



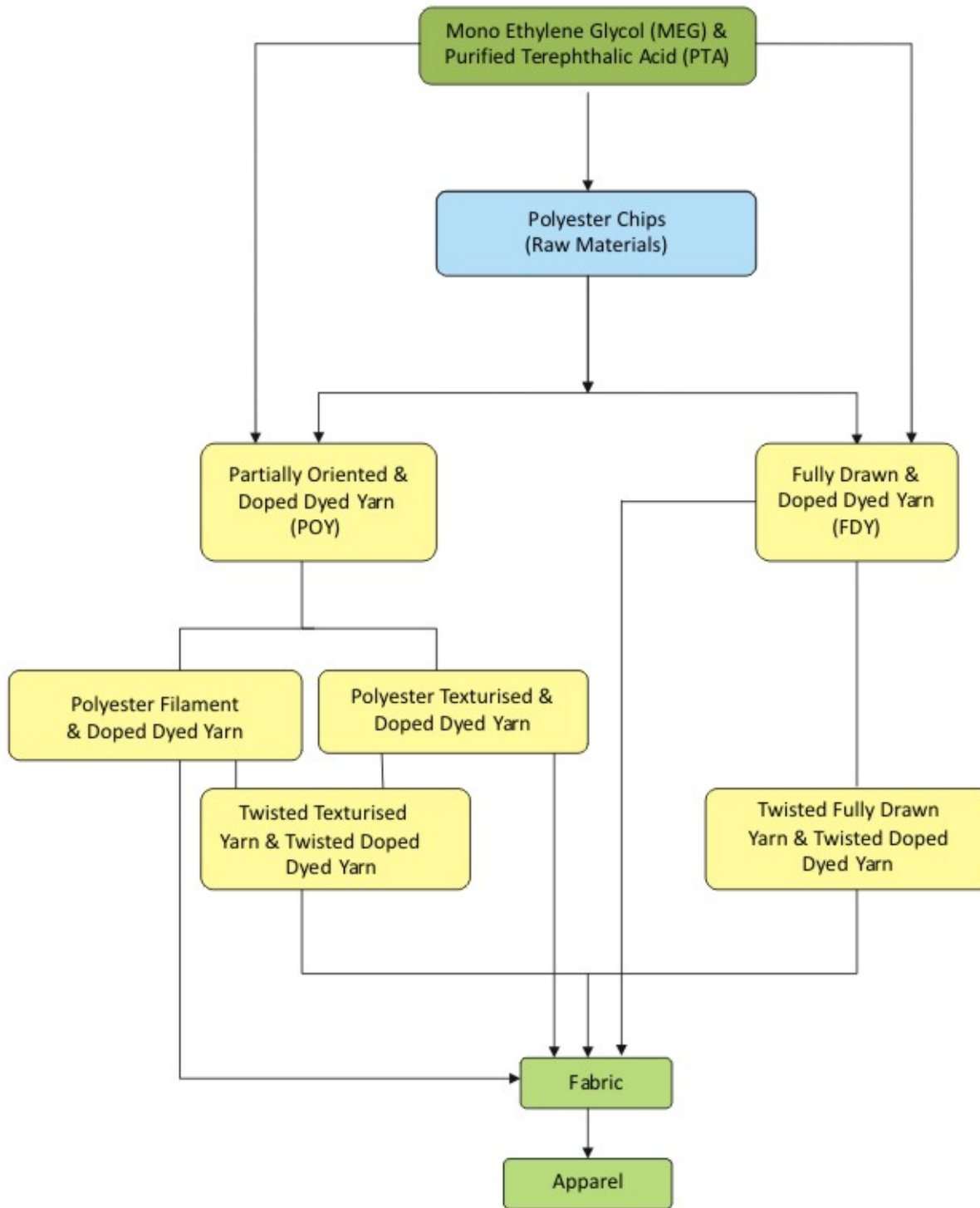
RAJ RAYON INDUSTRIES LIMITED

(Formerly known as Raj Rayon Ltd.)

“Spinning the Quality of Perfection”

**19th Annual Report
2011 - 2012**

Product Flow Chart of Raj Rayon Industries Limited



Raw Materials Purchased by Company from outside

Products Manufactured by Company

Raw Material to be purchased after completion of CP project (project under implementation)

**COMPANY INFORMATION**

BOARD OF DIRECTORS	:	MR. GOURISHANKAR PODDAR MRS. RAJKUMARI KANODIA MR. JAGDISH CHANDRA SOMANI MR. VINOD KUMAR JAIN	Chairman & Managing Director Director Director Director
COMPANY SECRETARY	:	MS. GITA YADAV	
AUDITORS	:	M/S. R.S. AGRAWAL & ASSOCIATES	
REGISTERED OFFICE	:	Survey No. 177/1/3, Village - Surangi, Dist-Silvassa, Dadra and Nagar Haveli (U.T.)-396 230 (INDIA) Tel: 91- 09998802192 Fax:-91-0260-2699185 Website: www.rajrayon.com Email: mumbai@rajrayon.com	
CORPORATE OFFICE	:	5-C, 196 & 197, "AKSHAY", Mittal Industrial Estate, Sakinaka, Andheri (East), Mumbai- 400 059, Maharashtra (INDIA) Tel: 91-22- 4034 3434 Fax: 91-22- 4034 3400 Website: www.rajrayon.com Email: mumbai@rajrayon.com	
PLANT LOCATIONS	:	(i) Survey No. 272/1/1, Plot No. 1, Village-Dadra, Dadra-Demani Road, Dist-Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230 (INDIA) (ii) Survey No. 185/1/1, Plot No.17, Dokmandi, Village- Amlī, Dist- Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230 (INDIA) (iii) Survey No. 177/1/3, Village-Surangi, Dist-Silvassa, Dadra and Nagar Haveli (U.T.)-396 230 (INDIA)	
REGISTRAR & SHARE TRANSFER AGENT	:	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400 078, Maharashtra (INDIA) Tel:91-22-25946970-78,Fax:91-22-25946969 Email:rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in	

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RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of RAJ RAYON INDUSTRIES LIMITED will be held on Saturday, 29th September, 2012 at the registered office of the Company situated at Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.)– 396 230, at 10.00 a.m. to transact the following business:

Ordinary Business:

- To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Mrs. Rajkumari Kanodia who retires by rotation and being eligible offers herself for re-appointment.
- To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s R. S. Agrawal & Associates, Chartered Accountants (Registration No. 100156W) be and is hereby appointed as the Auditor of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

By order of the Board of Directors

Gita Yadav
Company Secretary

Place: Mumbai

Date: 06th July, 2012

Registered Office:

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

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT 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 duly filled, stamped, signed and must reach the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

- Profile of the Director seeking re-appointment, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges, is annexed to this Notice.
- Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are requested to send a duly certified copy of their Board Resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.
- Members/Proxies/Representatives are requested to bring the enclosed Attendance Slip, duly filled in for attending the Annual General Meeting.
- Relevant documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company on all working days except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the meeting.
- Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, 22nd September, 2012 to Saturday, 29th September, 2012 (both days inclusive) for the 19th Annual General Meeting of the Company.
- There was no unclaimed dividends declared up to the financial year ended 31st March, 1995 as such Company has not transferred any fund to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978 (the Rules).
- Pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956, dividend for the financial year ended 31st March, 1996 and thereafter, which remains unclaimed for a period of 7 years, will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said fund is given below :

Financial Year ended	Date of declaration of Dividend	Last Date for claiming unpaid Dividend	Due date for transfer to IEPF
31-03-2005	16-08-2005	15-08-2012	15-09-2012
31-03-2006	30-09-2006	29-09-2013	29-10-2013
31-03-2007	28-09-2007	27-09-2014	27-10-2014
31-03-2010	07-08-2010	06-08-2017	06-09-2017
31-03-2011	15-09-2011	14-09-2018	14-10-2018

Members, who have not so far encashed the dividend warrant(s), are requested to seek issue of duplicate



Warrant(s)/Demand Draft by writing to the Company or to the Company's R&TA immediately.

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

LINK INTIME INDIA PRIVATE LIMITED

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

11. A Member desirous of getting any information on the accounts or operations of the Company, is required to forward his/her queries to the Company at least seven days

prior to the meeting so that the required information can be made available by the Management at the meeting.

12. Investors may address their queries/communication at investors@rajrayon.com.
13. Copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies of the Annual Report to the meeting.

By order of the Board of Directors

Gita Yadav
Company Secretary

Place: Mumbai
Date: 06th July, 2012

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

BRIEF PROFILE OF THE DIRECTOR SEEKING RE- APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING AS REQUIRED TO BE FURNISHED PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA

Item No. 2 of the Notice:

Name : Mrs. Rajkumari Kanodia
Age : 53 years
Qualification : H.S.C.
Expertise : Textile Industry
Date of appointment : 28th February, 2003
Category : Non Executive & Promoter Director
No. of Shares held : 4,67,500

Mrs. Rajkumari Kanodia is neither a Director of the Board of any other Company nor Member of the Committees of the Board of any other Company.



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GO- GREEN INITIATIVE

The Ministry of Corporate Affairs has undertaken a “Green Initiative” in the field of Corporate Governance by permitting paperless compliances by Companies vide its Circular No. 17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011 and has issued circulars stating that the service of notice/documents including Annual Report can be sent by e-mail to its members. In pursuance of the same, we take immense pleasure in informing you that your company, starting from this year, by initiating this Go- Green will send the soft copies of Annual Reports to the shareholders who have already registered their e-mail addresses with the **Company’s R&TA - Link Intime Private Limited**.

Further with a view to encourage the same, Members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. And Members who hold shares in physical form are requested to register their e-mail addresses with **Company’s R&TA - Link Intime Private Limited**.



MANAGEMENT DISCUSSION AND ANALYSIS

Forward-Looking Statements

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

Overview

General:

- Your Company enjoys a Star Export House status by the Director General of Foreign Trade & has certification of ISO 9001:2008 by Bureau Veritas (UKAS) and Bureau Veritas (NABCB).
- During the year your Company has been awarded a Certificate of Merit for 100% growth in export performance from The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC).
- Your Company exports its product to countries in South America, Europe, Middle East, Africa, Far East, South East Asia etc.

Financial:

The Company has registered

- Revenue of ₹ 68282.87 Lacs as compared to ₹ 43074.34 Lacs of previous year.
- PBDIT of ₹ 5768.36 Lacs as compared to ₹ 4646.15 Lacs of previous year.
- PBT for the year was ₹ 467.03 Lacs.
- Cash profit has been increased to ₹ 2777.47 Lacs as compared ₹ 2457.17 Lacs of previous year.
- Net Profit of ₹ 381.98 Lacs & EPS of ₹ 1.99.
- Exports of the Company has increased to ₹ 5720.05 Lacs as compared to ₹ 3730.48 Lacs of previous year.

Industry outlook:

The Financial Year 2011-12 was a challenging year; the global economy witnessed lower economic growth, resulting primarily

from the Euro Zone debt crisis, high oil prices and uncertainties of supply. Also, there was unprecedented volatility in crude oil price due to rising unrest in the Middle East and North Africa.

The fiscal deficit balance deteriorated in Financial Year 2012 to 5.9% of GDP due to slippage in direct tax revenue target, lower disinvestment receipts and increased subsidies due to higher oil prices.

India's domestic textile consumption is third largest in the world. It is also one of the largest contributing sectors of India's exports worldwide.

India holds a crucial position in global textile industry, owing to its advantages of adequate availability of raw materials, relatively lower conversion costs, skilled man power and favorable demographics. Cotton & polyester accounted for around 92% of the total fibre requirements of Indian textile mills.

Increasing demand for textile namely general purpose textile, fashion wear, textile used for special purpose, along with the increasing price of textile made up of cotton is expected to drive the man-made fibre market in India.

Man-made fibres especially polyester fibre and yarn fared relatively better as volatility in prices of polyester is much lower as compared to cotton.

As per government estimates, the fibre consumption in India is in the ratio of 59:41 between cotton and man-made fibres as against 40:60 ratio worldwide.

The rupee vis-à-vis dollar movement does have an impact on export of the textile industry.

The Union Budget 2012-13 has left mixed bag of colors for the textile industry. The hike in excise duty on textile products other than cotton-based products from 10% to 12% is expected to increase the cost of production for non-cotton textile players. There would be marginal benefit to textile companies in the higher end of the value chain.

Government announced ₹ 900 crore incentives for the exporters in October, 2011. The Focus Product Scheme has been extended to include Polyester Texturised Yarn (PTY), Fully Drawn Yarn (FDY) and polyester textile grade chips.

A Special Focus Market Scheme was introduced which provided additional 1% duty credit for exports to specific countries. Government scrapped the Duty Entitlement Pass Book scheme (DEPB) and introduced Revised Duty Drawback Scheme with effect from 01st October, 2011.

As proposed by the Textile Ministry; Technology Upgradation Fund Scheme (TUFS) to be extended for the 12th Five Year Plan period. TUFS has helped in the transition from a quantitatively restricted textiles trade to a market driven global merchandise.



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As per the recent Fitch Ratings report, the outlook for Indian textile industry for Financial Year 2012-13 is expected to be stable for synthetic textile and negative to stable for cotton textiles, depending on the segment of the value chain.

Opportunities:

- The Union Budget for 2012-13 has provided an allocation of ₹ 29.1 billions for the Technology Upgradation Fund Scheme (TUFS), which is expected to boost the Textile industry.
- Man-made fibres has emerged as a major substitute for cotton.
- Globalisation has thrown open bigger opportunity for export of Company's products.

Threats:

- Raw material availability is highly volatile.
- Man-made fibre industry is also feeling pressure of rise in the crude oil prices.
- Excise duty on Man-made fibre is an area of concern.
- The high fluctuation in INR/USD rates puts additional pressure on margin of Textile Industry which is operating on thin margin.

