

THE BARODA RAYON CORPORATION LIMITED



46th
ANNUAL REPORT
2004-2005

THE BARODA RAYON CORPORATION LIMITED

BOARD OF DIRECTORS

Mr. S.P. Gaekwad, *Chairman & Managing Director*

Mr. Udayan Chinubhai

Mr. A.K.Shah

Capt. J.P. Singh

Capt. V.K. Raichand

REGISTERED OFFICE & FACTORY

Fatehnagar, Surat - 394 220

HEAD OFFICE

Hoechst House, Ground Floor,
193, Backbay Reclamation, Nariman Point,
Mumbai 400 021.

AUDITORS

Desai & Porwal

Chartered Accountants

7, Hira Moti Building, 1st Floor,
Shrinagar Society, M.G. Road,
Goregaon (W), Mumbai 400 062.

REGISTRAR & TRANSFER AGENTS

Sharex Dynamic (India) Pvt. Ltd.,
17-B, Dena Bank Building,
2nd Floor, Horniman Circle,
Fort, Mumbai - 400 001.

LISTING

The Stock Exchange, Ahmedabad.
The Stock Exchange, Mumbai.

CONTENTS

| | |
|---|----|
| • Notice | 02 |
| • Directors' Report | 06 |
| • Management Discussion & Analysis | 11 |
| • Corporate Governance | 15 |
| • General Shareholder Information | 19 |
| • Auditors' Report | 22 |
| • Balance Sheet | 29 |
| • Profit & Loss Account..... | 30 |
| • Schedules | 31 |
| • Cash Flow Statement | 55 |
| • Information to Investors | 58 |
| • Proxy Form & Attendance Slip | |

THE BARODA RAYON CORPORATION LIMITED

NOTICE

NOTICE is hereby given that the Forty Sixth Annual General Meeting of the Company will be held on Thursday the 30th March, 2006 at 9.00 a.m. at Gandhi Smruti Hall, Timaliyawad, Near Jeevan Bharati School, Nan Pura, Surat-395 001, to transact the following business:

ORDINARY BUSINESS:

1. To consider, approve and adopt the Profit & Loss Account for the year ended 30th September, 2005, and the Balance Sheet as at that date together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Capt. V.K.Raichand, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass with or without modification, the following Resolution as a **SPECIAL RESOLUTIONS :**

RESOLVED THAT pursuant to section 100 of the Companies Act, 1956 and subject to confirmation of the High Court at Ahmedabad OR the Board for Industrial and Financial Reconstruction (BIFR) and other appropriate authority , if any, required , as the case may be, the fully paid up equity share capital of the company be and is hereby reduced from Rs.35,39,31,930 consisting of 3,53,93,193 equity shares of Rs.10/ each to Rs. 3,53,93,193 consisting of 35,39,319.3 equity shares of Rs.10/-each by cancellation of the paid up capital which has been lost or is unrepresented by available assets to the extent of 90%.

RESOLVED FURTHER THAT on 1,07,40,800 no. of equity shares on which the capital is called up but has not been paid to the extent of Rs.5/- per share be and is hereby resolved to be reduced to Rs 53,70,400 consisting of 537040 no. of equity shares of Rs.10/- each by cancellation of the paid up capital which has been lost or unrepresented to the extent of 90% and consolidating the remaining in such a manner that the nominal value of each share is Rs.10/-

RESOLVED FURTHER THAT the amount of Rs. 5,37,04,000 representing call in arrears on 1,07,40,800 no of equity shares be foregone as the said shares have been reduced as aforesaid and an intimation be sent to the shareholders to that effect.

RESOLVED FURTHER THAT wherever necessary the fraction arising out of the said reduction as above be and is hereby permitted to be extinguished by buying back the same from the shareholders.

RESOLVED FURTHER THAT the final break-up of the fully paid up and partly paid-up shares drawn up as on date of the General Meeting, by the Registrar and Shares Transfer Agent, shall

THE BARODA RAYON CORPORATION LIMITED

be final and any interse adjustment arising out of the said list, between the partly paid-up and fully paid-up shares shall be final and binding on all the shareholders.

RESOLVED FURTHER THAT the eventual share capital of the company after reduction of capital shall be Rs. 407.64 lakhs consisting of 40.76 lakhs shares of Rs.10/- each.

RESOLVED FURTHER THAT Mr. P S Gaekwad, President and/or Mr. R.Devarajan, Company Secretary be and is hereby authorized to attend to matters incidental or connected thereto.

BY ORDER OF THE BOARD OF DIRECTORS

Mumbai.

Dated : 21st February, 2006.

S. P. Gaekwad

Chairman & Managing Director

Registered Office :
Fatehnagar, Surat 394 220.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY SO APPOINTED SHALL NOT HAVE RIGHT TO SPEAK AT THE MEETING. THE PROXY IN ORDER TO BE VALID, SHOULD BE COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement, pursuant to Section 173 of the Companies Act 1956, in respect of special Business under item no. 4 set out above, is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from Wednesday, the 29th March, 2006 to Thursday, the 30th March, 2006 (both days inclusive).
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least seven days before the Meeting, at its Registered Office, so that information required by the members may be made available at the meeting.
5. Shareholders are requested to avail of the nomination facility if not done so far, in respect of the shares held by them.
6. The Shareholders are requested to avail of the DEMAT facility, as the Company's shares are in compulsory DEMAT segment as per the circular of SEBI. The benefits of DEMAT are provided elsewhere in this report.
7. Members are requested to notify the change in their address to the Registrar and Share Transfer Agents of the Company.
8. Members attending the meeting are requested to bring with them their copy of the Annual Report and the Attendance Slip attached thereto duly filled in and signed and hand over the same at the entrance of the hall.

THE BARODA RAYON CORPORATION LIMITED

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

The company has undertaken a comprehensive business restructuring programme and it is under implementation since the past 18 months. Arising out of the same the company has undertaken various measures which are outlined below:

- The extensive techno economic evaluation was undertaken before revival of operations.
- Debt restructured and finalized through the debt restructuring mechanism
- Surplus assets have been identified and a few of them have been sold and the rest is in the process of being sold.
- Labour cost has been reduced by 40% with the inking of the settlement with the labour.
- In the last one year the key positions have been filled in by senior professionals to give the competence to implement the revival package drawn up.
- The company has submitted a package to the Government of Gujarat for relief and concessions in statutory dues as per their GR and this is expected to be placed before the High Powered committee for approval which covers Sales tax, Electricity dues, Water dues etc.
- The company has implemented the first phase of the package drawn up and the balance will be implemented during the course of the year. The scheme envisages infusion of funds to the extent of Rs.132 Crs of which Rs. 89 Crs has already been brought in and the balance will be brought in during the year. The financial closure for the same has been achieved.
- The Promoters are infusing Rs.30Crs for the revival of the company. Apart from these the major loss due to write down in equity by Rs.36Crs will be borne by the promoters. The promoters will hold about 35% of the fully diluted equity capital of the company and will be funding 41% of the cost of the scheme.
- The cost of revival and the means are enumerated below:

| Cost of Rehabilitation Scheme | Already implemented (Rs. in Lakh) | To be implemented (Rs in Lakh) | Total (Rs in Lakh) |
|---|--------------------------------------|-----------------------------------|-----------------------|
| Capital Expenditure | 2109 | 1720 | 3829 |
| OTS to Term Lenders/ Banks | 3669 | 551 | 4220 |
| Payment to Pressing Creditors | 264 | 5878 | 6142 |
| Working capital requirements | 409 | 2183 | 2592 |
| Losses during implementation period | 2471 | 0 | 2471 |
| Total funds requirement Means of finance | 8922 | 10332 | 19254 |
| Promoters Contribution | 2584 | 470 | 3054 |
| Investors Contribution | 750 | 4010 | 4760 |
| New loan from Bank | 1111 | 1389 | 2500 |
| Sale proceeds from sale of Surplus / non manufacturing assets | 4477 | 1750 | 6227 |
| Internal Accruals | 0 | 2713 | 2713 |
| Total funds to be injected | 8922 | 10332 | 19254 |
| Promoter's contribution | 37% | 43% | 41% |
| % Completion of scheme | 46% | 54% | 100% |

THE BARODA RAYON CORPORATION LIMITED

It will be obvious from the above that the financial institution, banks, creditors, employees have sacrificed immensely to ensure the revival of the company. The promoters of the company have also brought in substantial funds to revive the fortunes of the company. Despite all these the capital of the company is represented by unavailable assets. These needs to be corrected and the owners of the company also need to sacrifice in line with the other stakeholders of the company. In this exercise the major sacrifice will be done by the promoters of the company as they hold the maximum number of shares. This calls for a lesser sacrifice from other shareholders. Despite the complete net worth of the company having been eroded in view of the support that has been provided to the company by the shareholders over the last 30 years it has been decided to write down the equity to 10% of the existing capital. This will facilitate faster turnaround of your company's fortunes.

BY ORDER OF THE BOARD OF DIRECTORS

Mumbai.

Dated : 21st February, 2006.

S. P. Gaekwad

Chairman & Managing Director

Registered Office :
Fatehnagar, Surat 394 220.

THE BARODA RAYON CORPORATION LIMITED

DIRECTORS' REPORT

To
The Members

Your Directors hereby present their Report together with the audited accounts of your Company for the year ended 30th September, 2005.

FINANCIAL RESULTS :

| | For the year ended 30.09.2005 (Rs. in lacs) | For the period ended 30.09.2004 (Rs. in lacs) |
|--|--|--|
| I Sales & Other Income | 4,313.58 | 2,664.05 |
| II Expenditure | 8228.55 | 4,381.71 |
| III (Loss)before Depreciation & Taxation | (3914.97) | (1,717.66) |
| IV Depreciation | 871.27 | 1,280.49 |
| V (Loss) before Taxation | (4786.23) | (2,998.15) |
| VI Provision for Taxation | 0.00 | 0.00 |
| VII (Loss) after Taxation | (4786.23) | (2,998.15) |
| VIII Add: Extraordinary items (see sch. X) | (1740.76) | 15,241.25 |
| IX Profit & (Loss) available for appropriation | (6,526.99) | 12,243.11 |
| X Balance as per Last year's Balance Sheet. | (13,910.62) | (26,153.73) |
| Balance carried to Balance Sheet | (20,437.61) | (13,910.62) |

DIVIDEND

The Directors regret their inability to recommend any dividend for the financial year under review in view of the continued losses.

PERFORMANCE

During the year under review the company has operated the Rayon Plant and improved the performance. The Nylon plant commenced operations in November, 05 and has consistently improved in the last three months. The company is taking effective steps to commence the operations of the NTC plant at the earliest.

THE BARODA RAYON CORPORATION LIMITED

The turnover of the company for the year under review was Rs. 4779.90 as against Rs.1384.39 (for eighteen months). This has been largely possible due to the consistent performance in the Rayon Division and the culmination of the efforts of your Management in the last two years. These losses are expected to reduce further in the current year due to better performance and the commissioning of the NTC plant.

BUSINESS RESTRUCTURING

The company is a sick company under the Sick Industries Companies (Special Provisions) Act, 1985 . Hence, a reference has been made to BIFR and has been registered. Pursuant to the said registration of the reference, a detailed package is in the process of being submitted to BIFR under section 17(2) of the said Act. The package is largely in line with the CDR settlement with the lenders, the settlement with the labour, the relief sought from Government of Gujarat applicable to sick Companies. On approval of the said package all the liabilities of the company will be restated by reducing to the extent that has been approved by the package.

The company has been able to revive operations largely due to the efforts of the management to restart operations by pumping in additional funds to the tune of Rs.89Cr approx. Further, huge sacrifices have been made by the financial institutions and banks in the interest of the revival of the company, workers have agreed for a 40% reduction in their wages, statutory dues will be reduced once the package submitted to the Gujarat government is cleared. Thus in order to further strengthen this process it is essential for the company to reduce the capital so that the losses are minimized and the company can be strengthened to raise funds for meeting the balance funding as per the BIFR, package and for future requirements. In view of the above it is proposed to reduce the capital to Rs.407.64 lakhs from the current level of Rs.4076.36 (net of call in arrears). Thus every ten shares held by the members currently will be reduced to one share post reduction of the capital. Subsequently, this will be, if required, submitted to the high court for confirmation. The special resolution required for the said purpose is submitted for your approval.

The aforesaid measures shall ensure that the Net Worth of your company becomes positive at the earliest and will be truly representative of the residual assets available post the restructuring of the capital of the company.

The directors request the members to consider this resolution favourably at the ensuing Annual General Meeting.

AUDITORS

M/s. Desai & Porwal, Chartered Accountants, Mumbai, were appointed as Statutory Auditors of the Company by the members at the 45th Annual General meeting held on 29th March, 2005. The term of office of M/s. Desai & Porwal will come to an end on the date of the 46th Annual General Meeting. The Board recommends their re-appointment.

AUDITORS' REPORT

The observations made by the auditors are self-explanatory and have also been explained in the notes forming part of the accounts, where-ever required.

DIRECTORS

Capt. V.K.Raichand, retires by rotation at the ensuing Annual General meeting and being eligible, offers himself for re-appointment.

THE BARODA RAYON CORPORATION LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Sub-Section (2AA) of Section 217 of the Companies Act, 1956. Your Directors confirm :

- a) That in preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- b) That 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 as on 30th SEPTEMBER, 2005 and of the loss of the Company for that period;
- c) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) That the Directors had prepared the annual accounts on a going concern basis.

FIXED DEPOSIT

During the year, the Company has not accepted fresh deposits from the public and as on 30th September, 2005 the Company is holding a sum of Rs. 237.69 lacs.

PERSONAL :

There were no employees covered under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE :

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 the relevant data pertaining to Conservation of Energy Technology Absorption and Foreign Exchange earning and outgo are given in the Annexure forming a part of this Report.

INDUSTRIAL RELATIONS :

During the year under review, the Industrial relations remained cordial.

COMPLIANCE CERTIFICATE :

A Certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is attached to this Report.

ACKNOWLEDGEMENT :

The Directors are pleased to record their appreciation of the hard work put in by the Management/ staff and the co-operation and understanding extended by all employees during the year which made it possible for the company to improve its operations. The Directors also appreciate the support extended by the Banks, Institutions and Government Departments during the year under review.

FOR AND ON BEHALF OF THE BOARD

S.P. GAEKWAD
CHAIRMAN & MANAGING DIRECTOR

MUMBAI

Dated : 21st February, 2006.

THE BARODA RAYON CORPORATION LIMITED

ANNEXURE TO DIRECTORS' REPORT PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY

The following measures were taken during the year under review :

POWER PLANT :

- 1 Steam Turbine Generator set No. 1 was refurbished to improve the steam rate and restore the capacity of the machine.
- 2 Boiler deaerator tank vent condenser was retubed to prevent steam loss.
- 3 Turbine condenser flow was optimized and treatment given to water to improve the exhaust vacuum and thereby increase the operating life and output of turbine.
- 4 Air Compressor operation was optimized and pressure reduced, thereby one compressor was stopped.
- 5 At Water Works, diesel engines were overhauled and fuel efficiency was improved from 2.9 to 3.6 Units/ Litre.
- 6 Boiler No.1 and AFBC Boilers were refurbished by replacement of evaporation and super heater tubes, restoring the capacity and efficiency of both boilers.

