

# THE BARODA RAYON CORPORATION LIMITED



**47<sup>th</sup>**  
**ANNUAL REPORT**  
**2005-2006**

# THE BARODA RAYON CORPORATION LIMITED

## BOARD OF DIRECTORS

Shri S. P. Gaekwad - *Chairman*  
Shri P. S. Gaekwad - *Managing Director*  
Shri A. K. Shah  
Capt. J. P. Singh  
Capt. V. K. Raichand  
Dr. P. N. Mishara - *Nominee Director (BIFR)*  
Shri Robert D. Petty - *Nominee Director (CCPCL)*  
Shri Narayan K. Seshadri -  
*Nominee Director (Halcyon Enterprises Pvt. Ltd.)*

## AUDITORS

Desai & Porwal  
Chartered Accountants  
7, Hira Moti Building, 1st Floor,  
Shrinagar Society, M. G. Road,  
Goregaon (W), Mumbai-400 062

## REGISTERED OFFICE & FACTORY

Fatehnagar, Surat-394 220

## HEAD OFFICE

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

## 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  
The Stock Exchange, Delhi

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## THE BARODA RAYON CORPORATION LIMITED

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### NOTICE

**NOTICE** is hereby given that the Forty Seventh Annual General Meeting of the Company will be held on Wednesday, the 28<sup>th</sup> March, 2007 at 9.00 a.m. at Gandhi Smruti Hall, Timliyawad, Near Jeevan Bharati School, Nan Pura, Surat- 395 001, to transact the following:

#### ORDINARY BUSINESS

1. To consider, approve and adopt the Profit & Loss Account for the year ended 30<sup>th</sup> September, 2006, and the Balance Sheet as at that date and the Directors Report and Auditors Report thereon.
2. To appoint a Director in place of Shri A.K. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint, Desai & Porwal, Chartered Accountants, as Statutory Auditors of the Company, who will hold office from the conclusion of this Meeting upto the conclusion of the next Annual General Meeting and to authorize Audit Committee to fix their remuneration.

#### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, the following resolution as a **Ordinary Resolution**:  
“**RESOLVED THAT** Shri Robert Petty, who under the provision of section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of a Director, as per the provisions of Section 256 of the Companies act, 1956 be and is hereby appointed as Director retiring by rotation.
5. To consider and if thought fit, to pass, the following resolution as a **Ordinary Resolution**:  
“**RESOLVED THAT** Shri Narayan K. Seshadri, who under the provision of section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of a Director, as per the provisions of Section 256 of the Companies act, 1956 be and is hereby appointed as Director retiring by rotation.
6. To consider and if thought fit, to pass, the following resolution as a **Special Resolution** :  
“**RESOLVED THAT** Shri P.S. Gaekwad, who under the provision of section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of a Director, as per the provisions of Section 256 of the Companies act, 1956 be and is hereby appointed as Director.  
  
“**RESOLVED THAT** subject to the provisions of Section 198, 269, 309, 310, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including statutory modifications and reenactments thereof, for the time being in force, and subject to the approval of the Central Government, Shri. P. S. Gaekwad, be and is hereby appointed as Managing Director of the Company for a period of 3 years with effect from 29<sup>th</sup> September, 2006, on such

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remuneration and such terms and conditions as stated in the draft agreement submitted to the meeting and duly initialed by the Chairman for the purpose of identification.

**“RESOLVED FURTHER THAT** Shri A. K. Shah and Shri J. P. Singh, Directors of the Company be and are hereby authorized to execute the said agreement on behalf of the Company and to affix the common seal of the Company thereon.

**“RESOLVED FURTHER THAT** Shri R. Devarajan, Company Secretary and Shri T. S. Sampath, Executive, be and is hereby authorized to complete the necessary formalities including making of an application to the Central Government etc., and to attend to all the matters incidental or connected thereto.”

**“RESOLVED FURTHER** that the Board of Directors is further authorized to make the necessary changes and modifications, if any, that may be required to be made in the Contract or the Documents that are submitted to various authorities to facilitate the completion of all the requirements under the law.

7. To consider and if thought fit, to pass, the following resolution as a **Special Resolution** :

**“RESOLVED** that the Articles of Association of the Company be and are hereby altered in the following manner :

1. The following shall be inserted after the existing Article 1:

“1A. The provisions of Articles 234 to 241 shall apply notwithstanding anything to the contrary contained in these Articles. The rights available under the said Articles to the concerned parties shall continue till such time their shareholding in the Company remains upto percentage specified therein.

2. The following shall be inserted after Article 233:

### ARTICLE 234

#### DEFINITIONS

234.1.1 **“Affiliate”** means with respect to any Party, any Person that directly or indirectly through one or more intermediaries, owns or controls, or is owned or controlled by, or is under common ownership or Control with the Party or Person specified, where own means the beneficial ownership of or the ability to direct the voting of more than 50% of the equity interests or rights to distributions on account of equity of the Party or Person and control means the power to direct the management or policies of the Party or Person specified including the power to appoint a majority of the directors on the board of such Party or Person and in case of a party which is natural person includes a Relative as defined under the Act.

234.1.2 **“Annual Accounts”** means the annual audited profit and loss account of the Company for a Financial Year.

234.1.3 **“Business”** means the business conducted by the Company being the business of manufacture and sale of textile yarns of various makes and specifications and any other new business the Company may enter in the future, with the mutual consent of the Parties.

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- 234.1.4 **"Business Day"** means a day on which banks are open for general banking business in Mumbai, excluding Saturdays and Sundays.
- 234.1.5 **"Business Hours"** means the hours between 9.00 a.m. and 5.00 p.m. on a Business Day.
- 234.1.6 **"CCPCL"** means Clearwater Capital Partners (Cyprus) Limited, a company duly organized and existing under the laws of Cyprus with its principal office at Arch Makariou III, 22, 3<sup>rd</sup> Floor, PC 1065 Nicosia, Cyprus.
- 234.1.7 **"CCPCL Shares"** means Shares owned by CCPCL.
- 234.1.8 **"Control"** shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.
- 234.1.9 **"Encumbrance"** means any (a) mortgage, pledge, lien, charge, hypothecation, right of set-off or counterclaim, security interest or other encumbrance, security letter or arrangement of any kind, (b) purchase or option agreement or arrangement, (c) subordination agreements or arrangement, and (d) agreements to create or effect any of the foregoing.
- 234.1.10 **"Financial Year"** means each period of twelve (12) months commencing on October 1 and ending on September 30 or such other period as the Board determines.
- 234.1.11 **"Halcyon"** means Halcyon Enterprises Private Limited, a company duly incorporated under the Companies Act, 1956 and existing under the laws of India with its registered office at 103, Rajguru Apartments, Baburao Parulekar Road, Dadar West, Mumbai 400 028.
- 234.1.12 **"Halcyon Resources"** Halcyon Resources and Management Consulting Private Limited, a company duly incorporated under the Act and existing under the laws of India with its registered office at 103, Rajguru Apartments, Baburao Parulekar Road, Dadar West, Mumbai 400 028.
- 234.1.13 **"Halcyon Shares"** means Shares owned by Halcyon pursuant to the conversion of the OCCD and the Shares to be vested to Halcyon Resources by CCPCL upon meeting the performance criteria.
- 234.1.14 **"Investors"** shall mean CCPCL, Halcyon and Halcyon Resources.
- 234.1.15 **"Investors Shares"** shall mean the Halcyon Shares and the CCPCL Shares collectively.
- 234.1.16 **"Material Contracts"** means shall mean each contract, document, instrument or other agreement binding upon or affecting any of the properties or assets or revenues and involving an aggregate consideration of more than Rs.2,00,00,000 (or the equivalent thereof in any other currency) or otherwise material in the opinion of Investors, as communicated to the Company, to the business, condition (financial or otherwise), operations, performance, properties or prospects of the Company, as the case may be.

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- 234.1.17 **"Monitoring Accountant"** means a monitoring accountant approved by the Investors to be appointed by the Company at its cost and expense.
- 234.1.18 **"OCCD"** means the 12% Secured Optionally Convertible Cumulative Debentures of Rs. 100/- each issued by the Company to Halcyon pursuant to the sanction of the Scheme.
- 234.1.19 **"Parties"** shall wherever the context so requires mean CCPCL, Halcyon, the Promoters and the Company, and each of them shall individually be referred to as **"Party"**.
- 234.1.20 **"Person"** means and includes any individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his capacity as trustee, executor, administrator, or other legal representative.
- 234.1.21 **"Scheme"** means the restructuring scheme under Section 17(2) read with Section 18 of the Sick Industrial Companies (Special Provisions) Act, 1985 (**"SICA"**) approved by the Board for Industrial and Financial Reconstruction for the restructuring of the Company's assets and liabilities.
- 234.1.22 **"Share"** means an equity share in the Company of the face value for the time being of Rs. 10/- each.

### ARTICLE 235

#### FURTHER FUNDING OF THE COMPANY

- 235.1 Unless the Investors shall otherwise agree in writing, the Company shall in the event the Company proposes to raise further finance from the public or from private investors, the Investors shall have the right of first offer (**"Right of First Offer"**) with respect to such finance which is proposed to be raised by the Company on a pro rata basis to their investment in the Company, and only in the event that either Investor decides not to exercise the Right of First Offer with respect to such finance which is proposed to be raised by the Company, then such finance may be raised from a new investor.
- 235.2 CCPCL and/or its Affiliates shall have a right of first refusal to invest in or lend to any other project in which the Company or Halcyon are involved using the Company's resources/assets whether those are pledged to any of the Investors or not (power/land/water facilities etc).
- 235.3 No shares or convertible instruments of any nature are to be issued to the Promoters and/or associated group at a purchase price less than the price at which the Investors have invested and/or the market price prevailing then (if the Company has completed listing of its shares on the Bombay Stock Exchange / National Stock Exchange by then) whichever is higher.

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## ARTICLE 236 BOARD OF DIRECTORS OF THE COMPANY

### 236.1 Number of Directors

Notwithstanding any other provisions of these Articles the maximum number of Directors will be twelve (12) and the minimum number of Directors will be 6. The composition of the Board shall be as follows:

Sr. No.	Party nominating	Number of Directors
1.	The Promoters till such time that the Promoters hold not less than 15% of the equity capital of the Company	2
2.	Halcyon till such time that it holds not less than 3,02,957 OCCD or not less than 3% of the equity capital of the Company	1
3.	CCPCL till such time that it holds not less than 5% of the equity capital of the Company	1
4.	Lenders to the Company & Independent Directors.	2
	TOTAL	6

### 236.2 Chairman and Votes

236.2.1 The Chairman of the Company shall be a Director representing the Promoters.

236.2.2 Each Director is entitled to cast one (1) vote at any Board meeting. The voting at all meetings shall be by show of hands or ballot at the Chairman's discretion and the Chairman will have the casting vote.

### 236.3 Alternate Directors

In the event of any Director wishing to appoint an alternate Director, the Board will promptly upon receipt of a written notice to that effect appoint an alternate Director for such Director. Such written notice shall specify the name and details of the alternate Director.

### 236.4 Casual Vacancy

In the event of a casual vacancy arising on account of the resignation of a Director or the office of the Director becoming vacant for any reason, the Party who has appointed such director shall be entitled to designate a Director to fill the vacancy.

### 236.5 Board meetings

Notwithstanding anything contained in these Articles,

- (a) at least four (4) meetings of the Board will take place each calendar year and Board meetings shall be held at such intervals may be required under the Act;

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- (b) additional Board meetings will be convened at the written request of any Director;
- (c) meetings of the Board, other than those conducted as described in Article 236.5(d) will be located in Mumbai or such other place as may be mutually agreed to by the Board and shall provide the facility for non India based directors to join by way of teleconference or video conference;
- (d) if permitted by applicable law, the Board meetings may be conducted by telephone conference, video conference or any similar means of audio or audio-visual communication;
- (e) at least fourteen (14) days prior written notice of Board meetings together with seven (7) days prior written notice of an agenda must be given to all Directors at their addresses in and outside India, unless otherwise agreed by the Directors resident outside India;
- (f) the agenda for Board meetings must be determined in accordance with applicable law;
- (g) no resolution of the Board can be passed in respect of any matter listed in Article 237.2 of which notice was not given in the agenda for that meeting, unless otherwise agreed by at least one Director representing each of the Investors.

### **236.6 Directors' fees and expenses**

The Directors will be paid sitting fees in compliance with the provisions of the Act.

### **236.7 Indemnification of CCPCL, Halcyon Director(s)**

236.7.1 The CCPCL, Halcyon Director shall be a non-executive director and shall have no responsibility for the day-to-day management of the Company and shall not be liable for any failure by the Company to comply with applicable law. The Company shall nominate directors or persons other than the CCPCL, Halcyon Director as the "officer in default" as contemplated under applicable law and shall ensure that the CCPCL, Halcyon Director is not included within the scope of "officer who is in default" under applicable law. In the event that any notice or proceedings have been filed against the CCPCL, Halcyon Director by reason of him being included within the scope of "officer in default", the Company and the Promoters shall take all necessary steps to ensure that name of the CCPCL, Halcyon Director is excluded / deleted and the charges / proceedings against the CCPCL, Halcyon Director are withdrawn and shall also take all steps to defend the CCPCL, Halcyon Director against such proceedings and the Company shall pay all costs, damages, fines, levies etc. that may be levied against the CCPCL, Halcyon Director.

236.7.2 the Company shall procure suitable Director and Officers Liability insurance in favour of the CCPCL, Halcyon Director from a reputable insurance company in respect of claims or liabilities resulting from the actions or omissions of the CCPCL, Halcyon Director as director of the Company to the extent permitted by Law.



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236.7.3 The Company shall indemnify the CCPCL, Halcyon Director against:

- (a) any act, omission or conduct (including, without limitation, contravention of any Law) of or by the Company, the Promoters or, its officials, employees, managers, representatives or agents as a result of which, in whole or in part, the CCPCL, Halcyon Director is made a Party to, or otherwise incurs any costs, charges, expenses, damages or loss, (collectively “Loss”) including loss pursuant to or in connection with any action, suit, claim or proceeding arising out of or relating to any such act, omission or conduct; and
- (b) any Loss arising from any action or omission to act by the CCPCL, Halcyon Director at the request of or with the consent of the Company or its Promoters or any of their officials, employees or agents.

### 236.8 Quorum

A quorum for meetings of the Board will not be constituted unless the meeting is attended by at least one of the Directors appointed by each of Halcyon, CCPCL and the Promoters, or has consented in writing to passing of a specific resolution circulated in the agenda, without any amendment to such draft resolution.

### 236.9 CCPCL, Halcyon and CCPCL, Halcyon Director not a Promoter

The Promoters and the Company undertake that the Company and the Promoters shall not designate CCPCL, Halcyon and/or the CCPCL, Halcyon Director as a “promoter” of the Company nor shall any such declaration or statement be made, either directly or indirectly, in filings with regulatory or governmental authorities, offer documents or otherwise, and they shall ensure that restrictions under the SEBI (Disclosure and Investor Protection) Guidelines, 2000 (“SEBI DIP Guidelines”) applicable to promoters do not apply to CCPCL, Halcyon, who are merely financial investors in, and not promoters of, the Company. Accordingly, the Promoters have undertaken that they shall comply with all obligations imposed under applicable Law including in relation to promoter's contribution. Provided that nothing contained in these Articles shall apply in the event that any regulatory, statutory or judicial authority, body or agency, including the Securities and Exchange Board of India, rules, holds or adjudicates that CCPCL, Halcyon is a “promoter” of the Company for the purpose of the SEBI DIP Guidelines or otherwise. In such an event, the Company and the Promoters would extend all support and do all things and take all steps to ensure that CCPCL, Halcyon/CCPL, Halcyon Director is not considered a “promoter” and to clarify its position against such adjudication.

