



The Baroda Rayon Corporation Limited

---

52<sup>nd</sup>

ANNUAL REPORT

2011-12

**The Board of Directors:**

**Mr. Damodarbhai B. Patel** Chairman & Managing Director

**Mr. Bhavanjibhai H. Patel**

**Mr. Bhavesh V. Patel**

**Mr. Jayantilal Patel** (Add. Director w.e.f. 28.07.2012)

**Mr. Himanshu P. Patel** (Resigned on 15.06.2012)

**Auditors:**

**AMPAC & Associates,  
Chartered Accountants,  
Mumbai**

**Registrar and Share Transfer Agent:**

**Sharex Dynamic (India) Private Limited  
17/B, Dena Bank Building,  
2<sup>nd</sup> Floor, Horniman Circle,  
Fort, Mumbai-400 001**

**Registered office:**

**P.O. Baroda Rayon,  
Fatehnagar, Udhna,  
Dist., Surat-394220  
Gujarat**

**Head Office:**

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

**52<sup>nd</sup>**

**Annual Report**

**2011-12**



**The Baroda Rayon  
Corporation Limited**

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## **Directors' Report**

To  
The Members of  
The Baroda Rayon Corporation Limited

Your Directors are pleased to present the 52<sup>nd</sup> Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2012. The Financial results are shown as below.

### **Financial Results**

	(Rs. In Lacs)	
Particulars	31.03.2012	31.03.2011
Income from Sales	NIL	NIL
Other Income	NIL	NIL
Total Income	NIL	NIL
Less: Expenditure	110.22	27.92
Profit/(Loss) before Interest, depreciation and tax	(110.22)	(27.92)
Less : Depreciation	303.94	303.94
Interest	986.68	599.29
Provisions for taxes	Nil	Nil
Profit/(Loss) after taxes	(1400.84)	(931.15)
Add: Extraordinary items	2.68	(24.41)
Profit/(Loss) available for appropriation	(1398.16)	(955.56)
Balances as per last year's Balance sheet	(33,076.55)	(32,120.99)
Profit and Loss Appropriation Account	NIL	NIL
Balance carried to Balance sheet	(34,474.71)	(33,076.55)

### **Dividend**

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

### **Performance**

During the year under review no production/manufacturing activities were carried on by the company. Hence, No information is provided regarding the performance of the company.

### **Directors' Responsibility Statement**

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm;

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure;
- (ii) That they had selected such accounting policies, applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the company at the end of the financial year 2011-12 and of the loss of the company for that period;
- (iii) That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That they had prepared the annual accounts on a going concern basis.

### **Fixed Deposits**

Your Company has not accepted any fixed deposits during the year. Deposits of Rs. 220.00 Lacs were outstanding as at 31st March, 2012. During the year your company repaid the fixed deposit of Rs. 8.06 lacs.

### **Directors**

Mr. Bhavanjibhai H. Patel, Director of the company retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The profile of Mr. Bhavanjibhai H. Patel is as given below:

Mr. Bhavanjibhai H. Patel, aged about 54 years is Chartered Accountant and having vast experience in the field of Import & Export. He is very much instrumental in day to day functions of the company.

### **Auditors**

M/s. AMPAC & Associates, Chartered Accountants, Mumbai who are the Statutory Auditors of the Company, hold office up to the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. As required under the proviso to Section 224(1) of the Act, the Company has obtained written confirmation from M/s. AMPAC & Associates that their appointment, if made, would be in conformity with the limits specified in Section 224(1B) of the Act.

**Auditors' Report**

The observations made by the Auditors are self explanatory and have also been explained in the notes forming part of the accounts, wherever required.

**Particulars of Employees**

During the year under report, the company has no employees covered under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo**

Information pursuant to Section 217 (1)(e) of The Companies Act, 1956 read with 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 Earnings and Outgo are given below:

**(A) Conservation of Energy**

Information pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 as the production and manufacturing activities are not carried on by the Company and due to that no usage of energy. Hence, no steps are taken by the Company for conservation of energy.

**(B) Technology Absorption:**

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

**(C) Foreign Exchange Earnings and Outgo:**

(Rs. In Lacs)

	31.03.2012	31.03.2011
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgoings	NIL	NIL

**Code of Conduct**

Pursuant to clause 49 of the Listing Agreement, a declaration signed by the Director regarding the compliance of code of conduct, 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.

**Management View on Auditors Qualification:**

Your Company's applications under BIFR and Gujarat High Court are pending and the management desire to do act as per the directions given by respective authorities.

**Appreciation**

Your Directors wish to place on record their appreciation towards all associates including Customers, Collaborators, Government Agencies, Financial Institutions, Bankers, Suppliers, Shareholders, Employees and other who have reposed their confidence in the company during the period under review.

By order of the Board of Directors

Place: Mumbai

Date: 09.08.2012

D B Patel  
Chairman & Managing Director

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

### Industry Structure and Development:

The man made fiber 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 grown in line with the GDP growth but in current scenario there is fall in export of textile products due to vast competition from other countries of South East Asia. (The production of man-made fibre during 2010-11 amounted to 1284.64 million kg. as compared to 1268.04 million kgs during the previous year constituting an increase of 1.31%).

PFY has provided the consumer with a cheaper substitute and has been one of the main competitors for the VFY and NFY being manufactured by the company. The versatility of these fibers 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 fibers has been steady.

### Viscose Filament Yarn:

The industry has been steadily growing and in the last year has grown @ 3-4%. The growth is expected to continue and the demand from user segment continues to be steady. Demand for VFY remained stable during the year but the industry in general, in both the PSY and CSY segments, faced pressure on off-take due to substantial arrivals from China, coupled with inroads made by polyester yarn into some of the sectors hitherto dominated by VFY. 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 tonnes per month.

### Nylon Filament Yarn:

The anti dumping duty by the Government on imports from China has helped the domestic industry. The market for the fiber 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 fiber by creating awareness about its properties and applications.

### Nylon Tyre Cord:

The price realization in this segment has fallen sharply in the last few years 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.

### Opportunities and Threats

#### Opportunities

The company has inherent strength due to its prime location.

Changes in economic legislations and rationalization of the tax structure and duty structure such as VAT, custom duty etc.

VFY is emerging as a fiber with new applications. The general economic well being has resulted in the switch back to the use of this fiber for sarees.

Competitive strength increases due to the availability of captive power plant.

Huge infrastructure facility to meet the current and future demand.

#### Threats

The goodwill of the company is decreased due to legal proceedings and labor disputes which are still going on.

The threat of competition from China. 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.

Increase in the cost of raw material.

Increase in coal prices has increased the cost of power.

High cost of labour.

#### Risk & 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.

\* Data Source: A&MMT Section

#### Internal Control System and their adequacy

The internal control system is sound due to the improvement made during the year. Computerization and automation are being taken up in phased manner. The company is gearing up to implement a full fledged computerized 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 financial performance of the company is not so good during the year under review as there no production activities are carried on by the company and due to that there is no income from operations generated by the company. The operations of the company are totally stopped and which also affect the financial performance of the company.

### **CORPORATE GOVERNANCE**

In terms of the provisions of clause 49 of the Listing Agreement pertaining to Corporate Governance, your company has not complied with certain requirements. However, your Company makes continue efforts to comply the same to achieve the better corporate governance.

#### **1. BOARD OF DIRECTORS**

##### **1.1 Composition of the Board of Directors**

The Board of Directors comprises of Non executive Directors consisting Managing Director.

Subject to overall superintendent and control of the Board, the day to day management of the company is vested with Mr. Damodarbhai B. Patel, Managing Director of the company, who is supported by a Management team.

##### Composition and category of Directors

Sr. No.	Category	Name of Directors
1.	Promoter and Executive Director	NIL
2.	Independent and Executive Director	Mr. Damodarbhai H. Patel
3.	Independent and Non Executive Director	Mr. Bhavanjibhai H. Patel Mr. Bhavesh V. Patel Mr. Himanshu P. Patel* Mr. Jayantilal Patel**

(\* Mr. Himanshu P.Patel gets resigned on 15.06.2012)

(\*\* Mr. Jayantilal Patel gets appointed as Additional Director on 28.07.2012)

##### **1.2 Board Meetings**

A. The company had Eleven Board Meetings during the financial year 2011-12 on 28.04.2011, 09.05.2011, 16.06.2011, 04.07.2011, 18.08.2011, 05.09.2011, 02.11.2011, 05.11.2011, 05.01.2012, 09.03.2012 and 24.03.2012.