VFY PLANT :

- 1 Both Air Compressors were refurbished and after coolers replaced, to increase the efficiency.
- 2 In Spinning Hall, part of ceiling was replaced and all doors were repaired/replaced to prevent infiltration and maintain room conditions. Due to this, operation of air washer spray pumps could be reduced.

CS₂ PLANT :

- 1 Chilled water was replaced by Glycol Antifreeze Solution. This helped to increase the production of pure CS₂ by 500 Kgs per Day.
- 2 Operation of air compressor linked with Charcoal charging operation only, reducing the working hours of the compressor.

NYLON PLANT:

- 1 Compressed Air Distribution Pipes were replaced by higher size, to reduce Pressure drop. Thereby, the compressors could be run on lower pressure set point.
- 2 Auto controllable dampers device were installed on chimneys of Thermic Fluid Heaters to maintain uniform furnace pressure and prevent ingress of atmospheric air, thereby improving thermal efficiency.
- 3 New Cooling Towers were installed to replace existing derated ones, thereby improving the operating conditions, reducing power consumption of 600 TR and 100 TR-chillers and make up water consumption also got reduced.

THE BARODA RAYON CORPORATION LIMITED

ANNEXURE-I

Particulars under the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 for the year ended 30th September, 2005.

1. Research and Development : The Company continuously carries out research to improve yield parameters which are carried out at the lab level and the plant level on a continuous basis.

2. Conservation of Energy :

FROM-A : Disclosures of particulars with respect to conservation of energy

A) POWER & FUEL CONSUMPTION:

| | | RAYON DIVISION | | NYLON DIVISION | | NTC DIVISION | | TOTAL | |
|-----------------------------------|------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|
| | | 2004-05 (12 month) | 03-04 (18 month) | 2004-05 (12 month) | 03-04 (18 month) | 2004-05 (12 month) | 03-04 (18 month) | 2004-05 (12 month) | 03-04 (18 month) |
| 1. ELECTRICITY | | | | | | | | | |
| a) Purchased | Unit/Lacs | | | | | | | - | - |
| Value | Rs./Lacs | | | | | | | - | - |
| Rate | Rs./Kwh | | | | | | | - | - |
| b) Own Generated | | | | | | | | | |
| i) Thro' Diesel Generator | Units/Lacs | | 3.35 | | | | | - | 3.35 |
| | Rs./Lacs | | 21.63 | | | | | - | 21.63 |
| | Rs./Kwh | | 6.45 | | | | | - | 6.45 |
| ii) Thro' Steam Turbine/Generator | Unit/Lacs | 374.03 | 120.78 | 22.69 | 154.93 | | 0.6 | 396.72 | 276.31 |
| | Rs./Lacs | 1521.3 | | 92.27 | | | | 1613.56 | 1286.04 |
| | Rs./Kwh | | | | | | | 4.07 | 4.65 |
| 2. COAL | | | | | | | | | |
| Quantity | MT | 49262 | 17397 | 115 | 15779 | | | 49377 | 33176 |
| TOTAL COST | Rs./lacs | | | | | | | 1613.56 | 1286.04 |
| Average Rate | Rs./MT | | | | | | | 3060.13 | 3876.42 |
| 3. FURNACE OIL | | | | | | | | | |
| Quantity | K. Ltrs. | | | 63 | 17.25 | | | 63 | 17.25 |
| Total Amt. | Rs./Lacs | | | 8.91 | 2.84 | | | 8.91 | 2.84 |
| AVERAGE RATE | Rs./K.LTR | | | 14150 | 14150 | | | 14150 | 14150 |

B) CONSUMPTION PER UNIT OF PRODUCTION

| | Electricity | | Steam Coal | | Furnace Oil | |
|------------------------|---------------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|
| | KWH per MT of productions | | per MT of Production | | Ltrs./MT of Production | |
| | 2004-05 (12 month) | 2003-04 (18 month) | 2004-05 (12 month) | 2003-04 (18 month) | 2004-05 (12 month) | 2003-04 (18 month) |
| RAYON YARN | 8529 | | 3.34 | | | |
| SULPHURIC ACID | 0.00 | | 0.00 | | | |
| CARBON-DI-SULPHIDE | 1439 | | 0.59 | | | |
| NYLON & POLYESTER YARN | 8006 | 1947.37 | 0.91 | 0.53 | 222.3 | |
| NYLON TYRE CORD | 0.00 | 0.00 | 0.00 | 0.00 | | |

ELECTRICITY : The variation in consumption of electricity/ Mt. of production is due to
 1. Overall under-utilization of installed capacity and also due to
 2. Nylon & Rayon : Change in product mix and variation in capacity utilization.

3. TECHNOLOGY ABSORPTION :

FORM-B : Technology absorption, adaptation and innovation
 The company has not imported any technology during the year and as such there is nothing to report :

4. FOREIGN EXCHANGE EARNINGS & OUTGO : (Rs. in lakhs)

| | FY 04-05 | FY 03-04 |
|----------|----------|----------|
| Earnings | NIL | NIL |
| Outgo | 15.35 | NIL |

THE BARODA RAYON CORPORATION LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT AS PER CLAUSE 49 OF THE LISTING AGREEMENT.

Industry Structure and Development :

The Man made fibre industry is among the early industry set up in India post independence. It has been through the cycle of boom and recession. There are many players in the industry and is highly competitive.

The segment of the industry in which the company is operating viz Viscose Filament yarn,(VFY) Nylon Filament Yarn (NFY)and Nylon Tyre Cord (NTC) has quite a few players and is competitive. The advent of Polyester filament yarn changed the complexion of the industry and proved to be a death knell for this segment of the industry. Being cheaper, it was used as a substitute for VFY & NFY. Thus the booming art silk industry found a competitor in PFY. The players in the industry including your company decided to diversify and set up facility for manufacturing Partially Oriented Yarn and PFY, With huge capacities being set up in the POY segment it was a buyers market and price realisation dipped. The demand for VFY and NFY dwindled due to cost factors though they were superior in quality.

With the changes that resulted in the Indian economy post restructuring and liberalization ALL THE MAJOR CORPORATES in India underwent a process of change. Some succeeded, quite a few sold their business and a number of them closed down.

The commodity cycle typically brings alongwith a host of problem to many players in the industry segment. The company closed down due to factors enumerated above. Despite the vision of the management to expand in the right areas and decision to set up capacities which meet the requirement of economies of scale the circumstances did not permit.

Breifly the following changes affected the players in the industry

NYLON TYRE CORD:

Then.....

- The players in this space were using age old technology and this was undergoing a change worldwide.
- The liberalization provided an opportunity for cheaper imports affecting the local market.
- The demand scenario was bleak due to the prevalent recession.
- The growth in demand was at a slow pace thereby diminishing the prospect of immediate revival.

Now....

- The industry has gone through the process of change upgraded technology and has controlled costs.
- Interest costs have reduced substantially.
- Wage structure among the lowest in the world.
- Infrastructure facilities have improved.
- Availability of skilled workers with a mindset to understand and adapt to the emerging trend has had a sobering effect on industrial relations.
- Thus the industry segment has acquired competitive strength.

THE BARODA RAYON CORPORATION LIMITED

- India is fast emerging as the global hub for Auto and auto ancilliary manufacturing.
- The user industry i.e. the tyre manufacturers have acquired global competitive strength.

Viscose Filament Yarn :

Then.....

- One of the most popular fibre used in sarees lost its sheen due to cheaper substitute by polyester.
- VFY imports were cheaper than local production.
- End user such as weavers were affected severely by the plunging demand and did not have the strength to hold out.
- High debt cost and eroding margins lead to serious difficulties of the players in this segment of the market.

Now.....

- The players in the industry have revamped and have adopted newer technology.
- Costs have been controlled.
- Interest costs have reduced substantially.
- Have developed ability to take global competition head on.
- The purchasing power of the common man has increased due to the general well being and growth of the economy in the last few years due to the sustained efforts of the Government.
- Consumers are willing to buy the popular "ART SILK" as it is known due to the change in the consumer preference and economic well being.
- Oligopoly status of the industry segment is an added advantage.

Nylon Filament Yarn :

Then.....

- POY substituted the market and caught the players unaware.
- The substitution was possible to the fact that the main application of NFY was in the manufacture of sarees for the lower income group of the population.
- The recession that hit the Indian industry affected the lower income group the most.
- Demand plunged.
- Players could not control cost.
- Change of facilities to manufacture both NFY and POY could not be taken up immediately.

Now.....

- There has been a rise in per capital income in the last few years.
- The no. of people below the poverty line has reduced substantially in the last four years.
- The GDP at factor cost has grown substantially in the last four years.
- Newer and wider application for Nylon is emerging apart from sarees.
- Players have developed versatile capacities which enable switching from NFY to POY.
- Prices have bottomed out and are in the upswing.
- Threat from Chinese competition is reduced due to the impending anti dumping duty.

THE BARODA RAYON CORPORATION LIMITED

OPPORTUNITIES AND THREATS :

Opportunities

- The company has inherent strength due to location and the goodwill generated in the market over the last 50 years.
- WTO regime has given a boost to the man made fibre industry.
- Changes in economic legislations and rationalization of the tax structure and duty structure such as VAT, customs duty etc.
- VFY is emerging as a fibre with new applications. The general economic well being has resulted in the switch back to the use of this fibre for sarees.
- NFY is finding innovative applications and the improvement in the economic well being of the lower segment of the population has resulted in a demand push.
- NTC industry is looking up due to the Indian Growth story and a booming auto market and rationalization of load norms and phasing out of the old trucks.
- Revival of the South East Asian economy, FTA with Thailand and the prospect of India and China joining the ASEAN formally or through preferential arrangement would result in the revival of the fortunes of THAI Baroda Industries Ltd.
- The current scenario has permitted the company to restart operations.
- The state of the art plant set up then is in good condition and flexibility to adapt to the change in technology is inherent.
- The technology changes have not weakened the competitive strength of the company.
- Competitive strength increases due to the availability of captive power plant.
- Huge infrastructural facility to meet the current and future demand.

Threats

- The competition from China is the biggest threat to the industry at this point in time. However anti dumping duty is expected to be levied in the NFY segment which could give a boost to the fortunes of the NFY & NTC segment.
- Successful completion of the business restructuring process is crucial to the future prospects of the Company.
- Technology upgradation and modernization will involve additional capital layout for which the company should be in a position to improve its financial and market strength.
- The risk perception arising out of tight liquidity and limited inventory could result in loss of production .

Segmentwise & Productwise performance :

This has been indicated as a part of the notes to accounts . Currently, the VFY and the NTC business is expected to do well and the NFY business is expected to pick up with alternative applications being found for Nylon.

OUTLOOK :

The outlook for the industry is bright due to the increase in the growth of the economy and the rise of percapita income. This has resulted in betterment of the living conditions and there is a distinct move to buy textiles made of VFY and NFY which are expensive than the textiles made of polyester. The growth of GDP at factor cost and the dismantling of the quota regime for exports is an important factor in improving the prospects of the industry.

THE BARODA RAYON CORPORATION LIMITED

RISKS & CONCERNS :

The major risk is due to the globalization of the economy which could result in cheaper goods being dumped by China. Thus anti dumping duty is an important factor which has a major bearing on the perceived risk.

The concern that needs to be addressed is the higher outlay on maintenance that may be required in view of the fact that the plant is old and the unit was closed for a longwhile.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY :

The internal controls systems are sound as the company was the first to install the ORG system and as such the manual systems are in line with the earlier systems. However, a series of measures have been initiated to improve the same and an EDP department is in the process of being set up.

DISCUSSION OF THE FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :

The financial performance of the company has been not in line with the operational performance due to the production losses on account of insufficient working capital. This is being addressed and shortly the operational parameters are expected to improve. Given the constraints the operational performance has been good. The financial performance of the company will also improve once the liquidity and fund constraints are adequately addressed.

THE BARODA RAYON CORPORATION LIMITED

CORPORATE GOVERNANCE

The Company strongly believes that good CORPORATE governance is a prerequisite for enhancing shareholder's investment into a long term value. The Company's policies and practices are aimed at efficient conduct of business by increasing transparency and accountability to all its shareholders.

In terms of the provisions of clause 49 of the Listing Agreement pertaining to Corporate Governance the Company has complied with requirements.

BOARD OF DIRECTORS :

Composition and category of Directors

| Sr. No. | Category | Name of Director |
|---------|---|---|
| I. | Promoter and Executive Director | Mr. S.P. Gaekwad (Chairman & Managing Director) |
| II. | Independent and Non-Executive Directors | Mr. Udayan Chinubhai Mr. A. K. Shah Capt. J. P. Singh Capt. V. K. Raichand |

Attendance of Directors at the Meeting of Directors (B.O.D) held during the Financial period 2004-2005 and the last Annual General Meeting (AGM) held on 29th March, 2005 are as follows:

Details of meeting of the Board of Directors held during 2004-2005.

| Sr. No. | Date | No. of Directors Present |
|---------|----------|--------------------------|
| 1. | 15.12.04 | 3 |
| 2. | 28.02.05 | 5 |
| 3. | 30.06.05 | 5 |
| 4. | 18.08.05 | 5 |

| Name of Director | No. of Board Meetings attended | Attendance at the AGM |
|----------------------|--------------------------------|-----------------------|
| Mr. S.P.Gaekwad | 4 | Present |
| Mr. Udayan Chinubhai | 4 | Present |
| Mr. A.K.Shah | 3 | Present |
| Capt. J.P.Singh | 3 | Present |
| Capt. V.K.Raichand | 4 | Present |

THE BARODA RAYON CORPORATION LIMITED

Number of Board of Directors of Companies of which a Director is Member or Chairperson

| Name of Director | No. of BoDs of Public Companies | No. of BoDs of Private Companies |
|----------------------|---------------------------------|----------------------------------|
| Mr. S.P.Gaekwad | 1 | 2 |
| Mr. Udayan Chinubhai | 5 | 5 |
| Mr. A.K.Shah | 1 | 1 |
| Capt. J.P.Singh | 2 | 4 |
| Capt. V.K.Raichand | 1 | 6 |

AUDIT COMMITTEE :

Brief description of Terms of Reference :

To oversee the Company's Financial process, internal control system, the scope of audit including the observations of the Auditors, reviewing the accounting policies and practices and Half-yearly/ Yearly financial statements as also to revise financial policies.

Constitution : Constituted by the Board of Directors at its meeting held on 27th February, 2001.

