

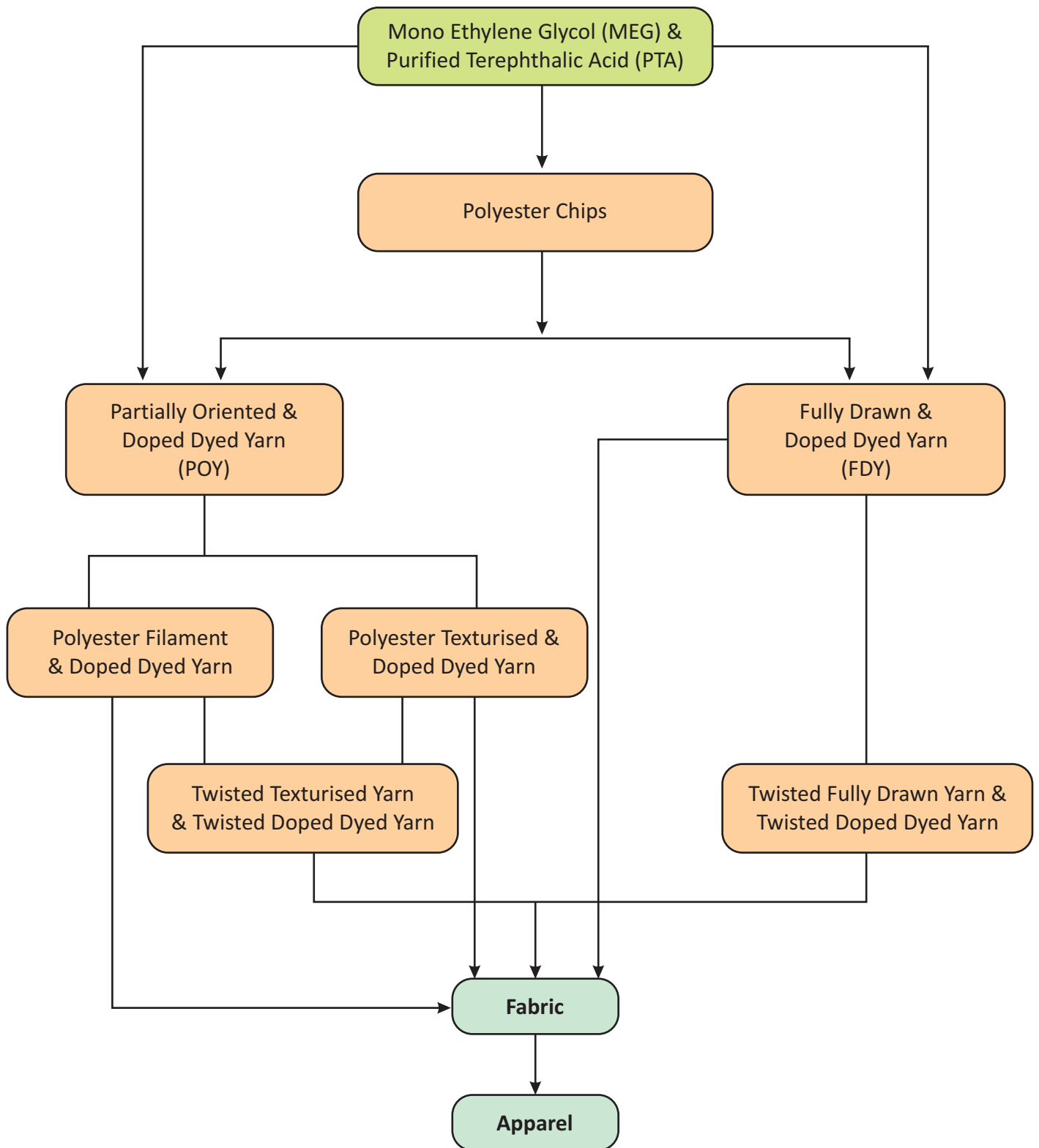



RAJ RAYON INDUSTRIES LIMITED


"Spinning the Quality of Perfection"

