.76 | 15 | 0.65 | 6 |
| Indigenious | 9.67 | 85 | 10.01 | 94 |
| **Total** | **11.43** | **100** | **10.66** | **100** |

B) C.I.F. Value of Imports, Expenditure and Earnings in Foreign Currencies

(Rs. in Million)

| | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| **i) C.I.F. Value of Imports** | | |
| a) Purchases | 1,211.62 | 214.60 |
| b) Capital Goods | 973.15 | 246.24 |
| **ii) Expenditure in Foreign Currency** | | |
| a) Freight – Exports | 12.04 | NIL |
| b) Bank Charges | 0.33 | 0.21 |
| c) Export Commission | 0.20 | 0.29 |
| d) Legal and Professional Charges | 2.24 | NIL |
| e) Exhibition Expenses | 0.62 | NIL |
| f) Interest on ECB | 5.55 | NIL |
| g) Interest on CCD's | 3.46 | NIL |
| **iii) Earnings in Foreign Currencies** | | |
| Export Sales – FOB | 1,772.42 | 1,265.93 |

**19) Net dividend remitted in foreign currency**

(Amount in Rs.)

| Year to which it relates | Year in which payment made | No. of Non-Resident Shareholders | No. of Equity Shares held | Dividend remitted |
|---|---|---|---|---|
| 2008-2009 | 2009-2010 | 1 | 100 | 20 |

**20) Foreign Currency Exposure (Unhedged)**

(Rs. in Million)

| | Year Ended 31st March, 2010 | | Year Ended 31st March, 2009 | |
|---|---|---|---|---|
| | Amount in $ | Amount in Rs. | Amount in $ | Amount in Rs. |
| i) Debtors | $ 12.54 | 565.55 | $ 0.05 | 2.26 |
| ii) Advance from Debtors | $ 0.19 | 8.57 | $ 2.99 | 134.85 |
| iii) Creditors | $ 3.68 | 165.97 | $ 1.84 | 82.98 |
| iv) Advance to Creditors | $ 0.35 | 15.79 | $ 2.63 | 118.61 |

**21) Segmental Information**

i) Primary (Business) Segment:

As the Company's business consists of one reportable business segment of Manufacturing and Selling of Synthetic Ropes of different polymers & combination and hence, no separate disclosure pertaining to attributable Revenues, Profits, Assets, Liabilities and Capital employed are given.

ii) Secondary (Geographical) Segment

Secondary segment reporting is performed on the basis of geographical location of the customers. The operation of the Company comprises of local sales and export sales. The Management views the Indian market and Export market as distinct geographical segments. The following is the distribution of the Company's sales by geographical markets

(Rs. in Million)

| Sales | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| India | 1,753.44 | 1,079.03 |
| Export | 1,772.42 | 1,152.06 |
| **Total** | **3,525.86** | **2,231.09** |

The following is the carrying amount of segment assets by geographical are in which the assets are located.

(Rs. in Million)

| Assets | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| India | 2,748.82 | 1,947.13 |
| Outside India* | 565.39 | 2.66 |
| **Total** | **3,314.21** | **1,949.79** |

* Carring amount of Segment assets outside India represents receivables from export sales.

**22)** As on 31st March 2010, there are no amounts due to the suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006. This information takes into account only those Suppliers who have responded to the enquiries made by the company for this purpose.

**23)** The previous year's figures have been regrouped, rearranged, reclassified and reworked wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

For and on behalf of the Board of Directors

**Atit Agarwal**
*Director*

**R.K. Panday**
*Director*

Place: Mumbai
Date: 14th June, 2010

## Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956

# Balance Sheet Abstract and Company's Business Profile

### I) REGISTRATION DETAILS

| | | | |
|---|---|---|---|
| Registration No. | U25209MH1999PLC119427 | | |
| State Code | 11 | Balalnce Sheet Date | 31.03.2010 |

### II) CAPITAL RAISED DURING THE YEAR (AMOUNT IN RUPEES MILLION)

| | | | |
|---|---|---|---|
| Public Issue | NIL | Rights Issue | NIL |
| Bonus Issue | NIL | Private Placement | 0.001 |

### III) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RUPEES MILLION)

| | | | |
|---|---|---|---|
| Total Liabilities | 2953.27 | Total Assets | 2953.27 |

**SOURCES OF FUNDS**

| | | | |
|---|---|---|---|
| Paid Up Capital | 190.47 | Reserves and Surplus | 766.26 |
| Secured Loans | 625.70 | Unsecured Loans | 1269.70 |
| | | Deferred Tax Liabilities | 101.14 |

**APPLICATION OF FUNDS**

| | | | |
|---|---|---|---|
| Net Fixed Assets | 2207.03 | Investments | 100.27 |
| Net Current Asssets | 645.97 | Miscellaneous Expenditure | NIL |

### IV) PERFORMANCE OF COMPANY

| | | | |
|---|---|---|---|
| Turnover | 3525.86 | Total Expenditure | 3153.71 |
| Profit/(Loss) before Tax | 396.17 | Profit/(Loss) After Tax | 286.93 |
| Earning per Share in Rs. | 15.06 | Dividends Rate (%) | 2.00 |

### V) GENERIC NAMES OF ONE PRINCIPAL PRODUCT/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

| | | | |
|---|---|---|---|
| Item Code No. | 3131 | Product Description | HDPE/PPROPES |

For and on behalf of the Board of Directors

**Atit Agarwal**
*Director*

**R.K. Panday**
*Director*

Place: Mumbai
Date: 14th June, 2010

# Notes


# Consolidated Financial Statements

# Part C

## Consolidated Financial Statements

# Consolidated Auditors' Report

To

Auditors' Report to the Board of Directors of **Responsive Industries Limited** on the Consolidated Financial Statements

1) We have audited the attached Consolidated Balance Sheet of Responsive Industries Limited ("the Company") and it's Subsidiary (collectively referred to as "the group") as at 31st March, 2010 and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated 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) We have audited the financial statements of Axiom Cordages Limited (formerly known as Axiom Impex International Limited), a subsidiary, whose financial statements for the year ended 31st March 2010 reflect total assets of Rs. 3,314.19 Million and total revenues of Rs. 3,549.20 Million.

4) We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements", as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Responsive Industries Limited and its subsidiary.