Composition, Names of Members and Chairperson : Consists of 3 Directors as under :

1. Mr. Udayan Chinubhai (Chairman)
(Independent Director)
2. Mr. A.K Shah (Independent Director)
3. Mr. S.P. Gaekwad (Managing Director)

Four Audit Committee Meeting were held during the year on 15th Dec 2004, 28th Feb 2005, 30th June 2005 & 18th August, 2005

The Constitution of the Audit Committee also meets with the requirements of Section 292A of the Companies (Amendment) Act., 2000.

The terms of reference specified by the Board to the Audit Committee are as contained under clause 49 of the Listing Agreement, They are as follows:

- a) Overseeing the Company's financial reporting process and the disclosure of its financial information.
- b) Recommending the appointment and removal of external auditors, fixation of Audit fee and also approval for payment for any other services.
- c) Reviewing with Management the annual financial statements before submission to the Board, focusing primarily on
 - (i) any changes in accounting policies and practices,
 - (ii) major accounting entries based on exercise of judgment by Management,
 - (iii) qualifications in draft audit report,
 - (iv) significant adjustments arising out of audit
 - (v) the going concern assumption,
 - (vi) compliance with accounting standards,
 - (vii) compliance with stock exchange and legal requirements concerning financial statements

THE BARODA RAYON CORPORATION LIMITED

- and
- viii) any related party transactions i.e. transactions of the Company of material nature with promoters or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company at large .
- d) Reviewing the adequate internal check and control.
- e) Discussions with external auditors before the audit commences. Nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- f) Reviewing the Company's various financial and risk Management policies.
- g) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, share holders (in case of non-payment of declared dividends) and creditors.

SHARE HOLDER-CUM INVESTOR GRIEVANCES COMMITTEE :

The Company has complied with the requirements of the Clause 49 of the listing agreement. The Committee comprises of Capt. J.P.Singh, Capt. V.K.Raichand and Mr.S.P.Gaekwad. The Company has empowered Mr. S.P.Gaekwad, Chairman & Managing Director to approve the Share Transfers.

The Company and their Registrar and Share Transfer Agents have resolved the complaints received during the year

REMUNERATION COMMITTEE :

The Company has complied with the requirements of the Clause 49 of the listing agreement. The Committee comprises of Mr. A.K.Shah, Capt. J.P.Singh and Capt. V.K.Raichand.

The Company has empowered Mr. A.K.Shah, to act as Chaiman of the Committee and to approve/reject the Managerial Remunerations and act as directed by the Companies Act., 1956, and as per Central Government Approvals/ Companies Law etc.

THE BARODA RAYON CORPORATION LIMITED

ANNUAL GENERAL MEETINGS & EXTRA-ORDINARY GENERAL MEETINGS

Details of last three Annual General Meetings held :

| Particulars | F.Y. 2001-2002 | F.Y.2002-2003 | F.Y.2003-2004 |
|--------------------|--|--|--|
| Day | Monday | Tuesday | Tuesday |
| Date | 30th September, 2002 | 30 th December,2003 | 29 th March, 2005. |
| Time | 9.00 a.m. | 9.00 a.m. | 9.00 a.m. |
| Venue | Gandhi Smruti Hall, Timaliyawad, Near Jeevan Bharati School, Nan Pura, Surat-395 001. | Gandhi Smruti Hall, Timaliyawad, Near Jeevan Bharati School, Nan Pura, Surat-395 001. | Gandhi Smruti Hall, Timaliyawad, Near Jeevan Bharati School, Nan Pura, Surat-395 001. |
| Special Resolution | Nil | 1(One) | Nil |

No Extra-ordinary General Meetings were held during last three years.

No Postal ballot was held in the AGMs and EGMs.

DISCLOSURES :

- (i) **Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, Directors or the Management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of the Company at large.**

None of the transactions with any of the related parties were in conflict with the interest of the Company.

- (ii) **Details of non-compliance by the company, penalties, and strictures imposed on the company by Stock Exchange or SEBI any statutory authority, on any matter related to capital markets during the last three years.**

The Company has tried its level best to comply with the matters related to Capital Market.

THE BARODA RAYON CORPORATION LIMITED

GENERAL SHAREHOLDER INFORMATION

1. **Annual General Meeting Day, Date, Time and Venue** : Thursday, 30th March, 2006 at 9.00 a.m. Gandhi Smruti Hall, Timaliyawad, Near Jeevan Bharati School, Nan Pura, Surat 395 001.
2. **Financial Year/ Calendar** : 1st October, 2004 to 30th September, 2005.
3. **Date of Book Closure** : 29th March, 2006 to 30th March, 2006. (both days inclusive)
4. **Listing on Stock Exchanges** : Ahmedabad and Mumbai.
5. **Stock Code** : 0770
6. **Demat ISIN Numbers in NSDL & CDSL** : INE 461A01016
7. **Registrar and Share Transfer Agents** : M/s. Sharex Dynamic (India) Pvt. Ltd., 17-B, Dena Bank Building, 2nd Floor, Horniman Circle, Mumbai - 400 001.
8. **Plant Location** : Fatehnagar, Surat 394 220.
9. **Address for correspondence** : The Shares Department, The Baroda Rayon Corporation Limited, P.O. Fatehnagar, Surat 394 220.

10. Share Transfer System:

Under the Share Transfer system followed, the request for share transfers are processed subject to the documents being valid and complete in all respects. The share certificates duly transferred are dispatched within 30 days from the date of receiving the request. When there is an objection, the shares are returned to the party within 2-3 days of their receipt along with an objection letter.

11. **Dematerialization of Shares** The Shares of the Company were dematerialized with effect from 28.08.2002. The National Securities Depository Ltd., and Central Depository Services (India) Ltd., were the depository of the shares of the Company. Under SEBI Circular SMDRP/POLICY/CIR-23/2000 dated May 29, 2000 the Company shares are in Compulsory demat segment for the trading and to do any transaction of shares. The shareholders of the company can forward their physical share certificates of the company to M/s. Sharex Dynamic (India) Pvt. Ltd., through their DP to convert the same into demat mode. The modalities and the benefit of having dematerialized shares is provided elsewhere in this report. 81,92,321 shares out of 4,61,33,993 shares of the Company have been dematerialized as at 30th September, 2005.

THE BARODA RAYON CORPORATION LIMITED

12. Distribution of shareholding as on 30th September, 2005
46133993 equity shares of nominal value of Rs.10/- each

| Distribution of Shares (slabwise) | No. of Share Holders | Percentage of Total No. of Shareholders | Share Amt. (in Rs.) | Percentage to total Share Capital |
|-----------------------------------|----------------------|---|---------------------|-----------------------------------|
| Upto 5000 | 73943 | 92.18 | 94670240 | 20.57 |
| 5001-10000 | 4017 | 5.01 | 30466720 | 6.60 |
| 10001-20000 | 1467 | 1.83 | 21216450 | 4.60 |
| 20001-30000 | 360 | 0.45 | 9014200 | 1.95 |
| 30001-40000 | 134 | 0.17 | 4684450 | 1.02 |
| 40001-50000 | 91 | 0.11 | 4219500 | 0.91 |
| 50001-100000 | 113 | 0.14 | 8078110 | 1.75 |
| 100001to above | 87 | 0.11 | 288790260 | 62.60 |
| TOTAL : | 80212 | 100.00 | 461339930 | 100.00 |

NON-MANDATORY REQUIREMENTS:

The Company proposes to adopt the non-mandatory requirements given in Annexure-3 of clause 49 of the Listing Agreement in due course of time.

THE BARODA RAYON CORPORATION LIMITED

DESAI & PORWAL

CHARTERED ACCOUNTANTS

7/Hira Moti Building, 1st floor, Shrinagar Society, M.G.Road, Goregaon (West), Mumbai 400 062
Tel: 2879 1708 Telefax : 2879 1709 Email : cpmvcs@vsnl.com

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF THE CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS

To

The Members of The Baroda Rayon Corporation Limited

1. We have examined the compliance of conditions of corporate governance by the Baroda Rayon Corporation Limited, for the year ended 30th September 2005, as stipulated in clause 49 of the Listing agreement of the said Company with Stock exchanges (hereinafter referred to as "The Agreement").
2. The compliance of condition of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the condition of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and based on the review and to the best of our examination and explanation given to us and subject to Para 4 below, we certify that the conditions of corporate governance as stipulated in the clause 49 of the agreement have been complied with in all material aspects by the Company.
4. Attention is invited to the followings;
 - a. The Company has not filed the quarterly results, six monthly results with limited review along with auditor's certificate with the respective stock exchanges, where the shares of the Company have been listed. The Company neither has nor produced any evidence, which shows that the said result had been published in the newspaper as per listings compliance rules.
 - b. The Company has yet to comply various formalities for keeping the listing of shares active with respective stock exchanges.
5. On the basis of the information and records, we hereby certify that there were no Investor grievances remained unattended/ending for more than 30 days as at 30th September' 2005.
6. We further state that such compliance is neither an assurance as to the future liabilities of the Company nor the efficiency nor effectiveness with which the management has conducted the affairs of the Company.

For DESAI & PORWAL
Chartered Accountants

P. B. SHETH

Partner

Membership No. 44062

Mumbai.

Dated : 21st February, 2006

THE BARODA RAYON CORPORATION LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

1. We have audited the attached Balance Sheet of THE BARODA RAYON CORPORATION LIMITED as at 30th September, 2005 and also the Profit and Loss Account of the Company for the year ended 30th September, 2005 annexed thereto and the Cash Flow Statements for the period ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) order 2003 and The Companies (Auditor's Report)(Amendment) Order 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (hereinafter referred to as 'the Act', we enclose in the annexure a statement on the matters specified in the paragraph 4 and 5 of the said order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) *Except the maintenance of Cost records and Cost Accounts mentioned under Section 209(1)(d) of the Companies Act, 1956, in our opinion, proper books of Accounts as required by Law have been kept by the Company so far as appears from our examinations of those books.*
 - c) The Balance Sheet, Profit & Loss Account and cash Flow Statement dealt with this report is in agreement with the books of account.
 - d) *Except as discussed in paragraph (f)(ii),(f)(iv), in our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting standards referred to in Sub Section (3c) of Section 211 of the Companies Act, 1956 to the extent applicable to the Company.*
 - e) On the basis of the written representations received from the directors as on 30th September 2005, we report that none of the directors is disqualified as on 30th September 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) *Attention is invited to*
 - (i) *Capital work-in-progress (note 10 of Schedule Y to the accounts) includes amounts spent on a Polycondensation Plant to manufacture polyester chips, the project commenced in 1994 and has not been commissioned as of 30th September' 2005. In view of prolong gestation period and the uncertainty for the completion of the said plant; we are unable to express an opinion on the carrying value of this expenditure and the obsolete/impairment amount on the value of plant.*

THE BARODA RAYON CORPORATION LIMITED

- (ii) *As per the consistent policy for accounting of gratuity, the difference between the amount of gratuity paid on retirement, and amount estimated as recoverable from Life Insurance Corporation of India is debited to Profit and Loss Account. However, the said amount is not reconciled with LIC. As such, we are unable to comment the impact of the same on profit and loss account. Owing to the financial constraint, the company could not pay the Life Insurance Premium due on account of gratuities. The Company has made the provision for the LIC premium payable Rs. 1039.78 lacs along with the interest overdue thereon Rs. 119.10 lacs, which is subject to LIC confirmation the details of which are given in note 14 of Notes to the accounts of schedule Y.*
- (iii) Owing to the operational losses, the company could not make the repayment of fixed deposit as contemplated in Section 58A and 58AA of the Companies Act, 1956. Hence, as per section 274(1)(g) Of the Company's Act 1956 the directors will not be eligible to be appointed or reappointed in the other companies in which they are directors.
- (iv) *No provision for interest has been made for Rs.468.63 (Previous year Rs. 578.52 lacs) of Non-Convertible Redeemable debentures, Term loan and Rs. 122.09 (Previous year Rs. 153.98 lacs) on unsecured loans, which are not the member of CDR scheme. Consequently, the reported loss may be understated by Rs. 590.72 lacs and the accumulated losses will be understated by Rs. 590.72 lacs.*
5. *Subject to our comments/observation referred in Paragraph 4(f)(ii) & 4(f)(iv) above, in our opinion and according to the best of information and explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:*
- (i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 30th September, 2005; and
- (ii) In so far as it relates to the Profit & Loss account, of the "Loss" of the Company for the period ended on that date;
- (iii) In the case of Cash Flow Statement of the cash flow for the period ended on that date.

For **DESAI & PORWAL**
Chartered Accountants

P. B. Sheth
Partner
Membership No. 44062

Mumbai.
Dated : 21st February, 2005

THE BARODA RAYON CORPORATION LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. (a) *The Company has generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets. However on the basis of records examined by us and as per the information given to us, the said Register is not up dated. from financial year 1998-1999, as the company has no key person in Costing department, who had been responsible for maintaining the said Register.*
(b) *According to the information given to us the Management has physically verified the Fixed Assets of the Company at the time of recommissioning of the rayon and the nylon plants. However, these have not been reconciled with the fixed asset register.*
(c) During the year the company has not disposed off any fixed assets.
2. (a) As informed to us, the inventory has been physically verified during the year by the management.
(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.
(c) The Company is maintaining proper records of inventory. There was no material discrepancies were noticed on physical verification and it was properly dealt with books of accounts. Company has considered the impairment effect for the carrying value of stock, which are old and obsolete.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a. The Company has not granted any loans to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, hence the other clauses of the Order are not applicable.
 - b. The Company has taken unsecured loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The Company has taken the unsecured loans from eight such parties for Rs. 1565.57 lacs and the maximum balance outstanding was Rs. 1586.31 lacs.
 - c. In our opinion and according to the information and explanations given to us, the unsecured loans are interest free and other terms are not prejudicial to the interest of the company.
 - d. In respect of the interest free unsecured loans, the amounts were repaid as per mutual understanding in the absence of specific stipulation.
4. In our opinion, there is adequate internal control procedure commensurate with the size of the company and the nature of business, for the purchase of inventory and fixed assets and sale of goods.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, there was no transaction that needs to be entered in to the register maintained under section 301 of the Act.
6. *In our opinion and according to the information and explanation given to us, the Company has contravened the provisions of repayment of deposits along with interest thereon as contemplated*

THE BARODA RAYON CORPORATION, LIMITED

in Section 58A & 58AA or any other relevant provision of the Act., and the rules framed there under with regard to deposits accepted from public, which are overdue. However, no fresh deposits are accepted from the public during the year. In contemplation of Section 58AA inserted by the Companies (Amendment) Act, 2000, the company has yet to comply for intimating the Company Law Board (CLB) on a monthly basis any default made by it in repayment of deposits or part thereof or any interest thereon relating to small deposits. As informed to us and as per the documents produced before us, during the year, the company has received two CLB order directing to repay the deposits, which has been complied by company. The Company has not received any contrary order from National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. *We are of the opinion that the company has not properly maintained books of account pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. Consequently, no cost accounts have been made. As informed to us, the deficiency is aroused on account of loss key person in the Cost department.*
9. (a) *The company is not regular in depositing Undisputed statutory dues including provident fund, Employee's State Insurance, Income tax, Sales tax, Custom duty, Excise duty, cess, wealth tax, service tax and other statutory dues with appropriate authorities for a period more than six months from the date they became payable, which are as under;*

| SR. NO. | STATUTORY DUES | AMOUNT (RS. IN LACS) |
|---------|---|-------------------------|
| a. | <i>Sales Tax</i> | 477.87 |
| b. | <i>Custom Duty</i> | 680.93 |
| c. | <i>Excise Duty (Including penalty of Rs. 5 lac)</i> | 201.13 |
| d. | <i>Interest on excise duty</i> | 526.95 |
| e. | <i>Wealth Tax</i> | 4.00 |
| f. | <i>Provident Fund dues</i> | 1098.35 |
| g. | <i>Employee's State Insurance dues</i> | 330.96 |
| h. | <i>Water Tax</i> | 698.49 |
| i. | <i>Gujarat Electricity Board</i> | 1286.21 |
| j. | <i>Textile Committee Cess</i> | 18.00 |
| k. | <i>Water Cess (Gujrat Pollution Control Board)</i> | 3.45 |
| l. | <i>Electricity Duty (Power plant)</i> | 323.86 |
| m. | <i>Income tax (TDS)</i> | 59.36 |
| n. | <i>Surat Municipal Corporation</i> | 101.58 |

NOTE: (i) In addition to above and as informed to us, Excise duty Demand confirmed by the Commissioner of Excise for Rs. 499.58 lac and penalty levied thereon Rs. 5 lac was on account of the CENVAT utilized during the default period. The said demand other than penalty amount will be dropped on payment of Rs. 499.58 lac through Personal Ledger Account and the Excise authorities will allow the same amount of CENVAT through Input account.

