



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: 01st September, 2015

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
1st Floor, New Trading Ring,
Rotunda Building, P.I. Tower,
Dalal Street, Mumbai-400001

Dear Sir,

Symbol: RAJRAYON

Series: EQ

Scrip Code: 530699

Sub: Clause 31 of the Listing Agreement

Enclose six copies of Annual Report for the Year 2014-2015 pursuant to Clause 31 of the Listing Agreement along with Form A for your records; also the soft copy is mailed to you at your designated e-mail address.

Kindly acknowledge the receipt.

Thanking You,

Yours faithfully,
For RAJ RAYON INDUSTRIES LIMITED

Gita Yadav
Company Secretary & Compliance Officer
Encl: As Above



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, 2015
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	Second 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>Rajkumari Kanodia Non Executive Chairperson & Director</p>   <p>Sushil Kanodia Chief Executive Officer</p>   <p>Prahlad Rai Jajodia Audit Committee, Chairman</p> <p>Mumbai, 30th May, 2015</p>

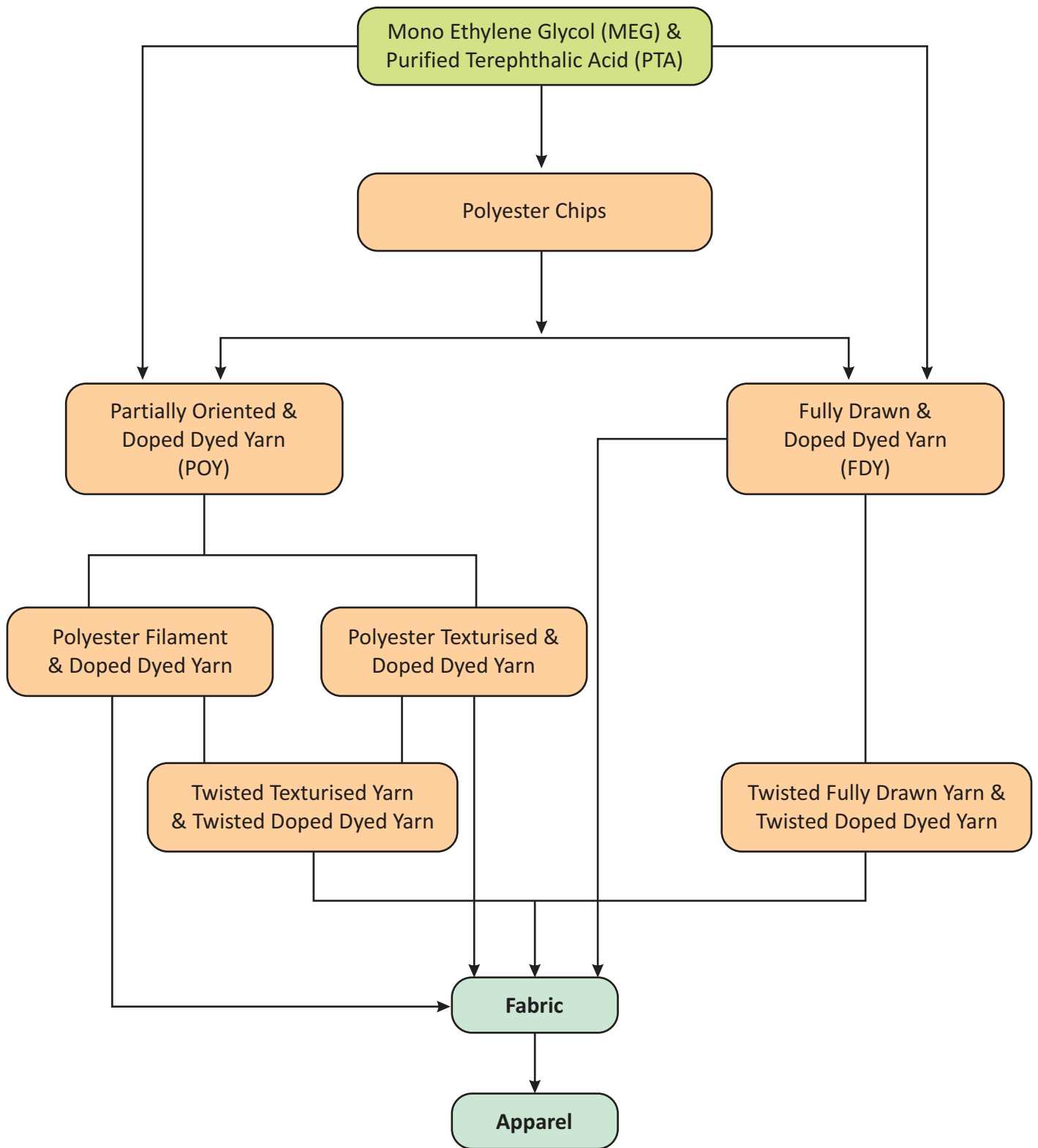



RAJ RAYON INDUSTRIES LIMITED


"Spinning the Quality of Perfection"

22nd Annual Report
2014 - 2015

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. NAVAL BABULAL KANODIA MR. SURESH GUPTA MR. PRAHLAD RAI JAJODIA	Non Executive Chairperson & Director Whole Time Director Director Director
CEO & CFO	:	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 and 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 LOCATIONS	:	(i) Survey No. 272/1/1, Plot No. 1, Village -Dadra, Dadra-Demani Road, Dist-Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230 (INDIA) (ii) Survey No. 185/1/1, Plot No.17, Dokmandi, Village- Amla, Dist- Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230 (INDIA) (iii) Survey 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

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Members of Raj Rayon Industries Limited will be held on Wednesday, 30th September, 2015 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:

- To receive, consider and adopt the audited Balance Sheet as at 31st March, 2015, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Mr. Naval Babulal Kanodia (Din No: 03063554) who retires by rotation and being eligible offers himself for re-appointment.
- To ratify the appointment of Auditors and to fix their remuneration and to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT, pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, pursuant to the recommendations of the audit committee of the Board of Directors, and pursuant to the resolution passed by the members at the Annual General Meeting held on 30th September, 2014, the appointment of **M/s. K.M. Garg & Co., Chartered Accountants (Registration No. 120712W)** as the Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2018 be and is hereby ratified 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:

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

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with the rules made there under and Clause 49 of the Listing Agreement, the consent of the Members of the Company be and is hereby accorded to enter into transactions with the following Related Party on arm length basis for the maximum amount of ₹ 150.00 crs per annum details as mentioned herein below:

Sr. No.	Nature of transactions as per Companies Act, 2013	Name of Director/ KMP who is related and nature of relationship	Name of Related Party	Relationship	Particulars of the transactions
1.	Sale of Materials	Mr. Naval Babulal Kanodia	Fine Fashion Private Limited	Director is Relative of Director	Sale of Polyester Yarns/Fabrics

RESOLVED FURTHER THAT the Board of Directors of the Company and/or a Committee thereof, be and are hereby, severally authorised to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party(ies) and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution, in the best interest of the Company.”

- 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, Practicing 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 2015-2016 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.”

- 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 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the applicable provisions of the Companies Act, 1956, the Companies Act, 2013 and such other laws, rules, regulations, guidelines or notifications as may be applicable, if any, and subject to approval of Audited Annual Accounts for the financial year 2014-2015 by the Shareholders of the Company in this Annual General Meeting, **The Report of the Board of Directors** explaining the reasons of erosion of more than 50% of the Peak Net Worth of the Company as per the Audited Financial Results of the Company for the year ended 31st March, 2015 be and is hereby considered and approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to inform and report the Company as Potentially Sick Industrial Company to the Board for Industrial and Financial Reconstruction (BIFR) and such other State and Central Government Authorities as may be required under the laws, rules, regulations, guidelines and directives for the time being in force in India in the prescribed form and to intimate such other authorities, entities, financial institutions, stock exchanges, body corporates, associations and persons as may be necessary in terms of the agreements, security documents, undertakings, declarations and memorandum of understanding entered into by the Company.



RESOLVED FURTHER that the Board of Directors and Company Secretary of the Company be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any Director(s) or any Committee of Director(s) or to any Officer(s) of the Company to give effect to the above resolution.”

By order of the Board of Directors

Sd/-

Gita Yadav

**Company Secretary &
Compliance Officer**

Place: Mumbai

Date: 31st July, 2015

Membership No.: ACS23280

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 Wednesday, 23rd September, 2015 to Wednesday, 30th September, 2015 (both days inclusive) for the 22nd 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
31-03-2010	07-08-2010	06-08-2017	06-09-2017
31-03-2011	15-09-2011	14-09-2018	14-10-2018

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

- Members, who hold shares in physical form, in multiple folios, in identical names or joint accounts in the same order of names, are requested to send the Share Certificates to the Company's R&TA for consolidation into a single folio.
- Further, Members are requested to inform immediately about any change in their address to Company's R&TA at the address mentioned below so as to enable the Company to dispatch dividend warrants and any further communication at their correct addresses:

LINK INTIME INDIA PRIVATE LIMITED

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

- 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.



RAJ RAYON INDUSTRIES LIMITED

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 read with Rules 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its Members facility of e-voting which enables them to cast their votes electronically on the proposed resolutions in this notice. The e-Voting Service is provided by Central Depository Services (India) Limited (CDSL). The instructions for e-voting are as under:

- (i) The voting period begins on (26th September, 2015, 9:00 a.m.) and ends on (29th September, 2015, 5:00 p.m.). During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23rd September, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.
- (vii) 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 sequence number, which is given on the Address Sticker of Annual Report, to indicate 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.
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 member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (xi) Members holding shares in physical form will then directly reach 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant **Raj Rayon Industries Limited** on which you choose to vote.
- (xii) 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.



- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non-Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for 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.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) 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.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xx) The voting rights of Shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 23rd September, 2015.
- (xxi) The Company shall be making arrangements for the members to cast their votes in respect to the business either through electronic voting system or through poll/ ballot for members attending the meeting who have not cast their vote by remote voting.
- (xxii) **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.

- (xxiii) The Scrutinizer shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make not later than three days of conclusion of the meeting a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any to the Chairman or a person authorised by him in writing who shall countersign the same and the Chairman shall declare the results of the voting forthwith which shall not be later than 5:00 P.M. 03rd October, 2015.
- (xxiv) The result declared, along with the Scrutinizer's Report shall be placed on the Company's website www.rajrayon.com and on the website of CDSL after the result is declared by the Chairman and also be communicated to the Stock Exchanges where the Company is listed.

ANNEXURE TO NOTICE

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013:

Item No. 4

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings between the related parties of the Company. The provisions of Section 188(1) of the Companies Act, 2013 that govern the Related Party Transactions, requires that for entering into any contract or arrangement as mentioned herein below with the related party, the Company must obtain prior approval of the Board of Directors and of the Members by way of a Special Resolution, in case the threshold limits are exceeded:

1. Sale, purchase or supply of any goods or materials;
2. Selling or otherwise disposing of, or buying, property of any kind;
3. Leasing of property of any kind;
4. Availing or rendering of any services;
5. Appointment of any agent for purchases or sale of goods, materials, services or property;
6. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
7. Underwriting the subscription of any securities or derivatives thereof, of the Company.

In the light of provisions of Section 188 of Companies Act, 2013 read with Rules made there under and Clause 49 of the Listing Agreement, the Board of Directors of your Company has approved the proposed transactions along with annual limit that your Company may enter into with the related parties.



RAJ RAYON INDUSTRIES LIMITED

The particulars of the transaction pursuant to the provisions of Section 188 and the Companies (Meetings of Board and its Powers) Rules, 2014 are as under:

Sr. No.	Particulars	Details/ Remarks
1	Name of related party	Fine Fashion Private Limited
2	Name of the Director or Key Managerial Personnel who is related, if any	Mr. Naval Babulal Kanodia
3	Nature of Relationship	Director Relative
4	Nature, material terms, monetary value particulars of the contract or arrangement	Sale of Polyester Yarns/ Fabrics of ₹ 150.00 crores p.a.
5	Any other information relevant or important for the Board/ Members to take a decision	-

The transactions are done on an ordinary course of business and on arm length basis.

Members are hereby informed that no member of the company shall vote on such special resolution to approve any contract or arrangement which may be entered into by the company, if such member is a related party.

The Directors recommend the Item No. 4 of the Notice for consent and approval by the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Naval Babulal Kanodia is in any way, concerned or interested, financial or otherwise, in the proposed special resolution except to the extent of their respective shareholding in the Company, if any.

Item No. 5

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 2015-2016 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. 5 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. 6

In terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"), if the accumulated losses of an industrial company, as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding four financial years, that company falls under the category of potentially sick industrial company and therefore the fact is required to be reported to the Board of Industrial and Financial Restructuring (BIFR) within 60 days from the date of finalization of the audited accounts which is the date of the Annual General Meeting at which the audited accounts of the company are adopted.

As per the audited accounts of the Company for the financial year ended 31st March, 2015 finalized and approved by the Board of Directors which are subject to the approval of shareholders in this Annual General Meeting, the current year Net Worth of the Company is (₹ 992.35) Lacs while the Peak Net Worth during the immediately preceding four financial years is ₹ 15279.80 Lacs. Therefore, there has been a complete erosion of Peak Net Worth of the Company during the immediately preceding four years.

In terms of the provisions of Section 23 of SICA, a report on such erosion and its causes is required to be submitted before the Shareholders for their consideration and approval. The said Report is annexed herewith and forms part of this Notice.

The Board recommends the resolution set out at Item No. 6 as an ordinary resolution to the shareholders for their approval.