22nd Annual Report
2014 - 2015

Product Flow Chart of Raj Rayon Industries Limited



 Raw Materials Purchased by Company from outside

 Products Manufactured by Company

**COMPANY INFORMATION**

BOARD OF DIRECTORS	:	MRS. RAJKUMARI KANODIA MR. NAVAL BABULAL KANODIA MR. SURESH GUPTA MR. PRAHLAD RAI JAJODIA	Non Executive Chairperson & Director Whole Time Director Director Director
CEO & CFO	:	MR. SUSHIL KUMAR KANODIA	
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/ investors@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/ investors@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 Number 177/1/3, Village – Surangi, Dist-Silvassa, Dadra & 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

Notice & Annexure to Notice.....	02
Management Discussion & Analysis.....	08
Report on Corporate Governance	12
Auditors' Certificate on Corporate Governance.....	22
Directors' Report.....	23
Auditors' Report.....	36
Balance Sheet	40
Statement of Profit & Loss.....	41
Cash Flow Statement	42
Notes on Financial Statements.....	44
Attendance Slip	
Proxy Form	



RAJ RAYON INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Members of Raj Rayon Industries Limited will be held on Wednesday, 30th September, 2015 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, 2015, 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 Mr. Naval Babulal Kanodia (Din No: 03063554) who retires by rotation and being eligible offers himself for re-appointment.
- To ratify the appointment of Auditors and to fix their remuneration and to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT, pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, pursuant to the recommendations of the audit committee of the Board of Directors, and pursuant to the resolution passed by the members at the Annual General Meeting held on 30th September, 2014, the appointment of **M/s. K.M. Garg & Co., Chartered Accountants (Registration No. 120712W)** as the Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2018 be and is hereby ratified and the Board of Directors be and are hereby authorised to fix such remuneration as may be determined by the Board of Directors in consultation with Audit Committee.”

Special Business:

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

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with the rules made there under and Clause 49 of the Listing Agreement, the consent of the Members of the Company be and is hereby accorded to enter into transactions with the following Related Party on arm length basis for the maximum amount of ₹ 150.00 crs per annum details as mentioned herein below:

Sr. No.	Nature of transactions as per Companies Act, 2013	Name of Director/ KMP who is related and nature of relationship	Name of Related Party	Relationship	Particulars of the transactions
1.	Sale of Materials	Mr. Naval Babulal Kanodia	Fine Fashion Private Limited	Director is Relative of Director	Sale of Polyester Yarns/Fabrics

RESOLVED FURTHER THAT the Board of Directors of the Company and/or a Committee thereof, be and are hereby, severally authorised to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party(ies) and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution, in the best interest of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof, for the time being in force), **Mr. Jayant J. Paleja, Practicing Cost Accountant, Membership No. 5846** be appointed as **Cost Auditor** by the Board of Directors of the Company, to conduct the audit of the Cost Records of the Company for the year 2015-2016 and issue Cost Audit Report on the same at a remuneration of ₹ 30,000/-.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

“RESOLVED THAT pursuant to Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the applicable provisions of the Companies Act, 1956, the Companies Act, 2013 and such other laws, rules, regulations, guidelines or notifications as may be applicable, if any, and subject to approval of Audited Annual Accounts for the financial year 2014-2015 by the Shareholders of the Company in this Annual General Meeting, **The Report of the Board of Directors** explaining the reasons of erosion of more than 50% of the Peak Net Worth of the Company as per the Audited Financial Results of the Company for the year ended 31st March, 2015 be and is hereby considered and approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to inform and report the Company as Potentially Sick Industrial Company to the Board for Industrial and Financial Reconstruction (BIFR) and such other State and Central Government Authorities as may be required under the laws, rules, regulations, guidelines and directives for the time being in force in India in the prescribed form and to intimate such other authorities, entities, financial institutions, stock exchanges, body corporates, associations and persons as may be necessary in terms of the agreements, security documents, undertakings, declarations and memorandum of understanding entered into by the Company.



