



RAJ RAYON INDUSTRIES LIMITED

(A Government Recognised Star Export House)



Corporate Off. : 5C/196 & 197, AKSHAY MITTAL INDUSTRIAL ESTATE, SAKINAKA, ANDHERI (E), MUMBAI-400 059 (INDIA)
☎ : +91 - 22 - 4034 3434 • Fax : +91 - 22 - 4034 3400 • E-mail : mumbai@rajrayon.com • Website : www.rajrayon.com

CIN NO. : L17120DN1993PLC000368

Date: 17/10/2016

To, The Listing Department The National Stock Exchange India Ltd Exchange Plaza, Plot No: C/1, G Block, Bandra - Kurla Complex, Bandra (East), Mumbai- 400 051	To, The Corporate Services Department Bombay Stock Exchange Limited 1 st Floor, New Trading Ring, Rotunda Building, P.I. Tower, Dalal Street, Mumbai-400 001
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Dear Sir,

Symbol: RAJRAYON

Series: EQ

Scrip Code: 530699

Sub: Submission of Annual Report as per Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015

Dear Sir / Madam,

Please find enclosed herewith the Annual Report as per Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 for the financial year 2015-2016

Request you to take the same on your records and oblige.

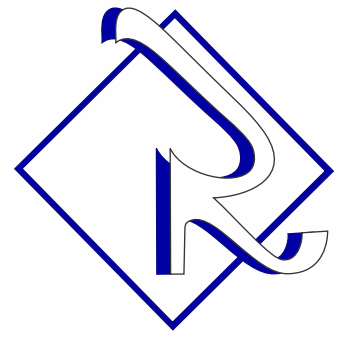
Thanking you,
Yours Faithfully,

For RAJ RAYON INDUSTRIES LIMITED

Deepa Gehani
Company Secretary & Compliance Officer

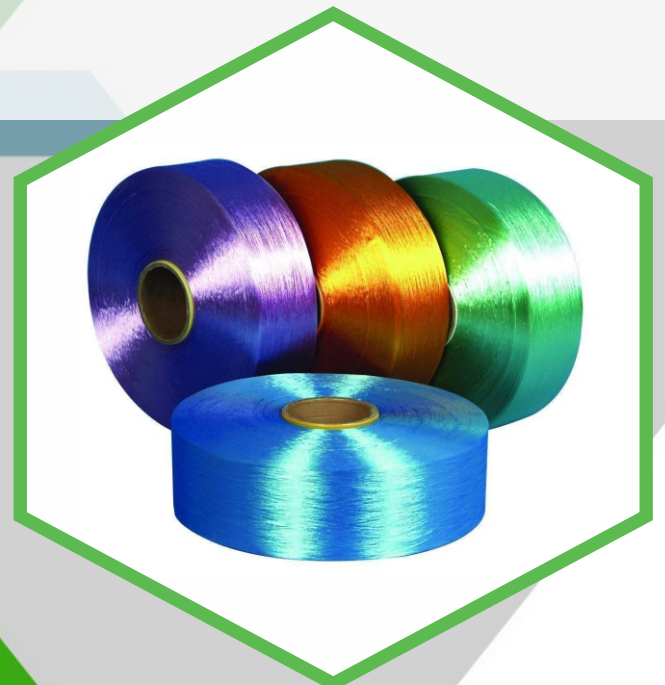


Encl: As above



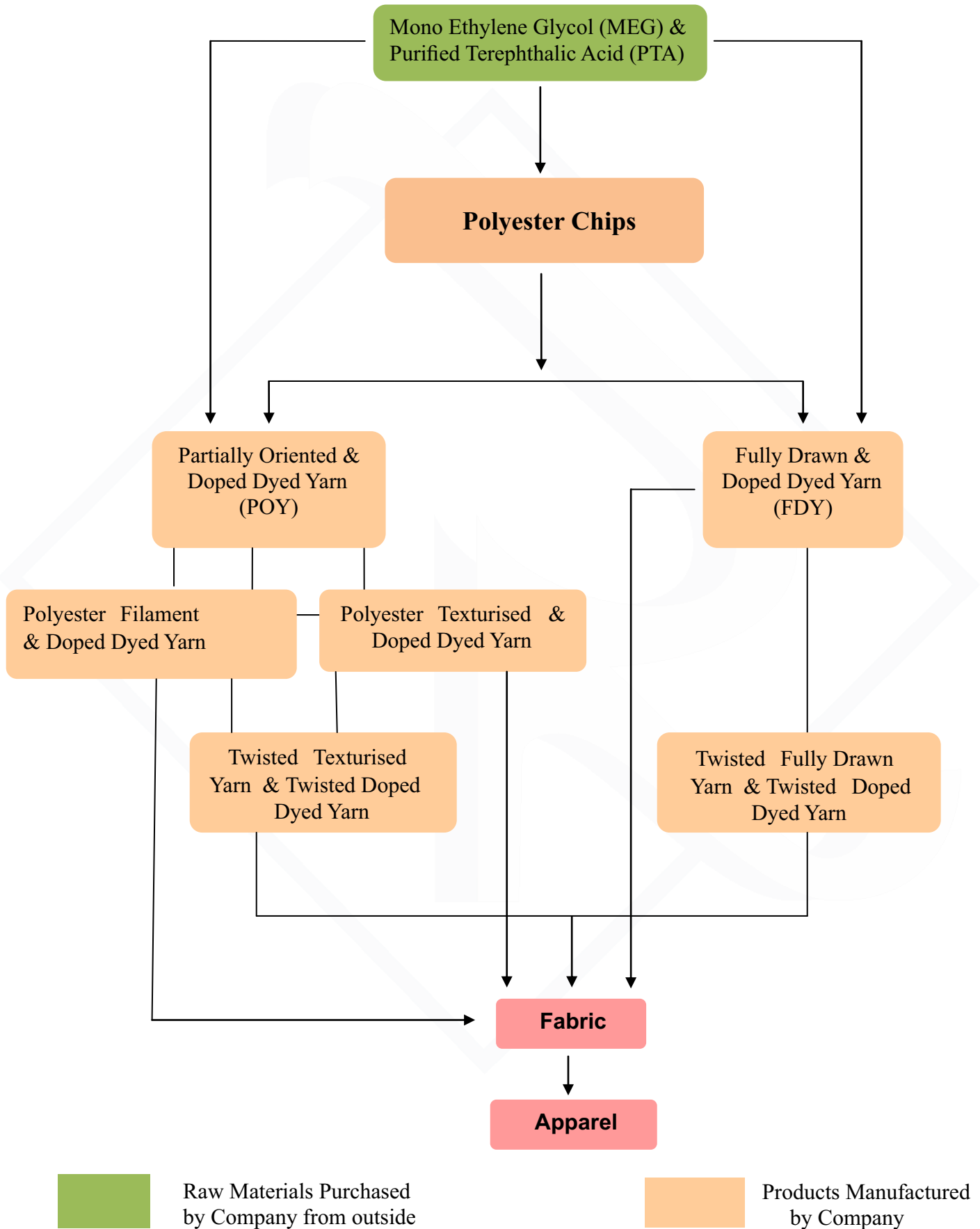
RAJ RAYON INDUSTRIES LIMITED

Spinning the quality of perfection



23rd Annual Report 2015-2016

Product Flow Chart of Raj Rayon Industries Limited





RAJ RAYON INDUSTRIES LIMITED

23rd ANNUAL REPORT 2015 - 2016

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COMPANY INFORMATION

BOARD OF DIRECTORS : **MRS. RAJKUMARI KANODIA** Non Executive Chairperson & Director

MR. NAVAL BABULAL KANODIA Whole Time Director

MR. SURESH GUPTA Independent Director

MR. PRAHLAD RAIJAJODIA Independent Director

CEO & CFO : **MR. SUSHIL KUMAR KANODIA**

COMPANY SECRETARY : **MS. DEEPA GEHANI**

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- 07096038229
Fax:- 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
Website: www.linkintime.co.in
Email: rnt.helpdesk@linkintime.co.in



Notice

Notice is hereby given that the 23rd Annual General Meeting of the Members of Raj Rayon Industries Limited will be held on Friday, 30th September, 2016 at the registered office of the Company 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 Financial Statement of the Company for the Financial Year ended 31st March, 2016, the Reports of the Board of Directors and Auditors thereon;

2. To appoint a Director in place of Mrs. Rajkumari Kanodia (Din No: 00229331) who retires by rotation and being eligible offers herself for re-appointment.

3. To ratify the appointment of Statutory Auditors of the Company, and to fix their remuneration and in this regard, to consider and if thought fit, to pass 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 (Firm 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 are hereby ratified and the Board of Directors be and is hereby authorised to fix the remuneration payable to them for the financial year ending 31st March, 2017, as may be recommended by the Audit Committee in consultation with the Auditors"

Special Business:

4. 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 Regulation 23 of SEBI(Listing Obligations & Disclosure Requirement) Regulations, 2015 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 cores 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."

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

"RESOLVED THAT pursuant to the provisions of Section 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), **M/S S. S. Sawant & Company, Practicing Cost Accountant, Membership No. A 11811** 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 2016-2017 and issue Cost Audit Report on the same at a remuneration ₹ 35,000.

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."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force), and Regulation 16 and 17 of SEBI (LODR) regulations 2015, Mr. Jugal Kishor Poornamal Pareek (DIN: 07589377) who was Appointed as an Additional Independent Director of the Company by the Board of Directors with effect from 12th August, 2016 and who holds office up to the date of this Annual General Meeting, in terms of Section 161(1) of the Companies Act 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Jugal Kishor Poornamal Pareek (DIN: 07589377) as a candidate for the office of a Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period up to 11th August 2021, not 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."

By order of the Board of Directors

Sd/-

Deepa Gehani
Company Secretary

Place: Mumbai

Date: 12th August, 2016

Registered Office:

Survey No. 177/1/3,
Village – Surangi, Dist –Silvassa,
Dadra & Nagar Haveli (U.T.) – 396 230
Email: investors@rajrayon.com
CIN: L17120DN1993PLC000368

**NOTES:****1. 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 a proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

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 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.

3. Profile of the Director seeking re-appointment, as required by Regulation 36 of SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015 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.

During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the company.

7. Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, 24th September, 2016 to Friday, 30th September, 2016 (both days inclusive) for the 23rd Annual General Meeting of the Company.

8. Pursuant to 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 dividend 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 Financial Year ended Date of declaration of Dividend Last Date for claiming unpaid Dividend Due date for transfer to IEPF 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.

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. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to Company or Registrar and Transfer Agents (RTA).

11. Members are requested to address all correspondence to the Registrar and Share Transfer Agents.

12. Further, Members are requested to address all correspondence 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

13. Mrs. Rajkumari Kanodia (Din No: 00229331 is liable to retire by rotation and being eligible offers herself for re-appointment. Additional information, pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard 2 in respect of the Directors seeking appointment / re-appointment at the AGM is furnished as annexure annexure attached with this notice and corporate governance report. The Directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules made thereunder.

14. 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. Investors may address their queries /communication at investors@rajrayon.com.

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. Members may also note that the Annual report (including the Notice of 23rd AGM) for 2015-16 will be available on the Company's website, www.rajrayon.com. The physical copies of the documents will also be available at the Company's registered office for inspection during normal business hours on working days, except Saturday. Members who require communication in physical form in addition to e-communication or have any queries, may write to us at investors@rajrayon.com.



Relevant documents referred to in the accompanying Notice and the statements are open for inspection by the members at the registered office of the Company on all working days, except Saturday, during business hours up to the date of the meeting.

17. Information and other instructions relating to e-voting are as under

(A). Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

(B). The facility for voting through polling paper shall also be made available at the venue of the AGM. The members who are attending the meeting who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting.

(C). The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

(D). The Company has engaged the services of Central Depository Services Limited (CDSL) as the agency to provide e-voting facility.

(E). Voting rights shall be reckoned on the paid up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 23rd September, 2016.

(F). A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. 23rd September, 2016, only shall be entitled to avail the facility of remote e-voting / Poll.

Instructions for shareholders voting electronically are as under:

(I) The voting period begins on (26th September, 2016 9.00 A.M) and ends on (29th September, 2016, 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, 2016 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)
	Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN Field.

Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both 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).
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(VIII) After entering these details appropriately, click on "SUBMIT" tab.

(IX) 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 a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(XVII) If a demat account holder has forgotten the login 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) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(XIX) 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 Corporate.
- 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 linked in the login 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.



(xx) 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

The Board of Directors of the Company has appointed Miss. Amisha Shah, Practising Company Secretary (Membership No. A20745) Address: 304/B, Rameshwar Darshan, Kastur Park, Borivali (W), Mumbai: 400092 as Scrutinizer to scrutinize the entire voting process in a fair and transparent manner and she has communicated her willingness to be appointed and will be available for same purpose.

(xxi) 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. 3rd October, 2016.

(xxii) 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.

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 Regulation 23 of SEBI (LODR) 2015, 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.

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

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual who is a cost accountant in practice or a firm of cost accountants in practice, as cost auditor on the recommendations of the Audit Committee. The remuneration recommended by the Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders.

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s S.S. Sawant & Company, Practicing Cost Accountant, as Cost Auditor of the Company to conduct Cost Audit for the year 2016-2017.

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s S.S. Sawant & Company, Practicing Cost Accountant, as Cost Auditor of the Company to conduct Cost Audit for the year 2016-2017 at a remuneration of ₹ 35,000/-

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.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item No.5 of the accompanying Notice. The Resolution at item No.5 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

Item No. 6

The Board of Directors of the Company at its meeting held on 12th August, 2016 appointed Mr. Jugal Kishor Poornamal Pareek (DIN: 07589377) as an Additional Independent Director of the Company with effect from 12th August, 2016. Pursuant to provisions of Section 161(1) of the Companies Act, 2013, Mr. Jugal Kishor Poornamal Pareek (DIN: 07589377) holds office up to the date of this Annual General Meeting of the Company. The Company has received notice in writing under the



provision of Section 160 of the Companies Act, 2013 from a member, along with a deposit of requisite amount proposing the candidature of Mr. Jugal Kishor Poornamal Pareek (DIN: 07589377) for the office of Director of the Company, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Jugal Kishor Poornamal Pareek (DIN: 07589377) (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub-Section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in Sub-Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Jugal Kishor Poornamal Pareek (DIN: 07589377) as an Independent Director of the Company for a period of five years up to 11th August 2021 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He will not be liable to retire by rotation.

In the opinion of the Board, Mr. Jugal Kishor Poornamal Pareek (DIN: 07589377), the Independent Director proposed to be appointed, fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Jugal Kishor Poornamal Pareek (DIN: 07589377) as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to date of the Annual General Meeting.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, except Mr. Jugal Kishor Poornamal Pareek (DIN: 07589377) whose appointment is proposed in this resolution are in any way concerned or interested in the resolution.

The Board recommends the resolution set forth in Item no. 6 for the approval of the members.