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

By order of the Board of Directors

Sd/-

Gita Yadav

**Company Secretary &
Compliance Officer**

Place: Mumbai

Date: 31st July, 2015

Membership No.: ACS23280

Registered Office:

Survey No. 177/1/3,

Village – Surangi, Dist –Silvassa,

Dadra & Nagar Haveli (U.T.) – 396 230



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 of the Notice:

Name of Directors	Mr. Naval Babulal Kanodia
Age	47 years
Qualification	H.S.C
Date of appointment	28 th March, 2014
Category	Executive Director
No. of Shares held	NIL
Expertise in specific functional area	Textile Industry
Membership or Chairmanship in other Companies	He is neither a Director of the Board of any other Company nor Member of the Committees of the Board of any other Company.

REPORT OF BOARD OF DIRECTORS TO THE SHAREHOLDERS ON EROSION OF PEAK NET WORTH, CAUSES THEREOF AND ACTION TAKEN BY THE COMPANY IN TERMS OF SECTION 23 OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

In terms of requirement of Section 23 (1)(b) of the Sick Industrial Companies (Special Provisions), Act, 1985 ("the Act"), a report of the Board of Directors on erosion more than 50% of its peak net worth during the immediately preceding four financial years along with its causes thereof and its revival plan is being submitted herewith to the Members of the Company.

As per the audited accounts of the Company for the financial year ended 31st March, 2015 finalized and approved by

the Board of Directors which are subject to the approval of shareholders in this Annual General Meeting, the current year Net Worth of the Company is (₹ 992.35) Lacs while the Peak Net Worth during the immediately preceding four financial years is ₹ 15279.80 Lacs. Therefore, there has been a complete erosion of Peak Net Worth of the Company.

Causes of Erosion of Net Worth of the Company

Following are the reasons for losses and Net Worth erosion:

- Shortage of raw materials in the domestic market.
- Volatility in raw materials prices resulting into weak demands further squeezing the profit margins.
- High interest burden from debt.
- Highly volatile Indian Rupee against USD, with sharp depreciation especially in last couple of years, had an adverse effect on the profitability of the Company.

Steps Taken/Proposed to be taken by the Company Management

Following are the steps taken and proposed to be taken by the Company:

- Improve the production efficiency.
- Changes in the product mix.
- More thrust on export sales.
- The Company has taken several steps for operational restructuring (by implementing Direct Polymer Melt (DPM POY)) which are expected to lead to higher efficiency/ cost savings in the times to come.

**On behalf of the Board of Directors
For Raj Rayon Industries Limited**

**Sd/-
Rajkumari Kanodia
Non Executive
Chairperson & Director**

**Place: Mumbai
Dated: 31st July, 2015**



MANAGEMENT DISCUSSION AND ANALYSIS

Forward-Looking Statements

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

Overview

General:

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

Financial:

During the year the Company has registered:

- Net Sales and other income of ₹ 19169.17 Lacs as compared to ₹ 47276.74 Lacs of previous year.
- PBDIT of ₹ 565.25 Lacs as compared to Loss (₹ 4725.17) Lacs of previous year.
- PBT for the year was (₹ 10784.22) Lacs as compared to (₹ 12760.31) Lacs of previous year.
- The Company incurred Cash losses of ₹ 3245.63 Lacs as compared to Cash losses of ₹ 5615.17 Lacs of previous year.
- The Company incurred a Net Loss of ₹ 7486.38 Lacs & EPS of (₹ 2.81) as compared to Net Loss of ₹ 8776.28 Lacs & EPS of (₹ 3.29) of previous year.
- Export of the Company during the year was ₹ 1225.27 Lacs.

Industry outlook:

Indian Textile Industry Overview

India is the second largest manufacturer of textile and apparel in the world after China. Indian industry accounts for almost 24% of the world's spindle capacity and 8% of global rotor

capacity, making India the second largest producer of spun yarn. India is the 2nd largest exporter of textile and apparel with exports of US\$ 40 billion (2013-14) out of the total world export of US\$ 760 billion, contributing a share of approx. 5%. India is the 7th largest apparel exporter in the world with a share of 3.7% of the total apparel trade. India has its manufacturing capacities equipped at each level of the production chain supported by availability of raw material, inexpensive and easily available labour.

Table 1: Installed Capacities in Indian Textile Sector

Description	Capacities
Spindles	498 lakhs
Rotors	8.3 lakhs
Looms (Organised Sector)	0.6 lakhs
Powerloom	23 lakhs

Source: Office of Textile Commissioner

Currently Government is running various schemes to support the sector including. Revised and Restructured Technological Upgradation Fund Scheme (RRTUFS), Scheme for Integrated Textile Parks (SITP), Technology Mission on Technical Textiles (TMTT), Integrated Scheme for Powerloom Development Sector (ISPDS), Integrated Skill Development Scheme (ISDS), Swarnjayanti Gram Swarozgar Yojana (SGSY), etc. In addition, various states also have developed textile sector specific policies to promote investments.

Global Polyester Sector Scenario

Global consumption of polyester filament has grown with a CAGR of 8% and stood at around 27 million tons in 2014. China accounts for the major share of around 74% of the total polyester filament consumption followed by India with a share of around 9%.

Table 2: Polyester Filament Mill Consumption (in ₹000 tons)

Region	2010	2011	2012	2013	2014	Share (2014)
China	15421	17257	18271	18971	19350	74%
India	1624	1817	2047	2270	2353	9%
South Asia (excluding India)	1234	1302	1389	1491	1580	6%
Latin America	489	515	545	554	554	2%
Taiwan	533	513	503	483	473	2%
Turkey	447	441	429	414	399	2%
World	21455	23453	24720	25654	26319	

Source: PCI fibres

The global consumption is expected to grow at a rate of 4% from 2010 to 2020. Whereas a higher growth rate of 9%, is expected in India.

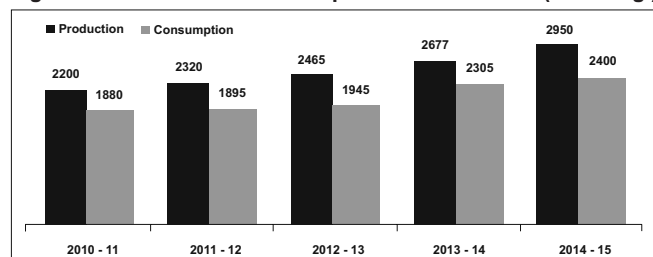


Indian Polyester Sector Scenario

Polyester Filament Yarn (PFY)

PFY is used for making fabric for different uses like dress materials, home furnishing, upholstery, tapestry, industrial fabrics, hose pipes, etc. Production of PFY has increased from 2,200 mn. Kg in 2010-11 to 2,950 mn. Kg in 2013-14 at a CAGR of 6%. Similar trend has been shown by consumption PFY has grown with a CAGR of 5% in the same period from 1,880 mn. Kg to 2,400 mn. Kg.

Figure 1: Production & Consumption of PFY in India (in Mn. Kg.)

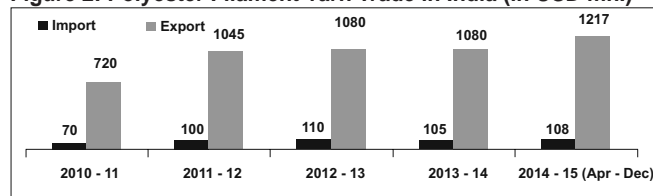


Source: PCI fibres

More than 50% of the domestic capacity is located in the western India due to the proximity of raw material suppliers and downstream weaving units at Surat and Bhiwandi.

India's export of PFY has grown from 389 million kg in 2010-11 to 646 million kg in 2013-14 with a CAGR of 13%. In terms of value, India exports have increased significantly in 2014-15. In the first 9 months of this FY, India exported PFY worth US\$ 1.2 bn; while in 2013-14 the export was worth US\$ 1 bn. Imports of PFY in India is relatively a small amount.

Figure 2: Polyester Filament Yarn Trade in India (in USD mn.)



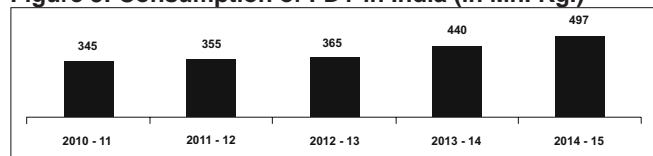
Source: Ministry of Commerce

Turkey and Brazil are the major importers of PFY from India with a trade share of 26% and 22%, respectively in India's total exports of PFY. Egypt, Bangladesh and Korea are other major export markets.

Fully Drawn Yarn (FDY)

Consumption of FDY yarn has grown from 345 million kg in 2010-11 to 497 million kg in 2014-15 with a CAGR of 8%.

Figure 3: Consumption of FDY in India (in Mn. Kg.)

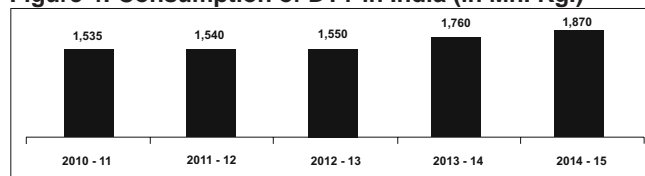


Source: PCI Fibres, Wazir analysis

Drawn Textured Yarn (DTY)

DTY yarn is mainly used in weaving & knitting of fabrics for making clothes, home furnishings, seat covers, and bags. DTY can be used as a substitute of cotton in coarser count application DTY is manufactured by texturizing partially oriented yarn. Almost 90% of the texturizing units are located in the Silvassa and Amritsar. Consumption of DTY has grown at a CAGR of 4% from 1,535 million kg to 1,870 million Kg between 2010-11 and 2014-15.

Figure 4: Consumption of DTY in India (in Mn. Kg.)

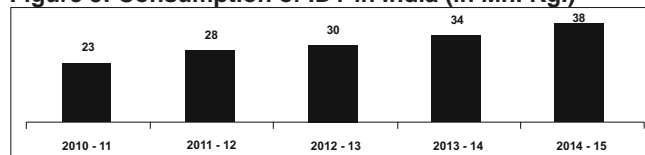


Source: PCI Fibres, Wazir analysis

Industrial Drawn Yarn (IDY)

Application areas of IDY includes conveyor belt, rope, geo-grid, automotive seatbelt, industrial fabric, tarpaulin, swing threads, bill boards, awnings etc. The consumption of IDY has increased from 23 million kg in 2010-11 to 38 million kg in 2014-15 with a CAGR of 11%

Figure 5: Consumption of IDY in India (in Mn. Kg.)



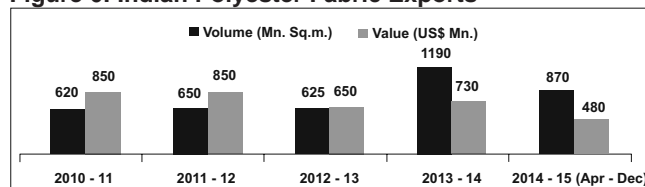
Source: PCI Fibres, Wazir analysis

Polyester Fabric

Polyester fabric (100% polyester and blended) production has decreased from 30 billion sq. meter in the year 2010-11 to 27 billion meter in 2013-14. Woven polyester fabric accounts for almost 90% share of the total production and stood at 24 billion sq. meter in year 2013-14. Most of the fabric produced in India is consumed in the domestic market.

Export of polyester fabric from India has grown from 620 million sq. meter in 2010-11 to 1 billion sq. meter in 2013-14 at a CAGR of 18%. The first half of the financial year 2014-15 reported exports of around 870 million sq. meter which is way ahead of the exports in 2010-11.

Figure 6: Indian Polyester Fabric Exports



Source: Ministry of Commerce



RAJ RAYON INDUSTRIES LIMITED

Production of woven polyester fabric takes place majorly in Gujarat, Maharashtra and Rajasthan. UAE, Afghanistan and Saudi Arabia are top three importers of polyester fabrics from India.

Factors impacting Indian Polyester Industry

Raw Material

Domestic supply of PTA in India is depended on 3 major supplier viz. Reliance Industries Limited, Indian Oil Corporation Limited, Mitsubishi Corporation with a combined capacity of around 5 million tons. The domestic supply is not sufficient to meet the domestic demand, hence India imports significant amount of PTA. A reduction has been witnessed in the cost of both the PTA and MEG in the end of the FY 2014-15 due to reduction in the crude oil prices.

Table 2: PTA and MEG Prices in 2014-15

Month	PTA price	MEG Price	PTA (CFR China)	MEG (CFR China)
	₹/MT	₹/MT	USD/MT	USD/MT
April 14	61600	62900	891	955
	61800	62200		
May 14	61700	62000	883	945
	59900	59600		
June 14	59700	59900	892	951
	64300	64800		
July 14	66200	67800	965	1003
	67400	66900		
Aug 14	69500	68100	1018	1012
	71700	69300		
Sep 14	70100	68100	1014	1003
	66900	66100		
Oct 14	64300	63700	922	933
	61700	66000		
Nov 14	56400	58600	802	870
	55200	59300		
Dec 14	55700	61800	741	849
	51800	57700		
Jan 15	48000	56000	573	747
	44900	53000		
Feb 15	43500	52300	600	845
	44900	56700		
Mar 15	45900	58800	620	840

Source: Wazir Advisors

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 by 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 Demand

The global fibre and textile industry has faced demand recession in consumer segment during the few years due to volatile economic situation in the US & Europe and geopolitical disturbances in Africa and the Middle East Region. Only Asia's fibre 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.