### 236.10 Circular resolutions

Subject to the provisions of these Articles (including those relating to unanimous vote requirements) and applicable law, the Board shall be entitled to pass circular resolutions in relation to such matters as it deems necessary.

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## ARTICLE 237 DECISION MAKING

### 237.1 Powers of the Board

All decisions or resolutions (except as specified in Article 237.2) shall be made or passed with the approval of a simple majority of the Board.

### 237.2 Affirmative Vote of the Investors

#### 237.2.1 Decisions requiring the affirmative vote or consent of the Investors.

- (a) Till such time that Halcyon holds not less than 3,02,957 OCCD or not less than 3% of the issued and paid up equity capital of the Company, all decisions pertaining to the matters as set out below, will require affirmative vote of Halcyon (in case of general body meetings of the Company) or the Director representing Halcyon (in case of a meeting of the Board or committee of the Board or by way of circular resolution) as the case may be.
- (b) Till such time that CCPCL holds not less than 5% of the issued and paid up equity capital of the Company, all decisions pertaining to the matters as set out below, will require affirmative vote of CCPCL (in case of general body meetings of the Company) or the Director representing CCPCL (in case of a meeting of the Board or committee of the Board or by way of circular resolution) as the case may be:
  - (i) Incurring any capital expense beyond the approved Budget or other indebtedness other than suppliers credit in the ordinary course of business and not exceeding Rs. 5,00,00,000/- (Rupees Five Crores).
  - (ii) Creating or permitting to exist any encumbrances on its assets other than the encumbrances already created by the Company before the investment by the Investors in the Company.
  - (iii) Factoring or discounting any book debts of the Company or agreeing to do so.
  - (iv) Any buy-back by the Company of Shares under the provisions of section 77A of the Act.
  - (v) Rolling over, extending, renewing or satisfying any existing or future liability or debt facility.
  - (vi) Amendment or alteration to the Memorandum and Articles.
  - (vii) Substantially changing the nature of the Company's Business.
  - (viii) Alteration to the share capital structure including the issuance of new shares or warrants or the repurchase or redemption of shares or creation of new classes of shares or reduction of share capital.
  - (ix) Merger, consolidation or re-organization scheme of arrangement or compromise with the creditors or shareholders, or effecting any scheme of amalgamation or reconstruction.

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- (x) Acquisition or disposal of any investments in any other entities:
  - Investment in a joint venture;
  - Formation of or investment in subsidiary;
  - Acquisition of shares or units in a listed or unlisted company;
  - Investment in an entity that is a related party.
- (xi) Amendment of Material Contracts:
  - cancel or terminate any Material Contract or consent to or accept any cancellation or termination thereof;
  - sell, assign or dispose of its interest (in whole or in part) in such Material Contract;
  - amend or otherwise modify any such material contract or give any consent, waiver or approval thereunder;
  - waive any default under or breach of any such Material Contract;
  - petition, request or take any other legal or administrative action that seeks, or may reasonably be expected, to rescind, terminate or suspend any Material Contract; or
  - agree in any manner to any other amendment, modification or change of any term or condition of any such Material Contract or take any other action in connection with any such Material Contract that would materially impair the value of the interest or rights of the Company there under.
- (xii) Any Material Contract proposed to be entered into by the Company.
- (xiii) Licensing any of the Company's intellectual property other than in the ordinary course of business.
- (xiv) Granting, terminating, varying, or altering the terms of any Material Contract, technology or any other intellectual property agreement or arrangement or rights therein.
- (xv) Approval of Budget.
- (xvi) Approval of Annual Accounts.
- (xvii) Appointing or removing of the Company's auditors or change in the Company's accounting policies or accounting reference date and the opening of bank account by the Company.
- (xviii) Borrowings, lending or giving guarantees/ security in excess of the Budget.
- (xix) Any related party transactions including entering into or engaging directly or indirectly in, any transactions or arrangements (contractual or otherwise) with any of the Affiliates (including, without limitation, any Director, any Promoter or other shareholder), Notwithstanding the foregoing, the Company shall not pay any commission to the Promoters, Directors or managers or any other Person for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any financial assistance for or by the Company or in connection with any other obligation undertaken for or by the Company except with the prior written consent of the Investors.
- (xx) Selling, leasing, transferring or otherwise disposing of, any property, investments, assets or revenues (including, without limitation, substantially all of the property and assets constituting the business of a division, branch or other unit of operation and any shares of capital stock), or grant any option or other right to purchase, lease or

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otherwise acquire, any assets (either by a single transaction or a number of transactions whether related or not), other than:

- as permitted under the Budget; and
  - sales in the ordinary course of Business.
- (xxi) Expansion, diversification or sale of any material assets or divisions of the Company.
- (xxii) Acquiring, whether by formation, purchase, subscription or otherwise, any subsidiary or effecting the disposal or dilution of its interest, directly or indirectly in any subsidiary.
- (xxiii) Declaring or distributing any dividend or other payment out of the distributable profits of the Company.
- (xxiv) Hiring and removal of the CEO of the Company, and executives reporting directly to such CEO.
- (xxv) Any employment agreements (approval by a majority of disinterested Directors, or a Compensation Committee when established) for executive officers.
- (xxvi) Entering in to or making any material change to any contract of employment or for the provision of services by any Director or senior manager of the Company (whatever his title or job description and including any increase in salary).
- (xxvii) Entering into any contract of employment with, or for the provision of services to the Company by, any specified individual which cannot be terminated on less than six months' notice without payment of compensation (other than statutory compensation) or vary any such contract so that it cannot be so terminated.
- (xxviii) Engaging any new employee at remuneration in excess of Rs. 20,00,000/- (Rupees Twenty Lacs) per annum, increase the remuneration of any employee so as to exceed such figure or dismiss any employee who receives remuneration in excess of such figure other than for gross misconduct.
- (xxix) Compensation programs including base salaries and bonus programs for all officers and key employees (approval by a majority of Directors other than interested Directors, or a Compensation Committee when established).
- (xxx) All stock option programs as well as issuance of all stock and stock options (approval by a majority of disinterested Directors or a Compensation Committee when established).
- (xxxi) Any capital allocation outside the Viscose, Nylon Filament Yarn and Nylon Tyre Cord industry, including for Tax planning like wind mills etc.
- (xxxii) Changing the names or the scope of the authority of the Persons authorised to sign cheques or other financial instruments on behalf of the Company.
- (xxxiii) Capitalizing the reserves of the Company, pending allotment of Shares to the Investors (after the restructuring of the Company is complete).
- (xxxiv) Acquiring all or part of the assets/properties of any other Person or debentures or similar instruments of any entity.
- (xxxv) Appointing any committee of the Board or delegating any of the powers of the Board to any committee, individual, or otherwise.
- (xxxvi) Increasing the number of Directors.

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(xxxvii) Applying to a court to wind-up the Company.

If there is any inconsistency in any other provisions of these Articles and rights granted under affirmative votes in terms of this Article, the rights granted under affirmative votes in terms of this Article shall prevail.

### ARTICLE 238

#### MANAGEMENT - DAY TO DAY CONTROL

Subject to Article 237, the Business will be managed on a day to day basis by the Managing Director/Whole Time Director of the Company appointed by the Board, in accordance with the Budget.

### ARTICLE 239

#### ACCOUNTS AND AUDIT

##### 239.1 Account and records

239.1.1 The Managing Director must ensure that the accounts, records and accounting information of the Company:

- (a) are maintained in accordance with the Act and all other applicable laws;
- (b) reflect generally accepted accounting principles, procedures and practices in India which have been consistently applied.

##### 239.2 Access to records

239.2.1 The Company shall permit representatives of the Investors, upon reasonable notice, to visit and inspect the Company's properties, to examine its books of account and records (and make copies thereof and take extracts there from) and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times during ordinary Business Hours as may be requested in writing by the Investors.

239.2.2 This information and inspection rights shall not be in limitation of any rights that any Investor may have with respect to the books and records of the Company, or to inspect their properties or discuss their affairs, finances and accounts, under the laws of the jurisdiction in which it is incorporated.

### ARTICLE 240

#### VOTING AGREEMENT

##### 240.1 Voting Agreement

240.1.1 Each holder of equity shares will have the right to that number of votes equal to the number of shares held by such person.

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240.1.2 Notwithstanding what is stated in Article 241.1.1 aforesaid, the Investors and the Promoters undertake to ensure that they, their representatives, proxies and agents representing them at General Meetings of the shareholders of the Company shall at all time exercise their votes and through their respective nominated Directors (or Alternate Directors) at Board Meetings and otherwise, act in such manner so as to comply with, and to fully and effectually implement, the spirit, intent and specific provisions of these Articles.

## ARTICLE 241 GENERAL PROVISIONS

### ARTICLE 1

#### 241.1 Notices

241.1.1 A Party giving notice or notifying under these Articles must do so in writing:

241.1.2 directed to the recipient's address specified in this Article, as varied by any notice; and

241.1.3 hand delivered or sent by prepaid post or facsimile to that address.

241.1.4 A notice given in accordance with Article 243.2 is taken to be received:

241.1.5 if hand delivered, on delivery;

241.1.6 if sent by prepaid post, ten days after the date of posting;

241.1.7 if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the total number of pages of the notice and the sender has also sent such notice by prepaid post unless, within eight (8) Business Hours after that transmission, the recipient informs the sender that it has not received the entire notice.

#### 241.2 Arbitration

241.2.1 Any dispute arising out of or in connection with these Articles shall be referred to and finally resolved by arbitration under the Arbitration and Conciliation Act, 1996.

241.2.2 The arbitration shall be conducted as follows:

- (a) The Parties shall mutually appoint a sole arbitrator to resolve the aforesaid disputes or differences. The arbitrator shall be a partner of the Singapore practices of Clifford Chance, or Linklaters, or Allen & Overy, Solicitors.
- (b) All proceedings in any such arbitration shall be conducted in English.
- (c) The venue of the arbitration proceedings shall be Mumbai.
- (d) The arbitrator shall be free to award costs as he thinks appropriate.
- (e) The arbitration award shall be final and binding on the Parties, and the Parties agree to be bound thereby and to act accordingly.

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### 241.3 Jurisdiction

Subject to Article 243.5 each Party has submitted to the exclusive jurisdiction of the courts of Mumbai, India.

The following article shall be inserted after the existing Article 8:

- 8 A. The Company shall have power to buy-back its own shares or other securities subject to the provisions of Section 77, 77A, 77AA and 77B of the Act and the guidelines as may be laid down in this regard, from time to time.

BY ORDER OF THE BOARD OF DIRECTORS

Mumbai.

Dated: 31<sup>st</sup> January, 2007.

**P. S. Gaekwad.**  
Managing Director.

### NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIM/HER ON A POLL ONLY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD BE COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

1. An Explanatory Statement, pursuant to Section 173 of the Companies Act 1956, in respect of Special Business under item no. 4, 5, 6 and 7 set out above, is annexed hereto.
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from Monday, the 26<sup>th</sup> March, 2007 to Tuesday the 27<sup>th</sup> March, 2007. (both days inclusive).
3. 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.
4. Shareholders are requested to avail of the nomination facility if not done so far, in respect of the shares held by them.
5. 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.
6. Members are requested to notify the change in their address to the Registrar and Share Transfer Agents of the Company.
7. 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

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

#### Item No. 4:

Shri Robert Petty has been appointed as an Additional Director on the Board of Directors on 29<sup>th</sup> September, 2006. Shri Robert Petty holds office only up to the date of Annual General Meeting as per the provisions of section 260 of the Companies Act, 1956. Notices have been received from some of the shareholders under section 256 of the Companies Act, 1956 proposing the candidature of Shri Robert Petty for the office of Director. Shri Robert Petty is a nominee appointed by an investor of the Company. The brief profile of Shri Robert Petty forms part of Corporate Governance Report. Taking into consideration wide experience of Shri Robert Petty, it will be in the interest of the Company to appoint Shri Robert Petty as a Director of the Company. Except Shri Robert Petty, no other Director is in any way concerned or interested in the resolution. Your Directors recommend the resolution for your approval.

#### Item No. 5:

Shri Narayan K. Seshadri has been appointed as an Additional Director on the Board of Directors on 31st January, 2007. Shri Narayan K. Seshadri holds office only upto the date of Annual General Meeting as per the provisions of section 260 of the Companies Act, 1956. Notices have been received from some of the shareholders under section 256 of the Companies Act, 1956 proposing the candidature of Shri Narayan K. Seshadri for the office of Director. Shri Narayan K. Seshadri is a nominee appointed by an investor of the Company. The brief profile of Shri Narayan K. Seshadri forms part of Corporate Governance Report. Taking into consideration wide experience of Shri Narayan K. Seshadri, it will be in the interest of the Company to appoint Shri Narayan K. Seshadri as a Director of the Company. Except Shri Narayan K. Seshadri, no other Director is in any way concerned or interested in the resolution. Your Directors recommend the resolution for your approval.

#### Item No. 6:

Shri P.S. Gaekwad has been appointed as an Additional Director on the Board of Directors on 29<sup>th</sup> September, 2006. Shri P.S. Gaekwad holds office only up to the date of Annual General Meeting as per the provisions of section 260 of the Companies Act, 1956. Notices have been received from some of the shareholders under section 256 of the Companies Act, 1956 proposing the candidature of Shri P.S. Gaekwad for the office of Director. Taking into consideration wide experience of Shri P.S. Gaekwad, it will be in the interest of the Company to appoint Shri P.S. Gaekwad a Director of the Company. Except Shri S.P. Gaekwad and Shri P.S. Gaekwad, no other Directors are in any way concerned or interested in the resolution. Your Directors recommend the resolution for your approval. Shri P S Gaekwad was appointed as Managing Director since Shri SP Gaekwad stepped down as Managing Director of the Company but continues as Chairman of the Company. In view of this Shri P S Gaekwad was appointed as Managing Director of the Company for a period of 3 years commencing from 29<sup>th</sup> September, 2006.

The members may note that since the stepping down of Shri S.P Gaekwad, as Managing Director of the Company, Shri P S Gaekwad's responsibilities have increased substantially. The Company is also in the process of drawing up a new growth plan, for which Shri P S Gaekwad is required to shoulder additional responsibilities. The Remuneration Committee, therefore, in recognition of the dedicated services rendered by him, in the past 13 years approved to pay him by way of monthly



## THE BARODA RAYON CORPORATION LIMITED

remuneration of Rs.3,00,000/- per month plus other perquisites as laid down in the contract. Details of the remuneration and disclosure required under Schedule XIII are as under.