By order of the Board of Directors

Sd/-
Deepa Gehani
Company Secretary

Date: 12th August, 2016
Place: Mumbai

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

Information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 regarding appointment of a new Director or re-appointment of Directors:

Name of Directors	Mrs. Rajkumari Kanodia	Mr. Jugal Kishor Poornamal Pareek
Age	56 years	60 Years
Qualification	H.S.C	Graduation
Date of appointment	28 th February, 2003	12 th August, 2016
Category	Non-Executive & Promoter Director	Independent Director
No. of Shares held	91,75,000	Nil
Expertise in specific functional area	Textile Industry	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 not a Director on the Board of any other Company.
Relationship with Any other Director or KMP of the Company	Spouse of Sushil Kumar Kanodia (CEO & CFO)	None

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting their 23rd Annual Report on the business and operations of the Company and the accounts for the Financial Year ended on 31st March, 2016.

FINANCIAL RESULTS:

Particulars	(₹ in Lacs)	
	Current Year	Previous Year
	2015-2016	2014-2015
Net Sales and Other Income	45387.23	19179.94
Net Profit before interest, Depreciation and Tax	14967.81	565.25
Less: Interest	8863.65	7108.72
Depreciation	4834.69	4240.75
Profit/ (Loss) before Tax	(28666.15)	(10784.22)
Less: Provision for Current Tax	0.00	0.00
Provision for Deferred Tax	0.00	(3297.96)
Tax Adjustment for earlier years	1.64	0.12
Profit/(Loss) After Tax/ Profit/(Loss) for the Period	(28667.79)	(7486.38)

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

SUMMARY OF OPERATIONS:

During the financial ended 2016 year, your Company recorded Net Sales and Other Income of ₹ 45387.23 Lacs as compared to ₹ 19179.94 Lacs of previous year ended 2015. The Company incurred a Net Loss of ₹ 28667.79 Lacs as compared to previous year's Net Loss of ₹ 7486.38 Lacs. The Company incurred Cash losses of ₹ 23833.1 Lacs as compared to Cash Losses of ₹ 3245.63 Lacs of previous year.

DIVIDEND:

In absence of profits for the year ended 31st March, 2016 and past accumulated losses, your directors do not recommend payment of any dividend for the year ended 31st March, 2016.

TRANSFER TO RESERVES:

In absence of profits for the year ended 31st March, 2016 and past accumulated losses, your directors does not recommend for transfer of any amount to reserves for the year ended 31st March, 2016.

MDAR:

Management Discussion and Analysis Report (MDAR) for the year under review, which also deals with the opportunities, challenges and the future outlook for the Company, as stipulated under Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 Agreement with the Stock Exchange of India, is presented in a separate section forming part of the Annual Report.

CORPORATE DEBT RESTRUCTURING (CDR):

The detailed key features of the CDR Proposal are given in under Notes No. 2 (A) of Notes forming part of Notes to Accounts given in this Annual Report.

STRATEGIC DEBT RESTRUCTURING (SDR):

Due to continuous losses, the compliance to sanctioned CDR package could not be met, hence Pursuant to RBI circular dated 8th June 2015,

Lenders had invoked the proposal of strategic Debt Restructuring (SDR) w.e.f. 26th October, 2015. It was decided that ₹ 36.06 crore would be converted into equity and to be held by the Lenders so as to hold 51% stake in the Equity Capital Post Conversion.

The Shareholders of the Company had approved the Strategic Debt Restructuring (SDR) Scheme in the Extra Ordinary General Meeting (EGM) held on 17th January, 2016 for conversion of Debt into Equity shares of the company.

However State Bank of India (Lead Banker) has classified advances given to the company as Non-Performing Assets (NPA) as on 30.03.2016 and allotment pursuant to SDR Scheme was not made.

The detailed key features of the SDR Proposal are given in under Notes No. 2 (B) of Notes forming part of Notes to Accounts given in this Annual Report.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There have been no such material changes or commitments affecting the financial position from the end of the Financial Year 2015-2016 till date of this report, as may be deemed to be material enough to affect the financial position of the Company, otherwise than in the normal course of business.

INTERNAL CONTROL SYSTEM AND ADEQUACY:

The Board has adopted the policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of financial disclosures.

The Company's Internal Audit department evaluates the efficiency and adequacy of internal control system and gives its report and recommendations to the Chairman of Audit Committee and based on Internal Audit Report the corrective actions are taken.

SUBSIDIARY/ASSOCIATE/JOINT-VENTURE COMPANIES:

Your Company does not have any subsidiary company or joint ventures Companies, and associate Company.

DEPOSITS:

During the year under review, the Company has not accepted any deposits within the meaning of Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

STATUTORY AUDITORS:**Ratification**

At the Annual General Meeting held on 30th September, 2014, M/s. K.M. Garg & Co., Chartered Accountants (Registration No. 120712W), were appointed as Statutory Auditors of the Company to hold office till the conclusion of the four consecutive Annual General Meetings to be held in year 2018. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of Auditors shall be placed for ratification at every Annual General Meeting.

Accordingly, the appointment of M/s. K.M. Garg & Co., Chartered Accountants, as Statutory Auditors of the Company, is placed for ratification by the shareholders. In this regards, the Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 139 of Companies Act, 2013 and that they are not disqualified for such re-appointment within the meaning of Section 141 of Companies Act, 2013.

**Auditors observations and Management Response:**

The Directors refer to the Auditors' observation in the Auditors' Report and provide their explanation as under:

I) In respect of Note 2 of the Financial Statement regarding amount payable towards recompense:

The recompense payable is contingent on various factors including improved performance of the Company (Borrowers) and many other conditions, the outcome of which currently is materially uncertain and cannot be determine.

II) In respect of Auditors observation in Financial Statements regarding cash losses incurred by the Company:

It is clarified that the cash losses were primarily attributable to the lower volumes due to prevailing uncertain economic conditions, lower sales volume coupled with increase in depreciation and interest/finance cost.

III) In respect of Auditors observation in Financial Statement regarding Net worth of the company is fully eroded:

It is clarified that management is continuously implementing various long term measures to improve its cash flows and revival of the operation of the company and accordingly the companies's financial statement have been prepared on a going concern basis.

Auditor's Certificate on Corporate Governance:

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the auditor's certificate on corporate governance is provided in this Annual Report. The certificate does not contain any qualification, reservation or adverse remark.

COST AUDITOR:

The Central Government had approved appointment of Mr. Jayant J. Paleja, Cost Accountant, Mumbai as Cost Auditor to conduct Cost Audit relating to the products manufactured by your Company for the financial year 2015-2016, the E-Form CRA-2 for his appointment was filed on 27th June, 2015. Further the Company has also appointed M/s S S Sawant & Co as Cost Auditor to conduct the Cost Audit for the financial year 2016-2017, as per Section 148 of Companies Act, 2013 and there remuneration has to be ratified at the ensuing Annual General Meeting.

SECRETARIAL AUDITOR:**Appointment**

The Company had appointed Miss Amisha Shah, Practicing Company Secretary to undertake Secretarial Audit of the Company, pursuant to Section 204 of Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 to conduct Secretarial Audit for the financial year 2015-2016.

The Secretarial Audit Report for the financial year 2015-2016 forms part of the Annual Report as Annexure II to the Board's Report.

Secretarial Auditors' observation and Management's response:

1) It was observed that as per the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, M/s. Fine Fashion Private Limited falls into Promoter or Promoter Group but the same has been inadvertently missed out to reclassify in promoter or promoter group.

The Company has applied to NSE and BSE for necessary procedure to be followed for shifting M/s Fine Fashion Private Limited from the category of 'Public Share Holding' to 'Promoter' Holding. However, the reply is awaited from the Stock Exchanges.

INTERNAL AUDITOR:

The Company continues to engage M/s. S M Singhanian & Co., (Registration No.136179W), Chartered Accountants as its Internal Auditor. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

SHARE CAPITAL:

During the financial year ended 31st March, 2016 the company has increased its Authorised share capital from ₹ 50.00 crs. to ₹ 86.00 crs. by increasing ₹ 36.00 crs. The company took members approval for increase in authorised share capital on 17th January, 2016. However the company took members approval for allotment of shares to lenders in pursuant to Strategic Debt Restructuring Scheme and Company has received in-principle approvals from National Stock Exchange of India (NSE) on 16th March, 2016 and from BSE Limited on 8th March, 2016. but the allotment was not made as per directions received by consortium of banks.

Further the Company has on 24th April, 2015 allotted 8.00 crs Equity Shares of ₹ 1/- each at par on preferential basis to allottees belonging to the category of Promoters and Non Promoters, consequently the paid-up share capital increased from ₹ 40,64,54,000 as on 31st March, 2015 to ₹ 48,64,54,000 as on the date of allotment.

Further the net worth of the Company has reduced to (₹ 35,570.60 Lacs) as compared to (₹ 992.35) Lacs in previous year. Since the net worth of the Company had fully eroded, the Company made a necessary reference to the Board for Industrial and Financial Reconstruction (BIFR) in due course of time pursuant to the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, and on 15th July, 2016 Company received a reference letter for registration of company and above reference has been registered in this Board as case No. 95/2016

ADOPTION OF NEW AOA:

During the financial year 2015-16, new Articles of Association (AOA) of your Company were adopted in accordance with the provisions of the Companies Act, 2013 read with the Rules issued thereunder.

EXTRACT OF ANNUAL RETURN:

Pursuant to Section 134 (3) (a) of the Companies Act, 2013 an extract of the Annual Return in Form No. MGT-9 is annexed herewith as Annexure III.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

A) Conservation of energy:**1. Use of LED LIGHTS for saving electrical consumption**

We have taken a forward steps towards the conservation of energy in terms of electrical power saving by using the LED LIGHTS. In this year we have replaced the plant lighting bulbs by the energy saving LED LIGHTS. Step by step we will try to replace the whole lighting bulbs by these LED.

**2. Less use of Pta charging electrical host for saving electrical consumption.**

PTA is the key raw material for CP plant. Now we bring the Pta in tankers to our plant, which save the electrical energy consumed during the PTA bag lifting up & down movement of electrical hoist.

3. Demand Based Use of Cooling tower Fan & Air Cooler Fan.

Due to the day & night atmosphere temp. difference. In day we require the 2 fans of both type of cooler to be run. In night we stopped the one electrical fan of both cooler.

4. Demand Based Reduction of load on chiller & cooling tower.

By optimizing the plant process parameter & process activity we reduce the load on cooling tower & chiller.

5. Use of turbo vent in place of electrical operated exhaust fan.**(B) Technology absorption****1. Installed HT Capacitor Bank for increasing power factor-**

We have taken our steps towards the modern days technology absorption by installing the H.T. Power capacitor bank which will increase the power factor so thus it will save the power consumption directly.

2. Installing direct polymer melt (DPM) to poy-

We have installed the direct melt line to poy which will save the energy consumption along with convenient source for supplying the polymer to poy.

3. Installing new POY plant-

We have installed the new poy plant which will decrease the power consumption ratio of per ton of production. New poy plant all machinery equipment efficiency is higher as compared to the old one.

4. Saving of power cost (Power Purchase from IEX)

We have taken a forward step by purchase power from (Short Term Open Access) Power Exchange & its per unit power rate is too less compared to the DNHPCL power rate.

(C) Foreign exchange earnings and Outgo:

The particulars regarding foreign exchange earnings and outgo are given in Note No. 38 and 39 Notes forming part of the Accounts.

CORPORATE SOCIAL RESPONSIBILITY:

The Company has constituted a Corporate Social Responsibility (CSR) Committee as per provisions of Section 135 of Companies Act, 2013 to spend in various CSR initiatives as provided under schedule VII of the Companies Act, 2013 and rules made thereunder.

However due to losses suffered and your company been into Corporate Debt Restructuring (CDR), also consortium of lenders have invoked Strategic Debt Restructuring Scheme as per circular issued by RBI, we didn't spend into any CSR activities/projects. However your Company is enthusiastic to serve the society at large, which it will do in the coming years.

LISTING AGREEMENT:

The Securities and Exchange Board of India (SEBI) on 2nd September 2015, has issued SEBI (LODR) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital market to ensure better enforceability. The said regulations were effective from 1st, December 2015. Accordingly all the listed entities were required to enter into listing Agreement with in six months of effective date. The Company entered into Listing Agreement with BSE Limited and National stock of India Limited.

DIRECTORS & KMPAPPOINTMENT/RESIGNATION:

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum and Association of the Company, Mrs.

Rajkumari Sushilkumar Kanodia, Chairman & Non-Executive Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible herself for re-appointment. The Board recommends the re-appointment.

Board of Directors have appointed Mr. Bibhuti Bhusan Das as Nominee Director w.e.f. April 5, 2016 and Mr. Jugal Kishor Poornamal Pareek as Additional Independent Director w.e.f. August 12, 2016.

During the year Miss Geeta Yadav has resigned from the post of Company Secretary & Compliance Officer effective from 31st October, 2015. During the year on 13th January, 2016 Miss Deepa Gehani has been appointed as Company Secretary & Compliance Officer of the Company as per section 203 (1) of the Companies Act, 2013 and Regulation 6 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received necessary declarations from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria for Independence as laid down in Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016.

FORMAL ANNUAL EVALUATION:

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out annual performance evaluation of its own performance, the directors individually as well as evaluation of working of committees of Board of Directors.

Executive Directors were evaluated on the basis of targets / criteria given to them by the board from time to time as well as per their terms of appointment. Independent Directors, being evaluated by entire board except of Director being evaluated, on meeting their obligations connected with their independence criteria as well as adherence with the requirements of professional conduct, roles, functions and duties specifically applicable to Independent Directors as contained in Schedule IV of the Companies Act, 2013. Chairman and other Non-Independent Directors were being evaluated by Independent Directors, who also reviewed the performance of secretarial department. Performance evaluation of the Committees and that of its members in effectively discharging their duties, were also being carried out by board.

The overall performance of Chairman, Executive Directors and Non-Executive Directors of the Company is satisfactory. The review of performance was based on criteria of performance, knowledge, analysis, quality of decision making etc.

POLICY ON NOMINATION, APPOINTMENT AND REMUNERATION:

The Current policy is to have an appropriate proportion of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. On March 31, 2016, the Board consists of four members, including a, whole-time director and two are independent directors. The Company has framed a Nomination, Remuneration and Evaluation Policy. The information with respect to the Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is outlined in the Annexure-1 of this report.

**BOARD OF DIRECTORS MEETINGS:**

The Board met Eleven (11) times during the financial year 2015-16 viz. on 30/05/2015, 16/07/2015, 31/07/2015, 14/08/2015, 21/09/2015, 14/11/2015, 17/12/2015, 13/01/2016, 06/02/2016, 12/02/2016, 10/03/2016. Detailed information on the meetings of the Board of Directors is included in the report on Corporate Governance, which forms part of this Annual Report.