Challenges for Polyester Industry

Polyester based textile industry of India faces following challenges over the common challenges faced by Indian textile industry:

- Absence of Value added Textile manufacturing
- Disparity of excise duty between cotton and Manmade - The industry has witnessed a discrimination against cotton in form of higher excise and custom duties. 5% custom duty, 4% special addition duty and 12.36 % excise duty or countervailing duty beside antidumping duty leads to cost 22% higher amount for MMF as compared to international prices.
- Weak Links in Polyester Based Textile Value Chain – Fabric manufacturing and processing are the two major weak links in the polyester based value chain. These two segments are catered by small and medium scale capacity units, which tend to use old technology and do not follow the standard norms of manufacturing sector.

Source: Wazir Advisors

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 has adversely impacted company's cost structure as the company was rely 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 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, 2014 to 31st March, 2015

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

At Raj Rayon Industries 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:

Mrs. Rajkumari Kanodia – Chairperson and Non-Executive Promoter Director, Mr. Naval Kanodia - Whole Time Director (Executive Director). Mr. Suresh Gupta and Mr. Prahlad Rai Jajodia - Non-Executive and Independent Directors.

None of the Directors holds directorship in more than 20 companies (maximum 10 public companies),

None of the Directors holds Membership in more than 10 Committees (Audit and Stakeholder's Relationship Committees) and Chairmanship of Committees as aforesaid in more than 5.

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

During the year ended 31st March, 2015, the Company had Nine (09) Board Meetings. These meetings were held on the following date(s):

30/05/2014, 25/06/2014, 05/07/2014, 14/08/2014, 10/10/2014, 14/11/2014, 22/01/2015, 14/02/2015, 26/03/2015

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.	Mrs. Rajkumari Kanodia	Non Executive Chairperson & Promoter Director	8	YES	-	-	-
2.	Mr. Naval Babulal Kanodia	Executive Director	8	YES	-	-	-
3.	Mr. Suresh Gupta	Non Executive & Independent Director	9	YES	-	-	-
4.	Mr. Prahlad Rai Jajodia	Non Executive & Independent Director	8	YES	-	-	-

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

Memberships of only Audit Committee and Stakeholders Relationship Committee.

**Separate Meeting of Independent Directors:**

As per Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, in a year the Independent Directors should have a separate Independent Directors meeting and discuss the following:

- review the performance of non-independent directors and the Board as a whole,
- review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- to assess the quality, quantity and timeliness of flow of information between the company management and the Board.

During the financial year Separate Independent Directors Meeting was held on 27th March, 2015.

b) Directors Profile:

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

i) Mrs. Rajkumari Kanodia:

Mrs. Rajkumari Kanodia, aged 56 years, is one of the main promoters of your company. Mrs. Kanodia, a H.S.C, has experience in the textile field for about 20 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, Corporate Social Responsibility Committee and Allotment Committee of our Board.

Mrs. Kanodia has been re-designated 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, 2015.

ii) Mr. Naval Babulal Kanodia:

Mr. Naval Babulal Kanodia, aged 47 years, is a HSC. He was appointed as an Additional Director (Executive Director) w.e.f. 28th March, 2014 and confirmed as Whole Time Director in the Annual General Meeting held on 30th September, 2014. He has very rich experience and exposure in textile sector. He is a Chairman of Corporate Social Responsibility Committee and Member of Allotment Committee of our Board.

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, 2015.

iii) Mr. Suresh Gupta:

Mr. Suresh Gupta, aged 61 years, is B.Com. 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 is 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, 2015.

iv) Mr. Prahlad Rai Jajodia:

Mr. Prahlad Rai Jajodia, aged 66 years, is a HSC. He was appointed as an Additional Director w.e.f. 18th March, 2014 and confirmed as Director in Annual General Meeting held on 30th September, 2014. He has good experience and exposure in textile sector. He is Member of Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee, Corporate Social Responsibility 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, 2015.

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.



RAJ RAYON INDUSTRIES LIMITED

CEO/CFO CERTIFICATION:

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

4. AUDIT COMMITTEE:

Terms of reference of Audit Committee are as per 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
1.	Mr. Suresh Gupta	Independent Director – Chairman
2.	Mrs. Rajkumari Kanodia	Non-Executive Director – Member
3.	Mr. Prahlad Rai Jajodia	Independent Director – Member

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

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

- The Company's financial reporting process and disclosure of its financial information.
- Appointment of Statutory Auditors and fixation of their audit fee.
- Internal control systems, scope of Audit including observation of the Auditors, adequacy of internal audit functions, major accounting policies, practices and entries, compliance with Accounting Standards concerning financial statements and related party

transactions, if any based on review and discussion with Auditors.

- The Company's financial and risk management policies based on discussions with the Internal Auditors and as a follow-up of the significant findings thereon.
- Quarterly and Annual Financial statements before submission to the Board of Directors.

Meetings of the Audit Committee:

During the year under review four (4) meetings of the Audit Committee were held on the following dates: 30/05/2014, 14/08/2014, 14/11/2014 and 14/02/2015.

Attendance of Members at Audit Committee meetings is as under:

Sr. No.	Name of the Directors	No. of Meetings attended
1.	Mr. Suresh Gupta	4
2.	Mrs. Rajkumari Kanodia	4
3.	Mr. Prahlad Rai Jajodia	4

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
1.	Mr. Suresh Gupta	Independent Director – Chairman
2.	Mrs. Rajkumari Kanodia	Independent Director – Member
3.	Mr. Prahlad Rai Jajodia	Non-Executive Director – Member



During the year under review one (1) meeting was held on 26th May, 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. Naval Babulal Kanodia, Whole Time Director of the Company, during the year ended on 31st March, 2015 is as follows:

Sr. No	Particulars	Mr. Naval Babulal Kanodia	
a)	Salary	₹ in Lacs	2.50
b)	Fixed Component- Cont. to P. F.	₹ in Lacs	NIL
c)	Bonus Benefits & other Allowances	₹ in Lacs	NIL
d)	Service Contract	Years	3
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, 2013 erstwhile 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
1.	Mr. Suresh Gupta	Independent Director – Chairman
2.	Mrs. Rajkumari Kanodia	Non-Executive Director – Member
3.	Mr. Prahlad Rai Jajodia	Independent Director – Member
4.	Mr. Naval Babulal Kanodia	Executive Director - Member

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 to be in compliance with Section 178 of Companies Act, 2013 the Committee has been renamed to Stakeholder

Relationship Committee in the Board of Directors Meeting held on 14th October, 2013.

The composition of the Stakeholder Relationship Committee is as follows:

Sr. No.	Name of the Directors	Status
1.	Mr. Suresh Gupta	Independent Director – Chairman
2.	Mrs. Rajkumari Kanodia	Non-Executive Director – Member
3.	Mr. Prahlad Rai Jajodia	Independent Director – Member

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 five (5) times during the year under review, on the following dates: 12/04/2014, 14/07/2014, 16/10/2014, 12/01/2015 and 19/02/2015.

Attendance of Members at Stakeholder Relationship Committee is as under:

Sr. No.	Name of the Directors	No. of Meetings attended
1.	Mr. Suresh Gupta	5
2.	Mrs. Rajkumari Kanodia	5
3.	Mr. Prahlad Rai Jajodia	5

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. RISK MANAGEMENT COMMITTEE

In compliance with the provisions of Companies Act, 2013 read with the Rules framed there under and Clause 49 of the Listing Agreement (as amended by SEBI Circular dated 17th April, 2014 and 15th September, 2014) the Company has constituted a Risk Management Committee in its Board of Directors meeting held on 14th November, 2014 to formulate policy for framing, implementing and monitoring the risk management plan.



RAJ RAYON INDUSTRIES LIMITED

The Board of Directors has adopted the Risk Management policy for minimisation of various risks to be dealt by the company.

The composition of the committee is as under:

Sr. No.	Name of the Members	Status
1.	Mr. Naval Babulal Kanodia	Whole time Director
2.	Mrs. Rajkumari Kanodia	Director
3.	Mr. Prahlad Rai Jajodia	Director
4.	Mr. Sushil Kumar Kanodia	CEO and CFO

9. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

In compliance with Section 135 of Companies Act, 2013 read with Schedule VII and rules made thereunder the Company has constituted a Corporate Social Responsibility (CSR) Committee. The committee will formulate the CSR policies as per the said act and explore the areas or activities in which the Company should spend.

11. DISCLOSURES:

I General Body Meetings:

Financial Year	Date	Location	Time	Special Resolution Passed in the AGM/EGM
2011-2012 AGM	29-09-2012	Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	10:00 a.m.	No Special Resolution was passed.
2012-2013 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.
2013-2014 AGM	30-09-2014	Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	10:00 a.m.	<ul style="list-style-type: none"> i) Appointment of Mr. Suresh Gupta as an Independent Director for a period of 5 years commencing from 30th September, 2014. ii) Appointment of Mr. Prahlad Rai Jajodia as an Independent Director for a period of 5 years commencing from 30th September, 2014. ii) 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 02nd June, 2014. iv) 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. v) 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.

The composition of the committee is as under:

Sr. No.	Name of the Members	Status
1.	Mr. Naval Babulal Kanodia	Whole time Director
2.	Mrs. Rajkumari Kanodia	Director
3.	Mr. Prahlad Rai Jajodia	Director

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

10. INVESTOR GRIEVANCE REDRESSAL:

The total number of complaints received, and replied to the satisfaction of the shareholders, during the year ended 31st March, 2015 was Five (05). Outstanding complaints as on 31st March, 2015 were Nil.

The Company has acted upon all valid share transfer requests received during the year 2014 - 2015. No request for transfer and dematerialisation were pending as on 31st March, 2015.



Financial Year	Date	Location	Time	Special Resolution Passed in the AGM/EGM
				vi) Approval of remuneration payable to Cost Auditor of the Company. vii) 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.

Postal Ballot:

During the year ended on 31st March, 2015, 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, 2015, following resolution was passed in Extra Ordinary General Meeting:

Date	Location	Time	Special Resolutions Passed
14 th March, 2015	Survey No. 177/1/3, Village – Surangi, Dist – Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	11:00 a.m.	Issue of 8,00,00,000 Equity Shares of ₹ 1/- each at par to selected persons (Promoter/ Non promoter) on preferential basis pursuant to Section 42 & 62 of the Companies Act, 2013 and Rules made there under and Chapter VII of SEBI (ICDR) Regulations, 2009.

Audit Committee and they are negotiated on arms length basis and are only intended to further the interest of the Company.

The Policy on Materiality of Related Party Transaction is available on our website:

<http://rajrayon.colorsopus.in/images/Policy%20on%20Materiality%20of%20Related%20Party%20Transaction.pdf>

(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 except the following:

As per regulations of 6(2), 6(4) and 8(3) of SEBI (Substantial Acquisition of Shares and Take over) Regulations, 1997 information with regard to the Shareholding has to be submitted within the time period specified therein. We had delayed the submission of the required information till 2002. The information was submitted in March, 2004. We had received a Notice dated 10th September, 2004 from SEBI, in respect of delay and also asking for Company's consent to agree to pay ₹ 1,75,000/- for the aforesaid violations. The Company has vide its letter dated 29th September, 2004 agreed to pay the amount and has given its consent.

(c) Whistle Blower Policy:

On 14th November, 2014 the Board has approved and adopted Whistle Blower Policy in compliance with Section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement. The Company had established a mechanism for Directors and Employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our Code of Conduct or Ethics policy. It provides for safeguards against the victimisation of Directors and employees who avail of the mechanism, and allows direct

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.

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



RAJ RAYON INDUSTRIES LIMITED

access to the chairperson of the Audit Committee in exceptional cases. We further affirm that no director or employee has been denied access to the audit committee during the year 2014- 2015. The Whistleblower Policy is available on our website: <http://rajrayon.colorsopus.in/images/Whistleblower%20Policy.pdf>

III Disclosures on Risk Management:

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

12. 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.

13. 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, 2015
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, 2015	Mid week of August, 2015
Results for quarter ending September 30, 2015	Mid week of November, 2015
Results for quarter ending December 31, 2015	Mid week of February, 2016
Results for year ending March 31, 2016	Last week of May, 2016
Annual General Meeting	September, 2016

(c) Book Closure Period:

From 23rd September, 2015 to 30th September, 2015 (both days inclusive) for the 22nd Annual General Meeting.

(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), Phrioze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 (INDIA)	Code: 530699 ISIN NO: INE533D01024	Annual listing fee for the year 2015-16 (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) ISIN NO.: INE533D01024

(f) Corporate Identification Number (CIN): L17120DN1993PLC000368



(g) Market Price Data:

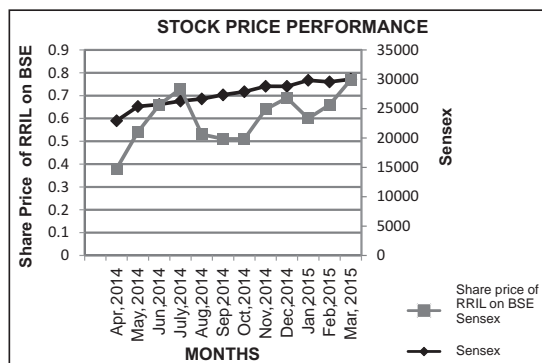
The monthly high and low quotations of shares traded on the Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd are as follows:

Month	Bombay Stock Exchange (Amount in ₹)		National Stock Exchange (Amount in ₹)	
	High	Low	High	Low
April, 2014	0.38	0.32	0.40	0.35
May, 2014	0.54	0.35	0.55	0.35
June, 2014	0.66	0.50	0.60	0.55
July, 2014	0.73	0.45	-	-
August, 2014	0.53	0.42	0.55	0.45
September, 2014	0.51	0.40	0.50	0.40
October, 2014	0.51	0.44	0.50	0.40
November, 2014	0.64	0.44	0.60	0.45
December, 2014	0.69	0.48	0.65	0.50
January, 2015	0.60	0.51	0.65	0.50
February, 2015	0.66	0.45	0.60	0.50
March, 2015	0.77	0.57	0.75	0.45

Source: BSE and NSE websites

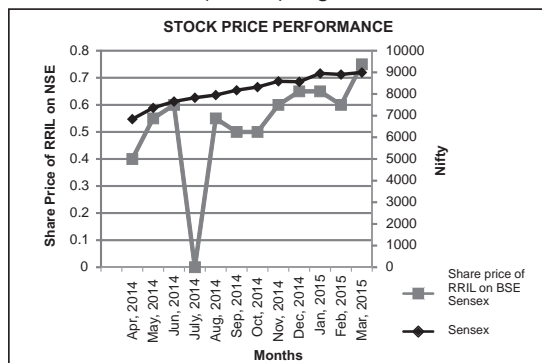
Stock Performance:

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

(h) 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

(i) 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.

