



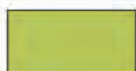
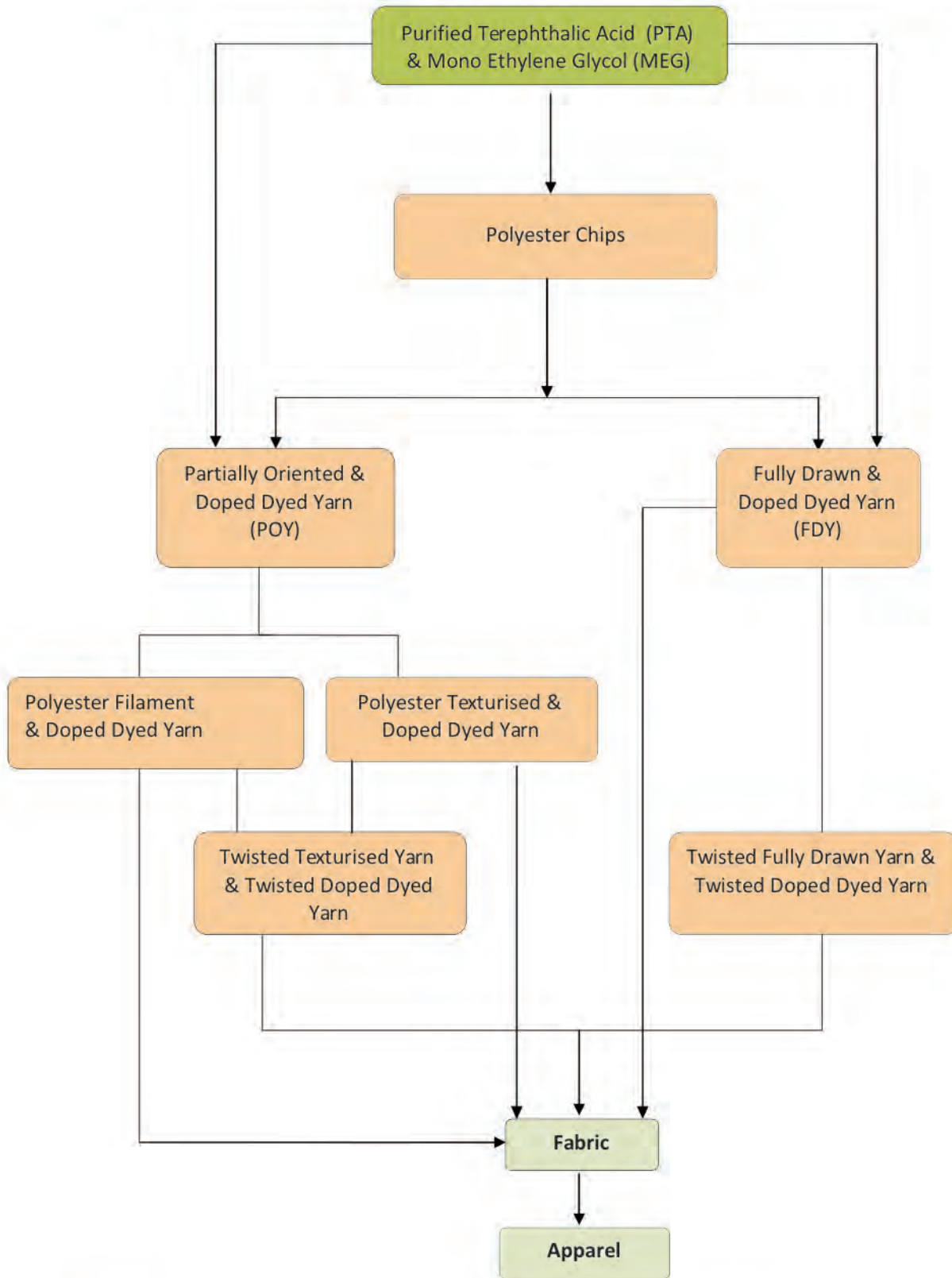
# RAJ RAYON INDUSTRIES LIMITED

(Formerly known as Raj Rayon Ltd.)

**“Spinning the Quality of Perfection”**

**20<sup>th</sup> Annual Report  
2012 - 2013**

# Product Flow Chart of Raj Rayon Industries Limited



Raw Materials Purchased by Company from outside

Products Manufactured by Company



**COMPANY INFORMATION**

BOARD OF DIRECTORS	:	MR. GOURISHANKAR PODDAR MRS. RAJKUMARI KANODIA MR. JAGDISH CHANDRA SOMANI MR. SUMIT DALMIYA MR. VINOD KUMAR JAIN MR. SURESH GUPTA	Chairman & Managing Director Director Director (upto 06 <sup>th</sup> November, 2012) Additional Director (w.e.f. 06 <sup>th</sup> November, 2012) Director (upto 05 <sup>th</sup> March, 2013) Additional Director (w.e.f. 27 <sup>th</sup> May, 2013)
COMPANY SECRETARY	:	MS. GITA YADAV	
AUDITORS	:	M/S. K.M. GARG & CO.	
REGISTERED OFFICE	:	Survey No. 177/1/3, Village - Surangi, Dist-Silvassa, Dadra and Nagar Haveli (U.T.)-396 230 (INDIA) Tel: 91- 09998802192 Fax:-91-0260-2699185 Website: www.rajrayon.com Email: mumbai@rajrayon.com	
CORPORATE OFFICE	:	5-C, 196 & 197, "AKSHAY", Mittal Industrial Estate, Sakinaka, Andheri (East), Mumbai- 400 059, Maharashtra (INDIA) Tel: 91-22- 4034 3434 Fax: 91-22- 4034 3400 Website: www.rajrayon.com Email: mumbai@rajrayon.com	
PLANT LOCATIONS	:	(i) Survey No. 272/1/1, Plot No. 1, Village-Dadra, Dadra-Demani Road, Dist-Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230 (INDIA) (ii) Survey No. 185/1/1, Plot No.17, Dokmandi, Village- Amla, Dist- Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230 (INDIA) (iii) Survey No. 177/1/3, Village-Surangi, Dist-Silvassa, Dadra and Nagar Haveli (U.T.)-396 230 (INDIA)	
REGISTRAR & SHARE TRANSFER AGENT	:	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400 078, Maharashtra (INDIA). Tel:91-22-25946970-78,Fax:91-22-25946969 Email:rnt.helpdesk@linkintime.co.in , Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>	

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# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## NOTICE

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting of the Members of RAJ RAYON INDUSTRIES LIMITED will be held on Monday, 30<sup>th</sup> September, 2013 at the registered office of the Company situated at Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230, at 10:00 a.m. to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2013, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To consider and declare dividend on pro-rata basis @ 15% on 15% Non Convertible Non Cumulative Redeemable Preference Shares of the Company for the year ended 31<sup>st</sup> March, 2013.
3. To appoint a Director in place of Mrs. Rajkumari Kanodia who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT M/s. K.M. Garg & Co., Chartered Accountants (Registration No. 120712W) be and is hereby appointed as the Auditor of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”**

### Special Business:

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

**“RESOLVED THAT Mr. Sumit Dalmiya, who was appointed as an Additional Director of the Company on 06<sup>th</sup> November, 2012 pursuant to Article 85 of the Articles of Association of the Company and under Section 260 of the Companies Act, 1956 and whose term of office expires at this Annual General Meeting. And in respect on whom the Company has pursuant to Section 257 of the Companies Act, 1956, received a notice**

in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** Board of the Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.”

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

**“RESOLVED THAT** Mr. Suresh Gupta, who was appointed as an Additional Director of the Company on 27<sup>th</sup> May, 2013 pursuant to Article 85 of the Articles of Association of the Company and under Section 260 of the Companies Act, 1956 and whose term of office expires at this Annual General Meeting. And in respect on whom the Company has pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** Board of the Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.”

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

**“RESOLVED THAT** pursuant to Section 314 (1B) read with Director’s Relative (Office or Place of Profit) Rules, 2011 and other applicable provisions of the Companies Act, 1956, the monthly remuneration of Mr. Sushil Kumar Kanodia, relative of Mrs. Rajkumari Kanodia, Director of the Company, holding an office or place of profit in the Company as Chief Executive Officer be and is hereby increased from ₹ 40,000/- per month to an amount not exceeding ₹ 2,50,000/- per month (including all perquisites) w.e.f. 01<sup>st</sup> October, 2013 for his tenure ended on 30<sup>th</sup> September, 2014.



**RESOLVED FURTHER THAT** Board of the Directors/Company Secretary of the Company be and are hereby authorised to do all such acts, deeds, matters and things and execute all documents/ application/forms or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and file necessary e-forms for matters connected therewith or incidental thereto.”

By order of the Board of Directors

Sd/-

Gita Yadav

Company Secretary

Place: Mumbai

Date: 31<sup>st</sup> July, 2013

**Registered Office:**

Survey No. 177/1/3,

Village – Surangi, Dist –Silvassa,

Dadra & Nagar Haveli (U.T.) – 396 230

**NOTES:**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxies, in order to be effective, must be duly filled, stamped, signed and must reach the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

- Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting, setting out material facts, is annexed hereto.
- Profile of the Director seeking re-appointment, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges, is annexed to this Notice.
- Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are requested to send a duly certified copy of their Board Resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.
- Members/Proxies/Representatives are requested to bring the enclosed Attendance Slip, duly filled in, for attending the Annual General Meeting.

- Relevant documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company on all working days except Saturdays, between 11:00 a.m. and 1:00 p.m. up to the date of the meeting.
- Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 23<sup>rd</sup> September, 2013 to Monday, 30<sup>th</sup> September, 2013 (both days inclusive) for the 20<sup>th</sup> Annual General Meeting of the Company.
- Dividend on Preference Shares declared at the Annual General Meeting will be paid on or after 10<sup>th</sup> October, 2013.
- There was no unclaimed dividends declared up to the financial year ended 31<sup>st</sup> March, 1995 as such Company has not transferred any fund to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978 (the Rules).
- Pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956, dividend for the financial year ended 31<sup>st</sup> March, 1996 and thereafter, which remains unclaimed for a period of 7 years, will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said fund is given below:

Financial Year ended	Date of declaration of Dividend	Last Date for claiming unpaid Dividend	Due date for transfer to IEPF
31-03-2006	30-09-2006	29-09-2013	29-10-2013
31-03-2007	28-09-2007	27-09-2014	27-10-2014
31-03-2010	07-08-2010	06-08-2017	06-09-2017
31-03-2011	15-09-2011	14-09-2018	14-10-2018

Members, who have not so far encashed the dividend warrant(s), are requested to seek issue of duplicate Warrant(s)/Demand Draft by writing to the Company or to the Company's R&TA immediately.

- Members, who hold shares in physical form, in multiple folios, in identical names or joint accounts in the same order of names, are requested to send the Share Certificates to the Company's R&TA for consolidation into a single folio.
- Further, Members are requested to inform immediately about any change in their address to Company's R&TA at the



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

address mentioned below so as to enable the Company to dispatch dividend warrants and any further communication at their correct addresses:

**LINK INTIME INDIA PRIVATE LIMITED**

C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West), Mumbai – 400 078  
Ph: 91-22-25946970-78 Fax: 91-22-25946969  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

13. A Member desirous of getting any information on the accounts or operations of the Company, is required to forward his/her queries to the Company at least seven days prior to the meeting so that the required information can be made available by the Management at the meeting.
14. Investors may address their queries/communication at [investors@rajrayon.com](mailto:investors@rajrayon.com).
15. Copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies of the Annual Report to the meeting.
16. The Ministry of Corporate Affairs has undertaken a “Go Green Initiative” in the field of Corporate Governance by permitting paperless compliances by Companies vide its Circular No. 17/2011 dated 21<sup>st</sup> April, 2011 and Circular No. 18/2011 dated 29<sup>th</sup> April, 2011 and has issued circulars stating that the service of notice/documents including Annual Report can be sent by e-mail to its members. In pursuance of the same, we take immense pleasure in informing you that your Company, starting from this year, by initiating this Go- Green will send the soft copies of Annual Reports to the shareholders who have already registered their e-mail addresses with the **Company’s R&TA - Link Intime Private Limited**.

Further with a view to encourage the same Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants. And Members who hold shares in physical form are requested to register their e-mail addresses with **Company’s R&TA - Link Intime Private Limited**.

## ANNEXURE TO NOTICE

### Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956:

#### Item No. 5

Mr. Sumit Dalmiya was appointed as an Additional Director of the Company by the Board of Directors of the Company in terms of Section 260 of the Companies Act, 1956 read with Article 85 of the Article of Association of the Company w.e.f. 06<sup>th</sup> November, 2012 who vacates his office at this Annual General Meeting. Due notices under Section 257 of the Companies Act, 1956 has been received proposing the appointment of Mr. Sumit Dalmiya as a Director of the Company. If appointed, his office shall be liable to determination by retirement by rotation. He holds 4,900 shares in the Company.

Mr. Sumit Dalmiya is a commerce graduate and has experience in finance sector and has good exposure in taxation, portfolio management and banking sector. Keeping in view his experience and expertise, your Company will be immensely benefited from his appointment.

The Directors recommended the resolution at Item no. 5 of the Notice for your approval.

None of the Directors of the Company other than Mr. Sumit Dalmiya is interested in the resolution.

#### Item No. 6

Mr. Suresh Gupta was appointed as an Additional Director of the Company by the Board of Directors of the Company in terms of Section 260 of the Companies Act, 1956 read with Article 85 of the Article of Association of the Company w.e.f. 27<sup>th</sup> May, 2013 who vacates his office at this Annual General Meeting. Due notices under Section 257 of the Companies Act, 1956 has been received proposing the appointment of Mr. Suresh Gupta as a Director of the Company. If appointed, his office shall be liable to determination by retirement by rotation. He holds nil shares in the Company.

Mr. Suresh Gupta is a commerce graduate and has good experience and exposure in textile sector. Keeping in view his experience and expertise, your Company will be immensely benefited from his appointment.



The Directors recommended the resolution at Item no. 6 of the Notice for your approval.

None of the Directors of the Company other than Mr. Suresh Gupta is interested in the resolution.

**Item No. 7**

Mr. Sushil Kumar Kanodia (B.Com), relative of Mrs. Rajkumari Kanodia, Director of the Company, was appointed as Chief Executive Officer pursuant to Section 314 (1B) of the Companies Act, 1956 for a period of 5 years w.e.f. 01<sup>st</sup> October, 2009 at a monthly remuneration not exceeding to ₹ 50,000/- per month, which was duly approved by the members of the Company at the Annual General Meeting of the Company held on 30<sup>th</sup> September, 2009. He has more than 24 years of experience in textile industries.

The Board of Directors of Company had considered and approved increase in monthly remuneration to the tune of an amount not exceeding ₹ 2,50,000/- per month (including all perquisites) w.e.f. 01<sup>st</sup> October, 2013 for his tenure ended on 30<sup>th</sup> September, 2014 in compliance with Section 314 (1B) of the Companies Act, 1956 read with Director's Relative (Office or Place of Profit) Rules, 2011.

Now, pursuant to Section 314(1B) of the Companies Act, 1956, it is proposed to seek approval of shareholders in this regard.

The Directors recommended the special resolution at Item no. 7 of the Notice for your approval.

None of the Directors of the Company other than Mrs. Rajkumari Kanodia is interested in the resolution.

By order of the Board of Directors  
Sd/-

**Gita Yadav**

Company Secretary

Place: Mumbai  
Date: 31<sup>st</sup> July, 2013

**Registered Office:**

Survey No. 177/1/3,  
Village – Surangi, Dist –Silvassa,  
Dadra & Nagar Haveli (U.T.) – 396 230



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

**BRIEF PROFILE OF THE DIRECTORS SEEKING RE- APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING AS REQUIRED TO BE FURNISHED PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA:**

Item No. 3, 5 & 6 of the Notice:

Name of Directors	Mrs. Rajkumari Kanodia	Mr. Sumit Dalmiya#	Mr. Suresh Gupta##
Age	54 years	30 years	59 years
Qualification	H.S.C	B.COM	B.COM
Date of appointment	28 <sup>th</sup> February, 2003	06 <sup>th</sup> November, 2012	27 <sup>th</sup> May, 2013
Category	Non Executive and Promoter Director	Non Executive and Independent Director	Non Executive and Independent Director
No. of Shares held	46,75,000	4,900	NIL
Expertise in specific functional area	Textile Industry	Finance, taxation, portfolio management and banking sector	Textile Industry
Membership or Chairmanship in other Companies	She is neither a Director of the Board of any other Company nor Member of the Committees of the Board of any other Company.	He is neither a Director of the Board of any other Company nor Member of the Committees of the Board of any other Company.	He is neither a Director of the Board of any other Company nor Member of the Committees of the Board of any other Company.

# Appointed as Additional Director w.e.f. 06<sup>th</sup> November, 2012, holding office until conclusion of ensuing Annual General Meeting.

## Appointed as Additional Director w.e.f. 27<sup>th</sup> May, 2013, holding office until conclusion of ensuing Annual General Meeting.