COMMITTEES OF BOARD:

Following are the various Committees formed by Board:

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee
- Allotment Committee
- Risk Management Committee
- Corporate Social Responsibility Committee

The details of the composition of committees, its roles and responsibility along with no. of meetings held are given in the Report of Corporate Governance and is also placed on the Company's website at (<http://http://rajrayonindustries.com/admin/Pdf/COMMITTEE.pdf>)

VIGIL MECHANISM/WHISTLE BLOWER:

Pursuant to the requirement of the Companies Act 2013 and provisions of Listing Agreement applicable to the Company, your Company has adopted Vigil mechanism (Whistle Blower Policy) for complying with the Company's Code of Conduct and Ethics, and particularly to assuring that business is conducted with integrity and that the Company's financial information is accurate. The reportable matters may be disclosed by the employees to the Management / Managing Director / Chairman of the Audit Committee. No complaint was received during the Financial Year 2015-16. During the year under review, no employee was denied access to the Audit Committee.

LOANS AND INVESTMENTS MADE UNDER SECTION 186:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

RELATED PARTY TRANSACTION:

All the related party transactions which were entered by the Company during the financial year were done on arm's length basis and were in the ordinary course of business of the Company. Also there are no materially significant related party transactions made by the company with Directors, Key Managerial Personnel, Promoter or any other designated persons which may conflict with the interest of the Company at large.

The policy on Materiality of Related Party Transactions as approved by the Board of Directors is uploaded on company's website.

PARTICULARS OF EMPLOYEES RELATED DISCLOSURES :

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report as Annexure IV.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are required to be provided in the Annual Report. However there were no employees who were in receipt of remuneration for which details need to be disclosed.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that—

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had 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 at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RISK MANAGEMENT POLICY:

Although the company has long been following the principle of risk minimization as is the norm in every industry, it has now become a compulsion.

Therefore, in accordance with Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board members were informed about risk assessment and minimization procedures after which the Board formally adopted steps for framing, implementing and monitoring the risk management plan for the company.

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, Competition, Business risk, Technology obsolescence, Investments, Retention of talent and Expansion of facilities.

Risk Management framework shall primarily focus on the elements such as Risk to Company Assets and Property, Employees Related Risks, Foreign Currency Risks, Risks associated with Non-Compliance of Statutory enactments, Competition Risks, Operational Risks and various other types of risks which may affect the business or organization. Business risk, inter-alia, further includes financial risk, Political risk, Fidelity risk, Legal risk. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

Pursuant the provision of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to the formation of the Risk Management Committee is not applicable to your Company. Detailed policy framework is disclosed on the website of the Company at <http://rajrayonindustries.com/admin/Pdf/risk-management-policy.pdf>

**Details Of Significant And Material Orders Passed By The Regulators Or Courts Or Tribunals Impacting The Going Concern Status And Company's Operation In Future:**

There are no significant material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company and its future operations. Hence, disclosure pursuant to Rule 8(5)(vii) of Companies (Accounts) Rules, 2014 is not required.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:

The Company has adopted Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the workplace, to provide protection to employees at the workplace. The Company has constituted Internal Complaints Committee as per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 to consider and redress complaints of sexual harassment. The Committee has not received any complaints of sexual harassment during the year.

UNCLAIMED DIVIDEND:

Your Company would like to bring to the notice of the shareholders that some of them have not claimed the dividends as per the under mentioned detail:

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

The Board of Directors sincerely likes to remind the concerned shareholders to claim their dividends. The Board also likes to inform to the shareholders that any dividend remaining unclaimed for seven years gets transferred to Investor Education & Protection Fund as per Section 125 of the Companies Act, 2013.

OTHER DISCLOSURE/ REPORTING:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise,
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme,

Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013).

ACKNOWLEDGEMENTS:

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

SD/-

Rajkumari Kanodia

Non Executive Chairperson & Director

Dated: 12th August, 2016

Place: Mumbai

ANNEXURE-1**NOMINATION, REMUNERATION AND EVALUATION POLICY PURPOSE:**

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the senior management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

Accountabilities:

The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.

The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

Definitions:

A. Key Managerial Personnel: Key Managerial Personnel means-

- Chief Executive Officer or the managing director or the manager;
- Company Secretary,
- Whole-time Director;
- Chief Financial Officer; and
- Such other officer as may be prescribed.

B. Senior Management: Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

Objective of the Policy:

As required under the provisions of Section 178 of the Companies Act, 2013 and clause 49 of the listing agreement entered with Stock Exchanges, constituted a Board level committee titled "Nomination and Remuneration Committee" (herein after referred as the Committee) to oversee, inter-alia, matters relating to

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- formulate the criteria for determining qualifications positive attributes and independence of a director;
- recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees;
- carry out Annual performance evaluation of every director's performance including that of Independent Directors and
- devise a policy on Board Diversity

This Policy sets out the framework and guidelines that the said Committee is expected to observe in discharging its functions effectively as contemplated under aforesaid provisions i.e. to oversee process of identifying a persons qualified to become directors of the Company, determining their qualifications, positive attributes and independence as well as identifying persons who may be appointed in senior management in accordance with the Company's internal requirements from time to time; in making its recommendations to the Board as to their appointment or removal as the case may be and to carry out evaluation of every director's performance including Independent Directors.



Company, determining their qualifications, positive attributes and independence as well as identifying persons who may be appointed in senior management in accordance with the Company's internal requirements from time to time; in making its recommendations to the Board as to their appointment or removal as the case may be and to carry out evaluation of every director's performance including Independent Directors.

This Policy also contains the remuneration policy relating to the remuneration of the Directors, Key Managerial and Senior Managerial Personnel as well as policy on Board Diversity as recommended by the Committee and approved by the Board.

It is to be noted that framework and guidelines set out hereunder is subject to such periodical reviews and the Committee in consultation with Board of Directors and top management of the Company, may make such alterations as may be required from time to time to meet the exigencies arising out of statutory modifications or otherwise.

POLICY FOR NOMINATION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION:

Nomination Criteria for Directors:

In identifying and recommending the candidature for appointment as Director, the Committee will consider any or all of the following criteria:

1. Ethical standards of integrity and probity, maturity and balance of mind to perform the designated role, ability to bring exercise of independent judgment and judicious thinking, qualification, expertise as strategist, eminence in his field of expertise.
2. Possessing appropriate skills, experience and knowledge in one or more fields of Business including International Business, Strategy and Expansion, Engineering, Medicine, finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to preferably the company's business.
3. Non-disqualified under the applicable provisions of Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force, as the case may be;
4. Ensure that the proposed Director consents to act as Director and can devote his time and energies towards the overall development and betterment of the Company's business.
5. Ensure that the proposed Director discloses his interest and Company's shareholding, if any and the Committee feels that such interest will not affect in discharging his duties towards the Company in pursuance of the said appointment.
6. Ensure that the candidature of the Director will be in line with and promote the objectives enshrined in Company's policy on Board Diversity.

Additional Criteria for Appointment of Independent Directors:

The Committee will consider whether the Director meets the criteria of Independence as well as other attributes as mentioned under the provisions of Section 149 of the Companies Act, 2013 read with applicable rules and Schedule IV thereunder and clause 49 of the Listing Agreement, including any amendments made thereof from time to time.

Nomination Criteria for KMPs / Senior Management personnel:
The committee will consider:

1. Ethical standards of integrity and probity, maturity and balance of mind to perform the designated role, qualification, expertise and experience.
2. Possessing adequate qualification, expertise and experience as prescribed by the Company for the position he / she is considered for appointment. The Committee for this purpose, if required, will avail the assistance of other top executives of the Company but however, has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. Ensure that the person discloses his interest and the Committee feels that such interest will not affect in discharging his duties towards the Company in pursuance of the said appointment.
4. Ensure that the Company shall not appoint or continue the employment of any person as Managing Director, Whole-time Director or Manager who is below the age of Twenty-one years or has attained the age of seventy years without the approval of shareholders by passing a special resolution with proper justification.

Additional Responsibility of the Board:

It is further to be noticed that it is the responsibility of the Board to obtain other relevant and applicable approvals and procedures as laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force and applicable as the case may be.

Term / Tenure, Continuity and Renewal:

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time. The terms of KMPs and other Senior Management employees shall be governed under their respective terms of appointment. As regards the continuity or renewal of appointment of Directors; their resignation and removal, the Committee will make its recommendations to the Board, based on the periodical evaluation process to be done under this document from time to time as well as subject to observation of provisions as contemplated under the Companies Act, 2013 and other applicable laws including listing agreement relating to disqualifications, resignation, removal and retirement. Directors, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company respectively. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Matters pertaining to Remuneration:

This policy also sets out the following remuneration policy applicable to the remuneration payable to Directors, key managerial and other Senior Managerial personnel and other employees of the Company.

General:

1. The Company's remuneration policy, in general, is driven by the success and performance of the individual employee as well as his expertise in critical areas of operations of the Company.
2. The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval and while recommending such remuneration, the Committee will consider, inter-alia, whether



- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person of the quality or expertise required to run the company successfully;
- b) The remuneration is comparable and in proportion to the accepted industry standards;
- c) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- d) To the extent possible, such remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

3. The remuneration / compensation / commission etc. so recommended shall be subject to the prior/postapproval of the shareholders of the Company and Central Government, wherever required.

4. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Executive Directors.

5. Where if any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

6. Loans, advances and other similar kind of benefits to KMPs, Senior Management Personnel will be governed by Company's relevant policies as applicable to all the employees of the Company read with relevant provisions of all applicable laws in that connection.

Remuneration to Executive Directors, KMPs and Senior Management Personnel:

A. Fixed pay:

The Executive Director/ KMPs shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc., shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and/or Central Government, wherever required. Besides, Managing Director may be eligible for commission such that the total remuneration payable shall not exceed 5% of the net profits for each financial year as determined under the provisions of the Companies Act, 2013. Remuneration payable to Senior Management Personnel will be governed by their respective terms of appointment.

B. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Directors including Managing Director and Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

C. Provisions for excess remuneration:

If any Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government,

where required, he /she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration to Non-Executive / Independent Directors:

A. Sitting Fee:

The Non- Executive / Independent Directors may receive remuneration by way of fee for attending meetings of Board or Committee thereof. Provided that the amount of such fee shall not exceed such amount per meeting as may be prescribed under the provisions of the Companies Act, 2013 and rules made thereunder (as amended from time to time and approved by the Board).

B. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

Matters pertaining to Evaluation:

The Company conducts its operations under the overall direction of the Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013; the Articles of Association, listing agreement with stock exchanges, internal code of conduct and policies formulated by the Company for its internal execution. Therefore it is necessary for the company to carry out the evaluation of all the directors on an annual basis. As regards the evaluation process; the scheme of the Companies Act, 2013 read with clause 49 of the listing agreement contemplates that:

a) As required under Section 134(3)(p) of the Companies Act, the manner of formal evaluation made by Board of Directors of its own performance, that of its committees and individual Directors shall be disclosed in Board's Report;

b) As required under Section 178(2), the Nomination and Remuneration Committee shall carry out evaluation of every Director's performance;

c) As required under Clause VII of Schedule IV to the Companies Act, 2013; in the separate meeting held by the Independent Directors:

i. Performance of the non-independent directors and the Board as a whole shall be reviewed and

ii. Performance of the Chairperson of the Company(after taking into account views of Executive and Non-Executive directors) shall be reviewed.

d) Clause 49 (II) (5) (a) stipulates that the Nomination & Remuneration Committee shall lay down the evaluation criteria for performance evaluation of independent directors and

e) Clause 49 (II)(5)(c) stipulates that the performance of Independent Directors shall be done by the entire Board.

As regards the evaluation criteria to be followed by Board for its evaluation of Committees and other Directors including Independent Director; Independent Directors or Non-Independent Directors, the same are dealt in other documents dealing with respective criteria of evaluations including the Duties, Responsibilities and key functions of Board as contemplated under the Act and clause 49 of the listing agreement. In all these cases, be it by Board or by Independent Directors, the evaluation of each Director would be done based on parameters like:



- a) Well informed and understand the Company, its business and the external environment in which it operates;
- b) Prepare well and participate actively in the Board and its committee meetings;
- c) Effectively probe to Test the assumptions; rendering independent and unbiased opinion;
- d) Assertive in holding to their views and resisting pressure from others;
- e) Follow-up on matters about which they have expressed concern;
- f) Strive to attend all meetings of the Board of Directors, Committees and General meetings;
- g) Contributions in development of a Strategy, Business plan or risk management;
- h) Maintenance of good interpersonal and cordial relationship with other Board members, KMPs and Senior Management personnel;
- i) Diplomatic and convincing way of presenting their views and listening to views of others;
- j) Up-to-date with the latest developments in areas such as the corporate governance framework, financial reporting and in the industry and market conditions etc.,
- k) Adhering to ethical standards, code of conduct of the Company and insider trading guidelines etc.,
- l) Making timely disclosures of their interest and disclosure of non-independence, when it exists;
- m) His/her contribution to enhance overall brand image of the Company.

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board will carry out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and other Committees of the Board as applicable to the Company. Method of Performance Evaluation will be decided by board from time to time, Such as Questionnaire method, Comparison Method or and other method as may be decided by board. The Committee also follows the same in evaluating each Director of the Company. Further, the Executive Directors will be evaluated on the basis of targets / Criteria given to executive Directors by the board from time to time and Independent Directors would be evaluated by entire Board based on professional conduct, Roles, functions and duties as contemplated under Schedule IV of the Act, apart from their evaluation as Directors based on aforesaid criteria. The performance evaluation of the Chairman and the Non Independent Directors will be carried out by the Independent Directors who will also review the performance of the Secretarial Department.

Annexure-2

SECRETARIAL AUDIT REPORT

For the Financial year ended March 31, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Raj Rayon Industries Limited
CIN: L17120DN1993PLC000368
R.O.: SURVEY NO 177/1/3,
VILLAGE SURANGI,
SILVASSA, DN: 396230

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Raj Rayon Industries Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 ("the audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under (including the applicable provisions of Companies Act, 1956 in force during the Audit period);
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not Applicable to the Company during the Audit period);
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (till May 14, 2015);
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (with effect from May 15, 2015);



- d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - e. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not Applicable to the Company during the Audit period);
 - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit period);
 - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit period); and
 - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit period);
6. As per the Management and discussed with Audit Committee, the following other Laws specifically applicable to the Company as under:
- 1) The Factories Act, 1948
 - 2) Employees State Insurance Act, 1948
 - 3) The Profession Tax Act, 1975
 - 4) The Provident Fund Act 1952
 - 5) Payment of Bonus Act, 1965
 - 6) Payment of wages Act, 1936
 - 7) Payment of Gratuity Act, 1972
 - 8) The Contract Labour (Regulation & Abolition) Act, 1970
 - 9) Water (Prevention & Control of Pollution) Amended Act, 1988
 - 10) Air (Prevention & Control of Pollution) Amended Act, 1981
 - 11) Income Tax Act, 1961
 - 12) Sales Tax Act, 1956
 - 13) Central Excise Act, 1944
 - 14) CENVAT Credit Rules, 2004
 - 15) Bombay Shops & Establishment Act, 1948
 - 16) Maharashtra Labour Welfare Fund, 1953
 - 17) The Trade Marks Act, 1999

I have also examined the compliance with the applicable clauses of following:

- a. Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India and notified by the Government.
- b. Listing Agreement (up to November 30, 2015) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (with effect from December 1, 2015);

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

It was observed that as per the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, M/s. Fine Fashion Private Limited falls into 'Promoter or Promoter Group' but the same has been inadvertently missed out to reclassify in 'Promoter or Promoter group'

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, except where meeting was called and held at shorter notice in compliance with the provisions of the Companies Act, 2013, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company had not made any investment in equity shares.