Internal Controls:

RRIL's well defined organisation structure, policy guidelines, predefined authority levels and an extensive system of internal controls, ensure optimal utilisation and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations.

- RRIL has adequate system of internal control in place to ensure that assets are safeguarded against loss from unauthorised use or disposition, and that transactions are authorised, recorded, and reported correctly.
- RRIL's internal audit function is empowered to examine the adequacy, relevance and effectiveness of control systems, compliance with laws, regulations & policies, plans and statutory requirements.

- RRIL has an exhaustive budgetary control system. Actual performance is reviewed with reference to the budget by the management on an ongoing basis.
- RRIL's Audit Committee of the Board reviews the findings and recommendations of the internal auditor.

The system is improved and modified continuously to meet changes in business conditions, statutory and accounting requirements.

Research & Development:

The Company always strives to be innovative and cost competitive, aided by its fully equipped R&D facilities. Besides producing POY of Denier range fine to coarse, the Company's array of products includes yarn of various cross sections namely Round, Trilobal and Octalobal, as also Full Dull, Semi Dull, Bright Yarns, Cationic Yarn, Doped Dyed Yarn, Fire Retardant and Anti Microbial yarns.

Quality Management:

RRIL continues to take quality improvement measures to enhance quality of various polyester yarns. The Company's ISO certification in respect of its products and processes stands upgraded to ISO 9001:2008 by Bureau Veritas (UKAS) and Bureau Veritas (NABCB).

Environment and Safety:

Being conscious of the need for environmentally clean and safe operations, the Company conducts its operations ensuring safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

Human Resources and Industrial Relations:

The Company recognises that Human Resources are its most valuable assets that provide competitive edge to stay ahead. The Company's focus is on developing the most superior work force so that the Company and individual employees can accomplish their work goals in service to customers.

The Company's strategy for development of Human Resources is through providing a motivating work environment, recruiting the best talents, providing challenging goals and by creating a culture for learning and growth. Industrial relations remained cordial in all the plants.



REPORT ON CORPORATE GOVERNANCE

(As required under Clause 49 of the Listing Agreement of the Stock Exchange)

The Corporate Governance Report for the year under Review from 1st April, 2011 to 31st March, 2012

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

At Raj Rayon Industries Limited (formerly known as Raj Rayon Limited) we believe in adopting the best Corporate Governance practices and appropriate disclosure norms towards protecting rights and interest of stakeholders. The Company believes in transparency, professionalism and accountability, which are also the basic principles of Corporate Governance. The Company would constantly endeavor to improve on these aspects.

2. BOARD OF DIRECTORS - CONSTITUTION AND COMPOSITION:

The Board of Directors of the Company has appropriate composition of Executive and Non-Executive Directors including Independent Directors. The Board of Directors through their active participation ensures that the decisions on the policy matters are taken after due deliberation and in consonance with the good Corporate Governance practices.

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company.

During the year under review, the Board of Directors of the Company consisted of four Directors. Two of them, i.e. Mr. Jagdish Chandra Somani and Mr. Vinod Kumar Jain are Non-Executive and Independent Directors.

Mr. Gourishankar Poddar is Chairman & Managing Director. The other Non-Executive Director is Mrs. Rajkumari

Kanodia. Hence the composition of the Board of Directors is well within the norms of Corporate Governance.

As required by the Companies Act, 1956 & Clause 49 of the Listing Agreement, none of the Directors holds directorship in more than 15 Public Companies, membership of Board Committees (Audit/Investors Grievance Committees) in excess of 10 and chairmanship of Board Committees as aforesaid in excess of 5.

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

During the year ended 31st March, 2012, the Company had Seventeen (17) Board Meetings. These meetings were held on the following date(s):

02/04/2011, 27/04/2011, 26/05/2011, 15/06/2011,
17/06/2011, 21/06/2011, 24/06/2011, 02/07/2011,
01/08/2011, 11/08/2011, 27/08/2011, 02/11/2011,
14/11/2011, 10/12/2011, 14/02/2012, 09/03/2012,
15/03/2012

Further, Two (2) meetings of Allotment Committee of Directors were held on 10th January, 2012 and 31st March, 2012 for the allotment of Equity Shares, on conversion of warrants issued on preferential basis to selected persons (Promoter/Public/ Body Corporate).

The composition of Board of Directors and the attendance at the Board Meetings and also number of other directorships and Committee memberships during the year under review and the last Annual General Meeting, are given below:

Sr. No.	Name of the Director	Category of Director	No. of Board Meetings Attended	Attendance at the Last AGM	No. of other Public Company Directorship*	No. of other Public Company Committee Memberships and Chairmanships#	
						Chairman	Member
1.	Mr. Gourishankar Poddar	Chairman & Managing Director	16	YES	-	-	-
2.	Mrs. Rajkumari Kanodia	Non Executive & Promoter Director	14	YES	-	-	-
3.	Mr. Jagdishchandra Somani	Non Executive & Independent Director	17	YES	-	-	-
4.	Mr. Vinod Kumar Jain	Non Executive & Independent Director	17	Not attended	-	-	-

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

Memberships of only Audit Committee and Shareholders'/Investors Grievance Committee.



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b) Directors Profile:

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

i) Mr. Gourishankar Poddar, Chairman & Managing Director:

Mr. Gourishankar Poddar, aged 51 years, is associated with textile business for more than 30 years. He is non-matriculate. In 1993, Mr. Poddar promoted Raj Rayon Industries Limited (formerly known as Raj Rayon Limited) and was appointed as Managing Director w.e.f. 01st April, 1994 for 5 years; the term has been renewed from time to time. His current appointment as Managing Director expires on 31st March, 2014. He was also designated as the Chairman of the Board with effect from 15th January, 2001. Mr. Poddar has overall control over management of the Company, subject to supervision, control and direction of the Board of Directors of the Company. The Company has witnessed laudable growth over the years under his leadership.

Mr. Poddar's Achievements include:

Conferred the "Gold Medal for Excellence" by National Integration & Economic Council Award named as Rajiv Gandhi Shiromani Award presented by H.E. Shri Syed Sibtey Razi, Governor of Jharkhand.

Further Mr. Poddar has been awarded the following awards:

- International Gold Star Millennium Award
- Indira Gandhi Sadbhavana Award

Mr. Gourishankar Poddar is not member of the committees of the Board of any other Company. He holds 44,800 shares in the Company as on 31st March, 2012.

ii) Mrs. Rajkumari Kanodia:

Mrs. Rajkumari Kanodia, aged 53 years, is one of the main promoters of Raj Rayon Industries Limited (formerly known as Raj Rayon Limited). Mrs. Kanodia, a H.S.C., has experience in the textile field for about 18 years. She was appointed as Director of the Company on 28th February, 2003. She is a member of the Audit Committee and Shareholders/Investors Grievances and Share Transfer Committee of our Board.

Mrs. Rajkumari Kanodia is neither Director nor member of the committees of the Board of any other Company. She holds 4,67,500 Equity Shares in the Company as on 31st March, 2012.

iii) Mr. Jagdish Chandra Somani:

Mr. Jagdish Chandra Somani, aged 66 years, is M.Com and he is working as Vice President - Marketing of Orient Syntex (APM Industries Limited). He is having experience of 38 years in the Textile Industry. He was appointed as Additional Director of the Company on 7th January, 1998 and confirmed as Director in AGM held on 30th September, 1998. He is Chairman of Audit Committee and Shareholders/Investors Grievances and Share Transfer Committee and Allotment Committee of our Board.

Mr. Somani is neither Director nor member of the committees of the Board of any other Company. He holds nil shares in the Company as on 31st March, 2012.

iv) Mr. Vinod Kumar Jain:

Mr. Vinod Kumar Jain, aged 45 years, is B.E. (Textiles). He was appointed as Additional Director of our Company on 30th October, 2004 and confirmed as Director in Annual General Meeting held on 16th August, 2005. He is a member of the Audit Committee and Shareholders/Investors Grievances and Share Transfer Committee of our Board.

Mr. Vinod Kumar Jain is neither Director nor member of the committees of the Board of any other Company. He holds nil shares in the Company as on 31st March, 2012.

c) Responsibilities:

The Board of Directors responsibilities include review of:

- Strategy and business plans
- Annual operating and capital expenditure budgets
- Investment and exposure limits
- Business risk analysis and control
- Senior executive appointment
- Compliance with statutory /regulatory requirements and review of major legal issues
- Adoption of quarterly results/annual results
- Transaction pertaining to purchase and disposal of property, major provisions and write offs

3 DIRECTORS INTEREST IN THE COMPANY:

For the sake of transparency, the Company is committed to make full disclosures regarding the interest of and payments to all Directors. During the year under review, the Company has not paid any sitting fees to the Directors. Further, it is not a policy of the Company to give loans and advances to its Directors.

**Code of conduct:**

The Board of Directors has adopted the CODE OF CONDUCT to be observed by all Directors and Senior Management while performing their official duties and responsibilities. The code of conduct is posted on the website of the Company.

All Directors and designated Senior Management cadre of the Company have affirmed compliance of the code for the year under review. The declaration to this effect signed by the Chairman & Managing Director is annexed to this report.

CEO / CMD CERTIFICATION:

The certificate under Clause 49 V of the Listing Agreement with the Stock Exchanges, signed by the Chairman & Managing Director, is annexed to this report.

4. AUDIT COMMITTEE:

Terms of reference of Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges and the same inter-alia, include but is not limited to related party transactions, appointment or removal of chief internal auditors, compliance of legal provisions and accounting standards etc., overseeing financial reporting process, reviewing periodic financial results, financial statements and adequacy of internal control systems with the management and adequacy of internal audit function, discussions with Auditor about the scope of audit including the observation of the Auditors and discussion with Internal Auditors on any significant findings. The Audit Committee assists the Board in meeting its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements.

Composition of Audit Committee:

During the year under review, the composition of the Audit Committee of the Board comprised the following Non-Executive Directors:

Sr. No.	Name of the Directors	Status
1.	Mr. Jagdish Chandra Somani	Independent Director-Chairman
2.	Mr. Vinod Kumar Jain	Independent Director-Member
3.	Mrs. Rajkumari Kanodia	Non-Executive Director-Member

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

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

- The Company's financial reporting process and disclosure of its financial information.

- Appointment of Statutory Auditors and fixation of their audit fee.
- Internal control systems, scope of Audit including observation of the Auditors, adequacy of internal audit functions, major accounting policies, practices and entries, compliance with Accounting Standards, concerning financial statements and related party transactions, if any based on review and discussion with Auditors.
- The Company's financial and risk management policies based on discussions with the Internal Auditors and as a follow-up of the significant findings thereon.
- Quarterly and Annual Financial statements before submission to the Board of Directors.

Meetings of the Audit Committee:

During the year under review four (4) meetings of the Audit Committee were held on the following dates: 26/05/2011, 11/08/2011, 14/11/2011 and 14/02/2012.

Attendance of Members at Audit Committee meetings is as under:

Sr. No.	Name of the Directors	No. of Meetings attended
1.	Mr. Jagdish Chandra Somani	4
2.	Mr. Vinod Kumar Jain	4
3.	Mrs. Rajkumari Kanodia	4

5. REMUNERATION OF DIRECTORS :

The Company has not constituted any remuneration committee. The Company has no pecuniary relationship or transaction with its Non- Executive Directors other than payment of sitting fees to them, if any, for attending Board and Committee Meetings.

The Company does not have an incentive plan which is linked to performance and achievement of the Companies objectives. The Company has no stock option plan and pension scheme.

The Company has not paid any sitting fees to the Non-Executive Directors. The details of remuneration paid to Mr. Gourishankar Poddar, the Chairman & Managing Director of the Company, during the year ended on 31st March, 2012 is as follows:

Sr. No	Particulars	Mr. Gourishankar Poddar	
a)	Salary	₹ in Lacs	33.00
b)	Fixed Component- Cont. to P. F.	₹ in Lacs	3.96
c)	Bonus Benefits & other Allowances	₹ in Lacs	NIL
d)	Service Contract	Years	5
e)	Notice Period	Months	3
f)	Severance Fees	₹ in Lacs	NIL



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6. SHAREHOLDERS/INVESTOR GRIEVANCES AND SHARE TRANSFER COMMITTEE:

The Board has constituted Shareholders/Investor Grievances and Share Transfer Committee comprising three Non-Executive Directors, of which two are Independent Directors.

The composition of the Shareholders/Investor Grievances and Share Transfer Committee is as follows:

Sr. No.	Name of the Directors	Status
1.	Mr. Jagdish Chandra Somani	Independent Director–Chairman
2.	Mr. Vinod Kumar Jain	Independent Director– Member
3.	Mrs. Rajkumari Kanodia	Non-Executive Director–Member

The Committee inter-alia, approves share transfer, issue of duplicate certificates and oversees and reviews all matters relating to transfer of securities of the Company. The Committee also looks into redressal of shareholders/investors complaints in regard to transfer of shares, non-receipt of Annual Report, dividend etc.

The Committee oversees the performance of the Registrars and Share Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services. The Committee also monitors the implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

The Committee met Ten (10) times during the year under review, on the following dates: 02/05/2011, 15/07/2011, 30/07/2011, 07/09/2011, 26/09/2011, 30/09/2011, 31/10/2011, 30/11/2011, 15/12/2011 and 31/01/2012.

Attendance of Members at Shareholders/Investor Grievances and Share Transfer Committee meetings is as under:

Sr. No.	Name of the Directors	No. of Meetings attended
1.	Mr. Jagdish Chandra Somani	10
2.	Mr. Vinod Kumar Jain	10
3.	Mrs. Rajkumari Kanodia	10

Compliance Officer:

The Company Secretary, Ms. Gita Yadav, is the Compliance Officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Listing requirements with the Stock Exchanges.

7. INVESTOR GRIEVANCE REDRESSAL:

The total number of complaints received, and replied to the satisfaction of the shareholders, during the year ended 31st March, 2012 was One (01). Outstanding complaints as on 31st March, 2012 were Nil.

