



The Baroda Rayon Corporation Limited

54th

**ANNUAL REPORT
2013-14**

THE BOARD OF DIRECTORS:

Mr. Damodarbhai B. Patel
Chairman & Managing Director
Mr. Bhavanjibhai H. Patel
Mr. Bhavesh V. Patel
Mr. Jayantilal Patel

AUDITORS:

AMPAC & Associates,
Chartered Accountants,
Mumbai

REGISTRAR AND SHARE TRANSFER AGENT:

Sharex Dynamic (India) Private Limited
Unit 1, Luthra Ind. Premises,
1st Floor, M Vasanti Marg,
Andheri Kurla Road, Safed Pool,
Andheri (E), Mumbai-400072

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

54th ANNUAL GENERAL MEETING

Date : Tuesday, 30th September, 2014

Time : 9:00 a.m.

Venue : Patidar Bhavan, Kadodara, Surat-394327



54th

Annual Report

2013-14

**The Baroda Rayon
Corporation Limited**

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NOTICE

Notice is hereby given that the **Fifty Fourth** (54th) Annual General Meeting of **THE BARODA RAYON CORPORATION LIMITED** will be held on Tuesday, the 30th of September, 2014 at 09:00 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 and Statement of Profit and Loss for the year ended 31st March 2014 together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint the Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. AMPAC & Associates, Chartered Accountants (Registration No. FRN 112236w), be and is hereby appointed as auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the Fifty Ninth AGM of the Company to be held in the year 2019 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax and other expenses etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 196, 197 & 203 of the Companies Act 2013 read with Schedule V of the said Act (including any amendment, modification, variation or re- enactment thereof), (Corresponding to Section 198, 269, 309 Schedule XIII to the Companies Act, 1956) and subject to approval of the Central Government, if any, the approval of the Company be and is hereby accorded to the re-appointment of Shri Damodarbai Patel (DIN. 00056513) as the Managing Director of the Company for a period of three years effective from 12th December 2014 to 11th December 2017 on the terms and conditions without remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts things and deeds as may be necessary to give effect to the above resolution.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Bhavanji Haribhai Patel (DIN 01690183), who has submitted a declaration that he meets the criteria for independent as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from the date of this Annual General Meeting upto the conclusion of the Annual General Meeting to be held in the Calendar year 2019 and that he shall not be liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Bhaveshbhai Vishrambhai Patel (DIN 03270321), who has submitted a declaration that he meets the criteria for independent as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from the date of this Annual General Meeting upto the conclusion of the Annual General Meeting to be held in the Calendar year 2019 and that he shall not be liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Jayantilal Dayalal Patel (DIN 05339476), who has submitted a declaration that he meets the criteria for independent as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from the date of this Annual General Meeting upto the conclusion of the Annual General Meeting to be held in the Calendar year 2019 and that he shall not be liable to retire by rotation.”

By order of the Board of Directors

Damodarbai B. Patel
Chairman & Managing Director
DIN - 00056513

Place: Mumbai
Date: 14th August, 2014

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxies in order to be effective must be received by the Company, at its Registered Office not less than 48 hours before the Meeting.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. The Register of Members and Share Transfer Book of the company will remain closed from Wednesday, 24th of September, 2014 to Tuesday, 30th of September, 2014 (both days inclusive) for the purpose of the Meeting.
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 available at the meeting.
4. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding share in physical form can submit their PAN details to the Company / Registrars and Transfer Agents, M/s Sharex Dynamic (India) Private Limited.
5. Members are requested to notify the change in their address to the Registrar and Share Transfer Agent of the company.
6. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, (Corresponding to Section 173(2) of the Companies Act, 1956) in respect of Special Business set out in the Notice is annexed hereto.
7. Members attending the meeting are requested to bring their copy of the Annual Report and the attendance slip attached thereto dully filled in and signed and hand over the same at the entrance of the hall.
8. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company / Registrars and Transfer Agent, M/s. Sharex Dynamic (India) Pvt. Ltd.
9. Corporate Members intending to send their authorised representative to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.

10. Details under clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment / re-appointment.
11. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the company electronically.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 3

Shri Damodarbhai Patel was appointed as the Managing Director of the Company for a period of three (3) years with effect from 12th December, 2011 on the terms and conditions and without remuneration as approved by the Members at the Annual General Meeting held on 12th December 2011. As such, the present term of office of Shri Damodarbhai Patel shall expire on 11th December 2014. Shri Damodarbhai Patel has been associated with the Company since many years and currently holds overall responsibility for the working of the Company. Keeping in view the contribution made by Shri Damodarbhai Patel for the growth of the Company, the Board of Directors of the Company have recommended the reappointment of Shri Damodarbhai Patel for a period of three (3) years effective from 12th December, 2014 on the terms and conditions as may be mutually decided between the Board of Directors and the Mr. Damodarbhai B. Patel.

Your Directors recommend the resolution set out at Item No.3 of the Notice for approval of the Members.

The above may be treated as an abstract of the terms of appointment and Memorandum of concern or interest, pursuant to Section 190 of the Companies Act, 2013.

Shri Damodarbhai Patel, the Managing Director of the Company may be deemed to be interested in the resolution.

ITEM NO. 4

Mr. Bhavanji Haribhai Patel (DIN 01690183) is a Non Executive Independent Director of the Company, whose period of office was liable to be determined by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, as per requirements of provisions of the Companies Act, 2013 and rules made there under, the Independent Directors are not liable to retire by rotation and are required to be appointed by Shareholders. Therefore, it is proposed to appoint Mr. Bhavanji Haribhai Patel as an Independent Director for a term of five consecutive years up to the conclusion of the 59th Annual General Meeting of the Company to be held in the calendar year 2019.

Mr. Bhavanji Patel is not disqualified from being appointed as an Independent Director in terms of Section 164 of the companies Act, 2013 and has given his consent to act as a director.

Section 149 of the Act inter alia stipulates the criteria of independence should a Company proposes to appoint an Independent Director on its Board. As per the said Section 149, an Independent Director can hold office for a term up to 5 (five) consecutive years on the Board of Company and he shall not be included in the total number of Directors for retirement by rotation.

In the opinion of the Board, Mr. Bhavanji Patel fulfils the conditions for his appointment as an Independent Director as specified in the Companies Act, 2013 and the Listing Agreement. Mr. Bhavanji Patel is independent of the management.

The Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Bhavanji Patel is considered to be interested or concerned in the above resolution.

ITEM NO. 5

Mr. Bhaveshbhai Vishrambhai Patel (DIN 03270321) is a Non Executive Independent Director of the Company, whose period of office was liable to be determined by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, as per requirements of provisions of the Companies Act, 2013 and rules made there under, the Independent Directors are not liable to retire by rotation and are required to be appointed by Shareholders. Therefore, it is proposed to appoint Mr. Bhaveshbhai Vishrambhai Patel as an Independent Director for a term of five consecutive years up to the conclusion of the 59th Annual General

Meeting of the Company to be held in the calendar year 2019.

