



RAJ RAYON INDUSTRIES LIMITED

(A Government Recognised Star Export House)



Corporate Off. : 5C/196 & 197, AKSHAY MITTAL INDUSTRIAL ESTATE, SAKINAKA, ANDHERI (E), MUMBAI-400 059. (INDIA)
☎ : +91 - 22 - 4034 3434 • Fax : +91 - 22 - 4034 3400 • E-mail : mumbai@rajrayon.com • Website : www.rajrayon.com

CIN NO. L17120DN1993PLC000368

Date: 19th September, 2014

To, The Listing Department The National Stock Exchange India Ltd Exchange Plaza, Plot No: C/1, G Block, Bandra - Kurla Complex, Bandra (East), Mumbai- 400051	To, The Corporate Services Department Bombay Stock Exchange Limited 1 st Floor, New Trading Ring, Rotunda Building, P.I. Tower, Dalal Street, Mumbai-400001
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Dear Sir,

Symbol: RAJRAYON Series: EQ Scrip Code: 530699

Sub: Corrigendum for Annual Report for the year 2013-2014

We refer to the 21st Annual Report for the year 2013-2014 of the Company which has been dispatched to the Shareholders of the Company, had few inadvertent printing errors. The headings on following pages of the Annual Report should be read as:

Page No.	Headings Inadvertently Printed in Annual Report	Headings to be Read as
49	"figures for the current reporting period 2013-1"	"figures for the current reporting period 2013-14"
50	"figures for the current reporting period 2012-13"	"figures for the current reporting period 2013-14"
50	"figures for the previous reporting period 2011-12"	"figures for the previous reporting period 2012-13"
53	Note No. 35 (III) Gratuity (Unfunded) 1 st Column "2012-13"	"2013-14"
53	Note No. 35 (III) Gratuity (Unfunded) 2 nd Column "2011-12"	"2012-13"

All other particulars/figures remain unchanged. The inconvenience caused is highly regretted.

The corrected copies of the Annual Report are available on the company's website i.e. www.rajrayon.com. The Company has also given a corrigendum in the newspaper "Financial Express".

Request to take the same on record to enable the Shareholders to consider the corrections while reading the Annual Report for the year 2013-2014.

Thanking You,

Yours faithfully,
For RAJ RAYON INDUSTRIES LIMITED

Gita Yadav
Company Secretary & Compliance Officer



FORM A

**Format of covering letter of the Annual Audit Report to be filed with the Stock Exchange
Pursuant to Clause 31(a) of the Listing Agreement**

1.	Name of the Company	Raj Rayon Industries Limited
2.	Annual Financial Statements for the year ended	31 st March, 2014
3.	Type of Audit observation	<p>Emphasis of Matter</p> <p>We draw attention to Note 2 of the accompanying financial statements in respect of the contingency related to compensation payable in lieu of bank sacrifice, the outcome of which is materially uncertain and cannot be determined currently.</p> <p>Our opinion is not qualified in respect of this matter.</p>
4.	Frequency of observation	First time
5.	<p>For K.M. Garg & Co. Chartered Accountants (Firm Regn. No: 120712W)</p>   <p>CA K K Garg Partner Membership No: 033940 Mumbai, 30th May, 2014</p>	<p>For Raj Rayon Industries Limited</p> <p><i>Rajkumari Kanodia</i> Rajkumari Kanodia Non Executive Chairperson & Director</p>  <p><i>Sushil Kanodia</i> Sushil Kanodia Chief Executive Officer</p>  <p><i>Suresh Gupta</i> Suresh Gupta Audit Committee, Chairman</p>  <p>Mumbai, 30th May, 2014</p>



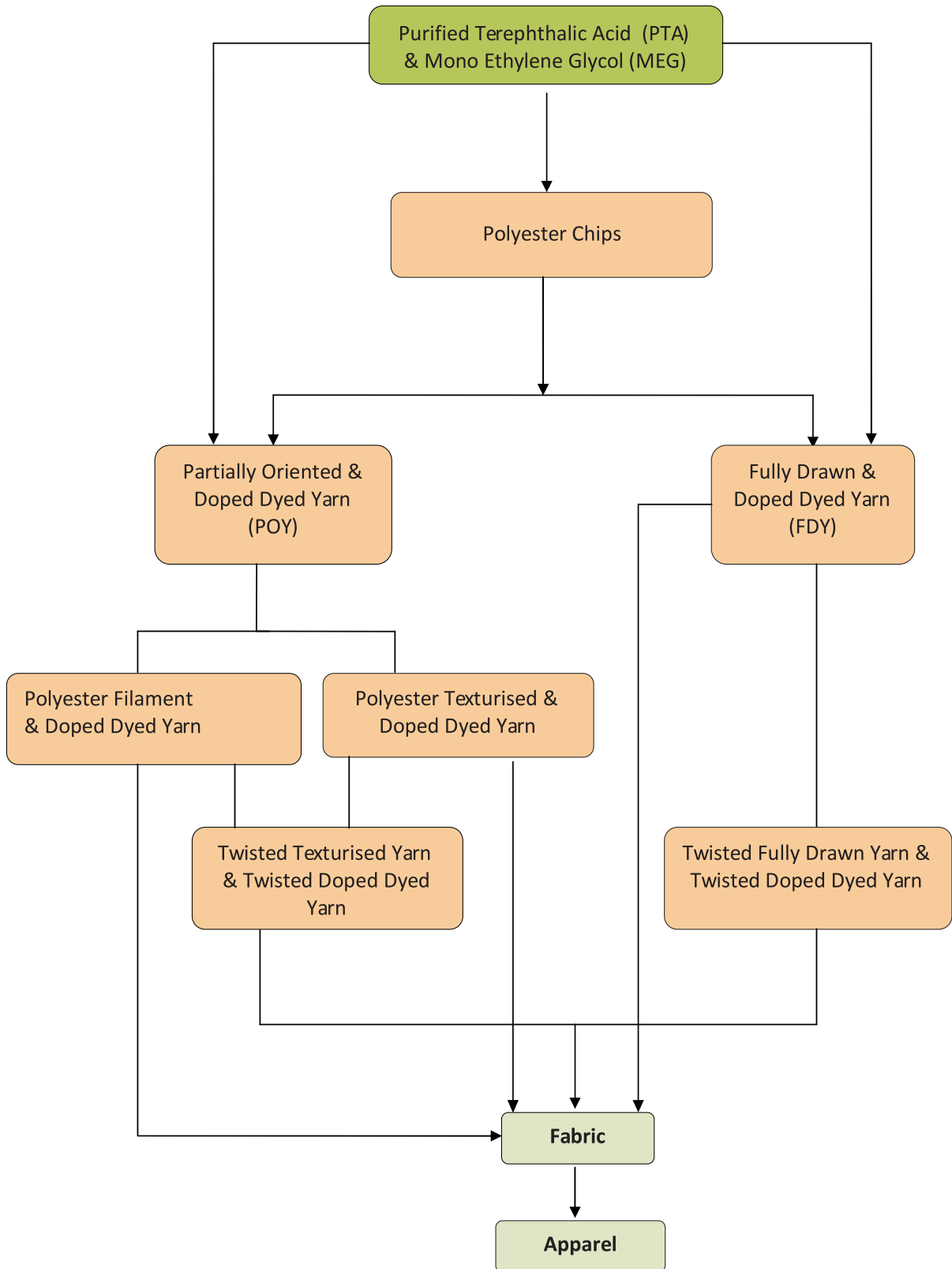
RAJ RAYON INDUSTRIES LIMITED

(Formerly known as Raj Rayon Ltd.)

“Spinning the Quality of Perfection”

21st Annual Report
2013 - 2014

Product Flow Chart of Raj Rayon Industries Limited



Raw Materials Purchased by Company from outside

Products Manufactured by Company



**COMPANY INFORMATION**

BOARD OF DIRECTORS	:	MRS. RAJKUMARI KANODIA MR. GOURISHANKAR PODDAR MR. SUMIT DALMIYA MR. SURESH GUPTA MR. PRAHLAD RAI JAJODIA MR. NAVAL BABULAL KANODIA	Non Executive Chairperson & Director Chairman & Managing Director (upto 18 th March, 2014) Director (upto 30 th October, 2013) Director Additional Director (w.e.f. 18 th March, 2014) Additional Director (w.e.f. 28 th March, 2014)
CHIEF EXECUTIVE OFFICER	:	MR. SUSHIL KUMAR KANODIA	
COMPANY SECRETARY	:	MS. GITA YADAV	
AUDITORS	:	M/S. K.M. GARG & CO.	
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 Website: www.rajrayon.com Email: mumbai@rajrayon.com/ investors@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/ investors@rajrayon.com	
PLANT LOCATION	:	(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 Number 177/1/3, Village – Surangi, Dist-Silvassa, Dadra & 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: www.linkintime.co.in	

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RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Members of RAJ RAYON INDUSTRIES LIMITED will be held on Tuesday, 30th September, 2014 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 31st March, 2014, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Rajkumari Kanodia (Din No: 00229331) who retires by rotation and being eligible offers herself for re-appointment.
3. 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 pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, **M/s. K.M. Garg & Co., Chartered Accountants (Registration No. 120712W)** be and are hereby appointed as the Statutory Auditor of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the fourth consecutive Annual General Meeting, subject to ratification by the shareholders annually and the Board of Directors be and are hereby authorised to fix such remuneration as may be determined by the Board of Directors in consultation with Audit Committee.”

Special Business:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification (s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Suresh Gupta (Din No: 06596327), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 30th September, 2014 and not liable to retire by rotation.”

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

“RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder read with Schedule IV of the Companies Act, 2013 and pursuant to Article 85 of the Articles of Association of the Company, Mr. Prahlad Rai Jajodia (Din No: 06846893), who was appointed as an Additional Director of the Company on 18th March, 2014 and whose term of office expires at this Annual General Meeting in terms of Section 161 of Companies Act, 2013. And in respect on whom the Company has pursuant to Section 160 of Companies Act, 2013, received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 30th September, 2014 and not 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 an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 149, 152 of the Companies Act, 2013 and pursuant to Article 85 of the Articles of Association of the Company, Mr. Naval Babulal Kanodia (Din No: 03063554), who was appointed as an Additional Director of the Company on 28th March, 2014 whose term of office expires at this Annual General Meeting in terms of Section 161 of Companies Act, 2013. And in respect on whom the Company has pursuant to Section 160 of Companies Act, 2013, received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Section 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 and (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the approval of Members be and is hereby accorded for the appointment of Mr. Naval Babulal Kanodia, as a Whole-time Director of the Company for a period of three years w.e.f. 02nd June, 2014 to 31st May, 2017 on the following terms and conditions:-



- A) Salary: ₹ 3,00,000 (Rupees Three Lacs Only) per annum.
- B) Perquisites: These shall be restricted to the extent as mentioned in Schedule V of The Companies Act, 2013.

RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profit in any financial year during his tenure, the aforesaid remuneration payable to Mr. Naval Babulal Kanodia shall be the minimum remuneration payable by the Company.

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 in additions of the resolution passed by the members of the Company under Section 293 (1) (d) of the Companies Act, 1956 on 15th September, 2011, thereby limiting the borrowing powers of the Board of Directors of the Company upto ₹ 2500 crores (Rupees Two Thousand Five Hundred Crore Only), the consent of the members be and is hereby accorded pursuant to Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013, to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies, as it may consider fit for the business of the Company on such terms and conditions as it may deem fit and expedient in the interest of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) provided that the maximum amount of monies so borrowed by the Company shall (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) and outstanding at any given point of time, not at any time exceed the sum of ₹ 3500 crores (Rupees Three Thousand Five Hundred Crores only).

RESOLVED FURTHER THAT the Board 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."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 180 (1) (a) and other applicable provisions, if any of the Companies Act, 2013, to mortgage and/or charging by the Board of Directors of the Company of all movable and immovable properties of the Company where so ever situated, present or future, and the whole of the undertaking of the Company, in favour of Bankers and or Financial Institutions or persons for securing the repayment of Term Loan, Cash Credit, advances or such other borrowing facilities for an aggregate nominal value not exceeding ₹ 3500 crores (Rupees Three Thousand Five Hundred Crores only) for the purpose of securing the said financial facilities granted/to be granted to the Company, together with interest, further interest, liquidated damages, costs, charges, expenses and other monies payable by the Company under the terms of the respective financial facilities.

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

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), **Mr. Jayant J. Paleja, Practising Cost Accountant, Membership No. 5846** be appointed as **Cost Auditor** by the Board of Directors of the Company, to conduct the audit of the Cost Records of the Company for the year 2014-2015 and issue Cost Audit Report on the same at a remuneration of ₹ 30,000/-.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to Section 203, Section 188 (1) (f) and other applicable provisions of Companies Act, 2013 read



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with Companies (Meeting of Board and its Powers) Rules, 2014, and (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the consent of the Company be and is hereby accorded for appointment of **Mr. Sushil Kumar Kanodia**, relative of Mrs. Rajkumari Kanodia, Non Executive Chairperson & Director of the Company, for holding an Office or Place of Profit in the Company as **Chief Executive Officer** and **Chief Financial Officer (CEO & CFO)** w.e.f. 05th July, 2014 on the following terms & conditions:

- Salary: up to ₹ 2,50,000/- (Rupees Two Lacs Fifty Thousand) per month
- Perquisites: As applicable to the Senior Executives of the Company

Provided however that the total monthly remuneration including the perquisites shall not exceed ₹ 2,50,000/- .

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/-

Place: Mumbai

Gita Yadav

Date: 05th July, 2014

Company Secretary

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 PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital 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 102 of the Companies Act, 2013, 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 Tuesday, 23rd September, 2014 to Tuesday, 30th September, 2014 (both days inclusive) for the 21st Annual General Meeting of the Company.
- There was no unclaimed dividends declared up to the financial year ended 31st 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 124 (Section 205A of the erstwhile Companies Act, 1956) and Section 125 and other applicable provisions, if any, of the Companies Act, 2013, the dividends which remains unclaimed for a period of Seven years, will be transferred by the Company to the Investor Education and Protection Fund (IEPF).