5) *The group has not complied with Accounting Standard 15 (Revised) -" Employee Benefits", and hence no provision has been made for gratuity and leave encashment.*

   *Accordingly, we are unable to comment upon the resultant effect on the related expense, liability and profit for the year;*

6) Based on our audit and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, subject to para (5) above, give a true and fair view in conformity with the accounting principles generally accepted in India:

   **a)** in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2010;

   **b)** in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

   **c)** in the case of the consolidated cash flow statement , of the cash flows of the Group for the year ended on that date.

For **Haribhakti & Co.**
*Chartered Accountants*
FRN No.103523W

**Sarah George**
*Partner*
Membership No.45255

Place: Mumbai
Date: 14th June, 2010

# Consolidated Balance Sheet as at 31st March, 2010

(Rs. in Million)

| | Schedules | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|---|
| **Sources of Funds** | | | |
| **Shareholder's funds** | | | |
| Share Capital | A | 243.50 | 217.97 |
| Share Capital Suspense Account | | – | 25.54 |
| Share Application Money | | 760.22 | – |
| Reserves & Surplus | B | 2,082.92 | 1,490.59 |
| | | 3,086.64 | 1,734.10 |
| Minority Interest | | 136.47 | 95.20 |
| **Loan funds** | | | |
| Secured Loans | C | 1,090.09 | 315.77 |
| Unsecured Loans | D | 1,712.00 | 957.19 |
| | | 2,802.09 | 1,272.96 |
| Buyer Credit (In Foreign Currency) | | 1,018.39 | – |
| Deferred Tax Liabilities (Net) | | 223.53 | 142.77 |
| | | **7,267.12** | **3,245.02** |
| **Application Of Funds** | | | |
| **Fixed Assets** | E | | |
| Gross Block | | 4,577.75 | 3,370.24 |
| Less: Depreciation | | 1,044.90 | 672.02 |
| Net Block | | 3,532.85 | 2,698.22 |
| Add: Capital Work in Progress ( including Capital Advances) | | 1,961.41 | 429.56 |
| | | 5,494.26 | 3,127.78 |
| **Investments** | F | 340.12 | 44.83 |
| **Current Assets, Loans & Advances** | | | |
| Inventories | G | 448.56 | 277.49 |
| Sundry Debtors | H | 1,067.02 | 190.77 |
| Cash & Bank Balances | I | 363.51 | 351.22 |
| Loans & Advances | J | 321.41 | 585.80 |
| | | 2,200.50 | 1,405.28 |
| **Less: Current Liabilities & Provisions** | K | | |
| Current Liabilities | | 488.96 | 1,080.63 |
| Provisions | | 278.80 | 252.24 |
| **Net Current Assets** | | 1,432.74 | 72.41 |
| | | **7,267.12** | **3,245.02** |
| Significant Accounting Policies & Notes forming part of the Accounts | S | | |

As per our attached report of even date

For **HARIBHAKTI & CO.**
*Chartered Accountants*

**Sarah George**
*Partner*
Mem. No. 45255

Place: Mumbai
Date: 14th June, 2010

For and on behalf of the Board of Directors

**Atit Agarwal**
*Director*

**Santosh Shinde**
*Director*

**Kilpa Shah**
*Company Secretary*

Place: Mumbai
Date: 14th June, 2010

# Consolidated Profit and Loss Account for the year ended 31st March, 2010

(Rs. in Million)

| | Schedules | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|---|
| **Income** | | | |
| Gross Sales | | 8,813.54 | 6,876.18 |
| Less: Excise Duty | | 420.55 | 374.43 |
| Net Sales | | **8,392.99** | **6,501.75** |
| Other Income | L | 97.88 | 23.05 |
| Increase/(Decrease) in Stocks | M | (43.49) | 87.24 |
| | | **8,447.38** | **6,612.04** |
| **Expenditure** | | | |
| Manufacturing & Other Expenses | N | 6,800.69 | 5,320.47 |
| Personnel Costs | O | 73.63 | 76.35 |
| Administrative & Other Expenses | P | 91.84 | 215.52 |
| Selling & Marketing Expenses | Q | 96.68 | 88.09 |
| Interest & Finance Charges | R | 95.00 | 23.99 |
| Depreciation | E | 373.13 | 272.32 |
| | | **7,530.97** | **5,996.74** |
| **Profit Before Tax** | | **916.41** | **615.30** |
| Less: Provision for tax | | | |
| Current Tax | | 166.51 | 76.73 |
| Deferred Tax | | 80.76 | 40.82 |
| Fringe Benefit Tax | | – | 2.21 |
| Less:Tax for earlier years | | 2.19 | 0.46 |
| **Profit After Tax** | | **666.95** | **495.08** |
| Less: Loss of Responsive Polymers International Ltd. on account of amalgamation | | | |
| i) Period from 01.07.2006 to 31.03.2008 | | – | (1.25) |
| ii) Loss of Responsive Polymers International Ltd. upto 30.06.2006 | | – | (46.24) |
| | | **666.95** | **447.60** |
| Add: Reserve created on account of Amalgamation | | – | 18.98 |
| Less: Minority Interest | | 41.28 | 32.21 |
| Add: Balance as per last Balance Sheet | | 1,013.22 | 612.32 |
| | | **1,638.89** | **1,046.69** |
| **Appropriation** | | | |
| Proposed Dividend | | 28.60 | 28.60 |
| Dividend Distribution Tax | | 4.75 | 4.86 |
| **Balance carried to Balance Sheet** | | **1,605.54** | **1,013.22** |
| **Earnings Per Share of Rs. 10 each ( in Rs. )** | | | |
| Basic | | 26.90 | 23.62 |
| Diluted | | 25.35 | 23.62 |
| Significant Accounting Policies & Notes forming part of the Accounts | S | | |