THE BARODA RAYON CORPORATION LIMITED

(b) According to the information and explanation given to us, the company has disputed dues of Sales Tax & Excise duties, which are given below.

| S.R. NO. | NAME OF STATUE | NATURE OF DUES | AMOUNT (RS.IN LAC) | PERIOD TO WHICH THE AMOUNT RELATES | FORUM WHERE DISPUTE IS PENDING |
|----------|---------------------------|-----------------------------|--------------------|------------------------------------|--|
| 1. | Central Excise Act, 1944 | Excise Duty (Input) | 51.26 | 1995-1996 to 1999-2000 | Asst. Commissioner Central Excise CEGAT |
| 2. | Central Excise Act, 1944 | Excise Duty (Capital Goods) | 0.08 | 1995-1996 & 1998-1999 | Asst. Commissioner Central Excise CEGAT |
| 3. | Central Excise Act, 1944 | Excise Duty (Input) | 12.86 | 1996-1997 & 1997-1998 | Commissioner (Appeal), Central Excise CEGAT |
| 4. | Central Excise Act, 1944 | Excise Duty (Input) | 12.19 | 1995-1996 to 1997-1998 | The Appellant Tribunal, Central Excise CEGAT |
| 5. | Central Excise Act, 1944 | Excise Duty (Capital Goods) | 10.89 | 1995-1996 | The Appellant Tribunal, Central Excise CEGAT |
| 6. | Central Excise Act, 1944 | Excise Duty (Inputs) | 293.38 | 2000-2001 | Gujarat High Court. |
| 7. | Sales Tax Act, Maharastra | Sales Tax | 11.00 | 1992-93 | The Appellate Tribunal, Sales Tax. |
| 8. | Sales Tax Act, Maharastra | Sales Tax | 18.00 | 1996-97 | The Appellate Tribunal, Sales Tax. |

10. The company has accumulated losses at the end of the financial year of Rs.20437.61 lac; and it has generated cash loss Rs.5398.58 lacs in the current year against the cash losses of Rs 1717.66 lacs for immediately preceding financial year.

THE BARODA RAYON CORPORATION LIMITED

11. According to the information and explanation given to us and by virtue of CDR scheme approved by the participant member, the various secured and unsecured liabilities of financial institution and banks are restructured. Hence we are reporting the default made in repayment to institution/banks, which are not the participating member under CDR scheme viz. Unit Trust of India and PNB Mutual Fund.

(Rs. In lac)

| NAME OF LENDER | PRINCIPAL AMOUNT | INTEREST OVERDUE & PROVIDED IN BOOKS | INTEREST OVERDUE & NOT PROVIDED IN BOOKS | TOTAL AMOUNT OUTSTANDING AT YEAR END | REPAYMENT OVERDUE FROM YEAR |
|---|------------------|--------------------------------------|--|--------------------------------------|-----------------------------|
| <i>Secured Term Loan from Financial Institution</i> | 45.87 | 83.77 | 28.49 | 158.13 | F.Y.1997-98 |
| <i>Debenture Holders</i> | 1027.58 | 1137.43 | 1396.08 | 3561.09 | F.Y.1997-98 |
| <i>Unsecured loan from financial institution</i> | 250.00 | 275.09 | 360.08 | 885.17 | F.Y.1997-98 |

12. According to the information and explanation given to us, the company has not granted any loans on the basis of security by way of pledge of shares, securities, debentures or others.
13. In our opinion and according to the information and explanations given to us, the nature of activities does not attract any special statute applicable to chit fund and nidhi/mutual benefit funds/societies.
14. In our opinion and according to the information and explanations given to us, the company has no transaction of dealing in buying and selling of shares, securities or such other investments.
15. Except the guarantee being given to HDFC Limited of Rs. 60.91 lacs for availing Housing loan to staff, according to the information and explanation given to us and the records examined by us, the company had not given the guarantee to banks for loans taken by others. However, said arrangement is not prejudicial to the interest of the company, as any invoked guarantee is recoverable from employee's salary.
16. As informed to us, the company had availed fresh term loans during the year and it has utilised for the purpose for which it was taken.
17. On the basis of an overall examination of the balance sheet and the cash flows of the company and the information and explanations given to us, we report that the Company has not utilized any funds raised on short-term basis for long-term investments.

THE BARODA RAYON CORPORATION LIMITED

18. The Company has not made any preferential allotment of shares to parties or companies covered under Section 301 of the Act.
19. According to the information and explanations given to us, the company has not issued any debentures during the year; hence the question of creation of security or charge does not arise.
20. The Company has not raised any public issue during the year.
21. Based upon the audit procedures performed, information, and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **DESAI & PORWAL**
Chartered Accountants

Mumbai.
Dated : 21st February, 2006

P. B. Sheth
Partner
Membership No. 44062

THE BARODA RAYON CORPORATION LIMITED

BALANCE SHEET AS AT 30th SEPTEMBER, 2005

| | SCHEDULE | 30.9.2005 (Rs.in lacs) | 30.9.2004 (Rs.in lacs) |
|--|----------|---------------------------|---------------------------|
| SOURCES OF FUNDS : | | | |
| SHAREHOLDER'S FUNDS | | | |
| Share Capital | A | 5087.68 | 5087.60 |
| Reserves & Surplus | B | 9752.49 | 9752.45 |
| | | <u>14840.17</u> | <u>14840.05</u> |
| LOAN FUNDS | | | |
| Secured Loans | C | 5033.40 | 3922.55 |
| Unsecured Loans | D | 3681.05 | 2178.28 |
| | | <u>8714.45</u> | <u>6100.84</u> |
| | TOTAL | <u>23554.63</u> | <u>20940.89</u> |
| APPLICATION OF FUNDS : | | | |
| FIXED ASSETS | | | |
| Gross Block | E | 30374.50 | 30170.85 |
| Less : Depreciation | | <u>23518.48</u> | <u>22647.21</u> |
| | | 6856.02 | 7523.64 |
| Capital Work In Progress | | <u>4459.17</u> | <u>4459.17</u> |
| | | <u>11315.20</u> | <u>11982.81</u> |
| INVESTMENTS | | | |
| | F | 599.35 | 599.35 |
| CURRENT ASSETS, LOANS & ADVANCES : | | | |
| Inventories | G | 717.69 | 1268.78 |
| Sundry Debtors | H | 234.10 | 776.67 |
| Cash and Bank Balances | I | 147.15 | 43.88 |
| Loans & Advances | J | 3192.52 | 2669.29 |
| | | <u>4291.45</u> | <u>4758.62</u> |
| LESS : CURRENT LIABILITIES & PROVISIONS : | | | |
| Current Liabilities | K | 11330.68 | 8832.70 |
| Provision | L | 1769.09 | 1497.43 |
| | | <u>13099.77</u> | <u>10330.13</u> |
| NET CURRENT ASSETS | | (8808.32) | (5571.51) |
| MISCELLANEOUS EXPENDITURE | M | 10.79 | 19.62 |
| PROFIT & LOSS ACCOUNT | N | 20437.61 | 13910.62 |
| | TOTAL | <u>23554.63</u> | <u>20940.89</u> |
| Notes Forming Part of the Accounts | Y | | |

As per our report attached
For DESAI & PORWAL
Chartered Accountants

S.P. GAEKWAD
Chairman and Managing Director

P. B. SHETH
Partner
Membership No. 44062
Mumbai, 21st February, 2006

UDAYAN CHINUBHAI
A. K. SHAH
CAPT. J. P. SINGH
CAPT. V. K. RAICHAND } Directors

THE BARODA RAYON CORPORATION LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30th SEPTEMBER, 2005

| | | 30.9.2005 (12 Months) (Rs.in lacs) | 30.9.2004 (18 Months) (Rs.in lacs) |
|--|---|--|--|
| INCOME | | | |
| Sales (Net of Returns) | O | 4779.90 | 1384.39 |
| Less : Excise Duty | | <u>692.53</u> | <u>179.15</u> |
| | | 4087.38 | 1205.24 |
| Other Income | P | <u>226.20</u> | <u>1458.81</u> |
| | | <u><u>4313.58</u></u> | <u><u>2664.05</u></u> |
| EXPENDITURE: | | | |
| Raw Materials consumed | Q | 1956.87 | 780.64 |
| Payment to and Provision for Employee | R | 2386.40 | 1925.15 |
| Manufacturing & Other expenses | S | 2462.59 | 1169.83 |
| Interest | T | 711.82 | 199.66 |
| Administrative & Other Expenses | U | 761.74 | 357.77 |
| Selling & Distribution Expenses | V | <u>187.27</u> | <u>6.28</u> |
| | | <u>8466.69</u> | <u>4439.32</u> |
| | | <u>(4153.11)</u> | <u>(1775.26)</u> |
| Increase / (Decrease) in stocks | W | <u>238.15</u> | <u>57.61</u> |
| Profit / (Loss) Before Depreciation and Taxation | | <u>(3914.97)</u> | <u>(1717.66)</u> |
| Less : Depreciation | | 871.27 | 1280.49 |
| Profit / (Loss) Before Taxation | | <u>(4786.23)</u> | <u>(2998.15)</u> |
| Less : Provision for Taxation | | <u>0.00</u> | <u>0.00</u> |
| Profit / (Loss) After Taxation | | <u>(4786.23)</u> | <u>(2998.15)</u> |
| Add : EXTRAORDINARY ITEMS | X | <u>(1740.76)</u> | <u>15241.25</u> |
| PROFIT/(LOSS) AVAILABLE FOR APPROPRIATION | | <u>(6526.99)</u> | <u>12243.11</u> |
| Balance as per last year's Balance Sheet | | <u>(13910.62)</u> | <u>(26153.73)</u> |
| Balance Carried to Balance Sheet | | <u><u>(20437.61)</u></u> | <u><u>(13910.62)</u></u> |
| Basic and Diluted Earnings per Share Rs. (After Extraordinary Items) | | <u>(14.15)</u> | <u>26.54</u> |
| Basic and Diluted Earnings per Share Rs.(Before Extraordinary Items) | | <u>(10.37)</u> | <u>(6.50)</u> |
| Notes Forming Part of the Accounts | Y | | |

As per our report attached
For DESAI & PORWAL
Chartered Accountants

S.P.GAEKWAD
Chairman and Managing Director

P. B. SHETH
Partner
Membership No. 44062
Mumbai, 21st February, 2006

UDAYAN CHINUBHAI
A. K. SHAH
CAPT. J. P. SINGH
CAPT. V. K. RAICHAND } Directors

THE BARODA RAYON CORPORATION LIMITED

SCHEDULES 'A' TO 'Y' FORMING PART OF THE ACCOUNTS AS AT 30TH SEPTEMBER 2005

| | 30.9.2005 (Rs.in lacs) | 30.9.2004 (Rs.in lacs) |
|---|---------------------------|---------------------------|
| SCHEDULE "A" | | |
| SHARE CAPITAL : | | |
| Authorised : | | |
| 130000000 Equity Shares of Rs.10/- each (Previous Year 130000000 Equity Shares of Rs.10/- Each) | 13000.00 | 13000.00 |
| 20000000 15% Redeemable Cumulative Preference Shares of Rs.10/- each (or such other rate as may be determined by the company as per the prevailing guidelines as framed by the Government of India or any other applicable Statutory Authority) | 2000.00 | 2000.00 |
| TOTAL | <u>15000.00</u> | <u>15000.00</u> |
| Issued : | | |
| 47607525 Equity shares of Rs.10/- each | <u>4760.75</u> | <u>4760.75</u> |
| Subscribed & Paid Up: | | |
| 46133993 Equity Shares of Rs.10/- each fully paid up (Previous Year 31738350 Equity Shares of Rs. 10/- each fully paid up and 14395643 equity shares of Rs.10/- each fully called up) | 4613.40 | 4613.40 |
| Shares Application Money | 1011.00 | 1011.00 |
| Less : Calls in arrears | | |
| (I) By Directors | 00.00 | 0.00 |
| (II) By Other | <u>537.04</u> | <u>537.12</u> |
| | <u>537.04</u> | <u>537.12</u> |
| | 5087.36 | 5087.28 |
| Of the above shares : | | |
| (a) 2508120 Equity Shares of Rs.10/- each were allotted as fully paid up pursuant to a contract without payment being received in cash (Previous Year 2508120 Equity Shares of Rs.10/- Each) | | |
| (b) 13032250 Equity Shares of Rs.10/- each were allotted as fully paid up Bonus Shares by capitalising Capital Reserve, Share Premium account, Capital Redemption Reserve and a part of General Reserve) (Previous Year 13032250 Equity Shares of Rs.10/- Each) | | |
| Capital Suspense : | | |
| Amount transfered from General Reserve in respect of 3190 Bonus Shares remaining to be allotted (Previous Year 3190 Shares of Rs.10/- each) | | |
| | 0.32 | 0.32 |
| TOTAL | <u>5087.68</u> | <u>5087.60</u> |

NOTES :

- 1 1473532 Equity Shares have been kept in abeyance to cover the cases under Sec 206 (A) (B) of the Companies Act 1956.
2. Out of 6280 (Previous Year 6280 Shares of Rs.10/- each) Equity Shares (forming part of the Rights issue in February, 1989) Kept in abeyance as at 31st March, 1994 under Section 206A of the Companies Act, 1956, on further shares have been issued and allotted during the year. Bonus Shares remain to be allotted in respect of 100 (Previous Year 100 Shares of Rs. 10/- each) Shares allotted and 6280 (Previous Year 6280 Shares of Rs.10/- each) Shares kept in abeyance.