The Company has acted upon all valid share transfer requests received during the year 2011 - 2012. No request for transfer and dematerialisation was pending as on 31st March, 2012.

8. DISCLOSURES:

I. General Body Meetings:

Financial Year	Date	Location	Time	Special Resolution Passed in the AGM/EGM
2008-09 AGM	30-09-2009	Chakra Hotel, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072	1.30 p.m.	1. Appointment of Mr. Sushil Kumar Kanodia to the office or place of profit in the Company. 2. Special Resolution under Section 163 of the Companies Act, 1956, for keeping the Register of Members, Index of Members and other documents at a place other than the Registered Office of the Company.
2009-10 AGM	07-08-2010	Chakra Hotel, Andheri Kurla Road, Sakinaka, Andheri (East) Mumbai-400 072	1.30 p.m.	Special Resolution under Section 21, 16, 31 & other applicable provisions of the Companies Act, 1956, for Change of name of the Company from "Raj Rayon Limited" to "Raj Rayon Industries Limited"
2010-11 AGM	15-09-2011	Survey No. 177/1/3 & 177/1/4, Village - Surangi, Dist -Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230	11.30 a.m.	1. Increase in the Authorised Share Capital of the Company from ₹ 30.00 crores to ₹ 50.00 crores. 2. Alteration in Memorandum of Association pursuant to increase in Authorised Share Capital of the Company. 3. Alteration in Articles of Association pursuant to increase in Authorised Share Capital of the Company. 4. Increase in the limits of borrowing powers of the Company from ₹ 1000 crores to ₹ 2500 crores pursuant to Sec 293 (1) (d) of the Companies Act, 1956. 5. Authorise the Board of Directors of the Company to create charge on the assets of the Company upto an amount not exceeding ₹ 2500 crores as mentioned in the item no. 8 pursuant to Sec 293 (1) (a) of the Companies Act, 1956. 6. Increase in the remuneration of Chairman & Managing Director (Mr. Gourishankar Poddar) of the Company from ₹ 18.00 Lacs p.a. to ₹ 36.00 Lacs p.a. w.e.f. 01/06/2011 to 31/03/2014.

**Postal Ballot:**

During the year ended on 31st March, 2012, there were no special resolution passed by the Company by way of Postal Ballot.

II. (a) Related Party Transactions:

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

Attention of members is drawn to the disclosures of transactions with the related parties set out in Notes on Accounts – Note No. 32, forming part of Annual Report.

The Company's major related party transactions are generally with its Associates considering various business and other factors.

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

All related party transactions are negotiated on arms length basis and are only intended to further the interest of the Company.

(b) Listing Agreement:

The Company has complied with all requirements of the Listing Agreement entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed either by SEBI or the Stock Exchanges or any statutory body/authority for non-compliance of any matter related to the capital markets during the last three years.

(c) Utilisation of funds raised through Preferential Warrants:

In the year 2011, the Company had received 25% of upfront allotment money amounting to ₹ 4,41,57,500 in respect of 1,03,90,000 warrants allotted on 03rd January, 2011 with an option to convert them into an equal number of Equity Shares of ₹ 10/- each of the Company over a period of eighteen months on preferential basis to selected persons (promoter, public and body corporate) at a price of ₹ 17/- (including premium of ₹ 7/- each) per warrant.

During the year, on 10th January, 2012 first tranche conversion option was exercised by Raj Money Market Limited (Promoter Company) for conversion of 8,90,000 warrants into Equity Shares of the Company and ₹1,13,47,500 was received in respect of the conversion. These shares are under lock-in for a period of three (3) years from the date of allotment i.e. from 10th January, 2012 to 09th January, 2015.

Further during the year, on 31st March, 2012 second tranche conversion option was exercised for conversion

of 54,78,500 warrants into Equity Shares of the Company and ₹ 6,98,50,875 was received in respect of the conversion. Out of the above 2,78,500 Equity Shares allotted to Raj Money Market Limited (Promoter Company) are under lock –in period of three (3) years from the date of allotment i.e. from 31st March, 2012 to 30th March, 2015 and 52,00,000 Equity Shares allotted to Non promoter group (public) are under lock –in period of one (1) year from the date of allotment i.e. 31st March, 2012 to 30th March, 2013.

The money received in respect of the above mentioned conversions is utilised by the Company for meeting its capital expenditure, new growth opportunities and for general corporate purpose as stated in the Notice of Postal Ballot dated 18th October, 2010.

III. Disclosures on Risk Management:

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

9. MEANS OF COMMUNICATIONS:

- **Quarterly Results:** Quarterly Results are published in 'The Economic Times', Ahmedabad edition in English and Gujarati and in 'The Economic Times', Mumbai edition newspaper and also displayed on the Company's website www.rajrayon.com.
- **News Release, Presentation etc.:** Official news releases, detailed presentations made to media, analysts, institutional investors etc. are displayed on the Company's website www.rajrayon.com.
- **Website:** The Company's website www.rajrayon.com contains a separate dedicated section 'Investor Relations' where shareholders information is available. Annual Report is also available on the website in a user-friendly and downloadable form.
- **Annual Report:** Annual Report containing inter-alia, Audited Annual Accounts, Directors Report, Auditors Report and other important information is circulated to members and others entitled thereto by physical mode and electronic mode (e-mail) as per the circular of Ministry of Corporate Affairs. The Management Discussion and Analysis (MD&A) and Corporate Governance Report form part of the Annual Report.
- **Corpfilng:** Various announcements, Quarterly Results, Shareholding Pattern etc. of the Company are also posted on www.corpfilng.co.in.
- **NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web based application designed by National Stock Exchange for corporate. The Shareholding Pattern and Corporate Governance Report are also filed electronically on NEAPS.



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- **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralised web based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaints and its current status.

10. GENERAL SHAREHOLDER INFORMATION:

(a) Registered, Corporate office & Annual General Meeting:

Registered office:

Survey No. 177/1/3, Village-Surangi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.)-396 230 (INDIA)
Tel: 91- 09998802192, Fax:-91-0260-2699185
E-mail: investors@rajrayon.com

Corporate office:

5-C, 196/197, "Akshay" Mittal Industrial Estate, Sakinaka, Andheri (East), Mumbai-400 059 (INDIA)
Tel: 91-22- 40343434, Fax: 91-22- 40343400
E-mail: investors@rajrayon.com

Annual General Meeting Venue:

10.00 a.m. on 29th September, 2012
Survey No. 177/1/3, Village-Surangi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.)-396 230 (INDIA)

(b) Financial Calendar (Tentative):

Financial Year:	1 st April to 31 st March
Results for the quarter ending June 30, 2012	Mid week of August, 2012
Results for quarter ending September 30, 2012	Mid week of November, 2012
Results for quarter ending December 31, 2012	Mid week of February, 2013
Results for year ending March 31, 2013	Last week of May, 2013
Annual General Meeting	September, 2013

(c) Book Closure Period:

From 22nd September, 2012 to 29th September, 2012 (both days inclusive) for the 19th Annual General Meeting.

(d) Listing of Equity Shares on Stock Exchanges and Payment of Listing Fee:

Name and Address of Stock Exchanges where Company is listed	Stock Code	Payment of Listing Fees
Bombay Stock Exchange Ltd., (BSE), Phrioze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 (INDIA)	Code: 530699 ISIN NO: INE533D01016	Annual listing fee for the year 2012-13 (As applicable) has been paid by the Company to both BSE and NSE.
The National Stock Exchange of India Limited (NSE) Bandra – Kurla Complex, Mumbai-400 050 (INDIA)	Symbol- RAJRAYON	

(e) Payment of Depository Fees:

Annual Custody/Issuer fees for the year 2012-13 has been paid by the Company to NSDL and CDSL.

(f) Corporate Identification Number (CIN):

L17120DN1993PLC000368

(g) Market Price Data:

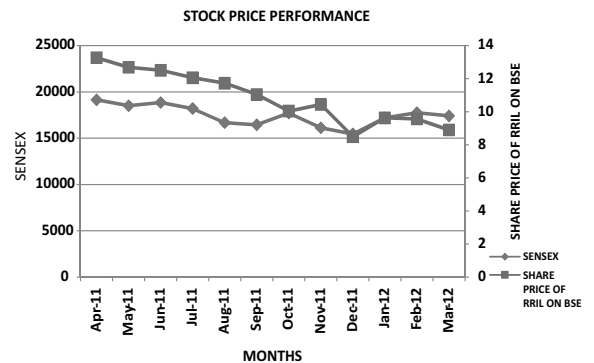
The monthly high and low quotations of shares traded on the Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd are as follows:

Month	Bombay Stock Exchange (Amt in ₹)		National Stock Exchange (Amt in ₹)	
	High	Low	High	Low
April, 2011	13.26	11.97	13.05	11.85
May, 2011	12.68	11.55	12.70	11.25
June, 2011	12.50	11.31	12.50	11.25
July, 2011	12.05	11.50	12.10	11.30
August, 2011	11.72	9.65	11.75	9.70
September, 2011	11.04	9.70	10.95	9.70
October, 2011	10.04	9.71	10.20	9.55
November, 2011	10.44	8.30	10.00	8.25
December, 2011	8.49	7.50	8.70	7.50
January, 2012	9.63	8.08	9.30	7.55
February, 2012	9.56	8.21	9.50	8.10
March, 2012	8.90	7.77	8.90	7.65

Source: BSE and NSE websites

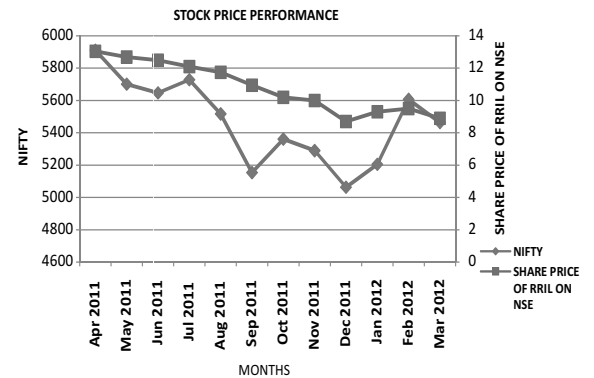
Stock Performance:

The Performance of the Company's shares relative to the BSE Sensitive Index (SENSEX) is given in the Chart below:



Source: BSE website

The Performance of the Company's shares relative to the NSE Sensitive Index (NIFTY) is given in the Chart below:



Source: NSE website



(h) Registrars and Transfer Agents (R&TA):

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

(i) Share Transfer System :

Presently the share transfers, which are received in physical form are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Shareholders/Investors Grievances and Share Transfer Committee.

The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the said certificate with the Stock Exchanges.

(j) Distribution of shareholding as on 31st March, 2012 is as under :

Share holding of nominal value of Rupees (₹)	No. of Share holders	% of Share holders	Share holding	% of Share Holding
Upto 5000	13141	84.18	21766710	8.60
5001-10000	1292	8.28	10974810	4.34
10001-20000	600	3.84	9275630	3.66
20001-30000	192	1.23	4929720	1.95
30001-40000	106	0.68	3843360	1.52
40001-50000	73	0.47	3433000	1.36
50001-100000	123	0.79	8790410	3.47
100001& above	83	0.53	190118360	75.10
TOTAL	15610	100.00	253132000	100.00

(k) Categories of Shareholders as on 31st March, 2012 are as under :

Category	Number of shares	%age of holding
Promoter & Promoter group	8741393	34.53
Banks/MFs/FIs	371000	1.47
Other Bodies Corporate	1596688	6.31
Indian Public	13676856	54.03
NRIs/OCBs	607404	2.39
Others	319859	1.27
TOTAL	25313200	100.00

(l) Corporate Benefits:

Dividend Declared for the last 3 Years:

Financial Year	Dividend Declaration Date	Dividend Rate (%)
2008-2009	N.A.	NIL
2009-2010	07-08-2010	3%
2010-2011	15-09-2011	3%

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

(A) Dematerialisation Position as on 31st March, 2012:

Total No. of fully paid up Shares	Shares in Demat Form	Percentage %	Shares in Physical Form	Percentage %
25313200	19439190	76.80	5874010	23.20

The equity shares of Raj Rayon Industries Limited are traded on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Trading in the Company's shares is permitted only in dematerialised form for all investors as per notifications issued by the Securities and Exchange Board of India (SEBI). The Company has established connectivity with National Securities Depository Limited and Central Depository Services (India) Limited through the Registrars, Link Intime India Private Limited whereby the investors have the option to dematerialise their shares with either of the depositories.

(B) Details of Locked-in Shares:

i) Lock- in Equity Shares allotted on preferential basis to Promoter Group :

As on 31st March, 2012 Raj Money Market Limited, a promoter group Company, holds 77,29,300 shares. The shares allotted on preferential basis are Lock- in upto:

No. of shares	Date of allotment	Lock - in start date	Lock- in release date
899000	29/09/2009	29/09/2009	29/09/2012
946500	09/07/2010	09/07/2010	09/07/2013
890000	10/01/2012	10/01/2012	09/01/2015
278500	31/03/2012	30/03/2012	30/03/2015

ii) Lock- in Equity Shares allotted on preferential basis to Non Promoter Group :

The Company had allotted 52,00,000 equity shares in lieu of conversion of warrants on 31st March, 2012 to selected category of people belonging to Non Promoter Group, these shares are under lock-in for a period of one year from the date of allotment i.e. 31st March, 2012 to 30th March, 2013.



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

The Company has so far not issued any GDRs/ADRs and therefore the question of outstanding GDRs /ADRs etc. as at end of March, 2012 does not arise.

However the Company has allotted 1,03,90,000 warrants on 03rd January, 2011 with an option to convert them into an equal number of Equity Shares of ₹ 10/- each of the Company over a period of eighteen months on preferential basis to selected persons (promoter, public and body corporate) at a price of ₹ 17/- (including premium of ₹ 7/- each) per warrant.