As per our attached report of even date

For **HARIBHAKTI & CO.**
*Chartered Accountants*

**Sarah George**
*Partner*
Mem. No. 45255

Place: Mumbai
Date: 14th June, 2010

For and on behalf of the Board of Directors

**Atit Agarwal**
*Director*

**Santosh Shinde**
*Director*

**Kilpa Shah**
*Company Secretary*

Place: Mumbai
Date: 14th June, 2010

# Consolidated Cash Flow Statement for the year ended 31st March, 2010

(Rs. in Million)

| | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| **A Cash Flow from Operating Activities** | | |
| **Net Profit Before Tax and Extraordinary Items** | **916.42** | **615.30** |
| **Adjustments For :** | | |
| Depreciation | 373.13 | 272.32 |
| Preliminary expenses written off | – | 2.44 |
| (Profit)/Loss on Sale/Discard of Fixed Assets | 0.26 | (0.19) |
| Provision for Doubtful Debts | 3.71 | – |
| Interest paid | 95.00 | 21.40 |
| Interest Income | (24.30) | (9.12) |
| Dividend Income | – | (0.26) |
| (Profit) / Loss on Sale of Investments | (0.71) | 1.73 |
| Loss in Trading in Equity Derivative Instruments (Net) | 0.02 | 1.20 |
| Unrealised (Gain) / Loss on Foreign Exchange | (45.40) | – |
| **Operating Profit Before Working Capital Changes** | **1,318.13** | **904.81** |
| **Adjustment For :** | | |
| Inventories | (171.07) | (39.33) |
| Trade & Other Receivables | (879.97) | (18.14) |
| Loans and Advances | 281.60 | (125.54) |
| Trade Payables | (733.70) | 293.26 |
| **Cash Generated From Operations** | **(185.00)** | **1,015.07** |
| Income tax paid | (17.21) | (84.22) |
| **Net Cash From Operating Activities** | **(202.21)** | **930.85** |
| **B Cash Flow from Investing Activities:** | | |
| Purchase of fixed Assets | (1,208.28) | (749.85) |
| Capital Advances Given | (1,531.84) | (350.32) |
| Sale/Discard of Fixed Assets | 0.24 | 0.64 |
| Interest received | 24.30 | 9.12 |
| Dividend Income | - | 0.26 |
| Loss in Trading in Equity Derivative Instruments (Net) | (0.02) | (1.20) |
| Sale / (Purchase) of Investments | (295.29) | 2.59 |
| Loss on sale of Investments | 0.71 | (1.73) |
| **Net Cash Used in Investing Activities** | **(3,010.19)** | **(1,090.49)** |

(Contd.)

# Consolidated Cash Flow Statement for the year ended 31st March, 2010

(Rs. in Million)

| | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| **C Cash Flow from Financing Activities** | | |
| Interest Paid | (95.00) | (21.40) |
| Deferred Suppliers Credit and Proceeds from Borrowings | 1,018.39 | (714.61) |
| Increase / (Decrease) in Loan | 1,529.14 | 100.00 |
| Term Loan Taken from Bank | – | 200.00 |
| Dividend Paid ( Including Dividend Distribution Tax ) | (33.46) | (19.65) |
| Proceed from Debentures Application Money | – | 899.39 |
| Decrease due to consoliation of AIIL with RIL | – | (9.25) |
| Share Application Money | 760.22 | – |
| Issue of Share Capital | 0.00 | – |
| Share Premium | 0.00 | – |
| Preliminary expenses written off | – | (2.44) |
| Unrealised Gain/ (loss) on Foreign Exchange Fluctuation | 45.40 | – |
| **Net Cash Used in Financing Activities** | **3,224.69** | **432.05** |
| **Net Increase/(Decrease) in Cash and Cash Equivalents** | 12.30 | 272.41 |
| **Cash & Cash Equivalents (Opening Balance)** | 351.22 | 78.81 |
| **Cash & Cash Equivalents (Closing Balance)** | **363.51** | **351.22** |

**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 Statement issued by the Institute of Chartered Accountants of India.

2) Cash and Cash Equivalents at the year end consists of Cash in Hand and Balances with Banks as follows:

(Rs. in Million)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|
| Cash in hand | 13.53 | 1.58 |
| Balances with Banks | 349.98 | 349.63 |
| **Total** | **363.51** | **351.22** |

3) Figures in brackets represents outflows.

4) Previous Year figures have been recast/restated wherever necessary.

As per our attached report of even date

For **HARIBHAKTI & CO.**
*Chartered Accountants*

**Sarah George**
*Partner*
Mem. No. 45255

Place: Mumbai
Date: 14th June, 2010

For and on behalf of the Board of Directors

**Atit Agarwal**
*Director*

**Santosh Shinde**
*Director*

**Kilpa Shah**
*Company Secretary*

Place: Mumbai
Date: 14th June, 2010

# Schedules Forming Part of the Consolidated Balance Sheet as at 31st March, 2010

(Rs. in Million)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|
| **Schedule – A Share Capital** | | |
| **Authorised** | | |
| 4,20,00,000 (P.Y. : 2,20,00,000) Equity Shares of Rs. 10/- each | 420.00 | 220.00 |
| Nil (P.Y. : 2,00,00,000) 0% Preference Shares of Rs. 10/- each | – | 200.00 |
| | **420.00** | **420.00** |
| **Issued, Subscribed & Paid-up** | | |
| 2,43,50,267 (P.Y.2,17,96,667) Equity Shares of Rs.10/- each fully paid up. | 243.50 | 217.97 |
| (Of the above 1,57,44,000 Equity Shares of Rs. 10/- each have been alloted as Bonus Shares by capitalisation of reserves in F.Y.2007-08.) | | |
| (Of the above 1,43,15,764 (P.Y.1,32,85,033) Equity Shares of Rs. 10/- each are held by the holding company Wellknown Business Ventures Private Limited.) | | |
| (The subsidiary Axiom Cordages Limited hold 4,41,833 (P.Y. 1,45,333) in the Holding Company which have been eliminated during consolidation) | | |
| | **243.50** | **217.97** |
| **Schedule – B Reserves and Surplus** | | |
| Capital Reserve (on Share Forfieture Account) | 1.38 | 1.38 |
| Capital Reserve (on Consolidation) | 303.16 | 303.16 |
| **Securities Premium** | | |
| Opening Balance | 172.74 | – |
| Add: On Account of Amalgamation | – | 172.74 |
| Add : Amount received during the year | – | – |
| | 172.74 | 172.74 |
| General Reserve | 0.10 | 0.10 |
| Profit & Loss Account | 1,605.54 | 1,013.22 |
| | **2,082.92** | **1,490.59** |
| **Schedule – C Secured Loans** | | |
| Working Capital Loan from Bank | 182.21 | 100.00 |
| (Secured against entire current assets of the company) | | |
| Rupee Term Loan from Bank | 161.61 | 200.00 |
| (Secured against entire fixed assets of the company) | | |
| Foreign Currency Loans | 281.87 | – |
| (Refer to Para 6, Schedule S) | | |
| Vehicle Loans | 6.21 | 15.77 |
| (Secured against mortgage of respective vehicles) | | |
| Packing Credit | 368.19 | – |
| (Secured against entire fixed assets of the Company) | | |
| Other Loan | 90.00 | – |
| (Secured against pledge on portfolio of CEM Structured Notes) | | |
| | **1,090.09** | **315.77** |