RESOLVED FURTHER that the Board of Directors and Company Secretary of the Company be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any Director(s) or any Committee of Director(s) or to any Officer(s) of the Company to give effect to the above resolution.”

By order of the Board of Directors

Sd/-

Gita Yadav

**Company Secretary &
Compliance Officer**

Place: Mumbai

Date: 31st July, 2015

Membership No.: ACS23280

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 PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. 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.
- Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Annual General Meeting, setting out material facts, is annexed hereto.
- 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 Wednesday, 23rd September, 2015 to Wednesday, 30th September, 2015 (both days inclusive) for the 22nd 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 124 (Section 205A of the erstwhile Companies Act, 1956) and Section 125 and other applicable provisions, if any, of the Companies Act, 2013, the dividends which remains unclaimed for a period of Seven years, will be transferred by the Company to the Investor Education and Protection Fund (IEPF).

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
31-03-2010	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.

- 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.
- 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

- 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.



RAJ RAYON INDUSTRIES LIMITED

13. Investors may address their queries/communication at **investors@rajrayon.com**.
14. 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.
15. To promote and support “**Green Initiative**”, Members are requested to register their e-mail addresses through their Depository Participants for sending the future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the Company’s R&TA – Link Intime Private Limited giving reference of their Folio Number.

16. Voting through electronic means:

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rules 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its Members facility of e-voting which enables them to cast their votes electronically on the proposed resolutions in this notice. The e-Voting Service is provided by Central Depository Services (India) Limited (CDSL). The instructions for e-voting are as under:

- (i) The voting period begins on (26th September, 2015, 9:00 a.m.) and ends on (29th September, 2015, 5:00 p.m.). During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23rd September, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given

below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number, which is given on the Address Sticker of Annual Report, to indicate in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (xi) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant **Raj Rayon Industries Limited** on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.



- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non-Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xx) The voting rights of Shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 23rd September, 2015.
- (xxi) The Company shall be making arrangements for the members to cast their votes in respect to the business either through electronic voting system or through poll/ ballot for members attending the meeting who have not cast their vote by remote voting.
- (xxii) **Mr. Virendra Bhatt, Practicing Company Secretary (Membership No. 1157)** Address: 602/Tardeo Air Conditioned Market, Tardeo Main Road, Tardeo, Mumbai

Central- 400034 has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(xxiii) The Scrutinizer shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make not later than three days of conclusion of the meeting a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any to the Chairman or a person authorised by him in writing who shall countersign the same and the Chairman shall declare the results of the voting forthwith which shall not be later than 5:00 P.M. 03rd October, 2015.

(xxiv) The result declared, along with the Scrutinizer's Report shall be placed on the Company's website www.rajrayon.com and on the website of CDSL after the result is declared by the Chairman and also be communicated to the Stock Exchanges where the Company is listed.

ANNEXURE TO NOTICE

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013:

Item No. 4

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings between the related parties of the Company. The provisions of Section 188(1) of the Companies Act, 2013 that govern the Related Party Transactions, requires that for entering into any contract or arrangement as mentioned herein below with the related party, the Company must obtain prior approval of the Board of Directors and of the Members by way of a Special Resolution, in case the threshold limits are exceeded:

1. Sale, purchase or supply of any goods or materials;
2. Selling or otherwise disposing of, or buying, property of any kind;
3. Leasing of property of any kind;
4. Availing or rendering of any services;
5. Appointment of any agent for purchases or sale of goods, materials, services or property;
6. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
7. Underwriting the subscription of any securities or derivatives thereof, of the Company.

In the light of provisions of Section 188 of Companies Act, 2013 read with Rules made there under and Clause 49 of the Listing Agreement, the Board of Directors of your Company has approved the proposed transactions along with annual limit that your Company may enter into with the related parties.