B. Directors' attendance record at Board Meeting and Annual General Meeting, their other Directorships and Committee Memberships.

Names	Category	Attendance at		No. of other Directorship held in other Company	Committee Membership held in other Company.		Shareholdings in the Company No. of Shares
		Board Meetings	AGM		As a Member	As a Chairman	
Mr. D.B. Patel	Independent and Executive Director	11	Yes	-	-	-	-
Mr. B.H. Patel	Independent and Non Executive Director	8	No	-	-	-	-
Mr. B.V. Patel	Independent and Non Executive Director	9	Yes	-	-	-	-
Mr. H. P. Patel	Independent and Non Executive Director	8	Yes	-	-	-	-
Mr. S. Bisht	Nominee Director	-	-	-	-	-	-

1.3 **Information supplied to the Board**

All information as required under Annexure 1A to Clause 49 of the Listing Agreement is made available to the Board.

1.4 **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 Director on compliances of the code of conduct has been annexed to this Report as there is no Managing Director.

1. **AUDIT COMMITTEE:**

The Audit Committee comprises of following Non-Executive Directors:

Mr. Bhavanjibhal H. Patel,  
Mr. Bhavesh V. Patel and  
Mr. Himanshu P. Patel. (Resigned on 15.06.2012)

Mr. Bhavanjibhal H. Patel act as Chairman of the said committee.

The Company has reconstituted the said committee on 28.07.2012 due to Resignation of Mr. Himanshu P. Patel from the Board of the Company and appointment of Mr. Jayantilal Patel.

The present members of the said committee are Mr. Jayantilal Patel, Mr. Bhavanjibhal H. Patel and Mr. Bhavesh V Patel.

The role and terms of reference of the Audit Committee include review of Internal Audit Reports and the Statutory Auditors' Report on the financial statements, general interaction with the internal auditors and statutory auditors, review of financial statements both quarterly and annual before submission to the Board, review of management discussion and analysis of financial condition and results of operations and review of performance of statutory and internal auditors and adequacy of internal control systems and other matters specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

During the year under review, 4 Meetings of the Audit Committee were held, the dates being 20th May, 2011, 12th July, 2011, 13th October, 2011 and 20th January, 2012.

Details of attendance of each member at the Audit Committee Meetings are as follows:-

Name	No. of Audit Committee Meetings attended
Mr. Bhavanjibhal H. Patel	4
Mr. Bhavesh V. Patel	4
Mr. Himanshu P. Patel *	4

(\* Resigned on 15-06-2012)

2. **REMUNERATION COMMITTEE:**

The Remuneration Committee comprises of following Non-Executive Directors viz; (I) Mr. Bhavanjibhal H. Patel, (II) Mr. Bhavesh V. Patel and (III) Mr. Himanshu P. Patel (Resigned on 15.06.2012)

Mr. Bhavanjibhal H. Patel act as Chairman of the said committee.

The committee reviews and determines the remuneration package including the performance incentive, if any, payable to the Managing Director. The Company has reconstituted the said committee on 28.07.2012 due to Resignation of Mr. Himanshu P. Patel from the Board of the Company and appointment of Mr. Jayantilal Patel. The present members of the said committee are Mr. Jayantilal Patel, Mr. Bhavanjibhal H Patel and Mr. Bhavesh V. Patel.

During the year under review, the Remuneration met once on 05th November, 2011.

Details of attendance of each member at the Remuneration Meetings are as follows:-

Name	No. of Remuneration Committee Meetings attended
Mr. Bhavanjibhal H. Patel	1
Mr. Bhavesh V. Patel	1
*Mr. Himanshu P. Patel	1

(\* Resigned on 15-06-2012)

No remuneration paid to any directors for the period ended March, 31, 2012.

### 3. SHAREHOLDERS CUM INVESTORS' GRIEVANCES COMMITTEE:

The Shareholders/Investors' Grievance Committee comprises of following Non-Executive Directors viz: (i) Mr. Damodarbhal B. Patel, (ii) Mr. Bhavanjibhal H Patel and (iii) Mr. Bhavesh V. Patel.

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 period ended March 31, 2012, the Company has received letters of complaint from the Investors and tried to resolve their grievances in a prescribed time frame.

### 2. MANAGEMENT

#### 2.1 A Report on Management Discussion and Analysis

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

#### 2.2 Disclosure of material transaction

During the period 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.

#### 2.3 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.

### 3. GENERAL BODY MEETINGS

Details of last three Annual General Meetings Held:

Particulars	FY 2008-09	FY 2009-10	FY 2010-11
Day	Monday	Thursday	Monday
Date	14 <sup>th</sup> September, 2009	30 <sup>th</sup> September, 2010	12 <sup>th</sup> December, 2011
Time	9:00 a.m.	9:00 a.m.	9:00 a.m.
Venue	P.O. Baroda Rayon, Fatehnagar, Udhna, Dist. Surat-394220	P.O. Baroda Rayon, Fatehnagar, Udhna, Dist. Surat-394220	Patidar Bhavan, Kadodara, Surat-394 327
Special Resolution	NIL	NIL	3 (Three)

During the period under review the company has not passed any resolution by Postal Ballot.

### 4. DISCLOSURES

#### a. Related Party Transaction

During the period, 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 of 1999-2004. As such the stock Exchange had suspended the trading in the company. Post restart operations, the company is in the process of meeting all the requirement of the Stock Exchanges, SEBI and other statutory authorities on matters relating to capital market.

#### c. CEO/CFO Certification

The requirement with respect to certification of financial statement by CEO/CFO is not complied with as there is no CEO/CFO in the company due to loss of key personnel but the certification has been made by the Directors of the Company.

#### d. 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.



### ADDITIONAL SHAREHOLDERS INFORMATION

1. **Forthcoming Annual General Meeting**  
Annual General Meeting : Friday, 28th of September, 2012 at 9:00 a.m.  
Day, Date, Time & Venue : Patidar Bhavan, Kadodara, Surat-394327
2. **Financial period/Calendar** : The financial year of the Company is from April 1 to March 31 each year
3. **Date of Book Closure** : Monday, 24th September, 2012 to Friday, 28th September, 2012
4. **Listing of Stock Exchange** : Mumbai  
**Stock Code** : 500270  
  
**Demat ISIN Number in NSDL & CDSL** : INE 461A01024
5. **Registrar 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
6. **Share Transfer System** :

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

#### 7. DISTRIBUTION OF SHAREHOLDING PATTERN: (As at 31<sup>st</sup> March, 2012)

Category	Number of Shares Held	Percentage of Holding
Promoters	108879	0.48
Mutual Funds & UTI	3627	0.02
Banks, Financial Institutions and Insurance Companies(Central/State Government Institutions/Non Government Institutions)	3756456	16.39
Private Corporate Bodies	13456296	58.73
NRIs/OCBs	508789	2.22
FII	435	0.00
Indian Public	5076867	22.16
Clearing Members	10	0.00
<b>Total</b>	<b>2,29,11,359</b>	<b>100.00</b>

#### 8. DISTRIBUTION OF SHAREHOLDING (As at 31<sup>st</sup> March, 2012)

Shareholding of Nominal Value (Rs.)	Share Amount		Shareholder	
	Rs.	% to total	Number	% to total
1 – 5000	1,61,21,730	7.04	78910	99.70
5001 – 10000	8,46,830	0.37	117	0.14
10001 – 20000	5,03,270	0.22	37	0.05
20001 – 30000	3,37,830	0.15	14	0.02
30001 – 40000	1,41,940	0.06	4	0.01
40001 – 50000	1,84,190	0.08	4	0.01
50001 – 100000	15,65,480	0.68	20	0.02
100001 & above	20,94,12,320	91.40	37	0.05
<b>Total</b>	<b>22,91,13,590</b>	<b>100.00</b>	<b>79,143</b>	<b>100.00</b>

#### 9. DEMATERIALIZATION OF SHARES:

The Shares of the company were dematerialized with effect from 28.08.2002. The National Securities Depository Limited and Central Depository Services (India) Limited and Central Depository Services (India) Limited were the depository of the shares of the company. Under SEBI Circular SMDRP/POLICY/CIR-23/2000 dated May 29, 2000 the Company's shares are in compulsory demat segment for the trading and to do any transaction of shares. The shareholders of the company can forward their physical share certificates of the company to M/s. Sharex Dynamic (India) Pvt. Ltd. Through their DP to convert the same into demat mode. 11,41,487 shares out of 2,29,11,359 shares of the company have been dematerialized as at 31st March, 2012.