<b>I. GENERAL INFORMATION :</b>	
1. Nature of the Industry	Man Made Textile Fibre
2. Date or expected date of commencement of Commercial production	13-05-1958
3. In case of new companies, expected date of commencement of activities as per project approved by Financial Institution appearing in the prospectus	Not Applicable
4. Export performance and net foreign exchange collaborations	Not Applicable
5. Foreign Investments or Collaborators, if any	Investment by a Foreign Company to the extent of Rs. 27.11 Crores in the share capital of the company
<b>II. INFORMATION ABOUT THE APPOINTEE :</b>	
1. Background details	<p>Shri Pratapsinh S. Gaekwad has completed his "A" Levels in 1990 from Uppingham School, Surrey, U.K. Thereafter, on his return to India, he did his Management Training with Kingston Textile Industries Pvt. Ltd., from 1990 to 1992.</p> <p>From 1992-1993 he joined the company as a trainee and received hands-on training in all the divisions- Nylon, Rayon, Polyester &amp; NTC, Marketing, Sales as also the administrative division where he received first hand knowledge of excise, revenue and inventory controls matters.</p> <p>In August 1993 on completion of his all round training, he joined the Company as its Jt. Chief Executive and has worked in almost all the departments and business unit of the company. He was elevated to the position of President in August 2002. He is well versed with the working of the Company.</p>
2. Past Remuneration	<p>He has been drawing remuneration as follows :</p> <p style="padding-left: 40px;">2004-05 Gross Salary Rs. 57600/-</p> <p style="padding-left: 40px;">2005-06 Gross Salary Rs. 57600/-</p>
3. Recognition or awards	N.A.
4. Job profile and his suitability	<p>He has been appointed as <i>Managing Director</i> of the Company w.e.f. 29th September, 2006. Prior to that he was the <i>President</i> of the Company w.e.f. 9th August, 2002 to 28th September, 2006. He is the architect of the current revival and rehabilitation of the Company which was closed for a period of 5 years from 1999 to 2004. He has been working in the capacity of the</p>

## THE BARODA RAYON CORPORATION LIMITED

	<p>President on a meager monthly salary of Rs. Gross salary Rs. 4800/- per month. His past experience in the company and first hand knowledge of the Industry has enabled him to take appropriate steps for the revival of the Company. He was able to strategise and execute the revival and was resourceful enough to raise Rs. 150/- Crs required for the revival of the unit. Hence, when Shri S.P. Gaekwad decided to step down as the Managing Director of the Company the Board in its wisdom decided to appoint Shri P. S. Gaekwad as the Managing Director.</p>	
5. Remuneration proposed	As per draft Contract place before this meeting	
6. Comparative Remuneration profile with respect to Industry, size of the coprofile of the position and person	Name of the Company	Salary
	Aditya Brla Nuvo Limited	153 lakhs p.a.
	Century Enka Limited	30 lakhs p.a.
7. Pecuniary relationship directly, indirectly with the Company or relationship with the Managerial Personnel, if any.	<p>He is the son of the Promoter &amp; Chairman of the Company Shri S.P.Gaekwad and holds 14,618 equity shares in the company. He also is a director in the following companies Gaekwad Investment Corporation Pvt. Ltd.</p> <ul style="list-style-type: none"> <li>- Expert Horticulture and Culinary Institute Pvt. Ltd.</li> <li>- Tapti Synthetics Pvt. Ltd</li> <li>- Shivalik Golf &amp; Forests Resorts Ltd.</li> <li>- Annapurna Texturisers Pvt. Ltd.</li> <li>- Prasang Holdings Pvt. Ltd.</li> <li>- Inderani Holdings Pvt. Ltd.</li> <li>- Gokarna Investments Pvt. Ltd.</li> <li>- Harmony Investments Pvt. Ltd.</li> <li>- Kanchenjunga Texturisers Pvt. Ltd.</li> </ul> <p>and all these companies holds equity shares in the Company He has been drawing remuneration as indicated in 5 above.</p>	
<b>III. OTHER INFORMATION :</b>		
1. Reason for loss or inadequate profit	<ul style="list-style-type: none"> <li>• Consequent upon the liberalisation and removal of the license / quotas, the operating size of the POY plants into the country went for a major change.</li> <li>• Due to shortage of the means of finance, the working capital resources of the company were diverted to the completion of the project in the hope that the same would be replaced / replenished with the raising of the long term resources.</li> <li>• The nylon division suffered major setback due to shift in the consumers' preference from nylon filament yarn to polyester filament yarn.</li> <li>• The rayon division was adversely affected due to overall recession in the industry in terms of prices and demand..</li> </ul>	

## THE BARODA RAYON CORPORATION LIMITED

2. Steps taken or proposed to be taken for improvement	A reference was made to BIFR for rehabilitation of the Company. BIFR had approved the package on 22nd May 2006. The Company has been able to revive operations largely due to the effects of the management to restart operations by pumping in additional funds to the tune of Rs. 150 crores approx. Further, huge sacrifices have been made by the financial Institutions and Banks in the interest of the revival of the Company. The Company has also reduced its capital from Rs. 4076.36 lakhs to Rs. 407.64 lakhs.																
3. Expected increase in productivity and profit in measurable terms	The expected increase in sales and EBITDA are as under :  <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th colspan="3" style="text-align: center;">Rs. in crores</th> </tr> <tr> <th></th> <th style="text-align: center;">2007-08</th> <th style="text-align: center;">2008-09</th> <th style="text-align: center;">2009-10</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td style="text-align: center;">290</td> <td style="text-align: center;">399</td> <td style="text-align: center;">423</td> </tr> <tr> <td>EBITDA</td> <td style="text-align: center;">18</td> <td style="text-align: center;">57</td> <td style="text-align: center;">64</td> </tr> </tbody> </table>		Rs. in crores				2007-08	2008-09	2009-10	Sales	290	399	423	EBITDA	18	57	64
	Rs. in crores																
	2007-08	2008-09	2009-10														
Sales	290	399	423														
EBITDA	18	57	64														
<b>IV. DISCLOSURES :</b>																	
1. The shareholder of the Company shall be informed of the remuneration package of the managerial personnel	Forms part of Notice for this Annual General Meeting.																
2. Disclosure under Corporate Governance attached to Annual Report	Yes																

A draft of the agreement to be entered into by the Company with Shri P S Gaekwad, will be available for inspection at the Registered Office of the Company on all working days between 2.30 p.m. and 4.30 p.m. till the date of Annual General Meeting.

This may also be treated as an abstract of the draft Agreement to be entered into by the Company with Shri P S Gaekwad, pursuant to Section 302 of the Companies Act, 1956.

Except Shri P S Gaekwad and Shri S P Gaekwad, none of the Directors are interested in the Resolution.

### Item No. 7:

The Company in the course of revival has based on the BIFR scheme raised funds through reissue of debentures to Clearwater Capital Partners, equity shares to the Promoters, Halcyon Resources Pvt. Ltd. and Clearwater Capital Partners. In terms of the agreement with the investors the Company is required to comprehensively amend the Articles of Association to reflect the agreement between the Company and the investors, the members inter-se the investing members and the Promoters. Further the amendments to the Companies Act requires some amendments to be made in the Articles of Association of the Company. These have been comprehensively addressed and laid out in the notice which is self explanatory.

Your Directors recommend the Resolution for the approval of the members. Shri S. P. Gaekwad, Shri P. S. Gaekwad, Shri Robert Petty and Shri Narayan K. Seshadri are the Directors interested in the Resolution.

BY ORDER OF THE BOARD OF DIRECTORS

Mumbai.

Dated: 31<sup>st</sup> January, 2007.

**P. S. Gaekwad.**  
Managing Director

Registered Office:  
Fatehnagar, Surat 394 220.

# THE BARODA RAYON CORPORATION LIMITED

## DIRECTORS' REPORT

To  
The Members

Yours Directors hereby present their report together with the audited accounts of the company for the year ended 30<sup>th</sup> September, 2006.

### FINANCIAL RESULTS:

PARTICULARS	Rs. in lacs	Rs. in lacs
	YEAR ENDED SEPTEMBER 30, 2006	YEAR ENDED SEPTEMBER 30, 2005
Sales & Other Income	9789.61	4313.58
Expenditure	12592.31	8228.55
(Loss) before Depreciation & Taxation	(2052.54)	(3914.97)
Depreciation	904.89	871.27
(Loss) before Taxation	(2957.29)	(4786.23)
Provision for Taxation	23.81	Nil
(Loss) after Taxation	(2981.23)	(4786.23)
Extraordinary items	1221.68	(1740.76)
Profit & (Loss) available for appropriation	(1759.56)	(6526.99)
Balance as per last year's Balance sheet	(20437.61)	(13910.62)
Profit & Loss Appropriation account	5872.96	Nil
Balance carried to Balance sheet	(16324.21)	(20437.61)

### DIVIDEND

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

### PERFORMANCE

Your directors are glad to state that since the last report to the members significant developments have taken place which has made your Company stronger. The achievements are stated below:

- Comprehensive sanction of Rehabilitation package by BIFR in May 2006.
- Reduction of capital pursuant to the BIFR order in July 2006
- Issue of fresh equity based on the BIFR order to infuse the funds necessary to revive the company, as contemplated in the BIFR order, in September 2006
- Induction of Senior Management Personnel at all levels during the course of the year.
- Revaluation of assets to reflect the true value thereof.

## THE BARODA RAYON CORPORATION LIMITED

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- Essential refurbishment of plant and capital expenditure to augment capacity.
- Reestablishing presence in key markets.

All the aforesaid measures have resulted in the turnover of the Company more than doubling from Rs 4313.58 lakhs. to Rs. 9789.61 lakhs compared to the last year and the losses reducing to Rs.2967.10 lakhs from Rs. 4786.23 lakhs.

The Company has managed to establish itself as a dominant player in the Surat market in Rayon and slowly inroads are being made in other markets. The quality of the products of the company has been well received by the market and the consistency and continuity of supplies has resulted in regaining market confidence. We hope to improve upon this performance in the current year.

### AUDITORS

M/s Desai & Porwal, Chartered Accountants, Mumbai, were appointed as Statutory Auditors of the company to hold till the conclusion of this Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility for re-appointment under the Provisions of Section 224 (1B) of the Companies Act, 1956. The Directors recommend the re-appointment of Auditors.

### REPLY TO QUALIFICATIONS BY THE AUDITOR

#### Maintenance of Cost Records

The company has not maintained cost records since the recommencement of operations in 2004. The Company used to have one of the best costing systems in the industry and this used to find regular reference in the study material issued by the ICWA institute. The ORG based system of the company is not operational post closure and we are unable to revive the same as spare parts are not available. Further, due to the closure, the earlier employees of the company have left and there is hardly any person who has comprehensive knowledge of the systems to revive the same. The Company had also appointed M/S N.I Mehta & Co. as Cost Auditor till 31.03.2003, despite the fact that the units were closed and complying with the requirements.

After recommencement of operations we have been trying to find a suitable Cost Accountant to be located at Surat. However, we are unable to find a person with the desired skill sets willing to relocate to Surat.

In view of the foregoing, the company is in the process of creation of cost records and the required systems all over again so that the essential cost records statutorily required are maintained. The process will take a while and we expect the same to be completed by June 2007.

#### Gratuity Liabilities

The Company post restart has been in discussion with LIC for reviving the Gratuity policy which had lapsed due to the closure of the Company. The Company has provided the liability in respect of retired/resigned employees. However, in respect of the liability of the employees on the rolls of the Company no provision has been made as the Directors are confident that the same will be met on revival of the policy and the phased payment to be made on finalization of the revival terms with LIC.

## THE BARODA RAYON CORPORATION LIMITED

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### **Non Provision of interest liability in respect of PNB Asset Management**

In order to revive the company it was necessary that the financial institutions waive interest on loans. Accordingly post sanction of CDR Scheme the company has not been providing interest on secured loans. Thus as a part of the proposal made by the Company to BIFR it was proposed that the secured lenders would be settled @ 42% of the principal dues. Accordingly, post sanction of the BIFR scheme, the Company has paid Rs.7.77 lakhs being 10% of the settlement amount of Rs.77.7 (being 42% of the principal outstanding of Rs.185 lakhs) and are awaiting confirmation of balance for making the balance payment to them. As such, no provision for interest has been made.

### **Confirmation of Balances**

The Company post restart has been slowly reconciling the balances of the creditors and debtors. Due to non availability of break up in respect of opening balances the process is tedious. However, we expect to complete the same at the earliest.

### **The Presentation Not Conforming to Schedule VI**

Based on the BIFR order the liabilities have been reclassified in the context of the order in respect of unsecured loan and unsecured creditors. This has necessitated classification of liabilities as non – current. If the same is clubbed under current liabilities it is likely to present a distorted picture in terms of the true nature of these liabilities in respect of the time period within which they are payable. Hence, in the context of presenting a true and fair view of the affairs of the Company it was considered necessary to reclassify these liabilities and indicated them separately in the Balance Sheet as section 211 of the Companies Act 1956, permits the presentation of the account as per the prescribed format or as nearly as the circumstances admit.

### **Other Qualifications**

The other minor qualifications have been dealt with in the notes to accounts at the appropriate places.

### **DIRECTORS**

Shri Udayan Chinubhai, Director of the Company, expired on 1<sup>st</sup> September, 2006. Your Directors place on records their appreciation for the invaluable contribution made by Late Shri Udayan Chinubhai.

Shri S.P. Gaekwad resigned as Managing Director of the Company w. e. f. 29<sup>th</sup> September, 2006 & will continue as a Chairman of the Company.

Shri P S Gaekwad, the President of the Company was appointed as Additional Director on the Board of the Company on 29<sup>th</sup> September, 2006. Shri S P Gaekwad, Chairman and Managing Director, stepped down as Managing Director of the Company but continues as Chairman of the Company. In view of this Shri P S Gaekwad was appointed as Managing Director of the Company for a period of 3 years commencing from 29<sup>th</sup> September, 2006.

Shri A .K. Shah, retires by rotation and being eligible, offers himself for re-appointment. The profile of the retiring Directors seeking re-appointment forms part of Corporate Governance.

## **THE BARODA RAYON CORPORATION LIMITED**

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Dr. P. N. Mishra was appointed on the Board as a Special Director of BIFR w.e.f. 26th June, 2006 under the provision of Section 16(4) of Sick Industries Companies Act, (Special Provisions) Act, 1985.

Shri Robert Petty and Shri Narayan K. Seshadri were appointed on the Board as nominee of M/s. Clearwater Capital Partners (CYPRUS) Limited and M/s. Halcyon Enterprises Pvt. Ltd., respectively the investors of the Company.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that there are no material departures;
- b) 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 as on 30<sup>th</sup> September, 2006 and of loss of the company for that period ;
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;and
- d) The Annual Accounts have been prepared on a going concern basis.

### **FIXED DEPOSIT**

During the year, the Company has not accepted fresh deposits from the public and as on 30<sup>th</sup> September, 2006, the outstanding deposits amounts to Rs. 237.39 lacs.

### **PERSONNEL**

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 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.

## **THE BARODA RAYON CORPORATION LIMITED**

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### **CODE OF CONDUCT**

Pursuant to Clause 49 of the Listing Agreement, a Declaration signed by the Managing Director regarding compliance of code of Conduct for the financial year 2005-06, is annexed and forms part of this report.

### **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 the all employees during the year which made it possible to improve its operations .The directors also appreciate the support extended by the Banks, Institutions and Government Department during the year under review.

FOR AND BEHALF OF THE BOARD

**P. S. GAEKWAD**  
MANAGING DIRECTOR

MUMBAI  
January 31, 2007



# THE BARODA RAYON CORPORATION LIMITED

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## 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 Many Steam traps were replaced / overhauled to save steam losses. Also, hot insulation of pipes was checked and redone wherever required.
- 2 Steam coal saving was done by recycling the unburnt coal content at the outlet of stoker fired boilers into the furnace of AFBC Boiler.
- 3 Waste charcoal fines from CS2 plant are now being consumed in AFBC boiler furnace thereby saving steam coal.
- 4 Cooling water outlet from various equipments which was formerly going to drain pit has been recycled into the cooling towers thereby saving around 20 m<sup>3</sup> / hour water.
- 5 Waste water from VFY plant viscose deaerator vacuum leg has been recycled back to the cooling towers, saving 25 m<sup>3</sup> / hr water.
- 6 At water works, the DG sets working on costlier HSD were stopped and the pumps are now running on grid power.