## MANAGEMENT DISCUSSION AND ANALYSIS

### Forward-Looking Statements

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements, based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

### Overview

#### General:

- Your Company enjoys a Star Export House status by the Director General of Foreign Trade and has certification of ISO 9001:2008 by Bureau Veritas (UKAS) and Bureau Veritas (NABCB).
- Your Company exports its product to countries in South America, Europe, Middle East, Africa, Far East, South East Asia etc.

#### Financial:

During the year the Company has registered:

- Net Sales and other income of ₹ 71752.67 Lacs as compared to ₹ 68816.84 Lacs of previous year.
- PBDIT of ₹ 6533.39 Lacs as compared to ₹ 5768.35 Lacs of previous year.
- PBT for the year was ₹ 591.51 Lacs.
- Cash profit has been increased to ₹ 2927.03 Lacs as compared to ₹ 2777.47 Lacs of previous year.
- Net Profit of ₹ 371.38 Lacs & EPS of ₹ 0.14.
- Export of the Company during the year was ₹ 2741.20.

#### Industry outlook:

The Global Economy in financial year 2012-2013 has improved marginally, however several European economies experienced recession due to banking fragility, high unemployment, fiscal tightening and sluggish growth. Slow down in industrial output and exports weakened India's economic growth significantly.

Growth in apparel sales has been sluggish in 2012-2013 due to the economic slowdown and negative consumer sentiment. A

decline in exports caused by a fall in demand from the US and EU has also added to manufacturers' woes.

The Indian textile industry is one of the major sectors of Indian economy largely contributing towards the growth of the Country's industrial sector. It holds the second position after the agriculture sector in providing employment. It contributes about 14% to industrial production, 4% to the gross domestic product (GDP) and 17% to the country's export earnings. It provides direct employment to over 35 million people. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand.

The most significant change in the Indian textile industry has been the advent of man-made fibres (MMF). India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe. MMF production recorded an increase of 3% during April-December 2012.

The Technology Upgradation Fund Scheme (TUFS) has been extended for the 12<sup>th</sup> Five-Year Plan, with an investment target of ₹ 1,510 billion as compared to ₹ 1,506 billion under the 11<sup>th</sup> Five-Year Plan. Budgetary allocation under the TUFS has been increased to ₹ 24 billion in 2013-14 as compared to ₹ 22 billion in 2012-13. TUFS has been working to improve the competitiveness and overall long term viability of the Indian Textiles Industry so that it may have access to timely and adequate capital at internationally comparable rates of interest in order to upgrade its technology level.

#### Opportunities:

- The Union Budget for 2013-14 has provided an allocation of ₹ 24.00 billion under Technology Upgradation Fund Scheme (TUFS), which is expected to boost the long term viability of Textile industry.
- Man-made fibers has emerged as a major substitute for cotton.
- The Company has specialty in manufacturing dope dyed yarn which is one of the niche product.
- 100% FDI has been allowed in the textile sector through the Automatic Route.
- Demand for Man-Made Fibers is likely to improve, primarily driven by increased substitution of cotton by MMF on the back of higher cotton prices.
- The Union Budget has removed the excise duty on cotton and man-made sector (spun yarn) at the yarn, fabric and garment stages.
- Globalisation has thrown bigger opportunity for export of Company's products.



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(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## Threats:

- Volatility of input costs.
- Acute shortage of raw material availability in domestic market.
- Cost increase in crude oil based raw materials due to a weak rupee.
- There is increase in capacity on supply side resulting mismatch in demand and supply in Man Made Fibres, this further puts pressure on margin.
- Man-made Fibre industry is also feeling pressure of rise in the crude oil prices.
- The high fluctuation in INR/USD rates puts additional pressure on margin of Textile Industry which is operating on thin margin.

## Internal Controls:

RRIL's well defined organisation structure, policy guidelines, predefined authority levels and an extensive system of internal controls, ensure optimal utilisation and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations.

- RRIL has adequate system of internal control in place to ensure that assets are safeguarded against loss from unauthorised use or disposition, and that transactions are authorised, recorded, and reported correctly.
- RRIL's internal audit function is empowered to examine the adequacy, relevance and effectiveness of control systems, compliance with laws, regulations and policies, plans and statutory requirements.
- RRIL has an exhaustive budgetary control system. Actual performance is reviewed with reference to the budget by the management on an ongoing basis.
- RRIL's Audit Committee of the Board reviews the findings and recommendations of the internal auditor.

The system is improved and modified continuously to meet changes in business conditions, statutory and accounting requirements.

## Research & Development:

The Company always strives to be innovative and cost competitive, aided by its fully equipped R & D facilities. Besides producing POY of Denier range fine to coarse, the Company's array of products includes yarn of various cross sections namely Round, Trilobal and Octalobal, as also Full Dull, Semi Dull, Bright Yarns, Cationic Yarn, Doped Dyed Yarn, Fire Retardant and Anti Microbial yarns.

## Quality Management:

RRIL continues to take quality improvement measures to enhance quality of various polyester yarns and polyester chips. The Company's ISO certification in respect of its products and processes stands upgraded to ISO 9001:2008 by Bureau Veritas (UKAS) and Bureau Veritas (NABCB).

## Environment and Safety:

Being conscious of the need for environmentally clean and safe operations, the Company conducts its operations ensuring safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

## Human Resources and Industrial Relations:

The Company recognises that Human Resources are its most valuable assets that provide competitive edge to stay ahead. The Company's focus is on developing the most superior work force so that the Company and individual employees can accomplish their work goals in service to customers.

The Company's strategy for development of Human Resources is through providing a motivating work environment, recruiting the best talents, providing challenging goals and by creating a culture for learning and growth. Industrial relations remained cordial in all the plants.



## REPORT ON CORPORATE GOVERNANCE

(As required under Clause 49 of the Listing Agreement of the Stock Exchange)

The Corporate Governance Report for the year under Review from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

At Raj Rayon Industries Limited (formerly known as Raj Rayon Limited) we believe in adopting the best Corporate Governance practices and appropriate disclosure norms towards protecting rights and interest of stakeholders. The Company believes in transparency, professionalism and accountability, which are also the basic principles of Corporate Governance. The Company would constantly endeavor to improve on these aspects.

### 2. BOARD OF DIRECTORS - COMPOSITION:

The Board of Directors of the Company has composition of Executive and Non-Executive Directors including Independent Directors. The Board of Directors through their active participation ensures that the decisions on the policy matters are taken after due deliberation and in consonance with the good Corporate Governance practices.

The Board of Directors along with its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company.

During the year under review, the Board of Directors of the Company consisted of following Directors:

Mr. Gourishankar Poddar is Chairman & Managing Director and Mrs. Rajkumari Kanodia is Non-Executive Promoter Director. Mr. Jagdish Chandra Somani and Mr. Vinod Kumar Jain are Non- Executive and Independent Directors.

During the year on 06<sup>th</sup> November, 2012 Mr. Sumit Dalmiya, was appointed as Non-Executive and Independent Director. The two Non - Executive and Independent Director i.e. Mr. Jagdish Chandra Somani w.e.f. 06<sup>th</sup> November, 2012 and Mr. Vinod Kumar Jain w.e.f. 05<sup>th</sup> March, 2013, resigned from Directorship of the Company. Further on 27<sup>th</sup> May, 2013 the Board has appointed Mr. Suresh Gupta as Non –Executive and Independent Director.

As required by the Companies Act, 1956 and Clause 49 of the Listing Agreement, none of the Directors holds directorship in more than 15 Public Companies, membership of Board Committees (Audit/Investors Grievance Committees) in excess of 10 and Chairmanship of Board Committees as aforesaid in excess of 5.

#### a) Number of Board, Committee of Board Meetings and Attendance Record of the Directors:

During the year ended 31<sup>st</sup> March, 2013, the Company had Twenty Two (22) Board Meetings. These meetings were held on the following date(s):

10/04/2012, 16/04/2012, 18/04/2012, 15/05/2012,  
30/05/2012, 28/06/2012, 06/07/2012, 13/07/2012,  
25/07/2012, 14/08/2012, 24/09/2012, 05/10/2012,  
06/11/2012, 08/11/2012, 12/11/2012, 17/11/2012,  
03/01/2013, 07/02/2013, 14/02/2013, 05/03/2013,  
18/03/2013, 26/03/2013

The composition of Board of Directors and the attendance at the Board Meetings and also number of other directorships and Committee memberships during the year under review and the last Annual General Meeting are given below:

Sr. No.	Name of the Director	Category of Director	No. of Board Meetings Attended	Attendance at the Last AGM	No. of other Public Company Directorship*	No. of other Public Company Committee Memberships and Chairmanships#	
						Chairman	Member
1.	Mr. Gourishankar Poddar	Chairman & Managing Director	22	YES	-	-	-
2.	Mrs. Rajkumari Kanodia	Non Executive & Promoter Director	22	YES	-	-	-
3.	Mr. Jagdishchandra Somani <i>Resigned w.e.f. 06<sup>th</sup> November, 2012</i>	Non Executive & Independent Director	12	Not attended	-	-	-
4.	Mr. Vinod Kumar Jain <i>Resigned w.e.f. 05<sup>th</sup> March, 2013</i>	Non Executive & Independent Director	17	Not attended	-	-	-
5.	Mr. Sumit Dalmiya <i>Appointed w.e.f. 06<sup>th</sup> November, 2012</i>	Non Executive & Independent Director	9	N.A.	-	-	-
6.	Mr. Suresh Gupta <i>Appointed w.e.f. 27<sup>th</sup> May, 2013</i>	Non Executive & Independent Director	N.A.	N.A.	-	-	-

\* Directorships in private and Foreign Companies, if any, are excluded.

# Memberships of only Audit Committee and Shareholders'/Investors Grievance Committee.



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(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## b) Directors Profile:

Brief resume of all the Directors, nature of their expertise in specific functional areas are provided below:

### i) **Mr. Gourishankar Poddar, Chairman & Managing Director:**

Mr. Gourishankar Poddar, aged 52 years, is associated with textile business for more than 31 years. He is non-matriculate. In 1993, Mr. Poddar promoted Raj Rayon Industries Limited (formerly known as Raj Rayon Limited) and was appointed as Managing Director w.e.f. 01<sup>st</sup> April, 1994 for 5 years; the term has been renewed from time to time. His current appointment as Managing Director expires on 31<sup>st</sup> March, 2014. He was also designated as the Chairman of the Board with effect from 15<sup>th</sup> January, 2001. Mr. Poddar has overall control over management of the Company, subject to supervision, control and direction of the Board of Directors of the Company. The Company has witnessed laudable growth over the years under his leadership.

#### **Mr. Poddar's Achievements include:**

Conferred the "Gold Medal for Excellence" by National Integration & Economic Council Award named as Rajiv Gandhi Shiromani Award presented by H.E. Shri Syed Sibtey Razi, Governor of Jharkhand.

Further Mr. Poddar has been awarded the following awards:

- International Gold Star Millennium Award
- Indira Gandhi Sadbhavana Award

Mr. Gourishankar Poddar is not member of the committees of the Board of any other Company. He holds 4,48,000 shares in the Company as on 31<sup>st</sup> March, 2013.

### ii) **Mrs. Rajkumari Kanodia:**

Mrs. Rajkumari Kanodia, aged 54 years, is one of the main promoters of Raj Rayon Industries Limited (formerly known as Raj Rayon Limited). Mrs. Kanodia, a H.S.C, has experience in the textile field for about 19 years. She was appointed as Director of the Company on 28<sup>th</sup> February, 2003. She is a member of the Audit Committee and Shareholders/Investors Grievances and Share Transfer Committee of our Board.

Mrs. Rajkumari Kanodia is neither Director nor member of the committees of the Board of any other Company. She holds 46,75,000 Equity Shares in the Company as on 31<sup>st</sup> March, 2013.

### iii) **Mr. Jagdish Chandra Somani (upto 06<sup>th</sup> November, 2012):**

Mr. Jagdish Chandra Somani, aged 67 years, is M.Com and he is working as Vice President - Marketing of Orient Syntex (APM Industries Limited). He is having

experience of 39 years in the Textile Industry. He was appointed as Additional Director of the Company on 7<sup>th</sup> January, 1998 and confirmed as Director in AGM held on 30<sup>th</sup> September, 1998. He is Chairman of Audit Committee and Shareholders/Investors Grievances and Share Transfer Committee and Allotment Committee of our Board.

Mr. Somani is neither Director nor member of the committees of the Board of any other Company. He holds nil shares in the Company and has resigned w.e.f. 06<sup>th</sup> November, 2012.

### iv) **Mr. Vinod Kumar Jain (upto 05<sup>th</sup> March, 2013):**

Mr. Vinod Kumar Jain, aged 46 years, is B.E. (Textiles). He was appointed as Additional Director of our Company on 30<sup>th</sup> October, 2004 and confirmed as Director in Annual General Meeting held on 16<sup>th</sup> August, 2005. He is a member of the Audit Committee and Shareholders/Investors Grievances and Share Transfer Committee of our Board.

Mr. Vinod Kumar Jain is neither Director nor member of the committees of the Board of any other Company. He holds nil shares in the Company and has resigned w.e.f. 05<sup>th</sup> March, 2013.

### v) **Mr. Sumit Dalmiya (w.e.f. 06<sup>th</sup> November, 2012):**

Mr. Sumit Dalmiya, aged 30 years, is a Commerce Graduate. He was appointed as an Additional Director w.e.f. 06<sup>th</sup> November, 2012 and his confirmation as Director is proposed at the ensuing Annual General Meeting. He has experience in finance sector and has good exposure in taxation, portfolio management and banking sector. He is Chairman of Audit Committee, Shareholders/Investors Grievances and Share Transfer Committee and Allotment Committee of our Board.

Mr. Sumit Dalmiya is neither Director nor member of the committees of the Board of any other Company. He holds 4,900 Equity Shares in the Company as on 31<sup>st</sup> March, 2013.

### vi) **Mr. Suresh Gupta (w.e.f. 27<sup>th</sup> May, 2013):**

Mr. Suresh Gupta, aged 59 years, is a Commerce Graduate. He was appointed as an Additional Director w.e.f. 27<sup>th</sup> May, 2013 and his confirmation as Director is proposed at the ensuing Annual General Meeting. He has good experience & exposure in textile sector. He is Member of Audit Committee and Shareholders/Investors Grievances and Share Transfer Committee of our Board.

Mr. Suresh Gupta is neither Director nor member of the committees of the Board of any other Company. He holds nil Equity Shares in the Company as on 31<sup>st</sup> March, 2013.

## c) **Responsibilities:**

The Board of Directors responsibilities include review of:

- Strategy and business plans
- Annual operating and capital expenditure budgets



- Investment and exposure limits
- Business risk analysis and control
- Senior executive appointment
- Compliance with statutory /regulatory requirements and review of major legal issues
- Adoption of Quarterly results/Annual results
- Transaction pertaining to purchase and disposal of property, major provisions and write offs

### 3. DIRECTORS INTEREST IN THE COMPANY:

For the sake of transparency, the Company is committed to make full disclosures regarding the interest of and payments to all Directors. During the year under review, the Company has not paid any sitting fees to the Directors. Further, it is not a policy of the Company to give loans and advances to its Directors.

#### CODE OF CONDUCT:

The Board of Directors has adopted the CODE OF CONDUCT to be observed by all Directors and Senior Management while performing their official duties and responsibilities. The code of conduct is posted on the website of the Company.

All Directors and designated Senior Management cadre of the Company have affirmed compliance of the code for the year under review. The declaration to this effect signed by the Chairman & Managing Director is annexed to this report.

#### CEO / CMD CERTIFICATION:

The certificate under Clause 49 V of the Listing Agreement with the Stock Exchanges, signed by the Chairman & Managing Director, is annexed to this report.

### 4. AUDIT COMMITTEE:

Terms of reference of Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges and the same inter-alia, include but is not limited to related party transactions, appointment or removal of chief internal auditors, compliance of legal provisions and accounting standards etc., overseeing financial reporting process, reviewing periodic financial results, financial statements and adequacy of internal control systems with the management and adequacy of internal audit function, discussions with Auditor about the scope of audit including the observation of the Auditors and discussion with Internal Auditors on any significant findings. The Audit Committee assists the Board in meeting its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements.

#### Composition of Audit Committee:

During the year under review, the composition of the Audit Committee of the Board comprised the following Non-Executive Directors:

Sr. No.	Name of the Directors	Status	Remark
1.	Mr. Jagdish Chandra Somani	Independent Director – Chairman	Resigned w.e.f. 06 <sup>th</sup> November, 2012
2.	Mr. Vinod Kumar Jain	Independent Director – Member	Resigned w.e.f. 05 <sup>th</sup> March, 2013
3.	Mrs. Rajkumari Kanodia	Non-Executive Director – Member	
4.	Mr. Sumit Dalmiya	Independent Director – Chairman	Appointed w.e.f. 06 <sup>th</sup> November, 2012
5.	Mr. Suresh Gupta	Independent Director – Member	Appointed w.e.f. 27 <sup>th</sup> May, 2013

The Statutory Auditors and the Internal Auditors are the permanent invitees to the Audit Committee meetings. The Company Secretary acts as the Secretary of the Audit Committee.