10. Number of Shareholders(As at 31<sup>st</sup> March, 2012): 79,143

**11. OUTSTANDING GDR/ADR/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY**

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

12. Plant location : Fatehnagar, Surat-395220

13. Address for correspondence : The address for correspondence is:  
The Share Department  
The Barodia Rayon Corporation Ltd.  
P.O. Fatehnagar, Udhna, Dist. Surat 394 220

**DECLARATION OF THE 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 level of Deputy General Manager) of the company are in the process of confirming the compliance with the company's code of conduct during the period 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012.*

Place: Mumbai  
Date: 09.08.2012

D B Patel  
Chairman & Managing Director

**CERTIFICATE OF DIRECTORS ON CORPORATE GOVERNANCE**

To  
The Board of Directors  
The Barodia Rayon Corporation Limited

We have reviewed financial statements and the cash flow statement of The Barodia Rayon Corporation Limited for the period 01.04.2011 to 31.03.2012 and certify that:

- a. These statement 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 into 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, deficiencies 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 deficiencies.
- d. We have also indicated to the Auditors:
  - i. Significant changes in the internal control with respect to financial reporting during the period.
  - ii. Significant changes in accounting policies during the period 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.

Place: Mumbai  
Date: 09.08.2012

D B Patel  
Chairman & Managing Director

B H Patel  
Director

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

To  
The Members of  
The Baroda Rayon Corporation Limited

1. We have examined the compliance of the conditions of the corporate governance by The Baroda Rayon Corporation Limited, for the period ended 31st March, 2012, 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 not 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 results had been published in the newspapers as per listing compliance rules.
  - b. The company has yet to comply various formalities for keeping the listing of shares active with respective stock exchanges.
5. In absence of information, we are unable to certify that there were no investor grievances remained un-attended/ending for more than 30 days as at 31st March, 2012.
6. We further state that such compliance is neither an assurance as to the future liability of the company nor the efficiency nor effectiveness with which the management has conducted the affairs of the company.

For AMPAC & Associates  
Chartered Accountants  
(FRN 112236w)

Date: 09.08.2012  
Place: Mumbai

P. B. Sheth  
Partner  
Membership No. 44062

## REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of THE BARODA RAYON CORPORATION LIMITED as at 31st March 2012 and also the Profit and Loss Account of the Company for the year ended 31st March 2012 annexed thereto and the Cash Flow Statements for the said 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.

1. 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.

2. 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.

3. Further to our comments in the Annexure referred to above, we report that:

a) As stated in note No.19 (a) of notes forming part of financial statements, the accounts have been prepared on going concern basis. However the net worth of the Company had been fully eroded due to the continued losses, the Company's entire operations have been suspended since August' 2008 and there are many legal cases pending against the Company which may affect the future functioning of the Company. In our opinion, the Company is not a going concern, though accounts have been prepared on historic cost basis. No valuation reports is obtained for arriving at the fair market value of the assets, hence we are unable to report on the realizable value of the asset valuation as well as the provision for impairment.

In the absence of key personnel in accounting and finance departments and the non-availability of adequate data and information for its accounting compilation, the Company had to prepare the accounts ongoing concern basis. Consequently no adjustments have been made in the accounts relating to the recoverability of recorded assets and in respect of recorded liabilities and contingent liabilities that might devolve on the Company.

b) In view of huge accumulated losses of Rs.34474.70 lacs and financial constraints, there was loss of key personnel and staff responsible for financial and accounting matters, as such the financial information and accounting data were prepared on the basis of available information and we are expressing our opinion with such limitation, subject to above, 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.

c) Except for 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.

d) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with this report are in agreement with the books of account.

e) Except as discussed in paragraph referred below from 3 (g)(i) to 3 (g)(xi), 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.

f) In absence of the information related to the Corporate compliances, statutory records related to Registrar of Companies and qualification of directors as contemplated in Section 274 (1) (g) of the Companies Act' 1956, we are unable to express our opinion of qualification/ disqualification of directors for their appointment and reappointment.

g) Attention is invited to

i. We are unable to express an opinion on the financial impact, not ascertained by the Company, that may arise on account of impairment of assets related to discontinued operations for details refer to note 32 forming part of the financial statements. No separate disclosure has been made in the profit and loss account and Cash flow statements for the year for the discontinued operations. Non- disclosure of information with respect to discontinued operation and non-provision of impairment value in assets are inconsistent with the compliance of Accounting Standard - 24 relating to discontinuing operation and Accounting Standard -28 relating to Impairment of Assets.

ii. The Company could not make full payment of settled past dues as desired in the terms of wage settlement agreement referred in note 22 forming part of the financial statements during its tenure and no fresh renewal agreement was entered as the agreement has expired. Subsequently, employee

Union has filed the litigation in September' 2008 for recovery of their total dues against the Company at Gujarat High court. The Hon'ble High court has directed to resolve the litigation by way of arbitration process; accordingly Company has filed the necessary affidavit with Board. The matter is pending with the Board. We are unable to express any opinion on probable liabilities until disposal of final verdict in arbitration award.

- III. The balances for Sundry Debtors, Sundry creditors, secured and unsecured loans, loans & advances, bank balances, statutory and other liabilities as on 31<sup>st</sup> March' 2012 are subject to confirmation. The figures reported in the financial statement are as per the ledger account.
  - IV. No Segment Information is prepared in the financial statement, which is contrary to Accounting Standard AS – 17.
  - V. On account of closure of operation since August' 2008, we have not physically verified the inventories, stores & spares, cash on hand and fixed assets of the Company as on 31<sup>st</sup> March' 2012.
  - VI. No information is disclosed of related party disclosure in the financial statement, which is contrary to AS 18.
  - VII. The Company has not made any provision for the decline in the value of investment related to investment in unquoted shares of Thai Baroda Industries Ltd for Rs. 574.84 lacs and equity shares in TAIB Capital Corporation Ltd for Rs. 24.50 lacs, which is contrary to the Accounting Standard 13.
  - VIII. The provision has been made for Gratuities, P.F, E.S.I.C. as per Company's own estimate up to 31<sup>ST</sup> March' 2009; no liabilities have been provided after discontinue operation. Hence the reported losses and accumulated losses are understated to the extent of such non-provision. The accounting of said employees dues are not as per the actuary valuation, which is contrary to Accounting Standard AS 15.
  - IX. No information is available regarding the amount payable to suppliers under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, interest provision required under the said Act is not made.
  - X. The Company has not complied with the Section 292A regarding appointment of audit committee and various compliances of Corporate Governance.
4. Subject to our comments/observation referred in Paragraph above 3(a), 3(b) 3(c) and paragraph from 3(g) (i) to 3(g) (x) and note 28 forming part of the financial statements relating to non-confirmation of bank accounts, 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 31<sup>st</sup> March, 2012; and
  - (ii) In so far as it relates to the Profit & Loss account, of the 'Loss' of the Company for the period ended on that date;
  - (iii) In the case of Cash Flow Statement of the cash flow for the period ended on that date.

FOR AMPAC & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(FRN 112236w)