#### VFY PLANT

- 1 High Frequency power supply to 3 Spinning Machines was changed from Motor Generator Set to Inverter.
- 2 Frequency of High Frequency power from Inverter was reduced from 137 C/S to 129 C/S.
- 3 Single speed Motors were replaced by two-speed Motors on two Spinning Machines to reduce spinning speed during doffing, thus reducing power consumption as well as godet waste.

#### CS2 PLANT

- 1 Charcoal calcination time was optimized, which reduces running time of Calcination air-blower.
- 2 Old Cooling Tower was replaced by energy efficient Cooling Tower.
- 3 Electrode Cooling water recovery started.

#### NYLON PLANT

- 1 During winter, the cooling water temperature is maintained lower and as such stopped one condenser water pump.
- 2 Increased fresh air in the airconditioning of the cold draw and Hot draw twisting department air conditioning and reduced the refrigeration requirement which in turn the reduced the load on the centrifugal chiller.
- 3 Reduced air circulation rate in Take-up air conditioning which reduced refrigeration load of reciprocating chillers.
- 4 Stopped one reciprocating chiller by diverting take-up AHU return water to 7 C sump and making-up with 5 C water in 2 C system
- 5 Reduced Nitrogen air compressor pressure to generate more gas and less liquid just to match with plant requirement.
- 6 Reconditioned are cooling tower of CPL recovery plant & reduce energy consumption and plant production maintained maintained with one cooling tower only by stopping other tower fan.
- 7 Modified cold draw air conditioning cabin to maintain required humidity in the room with one AHU only.
- 8 Automatic air puring system started in Blue star centrifugal chiller to reduce per ton power consumption and achieving higher output.
- 9 Installed electronic controllers in one dowtherm heater and increased efficiency in varying loads.

## FORM - A : Disclosures of particulars with respect of conservation of energy

## A) POWER &amp; FUEL CONSUMPTION:

		Rayon Division		Nylon Division		NTC Division		CS2 Division		Total	
		2005-06 12 month	2004-05 18 month	2005-06 12 month	2004-05 18 month	2005-06 12 month	2004-05 18 month	2005-06 12 month	2004-05 18 month	2005-06 12 month	2004-05 18 month
<b>1 ELECTRICITY</b>											
a) Purchased	Unit/Lacs	4.45	0	0	0	0	0	0	0	4.45	0
Value	Rs/Lacs	23.07	0	0	0	0	0	0	0	23.07	0
Rate	Rs/Kwh	5.18	0	0	0	0	0	0	0	5.18	0.00
b) Own Generated											
i) Thro' Diesel Generator	Units/ Lacs	2.00	0	0	0	0	0	0	0	2.00	0.00
Units/Ltr. Of Diesel Oil	Rs/Lacs	25.00	0	0	0	0	0	0	0	25.00	0.00
Cost	Rs/Kwh	12.50	0	0	0	0	0	0	0	12.50	0.00
ii) Thro' Steam											
Turbine / Generator	Units/ Lacs	272.98	374.03	175.76	22.69	1.92	0	20.44	0	471.10	396.72
Units/MT of Steam	Rs/Lacs	1078.22	1521.3	694.21	92.27	7.58	0	80.74	0	1860.75	1613.57
Coal Cost	Rs/Kwh	3.95	4.07	3.95	4.07	3.95	0	3.95	0	3.95	4.07
<b>2 COAL</b>											
Quantity	MT	33379	49262	21392	115	232	0	2512	0	57515	49376.86
Total Cost	Rs/Lacs	863	1521.29	553.03	4.36	6.00	0	65	0	1486.90	1613.56
Average Rate	Rs/MT	2585	3088	2585	3800	2585	0	2585	0	2585	3060.12
<b>3 FURNACE OIL</b>											
Quantity	K. Ltrs	0	0	533	17.25	0	0	0	0	533	17.251
Total Amount	Rs./Lacs	0	0	110	2.84	0	0	0	0	110	2.83779
Average Rate	Rs./K. Ltr	0	0	20608	16450	0	0	0	0	20608	16450

## B) CONSUMPTION PER UNIT OF PRODUCTION

	Electricity		Steam Coal		Furnace Oil	
	Kwh per Mt of Prodn		Per Mt of Prodn		Ltr Per Mt of Prodn	
	2005-06 12 month	2004-05 12 month	2005-06 12 month	2004-05 12 month	2005-06 12 month	2004-05 12 month
RAYON YARN	7787	8529	9.52	3.34		
SULPHURIC ACID	0	0	0	0		
CARBON-DI-SULPHIDE	1499	1439	1.84	0.59		
NYLON & POLYESTER YARN	7036	8006	8.56	0.91	213	222.3
NYLON TYRE CORD	0	0	0	0		

## ELECTRICITY :

The variation in consumption of electricity / Mt of production is due to

- Overall under utilization of installed capacity and also due to
- Nylon & Rayon : Change in product mix and variation in capacity utilization
- TECHNOLOGY ABSORPTION:

FORM - B : Technology absorption, adaption and innovation

The company has not imported any technology during the year and as such there is nothing to report:

- FOREIGN EXCHANGE EARNINGS & OUTGO : (Rs.in Lakhs)

	FY 05-06	FY 04-05
Earnings	Nil	NIL
Outgo	17.35	15.35

# THE BARODA RAYON CORPORATION LIMITED

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

### **Industry Structure and Development:**

The man made fibre industry got a fillip post the dismantling of the quota regime pursuant to the WTO agreement and the industry which has been passing through a difficult patch since 1997 started turning around in the early 2003. Exports have picked up since then and the domestic demand has grown in line with the GDP growth.

PFY has provided the consumers with a cheaper substitute and has been one of the main competitor for the VFY and NFY being manufactured by the Company. The versatility of these fibres and development of newer applications have resulted in new markets being developed. Further, with the excellent growth in GDP and the consequent increase in the purchase power of end consumers the growth of these fibres has been steady.

Briefly the following are the developments in the segment of the industry that your company is operating:

### ***Viscose Filament Yarn:***

The industry has been steadily growing and in the last year has grown @4%. The growth is expected to continue and the demand from user segment continues to be steady. Despite competition from POY the demand for VFY has not been affected and the market has grown steadily. No new capacities have come up and the oligopoly status of the market is likely to continue. The antidumping duty that was imposed during the year had helped in preventing dumping by the Chinese. The total installed capacity of the industry is at 5000 tones per month.

### ***Nylon Filament Yarn:***

The antidumping duty by the Government on imports from China has helped the domestic industry. The market for the fibre was steady and is likely to improve with new applications being developed. There is an effort being made by the industry to collectively promote the fibre by creating awareness about its properties and applications. One new player has entered the industry and the domestic capacity is at 4500 tonnes per month.

### ***Nylon Tyre Cord:***

The price realization in this segment has fallen sharply in the last six months and it is believed that the prices have bottomed out. The demand for tyre cord is expected to move up considerably in the coming years with the major Auto Companies planning India has the hub for manufacturing and exports. The Chinese Competition notwithstanding the industry is expected to do well as the demand is expected to surge and currently 45% of the demand is being met through exports.

## **OPPORTUNITIES AND THREATS**

### ***Opportunities***

- The company has inherent strength due to location and the goodwill generated in the market over the last 50 years.

## THE BARODA RAYON CORPORATION LIMITED

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- 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.
- Competitive strength increases due to the availability of captive power plant.
- Huge infrastructural facility to meet the current and future demand.
- The reestablishment of the presence in key markets in the last year has strengthened the Company's position.

### **Threats**

- The threat of competition from China continues. However, this has been softened due to the antidumping duty that has been imposed on imports from China.
- Threat from PFY due to its lower price has been a factor that has been having a cyclical impact in the market.

### **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 after the down turn in the Oct 06 – Dec 06 quarter.

### **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.

### **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 risk in terms of maintenance has been substantially addressed during the course of this year. The risk now shifts to availability of skilled personnel as the industry is generally facing shortage of skilled manpower.

## THE BARODA RAYON CORPORATION LIMITED

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### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The internal controls systems are sound due to the improvements made during the year. Computerization and automation are being taken up in phases. The company is gearing up to implement a full fledged ERP system which is likely to address most of the issues with respect to internal Controls.

### **DISCUSSION OF THE FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The operational performance of the Company has improved considerably and this is reflected in the financial performance as reduction of loss year on year. However, the shortage of working capital continues to be an issue. This has been addressed by the management with the principal tie up with banks for additional working capital. This will enable the company to translate all improvements in the operational performance in monetary terms.

# THE BARODA RAYON CORPORATION LIMITED

## CORPORATE GOVERNANCE

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

### BOARD OF DIRECTORS:

#### 2.1 Composition of the Board of Directors

The Board of Directors comprises of a Chairman, Managing Director, four Non-Executive independent Directors and two Nominee Directors of investors.

Subject to overall superintendence and control of the Board, the day-to-day management of the Company is vested with Shri P. S. Gaekwad, Managing Director of the Company, who is supported by a Management team.

#### 2.2. Board Meetings

- A. The Company had four Board Meetings during the financial year ended September 30, 2006. These were held on November 7, 2005, February 21, 2006, June 23, 2006, and September 29, 2006.
- B. Directors' attendance record at Board Meetings and Annual General Meeting, their other Directorships and Committee Memberships

Names	Category	Attendance at		No. of other Directorship	Committee Membership		share holding in the Company
		Board Meetings	AGM		As a Member#	As a Chairman#	
Shri S.P.Gaekwad	Promoter and Non Executive Chairman	4	Yes	1	2	—	64758
Shri Udayan Chinubhai*	Independent and Non-Executive Director	3	Yes	5	1	1	120
Shri A.K.Shah	Independent and Non-Executive Director	4	Yes	1	2	1	43
Capt. J.P. Singh	Independent and Non-Executive Director	4	Yes	2	2	1	—
Capt. V.K.Raichand	Independent and Non-Executive Director	4	Yes	1	2	—	—
Shri P. S. Gaekwad**	Managing Director	1	Yes	1	—	—	14618
Dr P. N. Mishra**	Special Non- Executive Director appointed by BIFR	1	—	—	1	—	—
Shri Robert D. Petty***	Non- Executive Director	—	—	—	—	—	—
Shri Narayan K. Seshadri #	Non- Executive Director	—	—	—	—	—	—

\* expired on 1<sup>st</sup> September, 2006

\*\* appointed on 29<sup>th</sup> September, 2006

\*\*\* appointed on 27<sup>th</sup> December, 2006

# appointed on 31<sup>st</sup> January, 2007

## THE BARODA RAYON CORPORATION LIMITED

### 2.3 Information supplied to the Board

All information as required under Annexure 1A to Clause 49 of the Listing Agreement are made available to the Board. The Board is also regularly updated on statutory compliances as are applicable to the Company.

### 2.4 Code of Conduct

The Company has adopted a Code of Conduct for Directors and Senior Management personnel.

The Directors and Senior Management personnel of the Company are in the process of affirming their adherence to the code.

A Declaration by the Managing Director on compliance of the Code of Conduct has been annexed to this Report.

### 3. AUDIT COMMITTEE

The Committee comprises of three Directors namely Shri A.K. Shah (Chairman), Shri S.P. Gaekwad and Dr. P.N. Mishra. Shri R Devarajan, Vice President-Finance is a permanent invitee at the Committee Meetings.

During the year, the Committee met four times, on November 7, 2005, February 21, 2006, June 23, 2006, and September 29, 2006. All members of the Committee attended these meetings.

The Committee at each meeting, besides Company's financial performance, also reviews the reporting process, adequacy of internal control system, quarterly financial results, risk management system and holds discussions with the Internal Auditors on significant observations, if any, and follow up actions taken on such issues. The Committee also discusses with the Statutory Auditors in the areas of concern, if any.

### 4. REMUNERATION COMMITTEE

The Remuneration Committee comprised of three Independent Directors viz. Shri A. K. Shah (Chairman), Capt. J.P. Singh and Capt. V.K. Raichand.

The Committee reviews and determines the remuneration package including the Performance Incentive, if any, payable to the Managing Director.

Details of Directors' Remuneration for the year ended September 30, 2006:

Non-Executive Directors

(Rs.)

Name	Sitting fees
Shri Udayan Chinubhai	6,000
Shri A.K.Shah	8,000
Capt. J.P. Singh	8,000
Capt. V.K. Raichand	8,000
Dr P. N. Mishra	2,000

## THE BARODA RAYON CORPORATION LIMITED

### 5. SHARE HOLDER-CUM INVESTOR GRIEVANCES COMMITTEE:

The Shareholders'/Investors' Grievance Committee comprises of Capt. J.P. Singh, Capt. V.K. Raichand and Shri S.P. Gaekwad. Shri R. Devarajan, Company Secretary has been designated as Compliance Officer of the Company.

The Committee reviews the redressal of shareholders' complaints relating to transfer, transmission, non-receipt of annual reports and other shares related complaints. The Committee also periodically reports to the Board in each Board Meeting the number and category of the shareholders complaints received and status of their resolution.

During the year ended September 30, 2006, the Company had received a letter from the Investor, which was attended in time frame of 15 days.

Shri P S Gaekwad, Managing Director, is authorized to transfer the shares.

The Committee met 4 times during the year. There were no outstanding complaints as on September 30, 2006.

### 6. MANAGEMENT

#### 6.1 A Report on Management Discussion and Analysis.

The Management Discussion and Analysis forms part of this Annual Report.

#### 6.2 Disclosure of material transaction.

During the year there was no material financial or commercial transaction which had potential interest of the Senior Management Personnel or which might have had potential conflict with the interest of the Company.

#### 6.3 Accounting Policies

The Company has not adopted any Accounting Policy, which is contrary to the Accounting Standards prescribed by the Institute of Chartered Accountants of India.

### 7. SHAREHOLDERS

#### Disclosure regarding re-appointment of the Directors.

The requisite information, pursuant to clause 49 of the Listing Agreement, in respect of directors i.e. Shri A K Shah, Shri P.S. Gaekwad, Shri Robert Petty, Shri Narayan K. Seshadri are annexed hereto.

### 8. GENERAL BODY MEETINGS

#### Details of last three Annual General Meetings Held:

Particulars	F.Y.2002-2003	F.Y.2003-2004	F.Y.2004-2005
Day	Tuesday	Tuesday	Thursday
Date	30 <sup>th</sup> December, 2003	29 <sup>th</sup> March, 2005.	30 <sup>th</sup> March, 2006.
Time	9.00 a.m.	9.00 a.m.	9.00 a.m.
Venue	Gandhi Smurti Hall Timaliyawad, Near Jeevan Bharati School, Nan Pura Surat 395 001	Gandhi Smurti Hall Timaliyawad, Near Jeevan Bharati School, Nan Pura Surat 395 001	Gandhi Smurti Hall Timaliyawad, Near Jeevan Bharati School, Nan Pura Surat 395 001
Special Resolution	1(One)	Nil	1 ( One )



## THE BARODA RAYON CORPORATION LIMITED

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Given below are the Special Resolutions passed at the last three Annual General Meeting.  
-December 30, 2003  
-March 30, 2006

During the year under review the Company has not passed any resolution by Postal Ballot.

### 9. DISCLOSURES

#### a. Related Party Transactions

During the year, there were no transaction of material nature, with the Promoters, Directors and relatives, the Management and the Company's Subsidiaries, that had potential conflict with the interest of the Company.