I further report that company had allotted Equity Shares on 24th April 2015 on Preferential Issue basis as per the applicable provisions and after obtaining necessary approvals.

Further Company had obtained in-principal approval from the BSE Limited on 8th March, 2016 and from the National Stock Exchange of India Limited (NSE) on 16th March, 2016 for issue of equity shares on preferential basis to the Banks under Strategic Debt Restructuring Scheme. However, as per the decision of Joint Lenders Forum of SBI Consortium, the allotment of the said equity shares was not made to the banks.

There were no instances of:

- i. Public/ Rights/ Debentures/ Sweat Equity.
- ii. Redemption / Buy-back of Securities.
- iii. Major decisions taken by under section 180 of the Companies Act, 2013.
- iv. Merger /Amalgamation /Reconstruction, etc.
- v. Foreign Technical Collaborations.

Amisha Shah
Practicing Company Secretary
C.P. No.: 13399
Membership No.: A20745

Date: August 12, 2016
Place: Mumbai



This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To,
The Members,
Raj Rayon Industries Limited
CIN: L17120DN1993PLC000368
R.O.: SURVEY NO 177/1/3,
VILLAGE SURANGI,
SILVASSA, DN: 396230

Our report of even date is to be read along with the letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as was appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required I have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Amisha Shah
Practicing Company Secretary
C.P. No.: 13399
Membership No.: A20745

Date: August 12, 2016
Place: Mumbai

**ANNEXURE-3 (MGT-9) EXTRACT OF ANNUAL RETURN**

As on financial year ended 31.03.2016

[Pursuant to Section 92(3) of the Companies act, 2013 read with

[The Companies (Management and Administration) Rules, 2014]

A.REGISTRATION AND OTHER DETAILS:

CIN:-	L17120DN1993PLC00368
Registration Date:	17th August, 1993
Name of the Company:	RAJ RAYON INDUSTRIES LIMITED
Category / Sub-Category of the Company	Indian- Non Government Company
Address of the Registered office and contact details:	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, Website: www.rajrayon.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	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 Website: www.linkintime.co.in

B. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
a.	Textured Yarn of Polyesters and Polyesters Chips	131	95%

C. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held
		NA		

D. SHARE HOLDING PATTERN**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2015				No. of Shares held at the end of the year 31/03/2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTER'S									
(1). INDIAN									
(a). Individual	6015000	0	6015000	2.26	23315000	0	23315000	6.73	-4.47
(b). Central Govt.	0	0	0		0	0	0	0	0
(c). State Govt(s).	0	0	0		0	0	0	0	0
(d). Bodies Corpp.	94720930	0	94720930	35.55	94720930	0	94720930	27.34	0
(e). FIINS / BANKS.	0	0	0		0	0	0	0	0
(f). Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (1):-	100735930	0	100735930	37.81	118035930	0	118035930	34.07	-4.47
(2). FOREIGN									
(a). Individual NRI / For Ind	0	0	0	0	0	0	0	0	0
(b). Other Individual	0	0	0	0	0	0	0	0	0
(c). Bodies Corporates	0	0	0	0	0	0	0	0	0
(d). Banks / FII	0	0	0	0	0	0	0	0	0
(e). Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
(f). Any Other Specify	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	100735930	0	100735930	37.81	118035930	0	118035930	34.07	-4.47



(B) (1). PUBLIC SHAREHOLDING									
(a). Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
(b). Banks / FI	1418963	0	1418963	0.53	1418963	0	1418963	0.41	0.00
(c). Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(d). State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(e). Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f). Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(g). FIs	0	0	0	0.00	0	0	0	0.00	0.00
(h). Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i). Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	1418963	0	1418963	0.53	1418963	0	1418963	0.41	0.00

2. Non-Institutions									
(a). BODIES CORP.									
(i). Indian	14475752	79000	14554752	5.46	43992464	79000	44071464	12.72	7.26
(ii). Overseas	0	0	0	0	0	0	0	0.00	0
(b). Individuals	0	0	0	0	0	0	0	0.00	0
(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	53180965	761100	53942065	20.24	53382924	764100	54147024	15.63	-4.62
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	84615704	3000000	87615704	32.88	91237937	3000000	94237937	27.20	-5.68
(c). Other (specify)	0	0	0	0	0	0	0	0.00	0
Non Resident Indians(Rep.)	5100976	76000	5176976	1.94	4909536	76000	4985536	1.44	-0.50
Non Resident Indians(Non-Rep.)	376309	0	376309	0.14	578711	0	578711	0.17	0.03
Overseas Corporate Bodies	0	0	0	0	0	0	0	0.00	0.00
Hindu Undivided Family	2146234	0	2146234	0.81	28537354	0	28537354	8.24	7.43
Market maker	25001		25001	0.01	21709	0	21709	0.01	0.00
Foreign Nationals	0	0	0	0	0	0	0	0.00	0.00
Clearing Members	462066	0	462066	0.17	318032	0	318032	0.09	-0.08
Trusts	0	0	0	0	101340	0	101340	0.03	0.03
Foreign Boodies - D R	0	0	0	0	0	0	0	0.00	0.00
Sub-total (B)(2):-	160383007	3916100	164299107	61.66	223080007	3919100	226999107	65.52	3.86
Total Public Shareholding (B)=(B)(1)+ (B)(2)	161801970	3916100	165718070	62.19	224498970	3919100	228418070	65.93	-3.74
C. Shares held by Custodian for GDRs & ADRs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total (A+B+C)	262537900	3916100	266454000	100.00	342534900	3919100	346454000	100.00	0.00

(ii) Shareholding of Promoters									
Sr No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2015			Share holding at the end of the Year 31/03/2016				
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in share holding during the year	
1	Rajkumari Kanodia	4675000	1.75	1.75	9175000	2.65	2.65	0.90	
2	Raj Money Market Limited	94720930	35.55	35.55	94720930	27.34	27.34	8.21	
3	Radheshyam Kanodia (H U F)	200000	0.08	0.08	1700000	0.49	0.49	0.42	
4	Savita Agarwal	600000	0.23	0.23	600000	0.17	0.17	-0.46	
5	Sushil Kumar Kanodia (HUF)	148000	0.06	0.06	1648000	0.48	0.48	0.42	
6	Samiksha Kanodia	74000	0.03	0.03	1574000	0.45	0.45	0.43	
7	Akanksha Jatin Mehta	318000	0.12	0.12	1818000	0.52	0.52	0.41	
8	Sushil Kumar Kanodia	0	0.00	0.00	6800000	1.96	1.96	1.96	


(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2015			Share holding at the end of the Year 31/03/2016			
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increase / Decrease in shareholding	Reason	No. of Shares	% of total Shares of the Company
1	Rajkumari Kanodia	4675000	1.75	01-04-2015	-	-		
				24-04-2015	4500000	Allotment	9175000	2.65
	-Closing Balance			31-03-2016			9175000	2.65
2	Radheshyam Kanodia (H U F)	200000	0.08	01-04-2015	-	-		
				14-12-2015	1500000	Allotment	1700000	0.49
	-Closing Balance			31-03-2016			1700000	0.49
3	Sushil Kumar Kanodia(HUF)	148000	0.06	01-04-2015				
				24-04-2015	1500000	Allotment	1648000	0.48
	-Closing Balance			31-03-2016			1648000	0.48
4	Samiksha Kanodia	74000	0.03	01-04-2015				
				24-04-2015	1500000	Allotment	1574000	0.45
	-Closing Balance			31-03-2016			1574000	0.45
5	Akanksha Jatin Mehta	318000	0.12	01-04-2015				
				24-04-2015	1500000	Allotment	1818000	0.52
	-Closing Balance			31-03-2016			1818000	0.52
6	Sushil Kumar Kanodia	0	0.00	01-04-2015				
				24-04-2015	6800000	Allotment	6800000	1.96
	-Closing Balance			31-03-2016	6800000		6800000	1.96

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

sr.no	Name	No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increasing / Decrease in shareholding	Reason	No. of Shares after transaction	% of total Shares of the company
1	FINE FASHION PRIVATE LIMITED	2679250	1.01	4/1/2015	-	-	2679250	1.0055
				4/10/2015	28786	TRANSFER	2708036	1.02
				4/17/2015	6214	TRANSFER	2714250	1.02
				3/11/2016	12379953	TRANSFER	15094203	4.3568
				3/18/2016	6200000	TRANSFER	21294203	6.1463
				3/31/2016	12400000	TRANSFER	33694203	9.73
	CLOSING BALANCE			3/31/2016			33694203	9.7254
2	JITENDRA B SALECHA	14000000	5.25	4/1/2015	-	-	14000000	5.25
	CLOSING BALANCE			3/31/2016			14000000	4.04409
3	AJAYKUMAR KAILASHCHANDRA KANODIA	0	0.00	4/1/2015	-	-	0	
				6/19/2015	10450000	TRANSFER	10450000	3.02
	CLOSING BALANCE			3/31/2016			10450000	3.02
4	SURYAKANT KAILASHCHAND KANODIA	0	0.00	4/1/2015	-	-	0	
				6/19/2015	10450000	TRANSFER	10450000	3.02
	CLOSING BALANCE			3/31/2016			10450000	3.02
5	SAMPOODEVI KAILASHCHANDRA KANODIA	0	0.00	4/1/2015	-	-	0	
				6/19/2015	10450000	TRANSFER	10450000	3.02
	CLOSING BALANCE			3/31/2016			10450000	3.02
6	SURYAKANT KAILASHCHAND KANODIA	0	0.00	4/1/2015	-	-	0	
				6/19/2015	10450000	TRANSFER	10450000	3.02
	CLOSING BALANCE			3/31/2016			10450000	3.02
7	RITU AJAY KANODIA	0	0.00	4/1/2015	-	-	0	
				6/19/2015	10450000	TRANSFER	10450000	3.02
	CLOSING BALANCE			3/31/2016			10450000	3.02
8	SEEMADEVI SURYAKANT KANODIA	0	0.00	4/1/2015	-	-	0	
				6/19/2015	10450000	TRANSFER	10450000	3.02
	CLOSING BALANCE			3/31/2016			10450000	3.02
9	SANGEETHA S	9857000	3.70	4/1/2015	-	-	9857000	3.70
	CLOSING BALANCE			3/31/2016			9857000	2.8451
10	SANJAY B JAIN	7000000	2.6271	4/1/2015	-	-	7000000	2.63
	CLOSING BALANCE			3/31/2016			7000000	2.02



(v) Shareholding of Directors and Key Managerial Personnel:

Sr.No	For Each of the Directors and KMP	DATE	NO. OF SHARES		% OF TOTAL SHARE CAPITAL OF THE COMPANY		REASON
1	Mrs. Rajkumari Kanodia(Chairman & Non-Executive Director)						
	Shareholding At the beginning of the year	01-04-2015		4675000		1.75	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	24-04-2015		4500000		0.9	ALLOTMENT
	Cumulative Shareholding At the End of the year	31-03-2016		9175000		2.65	-
2	Naval Babulal Kanodia (Whole-time Director)						
	Shareholding At the beginning of the year	01-04-2015	-	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-
	Cumulative Shareholding At the End of the year	31-03-2016	-	-	-	-	-
3	Suresh Gupta (Independent Director)						
	Shareholding At the beginning of the year	01-04-2015	-	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-
	Cumulative Shareholding At the End of the year	31-03-2016	-	-	-	-	-
4	Prahalad Rai Jajodia (Independent Director)						
	Shareholding At the beginning of the year	01-04-2015	-	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-
	Cumulative Shareholding At the End of the year	31-03-2016	-	-	-	-	-
5	Sushil Kumar Kanodia (CEO & CFO)						
	Shareholding At the beginning of the year	01-04-2015		0		0	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	24-04-2015		6800000		1.96	ALLOTMENT
	Cumulative Shareholding At the End of the year	31-03-2016		6800000		1.96	-
6	Miss Geeta Yadav(Company Secretary)*						
	Shareholding At the beginning of the year	01-04-2015	-	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-
	Cumulative Shareholding At the End of the year	31-03-2016	-	-	-	-	-
7	Miss Deepa Gehani(Company Secretary)*						
	At the beginning of the year	01-04-2015	-	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-
	At the End of the year	31-03-2016	-	-	-	-	-

* Miss Geeta Yadav Resigned on 31st October, 2015 and Miss Deepa Gehani appointed on 13th January 2016.



V	INDEBTEDNESS				Rs. lacs
Indebtedness of the Company including interest outstanding/accrued but not due for payment					
		Secured Loans	Unsecured Loans	Deposites	Total Indebtedness
Indebtness at the beginning of the financial year					
i) Principal Amount		57,532	1,627	-	59,160
ii) Interest due but not paid					
iii) Interest accrued but not due		123	77		200
Total (i+ii+iii)		57,655	1,704	-	59,360
Change in Indebtedness during the financial year					
Additions		1,282	72		1,354
Reduction		439	601		1,040
Net Change		843	-529		314
Indebtedness at the end of the financial year					
i) Principal Amount		58,376	1,098	-	59,474
ii) Interest due but not paid					
iii) Interest accrued but not due		4,564	148		4,712
Total (i+ii+iii)		62,940	1,246	-	64,186

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL			
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:			
Sr. No.	Particulars of Remuneration	Name of MD/WT/ Manager	Total Amount
		Naval Babulal Kanodia (Whole-Time Director)	
1	Gross salary	3,00,000	3,00,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0
		0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission	0	0
	- as % of profit	0	0
	- others, specify...	0	0
5	Others, please specify	0	0
	Total (A)	3,00,000	3,00,000
	Ceiling as per the Act		

B. Remuneration to other directors:

Note: During the year no remuneration was paid to Independent Directors.