(j) Distribution of shareholding as on 31st March, 2015 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	11854	83.30	19354611	7.26
5001– 10000	1210	8.50	10310557	3.87
10001- 20000	589	4.13	9015109	3.38
20001 – 30000	190	1.33	4851231	1.82
30001 – 40000	102	0.72	3676819	1.38
40001 – 50000	64	0.45	3046253	1.14
50001– 100000	127	0.89	8985063	3.37
100001 & above	95	0.67	202714357	77.77
TOTAL	14231	100.00	266454000	100.00

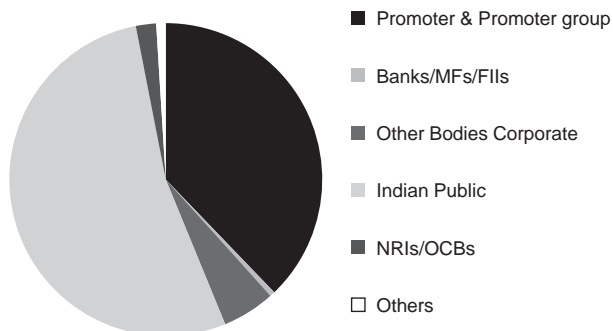
(k) Categories of Shareholders as on 31st March, 2015 are as under :

Category	Number of shares	%age of holding
Promoter & Promoter group	100735930	37.81
Banks/MFs/FIIs	1418963	0.53
Other Bodies Corporate	14554752	5.46
Indian Public	141557769	53.13
NRIs/OCBs	5553285	2.08
Others	2633301	0.99
Total	266454000	100.00



RAJ RAYON INDUSTRIES LIMITED

CATEGORIES OF SHAREHOLDERS



(l) Corporate Benefits:

The Company has not declared any Dividend for the last 3 years.

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

(A) Dematerialisation Position as on 31st March, 2015:

Total No. of fully paid up Equity Shares	Shares in Demat Form	Percentage %	Shares in Physical Form	Percentage %
266454000	262537900	98.53	3916100	1.47

The Equity Shares of Raj Rayon Industries Limited is 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, 2015 Raj Money Market Limited, a promoter group Company, holds 9,47,20,930 shares, out of them 1,33,22,000 shares allotted on preferential basis are Lock- in upto:

No. of shares	Date of allotment	Lock - in start date	Lock- in release date
1,33,22,000	30/06/2012	30/06/2012	29/06/2015

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

The Company has so far not issued any GDRs/ADRs and therefore the question of outstanding GDRs /ADRs etc. as at end of March, 2015 does not arise.

(q) Plant Locations:

The Company's plants are located at:

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

(r) Address for correspondence:

(i) For Investor correspondence:

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

Registrar & Share Transfer Agent:

Link Intime India Private Limited

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

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

Email: rnt.helpdesk@linkintime.co.in

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.

(s) Capital Integrity Audit for Reconciliation of Capital:

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



14. 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 ₹ 86,110/- being the unclaimed dividend for the year 2006-2007 has been duly credited to the IEPF within stipulated time.

15. Equity Shares in the Suspense Account:

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

Particulars	No. of Shareholders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares in the Suspense Account lying as on 01 st April, 2014	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, 2015	17	17000

The voting rights on the shares outstanding in the suspense account as on 31st March, 2015 shall remain frozen till the rightful owner of such shares claims the shares.

16. 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.

17. 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 2014-2015 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.



RAJ RAYON INDUSTRIES LIMITED

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, 2015.

Place: Mumbai
Date: 30th May, 2015

For Raj Rayon Industries Limited
SD/-
Rajkumari Kanodia
Non Executive Chairperson & Director

CEO/CFO 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, 2015, the Company has complied with the requirements of the said sub clause.

Place: Mumbai
Date: 30th May, 2015

For Raj Rayon Industries Limited
SD/-
Sushil Kumar Kanodia
CEO & CFO

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
Raj Rayon Industries 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, 2015, 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, 2015

For and behalf of
K.M. Garg & Co.
Chartered Accountants
Firm Registration Number- 120712W
SD/-
CA K K Garg
Partner
Membership No: 033940



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 22nd Annual Report on the business and operations of the Company and the accounts for the Financial Year ended on 31st March, 2015.

Financial Results:

Particulars	(₹ in Lacs)	
	Current Year	Previous Year
	2014-2015	2013-2014
Net Sales and Other Income	19169.17	47276.74
Net Profit before interest, Depreciation and Tax	565.25	(4725.17)
Less: Interest	7108.72	4874.03
Depreciation	4240.75	3161.11
Profit/(Loss) before Tax	(10784.22)	(12760.31)
Less: Provision for Current Tax	0.00	0.00
Provision for Deferred Tax	(3297.96)	(3982.51)
Tax Adjustment for earlier years	0.12	(1.52)
Profit/(Loss) After Tax/ Profit/(Loss) for the Period	(7486.38)	(8776.28)

**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 ₹ 19169.17 Lacs as compared to ₹ 47276.74 Lacs of previous year. The Company incurred a Net Loss of ₹ 7486.38 Lacs as compared to previous year's Net Loss of ₹ 8776.28 Lacs. The Company incurred Cash losses of ₹ 3245.63 Lacs as compared to Cash Losses of ₹ 5615.17 Lacs of previous year.

Dividend:

In absence of profits for the year ended and past accumulated losses, your directors do not recommend payment of any dividend for the year ended 31st March, 2015.

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, in order to utilize the surplus backward capacity of CP plant with aim for improvement in profitability, the company has undertaken Direct Polymer Melt (DPM POY) project for production of POY by utilizing Direct

Polymer Melt produced by CP plant. The plant has been implemented in August 2014 and commercial operation of DPM POY plant has started in October 2014. The Capacity of the plant is 75347 MTPA. During the implementation of this project some old/obsolete POY Lines have also been replaced/sold.

Corporate Debt Restructuring (CDR):

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

Internal Control System and Adequacy:

The Board has adopted the policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of financial disclosures.

The Company's Internal Audit department evaluates the efficiency and adequacy of internal control system and gives its report and recommendations to the Chairman of Audit Committee and based on Internal Audit Report the corrective actions are taken.

Subsidiary/Joint Ventures/Associate Companies:

Your Company does not have any subsidiary company or joint ventures however **M/s. Raj Money Market Limited** is its Associate Company, holding **35.55% Equity Shares (as on 31st March, 2015)** in the Company. As on 31st March, 2015 the Company had a Net Worth of ₹ 127847935 and registered a Net Loss of (₹ 725033).

Deposits:

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 and no such amount of principal or interest was outstanding as on the Balance Sheet date.

Listing with Stock Exchanges:

The Company confirms that it has paid the Annual Listing Fees for the year 2015-2016 to National Stock Exchange Limited (NSE) and BSE Limited (BSE) where the Company's Shares are listed.

Statutory Auditors:

At the Annual General Meeting held on 30th September, 2014, **M/s. K.M. Garg & Co., Chartered Accountants (Registration No. 120712W)**, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the four consecutive Annual General Meetings to be held in year 2018. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of Auditors shall be placed for ratification at every Annual General Meeting.



RAJ RAYON INDUSTRIES LIMITED

Accordingly, the appointment of **M/s. K.M. Garg & Co., Chartered Accountants**, as Statutory Auditors of the Company, is placed for ratification by the shareholders. In this regards, the Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 139 of Companies Act, 2013 and that they are not disqualified for such re-appointment within the meaning of Section 141 of Companies Act, 2013.

Auditors' observation and Management's response to Auditors' observation:

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:
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 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 sales volume coupled with increase in depreciation and interest/finance cost.

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 2014-2015, the E-Form 23C for his appointment was filed on 23rd June, 2014. Further the Company has also appointed him to conduct the Cost Audit for the financial year 2015-2016 as per Section 148 of Companies Act, 2013 and his remuneration has to be ratified at the ensuing Annual General Meeting.

Secretarial Auditor:

The Company had appointed **Prasad Raghunath Baraskar, Practicing Company Secretary** to undertake Secretarial Audit of the Company, pursuant to Section 204 of Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 to conduct Secretarial Audit for the financial year 2014-2015.

The Secretarial Audit Report for the financial year 2014-2015 forms part of the Annual Report as **Annexure I** to the Board's Report.

Share Capital and Net Worth:

During the financial year there was no change in the Share Capital of the Company. However the Company took Members approval on 14th March, 2015 for issue 8.00 crs Equity Shares of ₹ 1/- each at par aggregating to ₹ 8.00 crs. The Company has received in-principle approvals from National Stock Exchange of India (NSE) on 30th March, 2015 and from BSE Limited on 15th April, 2015.

Further the Company has on 24th April, 2015 allotted 8.00 crs Equity Shares of ₹ 1/- each at par on preferential basis to allottees belonging to the category of Promoters and Non Promoters, consequently the paid-up share capital increased from ₹ 40,64,54,000 as on 31st March, 2015 to ₹ 48,64,54,000 as on the date of allotment.

Further the net worth of the Company has reduced to (₹ 992.35 Lacs) as compared to ₹ 6503.52 Lacs in previous year. Since the Company's accumulated losses had resulted into erosion of more than fifty percent of its peak net worth during the immediately preceding four financial years i.e. ₹ 15279.80 Lacs, the Company proposes to make necessary reference to the Board for Industrial and Financial Reconstruction (BIFR) in due course of time pursuant to the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.

Extract of the annual return:

Pursuant to Section 134 (3) (a) of the Companies Act, 2013 an extract of the Annual Return in Form No. MGT – 9 is annexed herewith as **Annexure II**.

Conservation of energy, technology absorption and foreign exchange earnings and outgo:

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

(A) Conservation of energy:

The conservation of energy is of paramount importance and not only necessary for conserving national resources but also inevitable across all industry, as it has far reaching impact on the bottom line of the company. We have taken several steps in this regard related to our manufacturing activity but the key steps are-

1. We have taken initiatives for replacement of existing lights with "LED Lights" to save power consumption and during the current year we have completed this process in all the key areas where power consumption is high. In the ensuing year, we will complete the process of replacement of Existing Light with "LED Light" in all the area where it requires.
2. One of our key raw materials is PTA, which is available both in bags and tanker. Now we are bringing material in tankers as it directly fed in the process rather than bringing in Bag. As material brought in bags, require additional consumption of electrical energy on account of charging of electrical hoist for lifting and pulling down the bags.
3. The cooling Tower Fan and Air Cooler Fan are one of the major components which consume energy. We have optimised use of number of fans depending upon the temperature difference during the day and night.
4. We have optimised the plant process parameter, process activity and reduced the load on the cooling tower and chiller.
5. We have started using of turbo vent in place of electrical operated exhaust fan to contain electrical energy consumption.



(B) Technology absorption:

1. We have installed modern Power Capacitor Bank for increasing power factor which will directly reduce electric consumption.
2. We have implemented a Direct Polymer Melt line for direct consumption of melt instead of Polyester Chips for producing POY. This has actually reduced our process flow and not only improved quality but also reduced power consumption ratio per ton of production

(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 Social Responsibility (CSR) Initiatives:

The Company has constituted a Corporate Social Responsibility (CSR) Committee as per provisions of Section 135 of Companies Act, 2013 to spend in various CSR initiatives as provided under schedule VII of the Companies Act, 2013 and rules made thereunder.

However due to losses suffered and your company been into Corporate Debt Restructuring (CDR), we didn't spend into any CSR activities/projects. However your Company is enthusiastic to serve the society at large, which it will do in the coming years.

Directors:

During the year the Company has re-designated Mr. Sushil Kumar Kanodia, from Chief Executive Officer to Chief Executive Officer and Chief Financial Officer of the Company. In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum and Association of the Company, Mr. Naval Babulal Kanodia, Whole Time Director of the Company retires by rotation and is eligible for re-appointment.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an Annual performance evaluation of its own performance and that of its committees and individual Directors. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

Remuneration Policy:

The Board of Directors has on recommendations of the Nomination & Remuneration Committee outlined policy

for selection & appointment of Directors, Key Managerial Personnel & Senior Management and also to decide their remuneration along with the perks. The Nomination & Remuneration Committee revises the remuneration from time to time depending upon the performance of the Company and the Individual Director's/Key Managerial Personnel and other Senior Management. At Director level the Company pay's remuneration to Mr. Naval Babulal Kanodia, Whole Time Director of the Company.

Training of Independent Directors:

The Independent Directors appointed on the Board are made familiarised with the business and affairs of the Company in which the Company operates and its long terms plans and expectations.

At the time of appointment of Independent Director, the Company issues a formal letter of appointment providing in details their functions, roles & responsibility as an Independent Directors.