#### The Audit Committee, in its meetings, gives to the Board its recommendations based on its review as per terms of references on the following matters:

- The Company's financial reporting process and disclosure of its financial information.
- Appointment of Statutory Auditors and fixation of their audit fee.
- Internal control systems, scope of Audit including observation of the Auditors, adequacy of internal audit functions, major accounting policies, practices and entries, compliance with Accounting Standards concerning financial statements and related party transactions, if any based on review and discussion with Auditors.
- The Company's financial and risk management policies based on discussions with the Internal Auditors and as a follow-up of the significant findings thereon.
- Quarterly and Annual Financial statements before submission to the Board of Directors.

#### Meetings of the Audit Committee:

During the year under review four (4) meetings of the Audit Committee were held on the following dates: 30/05/2012, 14/08/2012, 12/11/2012 and 14/02/2013.

#### Attendance of Members at Audit Committee meetings is as under:

Sr. No.	Name of the Directors	No. of Meetings attended	Remark
1.	Mr. Jagdish Chandra Somani	2	Resigned w.e.f. 06 <sup>th</sup> November, 2012
2.	Mr. Vinod Kumar Jain	4	Resigned w.e.f. 05 <sup>th</sup> March, 2013
3.	Mrs. Rajkumari Kanodia	4	
4.	Mr. Sumit Dalmiya	2	Appointed w.e.f. 06 <sup>th</sup> November, 2012
5.	Mr. Suresh Gupta	N.A.	Appointed w.e.f. 27 <sup>th</sup> May, 2013



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## 5. REMUNERATION OF DIRECTORS :

The Company has not constituted any remuneration committee. The Company has no pecuniary relationship or transaction with its Non- Executive Directors.

The Company does not have an incentive plan which is linked to performance and achievement of the Companies objectives. The Company has no stock option plan and pension scheme.

The Company has not paid any sitting fees to the Non-Executive Directors. The details of remuneration paid to Mr. Gourishankar Poddar, the Chairman & Managing Director of the Company, during the year ended on 31<sup>st</sup> March, 2013 is as follows:

Sr. No	Particulars	Mr. Gourishankar Poddar	
a)	Salary	₹ in Lacs	36.00
b)	Fixed Component- Cont. to P. F.	₹ in Lacs	4.32
c)	Bonus Benefits & other Allowances	₹ in Lacs	NIL
d)	Service Contract	Years	5
e)	Notice Period	Months	3
f)	Severance Fees	₹ in Lacs	NIL

## 6. ALLOTMENT COMMITTEE:

The Board in order to expedite the various issues relating to the issue of Convertible Warrants or allotment of any other form of Shares or Securities, has constituted a Committee of Directors to oversee the compliances of provisions under the Companies Act, 1956 and with other statutory authorities, constituted an Allotment Committee w.e.f. 15<sup>th</sup> January, 2009.

The Committee met three (3) times during the year under review, on the following dates: 30/06/2012, 02/07/2012 and 25/02/2013.

Sr. No.	Name of the Directors	Status	No. of Meetings Attended	Remark
1.	Mr. Jagdish Chandra Somani	Independent Director - Chairman	2	Resigned w.e.f. 06 <sup>th</sup> November, 2012
2.	Mr. Gourishankar Poddar	Executive Director - Member	3	
3.	Mr. Sumit Dalmiya	Independent Director- Chairman	1	Appointed w.e.f. 06 <sup>th</sup> November, 2012

## 7. SHAREHOLDERS / INVESTOR GRIEVANCES & SHARE TRANSFER COMMITTEE:

The Board has constituted Shareholders/Investor Grievances and Share Transfer Committee comprising three Non- Executive Directors, of which two are Independent Directors.

The composition of the Shareholders/Investor Grievances and Share Transfer Committee is as follows:

Sr. No.	Name of the Directors	Status	Remark
1.	Mr. Jagdish Chandra Somani	Independent Director – Chairman	Resigned w.e.f. 06 <sup>th</sup> November, 2012
2.	Mr. Vinod Kumar Jain	Independent Director – Member	Resigned w.e.f. 05 <sup>th</sup> March, 2013
3.	Mrs. Rajkumari Kanodia	Non-Executive Director – Member	
4.	Mr. Sumit Dalmiya	Independent Director – Chairman	Appointed w.e.f. 06 <sup>th</sup> November, 2012
5.	Mr. Suresh Gupta	Independent Director – Member	Appointed w.e.f. 27 <sup>th</sup> May, 2013

The Committee inter-alia, approves share transfer, issue of duplicate certificates and oversees and reviews all matters relating to transfer of securities of the Company. The Committee also look into redressal of shareholders/investors complaints in regard to transfer of shares, non-receipt of Annual Report, dividend etc.

The Committee oversees the performance of the Registrars and Share Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services. The Committee also monitors the implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

The Committee met four (4) times during the year under review, on the following dates: 30/04/2012, 31/07/2012, 16/10/2012 and 14/01/2013.

**Attendance of Members at Shareholders/Investor Grievances and Share Transfer Committee meetings is as under:**

Sr. No.	Name of the Directors	No. of Meetings attended	Remark
1.	Mr. Jagdish Chandra Somani	3	Resigned w.e.f. 06 <sup>th</sup> November, 2012
2.	Mr. Vinod Kumar Jain	4	Resigned w.e.f. 05 <sup>th</sup> March, 2013
3.	Mrs. Rajkumari Kanodia	4	
4.	Mr. Sumit Dalmiya	1	Appointed w.e.f. 06 <sup>th</sup> November, 2012
5.	Mr. Suresh Gupta	N.A.	Appointed w.e.f. 27 <sup>th</sup> May, 2013

## Compliance Officer:

The Company Secretary, Ms. Gita Yadav, is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Listing requirements with the Stock Exchanges.

## 8. INVESTOR GRIEVANCE REDRESSAL:

The total number of complaints received, and replied to the satisfaction of the shareholders, during the year ended 31<sup>st</sup> March, 2013 was One (01). Outstanding complaints as on 31<sup>st</sup> March, 2013 were Nil.



The Company has acted upon all valid share transfer requests received during the year 2012 - 2013. No request for transfer and dematerialisation were pending as on 31<sup>st</sup> March, 2013.

**9. DISCLOSURES:**

**I. General Body Meetings:**

Financial Year	Date	Location	Time	Special Resolution Passed in the AGM/EGM
2009-2010 AGM	07-08-2010	Chakra Hotel, Andheri Kurla Road, Sakinaka, Andheri (East) Mumbai - 400 072	1:30 p.m.	Special Resolution under Section 21, 16, 31 & other applicable provisions of the Companies Act, 1956, for Change of name of the Company from “ <b>Raj Rayon Limited</b> ” to “ <b>Raj Rayon Industries Limited</b> ”
2010- 2011 AGM	15-09-2011	Survey No. 177/1/3 & 177/1/4, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	11:30 a.m.	1. Increase in the Authorised Share Capital of the Company from ₹ 30.00 crores to ₹ 50.00 crores. 2. Alteration in Memorandum of Association pursuant to increase in Authorised Share Capital of the Company. 3. Alteration in Articles of Association pursuant to increase in Authorised Share Capital of the Company. 4. Increase in the limits of borrowing powers of the Company from ₹ 1000 crores to ₹ 2500 crores pursuant to Sec 293 (1) (d) of the Companies Act, 1956. 5. Authorise the Board of Directors of the Company to create charge on the assets of the Company upto an amount not exceeding ₹ 2500 crores as mentioned in the item no. 8 pursuant to Sec 293 (1) (a) of the Companies Act, 1956. 6. Increase in the remuneration of Chairman & Managing Director (Mr. Gourishankar Poddar) of the Company from ₹ 18.00 Lacs p.a. to ₹ 36.00 Lacs p.a. w.e.f. 01/06/2011 to 31/03/2014.
2011-2012 AGM	29-09-2012	Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	10:00 a.m.	No Special Resolution was passed.

**Postal Ballot:**

During the year ended on 31<sup>st</sup> March, 2013, there were no special resolutions passed by the Company by way of Postal Ballot.

**Extra Ordinary General Meeting:**

During the year ended on 31<sup>st</sup> March, 2013, following resolutions were passed in Extra Ordinary General Meeting:

Date	Location	Time	Special Resolutions Passed
10-04-2012	Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	10:00 a.m.	i) Ratification of the list of proposed allottees to whom the convertible warrants were to be allotted for which the resolution was passed by the members through postal ballot on 26 <sup>th</sup> November, 2010 for preferential issue of convertible warrants.
11-02-2013	Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	10:00 a.m.	i) Sub - Division /Spilt in face value of Equity Shares of the Company from ₹ 10/- to ₹ 1/- each. ii) Alteration of Memorandum and Articles of Association of the Company in lieu of Sub- division of face value of Equity Shares from ₹ 10/- to ₹ 1/- each. iii) Alteration of Articles of Association of the Company to enable reclassification of Shares. iv) Reclassification of Authorised Share Capital and its consequential amendment in Memorandum of Association of the Company. v) Alteration of Articles of Association for reclassification of Authorised Share Capital. vi) Issue of <b>1,40,00,000</b> (One Crore Forty Lacs) 15% Non Convertible Non Cumulative Redeemable Preference Shares to “ <b>Nakoda Limited</b> ”, belonging to Non promoter category. vii) Alteration in Articles of Association of the Company for inserting following new Articles: a) <b>Article 80B</b> for Participation through Electronic Mode-Shareholders Meeting/ Postal Ballot b) <b>Article 154A</b> for Service of document in electronic mode.

**II. (a) Related Party Transactions:**

There are no materially significant related party transactions made by the Company with its Promoters,



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Directors or Management or Relatives etc. that may have potential conflict with the interest of the Company at large.

Attention of members is drawn to the disclosures of transactions with the related parties set out in Notes on Accounts – Note No. 34, forming part of Annual Report.

The Company's major related party transactions are generally with its Associates considering various business and other factors.

All the related party transactions in the ordinary course of business are placed periodically before the Audit Committee.

All related party transactions are negotiated on arms length basis and are only intended to further the interest of the Company.

**(b) Listing Agreement:**

The Company has complied with all requirements of the Listing Agreement entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed either by SEBI or the Stock Exchanges or any statutory body/authority for non-compliance of any matter related to the capital markets during the last three years.

**(c) Utilisation of funds raised through Preferential Warrants:**

In the year 2010, the Company obtained consent of the members through Special Resolution under Postal Ballot for issuing convertible warrants and allotted 1,03,90,000 convertible warrants on 03<sup>rd</sup> January, 2011 with an option to convert them into an equal number of Equity Shares of ₹ 10/- each of the Company over a period of eighteen months on preferential basis to selected persons (promoter, public and body corporate) at a price of ₹ 17/- (including premium of ₹ 7/- each) per warrant after receiving 25% of upfront money amounting to ₹4,41,57,500.

In the previous year, on 10<sup>th</sup> January, 2012 first tranche conversion option was exercised by Raj Money Market Limited (Promoter Company) for conversion of 8,90,000 warrants into Equity Shares and ₹ 1,13,47,500 was received in respect of the conversion. These shares are under lock-in for a period of three (3) years from the date of allotment i.e. from 10<sup>th</sup> January, 2012 to 09<sup>th</sup> January, 2015.

On 31<sup>st</sup> March, 2012 second tranche conversion option was exercised for 54,78,500 warrants into Equity Shares and ₹ 6,98,50,875 was received in respect of the conversion. Out of the said conversion 2,78,500 Equity Shares allotted to Raj Money Market Limited (Promoter Company) are under lock-in period of three (3) years

from the date of allotment i.e. from 31<sup>st</sup> March, 2012 to 30<sup>th</sup> March, 2015 and 52,00,000 Equity Shares allotted to Non promoter group (public) were under lock –in period of one (1) year from the date of allotment i.e. 31<sup>st</sup> March, 2012 to 30<sup>th</sup> March, 2013.

During the year, on 30<sup>th</sup> June, 2012, third tranche conversion option was exercised by Raj Money Market Limited (Promoter Company) for conversion of 13,32,200 warrants into Equity Shares and ₹ 1,69,85,550 was received in respect of the conversion. These shares are under lock-in for a period of three (3) years from the date of allotment i.e. from 30<sup>th</sup> June, 2012 to 29<sup>th</sup> June, 2015.

The money received in respect of the above mentioned conversions is utilised by the Company for meeting its capital expenditure, new growth opportunities and for general corporate purpose as stated in the Notice of Postal Ballot dated 18<sup>th</sup> October, 2010.

**(d) Utilisation of funds raised through issue of Preference Shares:**

During the year on 25<sup>th</sup> February, 2013, Company allotted **1,40,00,000 15% Non Convertible Non Cumulative Redeemable Preference Shares** of ₹ 10/- each at a premium of ₹ 20/- each to "NAKODA LIMITED" (belonging to Non promoter category) on preferential basis as per Section 80, 81 and 81(1A) and other applicable provisions of Companies Act, 1956.

The money received in respect of the above mentioned issue of 15% Non Convertible Non Cumulative Redeemable Preference Shares is utilised by the Company to part finance Company's expansion plans, repay its long term borrowings, to strengthen the long term resource to meet up the working capital requirements and general corporate purposes as stated in the Notice of Extra Ordinary General Meeting dated 03<sup>rd</sup> January, 2013.

**III. Disclosures on Risk Management:**

The Company has laid down procedures to inform the members of the Board about the risk assessment and minimisation procedures and the same is reviewed by the Board periodically.

**10. MEANS OF COMMUNICATIONS:**

- **Quarterly Results:** Quarterly Results are published in 'The Economic Times', Ahmedabad edition in English and Gujarati and in 'The Economic Times', Mumbai edition newspapers and also displayed on the Company's website [www.rajrayon.com](http://www.rajrayon.com).
- **News Release, Presentation etc.:** Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website [www.rajrayon.com](http://www.rajrayon.com).
- **Website:** The Company's website [www.rajrayon.com](http://www.rajrayon.com) contains a separate dedicated section 'Investor Relations'





where shareholders information is available. Annual Report is also available on the website in a user-friendly and downloadable form.

- **Annual Report:** Annual Report containing inter alia, Audited Annual Accounts, Directors Report, Auditors Report and other important information is circulated to members and others entitled thereto by physical mode and electronic mode (e-mail) as per the circular of Ministry of Corporate Affairs. The Management Discussion and Analysis (MD&A) and Corporate Governance Report form part of the Annual Report.
- **Corpfilng:** Various announcements, Quarterly Results, Shareholding Pattern etc. of the Company are also posted on [www.corpfilng.co.in](http://www.corpfilng.co.in).
- **NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web based application designed by National Stock Exchange for corporate. The Shareholding Pattern and Corporate Governance Report are also filed electronically on NEAPS.
- **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralised web based complaints redress system. The salient features of this system are Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaints and its current status.

**11. GENERAL SHAREHOLDER INFORMATION:**

**(a) Registered, Corporate office & Annual General Meeting:**

**Registered office:**

Survey No. 177/1/3, Village-Surangi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.)-396 230 (INDIA)  
Tel: 91- 09998802192, Fax:-91-0260-2699185  
E-mail: [investors@rajayon.com](mailto:investors@rajayon.com)

**Corporate office:**

5-C, 196/197, "Akshay" Mittal Industrial Estate, Sakinaka, Andheri (East), Mumbai-400 059 (INDIA)  
Tel: 91-22- 40343434, Fax: 91-22- 40343400  
E-mail: [investors@rajayon.com](mailto:investors@rajayon.com)

**Annual General Meeting Venue:**

10:00 a.m. on 30<sup>th</sup> September, 2013  
Survey No. 177/1/3, Village-Surangi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230 (INDIA)

**(b) Financial Calendar (Tentative):**

Financial Year:	1 <sup>st</sup> April to 31 <sup>st</sup> March
Results for the quarter ending June 30, 2013	Mid week of August, 2013
Results for quarter ending September 30, 2013	Mid week of November, 2013
Results for quarter ending December 31, 2013	Mid week of February, 2014
Results for year ending March 31, 2014	Last week of May, 2014
Annual General Meeting	September, 2014

**(c) Book Closure Period:**

From 23<sup>rd</sup> September, 2013 to 30<sup>th</sup> September, 2013 (both days inclusive) for the 20<sup>th</sup> Annual General Meeting.

**(d) Dividend Payment Date (s):**

Dividend will be paid on Preference Shares on or after 10<sup>th</sup> October, 2013.

**(e) Listing of Equity Shares on Stock Exchanges and Payment of Listing Fee:**

Name and Address of Stock Exchanges where Company is listed	Stock Code	Payment of Listing Fees
Bombay Stock Exchange Ltd., (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 (INDIA)	<b>Code: 530699</b> <b>ISIN NO: INE533D01024</b>	Annual listing fee for the year 2013-14 (As applicable) has been paid by the Company to both BSE and NSE
The National Stock Exchange of India Limited (NSE) Bandra – Kurla Complex, Mumbai-400 050 (INDIA)	<b>Symbol- RAJRAYON</b>	

**(f) Payment of Depository Fees:**

Annual Custody/Issuer fees for the year 2013-14 has been paid by the Company to NSDL and CDSL.

**(g) ISIN NO.:**

The face value of Equity Share Capital of the Company is sub divided from ₹ 10/- to ₹ 1/- each w.e.f. 05<sup>th</sup> March, 2013 and the new ISIN is **INE533D01024**.