C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. Sushil Kumar Kanodia (CEO & CFO)	Miss Deepa Gehani (Company Secretary)	Miss Geeta Yadav (Company Secretary)	
1	Gross salary	26,76,000	1,36,816	4,42,511	32,55,327
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit				
	- others, specify ...				
	Others, please specify	-	-	-	-
	Total	26,76,000	1,36,816	4,42,511	32,55,327

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: (Not Applicable)

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Authority [RD / NCLT/ COURT]
Penalty		-	-	-	-
Punishment		-	-	-	-
Compounding		-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty		-	-	-	-
Punishment		-	-	-	-
Compounding		-	-	-	-

ANNEXURE-4

Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

(I)	The percentage increase in remuneration of each Director, other Key Managerial Personnel (KMP), Ratio of the remuneration of each director to the median remuneration of the employees of the company and the comparison of the remuneration of each KMP against the performance of the Company during the financial year 2015-16 are as under				
	Director's/ KMP/ Manager's Name	Remuneration of Director/KMP for financial year 2015-16	% increase in Remuneration in the Financial Year 2015 – 16	Ratio to median remuneration	Comparison of the Remuneration of the KMP against the performance of the Company
1	Mr. Naval Babulal Kanodia Whole Time Director	300000	Nil	1.79	Company has incurred a net loss of ₹ 28667.79 Lacs for the year ended 31 st March, 2016 as compared to the loss of ₹ 7486.38 Lacs for the year ended 31 st March, 2015.
2	Mr. Sushil Kumar Kanodia Chief Financial Officer	2676000	Nil	15.93	
3	Ms. Geeta Yadav Company Secretary	442511	Nil	2.63	
4	Miss Deepa Gehani Company Secretary	136816	N.A.	0.81	
Miss Deepa Gehani appointed on 13 th January, 2016 and Miss Geeta Yadav resigned w.e.f. 31 st October, 2015.					

No remuneration or sitting fees is paid to the Non-executive Directors or Independent Directors of the Company.



Percentage increase in the median remuneration of employees in the financial year 2015-16 compared to 2014-15		2015-16	2014-15	Increase (%)
		168000	168000	-
Number of permanent employees on the rolls of the company as on 31-03-2016		319		
Average percentile increase in salaries of Employees other than managerial Personnel		2015-16	2014-15	Increase (%)
Percentile increase in the managerial remuneration	WTD	3,00,000	3,00,000	NL
Comparison of above		Remuneration of Managerial Personnel not increased during the year as compared to other employees of the Company.		

ANNEXURE-5
FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.
Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

Particulars	Details
a) Name (s) of the related party & nature of relationship	-
b) Nature of contracts/arrangements/transaction	-
c) Duration of the contracts/arrangements/transaction	-
d) Salient terms of the contracts or arrangements or transaction including the value, if any	-
Justification for entering into such contracts or arrangements or transactions'	-
Date of approval by the Board	-
Amount paid as advances, if any	-
Date on which the special resolution was passed in General meeting as required under first proviso to section 188	-

2.Details of contracts or arrangements or transactions at Arm's length basis.

Particulars	Details
a) Name (s) of the related party & nature of relationship	Fine Fashion Private Limited
b) Nature of contracts/arrangements/transaction	Sale/Purchase
c) Duration of the contracts /arrangements/ transaction	1 Year
d) Salient terms of the contracts or arrangements or transaction including the value, if any	
e) Date of approval by the Board	30 th May, 2015
f) Amount paid as advances, if any	Nil



MANAGEMENTDISCUSSION 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.

Performance of the Company

During the year the Company has registered:

- Net Sales and other income of ₹ 45387.23 Lacs as compared to ₹ 19179.94 Lacs of previous year.
- PBDIT of ₹ 14967.81 Lacs as compared to Loss ₹ 565.25 Lacs of previous year.
- PBT for the year was (₹ 28,666.15) Lacs as compared to (₹ 10784.22) Lacs of previous year.
- The Company incurred Cash losses of ₹ 23833.1 Lacs as compared to Cash losses of ₹ 3245.63 Lacs of previous year.
- The Company incurred a Net Loss of ₹ 28667.79 Lacs & EPS of (₹ 8.40) as compared to Net Loss of ₹ 7486.38 Lacs & EPS of (₹ 2.81) of previous year.
- Export of the Company during the year was ₹ 6,880.92 Lacs.

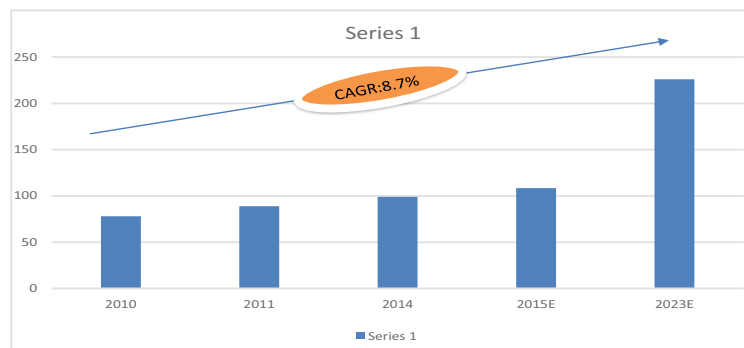
Industry outlook:

Indian Textile Industry Overview

India is the second largest manufacturer of textile and apparel in the world after China. Make in India campaign was launched to attract manufacturers and FDI. Technology Mission for Technical Textile has been continued. Under Union Budget 2015-16, government of India has allocated around USD584.49 million for Textile Industry. The major focus of this Budget is to attract the manufacturers, technology upgradation, Integrated textiles parks, etc. Measures were also announced to be taken to foster faster clearance of import and export.

Textile plays a major role in the Indian economy. It contributes 14 percent to industrial production and 4 percent to GDP. With over 45 million people, the industry is one of the largest source of employment generation in the country. The industry accounts for nearly 13 percent of total exports. The size of India's textile market in 2014 was USD99.0 billion which is expected to touch USD226 billion market by 2023 at a CAGR of 8.7 percent between 2009-23E.

India's textile market size (USD billion)



Source: Technopak, Make in India, News articles, Ministry of Textiles, TechSci Research

Source: Technopak, Make in India, News articles, Ministry of Textiles, TechSci Research

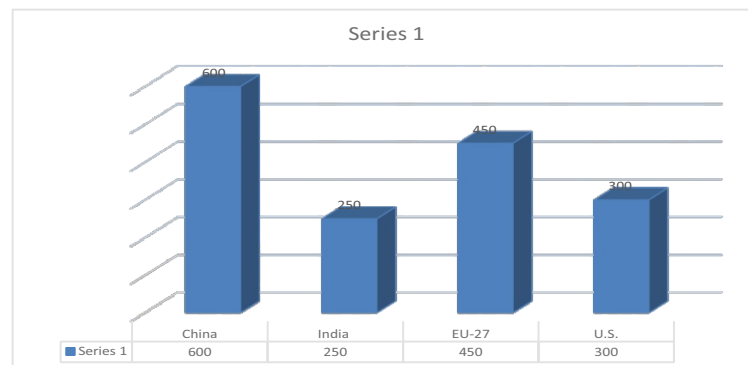
Global Polyester Sector Scenario

The current global apparel market is estimated at US\$1,100bn with trade value of US\$700bn.

Growing at a CAGR of 5% per year and reaching US\$2,100bn by 2025. The growth rate of the developed countries will slow down and the big emerging economies like China, India will be the key driver of growth. Processing activities for export will switch partly from China to other countries. Global textile and apparel value chain attracts investment worth US\$350bn over the period of 2012- 2025

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.

GLOBAL TEXTILE AND APPAREL INDUSTRY



Source: Wazir Advisors, compiled by FPTs

Factors impacting Indian Polyester Industry

Raw Material

Domestic supply of PTA in India is depended on 3 major supplier viz. Reliance Industries Limited, Indian Oil Corporation Limited, Mitsubishi Corporation with a combined capacity of around 5 million tons. The domestic supply is not sufficient to meet the domestic demand, hence India imports significant amount of PTA. A reduction has been witnessed in the cost of both the PTA and MEG in the end of the FY 2015-16 due to reduction in the crude oil prices.

Market Demand

The global fibre and textile industry has faced demand recession in consumer segment during the few years due to volatile economic situation in the US & Europe and geopolitical disturbances in Africa and the Middle East Region. Only Asia's fibre consumption has managed to increase modestly while that for the rest of the world declined.

The slowdown in economy led to muted growth of polyester demand, whereas the capacity was surplus. This caused price reduction of yarns as buyers turned cautious given the slow downstream demand and few units closed to cut losses. As the result the overall market liquidity suffered.

**Opportunities:**

- Buoyant domestic economy leading to higher market growth.
- Growth of organized retail would increase the consumption of apparel.
- 100% FDI allowed in textile sector through the automated route.
- Export demand expected to pick up with global economic recovery leading to increased opportunities in export market.
- Demand of Man-made Fibers (MMF) is likely to improve, primarily driven by increased substitution of cotton by MMF.

Threats:

- Volatility of input costs.
- Shortage of raw material in domestic market.
- Cost increase in crude oil based raw materials due to weak rupee.
- High fluctuation in INR/USD rates has adversely impacted company's cost structure as the company was rely on imports of its main input raw material viz. PTA.

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.

Risk & Concern:

The risk is always the part and parcel of any business activity. The Company operates in a highly competitive environment that is subject to

innovation and varying level of resources available to each player in this segment of business. The common risks inter alia are: Risk to Company Assets and Property, Employees Related Risks, Foreign Currency Risks, Risks associated with Non-Compliance of Statutory enactments, Competition Risks, Operational Risks, Business risk, Technology obsolescence, Investments, Retention of talent and Expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk. The Company is constantly reviewing the risk that would impact adversely

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

The Corporate Governance Report for the year under review from 1st April, 2015 to 31st March, 2016

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

At Raj Rayon Industries 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.

CORPORATE GOVERNANCE FRAMEWORK:

The driving principles of our corporate governance framework are encapsulated in the following diagram:



Our Corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance. The securities and Exchange Board of India (SEBI) has notified SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 (LODR) on September 2, 2015, replacing the earlier listing agreement (w.e.f. December 1, 2015) which is aimed to streamline all the earlier provisions of different segments i.e Equity, Debenture etc.

As the Board has developed the corporate governance framework to fulfill their responsibility.

BOARD OF DIRECTORS - COMPOSITION:

The current policy is to have an appropriate mix of Executive, Non-Executive and Independent Directors (IDs) to maintain the independence of the Board, and separate its functions of governance and management. Listing regulations mandates that for a company with Non-executive Chairman(Promoter Director), at least one-half of the Board should be Independent Directors. As on 31st March, 2016 Board consist four (4) members out of one is Whole -time Director (Executive Director) and other two are independent directors. During the year Composition of Board consist of Members with required skills and expertise and experience including one non-executive women director.

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.

All the Directors have periodically and regularly informed the Company about their Directorship and Membership on the Board/Committees of the Board of other companies. As per the disclosure received, none of the Directors of your Company hold Memberships/ Chairmanships more than the prescribed limits across all companies in which he/she is a Director.

* Mr. Bibhuti Bhusan Das was appointed as Nominee Director by Board of Directors on April 05, 2016.

* Mr. Jugal Kishor Poornamal Pareek was appointed as Additional Independent Director by Board of Directors on August 12, 2016.

MEETINGS OF BOARD OF DIRECTORS AND THEIR ATTENDANCE:

During the year ended 31st March, 2016, the Company had Eleven (11) Board Meetings. These meetings were held on the following date(s): 30/05/2015, 16/07/2015, 31/07/2015, 14/08/2015, 21/09/2015, 14/11/2015, 17/12/2015, 13/01/2016, 06/02/2016, 12/02/2016, 10/03/2016.

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.	Mrs. Rajkumari Kanodia	Non Executive Chairperson & Promoter Director	11	YES	-	-	-
2.	Mr. Naval Babulal Kanodia	Executive Director	11	YES	-	-	-
3.	Mr. Suresh Gupta	Non Executive & Independent Director	11	YES	-	-	-
4.	Mr. Prahlad Rai Jajodia	Non Executive & Independent Director	11	YES	-	-	-

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

* Memberships of only Audit Committee and Stakeholders Relationship Committee.

SEPARATE MEETING OF INDEPENDENT DIRECTORS:

Schedule IV of the Companies Act, 2013 and Regulation 25(3) of SEBI (Listing Obligation Disclosure Requirement) Regulations, 2015 mandates that Independent Directors of the Company should hold at least one separate meeting in a year without the presence of Non-independent Directors and members of the Management. These meetings are expected to review the following:

- review the performance of non-independent directors and the Board as a whole,
- review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- to assess the quality, quantity and timeliness of flow of information between the company management and the Board.

During the financial year Separate Independent Directors Meeting was held on 28th March, 2016.

BRIEF PROFILE OF DIRECTORS:

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

**(I) Mrs. Rajkumari Kanodia:**

Mrs. Rajkumari Kanodia, aged 57 years, is one of the main promoters of your company. Mrs. Kanodia, a H.S.C, has experience in the textile field for about 20 years. She was appointed as Director of the Company on 28th February, 2003. She is a member of the Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Allotment Committee of the Board.

Mrs. Rajkumari Kanodia has been re-designated from Non Executive Promoter Director to Non Executive Chairperson of the Company w.e.f. 28th March, 2014.

Mrs. Rajkumari Kanodia is neither Director nor Member of the committees of the Board of any other Company. She holds 9175000 Equity Shares in the Company as on 31st March, 2016.

(II) Mr. Naval Babulal Kanodia:

Mr. Naval Babulal Kanodia, aged 48 years, is a H.S.C. He was appointed as an Additional Director (Executive Director) w.e.f. 28th March, 2014 and confirmed as Whole Time Director in the Annual General Meeting held on 30th September, 2014. He has very rich experience and exposure in textile sector. He is a Chairman of Corporate Social Responsibility Committee and Member of Allotment Committee of our Board.

Mr. Naval Babulal Kanodia is neither Director nor Member of the committees of the Board of any other Company. He does not hold any Equity Shares in the Company as on 31st March, 2016.

(III) Mr. Suresh Gupta:

Mr. Suresh Gupta, aged 62 years, is B.Com. He was appointed as an Additional Director w.e.f. 27th May, 2013 and was regularised as Director in Annual General Meeting held on 30th September, 2013. He has good experience and exposure in textile sector.

He is Chairman of Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee and Allotment Committee of our Board.

Mr. Suresh Gupta is neither Director nor Member of the committees of the Board of any other Company. He does not hold any Equity Shares in the Company as on 31st March, 2016.

(IV) Mr. Prahlad Rai Jajodia:

Mr. Prahlad Rai Jajodia, aged 67 years, is a H.S.C. He was appointed as an Additional Director w.e.f. 18th March, 2014 and was regularized as Director in Annual General Meeting held on 30th September, 2014. He has good experience and exposure in textile sector. He is Member of Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Allotment Committee of the Board.

Mr. Prahlad Rai Jajodia is neither Director nor Member of the committees of the Board of any other Company. He does not hold any Equity Shares in the Company as on 31st March, 2016.

RESPONSIBILITIES OF BOARD:

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

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. www.rajrayon.com

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 is annexed to this report.

CEO/CFO CERTIFICATION:

The Chief Executive Officer and Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Regulation 17(8) of the Listing Regulations certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

AUDIT COMMITTEE:

The Audit Committee is, inter alia, entrusted with the responsibility to monitor the financial reporting, audit process, determine the adequacy of internal controls, evaluate and approve transactions with related parties, disclosure of financial information and recommendation of the appointment of Statutory Auditors.