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
31-03-2007	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.



10. 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.

11. Further, Members are requested to inform immediately about any change in their address to Company's R&TA at the 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 LIMITE

C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West), Mumbai – 400 07
Ph: 91-22-25946970-78 Fax: 91-22-25946969
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

12. 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.

13. Investors may address their queries/communication at investors@rajrayon.com.

14. 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.

15. To promote and support **"Green Initiative"**, Members are requested to register their e-mail addresses through their Depository Participants for sending the future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the Company's R&TA – Link Intime Private Limited giving reference of their Folio Number.

16. Voting through electronic means:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rules 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their rights to vote at the 21st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

The instructions for e-voting are as under:

(i) The voting period begins on (23rd September, 2014, 9:00 am) and ends on (25th September, 2014, 6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of 19th September, 2014,

may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Log on to the e-voting website www.evotingindia.com

(iii) Click on "Shareholders" tab.

(iv) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"

(v) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/ folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.



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Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none">Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.
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- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant **RAJ RAYON INDUSTRIES LIMITED** on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Mr. Virendra Bhatt, Practicing Company Secretary (Membership No. 1157) Address: 602/Tardeo Air Conditioned Market, Tardeo Main Road, Tardeo, Mumbai Central- 400034 has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (xx) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (xxi) The Result shall be declared at the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website **www.rajrayonindustries.com** and on the website of CDSL within two days of passing of the resolutions at the AGM of the Company and communicated to the BSE & NSE.
- (xxii) Note for Institutional Shareholders:
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to **https://www.evotingindia.co.in** and register themselves as Corporate.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to **helpdesk.evoting@cdslindia.com**.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xxiii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **www.evotingindia.co.in** under help section or write an email to **helpdesk.evoting@cdslindia.com**.

**ANNEXURE TO NOTICE****Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013:****Item No. 4**

Mr. Suresh Gupta was appointed as an Additional Director of the Company by Board of Director of the Company in terms of Section 260 of Companies Act, 1956 read with Article 85 of the Article of Association of the Company w.e.f. 27th May, 2013 and was regularised as Independent Director in Annual General Meeting held on 30th September, 2013. Mr. Suresh Gupta retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956.

In terms of Section 149 and Section 152 and any other applicable provisions of the Companies Act, 2013, Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation. Due notice under Section 160 of Companies Act, 2013 along with a deposit of ₹ 1,00,000/- has been received proposing the candidature of Mr. Suresh Gupta as an Independent Director of the Company. Therefore the resolution seeks approval of members for the appointment of Mr. Suresh Gupta as an Independent Director of the Company for a term upto five consecutive years commencing from 30th September, 2014.

He is a commerce graduate and has good experience and exposure in textile sector. He is Chairman of Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee and Allotment Committee

The Directors recommended the resolution at item no. 4 of the Notice for your approval.

None of the Directors or Key Managerial Personnel (KMP) or their relatives other than Mr. Suresh Gupta is in any way concerned or interested in the Resolution.

Item No. 5

Mr. Prahlad Rai Jajodia was appointed as an Additional Director of the Company by the Board of Directors of the Company in terms of Section 161 of the Companies Act, 2013 read with Article 85 of Articles of Association of the Company w.e.f. 18th March, 2014 who vacates his office at this Annual General Meeting. Due notice under Section 160 of Companies Act, 2013 along with a deposit of ₹ 1,00,000/- has been received proposing the candidature of Mr. Prahlad Rai Jajodia as an Independent Director of the Company. He holds nil shares in the Company.

In terms of Section 149, Section 152 and any other applicable provisions of the Companies Act, 2013, the Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation. Therefore the resolution seeks approval of members for the appointment of

Mr. Prahlad Rai Jajodia as an Independent Director of the Company for a term upto five consecutive years commencing from 30th September, 2014.

Mr. Prahlad Rai Jajodia is HSC and has good experience and exposure in textile sector. He is Member of Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee and Allotment Committee.

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

None of the Directors or Key Managerial Personnel (KMP) or their relatives other than Mr. Prahlad Rai Jajodia is in any way concerned or interested in the Resolution.

Item No. 6

Mr. Naval Babulal Kanodia was appointed as an Additional Director of the Company by the Board of Directors of the Company in terms of Section 161 of the Companies Act, 2013 read with Article 85 of Articles of Association of the Company w.e.f. 28th March, 2014 who vacates his office at this Annual General Meeting. Due notices under Section 160 of Companies Act, 2013 along with a deposit of ₹ 1,00,000/- has been received proposing the candidature of Mr. Naval Babulal Kanodia 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.

The Board of Directors at its meeting held on 30th May, 2014 subject to members approval in general meeting has appointed Mr. Naval Babulal Kanodia as Whole time Director of the Company for a period of five years commencing from 02nd June, 2014 to 31st May, 2019 at a remuneration of ₹ 3,00,000 p.a. and perquisites as per Schedule V of Companies Act, 2013, further in Board of Directors meeting held on 05th July, 2014 the said period has been revised for three years to be in compliance with Schedule V of Companies Act, 2013.

Mr. Naval Babulal Kanodia is HSC and has good experience and exposure in textile sector. He has extreme experience and exposure in textile sector. He is Member of Allotment Committee.

The resolution seeks the approval of the members in terms of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and (Appointment and Remuneration of Managerial Personnel) Rules, 2014, made thereunder for his appointment as Whole time Director.

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

None of the Directors or Key Managerial Personnel (KMP) or their relatives other than Mr. Naval Babulal Kanodia in any way concerned or interested in the Resolution.



RAJ RAYON INDUSTRIES LIMITED

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Item No: 7

Section 293(1) (d) of the Companies Act, 1956, inter-alia, provides that the Board of Directors of a Public Company can borrow money in excess of the aggregate of the paid-up capital and free reserves of the Company only with the approval of members. The members had on 15th September, 2011 in their Annual General Meeting accorded their consent for a maximum limit of ₹ 2500 crores for borrowing in excess of the paid-up capital and free reserves of the Company.

Keeping in view the long term requirements of the Company, this limit is sought to be increased to ₹ 3500 crores, as per Section 180 (1) (c) of the Companies Act, 2013 the resolution requires approval of Shareholders by passing Special Resolution.

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

None of the Directors or Key Managerial Personnel (KMP) or their relatives are in any way concerned or interested in the proposed Special Resolution.

Item No: 8

As stated in the explanatory statement at item no. 7 of this notice, the Company's activities and operations are increasing; thereby necessitating increase in its borrowing limits as stated in the resolution at item no. 7.

Your Directors consider that it would be expedient to have approval of the members for creating securities in favour of Secured Lenders as mortgage/charge in the event of your Company availing financial facilities of a secured nature.

Section 180 (1) (a) of the Companies Act, 2013 inter alia provides that the Board of Directors of a company shall not, without the consent of the Company in general meeting by Special Resolution sell, lease or otherwise dispose of the whole or substantially the whole of undertaking of the Company or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertakings.

The borrowings of the Company may, where necessary, be secured by way of charge/mortgage/ extension of mortgage on the Company's assets/undertaking (s) in favour of Secured Lenders. As the documents to be executed between the Security Lenders and the company may contain the power to take over the management of the undertaking(s) of the Company in certain events, which may be regarded as disposal of undertaking (s) under Section 180 (1) (a) of the Act and therefore it is necessary to pass a resolution to enable the Board to create charges/ mortgages for amounts not exceeding in aggregate to ₹ 3500 crores (Rupees Three Thousand Five Hundred Crores) only.

The Directors recommended the resolution at item no. 8 of the Notice for your approval.

None of the Directors or Key Managerial Personnel (KMP) or their relatives are in any way concerned or interested in the proposed Special Resolution.

Item No. 9

The Board, on the recommendation of the Audit Committee, has approved the appointment of Mr. Jayant J. Paleja, Practicing Cost Accountant, as Cost Auditor of the Company to conduct Cost Audit for the year 2014-2015 at a remuneration of ₹ 30,000/-.

As per the provisions of Section 148 of Companies Act, 2014 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the shareholders of the Company.

The Directors recommended the resolution at item no. 9 of the Notice for your approval.

None of the Directors or Key Managerial Personnel (KMP) or their relatives are in any way concerned or interested in the proposed Ordinary Resolution.

Item No. 10

Mr. Sushil Kumar Kanodia, relative of Mrs. Rajkumari Kanodia, Non Executive Chairperson & Director of the Company; who was working as Chief Executive Officer (CEO) of the Company pursuant to Section 314 (1B) of the Companies Act, 1956 for a period of 5 years w.e.f. 01st October, 2009. By seeing his 25 years of experience in textile industries and his expertise in finance, the Board of Directors has appointed him as Chief Executive Officer and Chief Financial Officer (CEO & CFO) of the Company as per Section 203 (Appointment of Key Managerial Personnel) and Section 188 (1) (f) (Office or Place of Profit) of Companies Act, 2013 and other applicable provisions of Companies Act, 2013 at a remuneration not exceeding ₹ 2,50,000 per month.

The particulars of the transaction pursuant to para 3 of Explanation (1) to Rules 15 of Companies (Meeting of Board and its Powers) Rules, 2014 are as under:

1. Name of the related party: Mr. Sushil Kumar Kanodia
2. Name of Director or key managerial personnel who is related: Mrs. Rajkumari Kanodia
3. Name of relationship: Spouse
4. Monetary value: Remuneration not exceeding ₹ 2,50,000 per month
5. Nature, term and particulars of the arrangement: Appointed as Chief Executive Officer & Chief Financial



Officer of the Company w.e.f. 05th July, 2014 on the following terms & conditions:

- a) Salary: upto ₹ 2,50,000/- (Rupees Two Lacs Fifty Thousand)
- b) Perquisites: As applicable to the Senior Executives of the Company

Provided however that the total monthly remuneration including the perquisites shall not exceed ₹ 2,50,000/

6. Any other information relevant or important for the members to make a decision on the proposed transaction: None.

As per Section 188 (1) (f) and other applicable provisions of Companies Act, 2013 read with Companies (Meeting of Board and its Powers) Rules, 2014 appointment of related party to any office or place or profit in the company requires Shareholders approval.

Therefore Directors recommended the special resolution at item no. 10 of the Notice for your approval.

None of the Directors or Key Managerial Personnel (KMP) or their relatives of the Company other than Mrs. Rajkumari Kanodia is in any way concerned or interested in the proposed Special Resolution.

By order of the Board of Directors

Sd/-

Gita Yadav

Company Secretary

Place: Mumbai

Date: 05th July, 2014

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. 2, 4, 5 & 6 of the Notice:

Name of Directors	Mrs. Rajkumari Kanodia	Mr. Suresh Gupta	Mr. Prahlad Rai Jajodia#	Mr. Naval Babulal Kanodia ##
Age	54 years	60 years	65 years	46 years
Qualification	H.S.C	B.COM	H.S.C	H.S.C
Date of appointment	28 th February, 2003	27 th May, 2013	18 th March, 2014	28 th March, 2014
Category	Non Executive and Promoter Director	Non Executive and Independent Director	Non Executive and Independent Director	Executive Director
No. of Shares held	46,75,000	NIL	NIL	NIL
Expertise in specific functional area	Textile Industry	Textile Industry	Textile Industry	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.	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. 18th March, 2014, holding office until conclusion of ensuing Annual General Meeting.

Appointed as Additional Director w.e.f. 28th March, 2014, 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:

- PBDIT of (₹ 4725.17) Lacs as compared to ₹ 6533.39 Lacs of previous year.
- PBT for the year was (₹ 12760.31) Lacs.
- The Company incurred Cash losses of ₹ 5615.17 Lacs as compared to Cash Profit of ₹ 2927.03 Lacs of previous year.
- Net Loss of ₹ 8776.28 Lacs & EPS of (₹ 3.29).
- Export of the Company during the year was ₹ 1521.51.

Industry outlook:

The Indian Textiles & Clothing industry has an overwhelming presence in the economic life of the country. It contributes about 14% to industrial production, 4% to the GDP, and 17% to the country's export earnings. It also provides direct employment to over 35 million persons which is second only after agriculture. India's total textile and apparel industry size (domestic + exports) is estimated to be \$ 89 billion in 2011 and is projected to grow

at a CAGR of 9.5% to reach \$ 223 billion by 2021. The domestic textile and apparel market in India is worth \$ 58 billion and has the potential to grow at a CAGR of 9%, to reach \$ 141 billion by 2021.

India is the second largest manufacturer of textile and apparel in the world after China. The domestic consumption in 2013 was estimated at US\$ 66.5 bn. and exports stood at US\$ 39.3 bn. India is the 5th largest exporter of textile & apparel in the world with a share of ~5% of the global trade. India is one of the few countries in the world which has production at each level of textile manufacturing. It is also one of the most cost efficient textile manufacturing countries in the world.

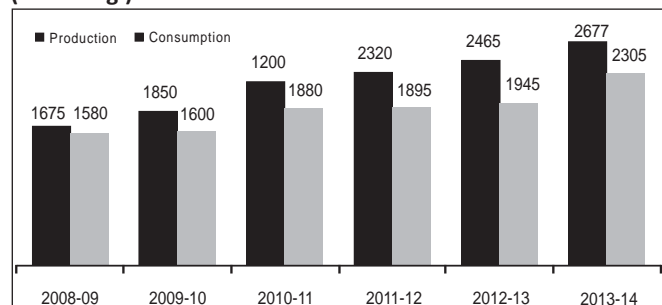
Indian Government has been running various schemes viz. Scheme for Integrated Textile Parks (SITP), Restructured Technological Upgradation Fund Scheme (RTUFS), Integrated Skill Development Scheme (ISDS), Swarnjayanti Gram Swarozgar Yojana (SGSY), Technology Mission on Technical Textiles (TMTT), etc. to support the sector. In addition, various states also have developed textile sector specific policies to promote investments.