During the year 8,90,000 warrants were converted into Equity Shares on 10th January, 2012 by Raj Money Market Limited (promoter group company). Further, on 31st March, 2012, 54,78,500 warrants were converted into Equity Shares, out of above 2,78,500 warrants were converted by Raj Money Market Limited (Promoter Group) and 52,00,000 warrants were converted by Non Promoter group.

Further 40,21,500 convertible warrants are outstanding with option to convert them into equal number of Equity Shares upto 02nd July, 2012.

(o) Plant Locations:

The Company's plants are located at:

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

(p) (i) Address for investor correspondence:

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

Registrar & Share Transfer Agent:
Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai – 400 078 (INDIA)
Tel: 91-22- 25946970-78, Fax: 91-22- 25946969
Email: rnt.helpdesk@linkintime.co.in
Web-Site: www.linkintime.co.in

Shareholders, holding shares in electronic mode, should address all their correspondence to their respective Depository Participants (DPs).

(ii) Any query on Annual Report:

Registered office of the Company.

(q) Capital Integrity Audit for Reconciliation of Capital:

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

11. TRANSFER OF UNPAID/UNCLAIMED DIVIDEND AMOUNTS TO IEPF:

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the declared dividends which remained unpaid/unclaimed for a period of 7 years are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act. There is unclaimed dividend which is due for transfer to IEPF before 14th September, 2012 for the year 2004-2005 which the Company will transfer as and when the date comes.

12. DUE DATE FOR TRANSFER OF UNCLAIMED IPO REFUND ORDER TO IEPF:

As you are aware that your Company has come out with public issue in the year 2006 of 85,00,000 Equity Shares of ₹10/- each at a price of ₹ 65/- each . As per the provisions of Section 205C of the Companies Act, 1956, any refund amount remained unpaid/ unclaimed for a period of seven years, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

The due date for transfer of Unclaimed IPO Refund Order to IEPF is:

IPO Refund Order in respect of	IPO Refund Order date	Proposed date for transfer of Unclaimed IPO Refund amount to IEPF*
Public issue of 85,00,000 equity shares of ₹ 10/- each at a price of ₹ 65/- each (Issue Opened on :12 th January, 2006 and Closed on: 18 th January, 2006)	02 nd February, 2006	01 st February, 2013
* Indicative dates, actual dates may vary		

**For Unclaimed IPO Refund Order:**

In case of non- receipt of share application money (IPO Refund Order), investor's are requested to write/get in touch with the Company or its R&TA (Link Intime India Private Limited) as mentioned hereunder:

IPO Refund Order in respect of	Contact Details
Public issue of 85,00,000 equity shares of ₹ 10/- each at a price of ₹ 65/- each Issue Opened on :12 th January, 2006 Closed on: 18 th January, 2006	<p>i) Registered office: Survey No. 177/1/3, Village-Surangi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230 (India) Tel: 91- 09998802192, Fax:-91-0260-2699185 , E-mail: investors@rajrayon.com</p> <p>ii) Registrar & Transfer Agent Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 (India) Ph: 91-22-25946970-78, Fax: 91-22-25946969 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in</p>

13. EQUITY SHARES IN THE SUSPENSE ACCOUNT:

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

Particulars	No. of Shareholders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 01 st April, 2011	17	1700
Number of shareholders who approached Company for transfer of shares from suspense account during the year	-	-
Number of shareholders to whom shares were transferred from suspense account during the year	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 st March, 2012	17	1700

The voting rights on the shares outstanding in the suspense account as on 31st March, 2012 shall remain frozen till the rightful owner of such shares claims the shares.

14. COMPLIANCE CERTIFICATE OF THE AUDITORS:

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to the report.

15. NON- MANDATORY DISCLOSURES:

The non- mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings as detailed below:

The Board:

The Company has not yet fixed any policy regarding tenure of independent directors.

Remuneration Committee:

The remuneration of the Executive Directors is approved in the Board meeting wherein the Executive Directors do not participate and vote on the resolutions considering their remuneration package. Hence in the opinion of the Board, there is no conflict of interest in the determination of remuneration package to the Executive Directors and the same is in consonance with the provisions of the Companies Act, 1956.

Shareholders Rights:

The quarterly results of the Company are being published in the English and Vernacular newspapers (i.e. '**The Economic Times**', Ahmedabad edition in English and Gujarati and in '**The Economic Times**', Mumbai edition) and they are also displayed on the Company's web-site namely www.rajrayon.com and in the official section of www.corpfilings.co.in. The results are not sent to the shareholders individually.

Audit Qualifications:

Auditors qualifications & observation on the financial statement for the year 2011-2012 have been appropriately explained in the Directors Report.

Training of Board Members:

The present Board of Directors consists of well experienced and responsible members of the society. All the Directors are well aware of business model as well as the risk profile and business parameters of the Company and their responsibilities as Directors. However, periodical briefings are made to the directors about the business model & risk profile of the Company.



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DECLARATION

Compliance with Code of Conduct

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct for the year ended on 31st March, 2012.

For Raj Rayon Industries Limited

Place: Mumbai
Date: 30th May, 2012

Gourishankar Poddar
Chairman & Managing Director

CEO/CMD CERTIFICATION

As required by sub clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, I have certified to the Board that for the financial year ended 31st March, 2012, the Company has complied with the requirements of the said sub clause.

For Raj Rayon Industries Limited

Place: Mumbai
Date: 30th May, 2012

Gourishankar Poddar
Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members
Raj Rayon Industries Limited
(Formerly known as Raj Rayon Limited)

We have examined the compliance of condition of Corporate Governance by Raj Rayon Industries Limited (hereinafter referred to as "the Company") for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of the conditions of the Corporate Governance is the responsibility of the Company's management. Our examination has been limited to a review of procedure and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information, and according to the explanations given to us and based on the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and behalf of
R.S.AGRAWAL & ASSOCIATES
Chartered Accountants
Firm Registration Number-100156W

Place: Mumbai
Dated: 30th May, 2012

R.S.AGRAWAL
PARTNER
Membership No: 33216

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to present the 19th Annual Report and the audited accounts for the year ended 31st March, 2012.

Financial Results: (₹ in Lacs)

Particulars	Current Year 2011-2012	Previous Year 2010-2011
Net Sales and Other Income	68816.84	43361.55
Gross Profit before interest, Depreciation and Tax	5768.35	4646.14
Less: Interest	2905.83	1911.74
Depreciation	2395.49	2051.24
Profit before Tax	467.03	683.16
Less: Provision for Current Tax	14.20	25.05
Provision for Deferred Tax	70.85	251.73
Tax Adjustment for earlier years	0.00	0.45
Profit After Tax/ Profit for the Period	381.98	405.93

*Previous years' figures have been regrouped wherever necessary to bring them in line with the current year's representation of figures

Performance:

During the financial year, your Company recorded Net Sales and Other Income of ₹ 68816.84 Lacs as compared to ₹ 43361.55 Lacs of previous year. The Net Profit for the year was ₹ 381.98 Lacs as compared to previous year ₹ 405.93 Lacs. Cash profit increased to ₹ 2777.47 Lacs from ₹ 2457.17 Lacs of previous year.

Dividend:

In order to strengthen the reserve of the Company, your Director's considers it prudent to plough back the profits and not to recommend any dividend for the financial year 2011-2012.

Management Discussion and Analysis Report:

Management Discussion and Analysis Report for the year under review, which also deals with the opportunities, challenges and the future outlook for the Company, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange of India, is presented in a separate section forming part of the Annual Report.

Expansion Plans: C.P. Project (Backward Integration) at Surangi, Silvassa (U.T.):

With a view to enhancing its operating margin and shore up its profitability, the Company is going in for backward integration to manufacture Fibre grade/Textile Polyester chips/Polymer by setting up Continuous Polymerisation Plant (CP). The execution of the project is in the advance stage and expected to commence its commercial production as slated on or before June, 2013.

Capital:

During the year under review, the authorised share capital of the Company was increased from ₹ 30.00 crores to ₹ 50.00 crores to enable the Company to meet the future additional capital requirements.

Conversion of Warrants with convertible option on preferential basis to selected persons (promoter, public and body corporate):

In the year 2010, the Company obtained consent of the members through Special Resolution under Postal Ballot for issuing convertible warrants and allotted 1,03,90,000 convertible warrants on 03rd January, 2011 with an option to convert them into an equal number of Equity Shares of ₹ 10/- each of the Company over a period of eighteen months on preferential basis to selected persons (promoter, public and body corporate) at a price of ₹ 17/- (including premium of ₹ 7/- each) per warrant after receiving 25% of upfront money amounting to ₹ 4,41,57,500.

During the year, on 10th January, 2012 first tranche conversion option was exercised by Raj Money Market Limited (Promoter Company) for conversion of 8,90,000 warrants into Equity Shares of the Company and ₹ 1,13,47,500 was received in respect of the conversion. These shares are under lock-in for a period of three (3) years from the date of allotment i.e. from 10th January, 2012 to 09th January, 2015.

Further during the year, on 31st March, 2012 second tranche conversion option was exercised for conversion of 54,78,500 warrants into Equity Shares of the Company and ₹ 6,98,50,875 was received in respect of the conversion. Out of the above 2,78,500 Equity Shares allotted to Raj Money Market Limited (Promoter Company) are under lock-in period of three (3) years from the date of allotment i.e. from 31st March, 2012 to 30th March, 2015 and 52,00,000 Equity Shares allotted to Non promoter group (public) are under lock-in period of one (1) year from the date of allotment i.e. 31st March, 2012 to 30th March, 2013.

Following exercise of the aforementioned options, there are now 40,21,500 convertible warrants that can be converted into Equity Shares of ₹ 17/- (including premium of ₹ 7/- each) at the option of the allottees upto 02nd July, 2012.

Change of Registered Office of the Company:

Your Company's registered office address has been changed from "Survey No. 177/1/3 & 177/1/4, Village-Surangi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.)-396 230" to "Survey No. 177/1/3, Village-Surangi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.)-396 230" w.e.f. 20th June, 2011.

Deposits:

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and no such amount of principal or interest was outstanding as on the Balance Sheet date.

Directors:

In terms of Article 99 of the Articles of Association of the Company, Mrs. Rajkumari Kanodia, Director, retires by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting. Brief resume of the Director proposed to be appointed/re-appointed, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/ chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreements with the Stock Exchanges in India, is provided in the Corporate Governance Report forming part of the Annual Report.



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

Directors Responsibility Statement:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures from the same;
- the Directors have selected such accounting policies, and applied them consistently, and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the annual accounts of the Company on a 'going concern basis'.

Auditors and Auditors Report:

M/s R.S. Agrawal & Associates, Chartered Accountants (Registration No. 100156W), who are Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter from them to the effect that their appointment /re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment/re-appointment within the meaning of Section 226 of the said Act.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore does not call for any further comments except a non provision for doubtful debts amounting to ₹ 88.61 lacs where your Directors are confident that the money will be recovered, for which Company has filed legal suits and therefore no provisions at present is required to be made in the financial statements.

Cost Auditor:

Your Company has appointed Mr. Jayant J. Paleja, Cost Accountant, Mumbai as Cost Auditors to conduct Cost Audit relating to the product manufactured by your Company for the Financial Year 2012-2013.

Particulars of Employees:

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Director's Report. There were no employees who were in receipt of remuneration for which particulars of employees have to be disclosed pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217 (1)(e) of the Companies Act, 1956

read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are provided herein below:

(A) Conservation of Energy:

The information in regard to power and fuel consumption and cost per unit of production is furnished in the prescribed form herein below:

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars	Units	Current Year	Previous Year
(a) Power & Fuel Consumption:			
1. Electricity Purchased - Units	KWH in lacs	896.36	852.96
Total Amount	₹ In Lacs	3719.10	2719.94
Average Rate	₹ Per Unit	4.15	3.19
2. Light Diesel Oil (LDO) /Furnace Oil (FO)			
Quantity	Kilo Litres	205.55	322.00
Total Cost	₹ In Lacs	77.83	88.34
Average Rate	₹ Per Litre	37.87	29.97
(b) Consumption per unit of Production:			
1. Electricity (KWH) Yarn	100 Kgs	125.81	128.11
2. Light Diesel Oil (Litres) Yarn	100 Kgs	0.29	0.44

B) Technology Absorption:

As in the past, the Company continues its efforts to improve quality of yarns as routine activities.

C) Foreign Exchange earning and outgo:

The particulars regarding foreign exchange earnings and outgo are given in Note No. 36 and 39, Notes forming part of the Accounts.

Corporate Governance:

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors' adhere to the requirements set out by the Securities and Exchange Board of India, Corporate Governance practice and have implemented all the prescribed stipulations.

Report on Corporate Governance, as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges in India, forms part of the Annual Report. Certificate from the Auditor of the Company M/s R. S. Agrawal & Associates confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is annexed to this Report.

Acknowledgement:

Your Directors' would like to express their grateful appreciation for assistance and co-operation received from the Banks, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff members and Workers of the Company.

