



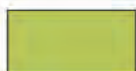
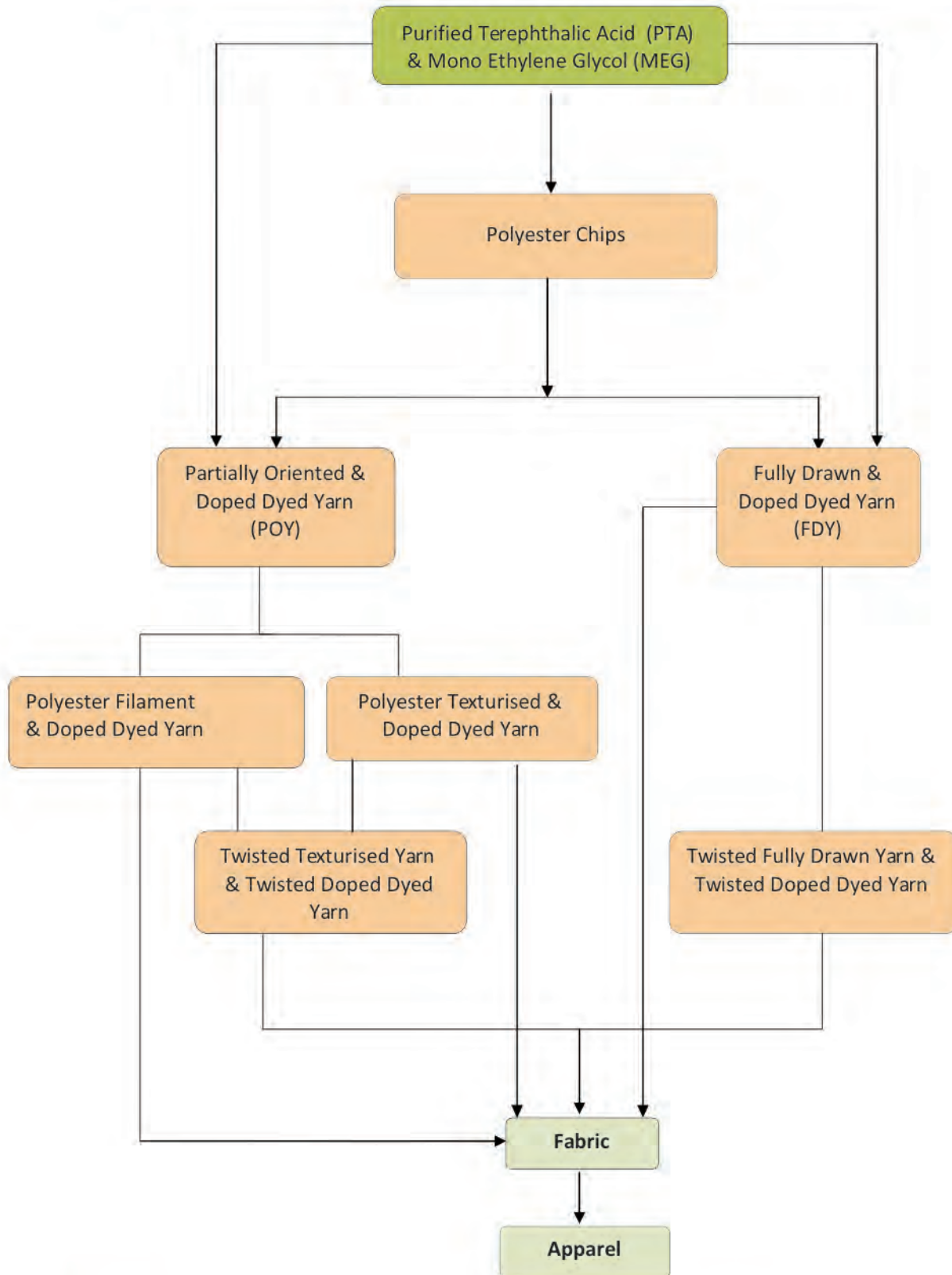
RAJ RAYON INDUSTRIES LIMITED

(Formerly known as Raj Rayon Ltd.)