Indian Polyester Sector Scenario

Polyester Filament Yarn

Production of polyester filament yarn has increased from 1,675 mn. kg in 2008-09 to 2,677 Mn. kg in 2013-14 at a CAGR of 10%. But the consumption of PFY has grown slowly with a CAGR of 8% in the same period from 1,580 Mn. kg to 2,305 Mn. kg.

Indian Production & Consumption of Polyester Filament Yarn (In Mn. Kg.)



Polyester filament yarn is primarily consumed in three states of India - Gujarat, Maharashtra and Madhya Pradesh which contribute 80% to India's total PFY consumption.

India is a major exporter of PFY. From April till December 2013, India has exported ~480 Mn. Kg. of polyester filament yarn which grew at a CAGR of 30% from 2008-09 to 2012-13. In terms of value India exported polyester filament yarn of US\$ ~1 billion which has increased at 33% CAGR in value terms during the same period.

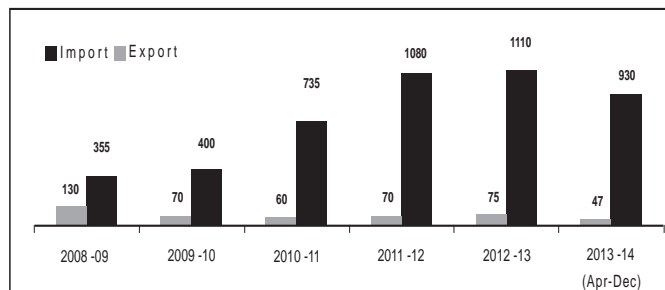
Source: Wazir Advisors



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Polyester Filament Yarn Trade (In US\$ mn.)



Major demand for polyester filament yarn has come from Turkey and Brazil which have a trade share of 23% and 22% respectively in India's total exports of PFY. Mexico, Peru and Egypt are other major export markets for India.

Major Factors Impacting Indian Polyester Sector

Raw material

In India, there are only 3 suppliers of PTA with a combined capacity of ~5 Mn. tonnes. The availability of PTA has been reduced in 2013-14. Due to shortage and erratic supply of PTA in 2013-14, buyers had to import the products which became expensive on account of Rupee depreciation. In addition, the global prices of PTA remained uncertain as shown in the table below.

PTA and MEG Prices (Apr to Dec 13)

Month	PTA price	MEG price	PTA (CFR China)	MEG (CFR China)
	₹ / MT	₹ / MT	US\$ / MT	US\$ / MT
April-13	64000	59600	1042	1000
	63500	60100		
May-13	61500	58700	1049	990
	62500	58900		
June-13	64500	60900	1058	947
	67200	60300		
July-13	69500	62400	1070	1024
	70400	65800		
August-13	71000	69500	1098	1099
	75000	73900		
September-13	77500	78300	1064	1070
	76900	77600		
October-13	72900	73000	1023	1053
	71400	72000		
November-13	68200	71200	992	1027
	68900	71500		
December-13	68000	70100	999	1044
	68200	71600		

Market Demand

The global fibre and textile industry has faced demand recession in consumer segment during the past 2 years due to

volatile economic situation in the US & Europe and geopolitical disturbances in Africa and the Middle East Region. Only Asia's fiber consumption has managed to increase modestly while that for the rest of the world declined.

The slowdown in economy led to muted growth of polyester demand, whereas the capacity was surplus. This caused price reduction of yarns as buyers turned cautious given the slow downstream demand and few units closed to cut losses. As the result the overall market liquidity suffered.

Competition Side

Industry saw commissioning of several manufacturing plants in 2013-14 causing capacity to increase at a time when demand was low. Instead of passing on the higher raw material costs; adverse conditions led chips manufacturers to sell at loss in order to keep their continuous plants running.

Polyester Yarn Capacity Addition in FY14

In Mn kg	2012-13	2013-14(Est.)	Change%
POY production	2040	2340	15%
POY capacity	2870	3440	20%
<i>Integrated</i>	<i>1230</i>	<i>1800</i>	<i>46%</i>
<i>Non Integrated</i>	<i>1640</i>	<i>1640</i>	<i>-</i>
POY Utilisation rate	70%	68%	
POY Domestic demand	1870	2110	13%
POY Exports	170	230	35%
FDY Production	505	600	19%
FDY Capacity	600	850	42%
FDY Utilisation Rate	85%	70%	
FDY Domestic Demand	480	550	15%
FDY Exports	25	50	100%

Future Outlook: Global Scenario

Consumption

The global consumption of polyester filament has grown at a rate of 8% from ~10 million tons in 2000 to ~26 million tons in 2013. It is expected to increase to ~31 million ton by 2020. China accounts for the major share of ~ 74% of the total polyester filament consumption followed by India with a share of ~8%.

Polyester Filament Mill Consumption (In '000 tons)

Region	2000	2010	2013	2015 (P)	2020 (P)
China	3430	15421	18971	19680	21794
India	806	1624	2270	2780	3675
South Asia (excluding India)	918	1234	1491	1640	2057
Latin America	460	489	554	584	796
Taiwan	1037	533	483	463	393
Turkey	321	447	414	399	500
Others	2836	1707	1471	1413	1506
World	9808	21455	25654	26959	30721

Source: Wazir Advisors



The global consumption is expected to grow at a rate of 4% from 2010 to 2020. High growth of 9%, 5%, 4% and 5% is expected in India, Latin America, East Europe and South Asia respectively.

Emerging Scenario in India

Raw material

Over next few years, there will be major capacity addition of PTA and MEG in India. 4.3 mn. tons of PTA capacity will be added till the year 2016 while capacity of MEG will increase by 0.75 mn. tons. As a result of this capacity addition India will become a net exporter of PTA from a net importer at present. Higher domestic capacities will keep a rein on price inflation in addition to ensuring seamless availability.

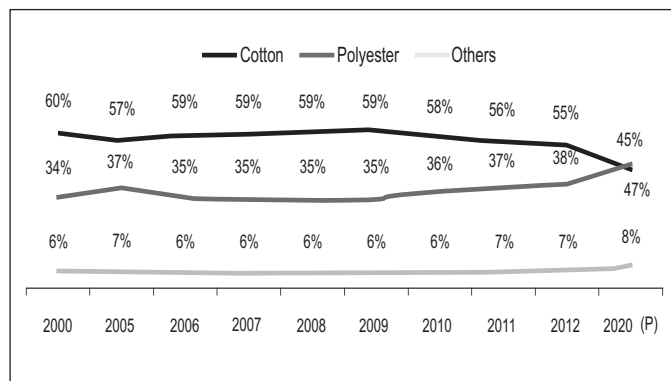
Market

The medium to long term market demand of polyester in India as well as globally is positive.

Global production and Indian Demand

Million tons	2012	2015	2020	CAGR
Global Polyester Polymer Production	59	70	93	6%
Indian PFY demand (textiles)	1.9	2.5	4.2	11%

Fibre Consumption in India



In India the share of polyester in total fiber consumption is expected to change from 38% currently to 47% by 2020. The drivers of this change will be:

- Limited supply and higher prices of cotton in long term
- Revival of economy (both Indian and in major markets) and hence demand
- New uses and applications including technical textiles
- Increased sourcing and presence of global brands in

India

- Growth of downstream industry in synthetics value chain
- Increasing preference of consumers towards synthetic product categories like sportswear, dresses, etc.
- Technical improvement in fiber causing replacement of naturals in several applications

Competition

Over next couple of years, there is no major capacity addition planned in filament yarns. With growth in demand the market will break from being a buyer's market at present and the capacity utilization will increase from present level. Some consolidation as well as modernization activity will support the industry profitability as well.

Opportunities:

- Buoyant domestic economy leading to higher market growth
- Growth of organized retail would increase the consumption of apparel
- 100% FDI allowed in textile sector through the automated route.
- Export demand expected to pick up with global economic recovery leading to increased opportunities in export market
- Demand of Man-made Fibers (MMF) is likely to improve, primarily driven by increased substitution of cotton by MMF.

Threats:

- Volatility of input costs
- Shortage of raw material in domestic market
- Cost increase in crude oil based raw materials due to weak rupee.
- High fluctuation in INR/USD rates had adverse impact on the company's cost structure as the company was relying on imports of its main input raw material viz. PTA

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

Source: Wazir Advisors



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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 1st April, 2013 to 31st March, 2014

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 provides 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 - Chairman & Managing Director and Mrs. Rajkumari Kanodia - Non-Executive Promoter Director. Mr. Sumit Dalmiya and Mr. Suresh Gupta - Non-Executive and Independent Directors.

During the year Mr. Sumit Dalmiya w.e.f. 30th October, 2013 and Mr. Gourishankar Poddar w.e.f. 18th March, 2014 resigned from Directorship of the Company. Further on 18th March, 2014 the Board has appointed Mr. Prahlad Rai Jajodia as Non – Executive and Independent Director and on 28th March, 2014 appointed Mr. Naval Babulal Kanodia as Executive Director.

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 31st March, 2014, the Company had **Twenty Four (24)** Board Meetings. These meetings were held on the following date(s):

09/04/2013,	29/04/2013,	23/05/2013,	27/05/2013,
30/05/2013,	04/06/2013,	22/06/2013,	27/06/2013,
22/07/2013,	31/07/2013,	14/08/2013,	16/09/2013,
14/10/2013,	30/10/2013,	14/11/2013,	10/12/2013,
24/12/2013,	30/01/2014,	14/02/2014,	28/02/2014,
06/03/2014,	18/03/2014,	20/03/2014,	28/03/2014

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 <i>Resigned w.e.f. 18th March, 2014</i>	Chairman & Managing Director	20	YES	-	-	-
2.	Mrs. Rajkumari Kanodia <i>Chairperson w.e.f. 28th March, 2014</i>	Non Executive & Promoter Director	24	YES	-	-	-
3.	Mr. Sumit Dalmiya <i>Resigned w.e.f. 30th October, 2013</i>	Non Executive & Independent Director	13	Not Attended	-	-	-
4.	Mr. Suresh Gupta <i>Appointed w.e.f. 27th May, 2013</i>	Non Executive & Independent Director	20	YES	-	-	-
5.	Mr. Prahlad Rai Jajodia <i>Appointed w.e.f. 18th March, 2014</i>	Non Executive & Independent Director	2	N.A.	-	-	-
6.	Mr. Naval Babulal Kanodia <i>Appointed w.e.f. 28th March, 2014</i>	Executive Director	N.A.	N.A.	-	-	-

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

Memberships of only Audit Committee and Stakeholders Relationship Committee.



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b) Directors Profile:

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

i) Mr. Gourishankar Poddar (upto 18th March, 2014):

Mr. Gourishankar Poddar, aged 53 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). Mr. Poddar had overall control over management of the Company, subject to supervision, control and direction of the Board of Directors of the Company. He was appointed as Managing Director w.e.f. 01st April, 1994 for 5 years the term has been renewed from time to time. He was also designated as the Chairman of the Board with effect from 15th January, 2001. His current appointment as Managing Director expires on 31st March, 2014, however he resigned from the Company w.e.f. 18th March, 2014.

Mr. Gourishankar Poddar is not Member of the committees of the Board of any other Company. He holds nil shares in the Company as on 31st March, 2014.

ii) Mrs. Rajkumari Kanodia:

Mrs. Rajkumari Kanodia, aged 55 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 28th February, 2003. She is a member of the Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee and Allotment Committee of our Board.

After resignation of Mr. Gourishankar Poddar- Chairman and Managing Director, the Company has re-designated her from Non Executive Promoter Director to Non Executive Chairperson of the Company w.e.f. 28th March, 2014

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 31st March, 2014.

iii) Mr. Sumit Dalmiya (upto 30th October, 2013):

Mr. Sumit Dalmiya, aged 31 years, is a Commerce Graduate. He was appointed as Director on 06th November, 2012. He has experience in finance sector and has good exposure in taxation, portfolio management and banking sector. He was Chairman of Audit Committee, Stakeholder Relationship 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 31st March, 2014 and has resigned w.e.f. 30th October, 2013.

iv) Mr. Suresh Gupta (w.e.f. 27th May, 2013):

Mr. Suresh Gupta, aged 60 years, is a Commerce Graduate. He was appointed as an Additional Director w.e.f. 27th May, 2013 and confirmed as Director in Annual General Meeting held on 30th September, 2013. He has good experience and exposure in textile sector.

He was Member of Audit Committee and Shareholders/ Investors Grievances and Share Transfer Committee of our Board. However after resignation of Mr. Sumit Dalmiya, the Board has re-designated him as Chairman of Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee and Allotment 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 31st March, 2014.

v) Mr. Prahlad Rai Jajodia (w.e.f. 18th March, 2014):

Mr. Prahlad Rai Jajodia, aged 65 years, is a HSC. He was appointed as an Additional Director w.e.f. 18th March, 2014 and his confirmation as Director is proposed at the ensuing Annual General Meeting. He has good experience and exposure in textile sector. He is Member of Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee and Allotment Committee of our Board.

Mr. Prahlad Rai Jajodia 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 31st March, 2014.

vi) Mr. Naval Babulal Kanodia (w.e.f. 28th March, 2014):

Mr. Naval Babulal Kanodia, aged 46 years, is a HSC. He was appointed as an Additional Director (Executive Director) w.e.f. 28th March, 2014 and his confirmation as Director is proposed at the ensuing Annual General Meeting. He has very rich experience and exposure in textile sector. He is a Member of Allotment Committee of our Board.

The Board of Directors have subject to member approval in its Board Meeting held on 30th May, 2014 appointed him as Whole time Director of the Company for a period of 5 years from 02nd June, 2014 to 31st May, 2019 further in Board of Directors meeting held on 05th July, 2014 the said period has been revised for three years to be in compliance with Schedule V of Companies Act, 2013.