# Schedules Forming Part of the Consolidated Balance Sheet as at 31st March, 2010

(Rs. in Million)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|
| **Schedule – D Unsecured Loans** | | |
| 0% 7,000 ( P. Y. Nil) Compulsorily Convertible Debentures of Rs. 1,00,000/- each | 700.00 | – |
| 12% 6,043 ( P.Y. 2438 ) Compulsorily Convertible Debentures of Rs. 1,00,000/- each | 604.30 | 243.80 |
| 0.015% 1,192 (P.Y.Nil) Compulsory Convertible Debentures of Rs. 1,00,000/- each | 119.20 | – |
| 15.5% 2,885 (P.Y.Nil) Compulsory Convertible Debentures of Rs. 1,00,000/- each | 288.50 | – |
| Debentures Application Money | – | 700.00 |
| | **1,712.00** | **943.80** |

**Schedule – E Fixed Assets**

(Rs. in Million)

| | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| Description | As at 1st April, 2009 | Additions During the year | Deductions Adjustments During the year | As at 31st March, 2010 | Upto 31st March, 2009 | For the Year | Deductions / Adjustments during the year | Up to 31st March, 2010 | As at 31st March, 2010 | As at 31st March, 2009 |
| Land | 78.10 | – | – | 78.10 | – | – | – | – | 78.10 | 78.10 |
| Factory Buildings | 197.09 | 8.68 | – | 205.77 | 13.60 | 6.62 | – | 20.22 | 185.55 | 183.49 |
| Plant & Machinery | 3,007.49 | 1,190.35 | – | 4,197.84 | 640.42 | 357.45 | – | 997.87 | 3,199.97 | 2,367.07 |
| Electric Installations | 20.78 | 6.14 | – | 26.92 | 4.12 | 2.17 | – | 6.29 | 20.63 | 16.66 |
| Computers | 4.83 | 1.80 | – | 6.63 | 1.69 | 0.87 | – | 2.56 | 4.07 | 3.14 |
| Furniture & Fixtures | 1.50 | 0.02 | – | 1.52 | 0.20 | 0.10 | – | 0.30 | 1.22 | 1.30 |
| Office Equipments | 6.09 | 1.20 | – | 7.29 | 0.49 | 0.32 | – | 0.81 | 6.48 | 5.60 |
| Weighing Scale | 0.18 | 0.06 | – | 0.24 | 0.02 | 0.01 | – | 0.03 | 0.21 | 0.16 |
| Motor Cars | 29.53 | – | 0.74 | 28.79 | 4.58 | 2.80 | 0.25 | 7.13 | 21.66 | 24.95 |
| Motor Trucks | 24.65 | – | – | 24.65 | 6.90 | 2.79 | – | 9.69 | 14.96 | 17.75 |
| **Total** | **3,370.24** | **1,208.25** | **0.74** | **4,577.75** | **672.02** | **373.13** | **0.25** | **1,044.90** | **3,532.85** | **2,698.22** |
| Previous Year | 2,620.96 | 749.85 | 0.56 | 3,370.24 | 399.81 | 272.32 | 0.11 | 672.02 | 2,698.22 | 2,221.15 |

Note: Additions/(Reduction) in Plant and Machineries reflects (Rs. 17.23) Million [P. Y. Rs. 99.26 Million] towards Foreign Exchange Fluctuation Gain/Loss.

# Schedules Forming Part of the Consolidated Balance Sheet as at 31st March, 2010

(Rs. in Million)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|
| **Schedule – F Investments** | | |
| **(As per Annexure "1")** | 340.12 | 44.83 |
| | **340.12** | **44.83** |
| **Schedule – G Inventories** | | |
| (As Taken, Valued and Certified by the Management) | | |
| Raw Materials (Including Stock in Transit) | 359.29 | 150.19 |
| Stock in Process | 53.22 | 116.51 |
| Finished Goods | 22.53 | 2.73 |
| Packing Materials | 5.67 | 1.62 |
| Stores and Spares | 7.85 | 6.45 |
| | **448.56** | **277.49** |
| **Schedule – H Sundry Debtors** | | |
| (Unsecured) | | |
| a) Debts due for more than six months | | |
| Considered Good | 17.43 | 29.44 |
| Considered Doubtful | 3.71 | – |
| | 21.14 | 29.44 |
| b) Other Debts (Considered Good) | 1,049.59 | 161.33 |
| | 1,070.73 | 190.77 |
| Less: Provision for Doubtful Debts | 3.71 | – |
| | **1,067.02** | **190.77** |
| **Schedule – I Cash and Bank Balances** | | |
| Cash in hand | 13.53 | 1.58 |
| **Balance with Scheduled Banks** | | |
| Current Accounts | 257.55 | 243.84 |
| In Fixed Deposit Accounts * | 92.43 | 105.80 |
| * [includes Rs. 92.18 Million (P.Y. Rs. 55.00 Million) pledged against Letter of Credit issued] | | |
| | **363.51** | **351.22** |

# Schedules Forming Part of the Consolidated Balance Sheet as at 31st March, 2010

(Rs. in Million)

| | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|
| **Schedule – J Loans and Advances** | | |
| (Unsecured, Considered good) | | |
| Advances recoverable in cash or in kind or for value to be received | 121.13 | 400.54 |
| Balance with Customs, Excise, etc. | 24.20 | 23.52 |
| Deposits | 16.45 | 19.33 |
| Advance Tax & TDS | 159.63 | 142.42 |
| | **321.41** | **562.29** |
| **Schedule – K Current Liabilities and Provisions** | | |
| **Current Liabilities** | | |
| Sundry Creditors | | |
| – Due to Micro, Small and Medium Enterprises | 1.56 | – |
| – Due to Others | 400.66 | 364.67 |
| Advance received from Customers | 21.34 | 210.13 |
| Other Current Liabilities | 65.40 | 510.82 |
| | **488.96** | **1,085.63** |
| **Provisions** | | |
| Provision for Tax | 243.24 | 215.79 |
| Fringe Benefit Tax | 2.21 | 2.99 |
| Proposed Dividend | 28.60 | 28.60 |
| Dividend Distribution Tax | 4.75 | 4.86 |
| | **278.80** | **252.24** |
| | **767.76** | **1,337.87** |