**(h) Corporate Identification Number (CIN):**

L17120DN1993PLC000368

**(i) Market Price Data:**

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Ltd; and National Stock Exchange of India Ltd; are as follows:

Month	Bombay Stock Exchange (Amt in ₹)		National Stock Exchange (Amt in ₹)	
	High	Low	High	Low
April, 2012	10.49	8.01	9.75	8.00
May, 2012	8.40	7.50	8.50	7.15
June, 2012	7.99	7.25	8.20	7.30
July, 2012	8.12	7.30	8.20	7.25
August, 2012	9.00	7.30	8.90	7.35
September, 2012	9.00	7.02	9.80	7.60
October, 2012	9.30	7.93	10.30	7.80
November, 2012	9.05	7.79	8.90	7.80
December, 2012	9.49	7.85	9.45	7.80
January, 2013	10.49	8.02	11.00	8.50
February, 2013	10.00	7.90	9.95	7.60
March, 2013*	8.83	0.60	8.90	0.60

Source: BSE and NSE websites

Note: \* The face value of Equity Shares of the Company were sub divided from ₹ 10/- to ₹ 1/- each w.e.f. 05<sup>th</sup> March, 2013

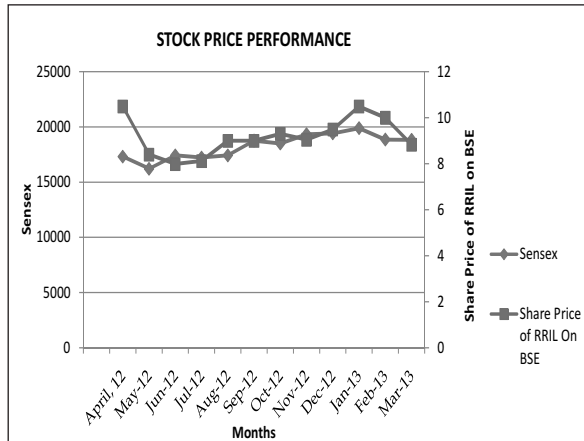


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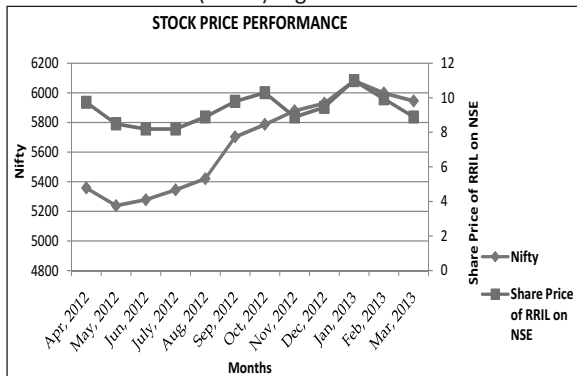
## Stock Performance:

The Performance of the Company's shares relative to the BSE Sensitive Index (SENSEX) is given in the Chart below:



Source: BSE website

The Performance of the Company's shares relative to the NSE Sensitive Index (NIFTY) is given in the Chart below:



Source: NSE website

## (j) Registrars and Transfer Agents (R&TA):

### LINK INTIME INDIA PRIVATE LIMITED

C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai – 400 078, Maharashtra (INDIA)

Ph: 91-22-25946970-78, Fax: 91-22-25946969

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Website: [www.linkintime.co.in](http://www.linkintime.co.in)

## (k) Share Transfer System :

Presently the share transfers, which are received in physical form are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission etc. of

the Company's securities to the Shareholders/Investors Grievances and Share Transfer Committee.

The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the said certificate with the Stock Exchanges.

## (l) Distribution of shareholding as on 31<sup>st</sup> March, 2013 is as under :

Share holding of nominal value of Rupees (₹)	No. of Share holders	% of Share holders	Share holding (₹)	% of Share Holding
Up to 5000	12542	84.16	20601937	7.73
5001– 10000	1209	8.11	10263600	3.85
10001- 20000	586	3.93	8989263	3.37
20001 – 30000	186	1.25	4783154	1.80
30001 – 40000	106	0.71	3835533	1.44
40001 – 50000	71	0.48	3374219	1.27
50001– 100000	113	0.76	8074734	3.03
100001 & above	90	0.60	206531560	77.51
<b>TOTAL</b>	<b>14903</b>	<b>100.00</b>	<b>266454000</b>	<b>100.00</b>

## (m) Categories of Shareholders as on 31<sup>st</sup> March, 2013 are as under :

Category	Number of shares	%age of holding
Promoter & Promoter group	100735930	37.81
Banks/MFs/FIIs	3710000	1.39
Other Bodies Corporate	16036956	6.02
Indian Public	136362070	51.18
NRIs/OCBs	6192610	2.32
Others	3416434	1.28
<b>TOTAL</b>	<b>266454000</b>	<b>100.00</b>

## (n) Corporate Benefits:

Dividend Declared for the last 3 Years:

Financial Year	Dividend Declaration Date	Dividend Rate (%)
2009-2010	07-08-2010	3%
2010-2011	15-09-2011	3%
2011-2012	N.A.	NIL

## (o) Dematerialisation of shares and liquidity and Lock-in of Shares:

### (A) Dematerialisation Position as on 31<sup>st</sup> March, 2013:

Total No. of fully paid up Shares	Shares in Demat Form	Percentage %	Shares in Physical Form	Percentage %
266454000	262498900	98.52	3955100	1.48

The Equity Shares of Raj Rayon Industries Limited are traded on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.



Trading in the Company's shares is permitted only in dematerialised form for all investors as per notifications issued by the Securities and Exchange Board of India (SEBI). The Company has established connectivity with National Securities Depository Limited and Central Depository Services (India) Limited through the Registrars, Link Intime India Private Limited whereby the investors have the option to dematerialise their shares with either of the depositories.

**(B) Details of Locked-in Shares:**

**i) Lock- in Equity Shares allotted on preferential basis to Promoter Group :**

As on 31<sup>st</sup> March, 2013 Raj Money Market Limited, a promoter group company, holds 9,06,15,000 shares. The shares allotted on preferential basis are lock- in upto:

No. of shares	Date of allotment	Lock - in start date	Lock- in release date
9,46,500	09/07/2010	09/07/2010	09/07/2013
8,90,000	10/01/2012	10/01/2012	09/01/2015
2,78,500	31/03/2012	30/03/2012	30/03/2015
13,32,200	30/06/2012	30/06/2012	29/06/2015

**ii) Lock- in Equity Shares allotted on preferential basis to Non Promoter Group :**

The Company had allotted 52,00,000 Equity Shares in lieu of conversion of warrants on 31<sup>st</sup> March, 2012 to selected category of people belonging to Non Promoter Group, these shares were under lock-in for a period of one year from the date of allotment i.e. 31<sup>st</sup> March, 2012 to 30<sup>th</sup> March, 2013. However these shares are now free.

**(p) Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion:**

The Company has so far not issued any GDRs/ADRs and therefore the question of outstanding GDRs /ADRs etc. as at end of March, 2013 does not arise.

However the Company has allotted 1,03,90,000 warrants on 03<sup>rd</sup> January, 2011 with an option to convert them into an equal number of Equity Shares of ₹ 10/- each of the Company over a period of eighteen months on preferential basis to selected persons (promoter, public and body corporate) at a price of ₹ 17/- (including premium of ₹ 7/- each) per warrant. Out of which 8,90,000 warrants were converted into Equity Shares on 10<sup>th</sup> January, 2012 by Raj Money Market Limited (promoter group company). Further on 31<sup>st</sup> March, 2012, 54,78,500 warrants were converted into Equity Shares, out of above 2,78,500 warrants were converted by Raj Money Market Limited (Promoter Group) and 52,00,000 warrants were converted by Non Promoter group. And on 30<sup>th</sup> June, 2012 13,32,200 warrants were converted into Equity Shares by Raj Money Market Limited (promoter group company).

**(q) Plant Locations:**

The Company's plants are located at:

- (i) Survey No. 272/1/1,  
Plot No. 1, Village-Dadra,  
Dadra-Demani Road, Dist-Silvassa,  
Dadra & Nagar Haveli (U.T.)-396 230 (INDIA)
- (ii) Survey No. 185/1/1,  
Plot No.17, Dokmandi, Village-Amli, Dist-Silvassa,  
Dadra & Nagar Haveli (U.T.)-396 230 (INDIA)
- (iii) Survey No. 177/1/3,  
Village-Surang, Dist-Silvassa,  
Dadra and Nagar Haveli (U.T.)-396 230 (INDIA)

**(r) (i) Address for investor correspondence:**

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, payment of dividend on shares and any other query relating to shares of the Company:

Registrar & Share Transfer Agent:

**Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W), Mumbai – 400 078 (INDIA)  
Tel: 91-22- 25946970-78, Fax: 91-22- 25946969

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Website: [www.linkintime.co.in](http://www.linkintime.co.in)

Shareholders, holding shares in electronic mode, should address all their correspondence to their respective Depository Participants (DPs).

**(ii) Any query on Annual Report:**

Registered office of the Company.

**(s) Capital Integrity Audit for Reconciliation of Capital:**

As stipulated by SEBI, a qualified Practicing Company Secretary (PCS) carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the copy of the report is submitted to the Stock Exchanges where the shares are listed. The audit confirms that the total Listed and Paid-up Capital of the Company is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

**12. TRANSFER OF UNPAID/UNCLAIMED DIVIDEND AMOUNTS TO IEPF:**

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the declared dividends which remained unpaid/unclaimed for a period of 7 years are required to be



# RAJ RAYON INDUSTRIES LIMITED

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transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act. During the year a sum of ₹ 76,498/- being the unclaimed dividend for the year 2004-2005 has been duly credited to the IEPF within stipulated time.

Further there is an unclaimed dividend amount which is due for transfer to IEPF before 28<sup>th</sup> October, 2013 for the year 2005-2006 which the Company will transfer as and when the date comes.

### 13. AMOUNT OF UNCLAIMED IPO REFUND ORDER TRANSFER TO IEPF:

During the year, the Unclaimed IPO Refund Order amount (for year 2006) was due for transfer to IEPF pursuant to Section 205C of Companies Act, 1956 before 03<sup>rd</sup> March, 2013; the Company has duly credited the said unclaimed amount to the IEPF within stipulated time.

### 14. EQUITY SHARES IN THE SUSPENSE ACCOUNT:

As per Clause 5A(l)(g) of the Listing Agreement, the Company reports the following details in respect of Equity Shares lying in the suspense account which were issued pursuant to the public issue of the Company in the year 2006:

Particulars	No. of Shareholders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares in the Suspense Account lying as on 01 <sup>st</sup> April, 2012	17	1700
Number of shareholders who approached Company for transfer of shares from Suspense Account during the year	-	-
Number of shareholders to whom shares were transferred from Suspense Account during the year	-	-
Aggregate number of shareholders and the outstanding shares in the Suspense Account lying as on 31 <sup>st</sup> March, 2013	17	17000*

**Note: \* The no. of Equity Shares is increased as on 31<sup>st</sup> March, 2013 as the face value of Equity Shares of the Company were sub divided from ₹ 10/- to ₹ 1/- each w.e.f. 05<sup>th</sup> March, 2013**

The voting rights on the shares outstanding in the suspense account as on 31<sup>st</sup> March, 2013 shall remain frozen till the rightful owner of such shares claims the shares.

### 15. COMPLIANCE CERTIFICATE OF THE AUDITORS:

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to the report.

### 16. NON- MANDATORY DISCLOSURES:

The non- mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings as detailed below:

#### The Board:

The Company has not yet fixed any policy regarding tenure of independent directors.

#### Remuneration Committee:

The remuneration of the Executive Directors is approved in the Board meeting wherein the Executive Directors do not participate and vote on the resolutions considering their remuneration package. Hence in the opinion of the Board, there is no conflict of interest in the determination of remuneration package to the Executive Directors and the same is in consonance with the provisions of the Companies Act, 1956.

#### Shareholders Rights:

The quarterly results of the Company are being published in the English and Vernacular newspapers (i.e. 'The Economic Times', Ahmedabad edition in English and Gujarati and in 'The Economic Times', Mumbai edition) and they are also displayed on the Company's website namely [www.rajrayon.com](http://www.rajrayon.com) and in the official section of [www.corpfiling.co.in](http://www.corpfiling.co.in). The results are not sent to the shareholders individually.

#### Audit Qualifications:

Auditor's qualifications & observation on the Financial Statement for the year 2012-2013 have been appropriately explained in the Directors' Report.

#### Training of Board Members:

The present Board of Directors consists of well experienced and responsible members of the society. All the Directors are well aware of business model as well as the risk profile and business parameters of the Company and their responsibilities as Directors. However, periodical briefings are made to the directors about the business model & risk profile of the Company.



## DECLARATION

### Compliance with Code of Conduct

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct for the year ended on 31<sup>st</sup> March, 2013.

Place: Mumbai  
Date: 31<sup>st</sup> July, 2013

For Raj Rayon Industries Limited  
**SD/-**  
**Gourishankar Poddar**  
Chairman & Managing Director

## CEO/CMD CERTIFICATION

As required by sub clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, I have certified to the Board that for the financial year ended 31<sup>st</sup> March, 2013, the Company has complied with the requirements of the said sub clause.

Place: Mumbai  
Date: 31<sup>st</sup> July, 2013

For Raj Rayon Industries Limited  
**SD/-**  
**Gourishankar Poddar**  
Chairman & Managing Director

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members  
**Raj Rayon Industries Limited**  
**(Formerly known as Raj Rayon Limited)**

We have examined the compliance of condition of Corporate Governance by Raj Rayon Industries Limited (hereinafter referred to as "the Company") for the year ended 31<sup>st</sup> March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of the conditions of the Corporate Governance is the responsibility of the Company's management. Our examination has been limited to a review of procedure and implementation thereof, adopted by the Company for ensuring compliance with 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 and based on the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

Place: Mumbai  
Dated: 31<sup>st</sup> July, 2013

For and behalf of  
**K.M. Garg & Co.**  
Chartered Accountants  
(FRN- 120712W)  
**SD/-**  
**CA K K Garg**  
Partner  
Membership No: 033940



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 20<sup>th</sup> Annual Report and the audited accounts for the year ended 31<sup>st</sup> March, 2013.

**Financial Results:** (₹ in Lacs)

Particulars	Current Year 2012-2013	Previous Year 2011-2012
<b>Net Sales and Other Income</b>	<b>71752.67</b>	68816.84
Gross Profit before interest, Depreciation and Tax	<b>6533.39</b>	5768.35
Less: Interest	<b>3386.23</b>	2912.98
Depreciation	<b>2555.65</b>	2395.49
<b>Profit before Tax</b>	<b>591.51</b>	459.88
Less: Provision for Current Tax	<b>186.38</b>	7.05
Provision for Deferred Tax	<b>85.70</b>	70.85
Tax Adjustment for earlier years	<b>(51.95)</b>	0.00
<b>Profit After Tax/ Profit for the Period</b>	<b>371.38</b>	381.98

\*Previous years' figures have been regrouped wherever necessary to bring them in line with the current year's representation of figures

### Performance:

During the financial year, your Company recorded Net Sales and Other Income of ₹ 71752.67 Lacs as compared to ₹ 68816.84 Lacs of previous year. The Net Profit for the year was ₹ 371.38 Lacs as compared to previous year ₹ 381.98 Lacs. Cash profit increased to ₹ 2927.03 Lacs from ₹ 2777.47 Lacs of previous year.

### Dividend:

Your Directors' recommend dividend @ 15% on prorata basis on 15% Non Convertible Non Cumulative Redeemable Preference Share of the Company.

However in order to strengthen the reserve of the Company, your Directors' considers it prudent to plough back the profits and do not recommend any dividend on Equity Shares of the Company for the financial year 2012-2013.

### Management Discussion and Analysis Report:

Management Discussion and Analysis Report for the year under review, which also deals with the opportunities, challenges and the future outlook for the Company, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange of India, is presented in a separate section forming part of the Annual Report.

### Backward Integration cum Expansion/Modernisation:

The Company went for backward integration to manufacture PET Chips (Textile Grade) by setting up Continuous Polymerisation Plant (CP). The trial run of the CP plant commenced from 28<sup>th</sup> January, 2013 and commercial production of the CP Plant for manufacturing polyester chips has successfully commenced w.e.f. 01<sup>st</sup> July, 2013 and per day installed capacity of the plant is 421 tons.

To improve the profitability of the Company, the Company has undertaken expansion/modernisation for POY Plant during the financial year 2013-2014. The cost of the project is ₹ 62.64 crores with debt component of ₹ 45.00 crores which has been tied up with the existing Banks.

### Sub Division of face value of Equity Shares and reclassification of Share Capital:

During the year under review, the face value of Equity Shares of the Company were sub divided from ₹ 10/- to ₹ 1/- each w.e.f. 05<sup>th</sup> March, 2013 and also further the share capital was reclassified into Equity Shares and Preference Shares.

At present, the issued, subscribed and paid up share capital of the Company stands at ₹ 40,64,54,000/- comprising of 26,64,54,000 Equity Shares of ₹ 1/- each and 1,40,00,000 15% Non Convertible Non Cumulative Redeemable Preference Shares of ₹ 10/- each.