Mr. Naval Babulal Kanodia 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 31st March, 2014.

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 is annexed to this report.

CEO CERTIFICATION:

The certificate under Clause 49 V of the Listing Agreement with the Stock Exchanges signed by the CEO is annexed to this report.

4. AUDIT COMMITTEE:

Terms of reference of Audit Committee are as per Section 292A of the Companies Act, 1956 (now read as Section 177 of Companies Act, 2013) 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. Sumit Dalmiya	Independent Director – Chairman	Resigned w.e.f. 30 th October, 2013
2.	Mr. Suresh Gupta	Independent Director – Member	Appointed as Chairman of the Committee w.e.f. 20 th March, 2014
3.	Mrs. Rajkumari Kanodia	Non-Executive Director – Member	-
4.	Mr. Prahlad Rai Jajodia	Independent Director – Member	Appointed as member of committee w.e.f. 20 th March, 2014

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 five (5) meetings of the Audit Committee were held on the following dates: 30/05/2013, 31/07/2013, 14/08/2013, 14/11/2013 and 14/02/2014.



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Attendance of Members at Audit Committee meetings is as under:

Sr. No.	Name of the Directors	No. of Meetings attended	Remark
1.	Mr. Sumit Dalmiya	3	Resigned w.e.f. 30 th October, 2013
2.	Mr. Suresh Gupta	5	Appointed as Chairman of the Committee w.e.f. 20 th March, 2014
3.	Mrs. Rajkumari Kanodia	5	-
4.	Mr. Prahlad Rai Jajodia	N.A.	Appointed as member of committee w.e.f. 20 th March, 2014

5. NOMINATION & REMUNERATION COMMITTEE:

The Company has as per the provisions of Companies Act, 1956 and Listing Agreement w.e.f. 22nd July, 2013 constituted Remuneration Committee. The purpose of the Committee is to discharge the Board responsibility relating to:

- To decide specific remuneration packages, review and recommend compensation payable to Executive Directors/ Key Managerial Personnel and other top level management.
- To revise the remuneration from time to time depending upon the performance of the Company and the Individual Director's / Key Managerial Personnel and other top level management.
- To decide the sitting fees payable to Non Executive Directors in future if any.

Further the Committee has been renamed to Nomination and Remuneration Committee in the Board of Directors Meeting held on 14th October, 2013 to be in compliance with Section 178 of Companies Act, 2013.

The composition of Nomination and Remuneration Committee is as follows:

Sr. No.	Name of the Directors	Status	Remark
1.	Mr. Sumit Dalmiya	Independent Director – Chairman	Resigned w.e.f. 30 th October, 2013
2.	Mr. Suresh Gupta	Independent Director – Member	Appointed as Chairman of the Committee w.e.f. 20 th March, 2014
3.	Mrs. Rajkumari Kanodia	Non-Executive Director – Member	-
4.	Mr. Prahlad Rai Jajodia	Independent Director – Member	Appointed as member of committee w.e.f. 20 th March, 2014

The Company has no stock option plan and pension scheme. It has no pecuniary relationship or transaction with its Non-Executive Directors and has not paid any sitting fees to them.

The details of remuneration paid to Mr. Gourishankar Poddar, the Chairman & Managing Director of the Company, during the year ended on 31st March, 2014 is as follows:

Sr. No	Particulars	Mr. Gourishankar Poddar	
a)	Salary	₹ in Lacs	34.74
b)	Fixed Component- Cont. to P. F.	₹ in Lacs	4.17
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. 15th January, 2009.

The composition of Allotment Committee is as follows:

Sr. No.	Name of the Directors	Status	Remark
1.	Mr. Sumit Dalmiya	Independent Director – Chairman	Resigned w.e.f. 30 th October, 2013
2.	Mr. Gourishankar Poddar	Executive Director - Member	Resigned w.e.f. 18 th March, 2014
3.	Mr. Suresh Gupta	Independent Director – Member	Appointed as Chairman of the Committee w.e.f. 20 th March, 2014
4.	Mrs. Rajkumari Kanodia	Non-Executive Director – Member	-
5.	Mr. Prahlad Rai Jajodia	Independent Director – Member	Appointed as member of committee w.e.f. 20 th March, 2014
6.	Mr. Naval Babulal Kanodia	Executive Director - Member	Appointed as member of committee w.e.f. 28 th March, 2014

During the year under review there were no meeting held by the Committee.

**7. STAKEHOLDER RELATIONSHIP COMMITTEE:**

As per the guidelines set out in the Listing Agreements with the Stock Exchanges the Board has constituted Shareholders/ Investor Grievances and Share Transfer Committee comprising three Non- Executive Directors, of which two are Independent Directors. Further the Committee has been renamed to Stakeholder Relationship Committee in the Board of Directors Meeting held on 14th October, 2013 to be in compliance with Section 178 of Companies Act, 2013.

The composition of the Stakeholder Relationship Committee is as follows:

Sr. No.	Name of the Directors	Status	Remark
1.	Mr. Sumit Dalmiya	Independent Director – Chairman	Resigned w.e.f. 30 th October, 2013
2.	Mr. Suresh Gupta	Independent Director – Member	Appointed as Chairman of the Committee w.e.f. 20 th March, 2014
3.	Mrs. Rajkumari Kanodia	Non-Executive Director – Member	-
4.	Mr. Prahlad Rai Jajodia	Independent Director – Member	Appointed as member of committee w.e.f. 20 th March, 2014

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: 16/04/2013, 15/07/2013, 14/10/2013 and 13/01/2014.

Attendance of Members at Stakeholder Relationship Committee is as under:

Sr. No.	Name of the Directors	No. of Meetings attended	Remark
1.	Mr. Sumit Dalmiya	3	Resigned w.e.f. 30 th October, 2013
2.	Mr. Suresh Gupta	3	-
3.	Mrs. Rajkumari Kanodia	4	-
4.	Mr. Prahlad Rai Jajodia	N.A.	Appointed w.e.f. 18 th March, 2014

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 31st March, 2014 was One (01). Outstanding complaints as on 31st March, 2014 were Nil.

The Company has acted upon all valid share transfer requests received during the year 2013 - 2014. No request for transfer and dematerialisation were pending as on 31st March, 2014.



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9. DISCLOSURES:

I General Body Meetings:

Financial Year	Date	Location	Time	Special Resolution Passed in the AGM/EGM
2010-11 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.	<ol style="list-style-type: none"> 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.

2011-12 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.
2012-13 AGM	30-09-2013	Survey No. 177/1/3, Village – Surangi, Dist – Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	10:00 a.m.	Increase in remuneration of Mr. Sushil Kumar Kanodia, Chief Executive Officer pursuant to Section 314 (1B) read with Director's Relative (Office or Place of Profit) Rules, 2011 from ₹ 40,000/- p.m to an amount not exceeding to ₹ 2,50,000 p.m.

Postal Ballot:

During the year ended on 31st March, 2014, there were no special resolutions passed by the Company by way of Postal Ballot.

Extra Ordinary General Meeting:

During the year ended on 31st March, 2014, following resolutions were passed in Extra Ordinary General Meeting:

Date	Location	Time	Special Resolutions Passed
06-07-2013	Survey No. 177/1/3, Village – Surangi, Dist – Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	10:00 a.m.	Appointment of Auditor (M/s. K.M. Garg & Co.) under section 224 (6)(a) of Companies Act, 1956 to fill the casual vacancy cause by the resignation of existing Auditor M/s. R.S. Agarwal & Associates.

II (a) Related Party Transactions:

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

III Disclosures on Risk Management:

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

10. MEANS OF COMMUNICATIONS:

- **Quarterly Results:** Quarterly Results are published in 'The Financial Express', Ahmedabad edition in English and Gujarati and in 'The Financial Express', in English in all edition newspapers and also displayed on the Company's website 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.
- **Website:** The Company's website 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.
- **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@rajrayon.com

Corporate office:

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

Annual General Meeting Venue:

10:00 a.m. on 30th September, 2014
Survey No. 177/1/3, Village–Surangi, Dist–Silvassa,
Dadra & Nagar Haveli (U.T.) – 396 230 (INDIA)

(b) Financial Calendar (Tentative):

Financial Year:	1 st April to 31 st March
Results for the quarter ending June 30, 2014	Mid week of August, 2014
Results for quarter ending September 30, 2014	Mid week of November, 2014
Results for quarter ending December 31, 2014	Mid week of February, 2015
Results for year ending March 31, 2015	Last week of May, 2015
Annual General Meeting	September, 2015

(c) Book Closure Period:

From 23rd September, 2014 to 30th September, 2014 (both days inclusive) for the 21st Annual General Meeting.



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(d) 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)	Code: 530699 ISIN NO: INE533D01024	Annual listing fee for the year 2014-2015 (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)	Symbol- RAJRAYON	

(e) Payment of Depository Fees:

Annual Custody/Issuer fees for the year 2014- 2015 has been paid by the Company to NSDL and CDSL.

(f) ISIN NO.: INE533D01024

(g) Corporate Identification Number(CIN):L17120DN1993PLC000368

(h) Market Price Data:

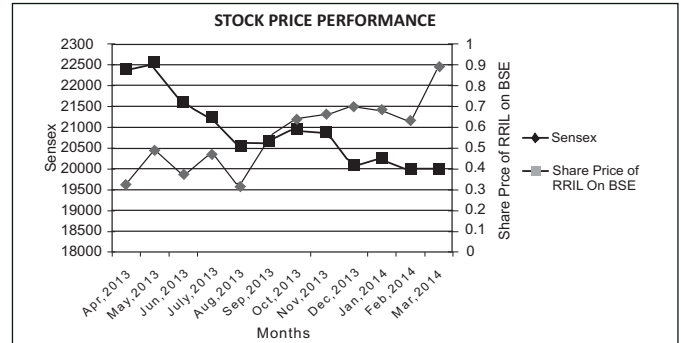
The monthly high and low quotations of shares traded on the Bombay Stock Exchange Ltd; and National Stock Exchange of India Ltd; are as follows:

Month	Bombay Stock Exchange (Amount in ₹)		National Stock Exchange (Amount in ₹)	
	High	Low	High	Low
April, 2013	0.88	0.67	0.90	0.60
May, 2013	0.91	0.60	0.80	0.60
June, 2013	0.72	0.50	0.70	0.45
July, 2013	0.65	0.45	0.60	0.40
August, 2013	0.51	0.40	0.50	0.40
September, 2013	0.53	0.40	0.60	0.40
October, 2013	0.59	0.41	0.60	0.40
November, 2013	0.57	0.32	0.50	0.35
December, 2013	0.42	0.35	0.45	0.35
January, 2014	0.45	0.38	0.45	0.35
February, 2014	0.40	0.35	0.45	0.35
March, 2014	0.40	0.34	0.40	0.30

Source: BSE and NSE websites

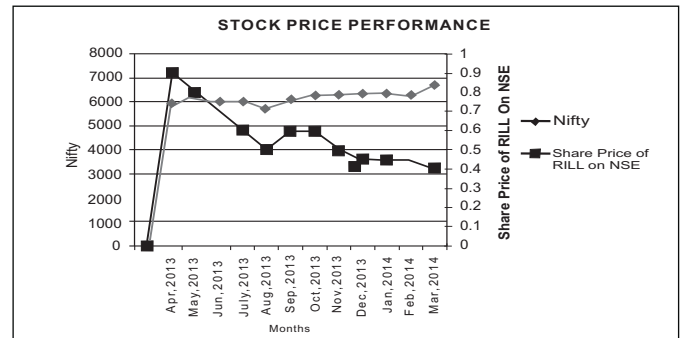
Stock Performance:

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

(i) 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
Website: www.linkintime.co.in

(j) 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.



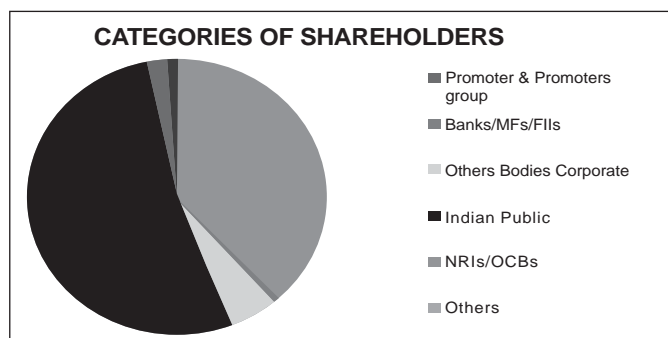
The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the said certificate with the Stock Exchanges.

(k) Distribution of shareholding as on 31st March, 2014 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	12301	83.66	20267958	7.61
5001- 10000	1220	8.30	10354289	3.89
10001- 20000	607	4.13	9321287	3.50
20001 – 30000	193	1.31	4951616	1.86
30001 – 40000	108	0.73	3879343	1.46
40001 – 50000	68	0.46	3224911	1.21
50001– 100000	118	0.80	8304573	3.12
100001 & above	88	0.60	2060150023	77.37
TOTAL	14703	100.00	266454000	100.00

(l) Categories of Shareholders as on 31st March, 2014 are as under :

Category	Number of shares	%age of holding
Promoter & Promoter group	100735930	37.81
Banks/MFs/FIIs	1660000	0.62
Other Bodies Corporate	14204952	5.33
Indian Public	140632092	52.78
NRIs/OCBs	6058687	2.27
Others	3162339	1.19
Total	266454000	100.00



(m) Corporate Benefits:

Dividend Declared for the last 3 Years:

Financial Year	Dividend Declaration Date	Dividend Rate (%)
2010-2011	15-09-2011	3%
2011-2012	N.A.	NIL
2012-2013	N.A.	NIL

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

(A) Dematerialisation Position as on 31st March, 2014:

Total No. of fully paid up Equity Shares	Shares in Demat Form	Percentage %	Shares in Physical Form	Percentage %
266454000	262533900	98.53	3920100	1.47

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:

Lock- in Equity Shares allotted on preferential basis to Promoter Group

As on 31st March, 2014 Raj Money Market Limited, a promoter group Company, holds 9,47,20,930 shares, out of them 2,50,07,000 shares allotted on preferential basis are Lock- in upto:

No. of shares	Date of allotment	Lock - in start date	Lock- in release date
89,00,000	10/01/2012	10/01/2012	09/01/2015
27,85,000	31/03/2012	30/03/2012	30/03/2015
1,33,22,000	30/06/2012	30/06/2012	29/06/2015

(o) 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, 2014 does not arise.