Mr. Bhaveshbhai Patel is not disqualified from being appointed as an Independent Director in terms of Section 164 of the companies Act, 2013 and has given his consent to act as a director.

Section 149 of the Act inter alia stipulates the criteria of independence should a Company proposes to appoint an Independent Director on its Board. As per the said Section 149, an Independent Director can hold office for a term up to 5 (five) consecutive years on the Board of Company and he shall not be included in the total number of Directors for retirement by rotation.

In the opinion of the Board, Mr. Bhaveshbhai Patel fulfils the conditions for his appointment as an Independent Director as specified in the Companies Act, 2013 and the Listing Agreement. Mr. Bhaveshbhai is independent of the management.

The Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Bhaveshbhai Patel is considered to be interested or concerned in the above resolution.

ITEM NO. 6

Mr. Jayantilal Dayalal Patel (DIN 05339476) is a Non Executive Independent Director of the Company, whose period of office was liable to be determined by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, as per requirements of provisions of the Companies Act, 2013 and rules made there under, the Independent Directors are not liable to retire by rotation and are required to be appointed by Shareholders. Therefore, it is proposed to appoint Mr. Jayantilal Dayalal Patel as an Independent Director for a term of five consecutive years up to the conclusion of the 59th Annual General Meeting of the Company to be held in the calendar year 2019.

Mr. Jayantilal Patel is not disqualified from being appointed as an Independent Director in terms of Section 164 of the companies Act, 2013 and has given his consent to act as a director.

Section 149 of the Act inter alia stipulates the criteria of independence should a Company proposes to appoint an Independent Director on its Board. As per the said Section 149, an Independent Director can hold office for a term up to 5 (five) consecutive years on the Board of Company and he shall not be included in the total number of Directors for retirement by rotation.

In the opinion of the Board, Mr. Jayantilal Patel fulfils the conditions for his appointment as an Independent Director as specified in the Companies Act, 2013 and the Listing Agreement. Mr. Jayantilal Patel is independent of the management.

The Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Jayantilal Patel is considered to be interested or concerned in the above resolution.

Place: Mumbai
Date: 14th August, 2014

By order of the Board of Directors

Damodarbai B. Patel
Chairman & Managing Director
DIN - 00056513

EXPLANATORY STATEMENT AS PER CLAUSE 49 OF LISTING AGREEMENT

Name of the Director	Mr. Damodarbhai B. Patel	Mr. Bhavanji H. Patel	Mr. Bhaveshbhai V. Patel	Mr. Jayantilal D. Patel
DIN	00056513	01690183	03270321	05339476
Date of Birth	12/01/1962	22/12/1957	15/05/1979	20/09/1961
Date of Appointment/ Re-appointment	12/12/2011	10/03/2008	09/05/2011	28/07/2012
Areas of Specialization	Construction and Textile Industry	Accountancy	Textile Industry	Textile Industry
Qualifications	Commerce Graduate	Chartered Accountant	M.B.A	Commerce Graduate
No. of Shares Held in the Company	NIL	NIL	NIL	NIL
Directorship held in outside Public Limited Companies	Aalidhra and Bhavani Clinkers Limited	NIL	NIL	NIL
Chairman/member of the Committee of the Board of Directors of this Company	(i) Shareholders /Investors Grievance Committee – Chairman	(i)Audit Committee – Chairman (ii)Remuneration Committee – Chairman (iii) Shareholders /Investors Grievance Committee – Member	(i)Audit Committee – Member (ii) Remuneration Committee – Member (iii) Shareholders /Investors Grievance Committee – Member	(i)Audit Committee – Member (ii) Remuneration Committee – Member (iii) Shareholders /Investors Grievance Committee – Member
Chairman/member of the Committee of the Board of Directors of other Companies	-	-	-	-

DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

To
The Members of
The Baroda Rayon Corporation Limited

Your Directors are pleased to present the 54th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2014. The Financial results are shown as below.

Financial Results

Particulars	₹ In Lakhs)	
	31.03.2014	31.03.2013
Income from Sales	NIL	NIL
Other Income	NIL	NIL
Total Income	NIL	NIL
Less: Expenditure	1296.46	140.35
Profit/(Loss) before interest, depreciation and tax	(1296.46)	(140.35)
Less : Depreciation	303.94	303.94
Interest	598.5	380.81
Provisions for Taxation	Nil	Nil
Profit/(Loss) before extraordinary item	(2199.01)	(825.1)
Less: Extraordinary Item	(1865.12)	-
Profit/(Loss) after Taxes	(333.89)	(825.1)
Profit/(Loss) available for appropriation	(333.89)	(825.1)
Balances as per last year's Balance sheet	(35240.64)	(34474.71)
Profit and Loss Appropriation Account	NIL	NIL
Balance carried to Balance sheet	(35574.53)	(35299.81)

Dividend

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

Review of Operation

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. Your company is seeking new avenues in order to restart the operations of your company.

Directors' Responsibility Statement

As required under provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

- That in preparation of the annual accounts, the applicable accounting standards have been duly followed.
- That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review.
- That the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the accounts for the financial year ended 31 March, 2014 on a going concern basis.

Fixed Deposits

Your Company has not accepted any fixed deposits during the year. Deposits of ₹ 171.49 Lakhs were outstanding as at 31st March, 2014. During the year your company repaid the fixed deposits of ₹ 24.55 lakhs.

Directors

Mr. Damodarbai B. Patel, whose term of appointment is going to expire on 11th December, 2014, has been reappointed by the Board in their meeting held on 14th August, 2014 as Managing Director of the Company for a further period of 3 years w.e.f. 12th December, 2014.

As per the provisions of Section 149 and other applicable provisions, if any, of the Companies Act, 2013, Mr. Bhavanji Patel, Mr. Bhaveshbhai Patel & Mr. Jayantilal Patel are proposed to be appointed as an Independent Directors of the Company for a period of 5 (five) consecutive years w.e.f the date of this Annual General Meeting upto the conclusion of the Annual General Meeting of the Company to be held in the calendar year 2019 and shall not retire by rotation.

Auditors

Messrs AMPAC & Associates, Chartered Accountants (Registration No. FRN 112236w), Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

As per the requirements of the Companies Act, 2013 (the Act) AMPAC & Associates, Chartered Accountants, have confirmed that the re-appointment if made would be within the limits specified under Section 141(3)(g) of the Act and that

they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014. Since Messrs AMPAC & Associates, Chartered Accountants, have been functioning as the auditors of the Company for 5 years, in accordance with the aforesaid rules, the Audit Committee and the Board of Directors have recommended the re-appointment of auditors for a maximum period of 5 consecutive years, subject to ratification of their appointment at every AGM.

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:

(₹ In Lakhs)

	31.03.2014	31.03.2013
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgoings	NIL	NIL

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's View on Auditors Qualification:

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

Cash Flow Analysis

The Cash Flow Statement for the year under reference in terms of clause 32 of the Listing Agreement with the stock exchanges forms part of the Annual Report.