PLACE: MUMBAI  
DATE: 9<sup>th</sup> August, 2012

P. B. Sheth  
Partner  
Membership No. 44062

**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. We are unable to express any comments for any physical discrepancies/differences that may arise in respect of the verification of Fixed Assets.*
  - (c) *The Company has not disposed off any substantial part of assets.*
2. (a) *As informed to us, the Inventory has not been physically verified during the year by the management. After closure of operation since August 2008, the Company does not have any inventory except few stores of Rs. 17.89 lacs.*
  - (b) *In our opinion, the Company has not physically verified the stock; hence our opinion on procedures of physical verification of stocks followed by the management does not arise.*
  - (c) *The Company was maintaining proper records of inventory, however after closure of manufacturing activity there are no records required to be maintained as there were no activity, accordingly there is no question of any discrepancies to be reported. However, the Company has not 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 granted loans of Rs.182.21 lacs to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The Company has granted loans to 3 parties and maximum balance outstanding at any time during the year was Rs. 182.21 lacs.*
  - b. *In our opinion and according to the information and explanation given to us, the aforesaid loan is interest free and other terms and conditions, are prima facie prejudicial to the interest of the Company.*
  - c. *The said loans are repayable on demand and there is no repayment schedule.*
  - d. *As the said loans are repayable on demand, the question of overdue amounts does not arise.*
  - e. *As informed to us, the Company has taken unsecured loans from thirteen parties referred as above amounting to Rs. 5909.65 lacs. The maximum balance outstanding at any time during the year was Rs. 5909.65 lacs.*
  - f. *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.*
  - g. *In respect of the interest free unsecured loans, the amounts were repaid as per stipulation and there is no overdue amount in respect of loans taken by the Company.*
4. *Since there is closure of operation from August 2008, in our opinion, there is no internal control procedure commensurate with the size of the company and the nature of business. On account of the closure of operation there is no sale or purchase of goods and purchase of fixed assets; however there is no internal control on safeguarding the asset of the Company like scrap materials, stores and other movable assets. In addition, the system of confirmation / reconciliation of balances of parties as well as Inoperative bank accounts for details refer to note 28 forming part of the financial statements 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, the Company has not recorded the transaction that needs to be entered in to the register maintained under section 301 of the Act.*
6. *In our opinion and according to the information and explanation given to us, the Company has contravened the provisions of repayment of deposits along with interest thereon as contemplated in Section 58A & 58AA of the Companies Act, 1956, and the rules framed there under with regard to deposits accepted from public, which are overdue. However, the Company is declared sick by The Board for Industrial and Financial Reconstruction (now referred BIFR) under section 3(1)(0) of the Sick Industrial Companies (Special Provisions) Act 1985. 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. However the Company has not made payment as per the terms desired in the scheme except Rs. 8.06 lacs during the financial year 2011-12. 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 no internal audit system commensurate with the size and nature of its business.*

8. We are of the opinion that the company has not 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.
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 process of granting their sanction as per said scheme for deferment and settlement of said liabilities. Hence, we are reporting the Undisputed Statutory dues, which is subject to confirmation from respective departments and shown as per the ledger account 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/VAT & Interest thereon	1893.81
b.	Custom Duty	680.93
c.	Excise Duty (Including penalty of Rs. 5 lacs)	34.00
d.	Interest on excise duty	645.75
e.	Income Tax/TDS/Wealth Tax/FBT	67.15
f.	Provident Fund dues & Interest thereon	1135.02
g.	Employee's State Insurance dues	338.05
h.	Water Tax & Interest thereon	1611.45
i.	Gujarat Electricity Board & Interest thereon	981.94
j.	Textile Committee Cess	12.19
k.	Water Cess (Gujarat Pollution Control Board)	8.35
l.	Electricity Duty (Power plant)	1671.02
m.	Professional Tax	20.18

**Notes:**

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, GEB etc claiming penal 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.

Sr. No.	Name of Statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
1.	Central Excise Act, 1944	Excise Duty	8.16	1995-1996	Asst. Commissioner Central Excise CEGAT
2.	Central Excise Act, 1944	Excise Duty	0.91	1996-1997	Asst. Commissioner Central Excise CEGAT.
3.	Central Excise Act, 1944	Excise Duty	11.72	1996-1997	Commissioner (Appeal), Central Excise CEGAT
4.	Central Excise Act, 1944	Excise Duty	10.18	1996-1997	The Appellant Tribunal, Central Excise CEGAT
5.	Central Excise Act, 1944	Excise Duty	8.93	1996-1997	Asst. Commissioner Central Excise CEGAT
6.	Central Excise Act, 1944	Excise Duty	29.15	1997-1998	Asst. Commissioner Central Excise CEGAT
7.	Central Excise Act, 1944	Excise Duty	2046.54	1998-1999	Asst. Commissioner Central Excise CEGAT
8.	Income Tax Act 1961	Tax Deducted at Source (TDS)	224.98 254.95 277.11 299.78	1998-99 1999-00 2000-01 2001-02	Commissioner of Income Tax (Appeal), TDS

10. The company has accumulated losses at the end of the financial year of Rs. 34474.70 lacs; however it has generated cash loss Rs. 1094.21 lacs in the current year against the cash losses of Rs. 627.21 lacs for immediately preceding year.

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 lacs)					
Name of lender	Principal amount	Interest overdue & provided in books	Interest overdue & not provided in books	Total amount outstanding At year end	Repayment t Overdue from year
Debenture Holders	179.09	196.78	Not Ascertained (Up to P.Y. 466.13)	Not ascertained (Up to P.Y. 840.04)	F.Y.1997 - 98

Note: The above balance is subject to confirmation.

12. According to the information and explanations given to us, the company has not granted any loans on the basis of security by way of pledge of shares, securities, debentures or others.
13. In our opinion and according to the information and explanations given to us, the nature of activities does not attract any special statute applicable to chit fund and nidhi/mutual benefit funds/societies.
14. In our opinion and according to the information and explanations given to us, the company has no transaction of dealing in buying and selling of shares, securities or such other investments.
15. Except the guarantee being given to HDFC Limited of Rs. 60.91 lacs for availing Housing loan to staff, according to the information and explanations 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 not availed any fresh loans during the year.
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 not made preferential allotment of shares to parties or companies covered under Section 301 of the Act.
19. According to the information and explanations given to us, the company has not issued debentures during the year.
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 AMPAC & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN 112236w

PLACE: MUMBAI  
DATE: 9<sup>th</sup> August, 2012

P.B. SHETH  
Partner  
Membership No. 44062



**THE BARODA RAYON CORPORATION LIMITED**  
Balance Sheet as at 31<sup>st</sup> March, 2012

	Particulars	Note No.	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share capital	1	229,113,590	229,113,590
	(b) Reserves and surplus	2	(1,290,702,865)	(1,044,629,880)
			(1,061,589,275)	(815,516,290)
<b>2</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	3	245,708,904	-
	(b) Other long-term liabilities		-	-
	(c) Long-term provisions		-	-
			245,708,904	-
<b>3</b>	<b>Current liabilities</b>			
	(a) Short-term borrowings	4	637,174,983	318,224,983
	(b) Trade payables	5	300,988,008	373,053,746
	(c) Other current liabilities	6	1,461,923,950	1,842,939,841
	(d) Short-term provisions	7	407,709,665	427,489,970
			2,807,796,606	2,961,708,540
	<b>TOTAL</b>		<b>1,991,916,235</b>	<b>2,146,192,250</b>
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	8	1,856,634,903	1,993,286,344
	(ii) Capital work-in-progress		3,247,476	3,247,476
			1,859,882,379	1,996,533,820
	(b) Non-current investments	9	59,960,272	59,960,272
	(c) Long-term loans and advances	10	12,260,513	38,025,386
	(d) Other non-current assets		-	-
			72,220,785	97,985,658
<b>2</b>	<b>Current assets</b>			
	(a) Current investments			
	(b) Inventories	11	1,789,072	1,789,072
	(c) Trade receivables	12	17,195,145	22,912,395
	(d) Cash and cash equivalents	13	21,586,854	7,729,305
	(e) Short-term loans and advances	14	19,242,000	19,242,000
	(f) Other current assets		-	-
			59,813,071	51,672,772
	<b>TOTAL</b>		<b>1,991,916,235</b>	<b>2,146,192,250</b>
	See accompanying notes forming part of the financial statements	19 to 37	-	-

In terms of our report attached.

For AMPAC & Associates  
Chartered Accountants  
FRN 112236w

P. B. Sheth  
Partner

Place : Mumbai

Date : 9TH August, 2012

For and on behalf of the Board of Directors

D B Patel  
Managing Director

Place : Mumbai

Date : 9TH August, 2012

B H Patel  
Director

**THE BARODA RAYON CORPORATION LIMITED**  
**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012**

Particulars		Note No.	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
			Rs.	Rs.
	<b>INCOME</b>			
1	Revenue from operations (gross)		-	-
	Less: Excise duty		-	-
	Revenue from operations (net)		-	-
2	Other Income		-	-
3	Total revenue (1+2)		-	-
4	<b>Expenses</b>			
	(a) Cost of materials consumed		-	-
	(b) Purchases of stock-in-trade		-	-
	(c) Changes in Inventories of finished goods, work-in-progress and stock-in-trade		-	-
	(d) Employee benefits expense	15	3,000,916	-
	(e) Finance costs	16	98,817,945	59,935,772
	(f) Depreciation and amortisation expense	8	30,394,472	30,394,472
	(g) Other expenses	17	7,602,683	5,225,884
	Total expenses		139,816,016	95,556,128
	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(139,816,016)	(95,556,128)
5	Exceptional & Extraordinary Items		-	-
6	Profit / (Loss) before extraordinary items and tax (5 + 6)		(139,816,016)	(95,556,128)
7	Profit / (Loss) before tax (7 + 8)		(139,816,016)	(95,556,128)
8	Profit / (Loss) before tax (7 + 8)		(139,816,016)	(95,556,128)
10	Tax expense:		-	-
	Current tax expense for current year		-	-
11	Profit / (Loss) (9 + 10)		(139,816,016)	(95,556,128)
14	Profit / (Loss) for the year (11 + 13)		(139,816,016)	(95,556,128)
15	<b>Earnings Per Share</b>			
	Earnings per share (of 10/- each):			
	Basic & Diluted	18	(6.10)	(4.17)
	See accompanying notes forming part of the financial statements	19 to 37		
In terms of our report attached.		For and on behalf of the Board of Directors		
For AMPAC & Associates		D B Patel		
Chartered Accountants		Managing Director		
FRN 112236w		B H Patel		
P. B. Sheth		Director		
Partner				
Place : Mumbai				
Date : 9TH August, 2012				
		Date : 9TH August, 2012		