RAJ RAYON INDUSTRIES LIMITED

The particulars of the transaction pursuant to the provisions of Section 188 and the Companies (Meetings of Board and its Powers) Rules, 2014 are as under:

Sr. No.	Particulars	Details/ Remarks
1	Name of related party	Fine Fashion Private Limited
2	Name of the Director or Key Managerial Personnel who is related, if any	Mr. Naval Babulal Kanodia
3	Nature of Relationship	Director Relative
4	Nature, material terms, monetary value particulars of the contract or arrangement	Sale of Polyester Yarns/ Fabrics of ₹ 150.00 crores p.a.
5	Any other information relevant or important for the Board/ Members to take a decision	-

The transactions are done on an ordinary course of business and on arm length basis.

Members are hereby informed that no member of the company shall vote on such special resolution to approve any contract or arrangement which may be entered into by the company, if such member is a related party.

The Directors recommend the Item No. 4 of the Notice for consent and approval by the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Naval Babulal Kanodia is in any way, concerned or interested, financial or otherwise, in the proposed special resolution except to the extent of their respective shareholding in the Company, if any.

Item No. 5

The Board, on the recommendation of the Audit Committee, has approved the appointment of Mr. Jayant J. Paleja, Practicing Cost Accountant, as Cost Auditor of the Company to conduct Cost Audit for the year 2015-2016 at a remuneration of ₹ 30,000/-.

As per the provisions of Section 148 of Companies Act, 2014 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the shareholders of the Company.

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

None of the Directors or Key Managerial Personnel (KMP) or their relatives are in any way concerned or interested in the proposed Ordinary Resolution.

Item No. 6

In terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"), if the accumulated losses of an industrial company, as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding four financial years, that company falls under the category of potentially sick industrial company and therefore the fact is required to be reported to the Board of Industrial and Financial Restructuring (BIFR) within 60 days from the date of finalization of the audited accounts which is the date of the Annual General Meeting at which the audited accounts of the company are adopted.

As per the audited accounts of the Company for the financial year ended 31st March, 2015 finalized and approved by the Board of Directors which are subject to the approval of shareholders in this Annual General Meeting, the current year Net Worth of the Company is (₹ 992.35) Lacs while the Peak Net Worth during the immediately preceding four financial years is ₹ 15279.80 Lacs. Therefore, there has been a complete erosion of Peak Net Worth of the Company during the immediately preceding four years.

In terms of the provisions of Section 23 of SICA, a report on such erosion and its causes is required to be submitted before the Shareholders for their consideration and approval. The said Report is annexed herewith and forms part of this Notice.

The Board recommends the resolution set out at Item No. 6 as an ordinary resolution to the shareholders for their approval.

None of the Directors or Key Managerial Personnel (KMP) or their relatives are in any way concerned or interested, financially or otherwise in the proposed Ordinary Resolution.

By order of the Board of Directors

Sd/-

Gita Yadav

**Company Secretary &
Compliance Officer**

Place: Mumbai

Date: 31st July, 2015

Membership No.: ACS23280

Registered Office:

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



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. 2 of the Notice:

Name of Directors	Mr. Naval Babulal Kanodia
Age	47 years
Qualification	H.S.C
Date of appointment	28 th March, 2014
Category	Executive Director
No. of Shares held	NIL
Expertise in specific functional area	Textile Industry
Membership or Chairmanship in other Companies	He is neither a Director of the Board of any other Company nor Member of the Committees of the Board of any other Company.

REPORT OF BOARD OF DIRECTORS TO THE SHAREHOLDERS ON EROSION OF PEAK NET WORTH, CAUSES THEREOF AND ACTION TAKEN BY THE COMPANY IN TERMS OF SECTION 23 OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

In terms of requirement of Section 23 (1)(b) of the Sick Industrial Companies (Special Provisions), Act, 1985 ("the Act"), a report of the Board of Directors on erosion more than 50% of its peak net worth during the immediately preceding four financial years along with its causes thereof and its revival plan is being submitted herewith to the Members of the Company.

As per the audited accounts of the Company for the financial year ended 31st March, 2015 finalized and approved by

the Board of Directors which are subject to the approval of shareholders in this Annual General Meeting, the current year Net Worth of the Company is (₹ 992.35) Lacs while the Peak Net Worth during the immediately preceding four financial years is ₹ 15279.80 Lacs. Therefore, there has been a complete erosion of Peak Net Worth of the Company.