### Conversion of Warrants with convertible option on preferential basis to selected persons (promoter, public and body corporate):

In the year 2010, the Company obtained consent of the members through Special Resolution under Postal Ballot for issuing convertible warrants and allotted 1,03,90,000 convertible warrants on 03<sup>rd</sup> January, 2011 with an option to convert them into an equal number of Equity Shares of ₹10/- each of the Company over a period of eighteen months on preferential basis to selected persons (promoter, public and body corporate) at a price of ₹ 17/- (including premium of ₹ 7/- each) per warrant after receiving 25% of upfront money amounting to ₹ 4,41,57,500.

In the previous year, on 10<sup>th</sup> January, 2012 first tranche conversion option was exercised by Raj Money Market Limited (Promoter Company) for conversion of 8,90,000 warrants into Equity Shares and ₹1,13,47,500 was received in respect of the conversion. These shares are under lock-in for a period of three (3) years from the date of allotment i.e. from 10<sup>th</sup> January, 2012 to 09<sup>th</sup> January, 2015.

On 31<sup>st</sup> March, 2012 second tranche conversion option was exercised for 54,78,500 warrants into Equity Shares and ₹6,98,50,875 was received in respect of the conversion. Out of the said conversion 2,78,500 Equity Shares allotted to Raj Money Market Limited (Promoter Company) are under lock-in period of three (3) years from the date of allotment i.e. from 31<sup>st</sup> March, 2012 to 30<sup>th</sup> March, 2015 and 52,00,000 Equity Shares allotted to Non promoter group (public) were under lock -in period of one (1) year from the date of allotment i.e. 31<sup>st</sup> March, 2012 to 30<sup>th</sup> March, 2013.

During the year, on 30<sup>th</sup> June, 2012, third tranche conversion option was exercised by Raj Money Market Limited (Promoter Company) for conversion of 13,32,200 warrants into Equity Shares and ₹1,69,85,550 was received in respect of the conversion. These shares are under lock-in for a period of three (3) years from the date of allotment i.e. from 30<sup>th</sup> June, 2012 to 29<sup>th</sup> June, 2015.



Further during the period under review, the Company forfeited 26,89,300 outstanding Warrants allotted to the Promoter and Non Promoter group entities which were not converted into Equity Shares. The application amount of ₹ 1,14,29,525/- paid on these warrants have been forfeited and transferred to capital reserves.

**Issue of 15% Non Convertible Non Cumulative Redeemable Preference Shares:**

During the year on 25<sup>th</sup> February, 2013, the Company allotted **1,40,00,000** 15% Non Convertible Non Cumulative Redeemable Preference Shares of ₹ 10/- each at a premium of ₹ 20/- each to "NAKODA LIMITED" (belonging to Non Promoter category) on preferential basis as per Section 80, 81 and 81(1A) and other applicable provisions of Companies Act, 1956. Approval of members for the said issue was received in an Extra Ordinary General Meeting held on 11<sup>th</sup> February, 2013.

**Deposits:**

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and no such amount of principal or interest was outstanding as on the Balance Sheet date.

**Directors:**

In terms of Article 99 of the Articles of Association of the Company, **Mrs. Rajkumari Kanodia**, Director, retires by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting.

During the year two Non Executive Independent Directors have resigned from the Board of Directors i.e. Mr. Jagdish Chandra Somani w.e.f. 06<sup>th</sup> November, 2012 and Mr. Vinod Kumar Jain w.e.f. 05<sup>th</sup> March, 2013. The Board records its appreciation for the valuable contribution made by them during their tenure as Directors of the Company.

Mr. Sumit Dalmiya who was appointed as an Additional Director (Non Executive Independent) w.e.f. 06<sup>th</sup> November, 2012, and Mr. Suresh Gupta who was appointed as an Additional Director (Non Executive Independent) w.e.f. 27<sup>th</sup> May, 2013 holds office until the date of ensuing Annual General Meeting. Notice proposing their candidatures at the ensuing General Meeting has been received by the Company.

Brief resume of the Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas and names of companies in which they holds directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreements with the Stock Exchanges in India, is provided in the Corporate Governance Report forming part of the Annual Report.

**Directors Responsibility Statement:**

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures from the same;
- (ii) the Directors have selected such accounting policies, and applied them consistently, and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2013 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern basis'.

**Auditors and Auditors Report:**

The Members of the Company in their Extraordinary General Meeting held on 06<sup>th</sup> July, 2013 has appointed **M/s. K.M. Garg & Co., Chartered Accountants (Registration No. 120712W)**, as Statutory Auditor of the Company to fill the casual vacancy caused due to resignation of M/s. R. S. Agrawal & Associates, Chartered Accountants, Mumbai.

**M/s. K.M. Garg & Co., Chartered Accountants (Registration No. 120712W)**, who are Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter from them to the effect that their appointment / re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment/re-appointment within the meaning of Section 226 of the said Act.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore does not call for any further comments except a non provision for doubtful debts amounting to ₹ 88.61 lacs where your Directors are confident that the money will be recovered, for which Company has filed legal suits and therefore no provisions at present is required to be made in the financial statements.

**Cost Auditor:**

The Central Government had approved appointment of Mr. Jayant J. Paleja, Cost Accountant, Mumbai as Cost Auditor to conduct Cost Audit relating to the products manufactured by your Company for the financial year 2012-2013, the E-Form 23C for their appointment was filed on 25<sup>th</sup> June, 2012. Further the Company has also appointed him to conduct the Cost Audit for the financial year 2013-2014.



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## Particulars of Employees:

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Director's Report. There were no employees who were in receipt of remuneration for which particulars of employees have to be disclosed pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

## Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are provided herein below:

### (A) Conservation of Energy:

The information in regard to power and fuel consumption and cost per unit of production is furnished in the prescribed form herein below:

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

Particulars	Units	Current Year 2012-2013	Previous Year 2011-2012
<b>(a) Power &amp; Fuel Consumption:</b>			
1. Electricity Purchased- Units	KWH in Lacs	725.29	896.36
<b>Total Amount</b>	₹ In Lacs	3015.97	3719.10
Average Rate	₹ Per Unit	4.16	4.15
2. Light Diesel Oil (LDO) /Furnace Oil (FO)			
Quantity	Kilo Litres	631.35	205.55
<b>Total Cost</b>	₹ In Lacs	253.90	77.83
Average Rate	₹ Per Litre	40.22	37.87
<b>(b) Consumption per unit of Production:</b>			
1. Electricity (KWH) Yarn	100 Kgs	134.28	125.81
2. Light Diesel Oil (Litres) Yarn	100 Kgs	1.17	0.29

### B) Technology Absorption:

As in the past, the Company continues its efforts to improve quality of yarns as routine activities.

### C) Foreign Exchange earning and outgo:

The particulars regarding foreign exchange earnings and outgo are given in Note No. 37 and 40 Notes forming part of the Accounts.

### Corporate Governance:

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors' adhere to the requirements set out by the Securities and Exchange Board of India, Corporate Governance practice and have implemented all the prescribed stipulations.

Report on Corporate Governance, as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges in India, forms part of the Annual Report. Certificate from the Auditor of the Company **M/s. K.M. Garg & Co., Chartered Accountants** confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is annexed to this Report.

### Acknowledgement:

Your Directors' would like to express their grateful appreciation for assistance and co-operation received from the Banks, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff members and Workers of the Company.

For and on behalf of the Board of the Directors

SD/-

Place: Mumbai

Dated: 31<sup>st</sup> July, 2013

**Gourishankar Poddar**  
Chairman & Managing Director





## INDEPENDENT AUDITORS' REPORT

### To the Members of

### Raj Rayon Industries Limited

We have audited the accompanying financial statements of **Raj Rayon Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) 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.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act, except AS – 28 as referred to in note no. 30(i)(h) for non provision for doubtful debts, the profit for the year and also surplus in statement of Profit & Loss would have been lower by ₹ 88,60,803/-.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **K. M. Garg & Co.**  
Chartered Accountants  
(FRN – 120712W)

(**CA. K. K. Garg**)  
Partner  
M No. 033940  
Mumbai, July 31, 2013



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## ANNEXURE REFERRED TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date)

- (i) In respect of its fixed assets –
- The company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets on the basis of available information.
  - As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
  - In our opinion, the company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (ii) In respect of its inventories –
- The inventories have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
  - In our opinion and according to the information and explanations provided to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - In our opinion, the company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
- (iii) In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 –
- The Company has not granted any loans, secured / unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Act; therefore clause 4 (iii) (b) to (d) are not applicable to the Company.
  - During the year the company has taken interest free loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. In respect of the said loans, the maximum amount outstanding at any time during the year was ₹ 786.00 Lacs and the Year end outstanding balance is ₹ Nil.
  - In our opinion and according to the information and explanation given to us, the rate of interest, wherever applicable, and other terms and conditions on which the loans have been taken are taken from the bodies corporate listed in the register maintained under section 301 of the Act are not prima-facie prejudicial to the interest of the Company.
  - As per the information and explanation given to us, the Loans are repayable over a period of three years and accordingly regularity of repayment is not applicable and interest on the aforesaid loans were regular.
- (iv) 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 for the purchase of inventory, fixed assets and for sale of goods / services. During the course of our audit, no major weakness has been noticed in the internal control.
- (v) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 –
- To the best of our knowledge and belief and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register have been so entered.
  - According to the information and explanations given to us, where each of such transactions, if any, exceeding during the year by rupees five lakhs in respect of each party, have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) As per the information and explanations to us, the company has not raised any deposit during the year, which attracts the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder and the directives issued by the Reserve Bank of India.
- (vii) In our opinion, the company has an internal audit system, which is commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) In respect of Statutory dues -
- According to the records of the Company and the information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed amount of statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess, and other statutory dues to the extent applicable to it and no undisputed amounts payable were outstanding as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they become payable.
  - The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under –



## 20TH ANNUAL REPORT 2012-2013

Name of the Statute	Nature of the dues	Amount in ₹ (excluding penalties and interest, if any)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty	23,88,909	1995-1996	Additional Directorate of Anti Evasion The Company is in the process of refund Appellate Tribunal of Central Excise The Company has filed reply to show Cause Notice received from Superintendent of Central Excise The Company has filed the Appeal in the Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad The Company has filed the reply to Show cause notice received from the Commissioner of Central Excise & Custom, Vapi The Company has filed the reply to Show cause notice received from the office of the Commissioner of Central Excise & Custom, Vapi The Company has filed the reply to Show cause notice received from the Commissioner of Central Excise & Custom, Vapi The Company has filed Appeal & Stay application with Custom Excise & Service Tax Appellate Tribunal, Ahmedabad
		32,08,844	1996-1997	
		38,29,886	1997-1998	
		25,82,445	1998-1999	
		7,40,129	1999-2000	
		1,27,50,213	1999-2000	
		8,500#	1999-2000	
		2,95,032	2003-2004	
		3,35,298	2003-2004 & 2004-2005	
		2,83,594#	2003-2004	
		70,86,992	2005-2006 & 2006-2007	
		1,90,06,648	2006-2007 & 2007-2008	
		1,87,08,431	2007-2008	
		3,32,03,541	2009-2010	
Textile Committee Act	Cess	34,715	1997-1998	Textiles Cess Appellate Tribunal
		87,643	1998-1999	
		2,12,521	1999-2000	
		3,09,818	2000-2001	
		1,37,459	2001-2002	
		7,82,156		
Income Tax Act	Income tax	25,46,695	2004-2005*	Application for giving effect to the order of CIT (A) is pending before the Assessing Officer. The Appeal was decided in favour of the Company

# Payment made under protest  
\* Assessment year

- (x) The Company does not have accumulated losses at the end of the financial year. The Company has incurred cash losses during the financial year covered by the Audit and in immediately preceding financial year.
- (xi) Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions & banks.
- (xii) In our opinion and according to the explanations given to us and based on the information available, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit/ nidhi/ mutual benefit fund/ society. Therefore provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- (xiv) The Company has maintained proper records of the transactions and Contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the company in its own name.
- (xv) According to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) On the basis of records examined by us, and relying on the information compiled by the Company for Co-relating the funds raised to the end use of the term loans, we have to state that, the Company has, prima-facie, applied the term loans for the purposes for which they were obtained.
- (xvii) According to the records examined by us and according to information and explanations given to us, on an over all basis, funds raised on short term basis have prima facie, not been used during the year for long term investment and vice versa, other than temporary deployment.
- (xviii) The company has during the year, consequent upon conversion of share warrants issued in earlier year, made preferential allotment of equity shares, to a company covered in the register maintained under section 301 of the Act, as per SEBI guidelines.
- (xix) According to the information and explanations given and the records examined by us, the Company has not issued any debentures.
- (xx) The company has not raised any money by public issue during the year.
- (xxi) Based on the audit procedure performed and information and explanations given to us 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 K. M. Garg & Co.**  
Chartered Accountants  
(FRN – 120712W)

**(CA. K K Garg)**  
Partner  
M. No. 033940  
Mumbai, July 31, 2013



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

(₹ in Lacs)

PARTICULARS	Note No.	As at 31. 03.2013	As at 31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	4064.54	2531.32
Reserves and surplus	3	11215.26	7859.89
Money received against share warrants	4	0.00	170.91
		15279.80	10562.12
<b>Non-current liabilities</b>			
Long term borrowings	5	20981.76	13473.85
Deferred tax liabilities (net)	6	1025.02	939.32
Long-term provisions	7	33.18	23.41
		22039.96	14436.58
<b>Current liabilities</b>			
Short term borrowings	8	11695.56	8550.14
Trade payables	9	14856.16	20768.29
Other current liabilities	10	5579.63	2627.29
Short term provisions	11	105.38	58.03
		32236.73	32003.75
<b>TOTAL</b>		69556.49	57002.45
<b>ASSETS</b>			
<b>Non current assets</b>			
Fixed assets			
Tangible assets	12	15580.40	17992.89
Intangible assets	12	0.00	0.31
Capital work in progress	12	18588.85	2552.28
		34169.25	20545.48
Non-current investments	13	17.02	17.02
Long term loans and advances	14	155.18	300.99
Other non-current assets	15	642.74	1425.80
		34984.19	22289.29
<b>Current assets</b>			
Inventories	16	13067.50	10644.39
Trade receivables	17	17937.85	22133.76
Cash and bank balances	18	699.93	347.04
Short term loans and advances	19	2257.31	1134.19
Other current assets	20	609.71	453.78
		34572.30	34713.16
<b>TOTAL</b>		69556.49	57002.45

**Significant accounting policies**

Notes to Accounts 1 to 43

The accompanying notes are an integral part of the financial statements  
As per our attached report of even date :

For and on behalf of the Board

**For K. M. Garg & Co.**  
Chartered Accountants  
Firm registration No. 120712W

**GOURISHANKAR PODDAR**  
Chairman & Managing Director

**SURESH GUPTA**  
Additional Director

**CA. K K GARG**  
Partner  
Membership no. 033940

**GITA YADAV**  
Company Secretary

Mumbai,  
Dated : 31<sup>st</sup> July, 2013

Mumbai,  
Dated : 31<sup>st</sup> July, 2013



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

(₹ in Lacs)

PARTICULARS	Note No.	Figures for the current reporting period 2012-2013	Figures for the previous reporting period 2011-2012
Revenue from operations	21	75174.57	72107.36
Less: Excise duty		<u>3838.96</u>	<u>3824.49</u>
		71335.61	68282.87
Other income	22	417.06	533.97
<b>Total Revenue</b>		<u>71752.67</u>	<u>68816.84</u>
Expenses:			
Cost of materials consumed	23	26831.20	32902.29
Purchases of stock-in-trade	24	35189.60	24997.56
Changes in inventories of finished goods, work in progress, stock in trade and manufactured components	25	(2414.34)	(2492.98)
Employee benefits expense	26	817.88	749.35
Finance cost	27	3386.23	2912.98
Depreciation and amortisation expense	12	2555.65	2395.49
Other expenses	28	5783.39	6892.27
<b>Total expenses</b>		<u>72149.61</u>	<u>68356.96</u>
Less: Expenditure (other than interest) transferred to capital work in progress	12(b)(iii)	<u>988.45</u>	<u>0.00</u>
		71161.16	68356.96
<b>Profit before Tax</b>		<u>591.51</u>	<u>459.88</u>
<b>Tax expense:</b>			
Current tax		186.38	93.54
Deferred tax		85.70	70.85
MAT credit entitlement		0.00	(86.49)
MAT Credit / Tax adjustment for earlier years		<u>(51.95)</u>	<u>0.00</u>
		220.13	77.90
<b>Profit for the period</b>		<u>371.38</u>	<u>381.98</u>
Earning per equity share			
Basic	29	0.14	1.99
Diluted		0.14	1.74
<b>Significant accounting policies</b>			
Notes to Accounts	1 to 43		

The accompanying notes are an integral part of the financial statements  
As per our attached report of even date :