#### b. Compliance by the Company

The Company was closed during the period 1999-2004. As such the Stock Exchanges had suspended trading in the Company. Post restart of operations, the Company is in the process of meeting all the requirements of the Stock Exchanges, SEBI and other statutory authorities on matters relating to capital market. Necessary application have been made to BSE for revocation of suspension, listing of reduced capital and listing of new issue pursuant to BIFR order.

#### c. CEO/CFO Certification

The Managing Director and Chief Financial Officer have certified to the board with regards to the financial statement and other matters as required by clause 49 of the Listing Agreement. The Certificate is contained in this Annual Report.

#### d. Non Mandatory Requirements

The Company has implemented the following non-mandatory requirements as prescribed under clause 49 of the Listing Agreement:

##### i. The Board

No specific tenure has been specified for the independent Directors.

##### ii. Remuneration Committee

Details of the Remuneration Committee are given under para 5 of this Report.

##### iii. Audit Qualification

The audit qualifications have been replied and they form a part of the main body of the Directors Report

The board may consider adopting other non-mandatory requirements from time to time, as appropriate.

#### e. Auditors' Certificate on Corporate Governance

The Company has obtained a Certificate from the Auditors of the Company regarding compliance with the provisions of the Corporate Governance laid down in Clause 49 of the Listing Agreement with the Stock Exchange, which is annexed.

# THE BARODA RAYON CORPORATION LIMITED

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## ADDITIONAL SHAREHOLDER INFORMATION

### 10.1 FORTHCOMING ANNUAL GENERAL MEETING

**Annual General Meeting** : **Wednesday the 28<sup>th</sup> March, 2007 at 9.00 a.m.**  
**Day, Date, Time & Venue** Gandhi Smurti Hall, Timaliyawad,  
Near Jeevan Bharati School, Nan Pura,  
Surat 395 001

### 10.2 FINANCIAL CALENDER

The financial year – 1<sup>st</sup> October , 2005 to 30<sup>th</sup> September, 2006.

### 10.3 BOOK CLOSURE

The Register of Members of the Company will remain closed from Monday the , 26<sup>th</sup> March, 2007 to Tuesday the 27<sup>th</sup> March , 2007 (both days inclusive).

### 10.4 LISTING ON STOCK EXCHANGES & SHARE CODE NOS.

The shares of the Company are listed currently on Bombay Stock Exchange Limited (Regional Stock Exchange), The Ahmedabad Stock Exchange and The Delhi Stock Exchange.

The Code no. of the share in Stock Exchange is 0770.

### 10.5 REGISTRARS AND SHARE TRANSFER AGENTS

M/s. Sharex Dynamic (India) Pvt. Ltd.,  
17-B, Dena Bank Building,  
2<sup>nd</sup> Floor, Horniman Circle,  
Mumbai-400 001.

### 10.6 SHARE TRANSFER SYSTEM

Shares lodged in physical form for transfer, are usually transferred within 15 days, if the documents are clear in all aspects. Requests received for dematerialisation of shares are processed and the confirmation is given by the Registrars & Share Transfer Agents to the Depositories within 15 days.

## THE BARODA RAYON CORPORATION LIMITED

### 10.7 DISTRIBUTION OF SHAREHOLDING PATTERN AS ON SEPTEMBER 30, 2006

	CATEGORY	NO OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
1	Promoters	11093771	48.420
2	Mutual Funds and UTI	12764	0.056
3	Banks, Financial Institutions Insurance Companies (Central/State Govt. Institutions/ Non Government Institutions)	340652	1.487
4	Private Corporate Bodies	75906	0.331
5	NRIs/ OCBs/	506547	2.211
6	FII's	8835435	38.564
7	Indian Public	2046184	8.931
8	Clearing Members	100	0.000
	<b>Total</b>	<b>22911359</b>	<b>100.00</b>

### 10.8 DISTRIBUTION OF SHAREHOLDING AS ON SEPTEMBER 30, 2006

No of Shares	No. of Share Holders	%age	Share Amt. (in Rs.)	%age
Upto 5000	80641	99.71	16220690.00	7.08
5001-10000	115	0.14	837770.00	0.37
10001-20000	36	0.04	494950.00	0.22
20001-30000	15	0.02	363020.00	0.16
30001-40000	4	0.00	141940.00	0.06
40001-50000	7	0.01	321480.00	0.14
50001-100000	21	0.03	1644660.00	0.72
100001 to above	36	0.04	209089080.00	91.26
<b>TOTAL :</b>	<b>80875</b>	<b>100</b>	<b>229113590.00</b>	<b>100.00</b>

### 10.9 DEMATERIALISATION OF SHARES

The Equity Shares of the Company can be traded on the Stock Exchanges only in dematerialised form.

The ISIN number allotted to Equity Shares is INE 461A01024

As on September 30, 2006 about 3.81% of the total Equity Share Capital is held in electronic form.

### 10.10 OUTSTANDING GDR/ADR/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

a. There were no outstanding GDRs/ADRs or any Convertible Instruments for the year under report.

### 10.11 PLANT LOCATIONS

Fatehnagar, Surat 394 220

### 10.12 ADDRESS FOR CORRESPONDENCE

The address for correspondence is:

The Share Department

The Baroda Rayon Corporation Ltd.

P.O. Fatehnagar, Surat 394 220.

## THE BARODA RAYON CORPORATION LIMITED

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### DECLARATION OF THE MANAGING DIRECTOR ON COMPLIANCE WITH THE CODE OF CONDUCT

This is to certify that all the Members of the Board of Directors and Senior Management Personnel (i.e. up to the level of Deputy General Manager) of the Company have confirmed compliance with the Company's Code of Conduct during the period 1<sup>st</sup> October, 2005 to 30<sup>th</sup> September, 2006.

Mumbai  
Dated: 31<sup>st</sup> January 2007

**P S Gaekwad**  
Managing Director

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### CERTIFICATE OF MANAGING DIRECTOR AND VICE PRESIDENT FINANCE ON CORPORATE GOVERNANCE

To

**The Board of Directors**

**The Baroda Rayon Corporation Limited**

We have reviewed financial statements and the cash flow statement of The Baroda Rayon Corporation Limited for the financial year 2005-06 and certify that:

- a. These statements to the best of our knowledge and belief:
  - i. do not contain any materially untrue statements or omit any material facts or contain statements that might be misleading;
  - ii. present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b. to the best of our knowledge and belief, there are no transactions entered in to by the Directors and Senior Management during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct;
- c. we accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of the internal control systems of the Company for such reporting. We have disclosed to the Auditors and the Audit Committee, deficiency, if any, in the design or operation of such internal controls, of which we are aware, and the steps taken and/or proposed to be taken to rectify these deficiency
- d. we have also indicated to the Auditors and the Audit Committee:
  - i. significant changes in the internal control with respect to financial reporting during the year
  - ii. significant changes in accounting policies during the year and this have been disclosed in the notes to the financial statements
- e. to the best of our knowledge and belief, there are no instances of significant fraud involving either the management or employees having a significant role in the Company's internal control system with respect to financial reporting

Mumbai  
Dated: 31<sup>st</sup> January 2007

**P S Gaekwad**  
Managing Director

**R Devarajan**  
Vice President - Finance

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# THE BARODA RAYON CORPORATION LIMITED

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## DESAI & PORWAL

CHARTERED ACCOUNTANTS

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

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### 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 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 2006, 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 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 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 information and records, we hereby certify that there were no Investor grievances remained unattended/ending for more than 30 days as at 30th September 2006.
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  
Date : January 31, 2007

## THE BARODA RAYON CORPORATION LIMITED

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### DESAI & PORWAL

CHARTERED ACCOUNTANTS

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

Tel. : 2879 1709 Telefax : 2879 1708 Email : cpmsvcs@vsnl.com.

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### REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of THE BARODA RAYON CORPORATION LIMITED as at 30th September 2006 and also the Profit and Loss Account of the Company for the year ended 30th September 2006 annexed thereto and the Cash Flow Statements for the year 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 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 are in agreement with the books of account.
  - d) Except as discussed in paragraph (f)(ii),(f)(iii) and note 18 of notes to the accounts of Schedule Z, 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 2006, we report that none of the directors is disqualified as on 30th September 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

## THE BARODA RAYON CORPORATION LIMITED

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f) Attention is invited to

- (i) The financial statements have been prepared on the assumption that the company is a going concern. The comprehensive rehabilitation package is sanctioned by The Board for Industrial and Financial Reconstruction (now referred as BIFR) under the provisions of the Sick Industrial Companies (Special Provisions) Act'1985 for details refer to note 8 of Schedule Z to the Accounts.
- (ii) The Company has provided gratuities liabilities to the extent of employees retired up to the date of Balance Sheet. The accrued gratuities liabilities of Rs. 2006.67 lacs are not provided in the books of accounts., however the Company has disclosed it by way of contingent liabilities in the notes to the Accounts for details refer to note 3(c ) and note 14 of Schedule Z to the accounts. The treatment of said gratuities accounting is contrary to the Accounting Standard 15 on Accounting for Retirement Benefits of employees.
- (iii) No provision for interest has been made for Rs. 86.20 lacs (Previous year Rs.75.61 lacs) of Non-Convertible Redeemable debentures of PNB Asset Management Limited, which is not the member of CDR scheme.

Consequently, the reported loss will be understated by Rs. 86.20 lacs and the accumulated losses will be understated by Rs.86.20 lacs, which is contrary to the recognition of expenditure on accrual basis in compliance of Accounting Standard 5.

5. Subject to our comments/observation referred in Paragraph 4(f)(ii) & ( iii) above & note 11 (a), 13 & 22 of schedule "Z " , 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 30<sup>th</sup> September, 2006; and
  - (ii) In so far as it relates to the Profit & Loss account, of the "Loss" of the Company for the year ended on that date;
  - (iii) In the case of Cash Flow Statement of the cash flow for the year ended on that date.

**FOR DESAI & PORWAL**  
CHARTERED ACCOUNTANTS

PLACE: MUMBAI  
DATE: JANUARY 31, 2007

**P. B. Sheth**  
PARTNER  
Membership No. 44062

## THE BARODA RAYON CORPORATION LIMITED

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### 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.  
(b) *According to the information given to us the Management has not physically verified the Fixed Assets of the Company since 1998-99. Consequently, we are unable to express any comments for any physical discrepancies/differences that may arrive in respect of the said verification of Fixed Assets.*  
(c) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
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 stocks followed by the management are proper in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventory and as per the physical verification of stocks was carried for arriving the discrepancies with comparison to book records; there are no material differences. However the Company has considered the impairment aspect 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 but has taken unsecured loans from eleven parties amounting to Rs. 567.28 lac. The maximum balance outstanding was Rs. 1621.41 lacs.
  - (b) 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.
  - (c) In respect of the interest free unsecured loans, the amounts were repaid as per stipulation.
  - (d) There is no overdue amount in respect of loans taken by the Company. The company had not given loans to any party; hence there were no overdue payments.
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, fixed assets and sale of In addition, the system of confirmation / reconciliation of balances need to be strengthened to make them commensurate with the size of the Company and the nature of its business.
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 restructured the provisions of repayment of deposits along with interest thereon as per comprehensive rehabilitation scheme of BIFR, which is in compliance with Section 58A & 58AA



## THE BARODA RAYON CORPORATION LIMITED

of the Companies Act, 1956, and the rules framed there under with regard to deposits accepted from public. By virtue of the rehabilitation scheme of BIFR, all the claims relating to future and past interest is waived and the Company has to repay the 100% principal dues as on 31.03.2003 in five equal installments after 5 years from 22.05.2006 viz. date of the scheme. 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.

7. In our opinion, the Company has 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 on account of lack of key person in the Cost department.
9. (a) The statutory liabilities are restructured and deferred as per the comprehensive rehabilitation scheme approved by the BIFR; however various statutory agencies are in the process of granting their sanction as per said scheme for deferment and settlement of said liabilities. Hence, we are reporting the Undisputed statutory dues including provident fund, Investor Education and Protection fund, Employee's State Insurance, Income tax, Sales tax, Custom duty, Excise duty, Cess 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.	Sales Tax	479.86
b.	Custom Duty	680.93
c.	Excise Duty (Including penalty of Rs. 5 lac)	198.38
d.	Interest on excise duty	474.58
e.	Wealth Tax	4.00
f.	Provident Fund dues	550.01
g.	Employee's State Insurance dues	161.17
h.	Water Charges	929.02
i.	Gujarat Electricity Board	1007.26
j.	Textile Committee Cess	10.19
k.	Water Cess (Gujarat Pollution Control Board)	3.96
l.	Electricity Duty (Power plant)	415.68
m.	Income tax (TDS)	17.57

**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 against which the Company has deposited Rs. 114.57 lacs. The

## THE BARODA RAYON CORPORATION LIMITED

said demand other than penalty amount will be dropped on payment of Rs. 385.01 lac through Personal Ledger Account and the Excise authorities reimburse the same amount to CENVAT of Input account.

- (ii) The said statutory dues are given as per the information and records produced before us. The company has received various notices from E.S.I., Provident fund offices claiming interest, damages and penalty for delay in deposit of their dues, which is not ascertainable, hence it is not provided in the books.
- (b) According to the information and explanation given to us, the company has disputed dues of 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)	51.27	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)	11.71	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

10. The company has accumulated losses at the end of the financial year of Rs.16324.21 lacs lac; however it has generated cash loss Rs.2177.51 lacs in the current year against the cash losses of Rs 5398.58 lacs for immediately preceding year. The net worth were eroded since financial year 1999-2000 and till date the company's accumulated losses is more than its net worth by Rs.3647.3 lacs.
11. The Company has paid all the dues to CDR members, however, PNB Asset Management Limited which is not participating member under CDR scheme is as under:

(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
Debenture Holders	184.92	196.76	320.20	701.88	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 statue applicable to chit fund and nidhi/mutual benefit funds/societies.