# Schedules Forming Part of the Consolidated Profit & Loss Account for the year ended 31st March 2010

(Rs. in Million)

| | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| **Schedule – L Other Income** | | |
| Excise Duty Refund | 6.79 | 10.10 |
| Gain on Exchange Fluctuations (Net) | 45.40 | – |
| Profit on Sale of Fixed Assets | – | 0.19 |
| Profit on Sale of Investments | 0.71 | – |
| Dividend Income | | |
| Long Term Investments - Non Trade | 0.88 | 0.26 |
| Investments in subsidiary - Long Term | 3.28 | – |
| Interest on Fixed Deposit (TDS: Rs. 0.80 Million, PY:Rs. Nil) | 4.83 | – |
| Interest Income (TDS: Rs. 0.56 Million, PY:Rs. 1.55 Miilion) | 29.13 | 9.12 |
| Other Income | 3.92 | 3.37 |
| Insurance Claim Received | 2.94 | – |
| | **97.88** | **23.05** |
| **Schedule – M Increase / (Decrease) in Stocks** | | |
| **Closing Stocks** | | |
| Stock-in-Process | 53.22 | 116.51 |
| Finished Goods | 22.53 | 2.73 |
| | 75.75 | 119.23 |
| **Less : Opening Stocks** | | |
| Stock-in-Process | 116.51 | 22.82 |
| Finished Goods | 2.73 | 9.17 |
| | 119.24 | 31.99 |
| | **(43.49)** | **87.24** |
| **Schedule – N Manufacturing & Other Expenses** | | |
| **Raw Materials Consumed** | | |
| Opening Stock | 151.57 | 199.83 |
| Add: Purchases | 6,649.69 | 4,997.79 |
| | **6,801.26** | **5,197.61** |
| Less: Closing Stock | 360.67 | 150.19 |
| | **6,440.59** | **5,047.43** |
| Packing Material Consumed | 41.46 | 31.40 |
| Stores and Spares Consumed | 38.47 | 27.82 |
| Loading and Unloading Charges | 68.23 | 51.19 |
| Power & Fuel Charges | 178.74 | 135.90 |
| Repair & Maintenance (Machineries) | 23.16 | 21.54 |
| Repair & Maintenance (Buildings) | 1.93 | 3.49 |
| Other Manufacturing Expenses | 8.11 | 1.71 |
| | **6,800.69** | **5,320.47** |

# Schedules Forming Part of the Consolidated Profit & Loss Account for the year ended 31st March 2010

(Rs. in Million)

| | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| **Schedule – O Personnel Costs** | | |
| Salaries, Wages & Bonus | 64.41 | 66.34 |
| Workmen & Staff Welfare Expenses | 7.31 | 8.06 |
| Contribution to Provident & Other Funds | 1.91 | 1.95 |
| | **73.63** | **76.35** |
| **Schedule – P Administration & Other Expenses** | | |
| Rent, Rates and Taxes | 12.24 | 11.92 |
| Insurance | 3.82 | 2.52 |
| Communication Costs | 5.64 | 6.07 |
| Printing & Stationery | 3.60 | 3.17 |
| Travelling, Conveyance & Motor Car Expenses | 13.71 | 15.03 |
| Legal & Professional Charges | 25.64 | 51.66 |
| Vehicle Expenses | 0.28 | – |
| Repair & Maintenance (Others) | 3.90 | 4.13 |
| Auditors Remuneration | 2.60 | 1.70 |
| Provision for Doubtful Debts | 3.71 | – |
| Loss on Sale of Investments | – | 1.73 |
| Loss on sale of Fixed Assets | 0.26 | – |
| Loss on Foreign Exchange Rate Fluctuations (Net) | – | 101.50 |
| Loss on Trading in Equity Derivative Instruments (Net) | – | 0.81 |
| Loss on Trading in Commodities | 0.02 | 0.31 |
| Loss on Speculation Business | – | 0.08 |
| Preliminary Expenses written off | – | 2.44 |
| Security Transaction Tax | – | 0.01 |
| Miscellaneous Expenses | 16.42 | 12.43 |
| | **91.84** | **215.52** |
| **Schedule – Q Selling and Marketing Expenses** | | |
| Business Promotion Expenses | 6.63 | 6.58 |
| Brokerages, Commissions & Discount | 9.30 | 13.07 |
| Freight, Clearing & Forwarding Charges | 77.03 | 66.63 |
| Exhibition Expenses | 3.72 | 1.80 |
| | **96.68** | **88.09** |

# Schedules Forming Part of the Consolidated Profit & Loss Account for the year ended 31st March 2010

(Rs. in Million)

| | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| **Schedule – R Interest and Finance Charges** | | |
| Interest on Term Loan | 21.74 | 0.47 |
| Interest on Debentures | 8.49 | 13.39 |
| Interest on Term External Comm.Borrowing | 5.56 | – |
| Interest Paid - Bank / Financial Institute | 45.33 | – |
| Interest on Vehicle Loan | 1.39 | 1.66 |
| Bank Charges | 11.30 | 2.59 |
| Other Interest | 1.19 | 5.88 |
| | **95.00** | **23.99** |

# Annexure 1 to Schedule "F" Forming Part of the Accounts for the year the ended 31st March, 2010

(Rs. in Million)