For and on behalf of the Board

**For K. M. Garg & Co.**  
Chartered Accountants  
Firm registration No. 120712W

**CA. K K GARG**  
Partner  
Membership no. 033940

Mumbai,  
Dated : 31<sup>st</sup> July, 2013

**GOURISHANKAR PODDAR**  
Chairman & Managing Director

**GITA YADAV**  
Company Secretary

Mumbai,  
Dated : 31<sup>st</sup> July, 2013

**SURESH GUPTA**  
Additional Director



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

(₹ in Lacs)

PARTICULARS	For the year ended 31.03.2013	For the year ended 31.03.2012
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary Items	591.51	459.88
<b>Adjustment for:</b>		
Depreciation	2,555.65	2,395.50
<b>Investment Income:</b>		
(Profit)/Loss on sale of fixed assets	8.84	(24.16)
(Profit)/Loss on sale of Investment	0.00	(211.33)
Exchange Rate Change	(14.16)	68.38
Interest /other Income	(424.38)	(298.48)
Finance costs	3,386.23	2,912.98
Operating Profit before Working Capital changes	6,103.69	5,302.77
<b>Adjustment for:</b>		
Trade and other receivables	3,235.18	(14,637.82)
Inventories	(2,423.12)	(2,383.49)
Trade and other payables	(4,184.58)	13,667.60
Cash generated from operations	2,731.17	1,949.06
Direct Taxes Paid	(110.84)	(64.08)
Cash flow before Extraordinary Items	2,620.33	1,884.98
Extraordinary Items	0.00	0.00
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2,620.33</b>	<b>1,884.98</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (*)	(15,303.67)	(5,924.43)
Sale of Fixed Assets	36.30	54.69
Sale / (Purchase) of Investments	0.00	384.69
Bank balances other than cash and cash equivalents	393.25	(806.46)
Interest / other income	337.43	254.49
Dividend received	0.00	0.00
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(14,536.69)</b>	<b>(6,037.02)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Shares/ Warrants including Premium	4,369.86	801.98
Increase/(Decrease) in Unsecured Loan	(1,008.75)	191.75
Proceeds from long term borrowings	11,424.43	4,927.84
Repayment of long term borrowings	(1,759.96)	(1,141.00)
Change in Working Capital Borrowing from Banks	3,120.42	2,270.35
Interest Paid	(4,224.56)	(2,880.62)
Dividend Paid	0.00	(56.83)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>11,921.44</b>	<b>4,113.47</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>5.08</b>	<b>(38.57)</b>
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENT	0.05	0.27
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	24.09	62.38
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>29.22</b>	<b>24.08</b>

Notes to cash flow statement:

- 1 (\*) Inclusive of Capital Work in Process. (₹ in lacs) 15993.59 2552.28  
 2 All figures in brackets are outflow. 3 Previous year's figures have been regrouped wherever necessary. 4 Refer Note no. 18 for details of cash and cash equivalents.

The accompanying notes are an integral part of the financial statements  
 As per our attached report of even date :

For and on behalf of the Board

**For K. M. Garg & Co.**  
 Chartered Accountants  
 Firm registration No. 120712W

**CA. K K GARG**  
 Partner  
 Membership no. 033940

Mumbai,  
 Dated : 31<sup>st</sup> July, 2013

**GOURISHANKAR PODDAR**  
 Chairman & Managing Director

**GITA YADAV**  
 Company Secretary

Mumbai,  
 Dated : 31<sup>st</sup> July, 2013

**SURESH GUPTA**  
 Additional Director

**Note 1: SIGNIFICANT ACCOUNTING POLICIES****1. System of accounting**

- a) The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 1956 following the mercantile system of accounting and recognising income and expenditure on accrual basis.
- b) The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

**2. Presentation and disclosure of financial statements**

- a) The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3c) of the Companies Act, 1956 and the relevant provisions thereof.
- b) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956.
- c) Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

**3. Tangible and Intangible Fixed assets**

- a) Tangible fixed assets are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated depreciation. The Preoperative expenses / Trial run expenses (net of revenue) are capitalised.
- b) Intangible fixed asset comprising software licenses are stated at cost of acquisition including any cost attributable bringing the asset to its working condition, less accumulated amortisation. Any expenses on such software licenses for support and maintenance payable annually are charged to the Statement of Profit and Loss.

**4. Investments**

- a) Investments are classified into Non Current and Current Investments.
- b) Non Current investments are being valued at cost of acquisition. Provision is made to recognize a decline, other than temporary, in the carrying amount of long term investments.
- c) Current investments are being valued at cost or market value whichever is lower.

**5. Depreciation/Amortisation**

- a) No depreciation is provided for leasehold land and freehold land.
- b) Depreciation on fixed assets is being provided on "Straight line method" basis at the rates specified in

Schedule XIV to the Companies Act, 1956 till the written down value is reduced to 5% of the gross value being minimum fetchable value. No further depreciation is provided on such balance.

- c) Depreciation in respect of addition to the fixed assets is provided on Pro-rata basis from the month in which such assets are acquired/installed/started commercial production.
- d) Depreciation on fixed assets sold, discarded or demolished during the year is being provided at their respective rates up to the month in which such assets are sold, discarded or demolished.
- e) The provision for depreciation for multiple shifts, wherever applicable, as per records, and as advised, has been made on the basis of the actual utilisation of respective eligible assets.

**6. Inventories**

- a) Valuation of inventories is inclusive of taxes or duties incurred and on FIFO basis except otherwise stated.
- b) Raw materials and Work in progress are being valued at cost or net realisable value whichever is lower.
- c) Stores, Spares and Tools are being valued at weighted average cost.
- d) Goods in Transit, if any, are stated at actual cost up to the date of the Balance Sheet.
- e) Finished Stocks are being valued at direct cost or net realisable values whichever is lower.

**7. Sales**

Sales are inclusive of excise duty; however, in conformity with the requirements of Accounting Standard 9 "Recognition of Revenue" the sales are presented in the financial statements as sales less excise duty. Sales exclude sales tax and value added tax discount, claims, and shortage. The commission, brokerage and incentives are recognised as an expense for the sales. Transportation and marine insurance recovered from customers are reduced from the respective expenses.

**8. Retirement and other benefits to employees**

- a) Employees' benefit under defined contribution plan such as contribution to provident fund and employees' benefits under defined benefit plan for leave encashment are charged off at the undiscounted amount in the year in which the related service provided.
- b) Post employment benefits under defined benefit plan such as gratuity are charged off in the year in which the employee has rendered services at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and/or losses in respect of post employment benefits are charged to Statement of Profit and Loss or capitalised in case of new projects are taken up by the company.

**9. Prior period income / expenses**

The company follows the practice of making adjustments through "Prior Period items" in respect of all material transaction pertaining to the period prior to current accounting period/year.



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## 10. Income from investments

Incomes from Investments, where appropriate, are taken into revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.

## 11. Contingent liabilities

Contingent liabilities are not recognised but are disclosed by way of notes to accounts. Disputed demands in respect of Central Excise, Customs, Income Tax and other proceedings etc. are disclosed as contingent liabilities. Payments in respect of such demands, if any, are shown as advance till the final disposal of the matters.

## 12. Excise duty

- a) CENVAT credit available as per the provisions of the Excise Rules on raw material, packing material, etc purchased, is accounted for by reducing the cost of the respective items.
- b) Excise duty payable on finished goods lying at the factory premises at the close of the year is provided in the books as per the Excise Rules.
- c) CENVAT credit available as per the provisions of the Excise Rules on capital goods is accounted for by reducing the cost of capital goods.

## 13. Leases

The present value of the lease payments is recognised as an asset with a corresponding liability. Annual lease payments are allocated into financial charge and also principal repayment. The financial charge is charged to the Statement of Profit and Loss and the portion of the principal amount paid is deducted from the liability. The depreciation is also charged to Statement of Profit and Loss on the assets taken on finance lease.

## 14. Taxes on income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, on timing differences, being the difference between taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

## 15. Segment reporting

Segments have been identified in line with the AS-17, taking into account the organisational structure as well as the differing risks and returns. The business segment is disclosed as primary segment.

## 16. Borrowing costs

The company capitalises interest and other costs incurred by it in connection with funds borrowed for the acquisition of fixed assets. Where specific borrowings are identified to a fixed asset or a new unit, the company uses the interest rates applicable to that specific borrowing as the capitalisation rate. Capitalisation of borrowing costs ceases when all the activities necessary to prepare the fixed assets for their intended use are substantially complete or the fixed assets are put to use. Other borrowing costs are charged to Statement of Profit and Loss.

## 17. Transaction in Foreign Currencies

- a) Initial Reorganisation:  
Transactions denominated in foreign currencies are recorded by applying the exchange rates prevailing at the date of the transactions.
- b) Conversion:  
Monetary items denominated in foreign currencies remaining unsettled at the end of the year, are restated using the closing rates.
- c) Exchange Difference:  
The exchange difference arising on the settlement of monetary items or on reporting unsettled monetary items at the rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognised as income or as expenses in the year in which they arise.  
In case the monetary items are covered by the forward exchange contracts, the difference between the yearend exchange rate and the exchange rate at the date of the inception of the forward exchange contract is recognised as exchange difference.
- d) Forward Exchange Contracts:  
In case of transactions covered by forward exchange contracts, which are not intended for trading or speculation purposes, the premium/discount represented by difference between the exchange rate at the date of the inception of the forward exchange contract and forward rate specified in the contract is amortised as expense or income over the life of the contract.  
Exchange differences on such contracts are recognised in the statement of Profit and Loss in the year in which the exchange rate changes.  
Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.  
In case of transactions covered by forward exchange contracts, which are intended for trading or speculation purposes, the premium/discount is ignored and at each balance sheet date, the value of the contract is marked to its market value and gain/loss on the contract is recognised.
- e) Non-monetary foreign currency items such as investments are carried at cost.

## 18. Impairment loss

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amount(s). Recoverable amount is the higher of an assets net selling price and its value in use. Value in use is the present value of estimated future cash flow expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm length transaction between knowledgeable, willing parties, less the cost of disposal.

## 19. Cash and Cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.





**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

(₹ in Lacs)

PARTICULARS	As at 31.03.2013		As at 31.03.2012	
	Numbers	Amount(₹in Lacs)	Numbers	Amount(₹in Lacs)
<b>NOTE 2: SHARE CAPITAL</b>				
<b>Authorised:</b>				
Equity Shares of ₹ 1/- (Prev. year ₹ 10/-) each	35000000	3500.00	50000000	5000.00
Preference Shares of ₹ 10/- (Prev. year Nil) each	15000000	1500.00	0	0.00
<b>TOTAL</b>		<b>5000.00</b>		<b>5000.00</b>
<b>Issued, subscribed and paid-up :</b>				
Equity Shares of ₹ 1/- (Prev. year ₹ 10/-) each fully paid	266454000	2664.54	25313200	2531.32
15% Non Convertible Non Cumulative Redeemable Preference Shares of ₹ 10/- each	14000000	1400.00	0	0.00
<b>TOTAL</b>		<b>4064.54</b>		<b>2531.32</b>

**2.a Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period :-**

**(i) Equity shares :-**

PARTICULARS	Numbers	Amount(₹in Lacs)	Numbers	Amount(₹in Lacs)
Equity shares of ₹ 10/- (Prev. year ₹ 10/- ) each outstanding at the beginning of the reporting period	25313200	2531.32	18944700	1894.47
Issued during the reporting period	1332200	133.22	6368500	636.85
	<b>26645400</b>	<b>2664.54</b>	25313200	2531.32
Subdivision of Equity shares of ₹ 10/- each into 10 Shares of ₹ 1/- each	266454000	2664.54	-	-
Bought back during the reporting period	-	-	-	-
Outstanding at the end of the reporting period	<b>266454000</b>	<b>2,664.54</b>	25313200	2531.32

**(ii) Preference shares :-**

Company has during the year issued 15% Non Convertible Non Cumulative Redeemable Preference Shares of ₹ 10/- each which was outstanding at the end of reporting period.

**2.b The principle rights,powers,preferences and restrictions relating to each class of share capital are as follows :-**

- (i) **Equity Shares** - The Company has issued only one class of Equity Shares having a par value of ₹ 1/- per share. Each Holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of Liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the Shareholders.
- (ii) **Preference Shares** - The preference shareholders shall have the right to receive all notices of General Meetings of the Company but shall not confer thereon the right to vote at any meeting. The Preference Shareholders shall be entitled to receive dividend @ 15% per annum from the date of allotment till the date of redemption on proportionate basis. The preference shareholders shall rank in priority to the Equity shares for repayment of capital and payment of dividend. The Company shall redeem starting from the end of thirteenth year on yearly basis 1/3<sup>rd</sup> Preference Shares from the date of allotment at the rate of ₹ 10/- each at a premium of ₹20/- each till the end of fifteenth year. The Company shall have the option to prematurely redeem in part or in full the outstanding amount on preference shares at a price of ₹ 10/- each at a premium of ₹ 20/- each at any point of time after the end of three years from the date of allotment by giving three month notice in writing to the preference shareholders.



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

### 2.c Shareholders holding more than 5% share capital at the end of the year :-

Name of shareholders	Numbers	% of Holding	Numbers	% of Holding
Raj Money Market Limited - Equity shares of ₹ 1/- (Prev. year ₹ 10/- )each	<b>90615000</b>	<b>34.01</b>	7729300	30.53
Jitendra B. Salecha HUF - Equity shares of ₹ 1/- (Prev. year ₹ 10/- )each	<b>14000000</b>	<b>5.25</b>	1400000	5.53
Nakoda Limited- Preference shares of ₹ 10/- each	<b>14000000</b>	<b>100.00</b>	-	-

During the year the Company has subdivided Equity Shares having face value of ₹10/- each into 10 Shares having face value of ₹1/- each. Consequently the number of shares as at March 31, 2012 is not comparable.

### 2.d Terms of share warrants convertible into equity shares :-

(i) Reconciliation of number of share warrants outstanding at the beginning and at the end of the reporting period :-

PARTICULARS	Numbers	Face value (₹)	Numbers	Face value (₹)
Outstanding at the beginning of the year Partly paid ₹ 4.25/- each	<b>4021500</b>	<b>17.00</b>	10390000	17.00
Issued during the year	-	-	-	-
Converted into equity shares during the year	<b>1332200</b>	<b>17.00</b>	6368500	17.00
Forfeited during the year Partly paid ₹ 4.25/- each	<b>2689300</b>	<b>17.00</b>	-	-
Outstanding at the end of the year	-	-	4021500	17.00

(ii) Terms of conversion of share warrants into equity shares:

Each share warrant of ₹ 17/- outstanding at the end of previous reporting periods was convertible into one equity share at a premium of ₹ 7/- at the option of warrant holders to be exercised within a period of 18 months from the date of allotment of share warrants i.e. 3<sup>rd</sup> January, 2011. Therefore the share warrants are optionally convertible into equity shares on or before 2<sup>nd</sup> July, 2012.

(iii) During the year the Company has forfeited the application money amounting to ₹ 11429525 being the initial 25% of the warrant price on 2689300 warrants received by the Company from promoters / non promoters due to non exercising the option to convert the same into equity and accordingly it has been transferred to reserves.

### 2.e Information regarding issue of shares in the last five years :-

- The Company has not issued any shares without payment being received in cash.
- The Company has not issued any bonus shares.
- The Company has not undertaken any buy-back of shares.



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

(₹ in Lacs)

PARTICULARS	As at 31.03.2013		As at 31.03.2012	
<b>NOTE 3: RESERVES AND SURPLUS</b>				
Capital reserve-on forfeited shares/ share warrants				
Balance as per previous reporting period	0.18		0.18	
Add: Amount transferred on forfeiture of share warrants	114.30		0.00	
		114.48		0.18
Securities premium reserve				
Balance as per previous reporting period	4737.47		4301.68	
Add: Amount received on issue of equity shares on conversion of share warrants	93.25		445.79	
Add: Amount received on issue of 15% Non Convertible Non Cumulative Redeemable Preference Shares	2800.00		0.00	
Less: Share issue expenses	0.00		10.00	
		7630.72		4737.47
Surplus in Profit and loss statement :				
Balance at the beginning of the year	3122.24		2740.26	
Add (less): Profit (loss) after tax for the reporting period	371.38		381.98	
	3493.62		3122.24	
Less: Appropriations				
Proposed dividend on preference shares	20.14		0.00	
Tax on dividend	3.42		0.00	
	23.56		0.00	
		3470.06		3122.24
<b>TOTAL</b>		<b>11215.26</b>		<b>7859.89</b>
<b>NOTE 4: MONEY RECEIVED AGAINST SHARE WARRANTS</b>				
	Numbers	Amount(₹in lacs)	Numbers	Amount(₹in lacs)
Partly paid share warrants of ₹ 17/- each paid up ₹ 4.25/-	0	0.00	4021500	170.91
<b>TOTAL</b>		<b>0.00</b>		<b>170.91</b>
<b>NOTE 5: LONG TERM BORROWINGS</b>				
Secured loans:				
Term loans				
From banks:				
Foreign currency loans		11152.40		3511.07
Rupee loans		10190.93		7952.13
Other parties:				
Kotak Mahindra Prime Limited		16.36		26.32
Less: Current maturities of long term debts		2736.18		1407.67
<b>SUB-TOTAL</b>		<b>18623.51</b>		<b>10081.85</b>
Unsecured loans:				
Inter-corporate loans		2358.25		2606.00
Loans from related parties		0.00		786.00
<b>SUB-TOTAL</b>		<b>2358.25</b>		<b>3392.00</b>
<b>TOTAL</b>		<b>20981.76</b>		<b>13473.85</b>



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

### A. Secured Loans:

#### (a) Nature of security:

- (i) Term loans are secured by Equitable Mortgage of factory premises of all the units and Hypothecation of plant and machineries and other fixed assets and further secured by charge over current assets of the company in favour of State Bank of India, State Bank of Mysore, State Bank of Hyderabad, State Bank of Patiala and The South Indian Bank Limited on pari passu basis.
- (ii) Mortgage charge on property situated at 5C/196/197 Akshay Mittal Industrial Estate, Sakinaka, Andheri (E), Mumbai 400059.
- (iii) Extension of equitable mortgage of residential flat of Mrs. Rajkumari Kanodia situated at Andheri (W) Mumbai.
- (iv) Loans including non funded facilities from State Bank of India, State Bank of Hyderabad, State bank of Mysore, State Bank of Patiala and The South Indian Bank Limited are further secured by corporate guarantees of Raj Money Market Limited and personal guarantees of Mr. Gourishankar Poddar, Chairman & Managing Director and Mrs. Rajkumari Kanodia a non executive director of the company and lien on FDR of ₹ 43.48 lacs.
- (v) Term loan from Kotak Mahindra Prime Ltd & HDFC Bank are secured by hypothecation of specific vehicles.