The Companies Act, 2013

The Ministry of Corporate Affairs (MCA) vide its Circular dated 4th April 2014 has clarified that the financial statements and documents annexed thereto, auditors report and board's report in respect of financial year that have commenced earlier than 1st April 2014 shall be governed by the provisions of the Companies Act, 1956 and in line with the same, the Company's financial statements, auditors' report and Board's report and attachments thereto have been prepared in accordance with the provisions of the Companies Act, 1956.

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.

Place: Mumbai

Date: 14th August, 2014

By order of the Board of Directors

D B Patel
Chairman & Managing Director
DIN - 00056513

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

Overview of Economy

India's economic growth remained subdued at 4.7% in 2013-14 and at 4.6% in the fourth quarter of the financial year; mainly due to a decline in manufacturing and mining output.

The country's economy or gross domestic products (GDP), had expanded at 4.5% in 2012-13, the slowest pace in the past decade. Growth in 2013-14 was less than the Central Statistics Office's advance estimates of 4.9%. The economy expanded 4.4% in the fourth quarter (January-March) of 2012-13. The manufacturing sector declined 1.4% in the fourth quarter as against growth of 3% a year ago and contracted 0.7% in the financial year compared with growth of 1.1% in 2012-13. The growth in per capita income is estimated at 2.7% during 2013-14 against 2.1% during 2012-13.

Industry Scenario

During the year under review, the market of Polyester Filament Yarn remained subdued. The slow pace of growth in demand and increase in supply due to capacity expansion by large players were contributing factor. In respect of yarn activity, the operating margins are likely to remain under pressure due to lower sales realization.

In polyester chips, the domestic supply has increased and outstrips demand largely. This has put considerable pressure on sale and margins. The raw material prices are expected to go up and likely to put further pressure on margins.

The Company is gearing up to meet the challenges to continue improvement in quality, reduction in costs, better marketing arrangement and improved product mix.

Opportunities, Threats and Challenges

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 Company is experiencing pressure on margins due to severe competition from other low-cost countries like China. Threat from PFY due to its lower price has been a factor that has been having a cyclical impact in the market.
- ❖ The Company perceives threat from imports and consequent pressure on domestic prices, apart from the increase in cost of raw materials and other inputs due to spurt in crude oil prices. 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

Internal Control System and their adequacy

The Company has adequate internal control procedures commensurate with the size of the Company and the nature of the Business. The company is planning to implement a full fledged computerized system which is likely to address most of the issues with respect to internal controls, as when operations restart.

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 is 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. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Corporate Governance philosophy encompasses regulatory and legal requirements, such as the terms of listing agreements with stock exchanges which aims at a high level of business ethics, effective supervision and enhancement of value for all stakeholders.

The philosophy on Corporate Governance is an important tool for shareholder protection and maximization of their long term values. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, sustainability etc. serve as the means for implementing the philosophy of Corporate Governance in letter and spirit.

2. BOARD OF DIRECTORS

2.1 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. Damodarbai 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. Damodarbai B. Patel
3.	Independent and Non Executive Director	Mr. Bhavanjibhai H. Patel Mr. Bhavesh V. Patel Mr. Jayantilal D. Patel

2.2 Board Meetings

- A. The company had 5(Five) Board Meetings during the financial year 2013-14 on 04.05.2013, 01.08.2013, 11.11.2013, 02.12.2013 & 28.03.2014.
- 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	5	Yes	1	-	-	-
Mr. B.H. Patel	Independent and Non Executive Director	3	Yes	1	-	-	-
Mr. B.V. Patel	Independent and Non Executive Director	4	Yes	1	-	-	-
Mr. Jayantilal Patel	Independent and Non Executive Director	4	Yes	-	-	-	-

2.3 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.

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 Director on compliances of the code of conduct has been annexed to this Report.

2.5 AUDIT COMMITTEE:

Constitution

The Audit Committee comprises of the following Directors.

1. Mr. Bhavanjibhai H. Patel	Chairman	Non Executive Independent
2. Mr. Bhavesh V. Patel		Non-executive Independent
3. Mr. Jayantilal Patel		Non-executive Independent

All the members of the Audit Committee are financially literate and have accounting and financial expertise.

Terms of reference

The terms of reference of the Audit Committee are in accordance with Clause 49 of the Listing Agreement entered into with the stock exchanges and include the following:

Duties/Powers/Responsibilities:

- Recommendation for appointment, reappointment and terms of appointment of Auditors of the Company.
- Review and monitor auditor's independence and performance and effectiveness of Audit Process.
- Examining Financial Statement and Auditors' report thereon.
- Approval/Subsequent modification of transaction of the Company with related parties.
- Scrutiny of inter corporate loans and investments.
- Valuation of undertakings and assets of the Company.
- Valuation of internal financial control and risk management systems.
- Monitoring the end use of funds raised through public and related matters.

Call for Comments of the Auditors:

The Audit Committee may call for the Comments of the Auditors about internal control systems, the scope of Audit, including observations and review of financial statements before their submission to the Board and any related issues with internal and statutory auditors and management of the Company.

Meetings and attendance

During the financial year 2013-14, the Audit Committee of the Company met four times on 05.05.2013, 26.07.2013, 28.10.2013 & 25.01.2014. The gap between two Audit Committee meetings did not exceed four months.

The members of the Audit Committee and attendance of each member of the Audit Committee at the meetings held during the year are as under.

Name	No. of Audit Committee Meetings attended
Mr. Bhavanjibhai H. Patel	4
Mr. Bhavesh V. Patel	4
Mr. Jayantilal Patel	4

2.6 NOMINATION AND REMUNERATION COMMITTEE (FORMERLY KNOWN AS REMUNERATION COMMITTEE):

Remuneration Committee has been redesigned as "Nomination and Remuneration Committee". The Committee comprises of following Non-Executive Directors viz; (i) Mr. Bhavanjibhai H. Patel, (ii) Mr. Bhavesh V. Patel and (iii) Mr. Jayantilal Patel

Mr. Bhavanjibhai 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. During the year under review, no remuneration committee meeting was held.

No remuneration paid to any directors for the period ended March 31, 2014.

2.7 **STAKEHOLDERS RELATIONSHIP COMMITTEE (FORMERLY KNOWN AS SHAREHOLDERS CUM INVESTORS' GRIEVANCES COMMITTEE):**

Shareholders Cum Investors' Grievance Committee has been redesigned as "Stakeholders Relationship Committee). The Stakeholders Relationship Committee comprises of following Directors viz; (i) Mr. Damodarbhai B. Patel, (ii) Mr. Bhavanjibhai H Patel and (iii) Mr. Bhavesh V. Patel.

The Committee reviews the redresses 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, 2014, the Company has received letters of complaint from the Investors and tried to resolve their grievances in a prescribed time frame.

3. **MANAGEMENT**

3.1 **A Report on Management Discussion and Analysis**

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

3.2 **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.

3.3 **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.