THE BARODA RAYON CORPORATION LIMITED

30.9.2005
(Rs.in lacs) 30.9.2004
(Rs.in lacs)

SCHEDULE "B"

RESERVES AND SURPLUS :

Share Premium Account :

| | | |
|--------------------------------|---------|---------|
| As per last Balance Sheet | 2365.37 | 2365.37 |
| Add : Received during the year | 0.04 | 0.00 |
| | 2365.41 | 2365.37 |

Capital Reserve :

| | | |
|---------------------------|------|------|
| As per last Balance Sheet | 0.16 | 0.16 |
|---------------------------|------|------|

Capital Redemption Reserve :

| | | |
|---------------------------|--------|--------|
| As per last Balance Sheet | 119.41 | 119.41 |
|---------------------------|--------|--------|

Debentures Redemption Reserve :

| | | |
|---------------------------|---------|---------|
| As per last Balance Sheet | 1132.90 | 1132.90 |
|---------------------------|---------|---------|

Investment Allowance Reserve

| | | |
|---------------------------|---------|---------|
| As per last Balance Sheet | 1196.09 | 1196.09 |
|---------------------------|---------|---------|

Export Profit Reserve

| | | |
|---------------------------|------|------|
| As per last Balance Sheet | 4.60 | 4.60 |
|---------------------------|------|------|

Lease Special Reserve :

| | | |
|--|--------|--------|
| As per last Balance Sheet | 381.06 | 381.06 |
| Less :Transferred to General Reserve Account | 0.00 | 0.00 |
| | 381.06 | 381.06 |

General Reserve :

| | | |
|---------------------------|------|------|
| As per last Balance Sheet | 0.00 | 0.00 |
|---------------------------|------|------|

Reconstruction Reserve :

| | | |
|---|---------|---------|
| As per last Balance Sheet | 4552.86 | 0.00 |
| Created under the Scheme of Corporate Debt Restructuring | 0.00 | 4552.86 |
| Less: Set off Against Debit Balance of Profit & Loss A/c. | 0.00 | 0.00 |
| | 4552.86 | 4552.86 |

| | | |
|-------|---------|---------|
| | 9752.49 | 9752.45 |
| TOTAL | | |

THE BARODA RAYON CORPORATION LIMITED

30.9.2005 30.9.2004
(Rs.in lacs) (Rs.in lacs)

SCHEDULE "C"

SECURED LOANS

| | | |
|--|---------------|--------|
| (i) ICICI Ltd. In participation with Industrial Development Bank of India Ltd., Industrial Finance Corporation of India Ltd., Life Insurance Corporation of India, Unit Trust of India, General Insurance Corporation of India and its Subsidiaries and Industrial Investment Bank of India Ltd. | | |
| Rupee Loan | 206.35 | 206.35 |
| Funded Intrest | 0.00 | 0.00 |
| (Refer to Note 9 for details of Restructuring) | | |
| | | |
| (ii) ICICI Ltd. | | |
| Foreign Exchange Loan | 0.00 | 0.00 |
| Rupee Loan | 37.75 | 37.75 |
| Funded Interest | 0.00 | 0.00 |
| (Refer to Note 9 for details of Restructuring) | | |
| | | |
| (iii) Industrial Finance Corporation of India Ltd. | | |
| Foreign Exchange Loan | 115.56 | 115.56 |
| (Refer to Note 9 for details of Restructuring) | | |
| | | |
| (iv) Industrial Development Bank of India Ltd. | | |
| Foreign Exchange Loan | 28.52 | 28.52 |
| (Refer to Note 9 for details of Restructuring) | | |
| | | |
| <p>The Loans mentioned in item number (I) to (IV) are Secured by Joint Equitable Mortgage of the immovable Proprties and Hypothecation of Movable Proprties (Save and except book debts) of the company both Present and future excluding Nitrogen Generator, Ply Twisted and paddle Crystalliser cum power Dryer system and also subject to prior charge in favour of the bankers on the stocks and stores and spare parts not relating to Plant and Machinery to the extent of working capital borrowings.</p> <p>The above lenders shall rank pari passu in respect of their loans against the Joint Equitable Mortgage of the Immovable Properties.</p> | | |
| | | |
| (v) ICICI Ltd. | | |
| Rupee Loan | 0.00 | 0.00 |
| Funded Intrest | 0.00 | 0.00 |
| <p>The loan is secured by an exclusive charge by way of hypothecation of the Nitrogen, Generator, Ply Twisters and paddle Crystalliser cum power Dryer system.</p> | | |
| | | |
| (vi) Series II Secured Non-Convertible Redeemable Debentures | 389.77 | 389.74 |
| (Refer to Note 9 for details of Restructuring) | | |

THE BARODA RAYON CORPORATION LIMITED

| | 30.9.2005 (Rs.in lacs) | 30.9.2004 (Rs.in lacs) |
|--|------------------------------|---------------------------|
| (vii) Series III Secured Non -Convertible Redeemable Debentures (Refer to Note 9 for details of Restructuring) | 693.52 | 693.56 |
| <p>The two Non-Convertible Debentures mentioned above in item number (vi) & (vii) are Secured by way of first charge on all Immovable and Movable Properties of the Company at Fatehnagar both present and future. but excluding the company's current assets and specific items of Plant and Machinery charged in favour of other lenders for securing loans deferred payment credits, guarantees or other financial facilities provided and/or to be provided by them to the Company The said mortgage/s and charge/s shall rank pari passu with the mortgages and charges created and /or to be created by the Company.</p> | | |
| (viii) Secured Redeemable Non-Convertible Debenture Privately Placed with Infrastructure Leasing and Financial Services Ltd. (Refer to Note 9 for details of Restructuring) | 0.00 | 0.00 |
| <p>The said Debentures are Secured by a charge on all the immovable and movable properties of the company at Fatehnagar.both present and future and specific items of Plant & Machinery of the Company.</p> | | |
| (ix) Secured Non-Convertible Redeemable Debentures Privately Placed with General Insurance Corporation of India and its subsidiaries and Life Insurance Corporation of India, (Refer to Note 9 for details of Restructuring) | 86.22 | 86.22 |
| (x) Secured Non-convertible Redeemable Debenture | 233.32 | 233.32 |
| <p>Privately Placed with Life Insurance Corporation of India,Unit Trust of India and General Insurance Corporation of India and its subsidiaries, (Refer to Note 9 for details of Restructuring)</p> <p>The two Non-Convertible Debentures mentioned above in item number (ix) & (x) are to be Secured by way of first charge on all Immovable and Movable Properties of the Company at fatehnagar,both present and future and specific items of Plant and Machinery of the company. The mortgage/s and charge/s shall rank pari passu with the mortgages and charges created and or to be created by the company</p> | | |
| (xi) ICICI Ltd. Rupee Loan Funded Interest | 328.50 0.00 | 328.50 0.00 |
| <p>The loan is secured (pending creation of Equitable Mortgage) by hypothecation of Movable Properties of the Company both present and future (save and except book Debts) (Refer to Note 9 for details of Restructuring)</p> | | |
| (xii) Bank against Hypothecation of stock-in-Trade and Stores (Refer to Note 9 for details of Restructuring) | 581.86 | 581.86 |

THE BARODA RAYON CORPORATION LIMITED

| | 30.9.2005 (Rs.in lacs) | 30.9.2004 (Rs.in lacs) |
|---|---------------------------|---------------------------|
| (xiii) Interest accrued and due (Refer to Note 9 for details of Restructuring) | 1221.19 | 1221.19 |
| (xiv) Yes Bank Working Capital Loan (Medium term loan is for financing working capital. The said loan is Secured by (a) Paripasu charges with Unit Trust of India of immovable/ movable property, intangible assets/receivables (b) Pledge of shares of Thai Baroda Industries Ltd. Held as a investment and the pledge of share of promotor Directors/ in addition to their personal guarantee (c) Second charge on the land owned by Shivalik Golf & Forest Resort Ltd. The said loan is repayable at the end of 18 months form the date of 1st loan utilisation and repayable in 6 quarterly installments of Rs. 357.14 lacs.) | 1110.85 | 0.00 |
| TOTAL | 5033.40 | 3922.55 |

SCHEDULE "D"

UNSECURED LOANS

| | | |
|---|----------------|----------------|
| Unit Trust of India | 250.00 | 250.00 |
| Interest accrued on Fixed Deposit/Loans | 224.47 | 205.59 |
| Fixed Deposited / Loans : | | |
| Public | 237.69 | 237.46 |
| Companies | 1942.81 | 1209.16 |
| Funded Interest | 0.00 | 0.00 |
| Accrued Interest | 275.09 | 275.09 |
| | 2930.06 | 2177.29 |
| Add: FCD forfeited amount | 0.99 | 0.99 |
| Advance against optionally convertible cum. Debenture | 750.00 | 0.00 |
| TOTAL | 3681.05 | 2178.28 |

THE BARODA RAYON CORPORATION LIMITED

SCHEDULE "E" - Fixed Assets

(Rupees in Lacs)

| Dscription of Assets | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | | NET BLOCK |
|----------------------------------|------------------------|--------------------|-------------|------------------|-------------------------------|--------------------------|------------------------------|-------------------------------|-----------------|
| | As at 30/09/2004 | Addition/ Transfer | Deductions | As at 30/09/2005 | Accumu- lated upto 30/09/2004 | Provided during the year | Written back During the year | Accumu- lated upto 30/09/2005 | as on 30/9/2005 |
| Land (Freehold) | 12.20 | 0.00 | 0.00 | 12.20 | 0.00 | 0.00 | 0.00 | 0.00 | 12.20 |
| Roads | 39.11 | 0.00 | 0.00 | 39.11 | 18.19 | 0.64 | 0.00 | 18.83 | 20.28 |
| Buildings | 2624.59 | 0.00 | 0.00 | 2624.59 | 1186.16 | 67.50 | 0.00 | 1253.66 | 1370.93 |
| Plant & Machinery | 26819.90 | 194.96 | 0.00 | 27014.86 | 20846.55 | 786.20 | 0.00 | 21632.75 | 5382.10 |
| Tube Wells | 3.24 | 0.00 | 0.00 | 3.24 | 2.94 | 0.14 | 0.00 | 3.08 | 0.16 |
| Water Works & Pipe Lines | 63.67 | 0.00 | 0.00 | 63.67 | 60.49 | 0.00 | 0.00 | 60.49 | 3.18 |
| Railway sidings | 10.57 | 0.00 | 0.00 | 10.57 | 10.04 | 0.00 | 0.00 | 10.04 | 0.53 |
| Furniture, Fixtures & Equipments | 455.04 | 8.69 | 0.00 | 463.73 | 383.91 | 16.79 | 0.00 | 400.70 | 63.03 |
| Vehicles | 142.53 | 0.00 | 0.00 | 142.53 | 138.93 | 0.00 | 0.00 | 138.93 | 3.60 |
| TOTAL | 30170.85 | 203.65 | 0.00 | 30374.50 | 22647.21 | 871.27 | 0.00 | 23518.48 | 6856.02 |
| Previous Year's Total | 28803.78 | 1905.77 | 538.70 | 30170.85 | 21522.79 | 1280.49 | 156.07 | 22647.21 | 7523.64 |
| Capital Work in Progress | 4459.17 | 0.00 | 0.00 | 4459.17 | | | | | 4459.17 |
| | 34630.02 | 203.65 | 0.00 | 34833.68 | 22647.21 | 871.27 | 0.00 | 23518.48 | 11315.20 |

- NOTES : (1) Building include Rs. 250, representing 5 Shares in a Co-Operative Housing society.
(2) Furniture, Fixture and Equipments include Rs.1.08 lacs paid towards assets jointly owned with others.
(3) The Provident Fund Department had attached certain surplus land for recovering of PF dues. During the course of the year the company has arrived at a settlement with the P.F. Authorities with regard to its dues. As per this settlement, the company can sell the land provided that the related dues payable to P.F. Authorities up to a maximum of Rs. 240.24 lakhs are paid.
(4) None of the fixed assets have been revalued since inception of the company.

THE BARODA RAYON CORPORATION LIMITED

30.9.2005 30.9.2004
(Rs.in lacs) (Rs.in lacs)

SCHEDULE "F"

INVESTMENT (AT COST) :

Long Term

QUOTED :

| | | | |
|----|--|------|------|
| 9 | Fully Paid Equity Shares of Rs.100/- each of Housing Development Finance Corporation Ltd. | 0.00 | 0.00 |
| 83 | Fully paid Equity Shares of Rs.10/- each of The Industrial Credit & Investment Corporation of India Ltd. | 0.00 | 0.00 |

UNQUOTED :

| | | | |
|---------|---|--------|--------|
| 10 | shares of Rs. 20/- Each fully paid of the Surat District Co-operative purchase and Sales Union Ltd. Rs.200 - (Previous Year Rs200/-) | 0.00 | 0.00 |
| 1875001 | Ordinary Shares of Rs.100 Bhat each of Thai Baroda Industries Ltd (Pledge of shares with Yes Bank) | 574.85 | 574.85 |
| 245000 | Equity Shares at Rs.10/-each of TAIB Capital Corporation Ltd. | 24.50 | 24.50 |

CURRENT INVESTMENT QUOTED

| | | | |
|--------|--|------|------|
| 657782 | Units of Rs.10/- Each of Unit Trust of India | 0.00 | 0.00 |
|--------|--|------|------|

| | | | |
|--|-------|--------|--------|
| | TOTAL | 599.35 | 599.35 |
|--|-------|--------|--------|

SCHEDULE "G"

INVENTORIES :

(As valued and certified by the management)

| | | | |
|---|--|--------|--------|
| Raw Materials at cost | | 21.70 | 41.79 |
| Stock In Process at cost of Estimated Realisable value Whichever is Lower | | 107.51 | 147.04 |
| Finished Goods at Cost or Market Valued whichever is Lower | | 459.78 | 182.10 |
| Stores and Spare parts and Consumable at Cost | | 128.70 | 897.85 |

| | | | |
|--|-------|--------|---------|
| | TOTAL | 717.69 | 1268.78 |
|--|-------|--------|---------|

THE BARODA RAYON CORPORATION LIMITED

30.9.2005 30.9.2004
(Rs.in lacs) (Rs.in lacs)

SCHEDULE "H"

SUNDRY DEBTORS :

(Unsecured)

Debts outstanding for a period exceeding six month

Considered good

Considered Doubtful

7.38

694.47

0.00

31.49

7.38

725.96

Other Debts : Considered Good

226.72

82.20

234.10

808.16

Less : Provision for Doubtful Debts

0.00

31.49

TOTAL

234.10

776.67

SCHEDULE "I"

CASH AND BANK BALANCE :