Composition of Audit Committee:

The composition of the Audit Committee is in alignment with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

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

Sr. No.	Name	Category	Designation	No. of Meetings held	No. of Meetings attended
1.	Mr. Suresh Gupta	NED (I)	Chairman	4	4
2.	Mrs. Rajkumari Kanodia	NED	Member	4	4
3.	Mr. Prahlad Rai Jajodia	NED (I)	Member	4	4

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.

Meetings of the Audit Committee:

During the year under review four (4) meetings of the Audit Committee were held on the following dates: 30/05/2015, 14/08/2015, 14/11/2015 and 12/02/2016.

All the recommendations made by the Audit Committee during the year were accepted by the Board. The Audit Committee is empowered, pursuant to its terms of reference and its role, inter alia, includes the following:



1. Overseeing your Company's Financial Reporting process and the disclosure of its information to ensure that the financial statements are correct, sufficient and credible;
2. Reviewing with the management quarterly, half-yearly, nine-months and annual financial statements, before submission to the Board for approval;
3. Reviewing the Management Discussion and Analysis of the financial condition and results of operations;
4. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report as per Sec 134(3)(c) of the Companies Act 2013;
 - b. Changes in the accounting policies and practices and the reasons for the same, major accounting entries involving estimates based on the exercise of judgments by management and significant adjustments made in the financial statements arising out of audit findings;
 - c. Compliance with the Listing Regulations and other legal requirements relating to financial statements.
 - d. Disclosure of any related party transactions; and
 - e. Qualifications in the draft audit report, if any.
5. Reviewing the financial statements of unlisted subsidiary company and investments made by the unlisted subsidiary companies.
6. Reviewing and considering the following with respect to appointment of auditors before recommending to Board:
 - a. Qualifications and experience of the individual/firm proposed to be considered for appointment as auditors;
 - b. Whether such qualifications and experience are commensurate with the size and requirements of the company; and
 Giving due regard to any order or pending proceedings relating to professional matters of conduct against the proposed auditor before the Institute of Chartered Accountants of India or any competent authority or any court.
7. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of Statutory Auditors, fixing audit fees and approving payments of any other service;
8. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
9. Reviewing and approving quarterly and yearly management representation letters to the Statutory auditors;
10. Reviewing management letters/letters of internal control weakness issued by the statutory auditors and ensuring suitable follow-up thereon;
11. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit and process;
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
13. Reviewing the appointment, removal and terms of remuneration of the Chief Internal Auditor of the Company;
14. Formulating in consultation with the Internal Auditor, the scope, functioning, periodicity and methodology for conducting the internal audit;
15. Evaluating the internal financial controls and risk management policies system of the company.
16. Discussion with the internal auditors on internal audit reports relating to internal control weakness and any other significant findings and follow-up thereon;
17. Reviewing the internal investigations by the internal auditors in to matters where there is a suspected fraud or irregularity of failure of internal control systems of a material nature and reporting the matter to the Board;
18. Review and comment upon the report made by the statutory auditors (before submission to the Central Government) with regard to any offence involving fraud committed against the company by its officers/employees;
19. Approval or subsequent modification of transactions of the Company with related parties including appointment and revision in remuneration of related parties to an office or place of profit in the Company, its subsidiary company or associate company;
20. Reviewing the statements of significant related party transactions submitted by the management;
21. Reviewing and Scrutinizing the inter-corporate loans and investments;
22. Review of the Whistle Blower mechanism of the Company as per the Whistle Blower Policy. Overseeing the functioning of the same.
23. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
24. Approving the auditors (appointed under the Companies Act, 2013) to render any service other than consulting and specialized services;
25. Review and approve, policy on materiality of related party transactions and also dealing with related party transactions; and
26. Any other matter referred to by the Board of Directors.

Detailed terms of reference are also placed on the website of the Company at www.rajrayon.com

NOMINATION & REMUNERATION COMMITTEE:

The role of the Nomination and Remuneration Committee is governed by its Charter and its composition is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

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

Sr. No.	Name	Category	Designation	No. of Meetings held	No. of Meetings attended
1.	Mr. Suresh Gupta	NED (I)	Chairman	1	1



2.	Mrs. Rajkumari Kanodia	NED	Member	1	1
3.	Mr. Prahlad Rai Jajodia	NED (I)	Member	1	1

During the year under review one (1) meeting was held on 13th January, 2016

Pursuant to the provision of Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee carried out evaluation of every Director's performance for the financial year 2015-16

The Nomination and Remuneration Committee is empowered with the following terms of reference and responsibilities in accordance with the provisions of law and the Nomination and Remuneration policy:

1. Formulate a criteria for determining qualifications, positive attributes and independence of a director;
2. Recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
3. Devise a policy on Board Diversity;
4. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
5. Carry out the evaluation of every director's performance and formulate criteria for evaluation of Independent Directors on the basis of the report of performance evaluation of Independent Directors;
6. Reviewing and recommending to the Board, the remuneration payable to Directors of your Company; and
7. Undertake any other matters as the Board may decide from time to time.

Detailed terms of reference are also placed on the website of the company at <http://rajrayonindustries.com/admin/pdf/policy-nomination-remuneration-and-evaluation.pdf>

The Nomination and remuneration policy provides for appropriate composition of Executive, Non-Executive and Independent Director on the Board of Directors of your company along with criteria for appointment and remuneration including determination of qualifications, positive attributes, independence of Directors and other matters as provided under sub-section 3 of Section 178 of the Companies Act, 2013. The remuneration paid to directors is as per the terms laid out in the Nomination and Remuneration policy of your company.

Policy For Nomination and Appointment of Directors and their Remuneration:

Policy on Nomination, Remuneration and Evaluation has been annexed to the Board Report.

Details of Remuneration paid to Mr. Naval Babulal Kanodia who is the Whole Time Director of the Company Directors are given below:

Sr. No	Particulars	Mr. Naval Babulal Kanodia	
a)	Salary	₹ in Lacs	3.00
b)	Fixed Component- Cont. to P. F.	₹ in Lacs	0
c)	Bonus Benefits & other Allowances	₹ in Lacs	NIL
d)	Service Contract	Years	3
e)	Notice Period	Months	3
f)	Severance Fees	₹ in Lacs	NIL

No sitting fees were paid to Directors for the Financial Year 2015-16. The remuneration package of Executive Directors includes only salary which is a fixed component. There are no performance linked incentives. As per the agreement entered between the Company and the Executive Directors as mentioned above, term of appointment is three years from the date of appointment. The notice period is of 3 months before the date on which the termination shall come in to effect. Severance fees are not applicable. No stock option has been issued.

The Nomination and Remuneration Committee reviews the performance of the senior management of your company. The Committee ensures that remuneration to the Key Managerial Personnel and Senior Management involves a balance between fixed pay and long term performance objectives appropriate to the working of your Company and its goals.

ALLOTMENT COMMITTEE:

The Board in order to expedite the various issues relating to the issue of Convertible Warrants or allotment of any other form of Shares or Securities, has constituted a Committee of Directors to oversee the compliances of provisions under the Companies Act, 2013 erstwhile Companies Act, 1956 and with other statutory authorities, constituted an Allotment Committee w.e.f. 15th January, 2009.

The composition of Allotment Committee is as follows:

Sr. No.	Name of the Directors	Status
1.	Mr. Suresh Gupta	Independent Director – Chairman
2.	Mrs. Rajkumari Kanodia	Non-Executive Director – Member
3.	Mr. Prahlad Rai Jajodia	Independent Director – Member
4.	Mr. Naval Babulal Kanodia	Executive Director - Member

During the year under review one (1) meeting was held on 24th April, 2015 which was attended by the Chairman and Members of the Committee.

STAKEHOLDER RELATIONSHIP COMMITTEE:

The composition of the Stakeholder Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

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

Sr. No.	Name	Category	Designation	No. of Meetings held	No. of Meetings attended
1.	Mr. Suresh Gupta	NED (I)	Chairman	4	4
2.	Mrs. Rajkumari Kanodia	NED	Member	4	4
3.	Mr. Prahlad Rai Jajodia	NED (I)	Member	4	4



The Committee met five(4) times during the year under review, on the following dates: 24/04/2015, 15/07/2015, 12/10/2015, and 12/01/2016.

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 look 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.

COMPLIANCE OFFICER:

The Company Secretary, Ms. Gita Yadav, resigned w.e.f 31st October, 2015. Miss Deepa Gehani has been appointed w.e.f. 13th January, 2016 as Compliance Officer for complying with the requirements of SEBI (LODR) 2015 and the provisions of Companies Act, 2013.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

In compliance with Section 135 of Companies Act, 2013 read with Schedule VII and rules made thereunder the Company has constituted a Corporate Social Responsibility (CSR) Committee. The committee will formulate the CSR policies as per the said act and explore the areas or activities in which the Company should spend. However due to losses suffered and your company been into Corporate Debt Restructuring (CDR), also consortium of lenders have invoked Strategic Debt Restructuring Scheme as per circular issued by RBI. we didn't spend into any CSR activities/projects. However your Company is enthusiastic to serve the society at large, which it will do in the coming years.

The composition of the committee is as under:

Sr. No.	Name of the Members	Status
1.	Mr. Naval Babulal Kanodia	Whole time Director
2.	Mrs. Rajkumari Kanodia	Director
3.	Mr. Prahlad Rai Jajodia	Director

During the year under review there were no committee meeting held by the Company.

INVESTOR GRIEVANCES REDRESSAL:

The total number of complaints received, and replied to the satisfaction of the shareholders, during the year ended 31st March, 2016 was Six (06). Outstanding complaints as on 31st March, 2016 were Nil.

The Company has acted upon all valid share transfer requests received during the year 2015-2016. No request for transfer and dematerialisation were pending as on 31st March, 2016.

NON MANDATORY DISCLOSURES:

The non- mandatory requirements have not been adopted by the Company during the year. Company is in the process of adopting the same.

COMPLIANCE WITH ACCOUNTING STANDARDS:

In the preparation of the financial statements, the Company has followed the Standards on Auditing as specified under section 143(10) of companies act, 2013 and other provisions of section 133 read with Rule 7 of the Companies (Accounts) Rules.

FAMILIARIZATION PROGRAMME OF INDEPENDENT DIRECTORS:

Your Company has in place a policy to familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the company, nature of the industry in which the Company operates, business model of the company, etc., through various programs. They are updated on all business related issues and new initiatives. They are also informed of the important policies of your Company including the Code of Conduct for Directors and Senior Management Personnel and the Code of Conduct for Prevention of Insider Trading. The details of such familiarization programs are disclosed in the website of the Company.

Policy link: <http://rajrayonindustries.com/admin/Pdf/Familiarization%20Programmes%20for%20Independent%20Directors.pdf>

PREVENTION OF INSIDER TRADING:

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company.

RELATED PARTY TRANSACTIONS:

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management 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. 34, forming part of Annual Report.

All the related party transactions in the ordinary course of business are placed periodically before the Audit Committee and they are negotiated on arms length basis and are only intended to further the interest of the Company.

The Policy on Materiality of Related Party Transaction is available on our website: <http://rajrayon.colorsopus.in/images/Policy%20on%20Materiality%20of%20Related%20Party%20Transaction.pdf>

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.

WHISTLE BLOWER POLICY:

Your Company believes in conducting its business and working with all its stakeholders, including employees, customers, suppliers, shareholders and business associates in an ethical and lawful manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior;

Your Company prohibits any kind of discrimination, harassment, victimization or any other unfair practice being adopted against an employee and/or a business associate. In accordance with Regulation 22 of the Listing Regulations your Company has adopted a Whistle Blower Policy with an objective to provide its employees and Business Associates a framework and to establish a formal mechanism or process whereby concerns can be raised in line with your Company's commitment to highest standards of ethical, moral and legal business conduct and its commitment to open communication;

The Whistle blower Policy is available on our website: <http://rajrayonindustries.com/admin/Pdf/Whistleblower%20Policy.pdf>

**ANNUAL GENERAL MEETINGS:**

Financial Year	Date	Location	Time	Special Resolution Passed in the AGM
2011-2012 AGM	29-09-2012	Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	10:00 a.m.	No Special Resolution was passed.
2012-2013 AGM	30-09-2013	Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	10:00 a.m.	1) Increase in remuneration of Mr. Sushil Kumar Kanodia, Chief Executive Officer pursuant to Section 314 (1B) read with Director's Relative (Office or Place of Profit) Rules, 2011 from ` 40,000/- p.m. to an amount not exceeding to ` 2,50,000 p.m.
2013-2014 AGM	30-09-2014	Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	10:00 a.m.	1) Appointment of Mr. Suresh Gupta as an Independent Director for a period of 5 years commencing from 30 th September, 2014. 2) Appointment of Mr. Prahlad Rai Jajodia as an Independent Director for a period of 5 years commencing from 30 th September, 2014. 3) Appointment of Mr. Naval Babulal Kanodia as a Director liable to retire by rotation and as a Whole-time Director of the Company for a period of three years with effect from 02 nd June, 2014. 4) Special Resolution under Section 180 (1) (c) of the Companies Act, 2013 for borrowing money upto ` 3500 crores over and above the aggregate of the paid up share capital and free reserves of the Company. 5) Special Resolution under Section 180 (1) (a) of the Companies Act, 2013 to create charge and/or mortgage whole or substantially whole of the company's one or more undertakings. 6) Approval of remuneration payable to Cost Auditor of the Company. 7) Approval under Section 188 (1) (f) of the Companies Act, 2013 for appointment of Mr. Sushil Kumar Kanodia, relative of Director as Chief Executive Officer and Chief Financial Officer of the Company.
2014-2015 AGM	30-09-2015	Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	10:00 a.m.	1) Approval under section 188 of companies act, 2013 & clause 49 of listing agreement for enter into transaction with related parties for maximum amount of Rs. 150.00 crs. 2) Approval of remuneration payable to Cost Auditor of the Company. 3) Approval of resolution passed under section 23 Of Sick Industrial (Special Provisions) Act, 1985

POSTAL BALLOT:

During the year ended on 31st March, 2016, there were no special resolutions passed by the Company by way of Postal Ballot.