**CASH FLOW STATEMENT FOR COMPANIES OTHER THAN FINANCE COMPANIES**

**THE BARODA RAYON CORPORATION LIMITED**

**Cash Flow Statement for the year ended 31<sup>st</sup> March, 2012**

Particulars	For the year ended 31 <sup>st</sup> March, 2012		For the year ended 31 <sup>st</sup> March, 2011	
	Rs.	Rs.	Rs.	Rs.
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax	(139,816,016)		(95,556,128)	
<b>Adjustments for:</b>				
Depreciation and amortization	30,394,472		30,394,472	
Finance costs	98,817,945			
	(10,603,599)	(10,603,599)	(65,161,656)	(65,161,656)
Operating profit / (loss) before working capital changes		(10,603,599)		(65,161,656)
<b>Changes in working capital:</b>				
Adjustments for (Increase) / decrease in operating assets:				
Inventories	-			
Trade receivables	5,717,250		27,773,896	
Short-term loans and advances	-			
Long-term loans and advances	25,764,873		(2,706,455)	
Adjustments for Increase / (decrease) in operating liabilities:				
Trade payables	(72,065,738)		(54,946,079)	
Other current liabilities	(391,619,813)			
Short-term provisions	(19,780,305)			
Long-term provisions				
	(451,983,733)	(451,983,733)	(29,878,638)	(29,878,638)
Cash flow from extraordinary items		(462,587,332)		(29,878,638)
Cash generated from operations		(462,587,332)		(95,040,294)
Net Income tax (paid) / refunds		-		-
		(462,587,332)		(95,040,294)
Net cash flow from / (used in) operating activities (A)		(462,587,332)		(95,040,294)
<b>B. Cash flow from investing activities</b>				
Net cash flow from / (used in) investing activities (B)		-		-
<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowings	245,708,904		93,741,075	
Proceeds from other short-term borrowings	318,950,000			
Finance cost	- 88,214,023			
	476,444,881	476,444,881	93,741,075	93,741,075
Cash flow from extraordinary items				
		476,444,881		93,741,075
Net cash flow from / (used in) financing activities (C)		476,444,881		93,741,075

<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>13,857,549</b>	<b>-1,299,219</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>7,729,305</b>	<b>9,028,524</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>21,586,854</b>	<b>7,729,305</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
<b>Cash and cash equivalents as per Balance Sheet</b>	<b>21,586,854</b>	<b>7,729,305</b>
<b>Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements</b>	<b>-</b>	<b>-</b>
<b>Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19</b>	<b>21,586,854</b>	<b>7,729,305</b>
<b>Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note (i) to Note 16 Current investments)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year *</b>	<b>21,586,854</b>	<b>7,729,305</b>
<b>* Comprises:</b>		
<b>(a) Cash on hand</b>	<b>795,547</b>	<b>1,333,041</b>
<b>(c) Balances with banks</b>		
<b>(i) In current accounts</b>	<b>18,872,563</b>	<b>4,477,520</b>
<b>(ii) In earmarked accounts (Refer Note below)</b>	<b>1,918,744</b>	<b>1,918,744</b>
	<b>21,586,854</b>	<b>7,729,305</b>

**Notes:**

**(i) These earmarked account balances with banks can be utilised only for the specific identified purposes. The details of the said account is given in Note forming part of financial statements.**

**See accompanying notes forming part of the financial statements**

**In terms of our report attached.**

**For AMPAC & Associates**

**Chartered Accountants**

**FRN 112236w**

**P. B. Sheth**

**Partner**

**Place : Mumbai**

**Date 9th August, 2012**

**For and on behalf of the Board of Directors**

**D B Patel**

**Managing Director**

**Place : Mumbai**

**Date 9th August, 2012**

**B H Patel**

**Director**

**THE BARODA RAYON CORPORATION LIMITED**  
Notes forming part of the financial statements

**Note 1 Share capital**

Particulars	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Number of shares	Rs.	Number of shares	Rs.
<b>(a) Authorised</b>				
Equity shares of Rs. 10/- each with voting rights	130,000,000	1,300,000,000	130,000,000	1,300,000,000
Redeemable preference shares of 10/- each	20,000,000	200,000,000	20,000,000	200,000,000
<b>(b) Issued</b>				
Equity shares of Rs. 10/- each with voting rights	22,911,359	229,113,590	22,911,359	229,113,590
<b>(c) Subscribed and fully paid up</b>				
Equity shares of Rs. 10/- each with voting rights	22,911,359	229,113,590	22,911,359	229,113,590

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Other changes	Closing Balance
<b>Equity shares with voting rights</b>								
Year ended 31 March, 2012								
- Number of shares	22,911,359	-	-	-	-	-	-	22,911,359
- Amount (Rs.)	229,113,590	-	-	-	-	-	-	229,113,590
Year ended 31 March, 2011								
- Number of shares	22,911,359	-	-	-	-	-	-	22,911,359
- Amount (Rs.)	229,113,590	-	-	-	-	-	-	229,113,590

**Note 1 Share capital (contd.)**

**Particulars:**

**Notes:**

**(iv) Details of shares held by each shareholder holding more than 5% shares:**

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights:</b>				
Kanchenjunga Texturiserd Pvt. Ltd.	7380000	32.21%	7380000	32.21%
Ramsons Properties Pvt. Ltd.	2945000	12.85%	2945000	12.85%
High Street Accounting Services Pvt. Ltd.	2945000	12.85%	2945000	12.85%
Shivalik Golf & Forests Resorts Ltd	2,620,000	11.44%	2,620,000	11.44%
Hena Khanna	2,620,000	11.44%	-	-
Clearwater Cap Partners (Cyprus) Ltd.	-	-	2945000	12.85%

<b>Note 2 Reserves and surplus</b>		
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2012</b>	<b>As at 31<sup>st</sup> March, 2011</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>(a) Capital reserve</b>		
Opening balance	366,920,595	366,920,595
Closing balance	366,920,595	366,920,595
<b>(b) Securities premium account</b>		
Opening balance	519,296,830	519,296,830
Closing balance	519,296,830	519,296,830
<b>(c) Debenture redemption reserve</b>		
Opening balance	114,253,900	114,253,900
Closing balance	114,253,900	114,253,900
<b>(d) Revaluation reserve</b>		
Opening balance	1,224,446,454	1,330,703,423
Less: Utilised for set off against depreciation	106,256,969	106,256,969
Closing balance	1,118,189,485	1,224,446,454
<b>(e) Lease Special reserve</b>		
Opening balance	38,106,422	38,106,422
Closing balance	38,106,422	38,106,422
<b>(f) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening balance	(3,307,654,081)	(3,212,097,953)
Add: Profit / (Loss) for the year	(139,816,016)	(95,556,128)
Closing balance	(3,447,470,097)	(3,307,654,081)
<b>Total</b>	<b>(1,290,702,865)</b>	<b>(1,044,629,880)</b>

**Note 3 Long-term borrowings**

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2012</b>	<b>As at 31<sup>st</sup> March, 2011</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Secured Term loans from Asset Care &amp; Reconstruction Enterprise Limited</b>	<b>245,708,904</b>	<b>-</b>
<b>Total</b>	<b>245,708,904</b>	<b>-</b>

During the year, Asset Care & Reconstructions Enterprise Limited (referred as Assignee), incorporated under the Companies Act 1956, a securitisation & reconstruction Company, by virtue of Assignment Agreement dated 27<sup>th</sup> March' 2012, has acquired the loan from IFCI (referred as Assignor) for total consideration of Rs. 25,00,00,000/- against the security of immovable properties of the Company. The said loans are upon the terms and subject to condition mentioned in the said agreement. The entire dues will be payable to Asset Care & Reconstructions Enterprise Limited within 18 months from date of agreement viz. 27<sup>th</sup> March' 2012 and rate of interest is fixed at 21% per annum. Since the amount is payable after 18 months, there is no amount due for current maturity.