(p) 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 - 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)

(q) Address for correspondence:

(i) For Investor correspondence:

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address,



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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

Website: 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.

(r) **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 Amount to IEPF:

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956 (now read as Section 124 (5) of Companies Act, 2013) the declared dividends which remained unpaid/unclaimed for a period of 7 years are required to be 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 (now read as Section 125 of Companies Act, 2013). During the year a sum of ₹ 1,07,486/- being the unclaimed dividend for the year 2005-2006 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 26th October, 2014 for the year 2006-2007 which the Company will transfer as and when the date comes.

13. Equity Shares in the Suspense Account:

As per Clause 5A(I)(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 Share holders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares in the Suspense Account lying as on 01 st April, 2013	17	17000
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 st March, 2014	17	17000

The voting rights on the shares outstanding in the suspense account as on 31st March, 2014 shall remain frozen till the rightful owner of such shares claims the shares.

14. 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.

15. 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.

Shareholders Rights:

The quarterly results of the Company are being published in the English and Vernacular newspapers (i.e. 'The Financial Express', Ahmedabad edition in English and Gujarati and in 'The Financial Express', in English in all edition) and they are also displayed on the Company's website namely www.rajrayon.com and in the official section of www.corpfiling.co.in.

Audit Observation:

Auditor's observation on the Financial Statement for the year 2013-2014 has 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 31st March, 2014.

Place: Mumbai

Date: 30th May, 2014

For Raj Rayon Industries Limited
SD/-

Rajkumari Kanodia

Non Executive Chairperson & Director

CEO 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 31st March, 2014, the Company has complied with the requirements of the said sub clause.

Place: Mumbai

Date: 30th May, 2014

For Raj Rayon Industries Limited
SD/-

Sushil Kumar Kanodia

Chief Executive Officer

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 31st March, 2014, 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: 30th May, 2014

For and behalf of
K.M. Garg & Co.

Chartered Accountants

Firm Registration Number- 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 21st Annual Report and the audited accounts for the year ended 31st March, 2014.

Financial Results:

(₹ in Lacs)

Particulars	Current Year 2013-2014	Previous Year 2012-2013
Net Sales and Other Income	47276.74	71761.51
Net Profit before interest, Depreciation and Tax	(4725.17)	6533.39
Less: Interest	4874.03	3386.23
Depreciation	3161.11	2555.65
Profit before Tax	(12760.31)	591.51
Less: Provision for Current Tax	0.00	186.38
Provision for Deferred Tax	(3982.51)	85.70
Tax Adjustment for earlier years	(1.52)	(51.95)
Profit After Tax/ Profit for the Period	(8776.28)	371.38

*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 ₹ 47276.74 Lacs as compared to ₹ 71761.51 Lacs of previous year. The Company incurred a Net Loss of ₹ 8776.28 Lacs as compared to previous year's Net Profit of ₹ 371.38 Lacs. The Company incurred Cash losses of ₹ 5615.17 Lacs as compared to Cash Profit of ₹ 2927.03 Lacs of previous year.

Dividend:

The Board of Director has not recommended any dividend on the Share Capital of the Company for the financial year 2013-2014 in view of losses and in compliance to approved restructuring proposal under CDR system.

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.

Updates on Expansion/modernisation:

During the Year under review, the company implemented Continuous Polymerisation (CP) plant which involves production of Polyester Chips (one of the key raw material for manufacturing POY). The commercial operation of CP plant started as per schedule in July, 2013. The Capacity of the plant is 153665 MTPA,

whereas existing capacity of the POY plant is 46891 MTPA. Considering both the plants put together if operates at 100% capacity utilization, the same lead to generation of surplus backward capacity of polyester chips of 106774 MTPA.

As such, during the year under review, in order to utilise the surplus backward capacity of CP plant with aim for improvement in profitability, the company has undertaken Direct Polymer Melt (DPM POY) project which will use Direct Polymer Melt produced by CP plant into POY. This will increase capacity of POY production from the current level of 46891 MTPA to 122238 MTPA (an increase of 75347 MTPA) after implementation of DPM POY project. During the implementation of this project some old/ obsolete POY Lines which were manufactured in 1975 will also be replaced/sold. The implementation started during the year under review with the support of the existing term lenders.

Corporate Debt Restructuring (CDR):

During the year under review, due to lower market demand, shortage in availability of raw material (PTA & MEG) domestically which needed for the Continuous Polymerisation plant coupled with higher cost of imported raw material leading to volatility in raw material prices, Rupee depreciation vis-a-vis USD, the company suffered losses and which forced the company to think about debt restructuring. Accordingly it took decision to undertake debt restructuring exercise under CDR mechanism that is governed by Corporate Debt Restructuring Scheme issued by Reserve Bank of India.

A Corporate Debt Restructuring Proposal ("CDR Proposal") as recommended by State Bank of India (Lead lender) and approved by other lenders who are members of CDR cell (herein after referred to as "CDR lenders") was approved by the CDR Empowered group ("CDR EG") at its meeting held on 24th March, 2014 and communicated to company vide Letter of approval dated 27th March, 2014.

The Master Restructuring Agreement ("MRA") between the Borrowers/Guarantors and CDR Lenders has been executed, by virtue of which the restructured facilities are governed by the provisions specified in the MRA. The CDR proposal includes moratorium on repayment of principal and interest of term debt, uniform interest rate with all the working capital and Term lenders (excluding TUFS Term loan), sanction of additional Working Capital proposed to be released with the implementation of DPM POY project. In terms of CDR Scheme, the promoters (on their own or together with their relatives, friends and associates) are required to bring ₹ 10.98 crore, which has already been infused.

Key Features of the CDR Proposal

The financial restructuring package for your company was approved by the CDR cell and communicated to us vide their Letter of Approval dated 27th March, 2014.



The key features of the CDR package are:

1. It is to be implemented within a maximum period of 120 days from the date of approval of CDR EG i.e. 24th March, 2014.
2. The Cut-of-date is 01st August, 2013.
3. Re-schedulement of Term Loan and Short Term Loan so as to be repayable in 2 years moratorium and 8 year repayment (other than TUFs loan).
4. Interest rate on Working Capital and Term Loan @ 11% and 12.70% p.a. payable monthly respectively.
5. Additional working capital of ₹ 80.94 crore has been sanctioned.

The detailed key features of the CDR Proposal are given under Note No. 2 of Notes forming part of Notes to Accounts given in this Annual Report.

The CDR will give critical support to your company to tide over the present difficult business environment. The decision of the banks to consider and approve CDR also reflects the faith these institutions have in the long term business model of the Company.

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 and Sections 149, 152 and other applicable provisions, if any of Companies Act, 2013, Mrs. Rajkumari Kanodia, Director, retires by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting.

During the year **Sumit Dalmiya** - Non Executive Independent Director w.e.f. 30th October, 2013 and **Mr. Gourishankar Poddar** - Chairman and Managing Director w.e.f. 18th March, 2014 resigned from the Board. The Board records its appreciation for the valuable contribution made by them during their tenure as Directors of the Company.

Mr. Prahlad Rai Jajodia who was appointed as an Additional Director (Non Executive Independent) w.e.f. 18th March, 2014 and **Mr. Naval Babulal Kanodia** who was appointed as an Additional Director (Executive Director) w.e.f. 28th March, 2014 holds office until the date of ensuing Annual General Meeting. The Company has received due notices in writing pursuant to Section 160 of Companies Act, 2013 along with a deposit of ₹ 100000 proposing their candidatures at the ensuing Annual General Meeting.

Mr. Suresh Gupta, Independent Director of the Company be re-appointment as Independent Director for a term of five years pursuant to Section 149 and 152 of the Companies Act, 2013 commencing from 30th September, 2014. The Company has received notice in writing pursuant to Section 160 of the

Companies Act, 2013 along with a deposit of ₹ 100000 proposing appointment of Mr. Suresh Gupta as Independent Director of 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 hold 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 31st March, 2014 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:

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 (now read as Section 139 of Companies Act, 2013) and that they are not disqualified for such appointment/re-appointment within the meaning of Section 226 of the said Act (now read as Section 141 of Companies Act, 2013).

Auditors' observation and Management's response to Auditors' observations-

The Directors refer to the Auditors' observation in the Auditors' Report and provide their explanation as under:

- i) In respect of Note 2 of the Financial Statement regarding amount payable towards recompense:



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The recompense payable is contingent on various factors including improved performance of the Company (Borrowers) and many other conditions, the outcome of which currently is materially uncertain and cannot be determine.

- ii) In respect of Auditors' observation in Financial Statements regarding certain default in repayment of dues to banks in respect of Term Loans, Letter of Credit, Working Capital Facilities, interest liabilities etc:

It is clarified that the delay arose on account of liquidity shortage, due to delay in timely realisation of certain receivables from the customers and prevailing uncertain economic conditions, negative margin which adversely impacted the sales volumes.

- iii) In respect of Auditors observation in Financial Statements regarding cash losses incurred by the Company:

It is clarified that the cash losses were primarily attributable to the lower volumes due to prevailing uncertain economic conditions, lower absorption of fixed overheads, higher finance costs and lower sales volume.

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 2013-2014, the E-Form 23C for his appointment was filed on 28th June, 2013. Further the Company has also appointed him to conduct the Cost Audit for the financial year 2014-2015 as per Section 148 of Companies Act, 2013 and his remuneration has to be ratified at the ensuing Annual General Meeting.

Cost Audit Report:

Pursuant to Section 209 (1)(d), Section 233B(4) of the Companies Act, 1956 and Companies (Cost Audit Report) Rules, 2011, Cost Audit Report for the financial year ended 31st March, 2013 was submitted to the Central Government on 05th October, 2013.

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	Previous Year
		2013-2014	2012-2013
(a) Power & Fuel Consumption:			
1. Electricity Purchased- Units	KWH in lacs	542.43	725.29
Total Amount	₹ In Lacs	2411.70	3015.97
Average Rate	₹ Per Unit	4.45	4.16
2. Light Diesel Oil (LDO) /Furnace Oil (FO)			
Quantity	Kilo Litres	1763.50	631.35
Total Cost	₹ In Lacs	721.28	253.90
Average Rate	₹ Per Litre	40.90	40.22
(b) Consumption per unit of Production:			
1. Electricity (KWH)	100 Kgs	100.08	134.28
2. Light Diesel Oil (Litres)	100 Kgs	3.25	1.17

B) Technology Absorption:

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

C) Foreign Exchange earnings and outgo:

The particulars regarding foreign exchange earnings and outgo are given in Note No. 37 and 39 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/-

Rajkumari Kanodia
Non Executive
Chairperson & Director

Place: Mumbai
Dated: 30th May, 2014



INDEPENDENT AUDITORS' REPORT

To the Shareholders 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 31st March, 2014, 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 Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 31st March, 2014;
- b) in the case of the Statement of Profit and Loss, of the Loss 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.

Emphasis of Matter

We draw attention to Note 2 of the accompanying financial statements in respect of contingency related to compensation payable in lieu of bank sacrifice, the outcome of which is materially uncertain and cannot be determined currently. Our opinion is not qualified in respect of this matter.

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.



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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 notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

SD/-
(CA. K. K. Garg)
Partner
M No. 033940
Mumbai, May 30, 2014

**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 neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (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 31st March, 2014 for a period of more than six months from the date they become payable.



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b) The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under –

Name of the Statute	Nature of the Dues	Amount in ₹ in Lacs (Excluding penalties and interest, if any)	Period to which the amount relate	Forum where dispute is pending
Central Excise Duty	Excise Duty	23.89	1995-1996	
		32.09	1996-1997	
		38.30	1997-1998	
		25.82	1998-1999	
		7.40	1999-2000	
		127.50		Additional Directorate of Anti Evasion
		0.09#	1999-2000	The Company is in the process of refund
		2.95	2003-2004	Appellate Tribunal of Central Excise
		3.35	2003-2004 & 2004-2005	The Company has filed reply to show Cause Notice received from Superintendent of Central Excise
		2.84#	2003-2004	The Company has filed the Appeal in the Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad
70.87	2005-2006 & 2006-2007	The Company has filed the reply to Show cause notice received from the Commissioner of Central Excise & Custom, Vapi		
190.07	2006-2007 & 2007-2008	The Company has filed the reply to Show cause notice received from the office of the Commissioner of Central Excise & Custom, Vapi		

			187.08	2007-2008	The Company has filed the reply to Show cause notice received from the Commissioner of Central Excise & Custom, Vapi
			332.04	2009-2010	The Company has filed Appeal & Stay application with Custom Excise & Service Tax Appellate Tribunal, Ahmedabad
Textile Committee Act	Cess	0.35	7.82	1997-1998	Textile Cess Appellate Tribunal
		0.88		1998-1999	
		2.13		1999-2000	
		3.10		2000-2001	
		1.37		2001-2002	
Income Tax Act	Income Tax	25.47	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	
Gujarat Tax on Entry of Specified Goods into Local Area Act, 2001	Entry tax	558.83	01.04.2012 to 31.01.2014	The Company is in the Process of filing reply to the Show Cause Notice issued by the Commercial Tax Officer, Ahmedabad.	
# Payment made under protest					
* Assessment year					

(x) The Company has accumulated losses at the end of the financial year in the Statement of Profit & Loss. The Company has incurred cash losses during the financial year covered by the Audit but not incurred the cash losses in immediately preceding financial year.