Board of Directors Meeting:

During the year ended 31st March, 2015, the Company had Nine (09) Board Meetings and the gap between the two meetings of the Board is as per Companies Act, 2013. The details of the Board Meetings are provided in the Corporate Governance Report.

Committees of Board:

Following are the various Committees formed by Board:

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee
- Allotment Committee
- Risk Management Committee
- Corporate Social Responsibility Committee

The details of the composition of committees, its roles and responsibility along with no. of meetings held are given in the Report of Corporate Governance.

Vigil Mechanism:

The Company has established a vigil mechanism for its Directors and Employees to report genuine concerns relating any violations legal or regulatory requirements or misconduct in the Company through its Whistle Blower Policy. And also to report concerns of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct and ethics policy, incorrect or misrepresentation of any financial statements and reports thereon.

The protected disclosures will be dealt by the Chairman of the Audit Committee and the Chairman should address the same carry out the investigation and take needful action.

The policy on Whistle Blower as approved by the Board of Directors is uploaded on company's website.



RAJ RAYON INDUSTRIES LIMITED

Particulars of loans, guarantees or investments under Section 186:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Related Party Transactions:

All the related party transactions which were entered by the Company during the financial year were done on arm's length basis and were in the ordinary course of business of the Company. Also there are no materially significant related party transactions made by the company with Directors, Key Managerial Personnel, Promoter or any other designated persons which may conflict with the interest of the Company at large.

The policy on Materiality of Related Party Transactions as approved by the Board of Directors is uploaded on company's website.

Particulars of Employees and related disclosures:

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report as **Annexure III**.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are required to be provided in the Annual Report. However there were no employees who were in receipt of remuneration for which details need to be disclosed.

Directors' Responsibility Statement:

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that—

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis; and

- the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Risk Management Policy:

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. A Risk Management Committee has been duly constituted to formulate policy for framing, implementing and monitoring the risk management plan and to take remedial actions.

Prevention of Sexual Harassment at Workplace:

The Company has adopted Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the workplace, to provide protection to employees at the workplace. The Company has constituted Internal Complaints Committee as per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 to consider and redress complaints of sexual harassment. The Committee has not received any complaints of sexual harassment during the year.

Corporate Governance Certificate:

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.

Acknowledgements:

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, 2015



**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration personnel) Rules, 2014]

To,
The Members,
Raj Rayon Industries Limited
Survey No 177/1/3, Village Surangi,
Silvassa, Dadar Nagar Haveli- 396230

I have conducted the secretarial audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by **Raj Rayon Industries Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/Statutory compliances and expressing my opinion thereon.

Based on my verification of **Raj Rayon Industries Limited's** books, papers, minute books, form and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year ended March 31, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, form and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of

- (1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (2) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- (3) The Depository Act, 1996 and the Regulations and bye-laws framed thereunder;
- (4) Foreign Exchange Management Act 1999 and the rules and regulations made thereunder;
- (5) The following Regulation and Guidelines prescribed under the Securities and Exchange Board of India Act 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Registration to an Issue and Share Transfer Agents) Regulation, 1993, regarding the Companies Act and dealing with client;

(6) As informed to me the following other Laws specifically applicable to the Company as under:

- a) The Air (Prevention and Control of Pollution) Act, 1981
- b) The Environment (Protection) Act, 1986
- c) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- d) Employees' State Insurance Act, 1948
- e) Equal Remuneration Act, 1976
- f) The Factories Act, 1948
- g) The Industrial Employment (Standing Orders) Act, 1946
- h) Maternity Benefit Act, 1961
- i) Legal Metrology Act, 2009
- j) The Payment of Gratuity Act, 1972
- k) The Payment of Wages Act, 1936
- l) The Negotiable Instruments Act, 1881
- m) The Water (Prevention and Control of Pollution) Act, 1974
- n) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- o) The Professional Tax Act, 1975
- p) The Provident Fund Act, 1952
- q) Payment of Bonus Act, 1965
- r) The Contract Labour (Regulation & Abolition) Act, 1970
- s) Explosives Act, 1884

I have also examined Compliance with the applicable clauses of the following:

- (i) Secretarial Standards relating to General and Board Meeting Minutes issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

During the period under review the Company has complied with the provision of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

In respect of other laws specifically applicable to the Company, I have relied on information/records produced by the Company during the course of my audit and the reporting is limited to that extent.



RAJ RAYON INDUSTRIES LIMITED

I further report that the Board of Directors of the Company is duly constituted with Proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that there is scope to improve the systems and processes in the company and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no instances of:

- (i) Public/Right / debentures/ sweat equity.
- (ii) Redemption/ buy-back of securities.
- (iii) Merger/ amalgamation/ reconstruction etc.
- (iv) Foreign technical collaborations.

**For Prasad Raghunath Baraskar
Practicing Company Secretaries**

Sd/-

C. P. No. : 12854

Membership No. :- 30414

Place : Mumbai

Dated :30th May, 2015

Annexure II

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2015

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT-9

I REGISTRATION AND OTHER DETAILS:

- i) CIN: **L17120DN1993PLC00368**
- ii) Registration Date: **17th August, 1993**
- iii) Name of the Company: **Raj Rayon Industries Limited**
- iv) Category/ Sub-Category of the Company: **Public Company**
- v) Address of the Registered Office and contact details:
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**
- vi) Whether listed company: **Yes, listed on BSE and NSE**
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:
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**



II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1.	Textured Yarn of Polyesters & Polyesters Chips	131	96.25

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Equity shares held	Applicable Section
1.	Raj Money Market Limited Flat No. A5/703, Ashok Tower CTS No. 27/1, Military Road, Marol Maroshi, Marol, Andheri (East), Mumbai- 400072	U65923MH1995PLC087423	Associate	35.55%	Section 2(6) of Companies Act, 2013

IV SHAREHOLDING PATTERN (Equity Share Capital; Breakup as percentage of Total Equity)

i) Category- wise Share Holding

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Promoter									
(1)	Indian									
a)	Individual /HUF	6015000	0	6015000	2.26	6015000	0	6015000	2.26	0.00
b)	Central Govt.									
c)	State Govt (s)									
d)	Bodies Corp.	94720930	0	94720930	35.55	94720930	0	94720930	35.55	0.00
e)	Banks/FI									
f)	Any Other									
	Sub- Total (A) (1)	100735930	0	100735930	37.81	100735930	0	100735930	37.81	0.00
(2)	Foreign									
a)	NRIs- Individuals									
b)	Other- Individuals									
c)	Bodies Corp.									
d)	Banks/FI									
e)	Any Other									
	Sub- Total (A) (2)									
	Total Shareholding of Promoter (A)= (A) (1) + (A) (2)	100735930	0	100735930	37.81	100735930	0	100735930	37.81	0.00
(B)	Public Shareholding									
1)	Institutions									
a)	Mutual Funds									
b)	Banks/FI	1660000	0	1660000	0.62	1418963	0	1418963	0.53	-0.09
c)	Central Govt									
d)	State Govt (s)									
e)	Venture Capital Funds									
f)	Insurance Companies									
g)	FIs									
h)	Foreign Venture Capital Funds									



RAJ RAYON INDUSTRIES LIMITED

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i)	Others (specify)									
	Sub- Total (B) (1)	1660000	0	1660000	0.62	1418963	0	1418963	0.53	-0.09
2.	Non – Institutions									
a)	Bodies Corp.	14125952	79000	14204952	5.33	14475752	79000	14554752	5.46	0.13
i)	Indian									
ii)	Overseas									
b)	Individuals									
i)	Individual Shareholders holding nominal share capital upto ₹ 1 lakh	53943178	765100	54708278	20.53	53180965	761100	53942065	20.24	-0.29
ii)	Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	82923814	3000000	85923814	32.25	84615704	3000000	87615704	32.88	0.63
c)	Others (Specify)									
	Non Resident Indians (Repat)	5608787	76000	5684787	2.13	5100976	76000	5176976	1.94	-0.19
	Non Resident Indians (Non Repat)	373900	0	373900	0.14	376309	0	376309	0.14	0.00
	Foreign Companies	0	0	0	0.00	0	0	0	0.00	0.00
	Clearing Member	253167	0	253167	0.10	462066	0	462066	0.17	0.07
	Market maker	220711	0	220711	0.08	25001	0	25001	0.01	-0.07
	Hindu Undivided Family	2688461	0	2688461	1.01	2146234	0	2146234	0.81	-0.2
	Sub- Total (B) (2)	160137970	3920100	164058070	61.57	160383007	3916100	164299107	61.66	0.09
	Total Public Shareholding (B)= (B) (1) + (B) (2)	161797970	3920100	165718070	62.19	161801970	3916100	165718070	62.19	0.00
C	Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
	Grand Total (A+B+C)	262533900	3920100	266454000	100.00	262537900	3916100	266454000	100.00	0.00

(ii) Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Rajkumari Kanodia	4675000	1.75	-	4675000	1.75	1.75	0.00
2	Raj Money Market Limited	94720930	35.55	17.79	94720930	35.55	35.55	0.00
3	Radheshyam Kanodia (H U F)	200000	0.08	-	200000	0.08	0.08	0.00
4	Savita Agarwal	600000	0.23	-	600000	0.23	0.23	0.00
5	Sushil Kumar Kanodia (HUF)	148000	0.06	-	148000	0.06	0.06	0.00
6	Samiksha Kanodia	74000	0.03	-	74000	0.03	0.03	0.00
7	Akanksha Jatin Mehta	318000	0.12	-	318000	0.12	0.12	0.00
		100735930	37.81		100735930	37.81	37.81	0.00



(iii) Change in Promoter's Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
1	At the beginning of the year	No Change during the year			
2	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)	No Change during the year			
3	At the End of the year	No Change during the year			

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
1	Jitendra B Salecha	14000000	5.25	14000000	5.25
2	Sangeetha S	9623700	3.61	9700000	3.64
3	Sanjay B Jain	7000000	2.63	7000000	2.63
4	Mangal Keshav Capital Ltd.	6500000	2.44	-	-
5	Loyal Apparels Pvt Ltd	-	-	6500000	2.44
6	Ajay Vishwanath Agarwal	6200000	2.33	6200000	2.33
7	Bhavardevi V Agarwal	6200000	2.33	6200000	2.33
8	Neenadevi Ajay Agarwal	6200000	2.33	6200000	2.33
9	Rahul Rajendra Agarwal	6200000	2.33	6200000	2.33
10	Umadevi Rajendra Agarwal	6200000	2.33	6200000	2.33
11	Roshani Neetish Doshi	4297890	1.61	4297890	1.61

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Category	Shareholding at the beginning of the year		Shareholding at the end of the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
1	Mrs. Rajkumari Kanodia	Director				
	At the beginning of the year		4675000	1.75	4675000	1.75
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)					
	At the End of the year		4675000	1.75	4675000	1.75



RAJ RAYON INDUSTRIES LIMITED

Sr. No.	For Each of the Directors and KMP	Category	Shareholding at the beginning of the year		Shareholding at the end of the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
2	Mr. Naval Babulal Kanodia	Director				
	At the beginning of the year		-	-	-	-
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)		-	-	-	-
	At the End of the year		-	-	-	-
3	Mr. Suresh Gupta	Director				
	At the beginning of the year		-	-	-	-
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)		-	-	-	-
	At the End of the year		-	-	-	-
4	Mr. Prahlad Rai Jajodia	Director				
	At the beginning of the year		-	-	-	-
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)		-	-	-	-
	At the End of the year		-	-	-	-
5	Mr. Sushil Kumar Kanodia	CEO & CFO				
	At the beginning of the year		-	-	-	-
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)		-	-	-	-
	At the End of the year		-	-	-	-
6	Ms. Gita Yadav	Company Secretary				
	At the beginning of the year		-	-	-	-
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc)		-	-	-	-
	At the End of the year		-	-	-	-



V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but bit due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	51571.77	1098	-	52669.77
ii) Interest due but not paid	610.82	65.98	-	676.80
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	52182.59	1163.98	-	53346.57
Change in Indebtedness during the financial year				
• Addition	7029.05	606.07	-	7635.12
• Reductionion	1556.28	65.98	-	1622.26
Net Change	5472.77	540.09	-	6012.86
Indebtedness at the end of the financial year				
i) Principal Amount	57532.32	1627.35	-	59159.67
ii) Interest due but not paid				
iii) Interest accrued but not due	123.04	76.72	-	199.76
Total (i+ ii+ iii)	57655.36	1704.07	-	59359.43

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Mr. Naval Babulal Kanodia Whole Time Director	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	250000	250000
	(b) Value of perquisites u/s. 17 (2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of Salary under section 17 (3) Income – tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - Others, specify	-	-
5	Others, please specify	-	-
	Total (A)		
	Ceiling as per the Act	As per Schedule V of Companies Act, 2013	

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Suresh Gupta	Mr. Prahlad Rai Jajodia	
1.	Independent Directors	-	-	-
	• Fee for attending board committee meetings	-	-	-
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total (1)	-	-	-
2.	Other Non- Executive Directors	Mrs. Rajkumari Kanodia	-	-
	• Fee for attending board committee meetings	-	-	-
	• Commission	-	-	-



RAJ RAYON INDUSTRIES LIMITED

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Suresh Gupta	Mr. Prahlad Rai Jajodia	
	• Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B) = (1+2)	-	-	-
	Total Managerial Remuneration			250000
	Overall Ceiling as per the Act	As per Schedule V of Companies Act, 2013		

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Sushil Kumar Kanodia CEO & CFO	Ms. Gita Yadav Company Secretary	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	2779089	693027	3472116
	(b) Value of perquisites u/s. 17 (2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of Salary under section 17 (3) Income – tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - Others, specify..	-	-	-
5	Others, please specify	-	-	-
	Total	2779089	693027	3472116