“Spinning the Quality of Perfection”

**20th Annual Report
2012 - 2013**

Product Flow Chart of Raj Rayon Industries Limited



Raw Materials Purchased
by Company from outside

Products Manufactured
by Company



**COMPANY INFORMATION**

BOARD OF DIRECTORS	: MR. GOURISHANKAR PODDAR MRS. RAJKUMARI KANODIA MR. JAGDISH CHANDRA SOMANI MR. SUMIT DALMIYA MR. VINOD KUMAR JAIN MR. SURESH GUPTA	Chairman & Managing Director Director Director (upto 06 th November, 2012) Additional Director (w.e.f. 06 th November, 2012) Director (upto 05 th March, 2013) Additional Director (w.e.f. 27 th May, 2013)
COMPANY SECRETARY	: MS. GITA YADAV	
AUDITORS	: M/S. K.M. GARG & CO.	
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- Amla, 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	

CONTENTS	PAGE NO.
Notice & Annexure to Notice -----	02
Management Discussion & Analysis-----	07
Report on Corporate Governance-----	09
Auditors' Certificate on Corporate Governance -----	19
Directors' Report-----	20
Independent Auditors' Report -----	23
Balance Sheet -----	26
Statement of Profit & Loss -----	27
Cash Flow Statement -----	28
Notes on Financial Statements -----	29
Attendance Slip & Proxy Form -----	47



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of RAJ RAYON INDUSTRIES LIMITED will be held on Monday, 30th September, 2013 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:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To consider and declare dividend on pro-rata basis @ 15% on 15% Non Convertible Non Cumulative Redeemable Preference Shares of the Company for the year ended 31st March, 2013.
3. To appoint a Director in place of Mrs. Rajkumari Kanodia who retires by rotation and being eligible offers herself for re-appointment.
4. 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. K.M. Garg & Co., Chartered Accountants (Registration No. 120712W) 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.”

Special Business:

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

“RESOLVED THAT Mr. Sumit Dalmiya, who was appointed as an Additional Director of the Company on 06th November, 2012 pursuant to Article 85 of the Articles of Association of the Company and under Section 260 of the Companies Act, 1956 and whose term of office expires at this Annual General Meeting. And in respect on whom the Company has pursuant to Section 257 of the Companies Act, 1956, received a notice

in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT Board of the Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.”

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

“RESOLVED THAT Mr. Suresh Gupta, who was appointed as an Additional Director of the Company on 27th May, 2013 pursuant to Article 85 of the Articles of Association of the Company and under Section 260 of the Companies Act, 1956 and whose term of office expires at this Annual General Meeting. And in respect on whom the Company has pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT Board of the Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.”

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

“RESOLVED THAT pursuant to Section 314 (1B) read with Director's Relative (Office or Place of Profit) Rules, 2011 and other applicable provisions of the Companies Act, 1956, the monthly remuneration of Mr. Sushil Kumar Kanodia, relative of Mrs. Rajkumari Kanodia, Director of the Company, holding an office or place of profit in the Company as Chief Executive Officer be and is hereby increased from ₹ 40,000/- per month to an amount not exceeding ₹ 2,50,000/- per month (including all perquisites) w.e.f. 01st October, 2013 for his tenure ended on 30th September, 2014.



20TH ANNUAL REPORT 2012-2013

RESOLVED FURTHER THAT Board of the Directors/Company Secretary of the Company be and are hereby authorised to do all such acts, deeds, matters and things and execute all documents/ application/forms or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and file necessary e-forms for matters connected therewith or incidental thereto."

By order of the Board of Directors

Sd/-

Gita Yadav

Company Secretary

Place: Mumbai

Date: 31st July, 2013

Registered Office:

Survey No. 177/1/3,

Village – Surangi, Dist – Silvassa,

Dadra & Nagar Haveli (U.T.) – 396 230

NOTES:

1. **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.

2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting, setting out material facts, is annexed hereto.
3. 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.
4. 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.
5. Members/Proxies/Representatives are requested to bring the enclosed Attendance Slip, duly filled in, for attending the Annual General Meeting.

6. 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.
7. Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 23rd September, 2013 to Monday, 30th September, 2013 (both days inclusive) for the 20th Annual General Meeting of the Company.
8. Dividend on Preference Shares declared at the Annual General Meeting will be paid on or after 10th October, 2013.
9. 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).
10. 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
31-03-2006	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.