## THE BARODA RAYON CORPORATION LIMITED

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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 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.
18. The Company has made preferential allotment of shares to parties or companies covered under Section 301 of the Act as per rehabilitation scheme of BIFR.
19. According to the information and explanations given to us, the company has issued debentures during the year as per rehabilitation scheme of BIFR.
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

**P. B. SHETH**  
PARTNER  
Membership No. 44062

PLACE: MUMBAI  
DATE : JANUARY 31, 2007

# THE BARODA RAYON CORPORATION LIMITED

## BALANCE SHEET AS AT 30TH SEPTEMBER, 2006

SOURCES OF FUNDS:	SCHEDULE	RS IN LACS YEAR ENDED SEP 30, 2006	RS IN LACS YEAR ENDED SEP 30, 2005
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	A	2,291.14	5,087.68
Reserves & Surplus	B	27,568.89	9,752.49
		<b>29,860.03</b>	<b>14,840.17</b>
<b>LOAN FUNDS</b>			
Secured Loans	C	5,085.93	5,033.41
Unsecured Loans	D	1,283.34	3,681.05
		<b>6,369.27</b>	<b>8,714.46</b>
<b>Non Current Liabilities</b>	E	12,111.29	-
<b>Total</b>		<b>48,340.59</b>	<b>23,554.63</b>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS</b>			
Gross Block	F	52,139.77	30,374.50
Less : Depreciation		24,295.29	23,518.48
Net Block		27,844.47	6,856.02
Capital Work In Progress		46.69	4,459.17
		<b>27,891.17</b>	<b>11,315.19</b>
<b>INVESTMENTS</b>	G	606.20	599.35
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>			
Inventories	H	1,643.96	717.69
Sundry Debtors	I	360.38	234.10
Cash and Bank Balances	J	907.02	147.15
Loans & Advances	K	1,053.52	3,192.52
		<b>3,964.88</b>	<b>4,291.46</b>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS :</b>			
Current Liabilities	L	445.87	11,330.68
Provision	M	-	1,769.09
		<b>445.87</b>	<b>13,099.77</b>
<b>NET CURRENT ASSETS</b>		<b>3,519.01</b>	<b>(8,808.31)</b>
MISCELLANEOUS EXPENDITURE	N	-	10.79
PROFIT & LOSS ACCOUNT	O	16,324.21	20,437.61
<b>Total</b>		<b>48,340.59</b>	<b>23,554.63</b>

Significant accounting policies & Notes onAccounts

As per our report of even date.  
**FOR DESAI & PORWAL**  
**CHARTERED ACCOUNTANTS**

**P.B.SETH**  
**PARTNER**  
**MUMBAI**  
 January 31, 2007

**S.P.GAEKWAD**  
 CHAIRMAN  
**A.K. SHAH**  
 DIRECTOR  
**CAPT. V.K. RAICHAND**  
 DIRECTOR  
**ROBERT D. PETTY**  
 DIRECTOR

**Z**  
**FOR BARODA RAYON CORPORATION LTD.**

**P.S.GAEKWAD**  
 MANAGING DIRECTOR  
**CAPT.J.P.SINGH**  
 DIRECTOR  
**NARYAN SESHADRI**  
 DIRECTOR  
**DR. P.N.MISHARA**  
 DIRECTOR

# THE BARODA RAYON CORPORATION LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2006

SOURCES OF FUNDS:	SCHEDULE	RS IN LACS YEAR ENDED SEP 30,2006	RS IN LACS YEAR ENDED SEP 30, 2005
<b>INCOME</b>			
Sales (Net of Returns)	<b>P</b>	10,656.97	4,779.90
Less : Excise Duty		915.13	692.53
		<u>9,741.84</u>	<u>4,087.38</u>
Other Income	<b>Q</b>	47.77	226.20
		<u><b>9,789.61</b></u>	<u><b>4,313.58</b></u>
<b>EXPENDITURE:</b>			
Materials consumed.	<b>R</b>	5,250.76	1,956.87
Payment to and Provision for Employee	<b>S</b>	2,082.31	2,386.40
Manufacturing & Other expenses	<b>T</b>	3,250.97	2,462.59
Interest	<b>U</b>	586.91	711.82
Administrative & Other Expenses	<b>V</b>	756.88	761.74
Selling & Distribution Expenses	<b>W</b>	664.47	187.27
		<u>12,592.30</u>	<u>8,466.69</u>
		(2,802.69)	(4,153.11)
Increase / ( Decrease) in stocks	<b>X</b>	750.16	238.15
Profit / (Loss) Before Depreciation and Taxation		<u>(2,052.54)</u>	<u>(3,914.97)</u>
Less : Depreciation		904.89	871.27
Profit / (Loss) Before Taxation		<u>(2,957.42)</u>	<u>(4,786.23)</u>
Less : Provision for Taxation		-	-
Profit after Taxation		<u>(2,957.42)</u>	<u>(4,786.23)</u>
Less : Taxation of earlier years		(13.00)	-
Less : Fringe Benefit Tax		(10.81)	-
<b>Add : EXTRAORDINARY ITEMS</b>	<b>Y</b>	1,221.68	(1,740.76)
<b>PROFIT/(LOSS) AVAILABLE FOR APPROPRIATION</b>		<u>(1,759.56)</u>	<u>(6,526.99)</u>
Balance as per last year's Balance Sheet		<u>(20,437.61)</u>	<u>(13,910.62)</u>
		<u>(22,197.16)</u>	<u>(20,437.61)</u>
Profit & Loss Appropriation account		5,872.96	-
Balance Carried to Balance Sheet		<u>(16,324.21)</u>	<u>(20,437.61)</u>
Significant accounting polices & Notes onAccounts Basic / diluted EPS (Rs.)	<b>Z</b>	(8.79)	(10.37)

As per our report of even date.  
**FOR DESAI & PORWAL**  
**CHARTERED ACCOUNTANTS**

**P.B.SETH**  
**PARTNER**  
**MUMBAI**  
**January 31, 2007**

**FOR BARODA RAYON CORPORATION LTD.**

<p><b>S.P.GAEKWAD</b> CHAIRMAN</p> <p><b>A.K. SHAH</b> DIRECTOR</p> <p><b>CAPT. V.K. RAICHAND</b> DIRECTOR</p> <p><b>ROBERT D. PETTY</b> DIRECTOR</p>	<p><b>P.S.GAEKWAD</b> MANAGING DIRECTOR</p> <p><b>CAPT. J.P.SINGH</b> DIRECTOR</p> <p><b>NARYAN SESHADRI</b> DIRECTOR</p> <p><b>DR. P.N.MISHARA</b> DIRECTOR</p>
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**CERTIFIED TRUE COPY**  
**For THE BARODA RAYON**  
**CORPORATION LTD.**  
*Devi S. J.*  
**Authorised Signatory**

# THE BARODA RAYON CORPORATION LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2006

	30th Sep. 2006	30th Sep. 2005
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net ( Loss ) / Profit before Extraordinary items	(2,957.42)	(4,786.23)
<b>Adjustment for :</b>		
Depreciation	904.89	871.27
Provision for Gratuity/ others	0	271.65
Baddebts / provision for Doubtful Debts/ Advances	0	(31.49)
Miscellaneous expenses W/off	(10.79)	
Loss on account of Extraordinary Items	1,221.68	(1,740.76)
Provision for Taxation	23.81	
Loss on account of sale of assets	0	(0.02)
Interest Expenses	0	711.82
Operating Profit before working Capital Changes	(817.84)	(4,703.76)
<b>Adjustment for :</b>		
Trade & other receivables	(126.28)	574.07
Inventories	(926.27)	551.09
Loans & Advances	2,139.00	(523.23)
Trade Payable & other liabilities	(542.61)	1,939.48
Cash generated from Operations	(274.01)	(2,162.35)
Interest paid- Gross	0	(153.32)
Cash flow Before extraordinary items	(274.01)	(2,315.67)
Extraordinary items - Misc. expenditure		8.83
<b>Net Cash flow from Operating Activities ( A )</b>	<b>(274.01)</b>	<b>(2,306.84)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(617.72)	(203.65)
Purchase of Investment	6.85	
Sale of Fixed Assets	314.78	
Dividend Income		0.01
<b>Net Cash flow from Operating Activities ( B )</b>	<b>(309.79)</b>	<b>(203.64)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Repayment / Increase of Borrowings	(1,367.43)	2,613.62
Interest written Back		0.12
Proceeds from call arrears		
Increase In share Capital	883.54	
Increase in share premium	1,827.56	
<b>Net Cash flow from Financing Activities ( C )</b>	<b>1,343.67</b>	<b>2,613.74</b>
<b>Net (Decrease )/ Increase in Cash &amp; cash equivalents ( A + B + C )</b>	<b>759.87</b>	<b>103.26</b>
Cash & Cash equivalents at start of the year	147.15	43.88
Cash & Cash equivalents at close of the year	907.02	147.15

As per our report of even date.  
FOR DESAI & PORWAL  
CHARTERED ACCOUNTANTS

P.B.SETH  
PARTNER  
MUMBAI  
January 31, 2007

FOR BARODA RAYON CORPORATION LTD.

S.P.GAEKWAD  
CHAIRMAN  
A.K. SHAH  
DIRECTOR  
CAPT. V.K. RAICHAND  
DIRECTOR  
ROBERT D. PETTY  
DIRECTOR

P.S.GAEKWAD  
MANAGING DIRECTOR  
CAPT. J.P.SINGH  
DIRECTOR  
NARYAN SESHADRI  
DIRECTOR  
DR. P.N.MISHARA  
DIRECTOR

# THE BARODA RAYON CORPORATION LIMITED

Schedules 'A' to 'Z' forming part of the Accounts as at 30 TH September 2006

	RS IN LACS YEAR ENDED SEP 30,2006	RS IN LACS YEAR ENDED SEP 30,2005
<b>SCHEDULE "A"</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised :</b>		
130000000 Equity Shares of Rs.10/- each ( Previous Year 130000000 Equity Shares of Rs.10/- Each )	13,000.00	13,000.00
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 )	2,000.00	2,000.00
Total	15,000.00	15,000.00
<b>Issued subscribed &amp; Paid Up capital</b>		
22911359 ( Previous Year 46133933) Equity Shares of Rs. 10/- each fully paid up	2,291.14	4,613.40
Share Application Money	-	1,011.00
Less : Calls in arrears		
( I ) By Directors	-	-
( II ) By Other	-	537.04
	2,291.14	5,087.36
	2,291.14	5,087.36
Capital Suspense :		0.32
Amount transferred from General Reserve in respect of 3190 Bonus Shares remaining to be allotted ( Previous Year 3190 Shares of Rs.10/- each ) (Please also see note no 8 of schedule " Y " )		
Total	2,291.14	5,087.68
<b>SCHEDULE "B"</b>		
<b>RESERVES AND SURPLUS :</b>		
<b>Share Premium Account :</b>		
As per last Balance Sheet	2,365.41	2,365.41
Add : Received during the year	2,827.56	-
	5,192.97	2,365.41
<b>Capital Reserve :</b>		
As per last Balance Sheet	0.16	0.16
Add : Received/ transfer during the year	3,669.04	-
	3,669.20	0.16
<b>Capital Redemption Reserve :</b>		
As per last Balance Sheet	119.41	119.41
Add : Received/ ( transfer ) during the year	(119.41)	-
	-	119.41
<b>Debentures Redemption Reserve :</b>		
As per last Balance Sheet	1,132.90	1,132.90
Add : Received/ transfer during the year	9.64	-
	1,142.54	1,132.90
<b>Investment Allowance Reserve</b>		

**For THE BARODA RAYON  
CORPORATION LTD.**

*(Signature)*  
Authorized Signatory

## THE BARODA RAYON CORPORATION LIMITED

	RS IN LACS YEAR ENDED SEP 30,2006	RS IN LACS YEAR ENDED SEP 30,2005
As per last Balance Sheet	1,196.09	1,196.09
Add : Received / ( transfer ) during the year	(1,196.09)	-
	-	1,196.09
<b>Export Profit Reserve</b>		
As per last Balance Sheet	4.60	4.60
Add : Received during the year	(4.60)	-
	-	4.60
<b>Lease Special Reserve :</b>	381.06	381.06
<b>Revaluation Reserve</b>	17,183.12	-
<b>Reconstruction Reserve :</b>		
As per last Balance Sheet	4,552.86	4,552.86
Add : Received / ( transfer ) during the year	(4,552.86)	-
	-	4,552.86
	<b>27,568.89</b>	<b>9,752.49</b>
<b>SECURED "C"</b>		
<b>SECURED LOANS</b>		
(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
(ii) ICICI Ltd. Rupee Loan	-	37.75
(iii) Industrial Finance Corporation of India Ltd. Foreign Exchange Loan	-	115.56
(iv) Industrial Development Bank of India Ltd. Foreign Exchange Loan	-	28.52
(v) Series II Secured Non-Convertible Redeemable Debentures	186.86	389.77
(vi) Series III Secured Non-Convertible Redeemable Debentures	-	693.52
(vii) 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
(viii) Secured Non-convertible Redeemable Debenture Privately Placed with Life Insurance Corporation of India, Unit Trust of India and General Insurance Corporation of India and its subsidiaries,	-	233.32
(ix) ICICI Ltd. Rupee Loan	-	328.50
(x) Bank against Hypothecation of stock-in-Trade and Stores	-	581.86
(xi) Interest accrued and due	196.78	1,221.19
(xii) Yes Bank Working Capital Loan	2,500.00	1,110.85
(xii) Secured Non-Convertible redeemable Debentures (The said debentures will be redeemed in bullet at end of three years without claiming any set off and can be prepaid with no prepayment premium. The coupon rate for said debenture is 10% P.A. plus applicable interest tax for 1st year to be paid at quarterly without claiming any set off and after one year the rate of interest will be 14% P.A. plus applicable interest tax to be paid quarterly without claiming any set off.)	1,390.00	
(xiii) Optionally Cumulative Convertible Debentures (Secured against Fixed assets in Pari Passu with other long term loans)	800.00	
(xiv) Secured loan against hypothecation of Vehicles	12.29	
<b>Total</b>	<b>5,085.93</b>	<b>5,033.41</b>



## THE BARODA RAYON CORPORATION LIMITED

	RS IN LACS YEAR ENDED SEP 30,2006	RS IN LACS YEAR ENDED SEP 30,2005
<b>SCHEDULE "D"</b>		
<b>UNSECURED LOANS</b>		
Unit Trust of India	-	250.00
Interest accrued on Fixed Deposit / Loans	-	224.47
Public	237.39	237.69
Companies	1,045.95	1,942.81
Accrued Interest	-	275.09
	1,283.34	2,930.06
Add: FCD forfeited amount	-	0.99
Advance against optionally convertible cum. Deb.	-	750.00
	1,283.34	3,681.05
Total	1,283.34	3,681.05

### SCHEDULE "E"

#### NON CURRENT LIABLITIES

Sundry Creditors	9,769.33	-
Other Liabilities	939.90	-
Provision for Gratuity	1,339.24	-
Provision for taxation	62.83	-
	12,111.29	
	12,111.29	

# THE BARODA RAYON CORPORATION LIMITED

YEAR October 2005 - September 2006

## FIXED ASSETS : Schedule - F

Description of Assets.	GROSS BLOCK (at cost)				DEPRECIATION				Net Block as on 30.9.2006
	As at 01.10.2005	Addition/ Transfer (Impairment)	Deduction (Revaluation/ Impairment)	As at 30.9.2006	Accumulated upto 01.10.2005	Provided during the Year	Win/back during the Year	Dep on Accumulated upto 30.9.2006	
A.1 Land (Free hold)	12.20	0.00	3846.67	7.36	3851.52	0.00	0.00	0.00	3851.52
A.2 Roads	39.11	0.00	0.00	5.63	33.48	0.64	2.04	0.00	17.43
A.3 Buildings	2624.59	0.00	4811.96	394.56	7041.99	67.50	127.05	0.22	1194.33
A.4 Plant & Machineres	27014.86	506.38	12608.07	0.00	40129.31	821.88	0.00	3.57	22458.21
A.5 Tube Wells	3.24	0.00	6.97	0.00	10.21	0.00	0.00	0.00	3.08
A.6 Waterworks & Pipelines	63.67	0.00	137.02	0.00	200.69	0.00	0.00	0.04	60.53
A.7 Railway Slidings	10.57	0.00	22.74	0.00	33.31	0.00	0.00	0.01	10.05
A.8 Furniture, Fixture & Equipments	458.58	11.93	212.71	2.52	680.69	12.73	2.40	0.04	411.07
A.9 Vehicles	142.53	52.73	0.02	36.71	158.57	2.18	0.52	0.00	140.60
<b>Total</b>	<b>30369.35</b>	<b>571.03</b>	<b>21646.17</b>	<b>446.78</b>	<b>52139.77</b>	<b>904.93</b>	<b>132.00</b>	<b>3.88</b>	<b>24295.29</b>
<b>Previous Year Total</b>	<b>30170.85</b>	<b>203.65</b>	<b>0.00</b>	<b>0.00</b>	<b>30374.50</b>	<b>871.27</b>	<b>0.00</b>	<b>0.00</b>	<b>23518.48</b>
Capital Work-in-Progress									
A.10 Plant & Machinery U/E	2338.30	0.00	2338.30	0.00	0.00				0.00
A.11 Capital Work in progress	2065.91	21.25	2085.91	21.25	21.25				21.25
A.12 Civil Work in progress	54.97	25.44	54.97	25.44	25.44				25.44
<b>SUB TOTAL</b>	<b>4459.17</b>	<b>46.69</b>	<b>(4459.17)*</b>	<b>0.00</b>	<b>46.69</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>46.69</b>
Depreciation on Revalued									
<b>GR. TOTAL</b>	<b>34828.52</b>	<b>617.72</b>	<b>17183.12</b>	<b>446.78</b>	<b>52182.58</b>	<b>904.93</b>	<b>132.00</b>	<b>3.88</b>	<b>24295.29</b>
									<b>27891.17</b>