4. **GENERAL BODY MEETINGS**

Details of last three Annual General Meetings Held:

Particulars	FY 2010-11	FY 2011-12	FY 2012-13
Day	Monday	Friday	Saturday
Date	12 th December, 2011	28 th September, 2012	21 st September, 2013
Time	9:00 a.m.	9:00 a.m.	9:00 a.m.
Venue	Patidar Bhavan, Kadodara, Surat-394 327.	Patidar Bhavan, Kadodara, Surat-394 327.	Patidar Bhavan, Kadodara, Surat-394 327.
Special Resolution	3 (Three)	NIL	NIL

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

1. 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 : Tuesday, 30th of September, 2014 at 09:00 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** : Wednesday, 24th September, 2014 to Tuesday, 30th September, 2014.
4. **Listing of Stock Exchange** : Mumbai
Stock Code : 500270
CIN : L99999GJ1958PLC000892
Demat ISIN Number in NSDL & CDSL : INE 461A01024
5. **Registrar and Share Transfer Agents** : M/s. Sharex Dynamic (India) Pvt. Ltd., Unit 1, Luthra Ind. Premises, 1st Floor, M Vasanti Marg, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai-400072
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 31st March, 2014)

Category	Number of Shares Held	Percentage of Holding
Promoters	10893147	47.55
Mutual Funds & UTI	3627	0.02
Banks, Financial Institutions and Insurance Companies(Central/State Government Institutions/Non Government Institutions)	343960	1.50
Private Corporate Bodies	9011082	39.33
NRIs/OCBs	510795	2.23
FII	435	0.00
Indian Public	2148303	9.37
Clearing Members	10	0.00
Total	22,911,359	100.00

8. DISTRIBUTION OF SHAREHOLDING (As at 31st March, 2014)

Shareholding of Nominal Value (Rs.)	Share Amount		Shareholder	
	₹	% to total	Number	% to total
1 – 5000	1,60,91,640	7.02	78803	99.71
5001 – 10000	8,27,760	0.36	115	0.15
10001 – 20000	4,42,160	0.19	33	0.04
20001 – 30000	3,85,880	0.17	16	0.02
30001 – 40000	2,04,970	0.09	6	0.01
40001 – 50000	2,34,190	0.10	5	0.01
50001 – 100000	14,22,510	0.62	18	0.02
100001 & above	20,95,04,480	91.45	36	0.04
Total	22,91,13,590	100.00	79,032	100.00

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 were the depository of the shares of the company. Under SEBI Circular SMDRP/POLICY/CIR-23/2000 dated May 29, 2000 the Company' shares are in compulsory demat segment for the trading and to do any transaction of shares. The shareholders of the company can forward their physical share certificates of the company to M/s. Sharex Dynamic (India) Pvt. Ltd. Through their DP to convert the same into demat mode. 11,67,809 shares out of 2,29,11,359 shares of the company have been dematerialized as at 31st March, 2014.

1167809 Equity Shares aggregating to 5.10% of the total Equity Capital is held in dematerialized form as on 31.03.2014 of which 4.76% (1090814 Equity Shares) of total equity capital is held with NSDL and 0.34% (76995 Equity Shares) of total equity capital is held with CDSL as on 31.03.2014.

10. Number of Shareholders (As at 31st March, 2014): 79,032

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 Baroda Rayon Corporation Ltd.
P.O. Fatehnagar, Udhna, Dist. Surat 394 220

To,
The Members of
The Baroda Rayon Corporation Limited

It is hereby certified and confirmed that as provided in clause 49 I(D) of the Listing Agreement with the Stock Exchange, the Board Members and the senior management personnel of the Company have affirmed compliance with the code of conduct of the company for the financial year ended March 31, 2014.

For The Baroda Rayon Corporation Limited

Place: Mumbai
Date: 14th August, 2014

Damodarbai B. Patel
Managing Director
DIN – 00056513

**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 conditions of corporate governance by The Baroda Rayon Corporation Limited, for the year ended on March 31, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.
2. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has not complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing agreement.
4. Attention is invited to followings:
 - a. The Company has not filed the quarterly results, six monthly results with limited review along with Auditors 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 news paper 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. As per the information given to us, we certify that there are no investor grievances remained unattended/ending for more than 30 days as at 31st March' 2014.
6. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For AMPAC & Associates
Chartered Accountants
(FRN 112236w)**

**Date: 30th May, 2014
Place: Mumbai**

**P. B. Sheth
Partner
Membership No. 044062**

AUDITOR'S REPORT

The Members of The Baroda Rayon Corporation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **The Baroda Rayon Corporation Limited**, which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Attention is invited to followings:

- a. *As stated in note No.19 (a) in 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. *The Company could not make full payment of settled past dues as desired in the terms of wage settlement agreement referred in Note 22 of 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 had filed the necessary affidavit with Board. The arbitration award was given in favour of the labour, however the Company has challenged the said Order Under provision of Section 34 of Arbitration and Conciliation Act, 1996. Consequently, the award is automatically stayed. Simultaneously, the Company has referred the said matter with Hon'ble BIFR for making necessary modification in Modified Debt Restructuring Scheme (MDRS). The matter is pending with the Board. In absence of the information, we are unable to express any opinion on probable liabilities on account of the non*

compliance and expiry of the said agreement and the pending disposal of final verdict in arbitration award.

- c. *The balances for Sundry Debtors, Sundry creditors, secured and unsecured loans, loans & advances, bank balances, statutory and other liabilities as on 31st March' 2014 are subject to confirmation. The figures reported in the financial statement are as per the ledger account.*
- d. *On account of closure of operation since August' 2008 and loss of key personnel, we have not physically verified the stores & spares and fixed assets of the Company as on 31st March' 2014.*
- e. *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.*

Subject to above paragraph from a) to e) and paragraph mentioned under Report on Other Legal and Regulatory Requirements 2d) relating non-compliance of Accounting standards from I) to IV), In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) *In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;*
- b) *In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and*
- c) *In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) *In view of huge accumulated losses of ₹ 35574.53 lakhs 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.*
 - b) *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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.*
 - d) *Except for the following Accounting Standards as referred below, 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.*
 - 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 34 of 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) *No information is disclosed of related party disclosure in the financial statement, which is contrary to AS 18.*
 - III) *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 ₹ 574.84 lakhs and equity shares in TAIB Capital Corporation Ltd for ₹ 24.50 lakhs, which is contrary to the Accounting Standard 13.*
 - IV) *The provision has been made for P.F, E.S.I.C. and leave salary as per Company's own estimate up to 31ST March' 2009; no liabilities have been ascertained for the financial year 2009-10, 2010-11, 2011-12, 2012-13 & 2013-14 due to non operational activity. The provision for gratuities has been made up to financial year 2013-14 as per Company's own estimates. 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.*