Causes of Erosion of Net Worth of the Company

Following are the reasons for losses and Net Worth erosion:

- Shortage of raw materials in the domestic market.
- Volatility in raw materials prices resulting into weak demands further squeezing the profit margins.
- High interest burden from debt.
- Highly volatile Indian Rupee against USD, with sharp depreciation especially in last couple of years, had an adverse effect on the profitability of the Company.

Steps Taken/Proposed to be taken by the Company Management

Following are the steps taken and proposed to be taken by the Company:

- Improve the production efficiency.
- Changes in the product mix.
- More thrust on export sales.
- The Company has taken several steps for operational restructuring (by implementing Direct Polymer Melt (DPM POY)) which are expected to lead to higher efficiency/ cost savings in the times to come.

**On behalf of the Board of Directors
For Raj Rayon Industries Limited**

**Sd/-
Rajkumari Kanodia
Non Executive
Chairperson & Director**

**Place: Mumbai
Dated: 31st July, 2015**



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 ₹ 19169.17 Lacs as compared to ₹ 47276.74 Lacs of previous year.
- PBDIT of ₹ 565.25 Lacs as compared to Loss (₹ 4725.17) Lacs of previous year.
- PBT for the year was (₹ 10784.22) Lacs as compared to (₹ 12760.31) Lacs of previous year.
- The Company incurred Cash losses of ₹ 3245.63 Lacs as compared to Cash losses of ₹ 5615.17 Lacs of previous year.
- The Company incurred a Net Loss of ₹ 7486.38 Lacs & EPS of (₹ 2.81) as compared to Net Loss of ₹ 8776.28 Lacs & EPS of (₹ 3.29) of previous year.
- Export of the Company during the year was ₹ 1225.27 Lacs.

Industry outlook:

Indian Textile Industry Overview

India is the second largest manufacturer of textile and apparel in the world after China. Indian industry accounts for almost 24% of the world's spindle capacity and 8% of global rotor

capacity, making India the second largest producer of spun yarn. India is the 2nd largest exporter of textile and apparel with exports of US\$ 40 billion (2013-14) out of the total world export of US\$ 760 billion, contributing a share of approx. 5%. India is the 7th largest apparel exporter in the world with a share of 3.7% of the total apparel trade. India has its manufacturing capacities equipped at each level of the production chain supported by availability of raw material, inexpensive and easily available labour.

Table 1: Installed Capacities in Indian Textile Sector

Description	Capacities
Spindles	498 lakhs
Rotors	8.3 lakhs
Looms (Organised Sector)	0.6 lakhs
Powerloom	23 lakhs

Source: Office of Textile Commissioner

Currently Government is running various schemes to support the sector including. Revised and Restructured Technological Upgradation Fund Scheme (RRTUFS), Scheme for Integrated Textile Parks (SITP), Technology Mission on Technical Textiles (TMTT), Integrated Scheme for Powerloom Development Sector (ISPDS), Integrated Skill Development Scheme (ISDS), Swarnjayanti Gram Swarozgar Yojana (SGSY), etc. In addition, various states also have developed textile sector specific policies to promote investments.

Global Polyester Sector Scenario

Global consumption of polyester filament has grown with a CAGR of 8% and stood at around 27 million tons in 2014. China accounts for the major share of around 74% of the total polyester filament consumption followed by India with a share of around 9%.

Table 2: Polyester Filament Mill Consumption (in ₹000 tons)

Region	2010	2011	2012	2013	2014	Share (2014)
China	15421	17257	18271	18971	19350	74%
India	1624	1817	2047	2270	2353	9%
South Asia (excluding India)	1234	1302	1389	1491	1580	6%
Latin America	489	515	545	554	554	2%
Taiwan	533	513	503	483	473	2%
Turkey	447	441	429	414	399	2%
World	21455	23453	24720	25654	26319	

Source: PCI fibres

The global consumption is expected to grow at a rate of 4% from 2010 to 2020. Whereas a higher growth rate of 9%, is expected in India.