11. 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.
12. Further, Members are requested to inform immediately about any change in their address to Company's R&TA at the



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

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

13. 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.
14. Investors may address their queries/communication at investors@rajrayon.com.
15. 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.
16. The Ministry of Corporate Affairs has undertaken a “Go 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**.

ANNEXURE TO NOTICE

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956:

Item No. 5

Mr. Sumit Dalmiya was appointed as an Additional Director of the Company by the Board of Directors of the Company in terms of Section 260 of the Companies Act, 1956 read with Article 85 of the Article of Association of the Company w.e.f. 06th November, 2012 who vacates his office at this Annual General Meeting. Due notices under Section 257 of the Companies Act, 1956 has been received proposing the appointment of Mr. Sumit Dalmiya as a Director of the Company. If appointed, his office shall be liable to determination by retirement by rotation. He holds 4,900 shares in the Company.

Mr. Sumit Dalmiya is a commerce graduate and has experience in finance sector and has good exposure in taxation, portfolio management and banking sector. Keeping in view his experience and expertise, your Company will be immensely benefited from his appointment.

The Directors recommended the resolution at Item no. 5 of the Notice for your approval.

None of the Directors of the Company other than Mr. Sumit Dalmiya is interested in the resolution.

Item No. 6

Mr. Suresh Gupta was appointed as an Additional Director of the Company by the Board of Directors of the Company in terms of Section 260 of the Companies Act, 1956 read with Article 85 of the Article of Association of the Company w.e.f. 27th May, 2013 who vacates his office at this Annual General Meeting. Due notices under Section 257 of the Companies Act, 1956 has been received proposing the appointment of Mr. Suresh Gupta as a Director of the Company. If appointed, his office shall be liable to determination by retirement by rotation. He holds nil shares in the Company.

Mr. Suresh Gupta is a commerce graduate and has good experience and exposure in textile sector. Keeping in view his experience and expertise, your Company will be immensely benefited from his appointment.



20TH ANNUAL REPORT 2012-2013

The Directors recommended the resolution at Item no. 6 of the Notice for your approval.

None of the Directors of the Company other than Mr. Suresh Gupta is interested in the resolution.

Item No. 7

Mr. Sushil Kumar Kanodia (B.Com), relative of Mrs. Rajkumari Kanodia, Director of the Company, was appointed as Chief Executive Officer pursuant to Section 314 (1B) of the Companies Act, 1956 for a period of 5 years w.e.f. 01st October, 2009 at a monthly remuneration not exceeding to ₹ 50,000/- per month, which was duly approved by the members of the Company at the Annual General Meeting of the Company held on 30th September, 2009. He has more than 24 years of experience in textile industries.

The Board of Directors of Company had considered and approved increase in monthly remuneration to the tune of an amount not exceeding ₹ 2,50,000/- per month (including all perquisites) w.e.f. 01st October, 2013 for his tenure ended on 30th September, 2014 in compliance with Section 314 (1B) of the Companies Act, 1956 read with Director's Relative (Office or Place of Profit) Rules, 2011.

Now, pursuant to Section 314(1B) of the Companies Act, 1956, it is proposed to seek approval of shareholders in this regard.

The Directors recommended the special resolution at Item no. 7 of the Notice for your approval.

None of the Directors of the Company other than Mrs. Rajkumari Kanodia is interested in the resolution.

By order of the Board of Directors
Sd/-

Place: Mumbai
Date: 31st July, 2013

Gita Yadav
Company Secretary

Registered Office:

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



RAJ RAYON INDUSTRIES LIMITED

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BRIEF PROFILE OF THE DIRECTORS 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. 3, 5 & 6 of the Notice:

Name of Directors	Mrs. Rajkumari Kanodia	Mr. Sumit Dalmiya#	Mr. Suresh Gupta##
Age	54 years	30 years	59 years
Qualification	H.S.C	B.COM	B.COM
Date of appointment	28 th February, 2003	06 th November, 2012	27 th May, 2013
Category	Non Executive and Promoter Director	Non Executive and Independent Director	Non Executive and Independent Director
No. of Shares held	46,75,000	4,900	NIL
Expertise in specific functional area	Textile Industry	Finance, taxation, portfolio management and banking sector	Textile Industry
Membership or Chairmanship in other Companies	She is neither a Director of the Board of any other Company nor Member of the Committees of the Board of any other Company.	He is neither a Director of the Board of any other Company nor Member of the Committees of the Board of any other Company.	He is neither a Director of the Board of any other Company nor Member of the Committees of the Board of any other Company.