- e) *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.*

**For M/S AMPAC & Associates
Chartered Accountants
FRN112236w**

**Place : Mumbai
Dated: 30th May, 2014**

**P. B. Sheth
Partner
Membership No. 044062**

ANNEXURE TO OUR REPORT

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

1. In respect of fixed assets:
 - (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. In respect of Inventories:
 - (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 ₹ 17.89 lakhs.*
 - (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 not granted loans to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b. As informed to us, the Company has taken unsecured loans from thirteen parties referred as above amounting to ₹ 1546.05 lakhs. The maximum balance outstanding at any time during the year was ₹ 1546.05 lakhs.
 - c. In our opinion and according to the information and explanations given to us, the unsecured loans are interest free and other terms are not prejudicial to the interest of the company.
 - d. In respect of the interest free unsecured loans, the amounts were repaid as per 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 13 of 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 does not have any 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. The Company has started repayment of fixed deposits.
In contemplation of Section 58AA inserted by the Companies (Amendment) Act, 2000. However, 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. In the current year, the Company does not have any manufacturing activities.*
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 (₹ IN LAKHS)
a.	Sales Tax/VAT & interest thereon	1893.40
b.	Custom Duty	680.93
c.	Excise Duty	34.00
d.	Interest on excise duty	687.26
e.	Income Tax/TDS/Wealth Tax/FBT	15.53
f.	Provident Fund dues & interest thereon	912.95
g.	Employee's State Insurance dues	337.97
h.	Water Tax & interest thereon	1611.45
i.	Gujarat Electricity Board & interest thereon	1071.49
j.	Textile Committee Cess	12.19
k.	Water Cess (Gujarat Pollution Control Board)	8.35
l.	Electricity Duty (Power plant)	1691.48
m.	Municipal Tax	85.54
n.	Professional Tax	20.18
o.	Revenue Tax – Mamlatdar Surat	118.26

Note:

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.*

SER. NO.	NAME OF STATUE	NATURE OF DUES	AMOUNT (₹ IN LAKHS)	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	22.75	1996-1997	The Appellant Tribunal, Central Excise CEGAT
3.	Central Excise Act, 1944	Excise Duty	8.93	1996-1997	Asst. Commissioner Central Excise CEGAT
4.	Central Excise Act, 1944	Excise Duty	29.20	1997-1998	Asst. Commissioner Central Excise CEGAT
5.	Central Excise Act, 1944	Excise Duty	4.13	1998-1999	Asst. Commissioner Central Excise CEGAT
6.	Central Excise Act, 1944	Excise Duty	1882.69	2006-2013	The Appellant Tribunal, Central Excise CEGAT

10. The company has accumulated losses at the end of the financial year of ₹ 35574.53 lakhs; however it has generated cash loss ₹ 896.37 lakhs in the current year against the cash losses of ₹ 521.16 lakhs 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:

(₹ In lakhs)

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	177.15	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 statue 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. According to the information and explanations given to us, the company had not given the guarantee to banks for loans taken by others.

16. As informed to us, the company had not availed any fresh loans from any bank or institution 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 M/S AMPAC & Associates
Chartered Accountants
FRN112236w**

**Place: Mumbai
Dated: 30th May, 2014**

**P. B. Sheth
Partner
Membership No. 044062**

THE BARODA RAYON CORPORATION LIMITED
Balance Sheet as at 31st March, 2014

(₹ In Lakhs)

Particulars	Note No.	As at 31 st March, 2014	As at 31 st March, 2013
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	2291.14	2291.14
(b) Reserves and surplus	2	(16132.00)	(14735.54)
		(13840.86)	(12444.40)
2 Non-current liabilities			
(a) Long-term borrowings	3	12317.16	-
(b) Other long-term liabilities		-	-
(c) Long-term provisions		-	-
		12317.16	-
3 Current liabilities			
(a) Short-term borrowings	4	2536.54	1605.01
(b) Trade payables	5	432.45	2393.98
(c) Other current liabilities	6	10984.02	22909.66
(d) Short-term provisions	7	4603.53	3812.97
		18556.54	30721.62
TOTAL		17032.84	18277.22
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	15833.32	17199.84
(ii) Capital work-in-progress		32.47	32.47
		15865.79	17232.31
(b) Non-current investments	9	599.61	599.61
(c) Long-term loans and advances	10	468.40	247.04
(d) Other non-current assets		-	-
		1068.01	846.65
2 Current assets			
(a) Current investments			
(b) Inventories	11	17.89	17.89
(c) Trade receivables	12	71.85	132.95
(d) Cash and cash equivalents	13	9.30	47.42
(e) Short-term loans and advances	14	-	-
(f) Other current assets		-	-
		99.04	198.26
TOTAL		17032.84	18277.22
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: 30th May, 2014

For and on behalf of the Board of Directors

The Baroda Rayon Corporation Limited

D B Patel

Managing Director

DIN – 00056513

Place : Mumbai

Date: 30th May, 2014

B H Patel

Director

DIN - 01690183

THE BARODA RAYON CORPORATION LIMITED
Statement of Profit and Loss for the year ended 31st March, 2014

(₹ In Lakhs)

Particulars	Note No.	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
INCOME			
1 Revenue from operations (gross)		-	-
Less: Excise duty		-	-
Revenue from operations (net)		-	-
2 Other income		-	-
3 Total revenue (1+2)		-	-
4 Expenses			
(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	998.69	12.84
(e) Finance costs	16	598.61	381.69
(f) Depreciation and amortisation expense	8	303.94	303.94
(g) Other expenses	17	297.77	126.64
Total expenses		2199.01	825.11
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(2199.01)	(825.11)
6 Exceptional		-	-
7 Profit / (Loss) before extraordinary items tax (5 + 6)		(2199.01)	(825.11)
8 Extraordinary Item	36	(1865.12)	-
9 Profit / (Loss) before tax (7+8)		(333.89)	(825.11)
10 Tax expense			
(a) Current tax expense relating to prior years		-	-
(b) (Less): Mat credit (where applicable)		-	-
(c) Current tax expense relating to prior years		-	(59.17)
(d) Net current tax expense		-	-
(e) Deferred tax		-	(59.17)
11 Profit / (Loss) (9 + 10)		(333.89)	(765.94)
12 Profit / (Loss) for the year		(333.89)	(765.94)
13 Earnings Per Share			
Earnings per share (of 10/- each):			
Basic & Diluted	18	(1.46)	(3.34)
Earning per share (excluding extraordinary items) (of ₹ 10/- each):	18	(9.60)	(3.34)
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 : 30th May, 2014

**For and on behalf of the Board of Directors
The Baroda Rayon Corporation Limited**

D B Patel

Managing Director

DIN – 00056513

Place : Mumbai

Date : 30th May, 2014

B H Patel

Director

DIN - 01690183

CASH FLOW STATEMENT FOR COMPANIES OTHER THAN FINANCE COMPANIES

THE BARODA RAYON CORPORATION LIMITED
Cash Flow Statement for the year ended 31st March, 2014