(xi) Based on our audit procedures and according to the information and explanation given to us, the Company has defaulted in repayment of dues to banks in respect of Term Loans, Letter of Credit, Working capital Facilities,



- Interest Liabilities etc. The CDR Proposal of the Company has been approved by the CDR Empowered Group and a Master Restructuring Agreement was entered into which made good all defaults during the year to 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 information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has used funds raised on short-term basis in the form of working capital and working capital loans for long-term purposes to fund losses incurred during the year.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (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)
SD/-
(CA. K K Garg)
Partner
M. No. 033940
Mumbai, May 30, 2014



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in Lacs)

PARTICULARS	Note No.	As at 31. 03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,064.54	4064.54
Reserves and surplus	4	<u>2438.98</u>	<u>11215.26</u>
		6503.52	15279.80
Non-current liabilities			
Long term borrowings	5	51535.28	20981.76
Deferred tax liabilities (net)	6	-	1025.02
Other long term liabilities	7	32.00	-
Long-term provisions	8	<u>18.77</u>	<u>33.18</u>
		51586.05	22039.96
Current liabilities			
Short term borrowings	9	2856.05	11695.56
Trade payables	10	3142.44	14856.16
Other current liabilities	11	2034.35	5578.35
Short term provisions	12	<u>14.76</u>	<u>105.38</u>
		8047.60	32235.45
		<u>66137.17</u>	<u>69555.21</u>
ASSETS			
Non current assets			
Fixed assets			
Tangible assets	13	33656.83	15580.40
Intangible assets	13	-	-
Capital work in progress	13	<u>987.21</u>	<u>18588.85</u>
		34644.04	34169.25
Non-current investments	14	10.02	17.02
Deferred tax assets (net)	6	2957.49	-
Long term loans and advances	15	5118.88	155.18
Other non-current assets	16	<u>628.84</u>	<u>642.74</u>
		43359.27	34984.19
Current assets			
Inventories	17	1714.62	13067.50
Trade receivables	18	16836.66	17936.58
Cash and bank balances	19	1,433.89	699.93
Short term loans and advances	20	2308.16	2250.38
Other current assets	21	<u>484.57</u>	<u>616.63</u>
		22777.90	34571.02
TOTAL		<u>66137.17</u>	<u>69555.21</u>

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

RAJKUMARI KANODIA
Non Executive Chairperson and Director

SURESH GUPTA
Director

CA. K K GARG
Partner
Membership no. 033940

GITA YADAV
Company Secretary

Mumbai,
Dated : 30th May, 2014

Mumbai,
Dated : 30th May, 2014



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

PARTICULARS	Note No.	Figures for the current reporting period		Figures for the previous reporting period	
		2013-2014		2012-2013	
Revenue from operations	22	51299.76		75174.57	
Less: Excise duty		4289.20		3838.96	
			47010.56		71335.61
Other income	23		266.17		425.90
Total Revenue			47276.73		71761.51
Expenses:					
Cost of materials consumed	24	24961.03		26831.20	
Purchases of stock-in-trade	25	9932.52		35189.60	
Changes in inventories of finished goods, work in progress, stock in trade and manufactured components	26	9954.98		(2414.34)	
Employee benefits expense	27	826.83		817.88	
Finance cost	28	4874.03		3386.23	
Depreciation and amortisation expense	13	3161.11		2555.65	
Other expenses	29	7750.02		5792.23	
Total expenses		61460.52		72158.45	
Less: Expenditure (other than interest) transferred to capital work in progress	13(b)(iii)	1423.48		988.45	
			60037.04		71170.00
Profit / (Loss) before Tax			(12760.31)		591.51
Tax expense:					
Current tax		-		186.38	
Deferred tax		(3982.51)		85.70	
MAT credit entitlement		-		-	
MAT credit / Tax adjustment for earlier years		(1.52)		(51.95)	
			(3984.03)		220.13
Profit / (Loss) for the period			(8776.28)		371.38
Earning per equity share	30				
Basic			(3.29)		0.14
Diluted			(3.29)		0.14
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

RAJKUMARI KANODIA
Non Executive Chairperson and Director

SURESH GUPTA
Director

CA. K K GARG
Partner
Membership no. 033940
Mumbai,
Dated : 30th May, 2014

GITA YADAV
Company Secretary
Mumbai,
Dated : 30th May, 2014



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 (₹ in Lacs)

PARTICULARS	For the year ended 31.03.2014	For the year ended 31.03.2013
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax and Extraordinary Items	(12760.31)	591.51
Adjustment for:		
Depreciation	3161.11	2555.65
Provision for Bad & Doubtful Debts	88.61	-
Investment Income:		
Exchange Rate Change	4.13	(14.16)
Loss on Sale of Fixed Asset	0.10	8.84
Rent Income	(44.00)	-
Interest /other Income	(195.38)	(424.38)
Finance costs	4874.11	3386.23
Operating Profit before Working Capital changes	(4871.63)	6103.69
Adjustment for:		
Inventories	11352.88	(2423.12)
Trade receivables	1007.10	4197.19
Other Receivables, Loans & Advances (Current / Non Current)	(243.81)	(1129.00)
Trade payables	(11713.71)	(5912.13)
Other Payables, Provisions (Current / Non Current)	(1070.21)	960.05
Cash generated from operations	(5539.38)	1796.68
Direct Taxes Paid	(110.16)	(110.84)
Cash flow before Extraordinary Items	(5649.54)	1685.84
Extraordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	(5649.54)	1685.84
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (*)	(8455.08)	(14368.43)
Sale of Shares	7.00	-
Sale of Fixed Assets	0.24	36.30
Bank balances other than cash and cash equivalents	260.49	392.51
Dividend Received	-	-
Interest / other income	447.44	337.43
Rent Income	40.45	-
Other Long Term Liabilities	32.00	-
NET CASH USED IN INVESTING ACTIVITIES	(7667.46)	(13602.19)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares/ Warrants including Premium	-	4369.86
Increase/(Decrease) in Unsecured Loan - Long Term	(1260.25)	(1033.75)
Increase/(Decrease) in Unsecured Loan - Short Term	(25.00)	25.00
Proceeds from long term borrowings	15383.19	11424.43
Repayment of long term borrowings	(803.56)	(1759.96)
Dividend on Preference Shares Paid	(20.14)	-
Tax on Dividend on Preference Shares Paid	(3.42)	-
Change in Working Capital Borrowing from Banks	6799.49	3120.42
Interest & Other Borrowing Cost Paid	(5872.01)	(4224.56)
NET CASH FROM FINANCING ACTIVITIES	14198.30	11921.44
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	881.30	5.09
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENT	0.08	0.05
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	29.23	24.09
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	910.61	29.23

Notes to cash flow statement:

- 1 (*) Inclusive of Capital Work in Process.
- 2 All figures in brackets are outflow.
- 3 Refer Note no. 19 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

RAJKUMARI KANODIA
Non Executive Chairperson and Director

SURESH GUPTA
Director

CA. K K GARG

Partner
Membership no. 033940

GITA YADAV
Company Secretary

Mumbai,
Dated : 30th May, 2014

Mumbai,
Dated : 30th May, 2014

**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.

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.



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

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.

**Note 2. Corporate Debt Restructuring:**

Raj Rayon Industries Limited hereinafter referred to as the 'Borrower', who have availed various financial facilities from the secured lenders. At the request of the Borrower, the Corporate Debt Restructuring Proposal ('ÇDR Proposal') of the Borrower was referred to Corporate Debt Restructuring Cell ("ÇDR Cell") by the consortium of lenders led by the State Bank of India. The ÇDR Proposal as recommended by State Bank of India, the lead lender and approved by lenders who are members of ÇDR Cell hereinafter referred to as the 'ÇDR Lenders' was approved by ÇDR Empowered Group ('ÇDR EG') on March 24, 2014 and communicated vide Letter of Approval dated March 27, 2014. The cutoff date for ÇDR Proposal was August 01, 2013. The Master Restructuring Agreement ('MRA') between the Borrowers, guarantors and the ÇDR Lenders has been executed, by virtue of which the restructured facilities are governed by the provisions specified in the MRA having cutoff date ('ÇOD') of August 01, 2013.

The key features of the ÇDR Proposal are as follow:

- Restructuring of repayment Schedule of Restructured Term Loan – 1 & 2 ('RTL – 1 & 2')
- Repayment of Restructured Term Loan – 3 ('RTL - 3') after moratorium of 2 year from ÇOD in 24 structured quarterly installments commencing from October 2015 to July 2021
- Conversion of various irregular/outstanding/devolved financial facilities into Working Capital Term Loan ('WCTL'). Repayment of WCTL after moratorium of 2 year from ÇOD in 24 structured quarterly installments commencing from October 2015 to July 2021.
- Restructuring of existing fund based and non fund based financial facilities, subject to renewal and reassessment every year.
- Interest accrued on certain financial facilities from ÇOD till the facility wise specified period shall be converted into Funded Interest Term Loan ('FITL'). The interest payable on RTL - 1 & RTL – 2 for a period of 18 months from ÇOD till January 31, 2015 shall be converted to FITL - I. The Interest payable on RTL -3 and WCTL I, WCTL II & WCTL III during moratorium period of 2 years from ÇOD shall also be converted to FITL - II. The Interest paid on Unhedged Foreign Currency Facilities (LC, BC and FCNR) post Dec 31, 2013 shall also be converted into FITL – 3.
- The rate of interest on RTL - 1 & RTL – 2 remains unchanged whereas rate of Interest on RTL - 3, WCTL, FITL shall be 12.70% and fund based working capital facilities shall be 11% with reset option in accordance with MRA.
- Waiver of all liquidated damages / penal charges / processing fees / penal interest or excess interest (in excess of documented rate) on any of the facilities till the implementation of Restructuring Scheme.
- Right of Recompense to ÇDR Lenders for the relief and sacrifice extended, subject to provisions of ÇDR Guidelines and MRA.
- Contribution of ₹ 10.98 Crores in the Company by promoters in lieu of lenders sacrifice in the form of introduction of funds by way of Unsecured Loans.

In case of financial facilities availed from the Non-ÇDR Lenders, the terms and conditions shall continue to be governed by the provisions of the existing financing documents.

Expenditure on restructuring and refinancing of earlier financial facilities has been charged off over a period of 9 years.

The Borrowers and the ÇDR Lenders executed a MRA during the year. The MRA as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, give a right to the ÇDR Lenders to get a recompense of their waivers and sacrifices made as part of the ÇDR Proposal. The recompense payable by the borrowers is contingent on various factors including improved performance of the borrowers and many other conditions, the outcome of which currently is materially uncertain and hence the proportionate amount payable as recompense has been treated as a contingent liability. The aggregate present value of the outstanding sacrifice made/ to be made by ÇDR Lenders as per the MRA is approximately ₹ 37.06 crore for the Company.



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

PARTICULARS	As at 31.03.2014		As at 31.03.2013	
NOTE 3: SHARE CAPITAL				
	Numbers	Amount(₹in Lacs)	Numbers	Amount(₹in Lacs)
Authorised:				
Equity Shares of ₹ 1/- each	350000000	3500.00	350000000	3500.00
Preference Shares of ₹ 10/- each	15000000	1500.00	15000000	1500.00
TOTAL		5000.00		5000.00
Issued, subscribed and paid-up :				
Equity Shares of ₹ 1/- each fully paid	266454000	2664.54	266454000	2664.54
15% Non Convertible Non Cumulative Redeemable Preference Shares of ₹ 10/- each	14000000	1400.00	14000000	1400.00
TOTAL		4064.54		4064.54

3.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 ₹ 1/- (Prev. year ₹ 10/-) each outstanding at the beginning of the reporting period	266454000	2664.54	25313200	2531.32
Issued during the reporting period	-	-	1332200	133.22
	266454000	2664.54	26645400	2664.54
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	266454000	2664.54	266454000	2664.54

(ii) Preference shares :-

Outstanding at the beginning of the reporting period	14000000	1400.00	-	-
Issued during the reporting period	-	-	14000,000	1400.00
Bought back during the reporting period	-	-	-	-
Outstanding at the end of the reporting period	14000000	1400.00	14000000	1400.00

3.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 1/3rd Preference Shares from the date of allotment at the rate of ₹ 10/- each at a

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

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.

3.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/- each (Prev. year ₹ 1/-)	94720930	35.55	90615000	34.01
Jitendra B. Salecha HUF - Equity shares of ₹ 1/- each (Prev. year ₹ 1/-)	14000000	5.25	14000000	5.25
Nakoda Limited- Preference Shares of ₹ 10/- each	14000000	100.00	14000000	100.00

3.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	-	-	4021500	17.00
Issued during the year	-	-	-	-
Converted into equity shares during the year	-	-	1332200	17.00
Forfeited during the year Partly paid ₹ 4.25/- each	-	-	2689300	17.00
Outstanding at the end of the year	-	-	-	-

(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. 03rd January, 2011. Therefore the share warrants are optionally convertible into Equity Shares on or before 02nd July, 2012.

(iii) During the year the Company has forfeited the application money amounting to ₹ Nil /- (Previous Year ₹ 114.30 Lacs 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).

3.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.