| | | As at 31st March, 2010 | As at 31st March, 2009 |
|---|---|---|---|
| | **Long Term Investments** | | |
| | **Non Trade** | | |
| A | **Quoted in Equity Shares of Rs. 10 each fully paid up unless otherwise stated** | | |
| | Energy Development Company Limited | 1.82 | 1.82 |
| | [18,000 (P.Y. 18,000) ] | | |
| | Jai Corp Limited | 1.17 | 1.17 |
| | [1,000 (P.Y. 1,000) ] | | |
| | Syschem India Limited | 0.27 | 0.27 |
| | [1,38,000 (P.Y. 1,38,000) ] | | |
| | Reliance Industrial Infrastructure Limited | 29.06 | 29.06 |
| | [21,600 (P.Y. 21,600) ] | | |
| | Power Grid Corporation | 0.08 | 0.08 |
| | [500 (P. Y. 500) ] | | |
| | Mavi Industries Ltd. (Formerly known as Krishna Filaments Limited) | 0.33 | 0.16 |
| | [36,750 (P.Y. 16,750) Equity Shares of Rs. 10/- each fully paid up ] | | |
| | Creative Eyes Limited | 0.27 | 0.27 |
| | [10,000 (P. Y. 10,000) ] | | |
| | Wellworth Overseas Ltd | 0.09 | 0.09 |
| | [1,00,000 (P.Y. 1,00,000) Equity Shares of Rs. 1/- each fully paid up ] | | |
| | **Mutual Funds** | | |
| | JM Contra fund - Dividend Plan of Rs. 10/- per unit | 5.00 | 5.00 |
| | [4,88,998 (4,88,998) units of Rs. 10/- each fully paid up ] | | |
| | Citi Financial Consumer Finance (India) Ltd. | 2.00 | – |
| B | **Unquoted** | | |
| | Barclays Securities (India) Pvt.Ltd. | 74.00 | – |
| | Benchmark AMC PMS A/c BDP Series 66 | 218.00 | – |
| | Krishna Vinyls Limited | 6.03 | 1.65 |
| | [40,20,000 (11,00,000) Equity Shares of Rs. 10/- each fully paid up ] | | |
| C | **Current Investments** | | |
| | Investments in Mutual Funds | | |
| | Reliance Growth Fund of Rs. 10/- per unit | – | 3.25 |
| | [Nil (P.Y. 69,403) units of Rs. 10/- each fully paid up ] | | |
| | Reliance Asset Management A/C Debt PMS | 2.00 | 2.00 |
| | **Total** | **340.12** | **44.83** |
| | Aggregate of Unquoted Investments (At Cost) | **307.03** | **11.90** |
| | Aggregate of Quoted Investments (At Cost) | **33.09** | **32.93** |
| | Aggregate of Quoted Investments (At Market Value) | **20.32** | **7.35** |

# Notes Forming part of Consolidated Financial Statements for the year ended 31st March, 2010.

## Schedule – S

## Significant Accounting Policies & Notes forming part of Consolidated Financial Statements Accounts for the year ended 31st March, 2010.

### 1) Significant Accounting Policies

**a) Basis of Consolidation**

The consolidated financial statements relate to Responsive Industries Limited ("the Company") and its Subsidiary Company. The Consolidated Financial Statements have been prepared on the following basis:

- The financial statements of the Company and its Subsidiary Company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal.
- The difference between the cost of Investment in the subsidiaries over the Company's portion of equity of the subsidiary is recognised in the financial statements as Goodwill or Capital Reserve.
- The Profit / Loss on sale of Investment in subsidiary is after adjusting Capital Reserve / Goodwill relating to the subsidiary disposed.
- Minority Interest is the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their shares in the equity, subsequent to the dates of investments as stated above.

**b) Basis of Preparation of Financial Statements**

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles under the historical cost convention on an accrual basis and in accordance with the applicable accounting standards issued by The Institute of Chartered Accountants of India and in compliance with the provisions of the Companies Act, 1956.

**c) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires the management to make estimates and assumption that affect reported balances of assets and liabilities and the disclosures relating to contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the period. Differences between actual results and estimates are recognised in the period in which the results are known / materialised

**d) Revenue Recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Revenue from domestic sale of goods is recognised when the significant risks and the rewards of ownership of the goods are passed on to the buyer (i.e. on dispatch of goods).

ii) Revenue in respect of export sales is recognised on the basis of dispatch of goods for exports.(i.e. on the date of Bill of Lading)

iii) Interest is recognised using the time proportionate method, based on rates implicit in the transactions.

iv) Dividend income is recognised when the right to receive the dividend is established.

v) Other Income is accounted for on accrual basis, when certainty of receipt is established.

**e) Fixed Assets**

Fixed Assets are stated at cost, net of cenvat availed, less accumulated depreciation. Capital work in progress comprises cost of fixed assets that are not ready for the intended use at the reporting date. All cost, including financing cost till assets are ready for its intended use, exchange gain or loss on adjustments arising from exchange rate variations attributable to the fixed assets is capitalised.

**f) Depreciation & Amortisation**

Depreciation on fixed assets is provided on Straight-line method, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions to/ deletions from fixed assets is provided on pro-rata basis from/ up to the date of such additions/deletions as the case may be. Assets costing less than Rs. 5,000 each are fully depreciated in the year of purchase.

**g) Impairment of Fixed Assets**

At the end of each reporting period, the Company determines whether the provision should be made for impairment loss to fixed assets by considering the indications that the impairment loss may have occurred in accordance with Accounting Standards 28 on "Impairment of Assets" issued by the ICAI. The Impairment loss is charged to Profit & Loss Account in the period in which, an asset is identified as impaired, when the carrying value of assets exceeds its recoverable value. The impairment loss recognised in the earlier periods is reversed, if there has been a change in the estimate of recoverable amount.

**h) Leases**

Lease under which the Company assumes substantially all the risks and rewards of

ownership are classified as finance leases. Such assets acquired are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight-line basis in the Profit and Loss account over the lease term.

**i) Investments**

Investments that are readily realisable and intended to be held generally for not more than a year are classified as current investment. All other investment are classified as long term investment. Current investment is carried at lower of cost and fair value determined on an individual investment basis. Long term investment are carried at cost less provision recorded to recognise any decline, other than temporary, in the carrying value of each investment.

**j) Inventories**

i) Raw Materials (including Goods in Transit), Packing Material, Stores and Spares are valued at cost, which is ascertained on the FIFO Basis.

ii) Work in Progress is valued at cost which includes raw material, direct labour, and factory overheads.

iii) Finished goods are valued at lower of cost or net realisable value. Cost for this purpose includes direct cost, attributable overheads and excise duty.

**k) Borrowing Cost**

Borrowing Cost that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are is recognised as expenses in the period in which they are incurred.

**l) Provisions, Contingent Liabilities & Contingent Assets**

A provision is recognised if, as a result of a past event, the company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as a contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are neither recognised nor disclosed in the financial statements.

**m) Accounting For Taxation on Income**

Income taxes are accrued at the same period in which the related revenue and expense arise. A provision is made for income tax annually based on the tax liability computed after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. MAT paid in accordance with the tax laws, which give rise to the future economic benefits in the form of tax credit against future income tax liability, is not recognised as an asset in the Balance Sheet. The Company offsets, on a year to year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit offered for income tax and profit as per financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing differences. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred Tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date.