EXTRAORDINARY GENERAL MEETINGS:

During the year ended on 31st March, 2015, following resolution was passed in Extra Ordinary General Meeting:



Date	Location	Time	Special Resolutions Passed
14 th March, 2015	Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230	11.00 a.m.	Issue of 8,00,00,000 Equity Shares of ₹ 1/- each at par to selected persons (Promoter/ Non promoter) on preferential basis pursuant to Section 42 & 62 of the Companies Act, 2013 and Rules made there under and Chapter VII of SEBI (ICDR) Regulations 2009.
17 th Januray, 2016	Hotel Chakra Restaurant, Sakinaka Junction, AndheriKurla Road, Near Sakinaka Metro Station Mumbai-400 059, Maharashtra, India.	11.30 a.m.	1) Approval of adoption of new set of Article of Association. 2) Increased in authorized share capital of the company from ₹ 50,00,00,000/- (Rupees Fifty Crore) divided into 35,00,00,000 (Thirty Five Crore) Equity shares of ₹ 1/- (Re. One) each and 1,50,00,000 (One Crore Fifty Lacs) Preference shares of ₹ 10/- (Rupees Ten) each to ₹ 86,00,00,000/- (Rupees Eighty Six Crore) divided into 71,00,00,000 (Seventy One Crore) Equity shares of ₹ 1/- (Re. One) each and 1,50,00,000 (One Crore Fifty Lacs) Preference shares of ₹ 10/- (Rupees Ten) each by creation of additional 36,00,00,000 (Thirty Six Crores) Equity Shares of ₹ 1/- each ranking paripassu in all respect with the existing Equity Shares.” 3) Alteration of capital clause in Memorandum of Association of the company. 4) Approval of Strategic Debt Restructuring scheme in relation to company's Debt. 5) Conversion of Debt into equity shares of the company pursuant to Strategic Debt Restructuring package. 6) Issue of equity shares to SDR Lenders.

RISK MANAGEMENT:

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

In compliance with the provisions of Companies Act, 2013 read with the Rules framed there under and Clause 49 of the Listing Agreement (as amended by SEBI Circular dated 17th April, 2014 and 15th September, 2014) the Company has constituted a Risk Management Committee in its Board of Directors meeting held on 14th November, 2014 to formulate policy for framing, implementing and monitoring the risk management plan.

Disclosure under Risk Management has been given in the Directors Report. Policy on Risk Management has been placed on the website of the Company at <http://www.rajrayon.com/other-information/>.

The Board of Directors has adopted the Risk Management policy for minimisation of various risks to be dealt by the company. However as per Regulation 21 of SEBI(Listing Obligations & Disclosure Requirement) Regulations, 2015 as applicable from 1st December, 2015 Risk management Committee shall be applicable only to top 100 companies, However for better compliance of Corporate Governance your company has constituted Risk Management Committee.

The composition of the committee is as under:

Sr. No.	Name of the Members	Status
1.	Mr. Naval Babulal Kanodia	Whole time Director
2.	Mrs. Rajkumari Kanodia	Director
3.	Mr. Prahlad Rai Jajodia	Director
4.	Mr. Sushil Kumar Kanodia	CEO and CFO

The Risk Management Policy is available on our website: Policy Link: <http://rajrayonindustries.com/admin/Pdf/risk-management-policy.pdf>

SHARE TRANSFER SYSTEM:

Stakeholder Relationship Committee constituted by the Board considers and approves all physical form shares related issues, transfers, transmission, transposition, remat of shares, deletion of name of deceased shareholder(s) from share certificates, issue of duplicate/ renewed/subdivided/ consolidated/replaced share certificate(s) etc. The transfer formalities are attended to on fortnightly basis by the nominated Registrars & Share Transfer Agents.

**MEANS OF COMMUNICATIONS:**

Publication of Quarterly Results	Quarterly Results are published in 'The Financial Express', Ahmedabad edition in English and Gujarati and in 'The Financial Express', in English in all edition newspapers and also displayed on the Company's website www.rajravon.com .
Website	www.rajravon.com In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investors' on the Company's website gives information on various announcements made by the Company, status of unclaimed dividend, stock quotes, Annual Report, Quarterly/Half yearly/ Nine-months and Annual financial results along with the applicable policies of the Company
Stock Exchange	Your Company makes timely disclosures of necessary information to BSE Limited and the National Stock Exchange of India Limited in terms of the Listing Regulations and other rules and regulations issued by the SEBI NEAPS (NSE Electronic Application Processing System) NEAPS is a web-based application designed by NSE for corporates. BSE Corporate Compliance & the Listing Centre BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, inter alia, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are in accordance with the Listing Regulations filed electronically. Corpfilings: Various announcements, Quarterly Results, Shareholding Pattern etc. of the Company are also posted on www.corpfiling.co.in .
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.
Whether it also displays official news releases	Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website www.rajravon.com .
Annual Report	Annual Reports are sent to each shareholder at their address registered or on their e-mail address registered with the Company/R&TA/Depositories. Corporate Governance Certificate, as required under Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchanges for the period 1 st April, 2015 to 30 th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1 st December, 2015 to 31 st March, 2016, obtained from Auditors of the Company and Management Discussion & Analysis Report are attached to this report.
The presentations made to institutional investors or to the analysts	N.A.

GENERAL SHAREHOLDER INFORMATION:

AGM Date	30 th September, 2016												
Time	10.AM												
Venue	Registered office: Survey No. 177/1/3, Village-Surangi, Dist-Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230 (INDIA)												
Corporate Office	Corporate office: 5-C, 196/197, "Akshay" Mittal Industrial Estate, Sakinaka, Andheri (East), Mumbai – 400 059, Maharashtra (INDIA) Tel: 91-22- 40343434, Fax: 91-22- 40343400 E-mail: investors@rajravon.com												
Plant Location	1) Survey No. 272/1/1, Plot No. 1, Village Dadra, Dadra-Demani Road, Dist - Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230(INDIA) 2) Survey No. 185/1/1, Plot No.17, Dokmandi, Village - Amla, Dist- Silvassa, Dadra & Nagar Haveli (U.T.) - 396 230 (INDIA) 3) Survey No. 177/1/3, Village – Surangi, Dist - Silvassa, Dadra and Nagar Haveli (U.T.) - 396 230(INDIA)												
Financial Year	April 1, 2015 to March 31, 2016												
Book Closure Date	24 th September, 2016 to 30 th September, 2016 (both days inclusive) for 23 rd Annual General Meeting.												
Dividend	Not Declared for the financial Year 2015-16												
Listing of Stock Exchange	Bombay Stock Exchange Limited National Stock Exchange of India Limited												
Stock Code	BSE-530699 NSE Symbol-RAJRAYON												
Demat ISIN No.	INE533D01024												
CIN	L17120DN1993PLC000368												
Financial Calender	<table> <tr> <th>Financial Year:</th><th>1st April to 31st March</th></tr> <tr> <td>Results for the quarter ending June 30, 2015</td><td>Mid week of August, 2015</td></tr> <tr> <td>Results for quarter ending September 30, 2015</td><td>Mid week of November, 2015</td></tr> <tr> <td>Results for quarter ending December 31, 2015</td><td>Mid week of February, 2016</td></tr> <tr> <td>Results for year ending March 31, 2016</td><td>Last week of May, 2016</td></tr> <tr> <td>Annual General Meeting</td><td>September, 2016</td></tr> </table>	Financial Year:	1 st April to 31 st March	Results for the quarter ending June 30, 2015	Mid week of August, 2015	Results for quarter ending September 30, 2015	Mid week of November, 2015	Results for quarter ending December 31, 2015	Mid week of February, 2016	Results for year ending March 31, 2016	Last week of May, 2016	Annual General Meeting	September, 2016
Financial Year:	1 st April to 31 st March												
Results for the quarter ending June 30, 2015	Mid week of August, 2015												
Results for quarter ending September 30, 2015	Mid week of November, 2015												
Results for quarter ending December 31, 2015	Mid week of February, 2016												
Results for year ending March 31, 2016	Last week of May, 2016												
Annual General Meeting	September, 2016												
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, Maharashtra(INDIA) Ph: 91-22-25946970-78, Fax: 91-22-25946969 Email: mt.helpdesk@linkintime.co.in Website: www.linkintime.co.in												
Address for Corressondance	Enquiries, if any relating to shareholder accounting records, share transfers, transmission of shares, change of address / bank mandate details for physical shares, receipt of dividend warrant, loss of share certificates etc., should be addressed to: 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 Website: www.linkintime.co.in (OR) Directly to the Company to: The Company Secretary Raj Rayon Industries Ltd. Corporate office: 5-C, 196/197, "Akshay" Mittal Industrial Estate, Sakinaka, Andheri (East), Mumbai – 400 059, Maharashtra (INDIA) Tel: 91-22- 40343434, Fax: 91-22- 40343400 E-mail: investors@rajravon.com Tel Nos.:022-40343434,40343412 Fax Nos.: 40343400												



Listing fees have been paid to Bombay Stock Exchange Ltd and National Stock Exchange India Ltd., for the Financial Year 2016-17

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:

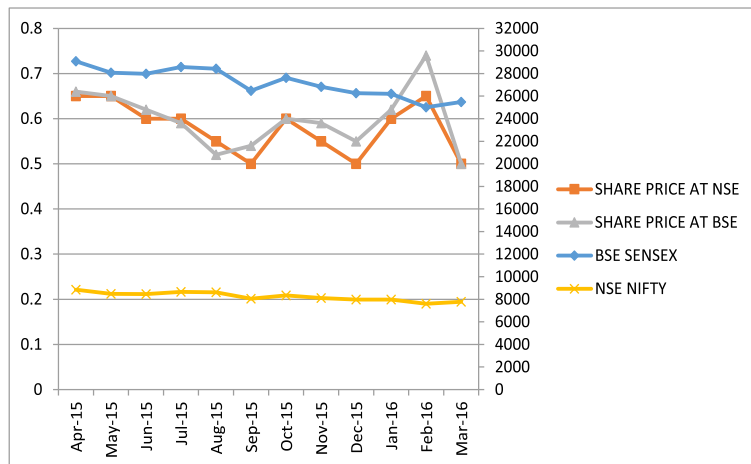
Month	Bombay Stock Exchange (Amount in ₹)		National Stock Exchange (Amount in ₹)	
	High	Low	High	Low
April, 2015	0.66	0.54	0.65	0.45
May, 2015	0.65	0.57	0.65	0.45
June, 2015	0.62	0.55	0.60	0.50
July, 2015	0.59	0.45	0.60	0.40
August, 2015	0.52	0.46	0.55	0.40
September, 2015	0.54	0.39	0.50	0.40
October, 2015	0.6	0.39	0.60	0.35
November, 2015	0.59	0.43	0.55	0.40
December, 2015	0.55	0.45	0.50	0.40
January, 2016	0.62	0.44	0.60	0.45
February, 2016	0.74	0.41	0.65	0.40
March, 2016	0.5	0.35	0.50	0.35

Source: BSE and NSE websites

Performance in comparison to broad-based Indices:

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

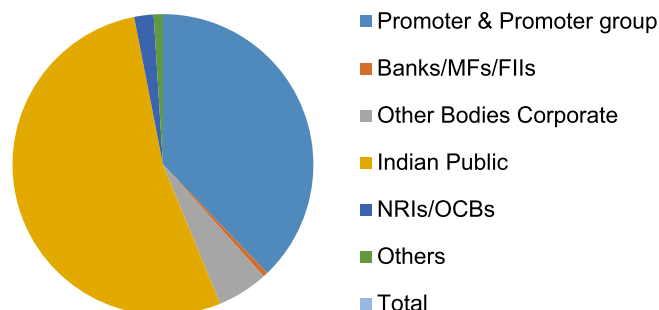
	BSE SENSEX	SHARE PRICE AT NSE	SHARE PRICE AT BSE	NSE NIFTY
Apr-15	29094.61	0.65	0.66	8,844.80
May-15	28071.16	0.65	0.65	8,489.55
Jun-15	27968.75	0.6	0.62	8,467.15
Jul-15	28578.33	0.6	0.59	8,654.75
Aug-15	28417.59	0.55	0.52	8,621.55
Sep-15	26471.82	0.5	0.54	8,055.00
Oct-15	27618.14	0.6	0.6	8,336.30
Nov-15	26824.3	0.55	0.59	8,116.10
Dec-15	26256.42	0.5	0.55	7,979.30
Jan-16	26197.27	0.6	0.62	7,972.55
Feb-16	25002.32	0.65	0.74	7,600.45
Mar-16	25479.62	0.5	0.5	7,777.60



DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2016 :

Share holding of nominal value of Rupees (₹)	No. of Share holders	% of Share holders	Share Holding (₹)	% of Share Holding
Up to 500	1209	8.46	335110	.096
500- 1000	6167	43.15	6114641	1.76
1000- 2000	2277	15.93	4178498	1.20
2000 – 3000	800	5.60	2251154	.65
3000 – 4000	418	2.92	1609681	.46
4000 – 5000	968	6.77	4798032	1.38
5000– 10000	1230	8.60	10490039	3.02
10000& above	1222	8.55	316676845	91.40
TOTAL	14291	100.00	346454000	100.00

CATEGORIES OF SHAREHOLDERS



Dematerialisation of shares and liquidity and Lock-in of Shares:

(A) Dematerialisation Position as on 31st March, 2016:

Total No. of fully paid up Equity Shares	Shares in Demat Form	Percentage %	Shares in Physical Form	Percentage %
346454000	342534900	98.88	3919100	1.12

The Equity Shares of Raj Rayon Industries Limited is 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.

DETAILS OF LOCKED IN SHARES:

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

Name	No. of shares	Date of allotment	Lock - in start date	Lock- in release date
Raj Money Market Limited	1,33,22,000	30/06/2012	30/06/2012	29/06/2015
Raj Kumari Kanodia	4500000	24/04/2015	19/06/2015	19/06/2018
Sushil Kumar Kanodia	6800000	24/04/2015	19/06/2015	19/06/2018
Radheshyam Kanodia (HUF)	1500000	24/04/2015	19/06/2015	19/06/2018
Sushil Kumar Kanodia (HUF)	1500000	24/04/2015	19/06/2015	19/06/2018
Samiksha Kanodia	1500000	24/04/2015	19/06/2015	19/06/2018
Akansha Jatin Kanodia	1500000	24/04/2015	19/06/2015	19/06/2018

Outstanding GDRs/ ADRs/ Warrants or any convertible instruments conversion:

The Company has so far not issued any GDRs/ ADRs.

**RECONCILIATION OF SHARE CAPITAL AUDIT REPORT:**

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.

Transfer of Unpaid/Unclaimed Dividend Amount to IEPF:

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956 (now read as Section 124 (5) of Companies Act, 2013) 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 (now read as Section 125 of Companies Act, 2013). During the year there is no unclaimed dividend which required to transfer to IEPF

EQUITY SHARES IN SUSPENSE ACCOUNT:

As per Clause 5A(I)(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, 2015	17	17000
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, 2016	17	17000

The voting rights on the shares outstanding in the suspense account as on 31st March, 2016 shall remain frozen till the rightful owner of such shares claims the shares.

CERTIFICATE OF CORPORATE GVERNANCE:

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 for the period April 1, 2014 to November 30, 2015 and as per Regulation 15 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is annexed to the report.

SHAREHOLDERS RIGHTS:

The quarterly results of the Company are being published in the English and Vernacular newspapers (i.e. 'The Financial Express', Ahmedabad edition in English and Gujarati and in 'The Financial Express', in English in all edition) and they are also displayed on the Company's website namely www.rajrayon.com and in the official section of www.corpfiling.co.in.

AUDIT OBSERVATIONS:

Auditor's observation on the Financial Statement for the year 2015-2016 has been appropriately explained in the Directors' Report.