For and on behalf of the Board of the Directors

Place: Mumbai
Dated: 30th May, 2012

Gourishankar Poddar
Chairman & Managing Director

**AUDITORS' REPORT**

To
The Members of
RAJ RAYON INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **RAJ RAYON INDUSTRIES LIMITED** (hereinafter referred to as 'the company') as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (hereinafter referred to as 'the CARO 2003') issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, (hereinafter referred to as 'the Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) 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;
 - (ii) in our opinion, proper books of account as required by law, have been kept by the company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards ('AS') referred to in sub-section (3-C) of section 211 of the Act, *except, AS-28 as referred to in note no. 27 (i) (h) for non provision of doubtful debts for recovery of which the company has filed legal suits amounting to ₹ 88,60,803/-;*
 - (v) *we, further report that, had the company made the respective provision for doubtful debts, the profit for the year and also surplus in Statement of Profit and Loss would have been lower by ₹ 88,60,803/-;*
 - (vi) based on the written representation received from the directors as at 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March, 2012 from being appointed as a director in terms of section 274 (1) (g) of the Act;
 - (vii) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and notes on 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 Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
 - b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
R. S. AGRAWAL & ASSOCIATES
Chartered Accountants
(Registration No. 100156W)

Mumbai
30th May, 2012

R.S. Agrawal
Partner
Membership No. 33216



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we report that:

- (i) (a) the company has generally maintained proper records showing particulars, including quantitative details and situation of fixed assets;
- (b) as explained to us, major portion of the fixed assets has been physically verified by management during the year at reasonable intervals. No material discrepancies were noticed on such verification; and
- (c) during the year the company has not disposed off a substantial part of its fixed assets and the going concern status of the company is not affected;
- (ii) (a) as explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable;
- (b) the procedures, explained to us, that followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business; and
- (c) on the basis of examination of the inventory records of the company, we are of the opinion that the company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of inventory as compared to book records;
- (iii) (a) the company has not granted, during the year, secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the Act; therefore provisions of clause 4(iii) (a) to (d) of the CARO, 2003 are not applicable to the company; and
- (b) the company has taken unsecured loans from the companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 95600000 and year-end balance was ₹ 78600000 from a company;
- (c) in our opinion, the rate of interest, wherever applicable, and other terms and conditions on which the loans have been taken from the bodies corporate listed in the register maintained under section 301 of the Act are not prima-facie prejudicial to the interest of the company; and
- (d) since the aforesaid loans, as informed to us, are repayable on demand, the payment of principal amount and interest on the aforesaid loans were regular;
- (iv) in our opinion, there are generally adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to purchase of inventory and fixed assets and sale of goods and services. During the course of audit, no major weakness in internal control, has been noticed;
- (v) (a) to the best of our knowledge and belief and representations given to us, we are of the opinion that the particulars of contracts or arrangements, referred to in section 301 of the Act have been entered in the register maintained under section 301 of the Act; and
- (b) in our opinion the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act exceeding the value of ₹ 500000 in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available;
- (vi) in our opinion, the company has not accepted any deposit from the public;
- (vii) in our opinion, the company has an internal audit system commensurate with its size and nature of its business;
- (viii) we have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Act and are of the opinion that prima facie the prescribed records have been made and maintained. We have not, however, carried out detailed examination of same;
- (ix) (a) the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. There were no arrears as at 31st March, 2012 for a period of more than six months from the date they became payable; and
- (b) the disputed statutory dues in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess that have not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending are as under:-



19TH ANNUAL REPORT 2011-2012

Name of the Statute	Nature of the dues	Amount in ₹ (excluding penalties and interest, if any)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty	23,88,909	1995-1996	Additional Directorate General of Anti-Evasion. The Company is in process of getting refund. Appellate Tribunal of Central Excise. The company has filed reply to show cause notice to Superintendent of Central Excise. The Company has filed appeal in the Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad. The company has filed reply to Show Cause Notice received from Commissioner of Central Excise & Customs, Vapi. The Company has filed reply to show cause notice received from the Office of the Commissioner, Central Excise & Customs, Vapi. The company has filed reply to Show Cause Notice received from Commissioner Central Excise & Customs, Vapi. The company is in the process of replying to Show Cause Notice received from Commissioner Central Excise & Customs, Vapi.
		32,08,844	1996-1997	
		38,29,886	1997-1998	
		25,82,445	1998-1999	
		7,40,129	1999-2000	
		1,27,50,213	1999-2000	
		8,500#	1999-2000	
		2,95,032	2003-2004	
		3,35,298	2003-2004 & 2004-2005	
		2,83,594#	2003-2004	
70,86,992	2005-2006 & 2006-2007			
1,90,06,648	2006-2007 & 2007-2008			
1,87,08,431	2007-2008			
3,32,03,541	2009-2010			
Textile Committee Act	Cess	34,715	1997-1998	Textiles Cess Appellate Tribunal
		87,643	1998-1999	
		2,12,521	1999-2000	
		3,09,818	2000-2001	
		1,37,459	2001-2002	
		7,82,156		
Income Tax Act	Income tax	25,46,695	2004-2005*	Application for giving effect to the order of CIT(A) is pending before the Assessing Officer. The appeal was decided in favour of the company.

Payment made under protest.
* Assessment year

- (x) the company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both, in the financial year under report and in the immediately preceding financial year;
- (xi) according to the records examined by us, the company has not defaulted in repayment of dues to the banks. There are no dues to a financial institution or debenture holders;
- (xii) as explained to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the CARO, 2003 are not applicable to the company;
- (xiv) the company has dealt or traded in shares, securities, debentures and other investments. The company has maintained proper records and made timely entries of such transactions and contracts. The company in its own name holds all the shares, securities and other investments;
- (xv) the company has not given any guarantee for loans taken by others from banks or financial institutions;
- (xvi) on the basis of the records examined by us, and relying on the information compiled by the company for co-relating the funds raised to the end use of the term loans, we have to state that, the company has, prima-facie, applied the term loan for the purpose for which they were obtained;
- (xvii) on an overall examination of the financial statements of the company, we are of the opinion that, no funds raised on short-term basis have prima facie been used for long-term purposes;
- (xviii) the company has, during the year, consequent upon conversion of share warrants issued in earlier year, made preferential allotment of equity shares, to a company covered in the register maintained under section 301 of the Act, as per SEBI Guidelines. Therefore, the price at which shares allotted is not prejudicial to the interest of the company;
- (xix) the company has not created any security or charge in respect of any secured debentures as no secured debentures were issued. Accordingly, the provisions of clause 4 (xix) of the CARO, 2003 are not applicable to the company;
- (xx) the company has not raised money through public issue during the year; and
- (xxi) to the best of our knowledge and belief, no fraud on or by the company, has been noticed or reported by the company during the year.

For and on behalf of
R. S. AGRAWAL & ASSOCIATES
Chartered Accountants
(Registration No. 100156W)

R.S. Agrawal
Partner

Mumbai
30th May, 2012

Membership No. 33216



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

BALANCE SHEET AS AT 31ST MARCH, 2012

(Amt. in ₹)

PARTICULARS	Note No.	Current Reporting Period As at 31.03.2012	Previous Reporting Period As at 31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	253132000.00	189447000.00
Reserves and surplus	3	785988958.85	704211368.03
Money received against share warrants	4	17091375.00	44157500.00
		1056212333.85	937815868.03
Non-current liabilities			
Long term borrowings	5	1304799756.00	935166045.60
Deferred tax liabilities (net)	6	93931690.00	86846574.00
		1398731446.00	1022012619.60
Current liabilities			
Short term borrowings	7	865834338.75	636183208.45
Trade payables	8	2076828552.09	786768788.66
Other current liabilities	9	327100420.75	197998880.62
Short term provisions	10	8761598.00	20045753.00
		3278524909.59	1640996630.73
TOTAL		<u>5733468689.44</u>	<u>3600825118.36</u>
ASSETS			
Non current assets			
Fixed assets			
Tangible assets	11	1799288915.37	1643033064.51
Intangible assets	11	30677.00	152252.00
Capital work in progress	11(a)	255228207.00	61521673.35
		2054547799.37	1704706989.86
Non-current investments	12	1702000.00	19037340.00
Long term loans and advances	13	76344376.00	58255102.38
		2132594175.37	1781999432.24
Current assets			
Inventories	14	1064439055.00	826090209.00
Trade receivables	15	2237517338.42	828769798.85
Cash and bank balances	16	132460084.24	50894439.77
Short term loans and advances	17	166458036.41	113071238.50
		3600874514.07	1818825686.12
TOTAL		<u>5733468689.44</u>	<u>3600825118.36</u>
Contingent Liabilities and Commitments	27		
(To the extent not provided for)			
Significant accounting policies	1		

As per our attached report of even date :

For and on behalf of the Board

For and on behalf of

R.S. AGRAWAL & ASSOCIATES

Chartered Accountants
Firm registration No. 100156W

GOURISHANKAR PODDAR
Chairman & Managing Director

RAJKUMARI KANODIA
Director

R.S.AGRAWAL

Partner
Membership no.: 33216
Mumbai, 30th May, 2012

GITA YADAV
Company Secretary

Mumbai, 30th May, 2012

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

(Amt. in ₹)

PARTICULARS	Note No.	Figures for the current reporting period 2011-2012	Figures for the previous reporting period 2010-2011
Revenue from operations	18	6828287048.94	4307433691.16
Other income	19	53396944.43	28721777.41
Total Revenue		6881683993.37	4336155468.57
Expenses:			
Cost of materials consumed	20	3290228733.66	2615970822.00
Purchases of stock-in-trade	21	2499755697.06	847846519.00
Changes in inventories	22	(249297673.00)	(229384119.76)
Employee benefit expenses	23	74935041.50	65650669.00
Finance cost	24	290583478.16	191174202.84
Depreciation and amortisation expenses	11	239549250.54	205124456.00
Other expenses	25	689226558.64	571456614.68
Total expenses		6834981086.56	4267839163.76
Profit before Tax		46702906.81	68316304.81
Tax expenses			
Current tax		10069000.00	14739000.00
Deferred tax		7085116.00	25173685.00
MAT credit entitlement		(8649300.00)	(12234400.00)
Tax adjustment for earlier years		0.00	45440.00
		8504816.00	27723725.00
Profit for the period		38198090.81	40592579.81
Earning per equity share	26		
Basic		1.99	2.17
Diluted		1.74	2.05
Significant accounting policies	1		

As per our attached report of even date :

For and on behalf of the Board

For and on behalf of

R.S. AGRAWAL & ASSOCIATESChartered Accountants
Firm registration No. 100156W**R.S. AGRAWAL**Partner
Membership no.: 33216
Mumbai, 30th May, 2012**GOURISHANKAR PODDAR**
Chairman & Managing Director**GITA YADAV**
Company SecretaryMumbai, 30th May, 2012**RAJKUMARI KANODIA**
Director



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Amt. in ₹)

PARTICULARS	2011-2012	2010-2011
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	46702906.81	68316304.81
Adjustment for:		
Depreciation	239549250.54	205124456.00
Investment Income:		
(Profit)/Loss on sale of fixed assets	(2415852.04)	1162523.25
(Profit)/Loss on sale of Investment	(21133380.00)	(19436.00)
Interest /other Income	(29847712.39)	(29864864.66)
Finance costs	290583478.16	191174202.84
Operating Profit before Working Capital changes	523438691.08	435893186.24
Adjustment for:		
Trade and other receivables	(1463664733.10)	(154670044.22)
Inventories	(238348846.00)	(235841230.98)
Trade and other payables	1373829080.96	52360783.27
Cash generated from operations	195254192.94	97742694.31
Direct Taxes Paid	(7122557.00)	4890983.00
Cash flow before Extraordinary Items	188131635.94	102633677.31
Extraordinary Items	0.00	0.00
NET CASH FLOW FROM OPERATING ACTIVITIES	188131635.94	102633677.31
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (*)	(592443097.00)	(300568672.00)
Sale of Fixed Assets	5468889.00	645217.00
Sale / (Purchase) of Investments	38468720.00	(355774.00)
Bank balances other than cash and cash equivalents	(85395074.30)	(7049967.07)
Interest / other income	29847562.39	29864714.66
Dividend received	150.00	150.00
NET CASH USED IN INVESTING ACTIVITIES	(604052849.91)	(277464331.41)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Shares (incl. warrants)	36618875.00	52676000.00
Securities premium reserve (net of share issue expenses)	43579500.00	0.00
Increase/(Decrease) in Unsecured Loan	19175000.00	81631004.00
Proceeds from long term borrowings	493433806.00	249903950.00
Repayment of long term borrowings	(114099639.00)	(160371238.00)
Change in Working Capital Borrowing from Banks	229651130.30	152380983.06
Interest Paid	(290583478.16)	(191071880.84)
Dividend Paid	(5683410.00)	(5683410.00)
NET CASH FROM FINANCING ACTIVITIES	412091784.14	179465408.22
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(3829429.83)	4634754.12
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	6238384.37	1603630.25
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	2408954.54	6238384.37

Notes to cash flow statement:

- 1 (*) Inclusive of ₹ 255228207 (₹ 61521673) Capital Work in Process.
 2 All figures in brackets are outflow.

- 3 Previous year's figures have been regrouped wherever necessary; and
 4 Refer Note no. 16 for details of cash and cash equivalents.

As per our attached report of even date :

For and on behalf of the Board

For and on behalf of

R.S. AGRAWAL & ASSOCIATES

Chartered Accountants
 Firm registration No. 100156W

R.S.AGRAWAL

Partner
 Membership no.: 33216
 Mumbai, 30th May, 2012

GOURISHANKAR PODDAR
 Chairman & Managing Director

GITA YADAV
 Company Secretary

Mumbai, 30th May, 2012

RAJKUMARI KANODIA
 Director

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES.****1. SYSTEM OF ACCOUNTING**

- a) The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 1956 following the mercantile system of accounting and recognising income and expenditure on accrual basis.
- b) The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

2. PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS

- a) The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3c) of the Companies Act, 1956 and the relevant provisions thereof.
- b) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956.
- c) Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.;

3. TANGIBLE AND INTANGIBLE FIXED ASSETS

- a) Tangible fixed assets are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.
- b) Intangible fixed asset comprising software licenses are stated at cost of acquisition including any cost attributable bringing the asset to its working condition, less accumulated amortisation. Any expenses on such software licenses for support and maintenance payable annually are charged to the Statement of Profit and Loss.

4. INVESTMENTS

- a) Investments are classified into Non Current and Current Investments.
- b) Non Current investments are being valued at cost of acquisition. Provision is made to recognize a decline, other than temporary, in the carrying amount of long term investments.
- c) Current investments are being valued at cost or market value whichever is lower.