# THE BARODA RAYON CORPORATION LIMITED

RS IN LACS YEAR ENDED SEP 30,2006	RS IN LACS YEAR ENDED SEP 30,2005
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## SCHEDULE "G"

### INVESTMENT ( AT COST ) :

#### Long Term

#### QUOTED :

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

#### 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/-)	-	-
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
ICICI- Mutaui Fund	6.85	-

#### Current Investment Quoted

657782 Units of Rs 10/ each of Unit Trust of India	-	-
<b>Total</b>	<b>606.20</b>	<b>599.35</b>

## SCHEDULE "H"

### INVENTORIES :

( As valued and certified by the management )

Raw Materials at cost	208.21	21.70
Stock In Process at cost of Estimated Realisable value Whichever	391.04	107.51
Finished Goods at Cost or Market Valued whichever is Lower	926.40	459.78
Stores and Spare parts and Consumable at Cost	118.30	128.70
<b>Total</b>	<b>1,643.96</b>	<b>717.69</b>

## SCHEDULE "I"

### SUNDRY DEBTORS :

( Unsecured )

Debts outstanding for a period exceeding six month		
Considered good	85.68	7.38
Consider Doubtful	-	-
	85.68	7.38
Other Debts : Considered Good	360.38	226.72
	446.06	234.10
Less : Provision for Doubtful Debts	85.68	-
<b>Total</b>	<b>360.38</b>	<b>234.10</b>

## THE BARODA RAYON CORPORATION LIMITED

	RS IN LACS YEAR ENDED SEP 30,2006	RS IN LACS YEAR ENDED SEP 30,2005
<b>SCHEDULE "J"</b>		
<b>CASH AND BANK BALANCE :</b>		
Cash on Hand	13.08	35.95
Cheques on Hand	379.52	-
<b><u>With Scheduled Banks :</u></b>		
In Current Accounts	261.25	110.99
In Fixed Deposits	253.18	0.21
	514.43	111.20
<b>Total</b>	<b>907.02</b>	<b>147.15</b>

### SCHEDULE "K"

#### LOAN AND ADVANCES

( UNSECURED )

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

Advances to Suppliers	492.46	1,266.22
Deposits	274.34	
Other advances	52.41	
Advances to Parties	353.61	
	1,172.83	1,266.22
Less : Provision for Doubtful Advances	300.61	100.61
	872.22	1,165.61
Advance payment of tax	-	98.39
Deposits With Customs, Port Trust and Excise Authorities	181.30	95.86
Advance payment of CDR Scheme	-	1,832.65
<b>Total</b>	<b>1,053.52</b>	<b>3,192.52</b>

### SCHEDULE "L"

#### CURRENT LIABILITIES

Duties & Taxes	12.23	-
GOG	135.67	-
Central Government	-	-
Staff Related Libalities	-	-
Sundry Creditors	297.97	10,680.15
Credit Balances of Debtors	-	-
Other libalities	-	650.53
Non Current Libalities payable within one year	-	-
<b>Total</b>	<b>445.87</b>	<b>11,330.68</b>

## THE BARODA RAYON CORPORATION LIMITED

	RS IN LACS YEAR ENDED SEP 30,2006	RS IN LACS YEAR ENDED SEP 30,2005
<b>SCHEDULE "M"</b>		
<b>PROVISIONS:</b>		
<u>Provision for Taxation</u>		
Income Tax	-	192.26
Wealth Tax	-	9.62
	-	201.88
<u>Provision for Gratuity</u>	-	1,567.21
<b>Total</b>	<b>-</b>	<b>1,769.09</b>
<b>SCHEDULE "N"</b>		
<b>MISCELLANEOUS EXPENDITURE :</b>		
Deferred Revenue Expenditure	10.79	19.62
As per last Balance Sheet		
Add : Additions During the year	-	-
	10.79	19.62
Less : written off during the year	10.79	8.83
<b>Total</b>	<b>-</b>	<b>10.79</b>
<b>SCHEDULE "O"</b>		
<b>PROFIT &amp; LOSS ACCOUNT :</b>		
Profit/(Loss) as per Profit & Loss Account	16,324.21	20,437.61
Less : Transferred from General Reserve	-	-
<b>Total</b>	<b>16,324.21</b>	<b>20,437.61</b>

## THE BARODA RAYON CORPORATION LIMITED

	RS IN LACS YEAR ENDED SEP 30,2006	RS IN LACS YEAR ENDED SEP 30,2005
<b>SCHEDULE "P"</b>		
<b>SALES ( Net of Returns ) :</b>		
Yarns( Local)	10,327.86	4,588.06
Chemicals	156.37	-
Waste	170.85	-
Others	1.90	191.84
Total	<u>10,656.97</u>	<u>4,779.90</u>
<b>SCHEDULE "Q"</b>		
<b>OTHER INCOME</b>		
<b>INCOME FROM INVESTMENTS</b>		
Units	8.85	0.01
	<u>8.85</u>	<u>0.01</u>
<b>INTEREST :</b>		
From Bank & Other	15.11	0.02
	<u>15.11</u>	<u>0.02</u>
Provision for Debtors written back	-	31.49
Recovery from Staff	4.32	-
Scrap Sales	19.48	194.68
	<u>23.80</u>	<u>226.17</u>
Total	<u>47.77</u>	<u>226.20</u>
<b>SCHEDULE "R"</b>		
<b>MATERIALS CONSUMED</b>		
Opening Stock	21.70	41.79
Add : Purchases	5,437.27	1,936.79
	<u>5,458.98</u>	<u>1,978.58</u>
Less : Closing Stock	208.21	21.70
Total	<u>5,250.76</u>	<u>1,956.87</u>

## THE BARODA RAYON CORPORATION LIMITED

RS IN LACS YEAR ENDED SEP 30,2006	RS IN LACS YEAR ENDED SEP 30,2005
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### SCHEDULE "S"

#### PAYMENTS TO AND PROVISION FOR EMPLOYEES

Salaries , Wages , Bonus, Gratuity & Other Payments	1,685.84	1,946.32
Contribution to Provident Fund & Other Schemes	346.42	318.62
Welfare Expenses	50.04	121.46
	<hr/>	<hr/>
Total	<b>2,082.31</b>	<b>2,386.40</b>

### SCHEDULE "T"

#### Manufacturing & Other Expenses

Stores, Spare Parts, Consumables etc.	332.63	656.15
Power and Fuel	1,708.27	1,501.78
Rates & Taxes	294.54	263.62
Repairs to Plant & Machinery	16.93	15.63
Repairs to Factory Buildings	0.72	1.08
Service and Maintenance & Security Charges	4.91	24.34
Water Charges	123.99	-
Labour Charges ( Job Work )	164.03	-
Chemicals & packing material	604.98	-
	<hr/>	<hr/>
Total	<b>3,250.97</b>	<b>2,462.59</b>

### SCHEDULE "U"

#### INTEREST :

On Debentures	77.71	-
On Fixed Loans	295.26	22.70
On Lease Rent	-	-
Bank Charges	10.86	-
Others	203.07	689.13
	<hr/>	<hr/>
Total	<b>586.91</b>	<b>711.82</b>

## THE BARODA RAYON CORPORATION LIMITED

SCHEDULE "V"	RS IN LACS YEAR ENDED SEP 30,2006	RS IN LACS YEAR ENDED SEP 30,2005
<b>ADMINISTRATIVE AND OTHER EXPENSES :</b>		
Rent	9.20	2.37
Repairs to Administrative Buildings	0.14	0.05
Service and Maintenance	2.36	6.01
Insurance	16.20	1.41
Bank Charges , Guarantee Commission etc.	2.44	69.51
Conveyance & Travelling	88.23	-
Communication Expenses	33.84	-
Advertisement	0.23	0.15
Rates and Taxes	-	38.63
Printing & Stationery	16.08	46.79
Legal and Professional Charges	419.51	237.17
	<b>588.24</b>	<b>402.09</b>
Auditor's Remuneration :		
(A) (i) Audit Fees	3.50	4.25
(ii) Service Tax	0.43	0.16
	<b>3.93</b>	<b>4.41</b>
(B) In Other Capacity :		
(i) Certification Charges	0.50	(0.04)
(ii) Service Tax	0.06	0.04
	<b>0.56</b>	<b>-</b>
Membership & Subscription	2.07	-
Office Exeprises	2.82	-
Vehicle running & Maintance	21.34	-
Miscellaneous Expenses	121.16	346.41
Canteen Expenses	5.98	-
Deferred Revenue Expenses Written Off	10.79	8.83
	<b>164.16</b>	<b>355.24</b>
Total	<b>756.89</b>	<b>761.74</b>
<b>SCHEDULE "W"</b>		
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Commission	102.35	19.06
Brokerage	7.31	-
Freight	50.93	22.88
Octroi	-	-
Cash Discount	108.84	144.77
Others	303.50	0.60
Total	<b>664.47</b>	<b>187.27</b>



## THE BARODA RAYON CORPORATION LIMITED

SCHEDULE "X"	RS IN LACS YEAR ENDED SEP 30,2006	RS IN LACS YEAR ENDED SEP 30,2005
<b>INCREASE / ( DECREASE ) IN STOCK</b>		
Closing Stock :		
Stock in Process	391.04	107.51
Finished Goods	926.40	459.78
	<b>1,317.45</b>	<b>567.29</b>
Less : Opening Stock		
Stock in Process	107.51	147.04
Finished Goods	459.78	182.10
	<b>567.29</b>	<b>329.15</b>
Net Increase / ( Decrease) in Stock	<b>750.16</b>	<b>238.15</b>

### SCHEDULE "Y"

#### EXTRAORDINARY ITEMS :

Profit on Sales of Assets	106.86	-
Interest Written Back	1,346.65	-
Prior Period Income/(Expenses)/written off/(impairment)	(231.84)	(1,740.76)
Total	<b>1,221.68</b>	<b>(1,740.76)</b>

## THE BARODA RAYON CORPORATION LIMITED

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### SCHEDULES " Z "

#### 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**  
Long-term investment is stated at cost. Provision is made to recognize a decline, other than temporary, in the value of long term investment. Current Investments are stated at lower of cost and fair value.
- (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(LIC) for the payment of gratuity. The said policy had lapsed due to non payment of premium by the company during the period of closure. The company is in discussion with LIC for revival of the said policy. The Company is currently making provision in respect of the superannuation benefits to employees who move out from the company during the year.
- (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. As the assets have been revalued to reflect the current prices. AS-6 has been followed in respect of Depreciation.
- (h) **Fixed Assets**  
Fixed assets were being 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

## THE BARODA RAYON CORPORATION LIMITED

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liability as at the Balance Sheet date, have been added to the cost of the Fixed Assets. Depreciation is provided on such increased costs. However, as on 30.09.06, the fixed assets have been revalued and the revalued figure have been incorporated. The revaluation was done by M/s Anmol Shekhari & Associates, Mumbai.

### (h) Foreign Currency Valuation

- i. Transaction of foreign currencies is recorded on the date of commercial invoice / remittance at the exchange rate prevailing on that date.
- ii. Non monetary foreign currency items are carried at cost.
- iii. Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the profit and loss account except in case where they relate to the acquisition of fixed assets in which case they are adjusted to carrying cost of such assets.
- iv. In case monetary items denominated in foreign currencies at the year, if any, are restated at the year end rates. In case of monetary items which are covered by the foreign exchange contracts, the difference between the year end rate and rate on the date of contract is recognized as exchange difference and the premium paid on forwards contract has been recognized over the life of the contract.

### (i) Impairment of Assets

An asset is treated as impaired when carrying cost of assets exceeds its recoverable value. An impairment loss is charged to profit and loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount. The loss of impairment is adjusted against the revaluation reserve in case of asset is revalued.

### (j) Provision, Contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation a result of past event and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

2. Estimated amount of contracts remaining to be executed on Capital Account and not provided are not ascertainable.
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) The gratuities liabilities on actuarial basis as determined by LIC for Rs.2006.67 Lacs.
  - (d) Bank Guarantees to Custom Rs. 25 lacs (Previous year Nil)
  - (e) The Company has made an application to PF & ESI authorities for waiver of interest, damages and penalty pursuant to the BIFR order and as such they have not been provided for.

## THE BARODA RAYON CORPORATION LIMITED

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4. The company entered into a wage settlement agreement with its employees on 27<sup>th</sup> October 2003 under section 2(p) read with Rule 62 under the provisions of the Industrial Disputes Act, 1947. Under this agreement the Company has settled all past claims relating to wages, salaries, claims 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.

This agreement supersedes all other earlier Memorandum of Understanding and settlements.

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 Rs 17.93 lac (Previous Year Rs. 17.93 Lacs)
    - (ii) Other matters – Rs. 68.88 lacs (Previous Year Rs. 69.35 lac)
  - (b) Claim against the company against sale of non-factory land related to statutory liabilities for; gratuities, Employees credit society.- Amount not ascertained
6. Various cases filed against the Company;
- (I) (Seven) Nos of Unsecured Creditors have filed Winding Up Petitions against the Company in Ahmedabad High Court for their total claims of Rs. 44936586/=. On 8.12.2006 the Hon' High Court dismissed the winding up petition filed by Thermax Ltd. thus reducing the no of winding up cases to 6 and the total amount of claim to Rs.2,78,55,150.32. The Company has filed appropriate responses and in view of the fact that a comprehensive rehabilitation package has been sanctioned by BIFR we expect these cases to be disposed off on the basis of the relief and concessions in the BIFR order.
  - (II) Three of Lessors have filed suits for recovery at various forum of 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 pending for final disposal. The said quantification is subject to reconciliation receipt of confirmation from the lessors.
  - (III) Various cases of labour matters, excise matters, gratuity matters and criminal cases under section 138 of the Negotiable Instruments Act, 1938 have been filed against the Company during the normal course of business, which are insignificant to affect the existence of the Company.
7. The Settlement with the Secured Lenders under the CDR was made a part of the scheme filed with BIFR and pursuant to the sanction of the scheme the amount payable to Principal PNB mutual Fund is Rs.77.70 lakhs. being 42% of the principal amount of Rs.185 lakhs. The company has made a payment of Rs7.77 lakhs against the said liability and are awaiting confirmation of the balance from them to make the balance payment.

## THE BARODA RAYON CORPORATION LIMITED

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8. Pursuant to the rehabilitation scheme approved by The Board for Industrial and Financial Reconstruction (referred as BIFR) under section 17(2) read with section 18 of the Sick Industries Companies ( Special Provisions) Act 1985 the company has taken the following action in compliance thereof:
- Reduction of capital to Rs.407.64
  - New Issue of 1,88,35000 equity shares at a premium to promoters and new investors pursuant to the BIFR order.
  - Reissue of Debentures to New Investors.
  - Issue of 8,00,000 OCCD of Rs.100 each to New Investors.
  - Revaluation of Assets as per the plan to restructure and restate the Balance Sheet to align it with the current value of the fixed assets of the Company.
  - Restatement of liabilities in respect of unsecured creditors, statutory dues etc in line with the BIFR order.
  - Applying for various relief and concessions pursuant to the BIFR order.
9. During the year the Company has revalued its fixed assets by Rs. 17183.12 lacs after adjusting impairment loss of Rs.5787.15 lacs. Accordingly, it has created the revaluation reserve; the said revaluation is based on the opinion of the independent approved valuer appointed by the company.
10. 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.