**n) Excise Duty and Sales Tax / Value Added Tax**

Excise duty is accounted on the basis of both, payments made in respect of goods cleared and also provision made for goods lying in the warehouse. Difference between Sales Tax / Value Added Tax recovered and paid is charged to Profit and Loss Account.

**o) Foreign Currency Transactions**

Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at the exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Profit and Loss Account. Non-monetary assets and liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevailing at the date when the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevailing at the date of the transaction.

Revenue, expense and cash flow items denominated in foreign currency are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction. Transaction gains or losses realised upon settlement of foreign currency transactions are included in determining net

# Notes Forming part of Consolidated Financial Statements for the year ended 31st March, 2010.

profit for the period in which the transaction is settled, except to the extent, relating to fixed assets are adjusted to carrying value of fixed assets.

**p) Employee Benefits**

Retirement Benefits in the form of Provident Fund is a defined contribution scheme and the contributions are accounted on accrual basis and are charged to Profit and Loss Account for the year. Gratuity and Leave Encashment is accounted for in the year of payment, without recognising any provisions as prescribed under Accounting Standard 15 (Revised) issued by ICAI.

**q) Earnings per share**

Basic Earning Per Share is computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the period. Diluted Earning Per Share is computed by dividing the net profit after tax (by adjusting any tax benefits) by the weighted average number of equity shares considered for deriving basic earning per share and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**r) Miscellaneous Expenditure**

Preliminary expenses are amortised and charged-off to profit and loss account in the year in which it is incurred.

**2)** Contingent Liabilities not provided for in respect of Letter of Credit issued by Bank amounting to Rs. 472.18 Million (P. Y. Rs. 106.89 Million).

**3)** No Provision for Gratuity and Leave encashment as required by AS- 15 (Revised 2005) Employee Benefits notified by Companies (Accounting Standard) Rules 2006, has been made and the same shall be accounted for as and when paid.

**4) Company considered in the consolidated financial statement is**

| Name of the Company | Country of Incorporation | % Voting Power held As on 31st March, 2010 | As on 31st March, 2009 |
|---|---|---|---|
| Axiom Cordages Limited | India | 86.10 | 86.10 |

**5) Auditors Remuneration**

(Rs. in Million)

| | As on 31st March, 2010 | As on 31st March, 2009 |
|---|---|---|
| Audit Fees | 2.60 | 1.70 |
| **Total** | **2.60** | **1.70** |

**6)** Foreign Currency Loans include External Commercial Borrowings by the Company and the same is secured by way of (i) first rank pari passu over the Immovable Property of the Company by way of equitable mortgage; and (ii) charge first rank pari passu over all the present and the future movable assets of the Company.

**7) a)** During the year the Company has issued 2,000 (P.Y. 577) (0% compulsorily convertible unsecured debentures of face value of Rs. 1,00,000/- each). The said debentures shall automatically and mandatorily be converted by the Company into equity shares any time after 31st December, 2010 till 15th September, 2027.

**b)** During the year the Company has issued 3,605 (P.Y. 2,438) (12% compulsorily convertible debentures of face value of Rs. 1,00,000/- each). The said debentures shall automatically and mandatorily be converted by the Company into equity shares any time after 31st December, 2010 till 15th September, 2027.

**c)** During the year the Company has issued 1,192 (P.Y. Nil) (0.015% compulsorily convertible debentures of face value of Rs. 1,00,000/- each). The said debentures shall automatically and mandatorily be converted by the Company into equity shares any time after 12th November, 2009 till 11th November, 2028. The option was, however, not exercised during the year.

**d)** During the year the Company has issued 2,885 (P.Y. Nil) (15.5% compulsorily convertible debentures of face value of Rs. 1,00,000/- each). The said debentures shall automatically and mandatorily be converted by the Company into equity shares any time after 12th November, 2009 till 11th November, 2028. The option was, however, not exercised during the year.

**8)** The Company has continued to adjust the foreign currency exchange differences of Rs. 17.23 Mil (P.Y. Rs. 99.26 Mil) on amount due to the foreign suppliers of fixed assets to whom dues are payable exceeding one year to the carrying cost of fixed assets which is in accordance with the notification no. G.S.R. 25(E) issued by the Ministry of Corporate Affairs, New Delhi dated 31st March, 2009, however at variance to the treatment prescribed in accounting Standard (AS -11) on "Effects of Changes in Foreign Exchange Rates "notified in the Companies (Accounting Standards) Rules 2006.

**9) Related Party Disclosures**

**a) Key Management Personnel**

| | |
|---|---|
| i) Mr. Atit Agarwal | Whole-Time Director |
| ii) Mrs. Swati Agarwal | Director |
| iii) Mr. Ashok Jha | Director |
| iv) Mr. Santosh Shinde | Director |
| vi) Mr. Rajesh Pandey | Director |

**b) Relative of Key Management Personnel**

i) Mr. Abhisek Agarwal

ii) M/s. Om Prakash Agarwal H.U.F.

# Notes Forming part of Consolidated Financial Statements for the year ended 31st March, 2010.

**c) Fellow Subsidiaries**

Sun Plastochem Limited

**d) Holding Company**

Welknown Business Ventures Private Limited

There are no transactions during the current year with the related parties mentioned in (a) (iii) and (iv) above.
Following are the transactions with the other related parties above.

(Rs. in Million)

| | In relation to (a) above | | In relation to (b) above | | In relation to (c) above | | In relation to (d ) above | |
|---|---|---|---|---|---|---|---|---|
| Nature of Transactions | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Loans & Advances Received | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 12.50 |
| Loans & Advances Repaid | Nil | Nil | 67.46 | Nil | Nil | Nil | Nil | 3.38 |
| Loan Given | Nil | Nil | 9.19 | 45.70 | Nil | Nil | Nil | Nil |
| Remuneration to Directors | 4.10 | 0.50 | Nil | Nil | Nil | Nil | Nil | Nil |
| **Amount outstanding at the end of the year** | | | | | | | | |
| Amount Payable | Nil | Nil | Nil | Nil | 5.00 | 5.00 | Nil | 9.12 |
| Amount Receivable | Nil | Nil | Nil | 57.70 | Nil | Nil | Nil | Nil |

Note: Related Parties are as disclosed by the Management and relied upon by the auditors.
There is no amount written off/ written Back due from / to related parties.