Cash on Hand

35.95

15.89

Cheques on Hand

0.00

0.00

With Scheduled Banks :

In Current Accounts

110.99

27.78

0.21

0.21

111.20

27.99

TOTAL

147.15

43.88

SCHEDULE "J"

LOAN AND ADVANCES

(UNSECURED)

Advances Recoverable in Cash or in Kind or for value to be received :

Considered Good

1165.61

2401.10

Considered Doubtful

100.61

100.61

1266.22

2501.71

Less : Provision for Doubtful Advances

100.61

100.61

1165.61

2401.10

Advance payment of tax

98.39

98.39

Deposits With Customs, Port Trust and Excise Authorities

95.86

169.80

Advance payment of CDR Scheme

1832.65

0.00

TOTAL

3192.52

2669.29

THE BARODA RAYON CORPORATION LIMITED

30.9.2005 30.9.2004
(Rs.in lacs) (Rs.in lacs)

SCHEDULE "K"

CURRENT LIABILITIES

| | | |
|--|------------------------|-----------------------|
| Acceptances | 0.45 | 0.45 |
| Sundry Creditors (Refer to Note 11 a of Schedule Y) | 10680.15 | 8812.86 |
| Unclaimed Dividend | 0.00 | 0.00 |
| Unpaid Dividend on Preference Shares | 0.10 | 0.10 |
| Unclaimed fractional Bonus Coupons | 18.75 | 18.75 |
| Refund due for Right Shares/Fully Convertible Debentures-over Subscribed | 0.54 | 0.54 |
| Interest accrued. | 0.00 | 0.00 |
| Advance Against Sale of Fixed Assets | 522.43 | 0.00 |
| Advance Against Sale. of Scrap | 108.27 | 0.00 |
| TOTAL | <u>11330.68</u> | <u>8832.70</u> |

SCHEDULE "L"

PROVISIONS :

| | | |
|---------------------------|-----------------------|-----------------------|
| 1. Provision for Taxation | | |
| Income Tax | 192.26 | 192.26 |
| Wealth Tax | 9.62 | 9.62 |
| | <u>201.88</u> | <u>201.88</u> |
| 2. Provision for Gratuity | 1567.21 | 1295.56 |
| TOTAL | <u>1769.09</u> | <u>1497.43</u> |

SCHEDULE "M"

MISCELLANEOUS EXPENDITURE :

| | | |
|------------------------------------|---------------------|---------------------|
| Deferred Revenue Expenditure | | |
| As per last Balance Sheet | 19.62 | 32.87 |
| Add : Additions During the year | 0.00 | 0.00 |
| | <u>19.62</u> | <u>32.87</u> |
| Less : written off during the year | 8.83 | 13.25 |
| TOTAL | <u>10.79</u> | <u>19.62</u> |

SCHEDULE "N"

PROFIT & LOSS ACCOUNT :

| | | |
|--|------------------------|------------------------|
| Profit/(Loss) as per Profit & Loss Account | 20437.61 | 13910.62 |
| Less : Transferred from General Reserve | 0.00 | 0.00 |
| TOTAL | <u>20437.61</u> | <u>13910.62</u> |

THE BARODA RAYON CORPORATION LIMITED

| | 30.9.2005 (12 Months) (Rs.in lacs) | 30.9.2004 (18 Months) (Rs.in lacs) |
|--|--|--|
|--|--|--|

SCHEDULE "O"

SALES (Net of Returns) :

| | | |
|-----------------|----------------|----------------|
| Yarns and Waste | 4588.06 | 1384.39 |
| Others | 191.84 | 0.00 |
| TOTAL | 4779.90 | 1384.39 |

SCHEDULE "P"

OTHER INCOME

Income from Investments:
Units

| | | |
|--|------|------|
| | 0.01 | 0.01 |
| | 0.01 | 0.01 |

INTEREST :

From Banks & Other

| | | |
|--|------|-------|
| | 0.02 | 48.58 |
| | 0.02 | 48.58 |

OTHER INCOME

Profit on Assets Sold / Discarded
Provision for Debtors written back
Profit on Sales of Investments
Technical Service Fees
Processing charges
Miscellaneous Income

| | | |
|--|--------|---------|
| | 0.00 | 0.00 |
| | 31.49 | |
| | 0.00 | 0.00 |
| | 0.00 | 0.00 |
| | 0.00 | 0.00 |
| | 194.68 | 1410.22 |
| | 226.17 | 1410.22 |

| | | |
|--------------|---------------|----------------|
| TOTAL | 226.20 | 1458.81 |
|--------------|---------------|----------------|

SCHEDULE "Q"

RAW MATERIALS CONSUMED

Opening Stock
Add : Purchases

| | | |
|--|---------|--------|
| | 41.79 | 61.74 |
| | 2028.83 | 834.22 |

Less : Modvat credit availed

| | | |
|--|---------|--------|
| | 2070.62 | 895.96 |
| | 92.04 | 73.54 |

Less : Closing Stock

| | | |
|--|---------|--------|
| | 1978.58 | 822.42 |
| | 21.70 | 41.79 |

| | | |
|--------------|----------------|---------------|
| TOTAL | 1956.87 | 780.64 |
|--------------|----------------|---------------|

THE BARODA RAYON CORPORATION LIMITED

| | 30.9.2005 (Rs.in lacs) | 30.9.2004 (Rs.in lacs) |
|---|---------------------------|---------------------------|
| SCHEDULE "R" | | |
| PAYMENTS TO AND PROVISION FOR EMPLOYEES | | |
| Salaries , Wages , Bonus, Gratuity & Other Payments | 1946.32 | 1247.61 |
| Contribution to Provident Fund & Other Schemes | 318.62 | 587.31 |
| Welfare Expenses | 121.46 | 90.23 |
| TOTAL | 2386.40 | 1925.15 |

SCHEDULE "S"

Manufacturing & Other Expenses

| | | |
|---------------------------------------|---------|---------|
| Stores, Spare Parts, Consumables etc. | 656.15 | 410.88 |
| Power and Fuel | 1501.78 | 662.60 |
| Rates and Taxes | 263.62 | 75.81 |
| Repairs to Plant & Machinery * | 15.63 | 7.64 |
| Repairs to Factory Buildings * | 1.08 | 8.11 |
| Service and Maintenance | 24.34 | 3.31 |
| Custom Duty | 0.00 | 1.48 |
| TOTAL | 2462.59 | 1169.83 |

* Excluding Stores and Spares consumed

SCHEDULE "T"

INTEREST :

| | | |
|------------------------------------|--------|--------|
| On Debentures | 0.00 | 0.00 |
| On Fixed Loans | 22.70 | 65.47 |
| On Lease Rent | 0.00 | 0.00 |
| Others | 689.13 | 134.19 |
| | 711.82 | 199.66 |
| Less : Capitalised During the year | 0.00 | 0.00 |
| TOTAL | 711.82 | 199.66 |

THE BARODA RAYON CORPORATION LIMITED

30.9.2005 30.9.2004
(Rs.in lacs) (Rs.in lacs)

SCHEDULE "U"

ADMINISTRATIVE AND OTHER EXPENSES :

| | | |
|--|---------------|--------|
| Rent | 2.37 | 2.83 |
| Repairs to Administrative Buildings | 0.05 | 0.01 |
| Service and Maintenance | 6.01 | 14.37 |
| Insurance | 1.41 | 0.08 |
| Bank Charges , Guarantee Commission etc. | 69.51 | 21.10 |
| Printing & Stationery, Postage & Telegram, Telephone & Telex Expenses. | 46.79 | 25.96 |
| Advertisement | 0.15 | 0.12 |
| Rates and Taxes | 38.63 | 7.95 |
| Legal and Professional Charges | 237.17 | 103.23 |
| | 402.09 | 175.66 |
| Auditor's Remuneration : | | |
| (A) (i) Audit Fees | 4.25 | 2.00 |
| (ii) Service Tax | 0.16 | 0.16 |
| | 4.41 | 2.16 |
| (B) In Other Capacity : | | |
| (i) Tax Audit Fees | (0.04) | 0.50 |
| (ii) Service Tax | 0.04 | 0.04 |
| | 0.00 | 0.54 |
| Director's Fees and Travelling Expenses | 0.00 | 0.44 |
| Loss on Sale of Assets | 0.00 | 57.84 |
| Miscellaneous Expenses | 346.41 | 107.88 |
| Deferred Revenue Expenses Written Off | 8.83 | 13.25 |
| | 355.24 | 179.40 |
| TOTAL | 761.74 | 357.77 |

SCHEDULE "V"

SELLING AND DISTRIBUTION EXPENSES

| | | |
|---------------|---------------|--------|
| Bad Debts | 0.00 | 0.00 |
| Commission | 19.06 | 1.38 |
| Brokerage | 0.00 | 0.00 |
| Freight | 22.88 | 3.29 |
| Octroi | 0.00 | 0.00 |
| Cash Discount | 144.72 | 1.60 |
| Others | 0.60 | 0.00 |
| | 355.24 | 179.40 |
| TOTAL | 187.27 | 6.28 |

THE BARODA RAYON CORPORATION LIMITED

| | 30.9.2005 (Rs.in lacs) | 30.9.2004 (Rs.in lacs) |
|---|---------------------------|---------------------------|
| SCHEDULE "W" | | |
| INCREASE / (DECREASE) IN STOCK | | |
| Closing Stock : | | |
| Stock in Process | 107.51 | 147.04 |
| Finished Goods | <u>459.78</u> | <u>182.10</u> |
| | 567.29 | 329.15 |
| Less : Opening Stock | | |
| Stock in Process | 147.04 | 11.10 |
| Finished Goods | <u>182.10</u> | <u>260.43</u> |
| | 329.15 | 271.54 |
| Net Increase / (Decrease) in Stock | <u><u>238.15</u></u> | <u><u>57.61</u></u> |

SCHEDULE "X"

EXTRAORDINARY ITEMS : (refer note 21 for details)

| | | |
|---|-------------------------|------------------------|
| Profit on Sales of Assets | 0.00 | 4426.62 |
| W/off waiver of liability A/c. | 0.00 | 7774.60 |
| Written off (Impairment) & Prior Period Income/(Expenses) | <u>(1740.76)</u> | <u>3040.03</u> |
| TOTAL | <u><u>(1740.76)</u></u> | <u><u>15241.25</u></u> |

THE BARODA RAYON CORPORATION LIMITED

SCHEDULE "Y"

NOTES FORMING PART OF THE ACCOUNTS

1. ACCOUNTING POLICIES:

(a) Basis of Accounting

The accounts have been prepared on the basis that the Company is going concern and on the basis of historical costs.

(b) Revenue Recognition

Sale of goods is recognized on dispatch to customers. Sales includes amount recovered towards excise duty but excludes amount recovered towards sales tax and are net of trade discounts.

(c) Investments

Investments are valued at cost subject to application of Accounting Standard 13 Accounting for investment prescribed by the Institute of Chartered Accountants of India.

(d) Research and Development

Revenue expenditure on research and development (R & D) is charged to the Profit and Loss Account. Capital expenditure on R & D is shown as addition to Fixed Assets.

(e) Inventories

Inventories are valued at lower of cost and estimated realisable value.

(f) Retirement Benefits

Retirement benefits to employees are provided for by payment to gratuity, superannuation and provident funds. The Company has taken a policy with the Life Insurance Corporation of India for the payment of gratuity. The premium on policy and the difference between the amount of gratuity paid on retirement, and amount estimated as recoverable from Life Insurance Corporation of India is debited to Profit and Loss Account. Liability in respect of superannuation benefit extended to the specified employees is contributed by the Company to a Fund established with Life Insurance Corporation of India Ltd. at the rate of 15% of the annual salary of those employees.

(g) Depreciation

The Company has provided depreciation for all the assets based on their utilisation on a *pro rata* basis, using a straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956. The identification of "continuous process plant" for the purpose of determining the appropriate rate of depreciation, being a technical matter, is based on a representation made by Management and accepted by the auditors.

(h) Fixed Assets

Fixed assets are recorded at historical costs and include interest to the date of commissioning on attributable borrowings. In respect of borrowings in foreign currencies for acquisition of fixed assets, increase/decrease in liability consequent on changes in rupee/foreign currencies parity, both on account of repayment during the year and restatement of the liability as at the Balance Sheet date, have been added to the cost of the Fixed Assets. Depreciation is provided on such increased costs.

THE BARODA RAYON CORPORATION LIMITED

- (i) **Deferred Revenue Expenditure**
Expenses incurred towards increase in the Authorised Share Capital and towards issue of Right Equity Shares are amortised over a period of ten years from the year in which they are incurred.
After 31.03.2003, any expenditure incurred for which the company will benefit in future will be amortized for 5 years according to generally accounting principles and Accounting Standards.
2. The financial statements have been prepared on the assumption that the company is a going concern. The company has a negative net worth due to past losses and has become sick industrial company within the meaning of Section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company has filed the reference to the Board for Industrial and Financial Reconstruction under Section 15 of Sick Industrial Companies (Special Provisions) Act, 1985. The said reference has been registered under no.67/2004. The company in the past two years has undertaken a series of measures to restructure its business and operations as follows:
- Refurnishing of all the plants and utility equipments.
 - Restarting of the operations of the Rayon & Nylon Plants
 - Settlement with the Banks & Financial Institutions under the Corporate Debt Restructuring Mechanism.
 - Entering in to arrangements with the PF & ESI authorities for clearing the past over dues.
 - Applying to the Government of Gujarat for reliefs and concessions under the scheme for sick companies which, provides for remission of interest and penalty and deferment on statutory and other liabilities to the government till the net worth of the company turns positive.
 - Entering in to agreement with the labour for sacrifice of wages to the extent of 40%.
 - Streamlining and controlling operations with a view to control costs.
- With the series of measures enumerated above the management is confident of turning around the company at the shortest possible time.
3. **Contingent Liabilities not provided for:**
- (a) Guarantees given by the Company to Housing Development Finance Corporation Ltd. for loans availed by staff amounting to Rs.60.91 lacs (Previous Year Rs. 60.91 lacs)
- (b) The Company has to pay interest on the outstanding Customs Duty amount at the time of clearance of goods and also the warehouse insurance charges of the notified Bonded Warehouse. - Amount not ascertained.
- (c) In the event of Company fails to pay the LIC premium towards meeting the Gratuities liabilities, the accrued gratuity liability will be Rs. 3887.90 lacs.
4. The Company entered into a wage settlement agreement with its employees on 27th October 2003 under section 2(p) read with Rule 62 under the provisions of the Industrial Disputes Act, 1947. This agreement supersedes all other earlier Memorandum of Understanding and settlements. Under this agreement the Company has settled all past claims relating to wages, salaries, claims

THE BARODA RAYON CORPORATION LIMITED

with regard to perquisite and any other amounts due to employees prior to December 2003 in full and final satisfaction. The payments under this settlement are spread over a period of 5 years from the recommencement of the operations. In addition the agreement specifies past liabilities relating to provident fund E.S.I.C., Gratuities etc. All such amounts including the settlement amount have been reflected in these financial statements after adjustments of any amount included in the past.