### EVENTS OCCURRING AFTER THE DATE OF BALANCE SHEET

Post September 30,2006, the Company has registered the sale deed; the Company has received additional Rs. 421.13 lacs towards full and final consideration towards sale of non-factory land. During the year, profit of additional consideration is shown under Extra Ordinary items.

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 per 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

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14. The liability for retiring/resigned 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, 2006 is for Rs. 1339.23 lacs.

### 15. Income Tax :

- a. In view of the loss, the Company has not made any provision of Income tax.
  - b. The Company has completed the assessment up to Assessment year 2004-05 and no tax liabilities are pending.
  - c. The Company has received show cause notice for non-compliance of tax deducted at source for past matters. The Company could not make the interest payments due to its potential sickness and financial constraint to various debenture holders and entries were restricted to mere provision for compliance of Accounting Standard as contemplated in Section 211 (3) (c) of Companies Act' 1956. Subsequently, the said interest provision was written back on account of interest waiver. The Company does not envisage any tax liabilities as the Company is declared sick by The Board for Industrial and Financial Reconstruction (BIFR) under section 3(1)(0) of the Sick Industrial Companies (Special Provisions) Act'1985, matter is pending.
16. (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) During the year, the Company has not paid managerial remuneration like previous year.

### 17. 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  
Gokarna Investment. Private Limited

#### (b) Key Management Personnel

Shri. S. P. Gaekwad  
Shri. Pratapsinh Gaekwad

#### (c) Relative of Key Management personnel

Smt. Asha Raje Gaekwad (Wife of Mr. 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			
Salary	Nil	Nil	Nil
		Nil	Nil
Finance Taken	102.70	11.95	8.00
Repayment of finance taken	116.04	8.00	7.00
Transferred to Share Application	1019	Nil	Nil
Outstanding:			
Interest free Unsecured loans	562.33	3.95	1.00

18. 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" cannot be implemented on Balance Sheet date as sufficient future taxable income is not yet achieved.

19. SEGMENT INFORMATION (AS-17)

Particulars	Tyre Cord	Nylon	Rayon	Unallocable	Total
External Sales	Nil (Nil)	<b>4869.86</b> (27.92)	<b>5787.11</b> (4751.98)	(Nil)	10656.97 (4779.90)
Inter- Segment sales	Nil (Nil)	(Nil) (Nil)	<b>Nil</b> (Nil)	(Nil)	(Nil)
Total Sales	(Nil) (Nil)	4869.86 (27.92)	<b>5787.11</b> (4751.98)	(Nil)	10656.97 (4779.90)
Other Income	Nil (Nil)	5.10 (190.25)	<b>42.67</b> (35.95)	(Nil)	47.77 (226.20)
Total Revenue	Nil (Nil)	4874.96 (218.17)	<b>5829.78</b> (4787.93)	(Nil)	10704.74 (5006.10)
Segment profit / (loss) before interest, exceptional /extraordinary items and tax	(66.48) (42.53)	915.03 (708.56)	<b>(2314.19)</b> (4651.72)	Nil (Nil)	(1465.50) (5402.81)
Interest	Nil Nil	108.54 (47.61)	<b>478.36</b> (664.75)	(Nil)	586.91 (711.82)
Loss before Exceptional / extraordinary items, sale of long term investment and tax	(91.97) (42.53)	124.80 (756.18)	<b>(2990.25)</b> (4185.12)	Nil Nil	(2957.42) (4983.83)

## THE BARODA RAYON CORPORATION LIMITED

Exceptional/extraordinary items	Nil (519.89)	(56.53) (760.21)	<b>1278.21</b> (460.65)	Nil (Nil)	1221.68 (1740.75)
Profit/Loss	(91.97) (562.42)	68.27 (1516.40)	<b>(1735.86)</b> (4448.17)	Nil (Nil)	(1759.56) (6526.99)
Segment Assets(note iv)	9056.93 (845.69)	6218.47 (8196.10)	17184.39 (7164.21)	Nil (10.79)	32459.79 (16216.79)
Segment Liabilities(note iv)	24.77 (1581.37)	3811.48 (5746.02)	15090.18 (14486.84)	Nil (Nil)	18926.43 (21814.23)
Total Cost incurred during the year to acquire Segment assets(note v)	Nil (Nil)	Nil (Nil)	295.28 (203.65)	Nil (Nil)	295.28 (203.65)
Segment Depreciation	25.50 (26.00)	681.68 (651.32)	197.70 (193.95)	Nil (Nil)	904.88 (871.27)
Revaluation reserve:	8299.40	3087.77	11586.98	Nil	22974.15
(i) Gross	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
(ii) Impairment adjusted against revaluation reserve	4.77 (Nil)	5687.78 (Nil)	94.58 (Nil)	Nil (Nil)	5787.13 (Nil)
(iii) Depreciation on revalued assets	2.14	0.10	1.64	Nil	3.88
(iv) Revaluation Reserve: Net (iv) = (i)-(ii)-(iii)	8292.49	(2600.11)	11490.78	Nil	17183.14

Previous year figures are indicated below the current year figure in brackets.

**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.
  - (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.
- (iv) Capital cost incurred during the year.



## THE BARODA RAYON CORPORATION LIMITED

### 20. Earning per Share

#### After Extra Ordinary Items

	As on 30.09.2006	As on 30.09.2005
Earning/(loss)for the year (Rs.In lacs)	(1759.56)	(6526.99)
Weighted Number of Shares outstanding during the year	338.90	461.33
+ /(-) Basic & Diluted EPS (Rs.)	(-)5.19	(-)14.15

#### Before Extra Ordinary Items

	As on 30.09.2006	As on 30.09.2005
Earning/(loss)for the year (Rs.In lacs)	( 2981.23)	(4786.23)
Number of Shares	338.90	461.33
+ /(-) Basic & Diluted EPS (Rs.)	(-) 8.79	(-)10.37s

21. The major items within Extra ordinary items of Rs.221.68 lacs (net – credit) includes credit of profit on sale of Assets Rs. 106.86 lacs, Interest written back Rs. 1346.55 lacs and debit of prior period items of Rs. 231.84 lacs.

22. In view of the scheme sanctioned by BIFR, the liabilities have been reclassified wherever necessary. In particular the unsecured statutory liabilities which have to be paid over a period of time has been classified under the Head "Non Current Liabilities" below the head unsecured loan. The company believes, this facilitates the presentation of liabilities in perspective. Further, such a presentation is permitted under section 211 of the Companies Act,1956, which states that the Balance sheet has to be in the format as in Schedule VI or as well as the circumstances admit. However, this does not confirm to presentation prescribed in schedule VI of the Companies Act , 1956.

23. 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		M. T. per annum		M. T.		M. T.	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
MONTHS					12	12	12	12
Viscose filament Yarn	6134	6134	4500	4500	3505.478	2978.876	Nil	Nil
Nylon Yarn	6000*	6000*	2436+	2436+	2498.012	Nil	Nil	Nil
Polyester Yarn	10777*	10777*	15204	15204	Nil	Nil	Nil	Nil
Nylon Industrial Yarn/ Tyrecord \$	4000*	4000*	4000	4000	Nil	Nil	Nil	Nil
Anhydrous Sodium Sulphate	3585	3585	2200	2200	1152.000	1360.000	Nil	Nil
Carbon-di-Sulphide	1980	1980	1980	1980	1363.927	1445.907	1053.197	939.652
Sodium Sulphide	145	145	145	145	Nil	0.528	Nil	Nil

## THE BARODA RAYON CORPORATION LIMITED

- @ As certified by the Management being a technical matter.  
 \$ Including Fabric Capacity of 3400 MT / Annum  
 \*\* Licensed Capacity of Sulphuric Acid includes 24% Oleum – 10800 MT / Annum within the overall capacity of 21600 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 :

	2005-2006 (12 months)		2004-2005 (12 months)	
	Qty. in M.T.	(Rs. in lacs)	Qty. in M.T.	(Rs. in lacs)
Viscose filament Yarn	268.64	442.38	52,000	75.68
Nylon Yarn	3,140	4.61	3,140	4.61
Polyester Yarn	0	0	0	0
Nylon Tyrecord Yarn/ Cord	0	0	0	0
Sulphuric Acid	0	0	31,676	0.38
Anhydrous Sodium Sulphate	0	0	27,650	1.70
Carbon-di –Sulphide	114,831	0.99	30,351	6.68
Sodium Sulphide	0	0	0,552	0.03
Waste	14,425	11.80	1,075	0.43
Methyl Alcohol	0	0	0	0
	401,036	459.78	146,444	89.51

#### (ii) Turnover and Stocks at Close:

	Turnover				Stocks at Close			
	30th September 2006 (12 months)		30th September 2005 (12 Months)		30th September 2006 (12 months)		30th September 2005 (12 Months)	
	Qty in MT	Rs. In lacs	Qty in MT	Rs. In lacs	Qty in MT	Rs. In lacs	Qty in MT	Rs. In lacs
Viscose filament Yarn	3054.100	5478.930	2629.661	4419.03	286.290	483.280	268.64	442.38
Nylon Yarn	2081.846	4867.960	0.000	0.00	283.565	427.350	3,140	4.61
Polyester Yarn	0.000	0.00	0.000	0.00	0	0	0	0
Nylon Tyrecord Yarn/ Cord	0.000	0.00	0.000	0.00	0	0	0	0
Sulphuric Acid	0.000	0.00	0.000	0.00	0	0	0	0
Anhydrous Sodium Sulphate	1071.200	118.610	1238.100	93.62	80.800	5.454	0	0
Carbon-di –Sulphide	416.580	37.760	421.775	98.22	23.406	4.283	114,831	0.99
Sodium Sulphide					0	0	0	0
Waste (*)	349.868	153.712	351.990	169.03	11.625	6.033	14,425	11.80
Sundry Sales					0	0	0	0
TOTAL	6973.594	10656.97	4641.526	4779.90	685.686	926.400	401.036	459.78

## THE BARODA RAYON CORPORATION LIMITED

C. (i) Consumption of Raw Materials:

	30 <sup>th</sup> September 2006 (12 Months)		30 <sup>th</sup> September 2005 (12 Months)	
	Quantity In M. T.	Amount (Rs. In Lacs)	Quantity In M.T.	Amount (Rs. In Lacs)
Caprolactum	2645.225	2825.800	0	0
Polyester Chips	0	0	0	0
Wood Pulp	3774.300	1406.790	3375.900	1129.56
Sulphuric Acid	4517.110	133.270	3950.343	161.54
Carbon di Sulphide	1105.500	185.690	25.780	7.31
Sulphur	1459.535	79.560	1439.274	130.74
Caustic Soda	2778.565	619.650	2408.708	527.72
Less: Used for Research & Development	0	0	0	0
Net Consumption	16280.235	5250.760	11200.005	1956.87
Less: Used in Trial Run	0	0	0	0
Net Consumption	16280.235	5250.760	11200.05	1956.87

(ii) Value of Material Consumed and Percentage thereof:

	30 <sup>th</sup> September 2006 (12 Months)		30 <sup>th</sup> September 2005 (12 Months)	
	Value (Rs. in Lacs)	%	Value (Rs. in Lacs)	%
Raw materials:				
Imported	0	0	0	0
Indigenous	5250.760	100.00	1956.87	100.00
	5250.760	100.00	1956.87	100.00
Stores and Spare Parts etc.				
Imported	0	0	0	0
Indigenous	649.59	100.00	1409.21	100.00
	649.59	100.00	1409.21	100.00

D. Expenditure in Foreign Currency and C.I.F. value of imports are as follows:

	Sep.30,2006	Sep.30,2005
Raw Material & Stores	17.35	NIL
Expenditure in foreign Currency	NIL	NIL

24. The figures for the Previous Year have been regrouped and rearranged wherever necessary.

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

**-FOR DESAI & PORWAL  
CHARTERED ACCOUNTANTS**

**P.B.SETH  
PARTNER  
MUMBAI  
January 31, 2007**

**S.P.GAEKWAD  
CHAIRMAN**

**A.K. SHAH  
DIRECTOR**

**CAPT. V.K. RAICHAND  
DIRECTOR**

**ROBERT D. PETTY  
DIRECTOR**

**FOR BARODA RAYON CORPORATION LTD.**

**P.S.GAEKWAD  
MANAGING DIRECTOR**

**CAPT. J.P. SINGH  
DIRECTOR**

**NARYAN SESHADRI  
DIRECTOR**

**DR. P.N.MISHARA  
DIRECTOR**

# 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.  State Code   
 Balance Sheet Date   
Date Month Year

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

Public Issue	Right Issue
<input style="width: 100px; text-align: center;" type="text" value="-"/>	<input style="width: 100px; text-align: center;" type="text" value="-"/>
Bonus Issue	Private Placement
<input style="width: 100px; text-align: center;" type="text" value="-"/>	<input style="width: 100px; text-align: center;" type="text" value="883-54"/>

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

Total Liabilities	Total Assets
<input style="width: 100px; text-align: center;" type="text" value="48340.59"/>	<input style="width: 100px; text-align: center;" type="text" value="48340.59"/>
Non Current Liabilities	
<input style="width: 100px; text-align: center;" type="text" value="12111.29"/>	

#### Sources of Funds

Paid-up capital   
 Share Application Money   
 Reserves and Surplus   
 Secured Loan   
 Unsecured Loan

#### Application of Funds

Net Fixed Assets   
 Investments   
 Net Current Assets   
 Deferred Revenue Expenditure   
 Profit & Loss Account   
  
 Other Income

### IV. Performance of Company (Rs. in lacs)

Turnover   
 Total Expenditure   
 + - (Loss) Before Tax   
 Earnings Per Share in Rs.   
 Dividend rate %

+ - (Loss) After Tax/Extra Ordinary Items

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

Item Code No. (ITC Code)	<input style="width: 100%; text-align: center;" type="text" value="5403.31"/>
Product Description	RAYON FILAMENT YARN
Item Code No. (ITC Code)	<input style="width: 100%; text-align: center;" type="text" value="5402.41"/>
Product Description	NYLON FILAMENT YARN
Item Code No. (ITC Code)	<input style="width: 100%; text-align: center;" type="text" value="5402.42"/>
Product Description	POLYESTER FILAMENT YARN

**MUMBAI**  
January 31, 2007

**S.P.GAEKWAD**  
CHAIRMAN  
**CAPT. V.K. RAICHAND**  
DIRECTOR

**P.S.GAEKWAD**  
MANAGING DIRECTOR  
**NARYAN SESHADRI**  
DIRECTOR

**A.K. SHAH**  
DIRECTOR  
**ROBERT D. PETTY**  
DIRECTOR

**CAPT. J.P. SINGH**  
DIRECTOR  
**DR. P.N. MISHARA**  
DIRECTOR

**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 47<sup>th</sup> **ANNUAL GENERAL MEETING** of the said Company to be held at 9.00 a.m. on and at  
any adjournment thereof.

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 ATTENDANCE 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 47<sup>th</sup> Annual General Meeting of the Company held at Gandhi Smruti Hall, Surat 395 001 on \_\_\_\_\_

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.

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P.O. Fatehnagar, Surat 394 220.

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