(₹ In Lakhs)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	(333.89)	(825.11)
<u>Adjustments for:</u>		
Depreciation and amortization	303.94	303.94
Liabilities no longer payable(extraordinary items)	(1865.12)	-
(Profit)/Loss on sale /write off of assets	-	-
Expense on employee stock option scheme	-	-
Finance costs	598.61	381.69
	(1296.46)	(139.47)
Operating profit / (loss) before working capital changes	(1296.46)	(139.47)
<u>Changes in working capital:</u>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	-	-
Trade receivables	61.10	39.00
Short-term loans and advances	-	-
Long-term loans and advances	(221.36)	(124.43)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(1961.53)	(615.90)
Other current liabilities	(10060.52)	8510.42
Short-term provisions	790.56	(204.98)
Long-term provisions	-	-
	(11391.76)	7796.53
	(11391.76)	7796.53
Cash flow from extraordinary items	(12688.22)	7657.06
Cash generated from operations	-	-
Net income tax (paid) / refunds	(12688.22)	7657.06
	-	-
Net cash flow from / (used in) operating activities (A)	(12688.22)	7657.06
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	-	-
Proceeds from sale of fixed assets	-	-
Purchase of Shares	-	0.01
Cash flow from extraordinary items	-	-
Net cash flow from / (used in) investing activities (B)	-	0.01

C. Cash flow from financing activities				
Share application money received / (refunded)	-			-
Proceeds from long-term borrowings	12317.16		(2457.09)	
Repayment of long term borrowing	-		-	-
Net increase / (decrease) in working capital borrowings	-		-	-
Proceeds from other short term borrowings	931.53		(4986.75)	-
Repayment of other short term borrowings	-		-	-
Finance cost	(598.61)		(381.69)	-
Dividend paid	-		-	-
Tax on dividend	-		-	-
	12650.09	12650.09	(7825.52)	(7825.52)
Cash flow from extraordinary items				(7825.52)
Net cash flow from / (used in) financing activities (C)		12650.09		(7825.52)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(38.13)		(168.45)
Cash and cash equivalents at the beginning of the year		47.43		215.88
Effect of exchange differences on restatement of foreign currency Cash & Cash equivalents		-		-
Cash and cash equivalents at the end of the year		9.30		47.43
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet		9.30		47.43
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		-		-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19		9.30		47.43
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note (ii) to Note 16 Current investments)		-		-
Cash and cash equivalents at the end of the year *		9.30		47.43
* Comprises:				
(a) Cash on hand		4.99		0.17
(c) Balances with banks				
(i) In current accounts		0.33		28.07
(ii) In earmarked accounts (Refer Note below)		3.98		19.19
		9.30		47.43

Notes:

(i) These earmarked account balances with banks can be utilized only for the specific identified purposes. The details of the said account are 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

For and on behalf of the Board of Directors
The Baroda Rayon Corporation Limited

P. B. Sheth
Partner

D B Patel
Managing Director
DIN - 00056513

B H Patel
Director
DIN - 01690183

Place : Mumbai
Date : 30th May, 2014

Place : Mumbai
Date : 30th May, 2014

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

Note 1 Share capital

(₹ In Lakhs)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of Rs.10/- each with voting rights	130,000,000	13000.00	130,000,000	13000.00
Redeemable preference shares of 10/- each	20,000,000	2000.00	20,000,000	2000.00
(b) Issued				
Equity shares of Rs. 10/- each with voting rights	22,911,359	2291.14	22,911,359	2291.14
(c) Subscribed and fully paid up				
Equity shares of Rs. 10/- each with voting rights	22,911,359	2291.14	22,911,359	2291.14

(₹ In Lakhs)

(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
Equity shares with voting rights								
Year ended 31 March, 2014								
- Number of shares	22,911,359	-	-	-	-	-	-	22,911,359
- Amount (₹)	2291.14	-	-	-	-	-	-	2291.14
Year ended 31 March, 2013								
- Number of shares	22,911,359	-	-	-	-	-	-	22,911,359
- Amount (₹)	2291.14	-	-	-	-	-	-	2291.14

Note: Since last six years there is no change in share capital

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, 2014		As at 31 March, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights:				
Kanchenjunga Texturisers Pvt. Ltd.	73,80,000	32.21%	73,80,000	32.21%
Sejima Taxyarn Pvt. Ltd.	52,36,800	22.86%	52,36,800	22.86%
Ramsons Properties Pvt. Ltd.	35,98,200	15.71%	35,98,200	15.71%
Shivalik Golf & Forests Resorts Ltd	26,20,000	11.44%	26,20,000	11.44%

Note 2 Reserves and Surplus**(₹ In Lakhs)**

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
	₹	₹
(a) Capital reserve		
Opening balance	3669.21	3669.21
Closing balance	3669.21	3669.21
(b) Securities premium account		
Opening balance	5192.97	5192.97
Closing balance	5192.97	5192.97
(c) Debenture redemption reserve		
Opening balance	1142.54	1142.54
Closing balance	1142.54	1142.54
(d) Revaluation reserve		
Opening balance	10119.33	11181.89
Less: Utilised for set off against depreciation	1062.57	1062.57
Closing balance	9056.76	10119.32
(e) Lease Special reserve		
Opening balance	381.06	381.06
Closing balance	381.06	381.06
(f) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(35240.64)	(34474.70)
Add: Profit / (Loss) for the year	(333.89)	(765.94)
Closing balance	(35574.53)	(35240.64)
Total	(16132.00)	(14735.54)

Note 3 Long-term borrowings**(₹ In Lakhs)**

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
	₹	₹
Loan From Body Corporates:		
Secured	3510.40	
Unsecured	8806.76	
Total	12317.16	-

Notes:

a. During the year, entire term loan of Asset Care Reconstruction Enterprise (ACRE) is paid and the security is in process of assignment from ACRE to Bhavani Syntex Ltd., Ramsons Properties Pvt. Ltd. and Unipat Rayon Ltd. The Loan will be paid in 4 equal installments from year 2015 as per proposed Modified Debt Restructuring Scheme ("MDRS").

b. Unsecured loan from corporate Body will be paid in 9 equal installments from year 2014 onwards as per proposed MDRS Scheme.

Particulars	Nature of Security	Upto 1 year	1 to 2 year	3 years & more
i) Secured Loan From Body Corporate (Interest free)	Fixed Assets	1170.13	1170.13	2340.27
PNB Asset Management	Fixed Assets	69.90		
ii) Unsecured Loan From Body Corporate (interest free)	NIL	1296.50	1296.50	7510.26

Note 4 Short-term borrowings**(₹ In Lakhs)**

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
	₹	₹
(a) Inter- corporate Deposit Unsecured & Interest Free	1125.01	915.87
	1125.01	915.87
(b) Deposits	171.49	196.18
	171.49	196.18

(b) Other loans and advances Unsecured from friend & relatives of directors and Body Corporate	1240.03	492.96
	1240.03	492.96
Total	2536.54	1605.01

Notes:

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

Particulars	Nature of Security	As at 31 st March, 2014	As at 31 st March, 2013
		₹	₹
<u>Deposits:</u>			
Inter-corporate deposits	Unsecured & interest free	1125.01	915.87
Deposits		171.49	196.18
Total - Deposits		1296.50	1112.05
<u>Other loans and advances:</u>	<u>Other loans and advances</u>		
From Body corporate, PNB Asset Management, Friend & Relatives of directors	Secured & interest free	1240.03	492.96
		1240.03	492.96

(i) Unsecured Loan other than Fixed Deposit, Payment will be considered in 9 equal installments from 2015 onwards as per MDRS. Payment to Fixed Deposit (MDRS) will be made in 2014-15 as per proposed MDRS.