Appointed as Additional Director w.e.f. 06th November, 2012, holding office until conclusion of ensuing Annual General Meeting.

Appointed as Additional Director w.e.f. 27th May, 2013, holding office until conclusion of ensuing Annual General Meeting.



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 and has certification of ISO 9001:2008 by Bureau Veritas (UKAS) and Bureau Veritas (NABCB).
- Your Company exports its product to countries in South America, Europe, Middle East, Africa, Far East, South East Asia etc.

Financial:

During the year the Company has registered:

- Net Sales and other income of ₹ 71752.67 Lacs as compared to ₹ 68816.84 Lacs of previous year.
- PBDIT of ₹ 6533.39 Lacs as compared to ₹ 5768.35 Lacs of previous year.
- PBT for the year was ₹ 591.51 Lacs.
- Cash profit has been increased to ₹ 2927.03 Lacs as compared to ₹ 2777.47 Lacs of previous year.
- Net Profit of ₹ 371.38 Lacs & EPS of ₹ 0.14.
- Export of the Company during the year was ₹ 2741.20.

Industry outlook:

The Global Economy in financial year 2012-2013 has improved marginally, however several European economies experienced recession due to banking fragility, high unemployment, fiscal tightening and sluggish growth. Slow down in industrial output and exports weakened India's economic growth significantly.

Growth in apparel sales has been sluggish in 2012-2013 due to the economic slowdown and negative consumer sentiment. A

decline in exports caused by a fall in demand from the US and EU has also added to manufacturers' woes.

The Indian textile industry is one of the major sectors of Indian economy largely contributing towards the growth of the Country's industrial sector. It holds the second position after the agriculture sector in providing employment. It contributes about 14% to industrial production, 4% to the gross domestic product (GDP) and 17% to the country's export earnings. It provides direct employment to over 35 million people. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand.

The most significant change in the Indian textile industry has been the advent of man-made fibres (MMF). India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe. MMF production recorded an increase of 3% during April-December 2012.

The Technology Upgradation Fund Scheme (TUFS) has been extended for the 12th Five-Year Plan, with an investment target of ₹ 1,510 billion as compared to ₹ 1,506 billion under the 11th Five-Year Plan. Budgetary allocation under the TUFS has been increased to ₹ 24 billion in 2013-14 as compared to ₹ 22 billion in 2012-13. TUFS has been working to improve the competitiveness and overall long term viability of the Indian Textiles Industry so that it may have access to timely and adequate capital at internationally comparable rates of interest in order to upgrade its technology level.

Opportunities:

- The Union Budget for 2013-14 has provided an allocation of ₹ 24.00 billion under Technology Upgradation Fund Scheme (TUFS), which is expected to boost the long term viability of Textile industry.
- Man-made fibers has emerged as a major substitute for cotton.
- The Company has specialty in manufacturing dope dyed yarn which is one of the niche product.
- 100% FDI has been allowed in the textile sector through the Automatic Route.
- Demand for Man-Made Fibers is likely to improve, primarily driven by increased substitution of cotton by MMF on the back of higher cotton prices.
- The Union Budget has removed the excise duty on cotton and man-made sector (spun yarn) at the yarn, fabric and garment stages.
- Globalisation has thrown bigger opportunity for export of Company's products.



RAJ RAYON INDUSTRIES LIMITED

(FORMERLY KNOWN AS RAJ RAYON LIMITED)

Threats:

- Volatility of input costs.
- Acute shortage of raw material availability in domestic market.
- Cost increase in crude oil based raw materials due to a weak rupee.
- There is increase in capacity on supply side resulting mismatch in demand and supply in Man Made Fibres, this further puts pressure on margin.
- Man-made Fibre industry is also feeling pressure of rise in the crude oil prices.
- 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 and 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 and polyester chips. 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.