(b) Maturity profile of secured term loans:	1-2 years	2-3 years	3-4 years	Beyond 4 years
	3973.46	2897.49	2798.12	8954.45

B. Unsecured intercorporate loans are repayable within 3 years and carry interest rate ranging between 9% to 16%.

(₹ in Lacs)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
<b>NOTE 6: DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liabilities:		
Depreciation	1042.41	1047.67
Deferred Tax Assets:		
Deferment of allowances as per the Income Tax Act, 1961	17.39	8.55
Unabsorbed depreciation	0.00	99.80
<b>TOTAL</b>	<b>1025.02</b>	<b>939.32</b>
<b>NOTE 7: LONG-TERM PROVISIONS</b>		
Provision for employee benefits (Refer note 35)	33.18	23.41
<b>TOTAL</b>	<b>33.18</b>	<b>23.41</b>
<b>NOTE 8: SHORT TERM BORROWINGS</b>		
Secured Loans:		
Working capital loans from banks		
Cash Credit / Demand Loans / Short Term Loans		
Foreign Currency Loans	2349.62	0.00
Rupee Loans	9320.94	8550.14
Unsecured loans:		
Inter-corporate loans	25.00	0.00
<b>TOTAL</b>	<b>11695.56</b>	<b>8550.14</b>



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

(₹ in Lacs)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
Nature of security:		
(i) Working capital loans including non funded facilities are secured by hypothecation charge (pari passu) on entire current assets of the company and further secured by charge on all the fixed assets of the company on pari pasu basis between State Bank of India, State Bank of Hyderabad and State Bank of Mysore, South India Bank and State Bank of Travancore.		
(ii) Working capital loans including non funded facilities from State Bank of India, State Bank of Hyderabad and State bank of Mysore, South India Bank and State Bank of Travancore are further secured by corporate guarantees of Raj Money Market Limited and personal guarantees of Mr. Gourishankar Poddar, Chairman & Managing Director and Mrs. Rajkumari Kanodia a non executive director of the company and lien on FDR of ₹ 43.48 lacs.		
<b>NOTE 9: TRADE PAYABLES</b>		
Micro, small and medium enterprises	0.00	0.00
Others	14856.16	20768.29
<b>TOTAL</b>	<b>14856.16</b>	<b>20768.29</b>
Other Trade payables includes the following :		
(a) acceptances from SBI Global Factors Ltd which are personally guaranteed by Mr. Gourishankar Poddar, Chairman & Managing Director and Mrs. Rajkumari Kanodia a non-executive director, and	0.00	495.45
(b) letter of credit issued by consortium bankers.	6341.94	5005.75
(c) On the basis of information and records available with the company, there are no Micro and Small Enterprises, which have registered with the competent authority under the Micro, Small and Medium Enterprises Development Act, 2006 and relied upon by the Auditors.		
<b>NOTE 10: OTHER CURRENT LIABILITIES</b>		
Current maturities of long term debts (Refer note no. 5)	2736.18	1407.67
Interest accrued & due on borrowings	344.28	304.69
Creditors for capital expenditure	1230.43	435.91
Advances from customers	356.66	122.07
Statutory liabilities	53.96	65.37
Forward contracts payable	42.87	(259.03)
Unpaid dividends	3.51	4.26
Share application money in refund accounts	0.00	3.70
Other payables	811.74	542.65
<b>TOTAL</b>	<b>5579.63</b>	<b>2627.29</b>
<b>NOTE 11: SHORT TERM PROVISIONS</b>		
Provision for employees benefits (Gratuity) (Refer note no.35)	1.18	0.98
Proposed dividend	20.14	0.00
Tax on dividend	3.42	0.00
Provision for taxation (Net)	80.64	57.05
<b>TOTAL</b>	<b>105.38</b>	<b>58.03</b>



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

### NOTE 12: FIXED ASSETS

(₹ in Lacs)

PARTICULARS	GROSS BLOCK (At Cost)			DEPRECIATION			NET BLOCK			
	As at 31.03.2012	Additions during the Year	Sold/ discarded during the Year	Total as at 31.03.2013	Provided upto 31.03.2012	Provided for the Year	Written Back during the Year	Total upto 31.03.2013	Total as at 31.03.2013	Total as at 31.03.2012
<b>Tangible Assets</b>										
Land	154.48	142.36	0.00	296.84	0.00	0.00	0.00	0.00	296.84	154.48
Air Condition System	628.56	0.00	0.00	628.56	436.68	52.68	0.00	489.36	139.20	191.88
Electrical Installation	2558.91	0.00	18.35	2540.56	1283.14	247.15	12.65	1517.64	1022.92	1275.76
Factory Building	4525.67	0.00	0.00	4525.67	701.40	151.16	0.00	852.56	3673.11	3824.27
D.G.Sets	98.34	0.00	52.58	45.76	72.06	5.66	40.77	36.95	8.81	26.28
Plant & Machinery	21531.64	25.95	330.00	21227.59	9226.37	2072.99	313.50	10985.86	10241.73	12305.27
Furniture & Fixtures	149.41	0.00	0.00	149.41	58.98	9.27	0.00	68.25	81.16	90.43
Vehicle	85.19	7.50	0.17	92.52	28.29	8.19	0.16	36.32	56.20	56.90
Office Equipments	24.76	0.00	0.00	24.76	16.88	1.06	0.00	17.94	6.82	7.88
Computers	87.90	1.05	0.00	88.95	69.54	6.44	0.00	75.98	12.97	18.36
Office Premises	45.39	0.00	0.00	45.39	4.01	0.74	0.00	4.75	40.64	41.38
<b>Intangible Assets</b>										
Computer Software	7.50	0.00	0.00	7.50	7.19	0.31	0.00	7.50	0.00	0.31
Total as at 31.03.2013	29897.75	176.86	401.10	29673.51	11904.54	2555.65	367.08	14093.11	15580.40	17993.20
Total as at 31.03.2012	26486.79	3987.37	576.42	29897.74	10054.94	2395.49	545.88	11904.55		
Capital work in progress									18588.85	2552.28

### NOTE NO. 12(a) DETAILS OF CAPITAL WORK-IN PROGRESS

PARTICULARS	Current reporting period	Previous reporting period
Factory building	1726.62	1211.20
Plant and machinery (Refer note no. 12(b)(iii))	14575.72	1086.87
Electrical Installation	684.85	29.52
Computer system	4.58	0.00
D.G. set	134.00	0.00
Furniture & Fixture	5.44	0.00
Project development Expenditure	1457.64	224.69
	<u>18588.85</u>	<u>2552.28</u>

### NOTE NO. 12(b) OTHER INFORMATION

PARTICULARS	Current reporting period	Previous reporting period
(i) Project development Expenditure		
Opening Balance	224.69	46.65
Add: Additions during the year	1232.95	382.82
Less: Capitalised during the year	0.00	204.78
Closing Balance	<u>1457.64</u>	<u>224.69</u>
(ii) Addition to fixed assets include capitalisation of interest cost as stipulated under Accounting Standard -16 (Borrowing cost).	0.00	152.54
(iii) Expenditure (other than interest) transferred to capital work in progress (plant & machinery)		
(Trial run expenditure of CP unit)		
Purchases / Expenses	4552.79	
Less: Sales realisation / Captive consumption	3063.95	
Less: Closing Stock	500.39	
Net Amount	<u>988.45</u>	



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

(₹ in Lacs)

PARTICULARS	As at 31.03.2013		As at 31.03.2012	
<b>NOTE 13: NON-CURRENT INVESTMENTS</b>				
Other than trade:(at cost):	<b>Numbers</b>	<b>Amount(₹in lacs)</b>	Numbers	Amount(₹in lacs)
Investments in fully paid equity instruments (unquoted)				
Raj Money Markets Limited having face value of ₹ 10/- each	<b>100100</b>	<b>10.01</b>	100100	10.01
Sangam Spinfab Limited having face value of ₹ 10/- each	<b>70000</b>	<b>7.00</b>	70000	7.00
Thane Janata Sahakari Bank Limited having face value of ₹ 50/- each	<b>20</b>	<b>0.01</b>	20	0.01
<b>TOTAL</b>		<b><u>17.02</u></b>		<b><u>17.02</u></b>
Particulars	<b>Book value (₹in lacs)</b>	<b>Market value (₹in lacs)</b>	Book value (₹in lacs)	Market value (₹in lacs)
Aggregate value of:				
Quoted investments	<b>Nil</b>	<b>N.A.</b>	Nil	N.A.
Unquoted investments	<b>17.02</b>	<b>N.A.</b>	17.02	N.A.
<b>NOTE 14: LONG TERM LOANS AND ADVANCES</b>				
Unsecured, considered good :				
Capital advances		<b>145.57</b>		286.28
Security deposits		<b>9.15</b>		0.54
Security deposit to related parties (Refer note no. 34)		<b>0.00</b>		10.00
Prepaid expenses		<b>0.46</b>		4.17
<b>TOTAL</b>		<b><u>155.18</u></b>		<b><u>300.99</u></b>
<b>NOTE 15: OTHER NON-CURRENT ASSETS</b>				
Fixed deposit with bank with maturity period more than 12 months held as security, deposit, margin money for letter of credit and bank guarantees issued		<b>173.60</b>		914.61
Interest accrued on fixed deposits (Maturity period more than 12 months)		<b>19.70</b>		48.74
Minimum alternate tax credit entitlement		<b>449.44</b>		462.45
<b>TOTAL</b>		<b><u>642.74</u></b>		<b><u>1425.80</u></b>
<b>NOTE 16: INVENTORIES (REFER NOTE NO. 1.6)</b>				
(As taken, valued & certified by the management)				
Raw Materials		<b>422.86</b>		476.50
Work in progress		<b>3512.27</b>		3081.21
Manufactured components		<b>836.88</b>		498.87
Finished goods		<b>3520.17</b>		4138.22
Stock-in trade		<b>3581.18</b>		1345.42
Stores, spares and others		<b>584.91</b>		564.27
Packing materials		<b>609.23</b>		539.90
<b>TOTAL</b>		<b><u>13067.50</u></b>		<b><u>10644.39</u></b>



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(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

(₹ in Lacs)

PARTICULARS	As at 31.03.2013	As at 31.03.2012
<b>NOTE 17: TRADE RECEIVABLES</b>		
Unsecured, considered good :		
Debts outstanding for a period exceeding six months from the date they are due for payments	327.60	265.69
Other debts	17610.25	21868.07
<b>TOTAL</b>	<b>17937.85</b>	<b>22133.76</b>
<b>NOTE 18: CASH AND BANK BALANCES</b>		
Cash and cash equivalents:		
Balances with banks	23.18	18.85
Cash in hand	6.05	5.24
	29.23	24.09
Other bank balances:		
Balances with banks in unpaid dividend accounts	3.51	4.26
Balances with banks in share application money refund accounts	0.00	3.69
Fixed deposits with banks held as security, deposit, margin money for letter of credit and bank guarantees issued	840.79	1229.61
Less : Amount disclosed under other non current assets (Refer note no. 15)	173.60	914.61
	667.19	315.00
<b>TOTAL</b>	<b>699.93</b>	<b>347.04</b>
<b>NOTE 19: SHORT TERM LOANS AND ADVANCES</b>		
Unsecured, considered good:		
Advances to suppliers	497.11	277.21
Advances to staff	5.60	4.22
Service tax credit receivable	6.93	6.90
Cenvat credit receivable (Net of Provision)	293.57	29.18
Balance with Excise department	1.30	0.52
Prepaid expenses	227.29	143.53
Vat/Entry tax credit receivable	478.61	259.50
Deposits	28.50	25.50
Others	718.40	387.63
<b>TOTAL</b>	<b>2257.31</b>	<b>1134.19</b>
<b>NOTE 20: OTHER CURRENT ASSETS</b>		
Interest accrued on fixed deposits (Maturity period less than 12 months)	56.66	14.22
Export benefit receivable	238.09	198.14
Interest Receivable	314.96	241.42
<b>TOTAL</b>	<b>609.71</b>	<b>453.78</b>





**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

(₹ in Lacs)

	figures for the current reporting period 2012-13	figures for the previous reporting period 2011-12
<b>NOTE 21: REVENUE FROM OPERATIONS</b>		
Sales of products		
Yarns - Local	33364.09	42636.70
Yarns - Export	2741.20	5720.05
Fabrics	37661.58	22903.41
Chips	696.69	0.00
PTA/MEG	237.33	0.00
	<b>74700.89</b>	71260.16
Sale of services		
Job work charges	0.00	28.20
Other operating revenues:		
Export incentives	382.75	714.27
Scrap and other sales	90.93	104.73
	<b>473.68</b>	819.00
	<b>75174.57</b>	72107.36
Less: Excise duty	3838.96	3824.49
<b>TOTAL</b>	<b>71335.61</b>	68282.87
<b>NOTE 22: OTHER INCOME</b>		
Interest income:		
On fixed deposits with banks	110.23	73.06
On delayed payments from customers	314.15	225.42
	<b>424.38</b>	298.48
Profit on sale of investments	0.00	211.33
Profit/(Loss) on sale / discard of fixed assets (Net)	(8.84)	24.16
Miscellaneous Income	1.52	0.00
<b>TOTAL</b>	<b>417.06</b>	533.97
<b>NOTE 23: COST OF MATERIALS CONSUMED</b>		
Chips	20709.23	30145.36
POY/FDY/PTY	1330.20	1554.38
PTA /MEG	3741.87	0.00
Yarn Oil	613.30	696.28
Spin Finish Oil	436.60	506.27
<b>TOTAL</b>	<b>26831.20</b>	32902.29
<b>NOTE 24: PURCHASES OF STOCK-IN-TRADE</b>		
Fabrics	34978.40	21047.86
Yarn	0.00	3949.70
PTA /MEG	211.20	0.00
<b>TOTAL</b>	<b>35189.60</b>	24997.56



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

(₹ in Lacs)

	figures for the current reporting period 2012-13	figures for the previous reporting period 2011-12
<b>NOTE 25: CHANGES IN INVENTORIES</b>		
Opening stocks:		
Finished goods	4138.22	3099.81
Manufactured components	498.87	679.47
Stock in Trade	1345.42	1013.65
Stock in Process	3081.21	1611.16
	<u>9063.72</u>	<u>6404.09</u>
Less: Closing stocks:		
Finished goods	3520.17	4138.22
Manufactured components	836.88	498.87
Stock in Trade	3581.18	1345.42
Stock in Process	3512.27	3081.21
	<u>11450.50</u>	<u>9063.72</u>
Add/Less: Provision for excise duty on finished goods (net)	(27.56)	166.65
<b>TOTAL</b>	<u><u>(2414.34)</u></u>	<u><u>(2492.98)</u></u>
<b>NOTE 26: EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and Wages	779.63	707.26
Contribution to Provident Fund and other funds	26.51	25.37
Staff Welfare Expenses	11.74	16.72
<b>TOTAL</b>	<u><u>817.88</u></u>	<u><u>749.35</u></u>
<b>NOTE 27: FINANCE COST</b>		
Interest expense	2067.19	1710.39
Other Borrowing Costs	1318.98	1202.86
Net loss(gain) on foreign currency transactions	0.06	(0.27)
<b>TOTAL</b>	<u><u>3386.23</u></u>	<u><u>2912.98</u></u>