5. Claims against the Company not acknowledged as debts:
 - (a) Payment of Excise Duty disputed by the Company in respect of:
 - (i) Matter finalised in the Company's favour in earlier years, but in respect of which show-cause notices have been issued are Rs 17.93 lacs (Previous Year Rs. 17.93 Lacs)
 - (ii) Other matters – Rs. 69.35 lacs (Previous Year Rs. 69.35 lacs)
 - (b) Claim for Penal Interest on Debentures on non CDR members- Not ascertained.
 - (c) Claim against the company against sale of non-factory land related to statutory liabilities for provident fund dues, gratuities, Employees credit society.- Amount not ascertained.
 - (d) Claim for penalty and interest on sales tax pending for waiver procedure Rs. 765.31 lacs.
 - (e) Claim for fixed water charges payable to Surat water canal pending for waiver procedure Rs. 626.07 lacs.
 - (f) Claim for interest on electricity duty pending for waiver Rs. 133.05 lacs.
6. In terms of guideline issued by the Ministry of Finance on 14th January, 1987 Debentures Redemption Reserve is to be created by companies raising resources through Debentures and further to the clarification of Department of Company affairs (DCA) vide circular No. 9/2002 dated 18-04-2002 in relation to section 117C in the Companies (Amendment) Act, 2002, which contemplates the creation of security and liquidity to ensure timely repayment by companies on redemption. Till date, the company had created a reserve of Rs.1132.90 lacs. In wake of the financial restructuring, the principal amount is restructured and the said reserve is more than 50% of outstanding amount.
7. Various cases filed against the Company;
 - (i) Seven Creditors have filed Winding up Petitions against the Company in Ahmedabad High Court for their total claims of Rs. 4,49,36,586.32. The Company has filed necessary appropriate responses and its Petition Leave has been admitted. The matters are pending for further disposal.
 - (ii) Unit Trust of India has filed an application in Debt Recovery Tribunal for recovery of their claim of Rs.454 Lacs.
 - (iii) Three of Lessors have filed suits for recovery at various forums for their Principle dues of Rs.769.23 Lacs and interest thereon. As against the amount, the Company has provided for Rs.446.06 lacs. The Company has filed necessary Affidavits-in-Reply and the matters are

THE BARODA RAYON CORPORATION LIMITED

pending for final disposal. The said quantification is subject to reconciliation receipt of confirmation from the lessors.

- (iv) Various cases of labour, excise, and gratuity matters have been filed against the Company during the normal course of business, which are insignificant to affect the existence of the Company.
8. Pursuant to Corporate Debt Restructuring scheme, the company has sold certain excess non-factory land in the year 2003-2004 to settle the institution debt. Consequently, the company has sold the said land located near factory at Udhna and made the Memorandum of Understanding with the buyer for executing the sale of land and booked the profit of Rs. 3388.76 lacs in the last year. Sale deed for effecting the sale of land and to register said sale with registrar of land could not be made as Company could not clear the charges on land created on account of statutory dues with registrar of land.
9. The Company has paid its restructured debts to the Corporate Debt Restructuring Scheme participating members availed from Financial Institutions/Banks and various Debenture-holders under the Corporate Debt Restructuring Scheme approved by CDR Empowered Group on 12th March, 2004. The principal liability of the non-participating members of Rs. 1323.45 lacs remains unsettled on account of pending negotiation; the said liabilities are subject to confirmation due to interest and principal waiver. Consequently, the Company has shown the gross amount of liabilities of all the CDR members under the head secured loans and the dues paid to the participating members though, they are settled, are shown under the head Advances in Current Assets.
10. The Company has incurred capital expenditure, since 1994, by way of a backward integration to produce Polyester Chips in technical Collaboration with M/s. Samsung Corporation of South Korea, having annual capacity of 10,800 tones per year. Capital Expenditure incurred on this project, is shown as capital work-in-progress, as on 30th September 2005 is Rs.4359.81 lacs (Previous year Rs.4459.17 lacs). The equipment for imported Plant & Machinery has been received but could not be cleared from the Custom Godown in view of severe financial constraints. The implementation of the project therefore has been put on hold till the situation improves.
11. (a) The Company has no information regarding which of its suppliers is a small-scale industrial undertaking. Hence the particulars of amounts payable to such undertakings if any, have not been given as required under Schedule VI to The Companies Act, 1956.
- (b) The Company is not in a position to identify the amounts payable to small scale and ancillary undertakings under the provision of the "Interest on the delayed payment to small scale and ancillary undertaking Act, 1993" and accordingly it is not possible to quantify the extent of overdue interest payable under the said Act.
12. (i) Excise Duty on manufactured goods lying in bond will be taken into account when goods are taken out of bond, as company's practice.
- (ii) The above practice has no effect on the loss.
13. The balances of Sundry Debtors, Sundry Creditors, Loans and Advances are subject to confirmation and are shown as appearing in the Account.

THE BARODA RAYON CORPORATION LIMITED

14. The total liability for retiring gratuities payable in accordance with the payment of Gratuities Act and Company's rule are determined and overdue for the employee's retired upto 30th September, 2005 is for Rs. 1217.21 lacs. The Company could not recover the payment of gratuities from Life Insurance Corporation, as the said recovery is pending due to non payment of estimated Premium of Rs. 1039.78 lacs to Life Insurance Corporation on Gratuities account, which is over due.

15. (i) Since no commission is payable to the Managing Director as per the terms of appointment. The computation of net profit in accordance with section 349 of the Companies Act, 1956 is not required.

(ii) The managerial remuneration is as under.

| | PERIOD 12 MONTHS | PERIOD 18 MONTHS |
|-------------------|---------------------|---------------------|
| Salary | Nil | 1.20 |
| Other Perquisites | Nil | Nil |
| | Nil | 1.20 |
| | Nil | 1.20 |

16. RELATED PARTY DISCLOSURE

I. Relationship

(a) Associates

Kanchanganga Textiles Private Limited
 Annapurna Textiles Private Limited
 Tapti Synthetics Private Limited
 Brazen Enterprises Private Limited
 Expert Horticulture & Culinary Institute Private Limited
 Shree Durga Health & Natural Conservation Pvt. Ltd.
 Shivalik Golf & forest Resort Limited
 Harmony Investment Private limited

(b) Key Management Personnel

Shri. S. P. Gaekwad

(c) Relative of Key Management personnel

Smt. Asha Raje Gaekwad (Wife of Mr. S. P. Gaekwad)
 Shri. Pratapsinh Gaekwad (Son of Shri. S.P. Gaekwad)

Note: Related party relationship is as identified by the management and relied upon by the Auditors.

THE BARODA RAYON CORPORATION LIMITED

- II. Transaction carried out with related parties referred in I above, in ordinary course of business:
(Rs. In lacs)

| Nature of Transaction during the year | RELATED PARTIES | | |
|---------------------------------------|-------------------|-------------------|-------------------|
| | Referred in I (a) | Referred in I (b) | Referred in I (c) |
| Purchases/Services | Nil | Nil | Nil |
| Sales / Services | Nil | Nil | Nil |
| Expenses | Nil | Nil | Nil |
| Salary | | Nil | Nil |
| Finance Taken | 932.42 | Nil | Nil |
| Repayment of finance taken | 49.08 | | |
| Outstanding: | | | |
| Interest free Unsecured loans | 1565.57 | Nil | Nil |

17. In view of substantial accumulated losses carried forward and unabsorbed depreciation under the Income Tax Act, the Accounting Standard 22 (AS 22) relating to "Accounting for Taxes on Income" the Company has recognized the deferred tax assets to the extent of deferred tax liabilities.

THE BARODA RAYON CORPORATION LIMITED

18. SEGMENT INFORMATION (AS-17)

(Rs. In Lacs)

| Particulars | Tyre Cord | Nylon | Rayon | Unallocable | Total |
|---|-----------------------|------------------------|-------------------------|------------------|-------------------------|
| External Sales | (Nil) (Nil) | 27.92 (1205.24) | 4059.46 (0.00) | (Nil) | 4087.38 (1205.24) |
| Inter- Segment sales | (Nil) | (Nil) | (Nil) | (Nil) | (Nil) |
| Total Sales | (Nil) (Nil) | 27.92 (1205.24) | 4059.46 (0.00) | (Nil) | 4087.38 (1205.24) |
| Other Income | Nil (0.16) | 190.25 (1197.44) | 35.95 (261.21) | (Nil) (Nil) | 226.20 (1458.81) |
| Total Revenue | Nil (0.16) | 218.17 (2402.94) | 4095.41 (262.21) | (Nil) (Nil) | 4313.58 (2664.05) |
| Segment profit / (loss) before interest, exceptional /extraordinary items and tax | (42.53) (187.10) | (708.56) (230.78) | (4651.72) (2380.62) | (Nil) | (5402.81) (2798.49) |
| Interest | Nil (10.09) | 47.61 (71.61) | 664.21 (117.96) | (Nil) | 711.82 (199.66) |
| Loss before Exceptional / extraordinary items, sale of long term investment and tax | (42.53) (197.18) | (756.18) (302.40) | (4185.12) (2498.58) | Nil | (4983.83) (2998.15) |
| Exceptional/extraordinary items | (519.89) (3474.99) | (760.21) (4989.75) | (460.65) (6776.53) | (Nil) | (1740.75) (15241.25) |
| Profit/(Loss) | (562.42) (3277.81) | (1516.40) (4687.34) | (44481.70) (4277.95) | (Nil) | (6526.99) (12243.11) |
| Segment Assets(note iv) | 845.69 (1399.56) | 8196.10 (9714.47) | 7164.21 (6226.75) | 10.79 (19.62) | 16216.79 (17340.78) |
| Segment Liabilities(note iv) | 1581.37 (1703.36) | 5746.02 (5907.62) | 14486.84 (8819.99) | (Nil) | 21814.23 (16430.97) |
| Total Cost incurred during the year to acquire Segment assets (note v) | Nil (Nil) | 727.59 (627.23) | Nil (Nil) | Nil (Nil) | 727.59 (627.23) |
| Segment Depreciation | Nil (Nil) | Nil (10.18) | 203.65 (1895.59) | (Nil) | 203.65 (1905.77) |

Previous year figures are indicated below the current year figure

NOTES:

- (i) The Company has disclosed business segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organizational structure and internal reporting segments. The Company's operations predominantly relate to manufacture of nylon base products, rayon based products and tyre Cord product.
- (ii) The Company has no export turnover; hence there are no reportable geographical segments.
- (iii) Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

THE BARODA RAYON CORPORATION LIMITED

- (iv) (a) Segment assets includes assets used in head office, administrative office for general use, as it is allocated segment wise and the depreciation with respect to such asset is also provided segment wise.
- (b) Segment liabilities includes secured loans and unsecured loans segment wise, accordingly interest is debited segment wise.
- (v) Capital cost incurred during the year.

19. The Company had invested in Unit Trust of India in Unit 64 for Rs. 51.76 lacs as liquid assets for timely repayment on redemption in compliance of Section 58A read with Rule 3A as contemplated in Companies Act, 1956, which requires a company to deposit 15 per cent of the deposits maturing during the year. In the financial year 2001-2002, the Company had sold the said investment kept for the liquid asset and has not replaced the said proceeds in any other secured form of investment.

20. Earning per Share

After Extra Ordinary Items

| | As on 30.09.2005 | As on 30.09.2004 |
|---|---------------------|---------------------|
| Earning/(loss)for the year (Rs.In lacs) | (6526.99) | 12243.11 |
| Number of Shares | 461.33 | 461.33 |
| +/(-) Basic & Diluted EPS (Rs.) | (-) 14.15 | (+)26.54 |

Before Extra Ordinary Items

| | As on 30.09.2005 | As on 30.09.2004 |
|---|---------------------|---------------------|
| Earning/(loss)for the year (Rs.In lacs) | (4786.23) | (2998.15) |
| Number of Shares | 461.33 | 461.33 |
| +/(-) Basic & Diluted EPS (Rs.) | (-)10.37 | (-)6.50 |

21. The major items of Extra ordinary items of Rs. 1740.76 lacs (net – debit) includes debit of Bad Debts Rs. 730.43 lacs, Stores & Spares written off (impairment) Rs. 753.17 lacs, Interest payable on account of Excise duty 171.09 lacs, debit of Liabilities for sales tax of earlier years 93.92 lacs and credit on account of write off, rebate, claims etc.7.87 lacs.

22. Estimated amount of contracts remaining to be executed on Capital Account and not provided are not ascertainable.

23. The company has entered the wage settlement agreement on 27 October 2003 and as per said agreement, the company has settled all dues of workers including accrued leave up to December 2003.

24. No provision is made for the fringe benefit tax as the amount is not material.

THE BARODA RAYON CORPORATION LIMITED

25. Additional information pursuant to the Provision of Paragraphs 3 and 4 in Para II of Schedule VI to the Companies Act, 1956.

A. Licensed and Installed Capacity and Production :

| | Licensed Capacity | | Installed Capacity @ | | Actual Production | | Captive Consumption | |
|---------------------------------------|----------------------------|---------|----------------------------|---------|-------------------|---------|---------------------|---------|
| | M. T. per annum 2004-05 | 2003-04 | M. T. per annum 2004-05 | 2003-04 | M. T. 2004-05 | 2003-04 | 2004-05 | 2003-04 |
| MONTHS | | | | | 12 | 18 | 12 | 18 |
| Viscose filament Yarn | 6134 | 6134 | 4500 | 4500 | 2978.876 | Nil | Nil | Nil |
| Nylon Yarn | 6000* | 6000* | 2436+ | 2436+ | Nil | Nil | Nil | Nil |
| Polyester Yarn | 10777* | 10777* | 15204 | 15204 | Nil | 1794 | Nil | Nil |
| Nylon Industrial Yarn/ Tyrecord \$ | 4000* | 4000* | 4000 | 4000 | Nil | Nil | Nil | Nil |
| Anhydrous Sodium Sulphate | 3585 | 3585 | 2200 | 2200 | 1360.00 | Nil | Nil | Nil |
| Carbon-di-Sulphide | 1980 | 1980 | 1980 | 1980 | 1445.907 | Nil | 939.652 | Nil |
| Sodium Sulphide | 145 | 145 | 145 | 145 | 0.528 | Nil | Nil | Nil |

@ As certified by the Management being a technical matter.

\$ Including Fabric Capacity of 3400 MT / Annum

+ Dry Chips Production Capacity – 5040 MT / Annum.

* These capacities have been Broad banded to 25000 MT / Annum under the description of "Synthetic Filament Yarn Including Industrial Yarn / Tyre Cord " vide Ministry of Industry letter dated 11-08-1988.