**Note 4 Short-term borrowings**

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2012</b>	<b>As at 31<sup>st</sup> March, 2011</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>(a) Inter- corporate Deposit</b>		
Unsecured	439,982,475	305,332,475
<b>(b) Other loans and advances</b>		
Unsecured from friend & relatives of directors	197,192,508	12,892,508
<b>Total</b>	<b>637,174,983</b>	<b>318,224,983</b>

**Notes:**

(i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
		Rs.	Rs.
<b>Deposits:</b>			
Inter-corporate deposit	Inter-corporate deposit are taken from 18 private Corporate and they are unsecured, interest free	439,982,475	305,332,475
<b>Total - Deposits</b>		<b>439,982,475</b>	<b>305,332,475</b>
<b>Other loans and advances:</b>			
From friend & relatives of directors	Other loans and advances: Loans & advances are taken from 11 parties and they are unsecured, interest free	197,192,508	12,892,508
		<b>197,192,508</b>	<b>12,892,508</b>

**Note 5 Trade payables**

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
	Rs.	Rs.
<b>Trade payables:</b>		
Acceptances	-	-
Other than Acceptances	300,988,008	373,053,748
<b>Total</b>	<b>300,988,008</b>	<b>373,053,746</b>

**Note 6 Other current liabilities**

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
	Rs.	Rs.
(a) Current maturities of long-term debt (Refer Note (i) below)	-	422,602,515
(b) Advance against sale of fixed assets	150,321,659	150,321,659
(c) Application money received for allotment of securities and due for refund and interest accrued thereon	51,560,000	3,000,000
(d) Unpaid matured deposits and interest accrued thereon (refer note (ii) below)	22,000,000	22,806,000
(e) Unpaid matured debentures and interest accrued thereon (refer to Note (iii) below)	37,586,920	37,586,920
(f) Other payables		
(i) Statutory Liabilities	786,004,985	793,975,440
(ii) Liabilities related to Staff, PF dues, ESIC dues etc.	172,551,243	284,376,761
(iii) Premium Payable on Debentures	3,500,000	3,500,000
(iv) Trade / security deposits received	6,175,034	7,714,581
(v) Other Liabilities	232,224,109	117,055,965
<b>Total</b>	<b>1,461,923,950</b>	<b>1,842,939,841</b>

**Note (i): Current maturities of long-term debt refer Note 3:**

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
	Rs.	Rs.
(b) Secured Term loans (refer note (ii) below)		
IFCI	-	422,121,288
Secured (Vehicle Loan)	-	422,121,288
	-	481,227
<b>Total</b>	<b>-</b>	<b>422,602,515</b>

(i) The fixed deposit from public is matured. The deposit could not be paid on due date as the Company became sick, hence the entire fixed deposit has become overdue.

(ii) The said debentures have become overdue for payment since long time. In the financial year 2003-04, the Company had settled various debt due to financial institution, banks, secured debenture holders under Corporate debt restructuring scheme, however one of the debenture holder has not participated in the scheme, hence the debentures have become overdue.

**Note 7 Short-term provisions**

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
	Rs.	Rs.
(a) Provision for employee benefits: Provision for gratuity	401,807,377	421,587,682
(b) Provision - Others: (i) Provision for tax (net of advance tax Rs. Nil, As at 31 March, 2011 Rs. Nil) (ii) Provision for wealth tax	4,940,391 961,897	4,940,391 961,897
<b>Total</b>	<b>407,709,665</b>	<b>427,489,970</b>

**NOTE 8A FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As at 01.04.2011	Addition / sale During the year	TOTAL As at 31.03.2012	Up to 31.3.2011	Sales / Trans / Adj.	Provided During the year	Depreciation on Revalued Assets	TOTAL As at 31.3.2012	As at 31.3.2012	As at 31.3.2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Free Hold)	385,152,000	-	385,152,000	-	-	-	-	-	385,152,000	385,152,000
Roads	3,348,254	-	3,348,254	1,989,445	-	54,899	-	2,044,344	1,303,910	1,358,809
Buildings	704,374,932	-	704,374,932	183,649,823	-	6,111,327	8,155,870	197,917,020	506,457,912	520,725,109
Plant & Machinery	4,052,355,844	-	4,052,355,844	2,995,681,571	-	22,682,712	96,129,476	3,414,493,759	937,862,085	1,056,674,273
Tube wells	1,021,177	-	1,021,177	469,360	-	-	35,905	505,265	515,912	551,817
Waterworks & Pipeline	20,069,015	-	20,069,015	7,053,872	-	-	223,340	7,277,212	12,791,803	13,015,143
Railway siding	3,331,308	-	3,331,308	1,490,216	-	-	108,034	1,598,250	1,733,058	1,841,092
Furniture, Fixtures & Equipment	68,605,723	-	68,605,723	55,049,299	-	1,545,534	1,604,248	58,199,081	10,406,042	13,556,424
Cars & Vehicles	16,427,884	-	16,427,884	16,016,207	-	-	96	16,016,303	411,581	411,677
<b>TOTAL</b>	<b>5,254,686,137</b>	<b>-</b>	<b>5,254,686,137</b>	<b>3,261,399,793</b>	<b>-</b>	<b>30,394,472</b>	<b>106,256,969</b>	<b>3,398,051,234</b>	<b>1,856,634,903</b>	<b>1,993,286,344</b>
<b>PREVIOUS YEAR</b>	<b>5,254,686,137</b>	<b>-</b>	<b>5,254,686,137</b>	<b>3,124,748,352</b>	<b>-</b>	<b>30,394,472</b>	<b>106,256,969</b>	<b>3,261,399,793</b>	<b>1,993,286,344</b>	<b>2,133,185,260</b>

**b. Depreciation and amortisation:**

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
Depreciation and amortisation for the year on tangible assets	136,651,441	136,651,441
Less: Utilised from revaluation reserve		
Depreciation and amortisation	106,256,969	106,256,969
<b>Depreciation and amortisation</b>	<b>30,394,472</b>	<b>30,394,472</b>
<b>Notes:</b>		
There are no amounts written off on reduction of capital or revaluation of assets or sums added to assets on revaluation during the preceding 5 years:		



**Note 9 Non-current investments**

Particulars	As at 31 <sup>st</sup> March, 2012			As at 31 <sup>st</sup> March, 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Investments (At cost):</b>						
a) <b>Investment in equity Instruments</b>						
(i) 83 Fully paid Equity Shares of Rs. 10/- each of ICICI Bank	20	-	20	20	-	20
(ii) 333 Fully paid equity share of Rs. 10/- each of HOCL	25,308	-	25,308	25,308	-	25,308
(iii) 10 Shares of Rs. 20/- each fully paid of the Surat District Co-operative Purchase & Sales Union Ltd	-	200	200	-	200	200
(iv) 1875001 Ordinary Shares of Rs. 100/- each of Thai Baroda Industries Ltd	-	57,484,744	57,484,744	-	57,484,744	57,484,744
(v) 245000 Equity Shares of Rs. 10/- each of TAIB Capital	-	2,450,000	2,450,000	-	2,450,000	2,450,000
			59,960,272			59,960,272
Less: Provision for diminution in value of investments			-			-
<b>Total</b>			59,960,272			59,960,272
Aggregate amount of quoted investments			25,328			25,328
Aggregate market value of listed and quoted investments			79,686			103,297
Aggregate amount of unquoted investments			59,934,944			59,934,944

**Note 10 Long-term loans and advances**

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
	Rs.	Rs.
(h) <b>Balances with government authorities</b>		
Unsecured, considered good		
(i) CENVAT & Service Tax credit receivable	9,214,534	10,089,637
(ii) Other loans and advances		
Advances recoverable in cash or kind (refer note below)	3,045,979	27,935,749
Doubtful	29,000,004	29,000,004
	32,045,983	56,935,753
Less: Provision for other doubtful loans and advances	29,000,004	29,000,004
	3,045,979	27,935,749
<b>Total</b>	12,260,513	38,025,386

The advances recoverable in cash or kind includes advances for expenses, staff loan, prepaid expenses, security deposit etc.