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

(₹ in Lacs)

	figures for the current reporting period 2012-13	figures for the previous reporting period 2011-12
<b>NOTE 28: OTHER EXPENSES</b>		
<b>Manufacturing expenses:</b>		
Power and fuel	3266.53	3796.94
Inward transportation and freight	59.63	37.46
Consumption of stores and spares	303.78	296.58
Repairs to:		
factory buildings	16.01	10.28
machineries	67.46	81.48
Consumption of packing material	1009.41	1249.35
Labour / Job charges	314.94	397.52
	<b>5037.76</b>	<b>5869.61</b>
<b>Administrative expenses:</b>		
Printing and stationery	18.87	25.55
Postage and courier	6.17	11.18
Telephone and communication charges	12.68	10.01
Travelling and conveyance	37.80	101.85
Auditors' remuneration (Refer note no. 32)	9.38	11.07
General expenses	20.43	34.14
Rent	0.25	1.62
Rates and taxes	17.99	10.14
Sundry balance written off	4.15	0.21
Electricity expenses	6.78	6.61
Insurance	23.93	23.82
Repairs and maintenance	12.86	14.74
Legal and professional charges	45.53	40.44
	<b>216.82</b>	<b>291.38</b>
<b>Selling, distribution and other expenses:</b>		
Advertisement and publicity	7.06	21.69
Commission and brokerage	156.21	177.33
Carriage outward	304.99	409.22
Net foreign exchange loss(gain)	60.55	123.04
	<b>528.81</b>	<b>731.28</b>
<b>TOTAL</b>	<b>5783.39</b>	<b>6892.27</b>

**NOTE 29: EARNING PER EQUITY SHARE**

Particulars	Unit	2012-2013	2011-2012
Net profit(loss) after tax	(₹ in Lacs)	371.38	381.98
Weighted average number of shares used in computing basic earnings per share	Numbers	264341153	19159068
Effect of potential equity shares on allotment of warrants	Numbers	0	2775760
Weighted average number of shares used in computing diluted earnings per share	Numbers	264341153	21934828
Face value of equity shares	₹	1	10
Basic earnings per share	₹	0.14	1.99
Diluted earnings per share	₹	0.14	1.74



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

### NOTE 30: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
(i) Contingent liabilities:		
(a) Guarantees given by the bankers.	497.25	425.25
(b) Notices or show cause which received from Excise department (excluding a show cause notice received from Additional Director General, DGCEI, MZU, Mumbai since amount is unascertainable).	1093.00	1093.00
(c) Show cause notices for levy of cess.	7.82	7.82
(d) Inland / Foreign letter of credit (Import) issued by the bankers.	163.80	4586.17
(e) Sales bills discounted with SBI Global Factors Ltd.	0.00	290.11
(f) Sales bills discounted with State Bank of India.	1011.61	466.87
(g) Notice received from SEBI, for delay in submission of certain information to BSE.	1.75	1.75
(h) Impairment loss, if any, on realisation of suit filed debts.	88.61	88.61
(i) Undertakings given by the company under EPCG Scheme, pending fulfilment of export obligation.	8837.31	Nil
(ii) Contingent commitments		
Estimated amount of contracts, net of advances, remaining to be executed on capital account.	34.54	9411.50

### NOTE 31: UTILIZATION OF PROCEEDS OF SECURITIES ISSUED DURING THE CURRENT REPORTING PERIOD

The money received in respect of the conversion of warrants into equity shares and 15% Non Convertible Non Cumulative Redeemable Preference Shares are utilised by the company for meeting its capital expenditure, new growth opportunities and for general corporate purpose.

### NOTE 32: PAYMENT TO AUDITORS (EXCLUDING SERVICE TAX)

(₹ in Lacs)

Particulars	For the year ended	
	31.03.2013	31.03.2012
Statutory audit under the Companies Act, 1956	4.50	4.50
Tax Audit under the Income Tax Act, 1961	1.00	1.00
VAT audit	0.75	0.75
Taxation matters	1.80	1.50
Certifications	1.18	1.12
Reimbursement of expenses	0.15	0.15
Payment for earlier years	0.00	2.05
	<b>9.38</b>	<b>11.07</b>

### NOTE 33: SEGMENT REPORTING

The company operates in a single segment i.e. textile having same risk and return. Hence reporting as per Accounting Standard (AS-17) 'Segment Reporting' is not applicable to the company.

### NOTE 34: RELATED PARTY DISCLOSURES

- l) Names of related parties and description of relationships:
- a) Party owning an interest in voting power of the company that gives it significance influence over the company:
    - Raj Money Market Limited
  - b) Key management personnel:
    - i) Shri Gourishankar Poddar - Chairman & Managing Director
    - ii) Shri Sushil Kumar Kanodia - Executive Officer
  - c) Enterprises over which parties mentioned in (a) and (b) above are exercising significant influence:
    - i) Gourishankar Poddar HUF
    - ii) Sangam Spinfab Limited



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

II) Transactions during the year and balances outstanding as at year end with the related parties are as follows:

(₹ in Lacs)

Particulars	Volume of Transactions		Balances as on	
	2012-2013	2011-2012	31.03.2013	31.03.2012
<b>Expenses :</b>				
Director's Remuneration				
Shri Gourishankar Poddar - Chairman & Managing Director Salary	<b>40.32</b>	36.96	-	-
Shri Sushil Kumar Kanodia – Executive Officer Rent	<b>5.91</b>	5.91	-	-
Gourishankar Poddar HUF Interest expense/ payables	<b>0.25</b>	1.50	-	-
Sangam Spinfab Limited	<b>52.67</b>	73.84	<b>47.40</b>	66.45
<b>Loans and advances</b>				
Deposits given/ (Repayment)				
Gourishankar Poddar HUF Loans taken /(Repayment)	<b>(10.00)</b>	-	-	10.00
Sangam Spinfab Limited	<b>40.00</b>	155.00	-	786.00
	<b>(826.00)</b>	(114.00)		
Raj Money Market Limited	-	56.00	-	-
<b>Investments in Shares</b>				
Raj Money Market Limited	-	-	<b>10.01</b>	10.01
Sangam Spinfab Limited	-	-	<b>7.00</b>	7.00
<b>Outstanding Share warrants</b>				
Raj Money Market Limited	-	-	-	15.22
<b>Money Received against share warrants</b>				
Raj Money Market Limited	<b>169.86</b>	-	-	64.66
<b>Conversion of Share warrants into Share capital</b>				
Raj Money Market Limited	<b>133.22</b>	116.85	-	-
<b>Warrant application money forfeited</b>				
Raj Money Market Limited	<b>8.05</b>	-	-	-

**NOTE 35: EMPLOYEE BENEFIT EXPENDITURE**

The disclosures required under Accounting Standard 15 “Employee Benefits” notified in the Companies (Accounting Standards) Rules 2006, are given below:

a) Defined Contribution Plan :

Contribution to defined contribution plan, recognised are charged off for the year are as under: (₹ in Lacs)

Particulars	2012-13	2011-12
Employer's Contribution to Provident Fund	<b>28.15</b>	24.78
Employer's Contribution to superannuation Fund	<b>0.00</b>	0.00
Employer's Contribution to Pension Fund	<b>0.00</b>	0.00

b) Defined Benefit Plan:

**Leave Encashment :** During the year 2012-13, the amount paid to employees as leave encashment is ₹ 2.70 Lac (₹ 2.89 Lac).

**Gratuity :** The employee's gratuity scheme is non -fund based. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

I) Reconciliation of opening and closing balances of Defined Benefit obligation (₹ in Lacs)

Particulars	Gratuity (Unfunded)	
	2012-13	2011-12
Defined Benefit obligation at beginning of the year	24.39	23.19
Current Service Cost	7.42	7.44
Interest Cost	2.72	2.51
Actuarial loss / (gain)	0.94	(1.12)
Past Service Cost	0.00	0.00
Benefits paid	(1.11)	(7.63)
Settlement cost	0.00	0.00
Defined Benefit obligation at year end	34.36	24.39

II) Reconciliation of opening and closing balances of fair value of plan assets (₹ in Lacs)

Particulars	Gratuity (Unfunded)	
	2012-13	2011-12
Fair value of plan assets at beginning of the year	0.00	0.00
Expected return on plan assets	0.00	0.00
Actuarial gain / (loss)	0.00	0.00
Employer contribution	1.11	7.63
Benefits paid	(1.11)	(7.63)
Fair value of plan assets at year end	0.00	0.00
Actual return on plan assets	0.00	0.00

III) Reconciliation of fair value of assets and obligations (₹ in Lacs)

Particulars	Gratuity (Unfunded)	
	2012-13	2011-12
Fair value of plan assets	0.00	0.00
Present value of obligation	34.36	24.39
Amount recognised in balance sheet	34.36	24.39

IV) Expense recognized during the year (Under the head "Payments to and Provisions for Employees "Refer Note no, 26') (₹ in Lacs)

Particulars	Gratuity (Unfunded)	
	2012-13	2011-12
Current Service Cost	7.42	7.44
Interest Cost	2.72	2.51
Expected return on plan assets	0.00	0.00
Actuarial losses / (gain)	0.94	(1.12)
Past Service Cost	0.00	0.00
Net Cost	11.08	8.83

V) Actuarial assumption (₹ in Lacs)

Particulars	Gratuity (Unfunded)	
	2012-13	2011-12
Mortality Table (LIC)		
LIC 1994-96		
Mortality Table		
Discount rate (per annum)	8.15%	8.70%
Expected return on plan assets (per annum)	--	--
Rate of escalation in salary (per annum)	7.00%	7.00%

The estimates of rates of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

**NOTE 36: C. I. F. VALUE OF IMPORTS**

(₹ in Lacs)

Particulars	For the year ended	
	31.03.2013	31.03.2012
Raw Materials	315.39	412.29
Purchases of stock-in-trade	0.00	469.75
Components and spare parts	4.50	4.91
Capital goods	8098.19	602.77

**NOTE 37: EXPENDITURE IN FOREIGN CURRENCY**

(₹ in Lacs)

Particulars	31.03.2013	31.03.2012
Interest*	628.86	279.90
Commission	43.13	41.33
Travelling	4.94	33.70

\*Section 195 of the Income Tax Act, 1961 is not applicable as the interest is not directly remitted by the company to non-resident but recovered by the bank.

**NOTE 38: RAW MATERIAL CONSUMED AND TOTAL VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL, SPARE PARTS, COMPONENTS CONSUMED AND % OF EACH TO TOTAL CONSUMPTION**

**NOTE 38.1: RAW MATERIAL CONSUMED**

(₹ in Lacs)

Particulars	31.03.2013	31.03.2012
PTA / MEG	3741.87	0.00
Chips	20709.23	30145.36
POY/FDY/PTY	1330.20	1554.38
Yarn Oil	613.30	696.28
SPIN FINISH OIL	436.60	506.27
<b>TOTAL</b>	<b>26831.20</b>	<b>32902.29</b>

**NOTE 38.2: TOTAL VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL, SPARE PARTS, COMPONENTS CONSUMED AND % OF EACH TO TOTAL CONSUMPTION**

Particulars	For the year ended			
	31.03.2013		31.03.2012	
	Consumption in (₹ in Lacs)	% to total consumption	Consumption in (₹ in Lacs)	% to total consumption
(a) Raw materials:				
Indigenous	26616.17	99.20	32468.96	98.68
Imported	215.04	0.80	433.33	1.32
Total consumption and %	26831.20	100.00	32902.29	100.00
(b) Spare parts and components:				
Indigenous	299.04	98.44	290.57	97.97
Imported	4.74	1.56	6.01	2.03
Total consumption and %	303.78	100.00	296.58	100.00

**NOTE 39: REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND**

Particulars	2012-2013	2011-2012
Amount of dividend Remitted(₹ in lacs)	0.00	1.80
Number of Non-resident shareholders	0	77
Number of shares held by non residents shareholders	0	598868
Year to which dividend relates	0	2010-11



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

### NOTE 40: EARNING IN FOREIGN CURRENCY

(₹ in Lacs)

Particulars	2012-2013	2011-2012
FOB Value of exports	2632.85	5558.42
Above FOB value Includes FOB value as per shipping bill for which BRCs are pending	24.14	241.99

### NOTE 41: FINANCIAL AND DERIVATIVES AND UNHEDGED TRANSACTION

The forward exchange contract (the "FEC") entered into by the company and outstanding at end of the reporting period is as under:

Particulars	2012-2013			2011-2012		
	No. of Contracts	US \$	(₹ in Lacs)	No. of Contracts	US \$	(₹ in Lacs)
Buy - FCNRB loans / Buyers credit	5	97.10	5281.20	3	51.12	2634.03
Sell - Performa invoices for export sale	11	4.19	226.40	34	35.15	1782.32

### Unhedge foreign currency exposure

Particulars	2012-2013		2011-2012	
	US \$	(₹ in Lacs)	US \$	(₹ in Lacs)
Secured loans - FCNRB loans and Buyers credit	151.15	8220.81	17.02	877.04
Bank balance	0.02	0.83	0.02	0.78

**Note 42:** In the Opinion of the Board, the Current Assets / Non Current Assets, Loans & Advances (including Export benefits / incentive / interest subsidy under TUF) and Trade Payables are subject to confirmation / reconciliation.

**Note 43:** Figures for the previous year have been reworked, regrouped, rearranged and reclassified 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.

The accompanying notes are an integral part of the financial statements  
As per our attached report of even date :

For and on behalf of the Board

**For K. M. Garg & Co.**

Chartered Accountants  
Firm registration No. 120712W

**CA. K K GARG**

Partner  
Membership no. 033940

Mumbai,  
Dated : 31<sup>st</sup> July, 2013

**GOURISHANKAR PODDAR**  
Chairman & Managing Director

**GITA YADAV**  
Company Secretary

Mumbai,  
Dated : 31<sup>st</sup> July, 2013

**SURESH GUPTA**  
Additional Director





# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

Regd. Office: Survey No. 177/1/3, Village-Surangi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.)-396 230

## ATTENDANCE SLIP

I hereby certify that I am a registered member /proxy for the registered member of the company.

I hereby record my presence at the **20<sup>th</sup> Annual General Meeting** of the Company on Monday, 30<sup>th</sup> September, 2013 at 10:00 a.m. at registered office of the Company at Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230 (INDIA).

Name of the Attending Shareholder : \_\_\_\_\_  
(In Block Letters)

Name of the Proxy : \_\_\_\_\_  
(If the proxy attends instead of the Shareholder)

Signature of the Shareholder / Proxy

Ledger Folio No. : \_\_\_\_\_

\* D.P. ID : \_\_\_\_\_

\* Client ID : \_\_\_\_\_

\* Applicable for persons holding shares in Electronic form

**Notes:** Shareholders/ Proxy holders are requested to bring the Attendance Slips with them, duly completed and handover the same at the entrance of the Meeting Hall. Joint Shareholders may obtain additional Attendance Slips on request. Please bring your copy of the Annual Report for reference at the meeting.



# RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

Regd. Office: Survey No. 177/1/3, Village-Surangi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.)-396 230

## PROXY FORM

I / We \_\_\_\_\_ of \_\_\_\_\_

being a member/ members of Raj Rayon Industries Limited, hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the **20<sup>th</sup> Annual General Meeting** to be held on Monday, 30<sup>th</sup> September, 2013 at 10:00 a.m. at registered office of the Company at Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230 (INDIA).

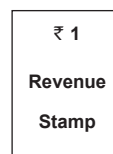
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Ledger Folio No. : \_\_\_\_\_

\* D.P. ID : \_\_\_\_\_

\* Client ID : \_\_\_\_\_

\* Applicable for persons holding shares in Electronic form



Signature

**Note:** The proxy form must be deposited at the registered office of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting. The proxy need not be a member of the Company.


Tear off



**BOOK POST**

*If undelivered, please return to:*

LINK INTIME INDIA PVT. LTD.  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (W), Mumbai.  
Maharashtra (India), PIN 400 078.

Designed & Printed by  
 Rivera Systems




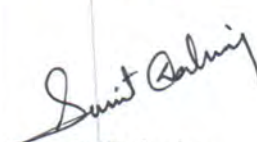
**RAJ RAYON INDUSTRIES LIMITED**

(Formerly known as Raj Rayon Ltd.)

Website: [www.rajrayon.com](http://www.rajrayon.com)

FORM B

Format of Covering Letter of the Annual Audit Report to Be Filed With the  
Stock Exchanges Pursuant to Clause 31 (a) of the Listing Agreement

1.	Name of the Company	Raj Rayon Industries Limited (Formerly known as Raj Rayon Limited)
2.	Annual financial statement for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit qualification	Qualified
4.	Frequency of qualification	Repetitive from 2007-2008
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification on the director report:	Annual Report Page no. 23 As referred in note no. 30(i)(h) for non provision for doubtful debts, the profit for the year and also surplus in statement of Profit & Loss would have been lower by ₹ 88.60 Lacs.  Management Response: Directors' Report Page no. 21  Directors are confident that the money will be recovered, for which Company has filed legal suits and therefore no provisions at present is required to be made in the financial statements.
6.	Additional comments from the Board/Audit Committee chair:	Directors are confident that the money will be recovered, for which Company has filed legal suits and therefore no provisions at present is required to be made in the financial statements.
7.	To be signed by:  For K.M. Garg & Co. Chartered Accountants (Firm Regn. No: 120712W)   CA K K Garg Partner Membership No: 033940 Mumbai, 31 <sup>st</sup> July, 2013  	For Raj Rayon Industries Limited (Formerly known as Raj Rayon Limited)   Gourishankar Poddar Chairman & Managing Director   Sumit Dalmiya Audit Committee, Chairman Mumbai, 31 <sup>st</sup> July, 2013  