## 10) Segmental Information

**i) Primary (Business) Segment**

As the Group business consists of one reportable business segment of Manufacturing and Selling of PVC products, hence no separate disclosures pertaining to attributable Revenues, Profits, Assets, Liabilities Capital Employed are given.

**ii) Secondary (Geographical) Segment**

Secondary segment reporting is performed on the basis of geographical location of the customers. The operation of the Company comprises local sales and export sales. The Management views the Indian market and export market as distinct geographical segments. The following is the distribution of the Company's sale by geographical markets.

# Notes Forming part of Consolidated Financial Statements for the year ended 31st March, 2010.

(Rs. in Million)

| Sales | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| India | 4,576.42 | 3,330.58 |
| Export | 4,417.15 | 3,171.17 |
| **Total** | **8,392.99** | **6,501.75** |

The following is the carrying amount of segment assets by geographical area in which the assets are located.

(Rs. in Million)

| Assets | Year Ended 31st March, 2010 | Year Ended 31st March, 2009 |
|---|---|---|
| India | 7,160.23 | 4,572.38 |
| Outside India* | 874.65 | 5.52 |
| **Total** | **8,034.88** | **4,577.90** |

*Carrying amount of segment assets outside India represents receivables from export sales.

## 11) Earning Per Share

### i) Basic E P S

(Rs. in Million)

| Particulars | Year ended 31st March, 2010 | Year ended 31st March, 2009 |
|---|---|---|
| a) Net Profit after tax available for equity share-holders used as Numerator | 666.95 | 495.08 |
| b) Weighted Average number of Equity Shares used as Denominator | 2,47,92,000 | 2,09,64,156 |
| **c) Basic Earning per share (In rupees)** | **26.90** | **23.62** |

### ii) Diluted E P S

(Rs. in Million)

| Particulars | Year ended 31st March, 2010 | Year ended 31st March, 2009 |
|---|---|---|
| a) Net Profit after tax available for equity share-holders used as Numerator | 666.95 | 495.08 |
| b) Weighted Average number of Equity Shares used as Denominator | 2,63,08,393 | 2,09,64,156 |
| **c) Diluted Earning per share (In rupees)** | **25.35** | **23.62** |

# Notes Forming part of Consolidated Financial Statements for the year ended 31st March, 2010.

**12) Deferred Tax Liability**

**i)** Provision for taxation for the accounting year has been made in accordance with the provisions of the Income Tax Act, 1961.

**ii)** In terms of Accounting Standard on "Accounting for Taxes on Income" (AS 22) the Company has recognised Deferred Tax Liability amounting to Rs. 80.76 Mil (P.Y.Rs. 40.82 Mil) for the year ended 31st March 2010 in the Profit & Loss Account.

The Accumulated balance in Net Deferred Tax Liability as on 31st March 2010 comprises of :

(Rs. in Million)

| | Opening Year ended 31st March, 2009 | Adjustment during the year | Closing Year ended 31st March, 2010 |
|---|---|---|---|
| Depreciation | 142.99 | 81.99 | 224.98 |
| Disallowance u/s 40(a)(ia) | (0.22) | (1.23) | (1.45) |
| **Deferred Tax Liability / (Assets)** | **142.77** | **80.76** | **223.53** |

**13)** The previous year's figures have been regrouped, rearranged, reclassified and reworked wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

For and on behalf of the Board of Directors

**Atit Agarwal**
*Director*

**Santosh Shinde**
*Director*

**Kilpa Shah**
*Company Secretary*

Place: Mumbai
Date: 14th June, 2010

# Notes

# Corporate Information

## Responsive Industries Limited

### Board of Directors
Mr. Atit Agarwal - Chairman cum Whole Time Director
Mr. Santosh Shinde - Non - Executive Director
Mr. Ashok Jha - Independent Non - Executive Director
Mr. Rajesh Pandey - Independent Non - Executive Director
Mr. Ramesh Mistry - Independent Non - Executive Director
Mrs. Swati Agarwal - Non - Executive Director

### Company Secretary
Ms. V Padmavathi upto 23rd December 2009
Ms. Kilpa Shah with effect from 24th December 2009

### Statutory Auditors
Haribhakti & Co.
Chartered Accountants
42, Free Press House, 4th Floor, 215, Nariman Point,
Mumbai - 400 021

Listed on Bombay Stock Exchange (Scrip Code 505509)

### Principal Bankers
State Bank of India
ING VYASYA Bank Limited

### Solicitors
Rajani & Associates

### Registered Office & Works
Village Betegaon, Boisar (East),
Mahagaon Road, Taluka Palghar,
Dist. Thane - 401 501.

### Registrars & Share Transfer Agents
Link Intime India Pvt Ltd.
C-13 Pannalal Silk Mill Compound,,L B S Marg,
Bhandup (West), Mumbai - 400 078

## Axiom Cordages Limited

### Board of Directors
Mr. Atit Agarwal - Chairman cum Whole Time Director
Mr. Rajesh Pandey - Director
Mr. Ashok B. Jha - Director
Mr. Bharat Mahalik - Director
Mrs. Swati Agarwal - Director
Mr. Sanjiv Singhal - Nominee Director

### Auditors
Haribhakti & Co.
Chartered Accountants
42, Free Press House, 4th Floor, 215,
Nariman Point, Mumbai - 400 021.

### Bankers
HDFC Bank Ltd.
State Bank of India

### Registered Office & Factory
Gate No. 114B & 120C
Betegaon Village,
Boisar (E), Taluka - Palghar,
Dist. - Thane - 401 501.

### Forward-looking statements
In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

RESPONSIVE Industries Limited

Tel: +91-22-6656 2727 / 6656 2704
Fax: +91-22 6656 2798 / 6656 2799
e-mail: enquiry@responsiveindustries.com
www.responsiveindustries.com

Axiom Cordages Limited

Tel: +91-22-6656 2724 / 6656 2725
Fax: +91-22 6656 2798 / 6656 2799
e-mail: inquiry@foraxiom.com
www.axiomcordages.com

Eucharistic Congress Building No.1,
5 Convent Street, Colaba, Mumbai - 400 001, India.

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concept, content and design at Atherstone (info@aicl.in)
INVESTOR COMMUNICATIONS
Printed at Parksons Graphics (info@parksonsgraphics.com)