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

PARTICULARS	As at 31.03.2014	As at 31.03.2013
NOTE 4: RESERVES AND SURPLUS		
Capital reserve-on forfeited shares/ Share Warrants:		
Balance as per previous reporting period	114.48	0.18
Add: Addition during the period	-	114.30
	114.48	114.48
Securities premium reserve:		
Balance as per previous reporting period	7630.72	4737.47
Add: Amount received on issue of equity shares on conversion of share warrants	-	93.25
Add: Amount received on issue of 15% Non Convertible Non Cumulative Redeemable Preference Shares	-	2800.00
	7630.72	7630.72
Surplus in Profit and loss statement:		
Balance at the beginning of the year	3470.06	3122.24
Add (less): Profit (loss) after tax for the reporting period	(8776.28)	371.38
	(5306.22)	3493.62
Less: Appropriations		
Proposed dividend on preference shares	-	20.14
Tax on dividend	-	3.42
	(5306.22)	23.56
TOTAL	2438.98	11215.26

NOTE 5: LONG TERM BORROWINGS

Secured loans:		
Term loans		
From banks:		
Foreign currency loans	2644.39	11152.40
Rupee loans	48921.87	10190.93
Other parties:		
Kotak Mahindra Prime Limited	5.51	16.36
Less: Current maturities of long term debts	1134.49	2736.18
SUB-TOTAL	50437.28	18623.51
Unsecured loans:		
Inter-corporate loans	1098.00	2358.25
SUB-TOTAL	1098.00	2358.25
TOTAL	51535.28	20981.76



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

A. Secured Loans:

1) In case of financial facilities from CDR Lenders in accordance with MRA, Term Loan (TL) of ₹ 25090.23Lacs, Working Capital Term Loan (WCTL) of ₹ 24286.02 Lacs, Funded Interest Term Loan (FITL) of ₹2186.92 Lacs and Fund Based Working Capital of ₹2856.05 Lacs and Non Fund Based working Capital facility (Bank Guarantee) of ₹ 425.25 Lacs are secured by –

- All chargeable present & future tangible / intangible movable assets of the Company, first charge on all chargeable on all present & future immovable assets (excluding the identified properties) of the Company, first charge on all the present & future chargeable current assets of the Company.
- Extension of equitable mortgage on residential Flat no.T-35/706, 7th Floor, “Golden Heights” Co-operative Housing Society Limited owned by Mrs. Rajkumari Kanodia.
- Lien on TDR of ₹ 29.00 Lacs.
- Personal Guarantee of Mr. Gourishankar Poddar and Mrs. Rajkumari Kanodia.
- Corporate Guarantee of M/s Raj Money Market Limited.
- Pledge of 100735,930 Equity Shares of the Company (held by promoters).

2) Term Loan from Kotak Mahindra Prime Limited & HDFC Bank Limited are secured by hypothecation of specific vehicles.

B. Maturity profile of secured term loans (Inclusive of loans yet to be disbursed as per CDR package) / unsecured intercorporate loans (₹ in Lacs)	1-2 years	2-3 years	3-4 years	Beyond 4 years
	5241.79	7433.27	9983.24	38251.22

(₹ in Lacs)

PARTICULARS	As at 31.03.2014	As at 31.03.2013
NOTE 6: DEFERRED TAX (ASSETS)/ LIABILITIES (NET)		
Deferred Tax Liabilities:		
Depreciation	2615.97	1042.41
Deferred Tax Assets:		
Deferment of allowances as per the Income Tax Act, 1961	13.11	17.39
Unabsorbed depreciation / Business Loss	5560.35	-
TOTAL	(2957.49)	1025.02
NOTE 7: OTHER LONG TERM LIABILITIES		
Deposits Received from Tenant	32.00	-
TOTAL	32.00	-
NOTE 8: LONG-TERM PROVISIONS		
Provision for employee benefits (Refer note 35)	18.77	33.18
TOTAL	18.77	33.18
NOTE 9: SHORT TERM BORROWINGS		
Secured Loans:		
Working capital loans from banks		
Cash Credit / Demand Loans / Short Term Loans		
Foreign Currency Loans	-	2349.62
Rupee Loans	2856.05	9320.94
Unsecured loans:		
Inter-corporate loans	-	25.00
TOTAL	2856.05	11695.56



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

PARTICULARS	As at 31.03.2014	As at 31.03.2013
Nature of security:		
(i) The rate of Interest under Working Capital Loans ranges between 10.20 % to 14.45 % depending upon the prime lending rate of the banks, wherever applicable and the interest rate spread agreed with the banks. With cut off date the rate of interest is fixed as 11%. For details of security given for short term borrowings, refer Note no. 5 above.		
NOTE 10: TRADE PAYABLES		
Micro, Small and Medium Enterprises	-	-
Other Trade Payables	3142.44	14856.16
TOTAL	3142.44	14856.16
Other Trade Payables includes the following :		
(a) letter of credit issued by consortium bankers	-	6341.94
(b) 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.		
NOTE 11: OTHER CURRENT LIABILITIES		
Current maturities of long term debts (Refer note no. 5)	1134.49	2736.18
Interest accrued & due on borrowings	676.80	344.28
Creditors for capital expenditure	26.05	1230.43
Advances from customers	39.24	355.38
Statutory liabilities	28.39	53.96
Forward contracts payable	-	42.87
Unpaid dividends	2.44	3.51
Other payables	126.94	811.74
TOTAL	2034.35	5578.35
NOTE 12: SHORT TERM PROVISIONS		
Provision for employees benefits (Gratuity) (Refer note no.35)	14.76	1.18
Proposed dividend	-	20.14
Tax on dividend	-	3.42
Provision for taxation (Net)	-	80.64
TOTAL	14.76	105.38

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

NOTE 13: FIXED ASSETS

(₹ in Lacs)

PARTICULARS	GROSS BLOCK (At Cost)			DEPRECIATION			NET BLOCK			
	As at 01.04.2013	Additions during the Year	Sold/discarded during the Year	Total as at 31.03.2014	Provided upto 31.03.2013	Provided for the Year	Written Back during the Year	Total upto 31.03.2014	Total as at 31.03.2014	Total as at 31.03.2013
Tangible Assets										
Land	296.84	-	-	296.84	-	-	-	-	296.84	296.84
Air Condition System	628.56	-	-	628.56	489.36	50.58	-	539.94	88.62	139.20
Electrical Installation	2540.56	776.89	-	3317.45	1517.65	264.25	-	1781.90	1535.55	1022.91
Factory Building	4525.67	1960.47	-	6486.14	852.56	200.27	-	1052.83	5433.31	3673.11
D.G.Sets	45.76	-	-	45.76	36.95	3.18	-	40.13	5.63	8.81
Plant & Machinery	21227.59	18485.94	-	39713.53	10985.86	2619.18	-	13605.04	26108.49	10241.73
Furniture & Fixtures	149.41	5.62	-	155.03	68.25	9.25	-	77.50	77.53	81.16
Vehicle	92.52	-	0.84	91.68	36.31	8.44	0.50	44.25	47.43	56.21
Office Equipments	24.76	3.40	-	28.16	17.94	1.12	-	19.06	9.10	6.82
Computers	88.95	5.56	-	94.51	75.98	4.10	-	80.08	14.43	12.97
Office Premises	45.39	-	-	45.39	4.75	0.74	-	5.49	39.90	40.64
Intangible Assets										
Computer Software	7.50	-	-	7.50	7.50	-	-	7.50	-	-
Total as at 31.03.2014	29673.51	21237.88	0.84	50910.55	14093.11	3161.11	0.50	17253.72	33656.83	15580.40
Total as at 31.03.2013	29897.75	176.86	401.10	29673.51	11904.54	2555.65	367.08	14093.11	-	-
Capital work in progress									987.21	18588.85

NOTE NO. 13(a) DETAILS OF CAPITAL WORK-IN PROGRESS

(₹ in Lacs)

PARTICULARS	Current reporting period	Previous reporting period
Factory building	51.37	1726.62
Plant and machinery	661.90	14575.72
Electrical Installation	0.85	684.85
Computer system	-	4.58
D.G. set	134.00	134.00
Furniture & Fixture	-	5.44
Project development Expenditure	139.09	1457.64
	987.21	18588.85

NOTE NO. 13(b) OTHER INFORMATION

- (i) Project development Expenditure
- | | |
|-----------------------------------|---------|
| Opening Balance | 224.69 |
| Add: Additions during the year | 1129.20 |
| Less: Capitalised during the year | 2447.75 |
| Closing Balance | 139.09 |
- (ii) Addition to fixed assets include capitalisation of interest cost as stipulated under Accounting Standard -16 (Borrowing cost).
- | | |
|--|---------|
| | 1457.64 |
| | 1129.20 |
| | 2447.75 |
| | 139.09 |
| | 1348.88 |

- (iii) Expenditure (other than interest) transferred to capital work in progress (plant & machinery)

(Trial run expenditure of CP unit)

Opening Stock	500.39
Add: Purchases / Expenses	6368.40
Less: Sales realisation / Captive consumption	4700.05
Less: Closing Stock	745.26
Net Amount	1423.48



RAJ RAYON INDUSTRIES LIMITED

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

PARTICULARS	As at 31.03.2014		As at 31.03.2013	
NOTE 14: NON-CURRENT INVESTMENTS				
Other than trade:(at cost)	Numbers	Amount (₹in lacs)	Numbers	Amount (₹in lacs)
Investments in fully paid equity instruments (unquoted)				
Raj Money Markets Limited having face value of ₹ 10/- each	100100	10.01	100100	10.01
Sangam Spinfab Limited having face value of ₹ 10/- each	-	-	70000	7.00
Thane Janata Sahakari Bank Limited having face value of ₹ 50/- each	20	0.01	20	0.01
TOTAL		<u><u>10.02</u></u>		<u><u>17.02</u></u>
Particulars	Book value (₹in lacs)	Market value (₹in lacs)	Book value (₹in lacs)	Market value (₹in lacs)
Aggregate value of:				
Quoted investments	Nil	N.A.	Nil	N.A.
Unquoted investments	10.02	N.A.	17.02	N.A.
NOTE 15: LONG TERM LOANS AND ADVANCES				
Unsecured, considered good :				
Capital advances		5108.90		145.57
Security deposits		9.25		9.15
Prepaid expenses		0.73		0.46
TOTAL		<u><u>5118.88</u></u>		<u><u>155.18</u></u>
NOTE 16: OTHER NON-CURRENT ASSETS				
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		59.46		173.60
Interest accrued on fixed deposits (Maturity period more than 12 months)		4.81		19.70
Minimum alternate tax credit entitlement		450.96		449.44
Deferred Revenue Expenditure (CDR Expenses - Refer Note 2)		113.61		-
TOTAL		<u><u>628.84</u></u>		<u><u>642.74</u></u>
NOTE 17: INVENTORIES (REFER NOTE NO. 1.6)				
(As taken, valued & certified by the management)				
Raw Materials		193.04		422.86
Work in progress		193.30		3512.27
Manufactured components		148.22		836.88
Finished goods		859.40		3520.17
Stock-in trade		-		3581.18
Stores, spares and others		245.78		584.91
Packing materials		74.88		609.23
TOTAL		<u><u>1714.62</u></u>		<u><u>13067.50</u></u>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

(₹ in Lacs)

PARTICULARS	As at 31.03.2014	As at 31.03.2013
NOTE 18: TRADE RECEIVABLES		
Unsecured :		
Outstanding for a period exceeding six months from the date they are due for payments		
Considered good	15238.32	327.60
Considered doubtful	88.61	-
	15326.93	327.60
Other trade receivables	1598.34	17608.98
	16925.27	17936.58
Less: Provision for doubtful trade receivables	88.61	-
TOTAL	16836.66	17936.58
NOTE 19: CASH AND BANK BALANCES		
Cash and cash equivalents:		
Balances with banks	909.82	23.18
Cash in hand	0.79	6.05
	910.61	29.23
Other bank balances:		
Balances with banks in unpaid dividend accounts	2.44	3.51
Fixed deposits with banks held as security, deposit, margin money for letter of credit and bank guarantees issued	580.30	840.79
Less : Amount disclosed under other non current assets (Refer note no. 16)	59.46	173.60
	520.84	667.19
TOTAL	1433.89	699.93
NOTE 20: SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good:		
Advances to suppliers	259.18	497.11
Advances to staff	7.16	5.60
Cenvat credit receivable (Net of Provision)	288.77	293.57
Balance with Excise department	1.30	1.30
Prepaid expenses	35.93	227.29
Vat/Entry tax credit receivable	181.25	478.61
Deposits	6.00	28.50
Prepaid Taxes (Net of Provisions)	31.04	-
Others	1497.53	718.40
TOTAL	2308.16	2250.38
NOTE 21: OTHER CURRENT ASSETS		
Interest accrued on fixed deposits (Maturity period less than 12 months)	8.79	56.66
Export benefit receivable	348.61	245.01
Forward Contracts Receivable	1.53	-
Interest Receivable	125.64	314.96
TOTAL	484.57	616.63



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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

	figures for the current reporting period 2013-14	figures for the previous reporting period 2012-13	
NOTE 22: REVENUE FROM OPERATIONS			
Sales of products:			
Yarns - Local	25976.37	33364.09	
Yarns - Export	1521.51	2741.20	
Fabrics	11380.25	37661.58	
Chips	9434.94	696.69	
PTA/MEG/ others	2672.11	237.33	
	<u>50985.18</u>	<u>74700.89</u>	
Other operating revenues:			
Export incentives	216.99	382.75	
Scrap and other sales	97.59	90.93	
	<u>314.58</u>	<u>473.68</u>	
	<u>51299.76</u>	<u>75174.57</u>	
Less: Excise duty	4289.20	3838.96	
TOTAL	<u><u>47010.56</u></u>	<u><u>71335.61</u></u>	
NOTE 23: OTHER INCOME			
Interest income:			
On fixed deposits with banks	87.95	110.23	
On delayed payments from customers	101.09	314.15	
On Loan / Deposit	6.34	-	
	<u>195.38</u>	<u>424.38</u>	
Rent Received	44.00	-	
Miscellaneous Income	26.79	1.52	
TOTAL	<u><u>266.17</u></u>	<u><u>425.90</u></u>	
NOTE 24: COST OF MATERIALS CONSUMED			
Chips	3848.64	20709.23	
POY/FDY/PTY	2842.38	1330.20	
PTA /MEG / Others	17503.77	3741.87	
Yarn Oil	530.14	613.30	
Spin Finish Oil	236.10	436.60	
TOTAL	<u><u>24961.03</u></u>	<u><u>26831.20</u></u>	
NOTE 25: PURCHASES OF STOCK-IN-TRADE			
Fabrics	7594.65	34978.40	
PTA /MEG / others	2337.87	211.20	
TOTAL	<u><u>9932.52</u></u>	<u><u>35189.60</u></u>	