5. DEPRECIATION/AMORTISATION

- a) No depreciation is provided for leasehold land and freehold land.

- b) Depreciation on fixed assets is being provided on "Straight line method" basis at the rates specified in Schedule XIV to the Companies Act, 1956 till the written down value is reduced to 5% of the gross value being minimum fetchable value. No further depreciation is provided on such balance.
- c) Depreciation in respect of addition to the fixed assets is provided on pro-rata basis from the month in which such assets are acquired/installed/started commercial production.
- d) Depreciation on fixed assets sold, discarded or demolished during the year is being provided at their respective rates up to the month in which such assets are sold, discarded or demolished.
- e) The provision for depreciation for multiple shifts, wherever applicable, as per records, and as advised, has been made on the basis of the actual utilisation of respective eligible assets.

6. INVENTORIES

- a) Valuation of inventories is inclusive of taxes or duties incurred and on FIFO basis except otherwise stated.
- b) Raw materials and Work in progress are being valued at cost or net realisable value whichever is lower.
- c) Stores, Spares and Tools are being valued at weighted average cost.
- d) Goods in Transit, if any, are stated at actual cost up to the date of the Balance Sheet.
- e) Finished Stocks are being valued at direct cost or net realisable values whichever is lower.

7. SALES

Sales are inclusive of excise duty; however, in conformity with the requirements of Accounting Standard 9 "Recognition of Revenue" the sales are presented in the financial statements as sales less excise duty. Sales exclude sales tax and value added tax discount, claims and shortage. The commission, brokerage and incentives are recognised as an expense for the sales. Transportation and marine insurance recovered from customers are reduced from the respective expenses.

8. RETIREMENT AND OTHER BENEFITS TO EMPLOYEES

- (a) Employees' benefit under defined contribution plan such as contribution to provident fund and employees' benefits under defined benefit plan for leave encashment are charged off at the undiscounted amount in the year in which the related service provided.
- (b) Post employment benefits under defined benefit plan such as gratuity are charged off in the year in which the employee has rendered services at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and/or losses in respect of post employment benefits are charged to Statement of Profit and Loss or capitalised in case of new projects are taken up by the company.

9. PRIOR PERIOD INCOME / EXPENSES

The company follows the practice of making adjustments through "Prior Period Items" in respect of all material



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transaction pertaining to the period prior to current accounting period/year.

10. INCOME FROM INVESTMENTS

Incomes from Investments, where appropriate, are taken into revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.

11. CONTINGENT LIABILITIES

Contingent liabilities are not recognised but are disclosed by way of notes to accounts. Disputed demands in respect of Central Excise, Customs, Income Tax and other proceedings etc. are disclosed as contingent liabilities. Payments in respect of such demands, if any, are shown as advance till the final disposal of the matters.

12. EXCISE DUTY

- a) CENVAT credit available as per the provisions of the Excise Rules on raw material, packing material, etc. purchased, is accounted for by reducing the cost of the respective items.
- b) Excise duty payable on finished goods lying at the factory premises at the close of the year is provided in the books as per the Excise Rules.
- c) CENVAT credit available as per the provisions of the Excise Rules on capital goods is accounted for by reducing the cost of capital goods.

13. LEASES

The present value of the lease payments is recognised as an asset with a corresponding liability. Annual lease payments are allocated into financial charge and also principal repayment. The financial charge is charged to the Statement of Profit and Loss and the portion of the principal amount paid is deducted from the liability. The depreciation is also charged to Statement of Profit and Loss on the assets taken on finance lease.

14. TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, on timing differences, being the difference between taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

15. SEGMENT REPORTING

Segments have been identified in line with the AS-17, taking into account the organisational structure as well as the differing risks and returns. The business segment is disclosed as primary segment.

16. BORROWING COSTS

The company capitalises interest and other costs incurred by it in connection with funds borrowed for the acquisition of fixed assets. Where specific borrowings are identified to a fixed asset or a new unit, the company uses the interest rates applicable to that specific borrowing as the capitalisation rate. Capitalisation of borrowing costs ceases when all the activities necessary to prepare the fixed assets for their intended use are substantially complete or the fixed assets are put to use. Other borrowing costs are charged to Statement of Profit and Loss.

17. TRANSACTION IN FOREIGN CURRENCIES

- a) Initial Reorganisation:
Transactions denominated in foreign currencies are

recorded by applying the exchange rates prevailing at the date of the transactions.

- b) Conversion:

Monetary items denominated in foreign currencies remaining unsettled at the end of the year, are restated using the closing rates.

- c) Exchange Difference:

The exchange difference arising on the settlement of monetary items or on reporting unsettled monetary items at the rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognised as income or as expenses in the year in which they arise.

In case the monetary items are covered by the forward exchange contracts, the difference between the year end exchange rate and the exchange rate at the date of the inception of the forward exchange contract is recognised as exchange difference.

- d) Forward Exchange Contracts:

In case of transactions covered by forward exchange contracts, which are not intended for trading or speculation purposes, the premium/discount represented by difference between the exchange rate at the date of the inception of the forward exchange contract and forward rate specified in the contract is amortised as expense or income over the life of the contract.

Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rate changes.

Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

In case of transactions covered by forward exchange contracts, which are intended for trading or speculation purposes, the premium/discount is ignored and at each balance sheet date, the value of the contract is marked to its market value and gain/loss on the contract is recognised.

- e) Non-monetary foreign currency items such as investments are carried at cost.

18. IMPAIRMENT LOSS

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amount(s). Recoverable amount is the higher of an assets net selling price and its value in use. Value in use is the present value of estimated future cash flow expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm length transaction between knowledgeable, willing parties less the cost of disposal.

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(Amt. in ₹)

PARTICULARS	Current Reporting Period As at 31.03.2012		Previous Reporting Period As at 31.03.2011	
	Numbers	Amount(₹)	Numbers	Amount(₹)
NOTE 2: SHARE CAPITAL				
Authorised:				
Equity Shares of ₹10/- each	50000000	500000000.00	30000000	300000000.00
TOTAL		500000000.00		300000000.00
Issued, subscribed and paid-up :				
Equity Shares of ₹10/- each fully paid	25313200	253132000.00	18944700	189447000.00
TOTAL		253132000.00		189447000.00

2.a Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting period :

PARTICULARS	Numbers	Amount (₹)	Numbers	Amount (₹)
Outstanding at the beginning of the reporting period	18944700	189447000.00	17998200	179982000.00
Issued during the reporting period	6368500	63685000.00	946500	9465000.00
Bought back during the reporting period	-	-	-	-
Outstanding at the end of the reporting period	25313200	253132000.00	18944700	189447000.00

2.b Rights and restrictions related to currently issued shares:

Equity shares allotted during the year shall rank pari-passu in all respects with existing equity shares (including as to dividend) from the date of allotment.

2.c Shareholders holding more than 5% shares at the end of reporting period:

Name of shareholders	Numbers*	% of Holding	Numbers	% of Holding
Raj Money Market Limited	7729300	30.53	6464100	34.12
Jitendra B. Salecha HUF	1400000	5.53	Nil	Nil

* including in transit shares 278500 and 1400000 of Raj Money Market Ltd. and Jitendra B. Salecha HUF respectively yet to be credited in beneficiary account.

2.d Terms of share warrants convertible into equity shares:

(i) Reconciliation of number of share warrants outstanding at the beginning and at the end of the reporting period :

PARTICULARS	Numbers	Face value (₹)	Numbers	Face value (₹)
Outstanding at the beginning of the year	10390000	17.00	946500	10.00
Issued during the year	-	-	10390000	17.00
Converted into equity shares during the year	6368500	17.00	946500	10.00
Outstanding at the end of the year	4021500	17.00	10390000	17.00

(ii) Terms of conversion of share warrants into equity shares:

Each share warrant of ₹ 17/- outstanding at the end of both the periods is/was convertible into one equity share at a premium of ₹ 7/- at the option of warrant holders to be exercised within a period of 18 months from the date of allotment of share warrants i.e. 3rd January, 2011. Therefore the share warrants are optionally convertible into equity shares on or before 2nd July, 2012.



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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amt. in ₹)

PARTICULARS	Current Reporting Period As at 31.03.2012		Previous Reporting Period As at 31.03.2011	
NOTE 3: RESERVES AND SURPLUS				
Capital reserve-on forfeited shares				
Balance as per previous reporting period		17500.00		17500.00
Securities premium reserve				
Balance as per previous reporting period	430167953.87		430167953.87	
Add: Received during current reporting period on issue of shares	44579500.00		0.00	
Less: Share issue expenses	1000000.00		0.00	
		473747453.87		430167953.87
Surplus in Profit and loss statement :				
Balance as per previous reporting period	274025914.17		240349007.35	
Add (less): Profit (loss) after tax for the reporting period	38198090.81		40592579.81	
	312224004.98		280941587.16	
Less: Appropriations:				
Additional provision for dividend for earlier reporting period	0.00		283950.00	
Provision for tax on additional dividend for earlier reporting period	0.00		26322.00	
Proposed dividend for the reporting period [Dividend per share Nil (₹ 0.30 per share)]	0.00		5683410.00	
Provision for tax on proposed dividend for the reporting period	0.00		921991.00	
	0.00	312224004.98	6915673.00	274025914.16
TOTAL		785988958.85		704211368.03
NOTE 4: MONEY RECEIVED AGAINST SHARE WARRANTS				
	Numbers	Amount(₹)	Numbers	Amount(₹)
Partly paid share warrants of ₹ 17/- each paid up ₹ 4.25/-	4021500	17091375.00	10390000	44157500.00
TOTAL		17091375.00		44157500.00
NOTE 5: LONG TERM BORROWINGS				
Secured loans:				
Term loans				
From banks:				
Foreign currency loans		308522110.00		131100550.00
Rupee loans		655446914.00		482278134.60
Other parties:				
Kotak Mahindra Prime Limited		1630732.00		1762361.00
SUB-TOTAL		965599756.00		615141045.60
Unsecured loans:				
Inter-corporate loans		260600000.00		245525000.00
Loans from related parties		78600000.00		74500000.00
SUB-TOTAL		339200000.00		320025000.00
TOTAL		1304799756.00		935166045.60

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

A. Secured Loans:

(a) Nature of security:

- (i) Term loans are secured by Equitable Mortgage of factory premises of all the units and Hypothecation of plant and machineries and other fixed assets and further secured by charge over current assets of the company in favour of State Bank of India, State Bank of Mysore, State Bank of Hyderabad, State Bank of Patiala and The South Indian Bank Limited on pari-passu basis.
- (ii) Term loan from Kotak Mahindra Prime Ltd & HDFC Bank are secured by hypothecation of specific vehicles.
- (iii) Loans including non funded facilities from State Bank of India, State Bank of Hyderabad, State bank of Mysore, State Bank of Patiala and The South Indian Bank Limited are further secured by corporate guarantees of Raj Money Market Limited and personal guarantees of Mr. Gourishankar Poddar, Chairman & Managing Director and Mrs. Raj Kumari Kanodia a non executive director of the company and lien on FDR of ₹ 2900000.

(b) Maturity profile of secured term loans are as below (*)

Year	Amt in ₹
2013-14	217136594.00
2014-15	197334686.00
2015-16	195992000.00
2016-17	149967022.00
2017-18	73690000.00
2018-19	65900000.00
2019-20	65579454.00

*Maturity profile excludes the amount of term loans yet to be disbursed.

B. Unsecured Loans:

(a) Maturity profile of unsecured term loans are as below

2018-19	62400000.00
2019-20	62400000.00
2020-21	61700000.00
2021-22	58800000.00
2022-23	55475000.00
2023-24	38425000.00

As at 31.03.2012

As at 31.03.2011

(b) Interest free unsecured loans ₹

66775000.00

72525000.00

(c) Rate of interest

9%

9%

NOTE 6: DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liabilities:

Depreciation	104766789.00	109486340.00
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Deferred Tax Assets:

Deferment of allowances as per the Income Tax Act, 1961	854998.00	1199665.00
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Unabsorbed depreciation	9980101.00	21440101.00
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TOTAL**93931690.00****86846574.00**



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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amt. in ₹)

PARTICULARS	Current Reporting Period As at 31.03.2012	Previous Reporting Period As at 31.03.2011
NOTE 7: SHORT TERM BORROWINGS		
Secured Loans:		
Loans repayable on demand from banks		
Working capital	<u>865834338.75</u>	<u>636183208.45</u>
TOTAL	<u>865834338.75</u>	<u>636183208.45</u>
Nature of security:		
(i) Working capital loans including non funded facilities are secured by hypothecation charge (pari-passu) on entire current assets of the company and further secured by charge on all the fixed assets of the company on pari-pasu basis between State Bank of India, State Bank of Hyderabad and State Bank of Mysore.		
(ii) Working capital loans including non funded facilities from State Bank of India, State Bank of Hyderabad and State bank of Mysore are further secured by corporate guarantees of Raj Money Market Limited and personal guarantees of Mr. Gourishankar Poddar, Chairman & Managing Director and Mrs. Raj Kumari Kanodia a non executive director of the company and lien on FDR of ₹ 2900000.		
NOTE 8: TRADE PAYABLES		
Micro, small and medium enterprises	0.00	0.00
Others	<u>2076828552.09</u>	<u>786768788.66</u>
TOTAL	<u>2076828552.09</u>	<u>786768788.66</u>
Other Trade payables includes the following :		
(a) acceptances from SBI Global Factors Ltd which are personally guaranteed by Mr. Gourishankar Poddar, Chairman & Managing Director and Mrs. Raj Kumari Kanodia a non-executive director, and	49544631.75	59966336.02
(b) letter of credit issued by consortium bankers.	500575000.00	338300000.00
NOTE 9: OTHER CURRENT LIABILITIES		
Current maturities of long term debts (Refer note no. 5)	140767052.60	111891596.00
Creditors for capital expenditure	43590756.97	21694676.16
Advances from customers	12206533.15	3762773.15
Statutory liabilities	6537220.33	4466243.00
Bank overdraft (due to cheques overdrawn)	0.00	1984859.91
Forward contracts payable	41194370.00	4172850.00
Payable not covered by forward contract	8712000.00	0.00
Unpaid dividends	425633.70	386690.40
Share application money in refund accounts	369500.00	369500.00
Other payables	<u>73297354.00</u>	<u>49269692.00</u>
TOTAL	<u>327100420.75</u>	<u>197998880.62</u>
NOTE 10: SHORT TERM PROVISIONS		
Provision for employees benefits (Gratuity) (Refer note no.33)	2341327.00	2239215.00
Provision for taxation	30780000.00	20711000.00
Less: Advance tax	<u>24359729.00</u>	<u>9509863.00</u>
Provision for dividend	0.00	5683410.00
Provision for tax on proposed dividend	0.00	921991.00
TOTAL	<u>8761598.00</u>	<u>20045753.00</u>