(ii) The debentures of PNB Asset Management Services & others 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 PNB Asset Management Services has not participated in the Scheme, hence the debentures have become overdue. But in proposed MDRS the whole amount of ₹ 69,89,900/- is considered.

Note 5 Trade payables

(₹ In Lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
	₹	₹
Trade payables:		
Acceptances	-	-
Other than Acceptances	432.45	2393.98
Total	432.45	2393.98

Note 6 Other current liabilities

(₹ In Lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
	₹	₹
(a) Current maturities of long-term debt (Refer Note (i) below)	-	2450.00
(b) Advance against sale of fixed assets	-	10348.96
(c) Application money received for allotment of securities and due for refund and interest accrued thereon	-	-
(d) Unpaid matured deposits and interest accrued thereon	-	-
(e) Unpaid matured debentures and interest accrued thereon (refer to Note (ii) below)	-	373.93
(f) Other payables		
(i) Statutory Liabilities	7939.97	7859.32
(ii) Liabilities related to Staff, PF dues, ESIC dues etc.	2314.20	1559.73
(iii) Premium Payable on Debentures	-	35.00
(iv) Trade / security deposits received	21.85	26.50
(v) Other Liabilities (Refer note (iii) below)	708.00	256.22
Total	10984.02	22909.66

Note: (i) Current maturities of long-term debts (Refer Note 3 – Long term borrowings for details of security and guarantee).

Particulars	As at 31 March, 2014	As at 31 st March, 2013
(b) Term Loans (refer note (ii) below)		
From Banks / Institution	-	2450.00
Secured	-	-
Total	-	2450.00

(iii) Other liabilities include book overdraft balance of bank for ₹ 136.12 lakhs

Note 7 Short-term provisions

(₹ In Lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
	₹	₹
(a) Provision for employee benefits:		
Provision for gratuity (net) (Refer note no. 32(i) forming part of the financial statements)	4603.53	3812.97
Total	4603.53	3812.97

NOTE 8A FIXED ASSETS

(₹ In Lakhs)

PARTICULARS	GROSS BLOCK			Up to 31.3.2013	Sales / Trans / Adj	DEPRECIATION			NET BLOCK	
	As at 01.04.2013	Addition/ sale During the year	TOTAL As at 31.03.2014			Provided During the year	Depreciation on Revalued Assets	TOTAL As at 31.3.20 14	As at 31.3.2014	As at 31.3.2013
Tangible Assets	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Free Hold)	3851.52	-	3851.52	-	-	-	-	-	3851.52	3851.52
Roads	33.48	-	33.48	20.99	-	0.55	-	21.54	11.94	12.49
Buildings	7043.75	-	7043.75	2121.84	-	61.11	81.56	2264.51	4779.24	4921.91
Plant & Machinery	40523.56	-	40523.56	32333.06	-	226.83	961.29	33521.18	7002.38	8190.50
Tube wells	10.21	-	10.21	5.41	-	-	0.36	5.77	4.44	4.80
Waterworks & Pipeline	200.69	-	200.69	75.01	-	-	2.23	77.24	123.45	125.68
Railway sliding	33.31	-	33.31	17.06	-	-	1.08	18.14	15.17	16.25
Furniture, Fixture & Equipment	686.06	-	686.06	613.49	-	15.46	16.04	644.99	41.07	72.57
Cars & Vehicles	164.28	-	164.28	160.16	-	-	0.00	160.16	4.11	4.11
TOTAL	52546.86	-	52546.86	35347.03	-	303.94	1062.57	36713.54	15833.32	17199.83
PREVIOUS YEAR	52546.86	-	525.47	33980.51	-	303.94	1062.57	35347.03	17199.83	19932.86

Note 8 B (cont.)

Particulars			
b.	Depreciation and amortisation:		
	Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
		₹	₹
	Depreciation and amortisation for the year on tangible assets.	1366.51	1366.51
	Less: Utilised from revaluation reserve Depreciation and amortisation	1062.57	1062.57
Depreciation and amortisation	303.94	303.94	
Notes:			
There has been 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

(₹ In Lakhs)

Particulars	As at 31 st March, 2014			As at 31 st March, 2013		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Investments (At cost):						
a) Investment in equity instruments						
(i) 50 Fully paid Equity Shares of Rs.10/- each of ICICI Bank	-	-	-	-	-	-
(ii) 333 Fully paid equity share of Rs.10/- each of HOCL	0.25	-	0.25	0.25	-	0.25
(iii) 10 Shares of Rs.20/- each fully paid of the Surat District Co-operative Purchase & Sales Union Ltd	-	-	-	-	-	-
(iv) 1875001 Ordinary Shares of Rs. 100/- each of Thai Baroda Industries Ltd	-	574.85	574.85	-	574.85	574.85
(v) 245000 Equity Shares of Rs.10/- each of TAIB Capital	-	24.50	24.50	-	24.50	24.50
(vi) 100 Equity Shares of Rs. 10/- each of Zoroastrian Co-op. Bank Limited	-	0.01	0.01	-	0.01	0.01
			599.61			599.61
Less: Provision for diminution in value of investments			-			-
Total			599.61			599.61
Aggregate amount of quoted investments			0.25			0.25
Aggregate market value of listed and quoted investments			0.78			0.70
Aggregate amount of unquoted investments			599.36			599.36

Note 10 Long-term loans and advances

(₹ In Lakhs)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	₹		₹	
(a) Balances with government authorities				
Unsecured, considered good				
(i) CENVAT & Service Tax credit receivable	(i)	92.15		92.15
(b) Other loans and advances		-		-
Advances recoverable in cash or kind (refer note below)		376.25		154.89
Doubtful		-		290.00
		376.25		444.89

Less: Provision for other doubtful loans and advances	-	290.00
(ii)	376.25	154.89
Total (i+ii)	468.40	247.04

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)

(₹ In Lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
	₹	₹
Stores and spares	17.89	17.89
Total	17.89	17.89

Note 12 Trade receivables

(₹ In Lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
	₹	₹
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	71.85	132.95
Doubtful	-	85.68
	71.85	218.63
Less: Provision for doubtful trade receivables	-	85.68
Total	71.85	132.95

Note 13 Cash and cash equivalents

(₹ In Lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
	₹	₹
(a) Cash on hand	4.99	0.17
(b) Balances with banks		
(i) In current accounts	0.33	3.47
(ii) In Current account inoperative (refer note 1 below)	3.98	24.60
(iii) In earmarked accounts (refer note 2 below)		
- Unpaid dividend accounts under reconciliation	-	0.12
- Unpaid Debenture under reconciliation	-	18.91
- Preference Share application money received under reconciliation	-	0.16
Total	9.30	47.43
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements.	9.30	47.43

Notes:

- There are 5 non-operative current account of the Company and is under process of closure of the same. The balances are subject to confirmation.
- 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

(₹ In Lakhs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
	₹	₹
(a) Inter-corporate deposits	-	-
	-	-
(b) Others	-	-
	-	-
Total	-	-