**Note 11 Inventories**

(At lower of cost and net realisable value)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
	Rs.	Rs.
Stores and spares	1,789,072	1,789,072
<b>Total</b>	1,789,072	1,789,072

**Note 12 Trade receivables**

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
	Rs.	Rs.
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	17,195,145	22,912,395
Doubtful	8,567,882	8,567,882
	25,763,027	31,480,277
Less: Provision for doubtful trade receivables	8,567,882	8,567,882
	17,195,145	22,912,395
<b>Total</b>	17,195,145	22,912,395

**Note 13 Cash and cash equivalents**

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
	Rs.	Rs.
(a) Cash on hand	795,547	1,333,041
(b) Balances with banks		
(i) In current accounts	16,553,474	2,254,335
(ii) In Current account Inoperative (refer note 1 below)	2,219,089	2,223,165
(iii) In earmarked accounts (refer note 2 below)		
- Unpaid dividend accounts under reconciliation	11,903	11,903
- Unpaid Debenture under reconciliation	1,891,291	1,891,291
- Preference Share application money received under reconciliation	15,550	15,550
<b>Total</b>	<b>21,586,854</b>	<b>7,729,305</b>
<i>Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is</i>	<b>21,586,854</b>	<b>7,729,305</b>

**Notes:**

1. There are 37 non-operative current account of the Company and is under process of closure of the same. The balances are subject to confirmation.
2. There are 13 account of debenture redemption fund, 1 account of preference share dividend account and 3 accounts of preference share application account, which is subject to reconciliation pending from the bankers and registrar's account. On confirmation of and reconciliation of balances, the account will be closed or disposed off by transferring to Investor Protection fund.

**Note 14 Short-term loans and advances**

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
	Rs.	Rs.
(a) Inter-corporate deposits		
Unsecured, considered good	15,721,000	15,721,000
Less: Provision for doubtful Inter-corporate deposits	-	-
	15,721,000	15,721,000
(b) Others		
Unsecured, considered good to Individuals & firm	3,521,000	3,521,000
Less: Provision for other doubtful loans and advances	-	-
<b>Total</b>	<b>19,242,000</b>	<b>19,242,000</b>

**Note 15 Employee benefits expense**

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
	Rs.	Rs.
Salaries and wages	1,855,962	-
Ex-gratia	1,144,954	-
<b>Total</b>	<b>3,000,916</b>	<b>-</b>

**Note 16 Finance costs**

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
	Rs.	Rs.
(a) Interest expense on:		
(i) Borrowings	88,064,383	47121288
(ii) Others	10,603,922	12807329
(b) Other borrowing cost - Bank Charges	149,640	7155
<b>Total</b>	<b>98,817,945</b>	<b>59,935,772</b>

<b>Note 17 Other expenses</b>		
<b>Particulars</b>	<b>For the year ended</b>	<b>For the year ended</b>
	<b>31<sup>st</sup> March, 2012</b>	<b>31<sup>st</sup> March, 2011</b>
	<b>Rs.</b>	<b>Rs.</b>
Advertisement	154,821	-
Computer expenses	155,935	-
Donations	400,000	-
Legal Expenses	305,767	-
Legal & Professional Charges	5,638,461	2,343,670
Office Expenses	306,872	-
Other Expenses	148,814	-
Rates & Taxes	560,739	-
Payments to auditors - Statutory Audit	200,000	441,200
Prior period items (net) Balances written off/ liabilities no longer payable	(268,726)	2,441,014
<b>Total</b>	<b>7,602,683</b>	<b>5,225,884</b>

**Note 18 Disclosures under Accounting Standards (contd.)**

	<b>Particulars</b>	<b>For the year ended</b>	<b>For the year ended</b>
		<b>31<sup>st</sup> March, 2012</b>	<b>31<sup>st</sup> March, 2011</b>
		<b>Rs.</b>	<b>Rs.</b>
18	Earnings per share		
18.a	<b>Basic &amp; Diluted</b>		
	Net profit / (loss) for the year	(139,816,016)	(95,556,128)
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year from attributable to the equity shareholders	(139,816,016)	(95,556,128)
	Weighted average number of equity shares	22911359	22911359
	Par value per share	10	10
	Earnings per share from continuing operations - Basic	(6.10)	(4.17)

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**19 ACCOUNTING POLICIES:**

- (a) **Basis of Accounting**  
The accounts have been prepared on the basis that the Company is going concern and on the basis of historical costs.
- (b) **Revenue Recognition**  
Sale of goods is recognized on dispatch to customers. Sales includes amount recovered towards excise duty but excludes amount recovered towards sales tax and are net of trade discounts.
- (c) **Investments**  
Investments are valued at cost subject to application of Accounting Standard 13 accounting for investment prescribed by the Institute of Chartered Accountants of India.
- (d) **Research and Development**  
Revenue expenditure on research and development (R & D) is charged to the Profit and Loss Account. Capital expenditure on R & D is shown as addition to Fixed Assets.
- (e) **Inventories**  
Inventories are valued at lower of cost and estimated realisable value.
- (f) **Retirement Benefits**  
Retirement benefits to employees are provided for by payment to gratuity, superannuation and provident funds. The Company has taken a policy with the Life Insurance Corporation of India for the payment of gratuity. The premium on policy and the difference between the amount of gratuity paid on retirement, and amount estimated as recoverable from Life Insurance Corporation of India is debited to Profit and Loss Account. Liability in respect of superannuation benefit extended to the specified employees is contributed by the Company to a Fund established with Life Insurance Corporation of India Ltd. at the rate of 15% of the annual salary of those employees. The leave encashment benefit to the employees on retirement is debited to Profit & Loss Account on Cash Basis.

- (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.  
**Depreciation on Revalued Assets:**  
 The depreciation on the revalued fixed assets has been reduced from the revaluation reserve.
- (h) **Fixed Assets**  
 Fixed assets are recorded at historical costs and include interest to the date of commissioning on attributable borrowings. In respect of borrowings in foreign currencies for acquisition of fixed assets, increase/decrease in liability consequent on changes in rupee/foreign currencies parity, both on account of repayment during the year and restatement of the liability as at the Balance Sheet date, have been added to the cost of the Fixed Assets. Depreciation is provided on such increased costs.  
**Revaluation of Assets:**  
 The fixed assets have been revalued to align it with the current value of the fixed assets of the Company. The revalue reserve has been created to the extent of the increase in the value of the fixed assets after netting of the impairment loss in the value of the assets.
- (i) **Deferred Revenue Expenditure**  
 Expenses incurred towards increase in the Authorised Share Capital and towards issue of Right Equity Shares are amortised over a period of ten years from the year in which they are incurred.  
 After 31.03.2003, any expenditure incurred for which the company will benefit in future will be amortized for 5 years according to generally accounting principles and Accounting Standards.
- (j) **Contingent Liabilities and Provisions**  
 Contingent Liabilities are possible but not probable obligations as on the Balance Sheet date, based on the available evidence.  
 Department appeals, in respect of cases won by the Company, are also considered as Contingent Liabilities.  
 Provisions are recognized when there is a present obligation as a result of past events; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.  
 Provisions are determined based on best estimate required to settle the obligation at the Balance Sheet date.

The above policies were followed up to 31st March' 2009. Subsequently, there were no activities carried, hence there is no specific requirement for adherence of accounting policies.

20. Estimated amount of contracts remaining to be executed on Capital Account is Nil.

21. 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.
- (c) Bank Guarantees to Custom Rs.25 lacs (Previous year Rs. 25 lacs)
- (d) Interest, damages and penalty payable to E.S.I. and Provident fund dues is not ascertainable.
- (e) Income Tax Matters (For details refer to Paragraph 30 (a), 30(b) Rs. 1056.82 lacs (P.Y. 1484.36 lacs).

22. The company entered into a wage settlement agreement with its employees on 27th October' 2003 under section 2(p) read with Rule 62 under the provisions of the Industrial Disputes Act, 1947. 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. The agreement specifies the past liabilities relating to unpaid salary, provident fund E.S.I.C., Gratuities etc. However the said agreement is expired and there is no further renewal/settlement is made. Owing to financial crisis Company could not make the payment, the aggrieved union has filed the litigation with various claims against the Company with Gujarat, High Court. The HC, Gujarat has directed to resolve the dispute by appointing the arbitrator with their permission. The arbitration award is awaited, hence the liabilities are not crystallized and the probable liabilities will be booked on final declaration of the arbitration award subject to acceptance by both the parties.