VII PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
A. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
A. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



Annexure III

Details of Ratio of Remuneration of Director

[Section 197(12) read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014]

i)	the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Name of Director		Ratio to the Median	
		Mr. Naval Babulal Kanodia		1.76	
ii)	the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Name of Director/KMP		% Increase	
		Mr. Naval Babulal Kanodia- Whole Time Director*		-	
		Mr. Sushil Kumar Kanodia- CEO & CFO		2.19%	
		Ms. Gita Yadav - Company Secretary		27%	
		Mr. Naval Babulal Kanodia was appointed on 28 th March, 2014			
iii)	the percentage increase in the median remuneration of employees in the financial year;	16.67%			
iv)	the number of permanent employees on the rolls of Company;	575 in year 2015 as compared to 131 in year 2014			
v)	the explanation on the relationship between average increase in remuneration and company performance;	The Company revenue has been reduced by 65% for the F.Y. 2014-2015 over 2013-2014 and there is 17% of average increase given to the employees.			
vi)	comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;	The remuneration of the Key Managerial Personnel was 0.21% of revenue and -0.55% of Losses made during the year			
vii)	variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies,	Particulars	2006	2014	2015
		Share Price as at 31 st March	54.95	0.34	0.56
		No. of Equity Shares	17017700	266454000	266454000
		Face Value (₹)	10	1	1
		PE Ratio	5.62	-0.10	-0.20
		Market Capitalisation	93,51,22,615	9,05,94,360	14,92,14,240
		The last Follow on Public Offer was in February, 2006			
viii)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The Average percentage increase made in the salaries of employees other than the managerial personnel in the year 2014-2015 was 17%, whereas the decrease in the managerial remuneration for the same financial year was 92%.			
ix)	comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	Name of the KMP	% of Revenue	% of Loss for the year	
		Mr. Naval Babulal Kanodia- Whole Time Director	0.02	-0.04	
		Mr. Sushil Kumar Kanodia- CEO & CFO	0.16	-0.40	
		Ms. Gita Yadav- Company Secretary	0.04	-0.11	
x)	the key parameters for any variable component of remuneration availed by the directors;	The Company doesn't provide any variable component of remuneration to its Directors.			
xi)	the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	57			
xii)	Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration paid is as per the remuneration policy of the Company.			



INDEPENDENT AUDITORS' REPORT

To,
The Members of,
Raj Rayon Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Raj Rayon Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss 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 Board of Director is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the Provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143 (10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design and procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also include evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

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, of the state of affairs of the Company as at 31st March, 2015, its Loss for the year ended on that date, and cash flow statement for 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

As required by the Companies (Auditor's Report) Order, 2015("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and 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 and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.



- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2015 from being appointed as a director in terms of section 164 (2) of the Act.
- (f) The Company has adequate internal financial control and in our opinion the same is operating effectively.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us :
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

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

Sd/-
(CA. K K Garg)
Partner
M No. 033940

Place: Mumbai
Date: 30th May, 2015



ANNEXURE REFERRED TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) a. In our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- b. As explained to us, the fixed assets have been physically verified by the management according to a programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (ii) a. As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion frequency of verification is reasonable;
- b. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material and these have been properly dealt with in books of accounts.
- (iii) The Company has not granted any Unsecured Loan to Companies as covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control systems.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit within the meaning of section 73 to 76 of the Companies Act, 2013, and the rules framed there under.
- (vi) We have broadly reviewed the cost records maintained by the Company in respect of products, pursuant to the rules made by the Central Government, the maintenance of Cost records have been prescribed under section 148 (1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) a. According to the records of the Company and the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Value Added Tax, Cess and other statutory dues to the extent applicable to it. There are no undisputed statutory dues as referred to above as at 31st March, 2015 outstanding for a period of more than six months from the date they become payable.
- b. The disputed statutory dues that have not been deposited on account of matters pending before the appropriate authority are as under –

Name of the Statute	Nature of the Dues	Amount ₹ 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	Additional Directorate of Anti Evasion. The Company is in the process of refund. Appellate Tribunal of Central Excise. The Company has filed reply to show Cause Notice received from Superintendent of Central Excise. The Company has filed the Appeal in the Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad. The Company has filed the reply to Show cause notice received from the Commissioner of Central Excise & Custom, Vapi. The Company has filed the reply to Show cause notice received from the office of the Commissioner of Central Excise & Custom, Vapi. The Company has filed the reply to Show cause notice received from the Commissioner of Central Excise & Custom, Vapi.
		32.09		1996-1997	
		38.30		1997-1998	
		25.82		1998-1999	
		7.40		1999-2000	
			127.50		
			0.09#	1999-2000	
			2.95	2003-2004	
			3.35	2003-2004 & 2004-2005	
			2.84#	2003-2004	
			70.87	2005-2006 & 2006-2007	
			190.07	2006-2007 & 2007-2008	
			187.08	2007-2008	



Name of the Statute	Nature of the Dues	Amount ₹ in Lacs (Excluding penalties and interest, if any)	Period to which the amount relate	Forum where dispute is pending
		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 0.88 2.13 3.10 1.37	1997-1998 1998-1999 1999-2000 2000-2001 2001-2002	Textile Cess Appellate Tribunal.
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 has filed reply to the Show Cause Notice issued by the Commercial Tax Officer, Ahmedabad.
# Payment made under protest				
* Assessment year				

- c) The amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of The Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund with in time

- (viii) The accumulated losses of the Company at the end of the financial year are more than fifty per cent of its net worth. The Company has accumulated losses at the end of the financial year in the statement of Profit & Loss. It has incurred cash losses in the current financial year covered by the Audit and also incurred in immediately preceding financial year.
- (ix) Based on our audit procedures and accordingly to the information and explanation given by the management, we are of the opinion that the company has generally not defaulted in repayment of dues to bank / financial institution except delay in making payment towards interest and principal.
- (x) 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.
- (xi) In our opinion and as per the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- (xii) 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

Place: Mumbai
Date: 30th May, 2015



RAJ RAYON INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2015

(₹ in Lacs)

PARTICULARS	Note No.	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4064.54	4064.54
Reserves and surplus	4	(5056.89)	2438.98
		(992.35)	6503.52
Non-current liabilities			
Long term borrowings	5	53360.10	51535.28
Other long term liabilities	6	32.00	32.00
Long-term provisions	7	24.98	18.77
		53417.08	51586.05
Current liabilities			
Short term borrowings	8	10281.46	2856.05
Trade payables	9	2910.32	3142.44
Other current liabilities	10	6738.57	2034.35
Short term provisions	11	0.96	14.76
		19931.31	8047.60
TOTAL		72356.04	66137.17
ASSETS			
Non current assets			
Fixed assets			
Tangible assets	12	36864.12	33656.83
Intangible assets	12	-	-
Capital work in progress	12	-	987.21
		36864.12	34644.04
Non-current investments	13	10.02	10.02
Deferred tax assets (net)	14	6259.50	2957.49
Long term loans and advances	15	15.07	5118.88
Other non-current assets	16	665.72	614.64
		43814.43	43345.07
Current assets			
Inventories	17	8124.52	1714.62
Trade receivables	18	14363.03	16836.66
Cash and bank balances	19	2336.90	1433.89
Short term loans and advances	20	3374.51	2308.16
Other current assets	21	342.65	498.77
		28541.61	22792.10
TOTAL		72356.04	66137.17
Significant accounting policies	1 to 43		
Notes to Accounts			

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
DIN No. 00229331

Naval Kanodia
Director
DIN No. 03063554

CA. K K Garg
Partner
Membership no. 033940
Mumbai
Dated: 30th May, 2015

Sushil Kumar Kanodia
C.E.O. & C.F.O.
Mumbai
Dated: 30th May, 2015

Gita Yadav
Company Secretary


STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

PARTICULARS	Note No.	Figures for the current reporting period 2014-2015	Figures for the previous reporting period 2013-2014
Revenue from operations	22	21107.88	51299.76
Less: Excise duty		2750.19	4289.20
		18357.69	47010.56
Other income	23	811.48	266.17
Total Revenue		19169.17	47276.73
Expenses:			
Cost of materials consumed	24	21015.48	24961.03
Purchases of stock-in-trade	25	(2922.43)	9932.52
Changes in inventories of finished goods, work in progress, stock in trade and manufactured components	26	(4732.51)	9954.98
Employee benefits expense	27	673.36	826.83
Finance cost	28	7108.71	4874.03
Depreciation and amortisation expense	12	4240.76	3161.11
Other expenses	29	4570.02	7750.02
Total expenses		29953.39	61460.52
Less: Expenditure (other than interest) transferred to capital work in progress	12(b)(iii)	-	1423.48
		29953.39	60037.04
Profit / (Loss) before Tax		(10784.22)	(12760.31)
Tax expense:			
Current tax		-	-
Deferred tax		(3297.96)	(3982.51)
MAT credit entitlement		-	-
Tax adjustment for earlier years		0.12	(1.52)
		(3297.84)	(3984.03)
Profit / (Loss) for the period		(7486.38)	(8776.28)
Earning per equity share	30		
Basic		(2.81)	(3.29)
Diluted		(2.81)	(3.29)
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
DIN No. 00229331

Naval Kanodia
Director
DIN No. 03063554

CA. K K Garg
Partner
Membership no. 033940
Mumbai
Dated: 30th May, 2015

Sushil Kumar Kanodia
C.E.O. & C.F.O.
Mumbai
Dated: 30th May, 2015

Gita Yadav
Company Secretary



RAJ RAYON INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2015

(₹ in Lacs)

PARTICULARS	For the year ended 31.03.2015	For the year ended 31.03.2014
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax and Extraordinary Items	(10784.22)	(12760.31)
Adjustment for:		
Depreciation	4240.76	3161.11
Provision for Bad & Doubtful Debts	-	88.61
Investment Income:		
Exchange Rate Change	(33.19)	4.13
Loss on Sale of Fixed Asset	4.69	0.10
Rent Income	(56.00)	(44.00)
Interest /other Income	(150.74)	(195.38)
Finance costs	7108.72	4874.11
Operating Profit before Working Capital changes	330.02	(4871.63)
Adjustment for:		
Inventories	(6409.90)	11352.88
Trade receivables	2475.67	1007.10
Other Receivables, Loans & Advances (Current / Non Current)	(953.22)	(243.81)
Trade payables	(246.67)	(11713.71)
Other Payables, Provisions (Current / Non Current)	353.43	(1070.21)
Cash generated from operations	(4450.67)	(5539.38)
Direct Taxes Paid	(20.25)	(110.16)
Cash flow before Extraordinary Items	(4470.92)	(5649.54)
Extraordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	(4470.92)	(5649.54)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (*)	(890.92)	(8455.08)
Sale of Investments	0.01	7.00
Purchase of Investments	(0.01)	-
Sale of Fixed Assets	59.88	0.24
Bank balances other than cash and cash equivalents	(1804.06)	260.49
Dividend Received	-	-
Interest / other income	207.07	447.44
Rent Income	56.00	40.45
Other Long Term Liabilities	-	32.00
NET CASH USED IN INVESTING ACTIVITIES	(2372.03)	(7667.46)



(₹ in Lacs)		
PARTICULARS	For the year ended 31.03.2015	For the year ended 31.03.2014
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Unsecured Loan - Long Term	529.35	(1260.25)
Increase/(Decrease) in Unsecured Loan - Short Term	-	(25.00)
Proceeds from long term borrowings (Refer note no. 4)	6906.00	15383.19
Repayment of long term borrowings	(945.46)	(803.56)
Dividend on Preference Shares Paid	-	(20.14)
Tax on Dividend on Preference Shares Paid	-	(3.42)
Change in Working Capital Borrowing from Banks	7425.42	6799.49
Interest & Other Borrowing Cost Paid (Refer note no. 5)	(7974.70)	(5872.01)
NET CASH FROM FINANCING ACTIVITIES	5940.61	14198.30
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(902.34)	881.30
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENT	0.01	0.08
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	910.61	29.23
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	8.28	910.61

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.
- 4 The proceeds from long term borrowings are inclusive of interest on term loan / working capital term loan funded by way of creation of FITL.
- 5 The interest and other borrowing cost are inclusive of interest on term loan / working capital term loan funded by way of creation of FITL.

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
DIN No. 00229331

Naval Kanodia
Director
DIN No. 03063554

CA. K K Garg
Partner
Membership no. 033940

Sushil Kumar Kanodia
C.E.O. & C.F.O.

Gita Yadav
Company Secretary

Mumbai
Dated: 30th May, 2015

Mumbai
Dated: 30th May, 2015



NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

- a) These financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India, including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.
- b) The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees.

2. Use of Estimates

The preparation of financial statements requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount 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/ materialised.

3. Tangible and Intangible Fixed assets

- a) Tangible fixed assets
 - i) Fixed Assets are stated at cost net of CENVAT / VAT wherever applicable and less accumulated depreciation. Cost comprises of Purchase Price and attributable Cost. The Preoperative expenses are capitalised.
 - ii) Expenditure (including financing costs) incurred for fixed assets, the construction/installation/acquisition of which is not completed up to the year end is included under the capital work-in-progress and on such completion the same is related/classified to the respective fixed assets.
- b) Intangible fixed asset
 - i) 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) Depreciation on fixed assets is being provided on "Straight line method" in accordance with Companies Act 2013 as per the useful life specified in schedule II of the act till the written down value is reduced to 5% of the gross value being Residual value. No further depreciation is provided on such balance.
- b) 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.
- c) 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.
- d) 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.