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 11: FIXED ASSETS

(Amt. in ₹)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION			NET BLOCK		
	As at 31.03.2011	Additions during the Year	Sold/discarded during the Year	Total as at 31.03.2012	Provided upto 31.03.2011	Provided for the Year	Written Back during the Year	Total upto 31.03.2012	Total as at 31.03.2012	Total as at 31.03.2011
Tangible Assets										
Land	15447698.00	0.00	0.00	15447698.00	0.00	0.00	0.00	0.00	15447698.00	15447698.00
Air Condition System	62856231.03	0.00	0.00	62856231.03	38391850.27	5275847.00	0.00	43667697.27	19188533.76	24464380.76
Electrical Installation	248097698.45	7793021.53	0.00	255890719.98	103065099.60	25249697.00	0.00	128314796.60	127575923.38	145032598.85
Factory Building	419625172.99	32941228.00	0.00	452566400.99	55472957.83	14667278.00	0.00	70140235.83	382426165.16	364152215.16
D.G.Sets	9833941.28	0.00	0.00	9833941.28	629845.186	907836.00	0.00	7206287.86	2627653.42	3535489.42
Plant & Machinery	1853929314.83	355604600.34	56370479.27	2153163435.90	785833814.62	190355419.00	53551955.31	922637278.31	1230526157.59	1068095500.21
Furniture & Fixtures	14376572.71	564540.00	0.00	14941112.71	4971613.32	926654.00	0.00	5898267.32	9042845.39	9404959.39
Vehicle	8460865.38	1329470.00	1271138.00	8519197.38	3090539.36	774624.00	1036625.00	2828538.36	5690659.02	5370326.02
Office Equipments	2338284.00	138203.00	0.00	2476487.00	1584680.01	103106.00	0.00	1687786.01	788700.99	753603.99
Computers	8424225.01	365500.48	0.00	8789725.49	5860439.18	1093223.54	0.00	6953662.72	1836062.77	2563785.83
Office Premises	4539299.00	0.00	0.00	4539299.00	326792.12	73991.00	0.00	400783.12	4138515.88	4212506.88
Intangible Assets										
Computer Software	750000.00	0.00	0.00	750000.00	597748.00	1211575.00	0.00	719323.00	30677.00	152252.00
Total as at 31.03.2012	2648679302.68	398736563.35	57641617.27	2989774248.76	1005493986.17	239549250.54	54588580.31	1190454656.40	1799319592.36	1643185316.51
Total as at 31.03.2011	2389341271.28	288037077.65	28699046.25	2648679302.68	827260836.17	205124456.00	26891306.00	1005493986.17		

NOTE NO. 11(a) DETAILS OF CAPITAL WORK-IN PROGRESS

PARTICULARS	Current reporting Period	Previous reporting period
Factory building	121119881.00	9294973.64
Plant and machinery	108686883.00	45499044.70
Electrical Installation	2952683.00	2062703.02
Project development Expenditure	22468760.00	4664952.00
	<u>255228207.00</u>	<u>61521673.36</u>

NOTE NO. 11(b) OTHER INFORMATION

PARTICULARS	Current reporting Period	Previous reporting period
(i) Project development Expenditure		
Opening Balance	4664952.00	0.00
Add: Additions during the year	38281877.00	10704558.00
Less: Capitalised during the year	20478069.00	6039606.00
Closing Balance	<u>22468760.00</u>	<u>4664952.00</u>
(ii) Addition to fixed assets include capitalisation of interest cost as stipulated under Accounting Standard -16 (Borrowing cost).	15253789.00	5787333.00



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NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amt. in ₹)

PARTICULARS	Current Reporting Period As at 31.03.2012		Previous Reporting Period As at 31.03.2011	
NOTE 12: NON-CURRENT INVESTMENTS				
Other than trade (at cost):	Numbers	Amount(₹)	Numbers	Amount(₹)
Investment in property:				
Residential flats	0	0.00	2	17335340.00
Investments in fully paid equity instruments (unquoted)				
Raj Money Market Limited having face value of ₹ 10/- each	100100	1001000.00	100100	1001000.00
Sangam Spinfab Limited having face value of ₹ 10/- each	70000	700000.00	70000	700000.00
Thane Janata Sahakari Bank Limited having face value of ₹ 50/- each	20	1000.00	20	1000.00
TOTAL		<u><u>1702000.00</u></u>		<u><u>19037340.00</u></u>
Particulars	Book value (₹)	Market value (₹)	Book value (₹)	Market value (₹)
Aggregate value of:				
Quoted investments	Nil	N.A.	Nil	N.A.
Unquoted investments	1702000.00	N.A.	19037340.00	N.A.
NOTE 13: LONG TERM LOANS AND ADVANCES				
Unsecured, considered good :				
Capital advances		28628216.00		19450467.38
Security deposits		53900.00		179900.00
Security deposit to related parties (Refer note no. 32)		1000000.00		1000000.00
Other loans and advances :				
Minimum alternate tax credit entitlement		46245131.00		37595831.00
Prepaid expenses		417129.00		28904.00
TOTAL		<u><u>76344376.00</u></u>		<u><u>58255102.38</u></u>
NOTE 14: INVENTORIES (Refer note no. 1.5)				
Raw materials		47650255.00		108472360.00
Work in progress		308121764.00		161115418.00
Manufactured components		49886753.00		67947300.00
Finished goods		413821840.00		309981486.00
Stock-in trade (meant for trading)		134541696.00		101365179.00
Stores, spares and others		56427214.00		39909282.00
Packing materials		53989533.00		37299184.00
TOTAL		<u><u>1064439055.00</u></u>		<u><u>826090209.00</u></u>
NOTE 15: TRADE RECEIVABLES				
Unsecured, considered good :				
Debts outstanding for a period exceeding six months from the date they are due for payments		32985018.00		22504463.00
Other debts		2204532320.42		806265335.85
TOTAL		<u><u>2237517338.42</u></u>		<u><u>828769798.85</u></u>



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amt. in ₹)

PARTICULARS	Current Reporting Period As at 31.03.2012	Previous Reporting Period As at 31.03.2011
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NOTE 16: CASH AND BANK BALANCES

Cash and cash equivalents:		
Balances with banks	1884618.54	4260754.37
Cheques, drafts on hand	0.00	1483768.00
Cash in hand	524336.00	493862.00
Other bank balances:		
Balances with banks in unpaid dividend accounts	425633.70	386690.40
Balances with banks in share application money refund accounts	369500.00	369500.00
Fixed deposits with banks held as security, deposit, margin money for letter of credit and bank guarantees issued*	129255996.00	43899865.00
TOTAL	<u>132460084.24</u>	<u>50894439.77</u>
*includes maturity value of more than 12 months	<u>31924002.00</u>	<u>37049535.00</u>

NOTE 17: SHORT TERM LOANS AND ADVANCES

Unsecured, considered good:		
Advances to suppliers	27720708.21	3333663.00
Advances to staff	422770.00	1058613.50
Service tax credit receivable	689594.00	658465.00
Export benefit receivable	19814495.00	22171849.00
Cenvat credit receivable	2917947.46	33049963.00
Balance with Excise department	51740.00	51279.00
Prepaid expenses	14353204.00	7864846.00
Vat/Entry tax credit receivable	25950080.00	15842338.00
Deposits	2550000.00	2250000.00
Forward contract receivable	33223875.00	5743911.00
Others	38763622.74	21046311.00
TOTAL	<u>166458036.41</u>	<u>113071238.50</u>

NOTE 18: REVENUE FROM OPERATIONS

	Current Reporting Period 2011-2012	Previous Reporting Period 2010-2011
Sales :		
Yarns :		
Local	4263669690.13	3491586466.08
Export	572005229.48	373047703.48
Fabrics	2290340620.48	695499669.95
Chips	0.00	6298701.00
	<u>7126015540.09</u>	4566432540.51
Job Services	2820409.85	22994713.00
Other operating revenues:		
Export incentives	71427375.00	56511165.00
Scrap and other sales	10472624.00	10769635.65
	<u>81899999.00</u>	67280800.65
Less: Excise duty	382448900.00	349274363.00
TOTAL	<u>6828287048.94</u>	<u>4307433691.16</u>



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amt. in ₹)

PARTICULARS	Current Reporting Period 2011-2012	Previous Reporting Period 2010-2011
NOTE 19: OTHER INCOME		
Interest	29847562.39	29864714.66
Profit on sale of investments	21133380.00	19436.00
Profit (loss) on sale of fixed assets	2415852.04	(1162523.25)
Dividend	150.00	150.00
TOTAL	<u>53396944.43</u>	<u>28721777.41</u>
NOTE 20: COST OF MATERIALS CONSUMED		
Chips	3014535772.00	2519096670.08
POY/FDY/PTY	155438200.66	0.00
Yarn oil	69627668.00	55304713.17
Spin finish oil	50627093.00	41569438.75
TOTAL	<u>3290228733.66</u>	<u>2615970822.00</u>
NOTE 21: PURCHASES OF STOCK-IN-TRADE		
Fabrics	2104785860.00	698724240.00
Yarn	394969837.06	149122279.00
TOTAL	<u>2499755697.06</u>	<u>847846519.00</u>
NOTE 22: CHANGES IN INVENTORIES		
Opening stocks:		
Finished goods	309981486.00	162257495.58
Manufactured components	67947300.00	4558395.00
Stock in trade	101365179.00	61981022.56
Stock in process	161115418.00	171427707.15
	640409383.00	400224620.29
Less: Closing stocks:		
Finished goods	413821840.00	309981486.00
Manufactured components	49886753.00	67947300.00
Stock in trade	134541696.00	101365179.00
Stock in process	308121764.00	161115418.00
	906372053.00	640409383.00
Add: Provision for excise duty on finished goods (net)	16664997.00	10800642.95
TOTAL	<u>(249297673.00)</u>	<u>(229384119.76)</u>
NOTE 23: EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages	70726109.50	61867947.00
Contribution to Provident Fund and other funds	2536776.00	2269809.00
Staff Welfare Expenses	1672156.00	1512913.00
TOTAL	<u>74935041.50</u>	<u>65650669.00</u>
NOTE 24: FINANCE COST		
On term loans	64726269.72	47403051.00
On working capital loans	87101555.68	55998428.49
Bank and other financial charges	111540210.87	64213606.35
Others interest	18530489.33	23583064.00
Net loss(gain) on foreign currency transactions	8684952.56	(23947.00)
TOTAL	<u>290583478.16</u>	<u>191174202.84</u>



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amt. in ₹)

PARTICULARS	Current Reporting Period 2011-2012	Previous Reporting Period 2010-2011
NOTE 25: OTHER EXPENSES		
Manufacturing expenses:		
Power and fuel	379693323.10	280827749.00
Inward transportation and freight	3746387.00	3646063.00
Consumption of stores and spares	29657600.40	27081505.95
Repairs to factory buildings	1027855.00	1145379.00
Repairs to machineries	8148225.00	3970959.00
Consumption of packing material	124935324.00	136654268.62
Job service charges	4852971.00	5645720.00
Labour charges	34898856.00	42920333.00
	<u>586960541.50</u>	501891977.57
Administrative expenses:		
Printing and stationery	2554873.00	2450278.80
Postage and telegram	1117995.00	888572.00
Telephone and communication charges	1000513.26	1239924.21
Travelling and conveyance	10184859.46	7361660.97
Auditors' remuneration (Refer note no. 29)	1156280.00	734500.00
General expenses	3414473.00	3399787.15
Rent	161900.00	150000.00
Rates and taxes	1013612.00	1275842.00
Sundry balance written off	21225.92	(713203.17)
Electricity expenses	660600.00	637167.00
Insurance	2382487.90	1458151.20
Repairs and maintenance	1474295.00	1123580.00
Legal and professional charges	3995001.00	9066598.00
	<u>29138115.54</u>	29072858.16
Selling, distribution and other expenses:		
Advertisement and publicity	2168934.17	1547477.78
Commission and brokerage	17733193.00	13265729.00
Carriage outward	40921676.00	32175468.00
Net foreign exchange loss(gain)	12304098.43	(6496895.83)
	<u>73127901.60</u>	40491778.95
TOTAL	<u><u>689226558.64</u></u>	<u><u>571456614.68</u></u>

NOTE 26: EARNING PER EQUITY SHARE

Particulars	Unit	2011-12	2010-11
Net profit(loss) after tax	₹	38198090.81	40592579.81
Weighted average number of shares used in computing basic earnings per share	Numbers	19159068	18687978
Effect of potential equity shares on allotment of warrants	Numbers	2775760	1091955
Weighted average number of shares used in computing diluted earnings per share	Numbers	21934828	19779933
Face value of equity shares	₹	10.00	10.00
Basic earnings per share	₹	1.99	2.17
Diluted earnings per share	₹	1.74	2.05



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 27: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(Amt. in ₹)

	As at 31.03.2012	As at 31.03.2011
(i) Contingent liabilities:		
(a) Guarantees given by the bankers.	42525000.00	32875000.00
(b) Notices or show cause which received from Excise department (excluding a show cause notice received from Additional Director General, DGCEI, MZU, Mumbai since amount is unascertainable).	109299606.00	91678249.00
(c) Show cause notices for levy of cess.	782156.00	782156.00
(d) Inland / Foreign letter of credit (Import) issued by the bankers.	458617000.00	3250000.00
(e) Sales bills discounted with SBI Global Factors Ltd.	29011435.61	28416703.68
(f) Sales bills discounted with State Bank of India.	46686939.00	40433909.00
(g) Notice received from SEBI, for delay in submission of certain information to BSE.	175000.00	175000.00
(h) Impairment loss, if any, on realisation of suit filed debts.	8860803.00	8860803.00
(i) Undertakings given by the company under EPCG Scheme, pending fulfilment of export obligation.	Nil	81861000.00
(ii) Contingent commitments		
Estimated amount of contracts, net of advances, remaining to be executed on capital account.	941150452.00	201656000.00

NOTE 28: UTILISATION OF PROCEEDS OF SECURITIES ISSUED DURING THE CURRENT REPORTING PERIOD

The money received in respect of the conversion of warrants into equity shares is utilised by the company for meeting its capital expenditure, new growth opportunities and for general corporate purpose as stated in the Notice of Postal Ballot dated 18th October, 2010.