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

(₹ in Lacs)

	figures for the current reporting period 2013-1	figures for the previous reporting period 2012-13
NOTE 26: CHANGES IN INVENTORIES		
Opening stocks:		
Finished goods	3520.17	4138.22
Manufactured components	836.88	498.87
Stock in Trade	3581.18	1345.41
Stock in Process	3512.27	3081.22
	11450.50	9063.72
Less: Closing stocks:		
Finished goods	859.40	3520.17
Manufactured components	148.22	836.88
Stock in Trade	-	3581.18
Stock in Process	193.30	3512.27
	1200.92	11450.50
Add/Less: Provision for excise duty on finished goods (net)	(294.60)	(27.56)
TOTAL	9954.98	(2414.34)
NOTE 27: EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages	791.55	779.63
Contribution to Provident Fund and other funds	24.63	26.51
Staff Welfare Expenses	10.65	11.74
TOTAL	826.83	817.88
NOTE 28: FINANCE COST		
Interest expense	3862.28	2067.19
Other Borrowing Costs	1011.83	1318.98
Net loss (gain) on foreign currency transactions	(0.08)	0.06
TOTAL	4874.03	3386.23



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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

	figures for the current reporting period 2012-13	figures for the previous reporting period 2011-12
NOTE 29: OTHER EXPENSES		
Manufacturing expenses:		
Power and fuel	3132.98	3266.53
Inward transportation and freight	474.45	59.63
Consumption of stores and spares	572.01	303.78
Repairs to:		
factory buildings	10.49	16.01
machineries	58.23	67.46
Consumption of packing material	1307.82	1009.41
Labour / Job charges	477.43	314.94
	6033.41	5037.76
Administrative expenses:		
Printing and stationery	13.09	18.87
Postage and courier	5.78	6.17
Telephone and communication charges	11.36	12.68
Travelling and conveyance	48.60	37.80
Auditors' remuneration (Refer note no. 32)	8.93	8.63
General expenses	13.03	20.43
Rent	-	0.25
Rates and taxes	18.60	17.99
Sundry balance written off	970.12	4.15
Electricity expenses	6.19	6.78
Insurance	34.68	23.93
Repairs and maintenance	15.48	12.86
Legal and professional charges	31.78	46.29
Loss on sale / discard of fixed assets (Net)	0.10	8.84
CDR Expenses	14.20	-
Provision for doubtful trade receivables	88.61	-
	1280.55	225.67
Selling, distribution and other expenses:		
Advertisement and publicity	8.21	7.05
Commission and brokerage	73.89	156.21
Carriage outward	132.43	304.99
Net foreign exchange loss(gain)	221.53	60.55
	436.06	528.80
TOTAL	7750.02	5792.23

NOTE 30: EARNING PER EQUITY SHARE

Particulars	Unit	2013-2014	2012-2013
Net profit(loss) after tax	(₹ in Lacs)	(8776.28)	371.38
Weighted average number of shares used in computing basic earnings per share	Numbers	266454000	264341153
Weighted average number of shares used in computing diluted earnings per share	Numbers	266454000	264341153
Face value of Equity Shares	₹	1	1
Basic earnings per share	₹	(3.29)	0.14
Diluted earnings per share	₹	(3.29)	0.14



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

NOTE 31: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
(i) Contingent liabilities:		
(a) Guarantees given by the bankers.	425.25	497.25
(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
(e) Sales bills discounted with State Bank of India.	-	1011.61
(f) Notice received from SEBI, for delay in submission of certain information to BSE.	1.75	1.75
(g) Impairment loss, if any, on realisation of suit filed debts.	-	88.61
(h) Undertakings given by the company under EPCG Scheme, pending fulfilment of export obligation.	7448.40	8837.31
(i) Show cause notices received from Commercial Tax Officer, Ahmedabad	558.83	-
(ii) Contingent commitments		
Estimated amount of contracts, net of advances, remaining to be executed on capital account.	119.73	34.54

NOTE 32: PAYMENT TO AUDITORS (EXCLUDING SERVICE TAX)

(₹ in Lacs)

Particulars	For the year ended	
	31.03.2014	31.03.2013
Statutory Audit under the Companies Act, 1956	4.50	4.50
Tax Audit under the Income Tax Act, 1961	1.00	1.00
Taxation matters	0.55	1.80
Certifications	2.73	1.18
Reimbursement of expenses	0.15	0.15
	8.93	8.63

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 (Resigned w.e.f. 18/03/2014)
 - 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



RAJ RAYON INDUSTRIES LIMITED

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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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	
	2013-2014	2012-2013	31.03.2014	31.03.2013
Expenses :				
Director's Remuneration				
Shri Gourishankar Poddar - Chairman & Managing Director (Resigned w.e.f. 18/03/2014)	38.91	40.32	-	-
Salary				
Shri Sushil Kumar Kanodia – Executive Officer	15.42	5.91	-	-
Rent				
Gourishankar Poddar HUF	-	0.25	-	-
Interest expense/ payables				
Sangam Spinfab Limited	-	52.67	-	47.40
Loans and advances				
Deposits given/ (Repayment)				
Gourishankar Poddar HUF	-	(10.00)	-	-
Loans taken /(Repayment)				
Sangam Spinfab Limited	-	40.00	-	-
	-	(826.00)	-	-
Investments in Shares				
Raj Money Market Limited	-	-	10.01	10.01
Sangam Spinfab Limited	(7.00)	-	-	7.00
Money Received against share warrants				
Raj Money Market Limited	-	169.86	-	64.66
Conversion of Share warrants into Share capital				
Raj Money Market Limited	-	133.22	-	-
Warrant application money forfeited				
Raj Money Market Limited	-	8.05	-	-

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	2013-14	2012-13
Employer's Contribution to Provident Fund	24.12	28.15
Employer's Contribution to superannuation Fund	0.00	0.00
Employer's Contribution to Pension Fund	0.00	0.00

b) Defined Benefit Plan:

Leave Encashment : During the year 2013-14, the amount paid to employees as leave encashment is ₹ 6.68 Lacs (₹ 2.70 Lacs).

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.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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

Particulars	Gratuity (Unfunded)	
	2013-14	2012-13
Defined Benefit obligation at beginning of the year	34.36	24.39
Current Service Cost	8.75	7.42
Interest Cost	3.47	2.72
Actuarial loss /(gain)	(3.70)	0.94
Past Service Cost	0.00	0.00
Benefits paid	(9.35)	(1.11)
Settlement cost	0.00	0.00
Defined Benefit obligation at year end	33.53	34.36

II) Reconciliation of opening and closing balances of fair value of plan assets

Particulars	Gratuity (Unfunded)	
	2013-14	2012-13
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	9.35	1.11
Benefits paid	(9.35)	(1.11)
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

Particulars	Gratuity (Unfunded)	
	2012-13	2011-12
Fair value of plan assets	0.00	0.00
Present value of obligation	33.53	34.36
Amount recognised in balance sheet	33.53	34.36

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

Particulars	Gratuity (Unfunded)	
	2013-14	2012-13
Current Service Cost	8.75	7.42
Interest Cost	3.47	2.72
Expected return on plan assets	0.00	0.00
Actuarial losses / (gain)	(3.70)	0.94
Past Service Cost	0.00	0.00
Net Cost	8.52	11.08

V) Actuarial assumption

Particulars	Gratuity (Unfunded)	
	2013-14	2012-13
Mortality Table		
Indian Assured Lives Mortality (2006-08)		
Mortality Table		
Discount rate (per annum)	9.30%	8.15%
Expected return on plan assets (per annum)		
Rate of escalation in salary (per annum)	7.00%	7.00%

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary.



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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

(₹ in Lacs)

Particulars	For the year ended	
	31.03.2014	31.03.2013
Raw Materials / Stock in Trade	8848.77	315.39
Components and spare parts	-	4.50
Capital goods	4359.24	8098.19

* Amount includes ₹ 4,345.66 Lacs (Previous year ₹ Nil/-) for DPM POY Plant in transit

Note 37: Expenditure in foreign currency (inclusive of amount capitalised)

Particulars	31.03.2014	31.03.2013
Interest*	353.55	628.86
Commission	11.83	43.13
Travelling	18.54	4.94

*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

Particulars	31.03.2014	31.03.2013
PTA / MEG	17503.77	3741.87
Chips	3848.64	20709.23
POY/FDY/PTY	2842.38	1330.20
Yarn Oil	530.14	613.30
SPIN FINISH OIL	236.10	436.60
TOTAL	24961.03	26831.20

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

Sr. No.	Particulars	For the year ended			
		31.03.2014		31.03.2013	
		Consumption in (₹ in Lacs)	% to total consumption	Consumption in (₹ in Lacs)	% to total consumption
(a)	Raw materials:				
	Indigenous	16984.27	68.04	26616.17	99.20
	Imported	7976.76	31.96	215.04	0.80
	Total consumption and %	24961.03	100.00	26831.20	100.00
(b)	Spare parts and components:				
	Indigenous	572.01	100.00	299.04	98.44
	Imported	-	0.00	4.74	1.56
	Total consumption and %	572.01	100.00	303.78	100.00

NOTE 39: EARNING IN FOREIGNCURRENCY

Particulars	2013-2014	2012-2013
FOB Value of exports	1405.37	2632.85
Above FOB value Includes FOB value as per shipping bill for which BRCs are pending as on date	-	24.14

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014****NOTE 40: 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	2013-2014			2012-2013		
	No. of Contracts	US \$	(₹ in Lacs)	No. of Contracts	US \$	(₹ in Lacs)
Buy - FCNRB loans / Buyers credit / Letter of Credit	1	3.83	231.75	5	97.10	5281.20
Sell - Performa invoices for export sale	-	-	-	11	4.19	226.40

Unhedge foreign currency exposure

Particulars	2013-2014		2012-2013	
	US \$	(₹ in Lacs)	US \$	(₹ in Lacs)
Secured loans - FCNRB loans and Buyers credit	40.18	2414.81	151.15	8220.81
Bank balance	0.02	0.91	0.02	0.83

Note 41: As informed by the management, the Company's Continuous Polymerization Plant (CP Plant), commercial production of which was commenced from 01st July, 2013 has been temporarily shutdown from November, 2013 onwards. The CP Plant will restart after successful commissioning of Direct Polymer Melt POY Plant (DPM POY Plant) which is scheduled to be operational in July, 2014. The Company's other Plants (PTY, POY & FDY) were running partially and temporarily shutdown in the month of March, 2014 due to negative Margins. The Company has restarted the PTY plant partially and will be fully operational with other plants once the margin improves.

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

RAJKUMARI KANODIA
Non Executive Chairperson and Director

SURESH GUPTA
Director

CA. K K GARG
Partner
Membership no. 033940
Mumbai,
Dated : 30th May, 2014

GITA YADAV
Company Secretary
Mumbai,
Dated : 30th May, 2014



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

CIN: LI7120DN1993PLC000368

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 **21st Annual General Meeting** of the Company on Tuesday, 30th September, 2014 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.

Tear off



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

[Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

CIN: L17120DN1993PLC000368

Name of the Company: RAJ RAYON INDUSTRIES LIMITED

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

Name of the member (s):	
-------------------------	--

Registered address:	
---------------------	--

E-mail Id:	
------------	--

Folio No/Client Id:	
---------------------	--

DP ID:	
--------	--

I/We, being the member (s) of _____ shares of the above name company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature:

or failing him

2. Name:

Address:

E-mail Id:

Signature:

or failing him

3. Name:

Address:

E-mail Id:

Signature:

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **21st Annual General Meeting** of the Company to be held on the Tuesday, 30th day of September, 2014 at 10:00 A:M at the registered office of the Company at Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Optional *	
		For	Against
Ordinary Business			
1.	Adoption of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Auditors for the financial year ended 31 st March, 2014		
2.	Re-appointment of Mrs. Rajkumari Kanodia who retires by rotation.		
3.	Appoint M/s. K.M. Garg & Co., Chartered Accountants as Auditors of the Company.		
Special Business			
4.	Appointment of Mr. Suresh Gupta as an Independent Director for a period of 5 years commencing from 30 th September, 2014.		
5.	Appointment of Mr. Prahlad Rai Jajodia as an Independent Director for a period of 5 years commencing from 30 th September, 2014.		
6.	Appointment of Mr. Naval Babulal Kanodia as a Director liable to retire by rotation and as a Whole- time Director of the Company for a period of three years with effect from 02 nd June, 2014.		
7.	Special Resolution under Section 180 (1) (c) of the Companies Act, 2013 for borrowing money upto ₹ 3500 crores over and above the aggregate of the paid up share capital and free reserves of the Company.		
8.	Special Resolution under Section 180 (1) (a) of the Companies Act, 2013 to create charge and/or mortgage whole or substantially whole of the company's one or more undertakings.		
9.	Approval of remuneration payable to Cost Auditor of the Company.		
10.	Approval under Section 188 (1) (f) of the Companies Act, 2013 for appointment of Mr. Sushil Kumar Kanodia, relative of Director as Chief Executive Officer and Chief Financial Officer of the Company		

Signed this _____ day of _____ 2014.

Signature of Shareholder

Affix Revenue Stamp

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

COURIER

If undelivered, please return to:

Raj Rayon Industries Limited
5- C, 196 & 197, "AKSHAY",
Mittal Industrial Estate, Sakinaka,
Andheri (East), Mumbai- 400 059,
Maharashtra (INDIA)

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RAJ RAYON INDUSTRIES LIMITED

(Formerly known as Raj Rayon Ltd.)

Website: www.rajrayon.com