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.

NOTE2: 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 ('CDR Proposal') of the Borrower was referred to Corporate Debt Restructuring Cell ("CDR Cell") by the consortium of lenders led by the State Bank of India. The CDR Proposal as recommended by State Bank of India, the lead lender and approved by lenders who are members of CDR Cell hereinafter referred to as the 'CDR Lenders' was approved by CDR Empowered Group ('CDR EG') on March 24, 2014 and communicated vide Letter of Approval dated March 27, 2014. The cutoff date for CDR Proposal was August 01, 2013. The Master Restructuring Agreement ('MRA') between the Borrowers, guarantors and the CDR Lenders has been executed, by virtue of which the restructured facilities are governed by the provisions specified in the MRA having cutoff date ('COD') of August 01, 2013.

The key features of the CDR Proposal are as follow:

1. Restructuring of repayment Schedule of Restructured Term Loan – 1 & 2 (RTL – 1 & 2)
2. Repayment of Restructured Term Loan – 3 ('RTL - 3') after moratorium of 2 year from COD in 24 structured quarterly installments commencing from October, 2015 to July, 2021.

3. Conversion of various irregular/outstanding/devolved financial facilities into Working Capital Term Loan ('WCTL'). Repayment of WCTL after moratorium of 2 year from COD in 24 structured quarterly installments commencing from October, 2015 to July, 2021.
4. Restructuring of existing fund based and non fund based financial facilities, subject to renewal and reassessment every year.
5. Interest accrued on certain financial facilities from COD 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 COD 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 COD 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.
6. 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.
7. 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.
8. Right of Recompense to CDR Lenders for the relief and sacrifice extended, subject to provisions of CDR Guidelines and MRA.
9. 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-CDR 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 CDR 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 CDR Lenders to get a recompense of their waivers and sacrifices made as part of the CDR 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 CDR Lenders as per the MRA is approximately ₹37.06 crore for the Company.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

PARTICULARS	As at 31.03.2015		As at 31.03.2014	
NOTE 3: SHARE CAPITAL	Numbers	(₹ in Lacs)	Numbers	(₹ 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 :-

PARTICULARS	Numbers	(₹ in Lacs)	Numbers	(₹ in Lacs)
(i) Equity shares :-				
Outstanding at the beginning of the reporting period	266454000	2664.54	266454000	2664.54
Issued during the reporting period	-	-	-	-
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	14000000	1400.00
Issued during the reporting period	-	-	-	-
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 premium of ₹ 20/- each till the end of fifteenth year. The Company shall have the option to prematurely redeem in part or in full the outstanding amount on preference shares at a price of ₹ 10/- each at a premium of ₹ 20/- each at any point of time after the end of three years from the date of allotment by giving three month notice in writing to the Preference Shareholders.



RAJ RAYON INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

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

3.d 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.

(₹ in Lacs)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
NOTE 4: RESERVES AND SURPLUS		
Capital reserve-on forfeited shares/ share warrants:		
As per last Balance Sheet	114.47	114.47
Securities premium reserve:		
As per last Balance Sheet	7630.73	7630.73
Surplus in statement of profit and loss:		
Balance at the beginning of the year	(5306.22)	3470.06
Adjustment relating to Fixed Assets (Refer Note No. 12(c))	(9.49)	-
Add (less): Profit (loss) after tax for the reporting period	(7486.38)	(8776.28)
	(12802.09)	(5306.22)
TOTAL	(5056.89)	2438.98

NOTE 5: LONG TERM BORROWINGS

Secured loans:

Term loans

From Banks:

Foreign Currency Loans

Rupee Loans

Other parties:

Daimler Financial India Private Ltd.

Kotak Mahindra Prime Ltd.

Less: Current maturities of long term debts

SUB-TOTAL

Unsecured loans:

Inter-corporate loans

SUB-TOTAL

TOTAL

-	2644.39
57510.67	48921.87
21.65	-
-	5.51
57532.32	51571.77
5799.57	1134.49
51732.75	50437.28
1627.35	1098.00
1627.35	1098.00
53360.10	51535.28



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

A. Secured Loans:

- 1) In case of financial facilities from CDR Lenders in accordance with MRA, Term Loan (TL) of ₹ 24491.42 Lacs, Working Capital Term Loan (WCTL) of ₹ 24699.25 Lacs, Funded Interest Term Loan (FITL) of ₹ 8319.20 Lacs and Fund Based Working Capital of ₹ 10281.46 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 10,07,35,930 Equity Shares of the Company (held by promoters).

- 2) Term Loan from Daimler Financial India Private Ltd., 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 created by way of FITL as per CDR package) / unsecured intercorporate loans (₹ in Lacs)	1-2 years	2-3 years	3-4 years	Beyond 4 years
		7324.18	9804.40	10388.83	27781.51

(₹ in Lacs)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
NOTE 6: OTHER LONG TERM LIABILITIES		
Deposits Received from Tenant	32.00	32.00
	<u>32.00</u>	<u>32.00</u>
NOTE 7: LONG-TERM PROVISIONS		
Provision for employee benefits (Refer note 35)	24.98	18.77
TOTAL	<u>24.98</u>	<u>18.77</u>

NOTE 8: SHORT TERM BORROWINGS

Secured Loans:

Working capital loans from banks

Cash Credit / Demand Loans / Short Term Loans

Rupee Loans

TOTAL

10281.46	2856.05
<u>10281.46</u>	<u>2856.05</u>

Nature of security:

- (i) During the current financial year, the interest in Working Capital Loan was 1% above the SBI base rate (10%), as such the effective rate of interest charged by lenders was 11% p.a. payable monthly. For details of security given for short term borrowings, refer Note no. 5 above.



RAJ RAYON INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
NOTE 9: TRADE PAYABLES		
Micro, small and medium enterprises		
Other trade payables	2910.32	3142.44
TOTAL	2910.32	3142.44
Note 9.1: 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 10: OTHER CURRENT LIABILITIES		
Current maturities of long term debts (Refer note no. 5)	5799.57	1134.49
Interest accrued & due on borrowings	199.76	676.80
Creditors for capital expenditure	181.68	26.05
Advances from customers	82.82	39.24
Statutory liabilities	38.94	28.39
Unpaid dividends	1.57	2.44
Other payables	434.23	126.94
TOTAL	6738.57	2034.35
NOTE 11: SHORT TERM PROVISIONS		
Provision for employees benefits (Gratuity) (Refer note no.35)	0.96	14.76
TOTAL	0.96	14.76



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015
NOTE 12: FIXED ASSETS

PARTICULARS	GROSS BLOCK (At Cost)			DEPRECIATION					NET BLOCK		
	As at 01.04.2014	Additions during the period	Sold/discarded during the period	Total As at 31.03.2015	Provided upto 31.03.2014	Adjustment of earlier years	Provided for the period	Written Back during the period	Total upto 31.03.2015	Total as at 31.03.2015	Total as at 31.03.2014
Tangible Assets											
Land	296.84	-	-	296.84	-	-	-	-	-	296.84	296.84
Air Condition System	628.56	-	-	628.56	539.94	-	9.27	-	549.21	79.35	88.62
Electrical Installation	3317.45	114.34	-	3431.79	1781.90	-	316.80	-	2098.70	1333.09	1535.55
Factory Building	6486.14	317.71	-	6803.85	1052.83	-	210.61	-	1263.44	5540.41	5433.31
D.G.Sets	45.76	145.20	-	190.96	40.13	-	8.40	-	48.53	142.43	5.63
Plant & Machinery	39713.53	6896.25	460.33	46149.45	13605.04	-	3651.66	395.76	16860.94	29288.51	26108.49
Furniture & Fixtures	155.03	2.00	-	157.03	77.50	0.41	22.17	-	100.08	56.95	77.53
Vehicle	91.68	43.68	-	135.36	44.25	4.22	15.13	-	63.60	71.76	47.43
Office Equipments	28.16	1.59	-	29.75	19.06	3.15	1.70	-	23.91	5.84	9.10
Computers	94.51	5.39	-	99.90	80.08	5.76	4.30	-	90.14	9.76	14.43
Office Premises	45.39	-	-	45.39	5.49	-	0.72	-	6.21	39.18	39.90
Intangible Assets											
Computer Software	7.50	-	-	7.50	7.50	-	-	-	7.50	-	-
Total as at 31.03.2015	50910.55	7526.16	460.33	57976.38	17253.72	13.54	4240.76	395.76	21112.26	36864.12	33656.83
Total as at 31.03.2014	29673.51	21237.88	0.84	50910.55	14093.11	-	3161.11	0.50	17253.72	-	-
Capital work in progress											
										-	987.21

NOTE NO. 12(A) DETAILS OF CAPITAL WORK IN PROGRESS

PARTICULARS

	Current reporting Period	Previous reporting period
Factory building	-	51.37
Plant and machinery	-	661.90
Electrical Installation	-	0.85
Computer system	-	-
D.G. set	-	134.00
Furniture & Fixture	-	-
Project development Expenditure	-	139.09
	-	987.21

NOTE NO. 12(B) OTHER INFORMATION

(i) Project development Expenditure		
Opening Balance	139.09	1457.64
Add: Additions during the period	408.77	1129.20
Less: Capitalised during the period	547.86	2447.75
Closing Balance	-	139.09
(ii) Addition to fixed assets include capitalisation of interest cost as stipulated under Accounting Standard -16 (Borrowing cost).	388.93	1348.88

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

(trial run expenditure of CP unit (net))	-	-
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

NOTE NO. 12(C) Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly the unamortised carrying value is being depreciated / amortised over the revised/ remaining useful lives. The written down value of Fixed Assets whose lives have expired as at 1st April 2014 have been adjusted net of tax, in the opening balance of statement of Profit and Loss amounting to ₹ 9.49 Lacs.



RAJ RAYON INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

PARTICULARS	As at 31.03.2015		As at 31.03.2014	
NOTE 13: 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	100100.00	10.01	100100.00	10.01
The Bharat Co-operative Bank (Mumbai) Limited, having face value of ₹ 100/- each	10.00	0.01	-	-
Thane Janata Sahakari Bank Limited having face value of ₹ 50/- each	-	-	20.00	0.01
TOTAL		10.02		10.02

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.	10.02	N.A.

NOTE 14: DEFERRED TAX ASSETS (NET)

Deferred Tax Liabilities:		
Depreciation	(2213.16)	(2615.97)
Deferred Tax Assets:		
Unabsorbed depreciation / Business Loss	6164.73	4745.97
Deferment of disallowances / allowances as per the Income Tax Act, 1961	2307.93	827.49
TOTAL	6259.50	2957.49

NOTE 15: LONG TERM LOANS AND ADVANCES

Unsecured, considered good		
Capital advances	5.44	5108.90
Security deposits	9.43	9.25
Prepaid expenses	0.20	0.73
TOTAL	15.07	5118.88

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	57.33	59.46
Interest accrued on fixed deposits (Maturity period more than 12 months)	3.12	4.81
Minimum alternate tax credit entitlement	450.96	450.96
Deferred Revenue Expenditure (CDR Expenses - Refer Note 2)	154.31	99.41
TOTAL	665.72	614.64



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
NOTE 17: INVENTORIES (REFER NOTE NO. 1.6)		
(As taken, valued & certified by the management)		
Raw Materials	976.72	193.04
Work in progress	2604.83	193.30
Manufactured components	566.16	148.22
Finished goods	3012.44	859.40
Stores, spares and others	666.52	245.78
Packing materials	297.85	74.88
TOTAL	8124.52	1714.62
NOTE 18: TRADE RECEIVABLES		
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payments		
Considered good	10988.70	15238.32
Considered doubtful	88.61	88.61
	11077.31	15326.93
Other trade receivables	3374.33	1598.34
	14451.64	16925.27
Less: Provision for doubtful trade receivables	88.61	88.61
TOTAL	14363.03	16836.66
NOTE 19: CASH AND BANK BALANCES		
Cash and cash equivalents:		
Balances with banks	0.21	909.82
Cash in hand	8.08	0.79
	8.29	910.61
Other bank balances:		
Balances with banks in unpaid dividend accounts	1.57	2.44
Fixed deposits with banks held as security, deposit, margin money for letter of credit and bank guarantees issued	2384.37	580.30
Less : Amount disclosed under other non current assets (Refer note no. 16)	57.33	59.46
	2327.04	520.84
TOTAL	2336.90	1433.89



RAJ RAYON INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
NOTE 20: SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advances to suppliers	378.41	259.18
Advances to staff	6.00	7.16
Cenvat credit receivable (Net of Provision)	1058.46	288.77
Balance with Excise department	0.90	1.30
Prepaid expenses	34.90	35.93
Vat/Entry tax credit receivable	40.47	181.25
Deposits	6.00	6.00
Prepaid Taxes (Net of Provisions)	51.16	31.04
Others	1798.21	1497.53
TOTAL	3374.51	2308.16
NOTE 21: OTHER CURRENT ASSETS		
Interest accrued on fixed deposits (Maturity period less than 12 months)	30.92	8.79
Export benefit receivable	94.85	274.27
Excise Refund Receivable	127.74	74.34
Forward Contracts Receivable	14.55	1.53
Deferred Revenue Expenditure (CDR Expenses - Refer Note 2)	25.72	14.20
Interest Receivable	48.87	125.64
TOTAL	342.65	498.77