NOTE 29: PAYMENT TO AUDITORS (EXCLUDING SERVICE TAX)

(Amt. in ₹)

Particulars	For the year ended	
	31.03.2012	31.03.2011
Statutory audit under the Companies Act, 1956	450000.00	350000.00
Tax Audit under the Income Tax Act, 1961	100000.00	75000.00
Sales tax audit	75000.00	50000.00
Taxation matters	150000.00	165000.00
Certifications	112000.00	79500.00
Reimbursement of expenses	15000.00	15000.00
Payment for earlier years	205000.00	0.00
	1107000.00	734500.00

NOTE 30: SEGMENT REPORTING

The company operates in a single segment i.e. textile having same risk and return. Hence reporting as per Accounting Standard (AS-17) 'Segment Reporting' not applicable to the company.

NOTE 31: LEASE

The company has taken office premises under operating lease or on leave and license basis. This is not non-cancellable and for a period ranging between 11 months and above and are renewable at mutual consent on mutually agreeable terms. The company has given refundable interest free security deposits in accordance with the agreed terms. The rent paid in accordance with the agreements has been debited to profit and loss account for the year.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 32: RELATED PARTY DISCLOSURES:

- I) Names of related parties and description of relationships
- a) Party owning an interest in voting power of the company that gives it significance influence over the company:
Raj Money Market Limited
- b) Key management personnel:
- i) Shri Gourishankar Poddar - Chairman & Managing Director
ii) Shri Sushil Kumar Kanodia - Executive Officer
- c) Enterprises over which parties mentioned in (a) and (b) above are exercising significant influence:
- i) Gourishankar Poddar HUF
ii) Sangam Spinfab Limited
- II) Transactions during the year and balances outstanding as at year end with the related parties are as follows:

(Amt. in ₹)

Particulars	Volume of Transactions		Balances as on	
	2011-12	2010-11	31.03.2012	31.03.2011
Incomes:				
Sales (Inclusive of sales tax)/ Debtors Sangam Spinfab Limited	-	3566754.00	-	-
Interest income / Receivables Sangam Spinfab Limited	-	43278.00	-	-
Expenses:				
Director's Remuneration Shri Gourishankar Poddar - Chairman & Managing Director	3696000.00	2016000.00	-	-
Salary Shri Sushil Kumar Kanodia – Executive Officer	591360.00	591360.00	-	-
Rent Gourishankar Poddar HUF	150000.00	150000.00	-	-
Interest expense/ payables Sangam Spinfab Limited	7383710.00	4914278.00	6645339.00	4422850.00
Loans and advances				
Deposits given: Gourishankar Poddar HUF	-	-	1000000.00	1000000.00
Loans taken Sangam Spinfab Limited	15500000.00	85700000.00	78600000.00	74500000.00
Raj Money Market Limited	5600000.00	7400000.00	-	-
Investments in Shares				
Raj Money Market Limited	-	-	1001000.00	1001000.00
Sangam Spinfab Limited	-	-	700000.00	700000.00
Outstanding Share warrants				
Raj Money Market Limited	-	2690000.00	1521500.00	2690000.00
Money Received against share warrants				
Raj Money Market Limited	-	11432500.00	6466375.00	11432500.00
Conversion of Share warrants into Share capital				
Raj Money Market Limited	11685000.00	9465000.00	-	-



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 33: EMPLOYEE BENEFIT EXPENDITURE

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

a) Defined Contribution Plan :

Contribution to defined contribution plan, recognised are charged off for the year are as under: (Amt. in ₹)

Particulars	2011-12		2010-11	
Employer's contribution to provident fund	2477887.00		2175083.00	
Employer's contribution to superannuation fund	0.00		0.00	
Employer's contribution to pension fund	0.00		0.00	

b) Defined Benefit Plan:

Leave Encashment : During the year 2011-12, the amount paid to employees as leave encashment is ₹ 289293 (₹ 259332).

Gratuity : The employee's gratuity scheme is non-fund based. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

(Amt. in ₹)

Particulars	Gratuity (Unfunded)	
	2011-12	2010-11
Defined benefit obligation at beginning of the year	2318608.00	2034195.00
Current service cost	744269.00	558968.00
Interest cost	250924.00	212413.00
Actuarial loss /(gain)	(112097.00)	(593277.00)
Past service cost	0.00	248799.00
Benefits paid	(762605.00)	(142490.00)
Settlement cost	0.00	0.00
Defined benefit obligation at year end	2439099.00	2318608.00

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

(Amt. in ₹)

Particulars	Gratuity (Unfunded)	
	2011-12	2010-11
Fair value of plan assets at beginning of the year	0.00	0.00
Expected return on plan assets	0.00	0.00
Actuarial gain / (loss)	0.00	0.00
Employer contribution	762605.00	142490.00
Benefits paid	(762605.00)	(142490.00)
Fair value of plan assets at year end	0.00	0.00
Actual return on plan assets	0.00	0.00

iii) Reconciliation of fair value of assets and obligations

(Amt. in ₹)

Particulars	Gratuity (Unfunded)	
	2011-12	2010-11
Fair value of plan assets	0.00	0.00
Present value of obligation	2439099.00	2318608.00
Amount recognised in balance sheet	2439099.00	2318608.00

iv) Expense recognised during the year (Under the head "Payments to and Provisions for Employees" refer note no.23') (Amt. in ₹)

Particulars	Gratuity (Unfunded)	
	2011-12	2010-11
Current service cost	744269.00	558968.00
Interest cost	250924.00	212413.00
Expected return on plan assets	0.00	0.00
Actuarial losses / (gain)	112097.00	(593277.00)
Past service cost	0.00	248799.00
Net cost	883096.00	426903.00



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

V) Actuarial assumption

Particulars	Gratuity (Unfunded)	
	2011-12	2010-11
Mortality table (LIC)		
LIC 1994-96		
Mortality table		
Discount rate (per annum)	8.70%	8.30%
Expected return on plan assets (per annum)	--	--
Rate of escalation in salary (per annum)	7.00%	7.00%

The estimates of rates of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

NOTE 34: INCOME TAX MATTERS

- Regular assessments of the return of income filed by the company have been completed upto assessment year ("AY") 2009-2010;
- Application for giving effect to the order of CIT(A) for AY 2001-2002 is pending before the Assessing Officer. Since the appeal was partly decided in favour of the company, on giving effect to the order CIT(A), the income tax demand of ₹ 77434 will become nil.
- Application for giving effect to the order of CIT(A) for AY 2004-2005 is pending before the Assessing Officer. Since the appeal was decided in favour of the company, on giving effect to the order of CIT(A) the income tax demand of ₹ 2546695 will become nil.
- Application for giving effect to the order of CIT(A) for AY 2007-2008 is pending before the Assessing Officer. Since the appeal was partly decided in favour of the company and company has already made full payment of demand, on giving effect to order of CIT(A) there will not be any tax liability.
- Rectification application for AY 2009-2010 is pending before the assessing officer.

NOTE 35: C. I. F. VALUE OF IMPORTS

(Amt. in ₹)

Particulars	For the year ended	
	31.03.2012	31.03.2011
Raw materials	41229210.13	15785697.80
Purchases of stock-in-trade	46974654.29	Nil
Components and spare parts	490690.45	1199609.43
Capital goods	60276772.96	21443341.25

NOTE 36: EXPENDITURE IN FOREIGN CURRENCY

(Amt. in ₹)

Particulars	31.03.2012	31.03.2011
Interest*	27590923.72	20375707.00
Commission	4133025.00	2331334.00
Travelling	3369576.88	850980.27

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

NOTE 37: RAW MATERIAL CONSUMED AND TOTAL VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL, SPARE PARTS, COMPONENTS CONSUMED AND % OF EACH TO TOTAL CONSUMPTION

NOTE 37.1: RAW MATERIAL CONSUMED

(Amt. in ₹)

Particulars	31.03.2012	31.03.2011
Chips	3014535772.00	2512797969.08
POY/FDY/PTY	155438200.66	0.00
Yarn oil	69627668.00	55304713.17
Spin finish oil	50627093.00	41569438.75
TOTAL	3290228733.66	2609672121.00



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 37.2: TOTAL VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL, SPARE PARTS, COMPONENTS CONSUMED AND % OF EACH TO TOTAL CONSUMPTION

Particulars	For the year ended			
	31.03.2012		31.03.2011	
	Consumption in ₹	% to total consumption	Consumption in ₹	% to total consumption
(a) Raw materials:				
Indigenous	3246896154.66	98.68	2587527502.00	99.15
Imported	43332579.00	1.32	22144619.00	0.85
Total consumption and %	3290228733.66	100.00	2609672121.00	100.00
(b) Spare parts and components:				
Indigenous	29056565.40	97.97	27081505.95	100.00
Imported	601035.00	2.03	0.00	0.00
Total consumption and %	29657600.40	100.00	27081505.95	100.00

NOTE 38: REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

Particulars	2011-2012	2010-2011
Amount of dividend Remitted(₹)	179660.30	195700.80
Number of Non-resident shareholders	77	84
Number of shares held by non residents shareholders	598868	652336
Year to which dividend relates	2010-11	2009-10

NOTE 39: EARNING IN FOREIGN CURRENCY

(Amt. in ₹)

Particulars	2011-2012	2010-2011
FOB Value of exports	555842209.00	354810387.00
Including ₹ 24199293.00 (₹16085980) based on shipping bill for which BRCs are pending.		

NOTE 40: FINANCIAL AND DERIVATIVES AND UNHEDGED TRANSACTION

The forward exchange contract (the "FEC") entered into by the company and outstanding at end of the reporting period is as under.

Particulars	2011-2012			2010-2011		
	No. of Contracts	US \$	Amt. in ₹	No. of Contracts	US \$	Amt. in ₹
Buy - FCNRB loans and Buyers credit	3	5111650.00	239718924.50	1	2810000.00	131100550.00
Sell - Proforma invoices for export sale	34	3514731.40	178232029.29	26	1764691.87	79392653.26

Unhedge foreign currency exposure

Particulars	2011-2012		2010-2011	
	US \$	Amt. in ₹	US \$	Amt. in ₹
Secured loans - FCNRB loans and Buyers credit	1702000.00	87704060.00	0.00	0.00
Bank balance	1534.00	77810.44	1053.70	46636.00

Note 41: Figures for the previous year have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our attached report of even date :

For and on behalf of the Board

For and on behalf of

R.S. AGRAWAL & ASSOCIATES

Chartered Accountants

Firm registration No. 100156W

GOURISHANKAR PODDAR
Chairman & Managing Director

RAJKUMARI KANODIA
Director

R.S.AGRAWAL

Partner

Membership no.: 33216

Mumbai, 30th May, 2012

GITA YADAV
Company Secretary

Mumbai, 30th May, 2012



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

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

ATTENDANCE SLIP

I hereby certify that I am a registered member /proxy for the registered member of the company.

I hereby record my presence at the 19th Annual General Meeting of the Company on Saturday, 29th September, 2012 at 10.00 a.m. at registered office of the Company at Survey No. 177/1/3, Village-Surangi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.)-396 230 (INDIA).

Name of the Attending Shareholder : _____
(In Block Letters)

Name of the Proxy : _____
(If the proxy attends instead of the Shareholder)

Signature of the Shareholder / Proxy

Ledger Folio No. : _____

* D.P. ID : _____

* Client ID : _____

* Applicable for persons holding shares in Electronic form

Notes: Shareholders/ Proxy holders are requested to bring the Attendance Slips with them, duly completed and handover the same at the entrance of the Meeting Hall. Joint Shareholders may obtain additional Attendance Slips on request. Please bring your copy of the Annual Report for reference at the meeting.



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

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

PROXY FORM

I / We _____ of _____

being a member/ members of Raj Rayon Limited, hereby appoint _____ of _____

or failing him _____ of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the 19th Annual General Meeting to be held on Saturday, 29th September, 2012 at 10.00 a.m. at registered office of the Company at Survey No. 177/1/3, Village-Surangi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.)-396 230 (INDIA).

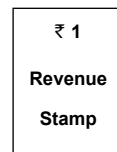
Signed this _____ day of _____ 2012

Ledger Folio No. : _____

* D.P. ID : _____

* Client ID : _____

* Applicable for persons holding shares in Electronic form



Signature

Note: The proxy form must be deposited at the registered office of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting. The proxy need not be a member of the Company.

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RAJ RAYON INDUSTRIES LIMITED

(Formerly known as Raj Rayon Ltd.)

Website: www.rajrayon.com