Note 15 Employee benefits expense

(₹ In Lakhs)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	₹	₹
Salaries and wages	-	0.80
Gratuity Payable	998.69	-
Ex- gratia payments	-	12.03
Total	998.69	12.83

Note 16 Finance costs

(₹ In Lakhs)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
	₹	₹
(a) Interest expense on:		
(i) Borrowings	598.50	380.81
(ii) Others	-	-
(b) Other borrowing cost - Bank Charges	0.11	0.88
Total	598.61	381.69

Note 17 Other expenses

(₹ In Lakhs)

Particulars	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013
	Advertisement	0.12
Computer expenses	0.12	0.49
Donations	-	4.00
Legal Expenses	-	0.68
Legal & Professional Charges	74.26	65.50
Office Expenses	7.11	1.10
Rates & Taxes	15.74	9.42
Payments to auditors - Statutory Audit	131.44	40.30
Prior period items (net) Balances written off/ liabilities no longer Payable	4.49	2.42
	64.48	2.64
Total	297.76	126.64

Notes:

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors – statutory audit	4.49	2.25
- Out of pocket	-	-
	4.49	2.25
(ii) Details of prior period items (net)		
Prior period expenses (Sundry Balances Written off)	64.48	2.64
Prior period income (Liabilities no longer payable)	-	-
TOTAL	64.48	2.64

Note 18 Disclosures under Accounting Standards (contd.)

	Particulars	For the year ended	For the year ended
		31 st March, 2014	31 st March, 2013
		₹	₹
18	Earnings per share		
18.a	<u>Basic & Diluted</u>		
	Net profit / (loss) for the year	(333.89)	(765.94)
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year from attributable to the equity shareholders	(333.89)	(765.94)
	Weighted average number of equity shares	22911359	22911359
	Par value per share	10	10
	Earnings per share from continuing operations - Basic	(1.46)	(3.34)
18.b	<u>Basic & Diluted (Excluding Extraordinary items)</u>		
	Net profit / (loss) for the year	(333.89)	(765.94)
	(Add) / Less: Extraordinary items (net of tax) relating to continuing operations	(1865.12)	-
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year from attributable to the equity shareholders	(2199.01)	(765.94)
	Weighted average number of equity shares	22911359	22911359
	Par value per share	10	10
	Earnings per share from continuing operations excluding extraordinary items - Basic	(9.60)	(3.34)

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. However, there is no specific information relating to any change of policies due to loss of key personnel in accounts as well as finance department.

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

21. Contingent Liabilities not provided for:

- (a) The Company has to pay interest on the outstanding Customs Duty amount at the time of clearance of goods – Amount not ascertained.
- (b) Bank Guarantees to Custom ₹ 25 lakhs (Previous year ₹ 25 lakhs)
- (c) Interest, damages and penalty payable to E.S.I. and Provident fund dues are not ascertainable.

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 was given in favour of the worker. *Under provision of Section 34 of Arbitration and Conciliation Act, 1996, the said award Company is challenged in Civil Court, Surat. The final judgement is awaited, hence the arbitration award is automatically stayed. Simultaneously, the Company has referred the said matter with Hon'ble BIFR for making necessary modification in Modified Debt Restructuring Scheme (MDRS). The probable liabilities will be booked on final verdict and BIFR directions. Hence the liabilities are not booked.*

23. Claims against the Company not acknowledged as debts:

- (a) Payment of Excise Duty disputed by the Company in respect of:
Input & Capital Goods Matters – ₹ 1955.86 lakhs (Previous Year ₹ 2115.59 lakhs)

24. Various cases filed against the Company;

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 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 ₹ 77.70 lakhs, being 42% of the principal amount of ₹ 185 lakhs. The Company has made a payment of ₹ 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.** (i) The liability for retiring/resigned employee's gratuities payable in accordance with the payment of Gratuities Act and Company's rule are determined and overdue for the employee's up to 31st March 2014 is for ₹ 4127.14 lakhs and interest thereon for ₹ 476.39 lakhs.

(ii) 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 Income Tax Department has seized ₹ 12.06 lakhs bank balance on account of dispute.

- 31.** In the financial year 2011-12, Asset Care & Reconstructions Enterprise Limited has purchased the IFCI loan for total consideration of ₹ 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 (ACRE). Now company has paid entire loan of ACRE and security assignment is under process from ACRE to Body Corporate enlisted Note of Balance sheet.

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. 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.
36. The Extra Ordinary items reported in profit & loss account for ₹ 1865.11 lakhs is on account of liabilities no longer payable to suppliers & other parties. The said entries are passed on account various reconciliation and confirmation from various parties.
37. 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

Place: Mumbai
Date: 30th May, 2014

D B Patel
Managing Director
DIN – 00056513
Place: Mumbai
Date: 30th May, 2014

B H Patel
Director
DIN – 01690183

THE BARODA RAYON CORPORATION LIMITED
Registered Office: P.O. Baroda Rayon, Fatehnagar, Udhna, Dist. Surat-394220
CIN: L99999GJ1958PLC000892, E-mail ID – brcsurat@gmail.com Phone: (0261 – 2899555)

ATTENDANCE SLIP

(Please Bring this Attendance Slip to the Meeting Hall and hand it over to the entrance)

54th Annual General Meeting

I/We hereby record my/our presence at the 54th Annual General Meeting of the Company at Patidar Bhavan, Kadodara, Surat at 9:00 a.m. on Tuesday, September 30th, 2014.

Name of Shareholder	:
Registered Address of the Shareholder	:
Ledger Folio No./CI ID /DP ID No.	:
Number of shares held	:
Name of Proxy/Representative, if any	:
Signature of the Member/Proxy	:
Signature of the Representative	:

Form No. MGT – 11

PROXY FORM

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

Name of the Member(s):

Registered Address:.....

E-mail Id:.....

Folio No./Client Id:..... DP ID:.....

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

1. Name.....Address:.....

.....Signature:.....

2. Name.....Address:.....

.....Signature:.....

3. Name.....Address:.....

.....Signature:.....

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 54th Annual General Meeting of the Company, to be held on Tuesday, September 30th, 2014 at Patidar Bhavan, Kadodara, Surat at 9:00 a.m. and at my adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Type of Resolution	Optional*	
			For	Against
1	Adoption of Audited Financial Statements for the financial year ended March 31, 2014 and reports of the Board of Directors and the Auditors thereon	Ordinary		
2	Re-appointment of Auditors and Fixing their remuneration.	Ordinary		
3	Re-appointment of Mr. Damodarbai Patel as Managing Director of the Company for further 3 years.	Special		
4.	Appointment of Mr. Bhavanji Patel as an independent director.	Ordinary		
5.	Appointment of Mr. Bhaveshbhai Patel as an independent director.	Ordinary		
6.	Appointment of Mr. Jayantilal Patel as an independent director.	Ordinary		

Signed this Day of 2014,

Signature of Proxy holder(s):_____ Signature of Shareholder:_____

Affix Revenue Stamp Of Re. 1/-

Note:

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

* It is optional to put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' of 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

Book Post

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