23. **Claims against the Company not acknowledged as debts:**

*Payment of Excise Duty disputed by the Company in respect of:  
Input & Capital Goods Matters – Rs. 2115.59 lacs (Previous Year Rs. 2079.46 lacs)*

24. **Various cases filed against the Company;**

- (I) 7 (Seven) Nos of Unsecured Creditors have filed Winding Up Petitions against the Company in Ahmadabad High Court for their total claims of Rs.. 44936586/=. The Company has filed necessary appropriate responses and its Petition Leave has been admitted. The matters are pending for further disposal.
  - (II) Various cases of labour matters, excise matters and gratuity matters have been filed against the Company during the normal course of business, which are insignificant to affect the existence of the Company in the opinion of the management.
25. *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 Rs.7.77 Lakhs against the said liability and is awaiting confirmation of the balance from them to make balance payment.*
26. *The Company has no Information of the suppliers covered under the Micro, Small and Medium Enterprises Development Act' 2006. Accordingly, interest provision required under the said Act is not made.*
27. (i) *Excise Duty on manufactured goods lying in bond will be taken into account when goods are taken out of bond, as company's practice.*
- (ii) *The above practice has no effect on the loss.*
28. *The balances of Sundry Debtors, Sundry Creditors, secured loans, unsecured loans, Bank balances and Loans & Advances are subject to confirmation and are shown as appearing in the Account.*
29. *As per the past policy, the company's liability under Provident Fund Act (Funded) is determined on the basis of actuarial valuation made at the end of the financial year. The Company's Provident Fund liabilities are covered under defined benefit plans and all the future and current obligations for PF liabilities were secured by way of investment in Government Securities through Company's PF Trust. However, the company could not make any investment to cover the future and current obligation of PF liabilities as per Accounting Standard 15 and no actuarial losses are determined and debited as per projected unit credit method to Profit & Loss account.*
30. **Income Tax**
- a. *In view of the loss, the Company has not made any provision of Income Tax.*
  - b. *The Company has received Assessment order for non-compliance of tax deducted at sources demanding tax liability for Rs. 1056.82 lacs for the past matters. The Company has preferred appeal against the said Order with Commissioner of Income Tax (Appeal) at TDS circle, Mumbai. The Company could not made the interest payments due to its potential sickness and financial constrains, 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.*
  - c. *The Income Tax Department has seized Rs.12.06 lacs bank balance on account of dispute.*
31. *Asset Care & Reconstructions Enterprise Limited has purchased the IFCI loan for total consideration of Rs. 25 Crore from IFCI by way of Assignment Deed dated 27th March' 2012. Consequently, all the charges attached with the movable and immovable of the properties are registered with Asset Care & Reconstructions Enterprise Limited.*
32. *The Company has discontinued operation of NTC plant from financial year 1999-2000 and all other plants have been discontinued from August' 2008. No provision for impairment of assets of the Company has been made. No effect is separately reported in the profit and loss account as per Accounting Standard 24 related to Discontinue operation.*
33. (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.*

34. *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.*
35. *The Company has not paid stipulated bonus as required by The Bonus Act 1965, as amended time to time. Since the amount is not ascertained, no provision is made in the books of account.*
36. *Owing to the closure of all operation, there are no material consumption, no inflow and outflow of foreign exchange due to import or any other expenditure were incurred during the year.*
37. *The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.*

*In terms of our report attached  
For AMPAC & Associates  
Chartered Accountants  
FRN 112236w*

*For and on behalf of Board of Directors*

*P. B. Sheth  
Partner*

*D B Patel  
Managing Director*

*B H Patel  
Director*

*Place: Mumbai  
Date: 9<sup>th</sup> August, 2012*

*Place: Mumbai  
Date: 9<sup>th</sup> August, 2012*

## NOTICE

Notice is hereby given that the Fifty Second (52<sup>nd</sup>) Annual General Meeting of the THE BARODA RAYON CORPORATION LIMITED will be held on Friday, the 28<sup>th</sup> of September, 2012 at 9:00 a.m. at Patidar Bhavan, Kadodara, Surat-394327 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2012 and the Profit and Loss Account for the year ended on that date together with the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Bhvanjlal H. Patel, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint the Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and authorize the Board to fix their remuneration.

### SPECIAL BUSINESS:

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

**"RESOLVED THAT Mr. Jayantilal Patel (Additional Director), who under provision of section 260 of the Companies Act, 1956, holds office up to 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."**

By order of the Board of Directors

D B Patel  
Chairman & Managing Director

Place: Mumbai  
Date: 09.08.2012

### Notes:

1. A member of the company entitled to attend and vote at the annual general meeting (the meeting) is entitled to appoint a proxy (ies) to attend and vote on a poll instead of himself and the proxy need not be a member of the company.
2. The instrument appointing the proxy should be lodged with the company at its registered office not less than forty eight hours before the commencement of the meeting. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the board resolution authorizing their representatives to attend and vote on their behalf at the meeting.
3. The Register of Members and Share Transfer Book of the company will remain closed from Monday, 24th of September, 2012 to Friday, 28th of September, 2012 (both days inclusive) for the purpose of the Meeting.
4. Members desirous of obtaining any information concerning the accounts and operations of the company are requested to send their queries to the company at least seven days before the Meeting at its registered office, so that information required by the members may be available at the meeting.
5. Members are requested to notify the change in their address to the Registrar and Share Transfer Agent of the company.
6. Members attending the meeting are requested to bring 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.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 1**

**Mr. Jayantilal Patel, has been appointed as an Additional Director on the Board on 28.07.2012. Mr. Jayantilal Patel, holds office only up to the date of Annual General Meeting as per provisions of section 260 of the Companies Act, 1956, proposing the candidature of Mr. Jayantilal Patel, for the office of the Director. The Brief Profile of Mr. Jayantilal Patel, forms part of Corporate Governance Report. Taking into consideration wide experience of Mr. Jayantilal Patel, it will be in the interest of the Company to appoint Mr. Jayantilal Patel, as a Director of the Company. Except Mr. Jayantilal Patel, no other Director is in any way concerned or interested in the resolution. Your Directors recommend the resolution for your approval.**

**By order of the Board of Directors**

**Place: Mumbai  
Date: 09.08.2012**

**D B Patel  
Chairman & Managing Director**



**THE BARODA RAYON CORPORATION LIMITED**  
Registered Office: P.O. Baroda Rayon, Fatehnagar, Udhna, Dist. Surat-394220

**ATTENDANCE SLIP**

**Fifty Second Annual General Meeting**

**I hereby record my presence at the FIFTY SECOND ANNUAL GENERAL MEETING of the Company at Patidar Bhavan, Kadodara, Surat at 9:00 a.m. on Friday, September 28th, 2012.**

\_\_\_\_\_  
**Name of Member's/Proxy's**

\_\_\_\_\_  
**Member's / Proxy's Signature**

**Note: Please fill up this attendance slip and hand it over at the Entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the Meeting.**

\_\_\_\_\_  
**Tear Here**

**THE BARODA RAYON CORPORATION LIMITED**  
Registered Office: P.O. Baroda Rayon, Fatehnagar, Udhna, Dist. Surat-394220

**PROXY FORM**

**Folio No. :** \_\_\_\_\_  
**DP ID:** \_\_\_\_\_

**No. of Shares held:** \_\_\_\_\_  
**ClientID:** \_\_\_\_\_

**I/We** \_\_\_\_\_ **of** \_\_\_\_\_  
**being a member/members of The Baroda Rayon Corporation Limited, hereby appoint**

\_\_\_\_\_ **of** \_\_\_\_\_  
**or failing him/her** \_\_\_\_\_ **of** \_\_\_\_\_  
**as my/our proxy to vote for me/us and on my/our behalf at the Fifty First Annual General Meeting of the Company to be held on Friday, September 28th, 2012 at Patidar Bhavan, Kadodara, Surat at 9:00 a.m. or at adjournment thereof.**

**Signed this** \_\_\_\_\_ **day of** \_\_\_\_\_ **2012**

**Affix  
Revenue  
Stamp**

**Signature(s) of the  
Shareholder(s)**

**Book Post**

**If undelivered Please return to:  
THE BARODA RAYON CORPORATION LIMITED  
P.O.Baroda Rayon, Fatehnagar, Udhna, Dist. Surat-394220**