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

PARTICULARS	Figures for the current reporting period 2014 - 2015	Figures for the previous reporting period 2013 - 2014
NOTE 22: REVENUE FROM OPERATIONS		
Sale of products		
Yarn - Local	16088.91	25976.37
Yarn - Export	1225.27	1659.41
Fabrics	(3954.41)	11380.25
Chips	6778.34	9434.94
PTA /MEG / Others	938.92	2672.11
	21077.03	51123.08
Other operating revenue		
Export incentives (Net of short receipt)	17.35	79.09
Scrap and other sales	13.50	97.59
	30.85	176.68
	21107.88	51299.76
Less : Excise Duty	2750.19	4289.20
TOTAL	18357.69	47010.56

NOTE 23: OTHER INCOME

Interest income:		
On fixed deposits with banks	91.63	87.95
On delayed payments from customers	58.36	101.09
On Loan / Deposit	0.74	6.34
	150.73	195.38
Rent Received	56.00	44.00
Other Miscellaneous Income	604.75	26.79
TOTAL	811.48	266.17

NOTE 24: COST OF MATERIALS CONSUMED

Chips	626.79	3848.64
POY/FDY/PTY	2300.85	2842.38
PTA /MEG / Others	17583.26	17503.77
Yarn Oil	278.59	530.14
Spin Finish Oil	225.98	236.10
TOTAL	21015.47	24961.03



RAJ RAYON INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

PARTICULARS	Figures for the current reporting period 2014 - 2015	Figures for the previous reporting period 2013 - 2014
NOTE 25: PURCHASES OF STOCK-IN-TRADE		
Fabrics	(3750.66)	7594.65
PTA /MEG / Others	828.23	2337.87
TOTAL	(2922.43)	9932.52
NOTE 26: CHANGES IN INVENTORIES		
Opening 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
Less: Closing stocks:		
Finished goods	3012.44	859.40
Manufactured components	566.16	148.22
Stock in Trade	-	-
Stock in Process	2604.83	193.30
	6183.43	1200.92
Add/Less: Provision for excise duty on finished goods (net)	250.00	(294.60)
TOTAL	(4732.51)	9954.98
NOTE 27: EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages	643.73	791.55
Contribution to Provident Fund and other funds	23.29	24.63
Staff Welfare Expenses	6.34	10.65
TOTAL	673.36	826.83
NOTE 28: FINANCE COST		
Interest expense	7088.85	3862.28
Other Borrowing Costs	19.87	1011.83
Net loss(gain) on foreign currency transactions	(0.01)	(0.08)
TOTAL	7108.71	4874.03



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

PARTICULARS	Figures for the current reporting period 2014 - 2015	Figures for the previous reporting period 2013 - 2014
NOTE 29: OTHER EXPENSES		
Manufacturing expenses:		
Power and fuel	2376.01	3132.98
Inward transportation and freight	401.89	474.45
Consumption of stores and spares	316.48	572.01
Repairs to:		
factory buildings	9.68	10.49
machineries	49.48	58.23
Consumption of packing material	536.34	1307.82
Labour / Job charges	380.16	477.43
	4070.04	6033.41
Administrative expenses:		
Printing and stationery	10.25	13.09
Postage and courier	5.02	5.78
Telephone and communication charges	6.94	11.36
Travelling and conveyance	61.70	48.60
Auditors' remuneration (Refer note no. 32)	7.36	8.93
General expenses	49.99	13.03
Rates and taxes	17.73	18.60
Sundry balance written off	67.17	970.12
Electricity expenses	5.29	6.19
Insurance	40.81	34.68
Repairs and maintenance	13.40	15.48
Legal and professional charges	44.74	31.78
Loss on sale / discard of fixed assets (Net)	4.69	0.10
CDR Expenses	25.72	14.20
Provision for doubtful trade receivables	-	88.61
	360.81	1280.55
Selling, distribution and other expenses:		
Advertisement and publicity	12.27	8.21
Commission and brokerage	57.97	73.89
Carriage outward	79.69	132.43
Net foreign exchange loss(gain)	(10.76)	221.53
	139.17	436.06
TOTAL	4570.02	7750.02



RAJ RAYON INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE 30: EARNING PER EQUITY SHARE

PARTICULARS	Unit	2014-2015	2013-2014
Net profit(loss) after tax	(₹ in Lacs)	(7486.38)	(8776.28)
Weighted average number of shares used in computing basic earnings per share	Numbers	266454000	266454000
Weighted average number of shares used in computing diluted earnings per share	Numbers	266454000	266454000
Face value of equity shares	₹	1	1
Basic earnings per share	₹	(2.81)	(3.29)
Diluted earnings per share	₹	(2.81)	(3.29)

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

(₹ in Lacs)

PARTICULARS	As at 31.03.2015	As at 31.03.2014
(i) Contingent liabilities:		
(a) 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
(b) Show cause notices for levy of cess.	7.82	7.82
(c) Notice received from SEBI, for delay in submission of certain information to BSE.	1.75	1.75
(d) Show cause notices received from Commercial Tax Officer, Ahmedabad	558.83	558.83
(ii) Contingent commitments		
Estimated amount of contracts, net of advances, remaining to be executed on capital account.	41.37	119.73
Other commitments (Raw Materials)	367.43	-

NOTE 32: PAYMENT TO AUDITORS (EXCLUDING SERVICE TAX)

(₹ in Lacs)

PARTICULARS	For the year ended	
	31.03.2015	31.03.2014
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	0.55
Certifications	1.16	2.73
Other matters	0.15	0.15
	7.36	8.93

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.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE 34: RELATED PARTY DISCLOSURES (AS PER AS 18 ISSUED BY ICAI) :

- I) Names of related parties and description of relationships
- Party owning an interest in voting power of the company that gives it significance influence over the company:
Raj Money Market Limited
 - Key management personnel:
 - Mr. Naval Babulal Kanodia - Whole-time Director (Appointed w.e.f 28/03/2014)
 - Mr. Gourishankar Poddar - Chairman & Managing Director (Resigned w.e.f. 18/03/2014)
 - Mr. Sushil Kumar Kanodia - Chief Executive Officer (C.E.O.) & Chief Financial Officer (C.F.O.)
 - Enterprises over which parties mentioned in (a) and (b) above are exercising significant influence:
 - Gourishankar Poddar HUF
 - Sangam Spinfab Limited

- II) Transactions during the period and balances outstanding for the period ended with the related parties are as follows:

(₹ in Lacs)

PARTICULARS	Volume of Transactions		Balances as on	
	2014-2015	2013-2014	2014-2015	2013-2014
Expenses:				
Director's Remuneration				
Mr. Naval Babulal Kanodia	2.50	-	-	-
Mr. Gourishankar Poddar - Chairman & Managing Director (Resigned w.e.f. 18/03/2014)	-	38.91	-	-
Salary				
Mr. Sushil Kumar Kanodia - (C.E.O. & C.F.O.)	29.93	15.42	-	-
Investments in Shares				
Raj Money Market Limited	-	-	10.01	10.01
Sangam Spinfab Limited	-	(7.00)	-	-

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	2014-2015	2013-2014
Employer's Contribution to Provident Fund	22.86	24.12
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 2014-15, the amount paid to employees as leave encashment is ₹ 5.93 Lacs (₹ 6.68 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.



RAJ RAYON INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

I) Reconciliation of opening and closing balances of Defined Benefit obligation

(₹ in Lacs)

PARTICULARS	Gratuity (Unfunded)	
	2014-2015	2013-2014
Defined Benefit obligation at beginning of the year	33.53	34.36
Current Service Cost	2.73	8.75
Interest Cost	2.69	3.47
Actuarial loss /(gain)	(4.72)	(3.70)
Past Service Cost	0.00	0.00
Benefits paid	(8.29)	(9.35)
Settlement cost	0.00	0.00
Defined Benefit obligation at year end	25.94	33.53

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

(₹ in Lacs)

PARTICULARS	Gratuity (Unfunded)	
	2014-2015	2013-2014
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	8.29	9.35
Benefits paid	(8.29)	(9.35)
Fair value of plan assets at year end	0.00	0.00
Actual return on plan assets	0.00	0.00

III) Reconciliation of fair value of assets and obligations

(₹ in Lacs)

PARTICULARS	Gratuity (Unfunded)	
	2014-2015	2013-2014
Fair value of plan assets	0.00	0.00
Present value of obligation	25.94	33.53
Amount recognised in balance sheet	25.94	33.53

IV) Expense recognized during the year (Under the head "Payments to and Provisions for Employees "Refer Note no, 27")

(₹ in Lacs)

PARTICULARS	Gratuity (Unfunded)	
	2014-2015	2013-2014
Current Service Cost	2.73	8.75
Interest Cost	2.69	3.47
Expected return on plan assets	0.00	0.00
Actuarial losses / (gain)	(4.72)	(3.70)
Past Service Cost	0.00	0.00
Net Cost	0.70	8.52

V) Actuarial assumption

PARTICULARS	Gratuity (Unfunded)	
	2014-2015	2013-2014
Mortality Table		
Indian Assured Lives Mortality (2006-08)		
Mortality Table		
Discount rate (per annum)	7.90%	9.30%
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.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

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

(₹ in Lacs)

PARTICULARS	For the year ended	
	31.03.2015	31.03.2014
Raw Materials / Stock in Trade	2833.04	8848.77
Capital goods*	94.32	4359.24

* Amount includes ₹ Nil (Previous year ₹ 4345.66/-) for DPM POY Plant in transit

NOTE 37: EXPENDITURE IN FOREIGN CURRENCY (INCLUSIVE OF AMOUNT CAPITALISED)

(₹ in Lacs)

PARTICULARS	For the year ended	
	31.03.2015	31.03.2014
Interest*	0.14	353.55
Commission	14.46	11.83
Travelling	21.70	18.54

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

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

NOTE 38.1: RAW MATERIAL CONSUMED

(₹ in Lacs)

PARTICULARS	For the year ended	
	31.03.2015	31.03.2014
PTA / MEG / Others	17583.26	17503.77
Chips	626.79	3848.64
POY/FDY/PTY	2300.85	2842.38
Yarn Oil	278.59	530.14
Spin Finish Oil	225.98	236.10
TOTAL	21015.47	24961.03

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

(₹ in Lacs)

Sr. No.	PARTICULARS	For the year ended			
		31.03.2015		31.03.2014	
		Consumption	% to total consumption	Consumption	% to total consumption
(a)	Raw materials:				
	Indigenous	18517.29	88.11	16984.27	68.04
	Imported	2498.18	11.89	7976.76	31.96
	Total consumption and %	21015.47	100.00	24961.03	100.00
(b)	Spare parts and components:				
	Indigenous	316.48	100.00	572.01	100.00
	Imported	-	0.00	-	0.00
	Total consumption and %	316.48	100.00	572.01	100.00



RAJ RAYON INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

NOTE 39: EARNING IN FOREIGN CURRENCY

(₹ in Lacs)

PARTICULARS	2014-2015	2013-2014
FOB Value of exports	677.84	1405.37
Above FOB value Includes FOB value as per shipping bill for which BRCs are pending as on date		

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	2014-2015			2013-2014		
	No. of Contracts	US \$ in Lacs	(₹ in Lacs)	No. of Contracts	US \$ in Lacs	(₹ in Lacs)
Buy - Buyers credit / Letter of Credit	6	30.61	1931.03	1	3.83	231.75

Unhedge foreign currency exposure

PARTICULARS	2014-2015		2013-2014	
	US \$ in Lacs	(₹ in Lacs)	US \$ in Lacs	(₹ in Lacs)
Secured loans - FCNRB loans / Buyers credit	-	-	40.18	2414.81
Bank balance	-	-	0.02	0.91
Export Receivables	4.94	307.41	-	-

NOTE 41: As informed by the management, the Company's Continuous Polymerization Plant (CP Plant), Direct Polymer Melt POY Plant (DPM POY Plant) and other Plants (POY, FDY & PTY) are operational.

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
DIN No. 00229331

Naval Kanodia
Director
DIN No. 03063554

CA. K K Garg
Partner
Membership no. 033940

Sushil Kumar Kanodia
C.E.O. & C.F.O.

Gita Yadav
Company Secretary

Mumbai
Dated: 30th May, 2015

Mumbai
Dated: 30th May, 2015



RAJ RAYON INDUSTRIES LIMITED

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

CIN: L17120DN1993PLC000368

ATTENDANCE SLIP

TWENTY SECOND ANNUAL GENERAL MEETING ON WEDNESDAY, 30TH SEPTEMBER, 2015

Registered Folio No./ DP ID/ Client ID	
Name and address of the Member(s)	
Joint Holder 1	
Joint Holder 2	

I/We hereby record my/our presence at the 22nd Annual General Meeting of the Company on Wednesday, 30th September, 2015 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.

.....
Member's/ Proxy's name in Block Letters

.....
Member's/Proxy's Signature

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.

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RAJ RAYON INDUSTRIES LIMITED

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

CIN: L17120DN1993PLC000368

PROXY FORM

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

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 **22nd Annual General Meeting** of the Company to be held on the **Wednesday, 30th day of September, 2015 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 *	
Ordinary Business		For	Against
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, 2015.		
2.	Re-appointment of Mr. Naval Babulal Kanodia who retires by rotation.		
3.	Ratification of appointment of M/s. K.M. Garg & Co., Chartered Accountants as Statutory Auditors of the Company.		
Special Business			
4.	Approval of Related Party Transactions for the year 2015-2016.		
5.	Approval of remuneration payable to Cost Auditor of the Company.		
6.	Approval of the Report of Board of Directors to the Share holders under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985.		

Signed this _____ day of _____ 2015

Signature of Shareholder

Signature of Proxy holder(s)

Affix a ₹ 1/- Revenue Stamp

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.

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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)

RAJ RAYON INDUSTRIES LIMITED

Website : www.rajrayon.com