B Details of Stocks at commencement, Purchase, Turnover and Stocks at Close:

(i) Stock at Commencement :

| | 2004-2005 (12 months) | | 2003-2004 (18 months) | |
|---------------------------------|--------------------------|------------------|--------------------------|------------------|
| | Qty. in M.T. | (Rs. In lacs) | Qty. in M.T. | (Rs. In lacs) |
| Viscose filament Yarn | 52.000 | 75.68 | 0 | 0 |
| Nylon Yarn | 3.140 | 4.61 | 3.140 | 4.94 |
| Polyester Yarn | 0 | 0 | 457.161 | 252.24 |
| Nylon Tyrecord Yarn/ Cord | 0 | 0 | 0 | 0 |
| Sulphuric Acid | 31.676 | 0.38 | 63 | 0.72 |
| Anhydrous Sodium Sulphate | 27.650 | 1.70 | 0 | 0 |
| Carbon-di -Sulphide | 30.351 | 6.68 | 11.486 | 2.53 |
| Sodium Sulphide | 0.552 | 0.03 | 0.552 | 0 |
| Waste | 1.075 | 0.43 | 0 | 0 |
| Methyl Alcohol | 0 | 0 | 0 | 0 |
| | | 89.51 | | 260.43 |

THE BARODA RAYON CORPORATION LIMITED

(ii) Turnover and Stocks at Close :

| | Turnover | | | | Stocks at Close | | | |
|---------------------------|--|--------------------|--|--------------------|--|--------------------|--|--------------------|
| | 30 th Sept. 2005 (12 Months) | | 30 th Sept. 2004 (18 Months) | | 30 th Sept. 2005 (12 Months) | | 30 th Sept. 2004 (18 Months) | |
| | Qty in MT | Rs. In Rs. lacs | Qty in MT | Rs. In Rs. lacs | Qty in MT | Rs. In Rs. lacs | Qty in MT | Rs. In Rs. lacs |
| Viscose filament Yarn | 2629.661 | 4419.03 | | | 268.64 | 442.38 | 52.000 | 75.68 |
| Nylon Yarn | 0.000 | 0.00 | 104.821 | 39.93 | 3.140 | 4.61 | 3.140 | 4.61 |
| Polyester Yarn | 0.000 | 0.00 | 2250.885 | 1301.60 | 0 | 0 | 0 | 0 |
| Nylon Tyrecord Yarn/ Cord | 0.000 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sulphuric Acid | 0.000 | 0.00 | 0 | 0 | 0 | 0 | 31.676 | 0.38 |
| Anhydrous Sodium Sulphate | 1238.100 | 93.62 | 0 | 0 | 0 | 0 | 27.650 | 1.70 |
| Carbon-di -Sulphide | 421.775 | 98.22 | 0 | 0 | 114.831 | 0.99 | 30.351 | 6.68 |
| Sodium Sulphide | | | | | 0 | 0 | 0.552 | 0.03 |
| Waste (*) | 351.990 | 169.03 | | 42.86 | 14.425 | 11.80 | 1.075 | 0.43 |
| Sundry Sales | | | | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 4641.526 | 4779.90 | | 1384.39 | 401.036 | 459.78 | 146.444 | 89.51 |

C. (i) Consumption of Raw Materials:

| | 30 th Sept. 2005 (12 months) | | 30 th Sept. 2004 (18 months) | |
|--|--|------------------|--|------------------|
| | Qty. in M.T. | (Rs. In lacs) | Qty. in M.T. | (Rs. In lacs) |
| Caprolactum..... | 0 | 0 | 62.000 | 51.07 |
| Polyester Chips..... | 0 | 0 | 1822.93 | 692.58 |
| Wood Pulp..... | 3375.900 | 1129.56 | 777.125 | 282.35 |
| Sulphuric Acid..... | 3950.343 | 161.54 | 1030.912 | 25.66 |
| Carbon di Sulphide..... | 25.780 | 7.31 | 112.940 | 40.52 |
| Sulphur..... | 1439.274 | 130.74 | 160.804 | 8.26 |
| Caustic Soda..... | 2408.708 | 527.72 | 589.281 | 84.53 |
| Less: Used for Research & Development..... | 0 | 0 | 0 | 0 |
| Net Consumption..... | 11200.005 | 1956.87 | | 1184.97 |
| Less: Used in Trial Run..... | 0 | 0 | 0.000 | 439.88 |
| Net Consumption..... | 11200.05 | 1956.87 | | 780.64 |

THE BARODA RAYON CORPORATION LIMITED

(ii) Value of Material Consumed and Percentage thereof :

| | 30 th Sept. 2005 (12 months) | | 30 th Sept. 2004 (18 months) | |
|------------------------------|--|---------------|--|---------------|
| | Value (Rs. in lacs) | % | Value (Rs. in lacs) | % |
| Raw materials: | | | | |
| Imported | 0 | 0 | 432.67 | 36.51 |
| Indigenous | 1956.87 | 100.00 | 752.30 | 63.49 |
| | <u>1956.87</u> | <u>100.00</u> | <u>1184.97</u> | <u>100.00</u> |
| %Stores and Spare Parts etc. | | | | |
| Imported | 0 | 0 | 78.63 | 19.13 |
| Indigenous | 1409.21 | 100.00 | 332.25 | 80.87 |
| | <u>1409.21</u> | <u>100.00</u> | <u>410.88</u> | <u>100.00</u> |

D. Expenditure in Foreign Currency and C.I.F. value of imports details are not available.

26. The figures for the previous Year have been regrouped and rearranged wherever necessary.

Signature to Schedules 'A' to 'Y' and Notes Forming Parts of the Accounts.

As per our report attached
For DESAI & PORWAL
Chartered Accountants

P. B. SHETH
Partner
Membership No. 44062
Mumbai, 21st February, 2006

S.P. GAEKWAD
Chairman and Managing Director

UDAYAN CHINUBHAI
A. K. SHAH
CAPT. J. P. SINGH
CAPT. V. K. RAICHAND } Directors

THE BARODA RAYON CORPORATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

| | 30th Sept. 2005 (Rs.in lacs) | 30th Sept. 2004 (Rs.in lacs) |
|---|-------------------------------------|-------------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net (Loss)/Profit Before Extraordinary items | (4786.23) | (2998.15) |
| Adjustments for : | | |
| Depreciation | 871.27 | 1280.49 |
| Provision for gratuity/others | 271.65 | 399.87 |
| Bad debts/Provision For Doubtful Debts / Advances | (31.49) | 0.00 |
| Obsolete stock written Off (Impairment) | 0.00 | 0.00 |
| Loss on Account of Extra ordinary items | (1740.76) | 0.00 |
| Fixed Assets Written Off | 0.00 | 488.55 |
| Claims,rebates & Discount | 0.00 | 2820.75 |
| Other Interest Income | (0.02) | (48.58) |
| (Loss)/Profit on Sale of Fixed Assets | 0.00 | 4426.62 |
| Investments Income | 0.00 | 0.00 |
| Interest Expenses | 711.82 | 199.66 |
| Operating Profit before Working Capital Changes | <u>(4703.76)</u> | <u>6569.21</u> |
| Adjustments for : | | |
| Trade & Other Receivables | 574.07 | 42.32 |
| Inventories | 551.09 | 60.61 |
| Loans & Advances | (523.23) | (1472.09) |
| Trade Payables & Other Liabilities | 1939.48 | (3181.80) |
| Cash Generated from Operations | (2162.34) | 2018.25 |
| Interest Paid - Gross/others | (153.32) | 0.00 |
| Taxes (paid)/Refund received | 0.00 | (1.16) |
| Cash Flow Before Extraordinary items | (2315.66) | 2017.09 |
| Extraordinary items - Misc.Expenditure | 8.83 | 8.83 |
| Net Cash from Operating Activites | A <u><u>(2306.83)</u></u> | <u><u>2025.92</u></u> |
| Cash Flow from Investing Activities : | | |
| Purchase of Fixed Assets | (203.65) | (1905.77) |
| Sale of Fixed Assets | 0.00 | 50.14 |
| Sale of Office Premises | 0.00 | 0.00 |
| Purchase of Investments | 0.00 | 0.00 |
| Sale of Investments | 0.00 | 0.00 |
| Dividend Received | 0.01 | 0.01 |
| Interest on Investment received | 0.00 | 0.00 |
| Other Interest Income received | 0.00 | 0.00 |
| Net Cash used in Investing Activities | B <u><u>(203.64)</u></u> | <u><u>(1855.62)</u></u> |

THE BARODA RAYON CORPORATION LIMITED

| | 30th Sept. 2005 (Rs.in lacs) | 30th Sept. 2004 (Rs.in lacs) |
|---|-------------------------------------|-------------------------------------|
| Cash Flow from Financing Activities : | | |
| (Repayments)/Increase of borrowings (Net) | 2613.62 | (294.04) |
| Proceeds from call arrears | 0.12 | 123.40 |
| Interest Waived | 0.00 | 0.00 |
| Net Cash Flow from Financing Activities | C | |
| | <u>2613.74</u> | <u>(170.64)</u> |
| Net (Decrease)/Increase in Cash & Cash equivalents | | |
| (Total A + B + C) | <u>103.27</u> | <u>(0.34)</u> |
| Cash & Cash Equivalents at start of the year | 43.88 | 44.21 |
| Cash & Cash Equivalents at close of the year | 147.15 | 43.88 |

As per our report attached
For DESAI & PORWAL
Chartered Accountants

S.P. GAEKWAD
Chairman and Managing Director

P. B. SHETH
Partner
Membership No. 44062
Mumbai, 21st February, 2006

UDAYAN CHINUBHAI
A. K. SHAH
CAPT. J. P. SINGH
CAPT. V. K. RAICHAND } Directors

AUDITORS' CERTIFICATE

To,
The Board of Directors
The Baroda Rayon Corporation Ltd.
Mumbai

We have examined the attached Cash Flow Statement of The Baroda Rayon Corporation Ltd. For the year ended 30th September 2005. The Statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 With Bombay Stock Exchange and is based on and is in agreement with the corresponding Profit & Loss Account and the Balance Sheet of the Company covered by our Report dated 21st February, 2006, to the Members of the Company.

For DESAI & PORWAL
Chartered Accountants

Mumbai, 21st February, 2006

P. B. SHETH
Partner
Membership No. 44062

THE BARODA RAYON CORPORATION LIMITED

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

Balance Sheet Abstract and Company's General Business Profile.

I Registration Details

Registration No. 0 0 8 9 2 State Code 0 4

Balance Sheet Date 3 0 0 9 2 0 0 5
Date Month Year

II Capital Raised During the Year (Rs.in lacs)

Public Issue
-

Bonus Issue
-

Right Issue
-

Private Placement
-

III Position of Mobilisation and Deployment of fund (Rs.in lacs)

Total Liabilities
2 3 5 5 4 . 6 3

Sources of Funds

Paid-up Capital
4 0 7 6 . 6 8

Share Application Money
1 0 1 1 . 0 0

Reserves and Surplus
9 7 5 2 . 4 9

Secured Loan
5 0 3 3 . 4 0

Unsecured Loan
3 6 8 1 . 0 5

Total Assets
2 3 5 5 4 . 6 3

Application of Fund

Net Fixed Assets
1 1 3 1 5 . 2 0

Investments
5 9 9 . 3 5

Net Current Assets
(8 8 0 8 . 3 2)

Deferred Revenue Expenditure
1 0 . 7 9

Profit & Loss Account
2 0 4 3 7 . 6 1

IV Performance of Company (Rs.in lacs)

Turnover
4 0 8 7 . 3 8

Total Expenditure
1 0 8 4 0 . 5 7

+ - (Loss) Before Tax
- 6 5 2 6 . 9 9

Earnings Per Share in Rs.
- 1 4 . 1 5

Dividend rate %
-

+ - (Loss) After Tax
- 6 5 2 6 . 9 9

V Generic Names of Three Principal Product/Services of the Company (As per monetary terms)

Item Code No. (ITC Code) 5 4 0 3 . 3 1

Product Description RAYON FILAMENT YARN

Item Code No. (ITC Code) 5 4 0 2 . 4 1

Product Description NYLON FILAMENT YARN

Item Code No. (ITC Code) 5 4 0 2 . 4 2

Product Description POLYESTER FILAMENT YARN

S.P. GAEKWAD
Chairman and Managing Director

UDAYAN CHINUBHAI
A. K. SHAH
CAPT. J.P. SINGH
CAPT. V.K. RAICHAND Directors

Mumbai, 21st February, 2006

THE BARODA RAYON CORPORATION LIMITED

ANNUAL REPORT – 2004-2005

INFORMATION TO INVESTORS :

We are happy to inform you that we have entered into an agreement with NSDL and CDSL to offer the Shares in demat mode, as required under SEBI provided elsewhere in the notice.

ISIN No. of the Company : INE 461 A 01016

Why dematerialize ?

1. COMPANY DEMAT :

Trading in the shares of The Baroda Rayon Corporation Limited is under compulsory DEMAT segment.

2. ELIMINATION OF ODD LOT :

The concept of an "Odd Lot" in respect of dematerialized shares stands abolished i.e. the DEMAT MODE market lot becomes ONE SHARE.

3. DEMAT – MOST PREFERRED:

Dematerialized securities are most preferred by the banks and other financiers for providing credit facility against securities. Generally, DEMAT securities attract a lower margin and lowest interest rate compared to physical securities.

4. SAFETY :

Securities in dematerialized form reduce all risk of loss of certificates. Under your specific instruction, the same can be kept in the "Frozen Mode " by your Depository Participant (DP).

THE BARODA RAYON CORPORATION LIMITED

PROXY FORM

I/We _____
of _____ being a Member /Members
of the above name Company do hereby appoint _____
of _____ or failing him, _____
as my/our PROXY to vote for me/us and on my / our behalf at the 46th ANNUAL GENERAL
MEETING of the said Company to be held at 9.00 a.m. on **Thursday the 30th March, 2006**
and at any adjournment thereof.

Signed this _____ day of _____ 2006.

Signature

Please affix
One Rupee
Revenue
Stamp

Registered Folio No. :

N.B. : The proxy must be deposited at the Registered Office of the Company at Fatehnagar, Surat
not less than 48 hours before the time for holding the meeting .

ATTENDANCE SLIP

THE BARODA RAYON CORPORATION LIMITED

Registered Office : P.O. Fatehnagar, Surat 394 220.

PLEASE COMPLETE THE ATTENDENCE SLIP AND HAND OVER AT THE ENTERANCE.

NO. OF SHARES HELD

NAME AND ADDRESS OF
THE SHAREHOLDER

Folio No. :

I hereby record my presence at the 46th Annual General Meeting of the Company held at Gandhi Smruti
Hall, Surat 395 001 on 30th March, 2006.

SIGNATURE OF THE SHAREHOLDER OR PROXY

N.B. : 1) No. duplicate Attendance Slip will be issued at the place of Meeting.
2) Only Shareholders or their proxies will be allowed to attend the meeting.

TEAR HERE



BOOK-POST

If undelivered Please return to :

THE BARODA RAYON CORPORATION LIMITED
P.O. Fatehnagar, Surat 394 220.