**Chief Executive Officer (CEO) & Chief Financial Officer (CFO)
Certification**

To,
The Board of Directors
Raj Rayon Industries Limited

We hereby certify that on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31st March, 2016 and that to the best of our knowledge and belief:

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

We hereby certify that, to the best of our knowledge and belief, no transactions entered into by the Company during the year by the Company are fraudulent, illegal or violative of the Company's Code of Conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

Sushil Kumar Kanodia
CEO & CFO

Date: 12th August, 2016

Place: Mumbai

**DECLARATION OF COMPLIANCE WITH THE CODE OF
CONDUCT**

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31st March 2016.

For Raj Rayon Industries Limited

Sd/-
Rajkumari Kanodia
Non-Executive Director & Chairperson

Date: 12th August, 2016

Place: Mumbai



AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members
Raj Rayon Industries Limited

We have examined the compliance of conditions of Corporate Governance by Raj Rayon Industries Limited, for the year ended March 31, 2016 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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,

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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

For KM Garg & Co.
Chartered Accountants
Firm Registration Number: 120712W

CA. KK Garg
Partner
MNo. – 033940

Place: Mumbai
Date: 30-05-2016

**INDEPENDENT AUDITORS' REPORT**

To,
The Members of,
Raj Rayon Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Raj Rayon Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Director is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the Provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143 (10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also include evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016; and its Loss and cash flow for the year ended on that date.

Emphasis of Matter

We draw attention to the following matter in the notes to the Financial Statements for which our opinion is not qualified:

- Contingency related to Compensation payable in lieu of bank sacrifice, the outcome of which is materially uncertain and cannot be determined currently.
- In view of Continuous heavy losses and uncertainty of Profits, the Deferred Tax Assets amounting to ₹ 6259.50 Lacs has been reversed and adjusted with Balance in Statement of Profit & Loss under "Reserve & Surplus".
- In view of Continuous heavy losses and uncertainty of Profits, the MAT Credit Entitlement amounting to ₹ 450.96 Lacs has been reversed and adjusted with Balance in Statement of Profit & Loss under "Reserve & Surplus".
- In the absence of Confirmation and recovery from the Trade Receivables, the Company has made Provision for Doubtful Trade Receivables amounting to ₹ 10253.91 Lacs and charged the same to Statement of Profit & Loss under "Other Expenses – Administrative Expenses".
- The Net worth of the Company is fully eroded. However the management has prepared the financial statements on going concern basis.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 (hereinafter referred to as the "Order"), and on the basis of such checks of the books of accounts and records of the Company as we considered appropriate and according to the information and explanation given to us, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, we report that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2016 from being appointed as a director in terms of section 164 (2) of the Act.



(f) With reference to the adequacy of the Internal Financial Control over financial reporting of the Company and the operating effectiveness of such controls, refer to our Separate Report in “**Annexure B**”.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us :

- i. The Company does not have any pending litigation which would impact its financial position.
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There is no amount outstanding which needed to be transfer to Investor education and protection fund.

For K. M. Garg & Co.
Chartered Accountants

(FRN – 120712W)

(CA. K K Garg)

Partner

M No. 033940

Place: Mumbai

Date: 30th May 2016



ANNEXURE “A” TO THE INDEPENDENT AUDITORS' REPORT OF RAJ RAYON INDUSTRIES LIMITED

(Referred to in paragraph under the heading of 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the financial statements of the Company for the year ended 31st March 2016)

(I)

a. In our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

b. As explained to us, the fixed assets have been physically verified by the management according to a programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.

c. The title deeds of immovable properties as disclosed in Note – 12 on Fixed Assets to the financial statements, are held in the name of the Company.

(II)

a. As explained to us, Physical verification of inventory excluding stock with third party has been conducted by the management at reasonable intervals. In respect of Inventory lying with third party, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

b. The Discrepancies noticed on verification of Inventory as compared to books records were not material and these have been properly dealt with in the books of accounts.

(III) The Company has not granted any Unsecured Loan to Companies as covered in the register maintained under section 189 of the Companies Act, 2013.

(IV) In our opinion and according to the information and explanation given to us, the company has complied with provisions of Section 185 and 186 of the Companies Act, 2013 in respect of Loans, Investments, guarantees, and security.

(V) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit within the meaning of section 73 to 76 of the Companies Act, 2013, and the rules framed there under.

(VI) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under section 148 (1) of the Act in respect of its Products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(VII)

a) According to the records of the Company and the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income tax, sales tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Value Added Tax, Cess and other statutory dues to the extent applicable to it. There are no undisputed statutory dues as referred to above as at 31st March 2016 outstanding for a period of more than six months from the date they become payable.

b) According to the information and explanations give to us and the records of the Company examined by us, there are no dues of Income

Tax or sales tax or service tax or duty of custom or duty of excise or value added tax or cess except below-

Name of the Statute	Nature of the Dues	Amount in ₹ (Excluding penalties and interest, if any)	Period to which the amount relate	Forum where dispute is pending
Central Excise Duty	Excise Duty	23.89	1995-1996	Additional Directorate of Anti Evasion
		32.09	1996-1997	
		38.30	1997-1998	
		25.82	1998-1999	
		7.40	1999-2000	
		127.50		
		0.09#	1999-2000	The Company is in the process of refund
		2.95	2003-2004	Appellate Tribunal of Central Excise
		3.35	2003-2004 & 2004-2005	The Company has filed reply to show Cause Notice received from Superintendent of Central Excise
		2.84#	2003-2004	The Company has filed the Appeal in the Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad
		70.87	2005-2006 & 2006-2007	The Company has filed the reply to Show cause notice received from the Commissioner of Central Excise & Custom, Vapi
		190.07	2006-2007 & 2007-2008	The Company has filed the reply to Show cause notice received from the office of the Commissioner of Central Excise & Custom, Vapi
		187.08	2007-2008	The Company has filed the reply to Show cause notice received from the Commissioner of Central Excise & Custom, Vapi
		332.04	2009-2010	The Company has filed Appeal & Stay application with Custom Excise & Service Tax Appellate Tribunal, Ahmedabad
		174.57	2012-2013	The Company has filed an Appeal before the Custom, Excise & Service tax Appellate Tribunal, Ahmedabad
Textile Committee Act	Cess	0.35	1997-1998	Textile Cess Appellate Tribunal
		0.88	1998-1999	
		2.13	1999-2000	
		3.10	2000-2001	
		1.37	2001-2002	
		7.82		
Income Tax Act	Income Tax	25.47	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
Gujarat Tax on Entry of Specified Goods into Local Area Act, 2001 (Including Penalties & Interest)	Entry tax	308.83 (Net of ₹ 250.00 lacs being amount Recovered by the Department)	01.04.2012 to 31.01.2014	The Company has filed an appeal before the Deputy Commissioner of Commercial Tax Surat (Gujarat).

Payment made under protest
* Assessment year

(viii) Based on our audit procedures and according to the information and explanation given by the management, the company has defaulted in repayment of dues to bank / financial institution as detailed in Annexure “C” to this report. The Company has not issued any debentures.

(ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

(x) Based on the audit procedure performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.



(xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

(xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has made preferential allotment of 8,00,00,000 Equity Shares of Rs. 1/- each during the year under review. The funds were utilized for the purposes for which they were raised. The Company has not made any private placement of shares or fully or partly convertible debentures.

(xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

(xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For K. M. Garg & Co.
Chartered Accountants
(FRN – 120712W)

(CA. K K Garg)
Partner
MNo. 033940

Place: Mumbai
Date: 30th May 2016

“Annexure B” to the Independent Auditor's Report of even date on the Standalone Financial Statements of Raj Rayon Industries Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).

We have audited the internal financial controls over financial reporting of Raj Rayon Industries Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring

the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future



periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For K. M. Garg & Co.
Chartered Accountants
(FRN – 120712W)

(CA. K K Garg)
Partner
MNo. 033940
Place: Mumbai
Date: 30th May 2016

Annexure "C" to Independent Auditors' Report of Raj Rayon Industries Limited

Default in Repayment of dues to Banks (₹ in lacs)

Particulars	As at 31.03.2016	
	Principal	Interest
State Bank of India	2,064.17	1,478.79
State Bank of Hyderabad	1,201.02	1,297.69
State Bank of Mysore	466.81	439.57
State Bank of Travancore	369.80	406.14
State Bank of Bikaner & Jaipur	100.59	144.31
State Bank of Patiala	253.02	261.88
South Indian Bank	366.37	367.47

For K. M. Garg & Co.
Chartered Accountants
(FRN – 120712W)

(CA. K K Garg)
Partner
MNo. 033940
Place: Mumbai
Date: 30th May 2016

Note 1: SIGNIFICANT ACCOUNTING POLICIES.

1. Basis of Preparation of Financial Statements

a) These financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India, including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

b) The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees.

2. Use of Estimates

The preparation of financial statements requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount 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/ materialised.

3. Tangible and Intangible Fixed assets

a) Tangible fixed assets -

i) Fixed Assets are stated at cost net of CENVAT / VAT wherever applicable and less accumulated depreciation. Cost comprises of Purchase Price and attributable Cost. The Preoperative expenses are capitalised.

ii) Expenditure (including financing costs) incurred for fixed assets, the construction/installation/acquisition of which is not completed up to the year end is included under the capital work-in-progress and on such completion the same is related/classified to the respective fixed assets.

b) Intangible fixed asset

i) 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) Depreciation on fixed assets is being provided on "Straight line method" in accordance with Companies Act 2013 as per the useful life specified in schedule II of the act till the written down value is reduced to 5% of the gross value being Residual value. No further depreciation is provided on such balance.

b) 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.

c) 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.

d) 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 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.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

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 borrowing 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 yearend 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.

5. 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.

6. 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.

Note 2 : Debt Restructuring:

A) Corporate Debt Restructuring (CDR) :

Raj Rayon Industries Limited hereinafter referred to as the 'Borrower', who have availed various financial facilities from the secured lenders. At the request of the Borrower, the Corporate Debt Restructuring Proposal ('CDR Proposal') of the Borrower was referred to Corporate Debt Restructuring Cell ("CDR Cell") by the consortium of lenders led by the State Bank of India. The CDR Proposal as recommended by State Bank of India, the lead lender and approved by lenders who are members of CDR Cell hereinafter referred to as the 'CDR Lenders' was approved by CDR Empowered Group ('CDR EG') on March 24, 2014 and communicated vide Letter of Approval dated March 27, 2014. The cutoff date for CDR Proposal was August 01, 2013. The Master Restructuring Agreement ('MRA') between the Borrowers, guarantors and the CDR Lenders has been executed, by virtue of which the restructured facilities are governed by the provisions specified in the MRA having cutoff date ('COD') of August 01, 2013.

The key features of the CDR Proposal are as follow:

1. Restructuring of repayment Schedule of Restructured Term Loan – 1 & 2 ('RTL – 1 & 2')
2. Repayment of Restructured Term Loan – 3 ('RTL - 3') after moratorium of 2 year from COD in 24 structured quarterly installments commencing from October 2015 to July 2021.
3. Conversion of various irregular/outstanding/devolved financial facilities into Working Capital Term Loan ('WCTL'). Repayment of WCTL after moratorium of 2 year from COD in 24 structured quarterly installments commencing from October 2015 to July 2021.
4. Restructuring of existing fund based and non fund based financial facilities, subject to renewal and reassessment every year.
5. Interest accrued on certain financial facilities from COD till the facility wise specified period shall be converted into Funded Interest Term Loan ('FITL'). The interest payable on RTL 1 & RTL – 2 for a period of 18 months from COD till January 31, 2015 shall be converted to FITL - I. The Interest payable on RTL -3 and WCTL, WCTL II & WCTL III during moratorium period of 2 years from COD shall also be converted to FITL - II. The Interest paid on Unhedged Foreign Currency Facilities (LC, BC and FCNR) post Dec 31, 2013 shall also be converted into FITL – 3.
6. The rate of interest on RTL 1 & RTL – 2 remains unchanged whereas

rate of Interest on RTL - 3, WCTL, FITL shall be 12.70% and fund based working capital facilities shall be 11% with reset option in accordance with MRA.

7. Waiver of all liquidated damages / penal charges / processing fees / penal interest or excess interest (in excess of documented rate) on any of the facilities till the implementation of Restructuring Scheme.

8. Right of Recompense to CDR Lenders for the relief and sacrifice extended, subject to provisions of CDR Guidelines and MRA.

9. Contribution of ₹ 10.98 Crores in the Company by promoters in lieu of lenders sacrifice in the form of introduction of funds by way of Unsecured Loans.

In case of financial facilities availed from the non-CDR Lenders, the terms and conditions shall continue to be governed by the provisions of the existing financing documents.

Expenditure on restructuring and refinancing of earlier financial facilities has been charged off over a period of 9 years.

The Borrowers and the CDR Lenders executed a MRA during the year. The MRA as well as the provisions of the Master Circular on Corporate Debt Restructuring issued by the Reserve Bank of India, give a right to the CDR Lenders to get a recompense of their waivers and sacrifices made as part of the CDR Proposal. The recompense payable by the borrowers is contingent on various factors including improved performance of the borrowers and many other conditions, the outcome of which currently is materially uncertain and hence the proportionate amount payable as recompense has been treated as a contingent liability. The aggregate present value of the outstanding sacrifice made/ to be made by CDR Lenders as per the MRA is approximately ₹ 37.06 crore for the Company.

B) Strategic Debt Restructuring (SDR) :

Due to continuous losses, the Compliance to Sanctioned CDR package could not be met. Pursuant to RBI Circular dated 8th June 2015, CDR Lenders had invoked the proposal of Strategic Debt restructuring (SDR). The "Reference Date" for the purpose of SDR was 26th October 2015. The requisite majority for approval of SDR Scheme in value and numbers had been received. The SDR was required to be affected by the CDR lenders taking a majority stake in the Company through conversion of a part of their outstanding loans and interest into Equity shares. It was decided that ₹ 36.06 Crore would be converted into Equity shares and to be held by the CDR lenders so as to hold 51% stake in the Equity Capital Post Conversion.

The Shareholders of the Company had approved the "Strategic debt restructuring" (SDR) Scheme in Extra Ordinary General (EGM) held on 17th January 2016 for Conversion of Debt into Equity Shares of the Company.

However Joint Lenders Forum (JLF) has decided not to convert debt into equity and accordingly the targeted conversion of debt into equity could not taken place within 210 days.


RAJ RAYON INDUSTRIES LIMITED
Balance Sheet as at 31st March 2016

(₹ in Lacs)

Particulars	Note No.	As at 31.03.2016		As at 31.03.2015	
EQUITY AND LIABILITIES					
Share holders' funds					
Share capital	3	4,864.54		4,064.54	
Reserves and surplus	4	(40,435.14)		(5,056.89)	
			(35,570.60)		(992.35)
Non-current liabilities					
Long term borrowings	5	47,340.30		53,360.10	
Other long term liabilities	6	32.00		32.00	
Long-term provisions	7	32.38		24.98	
			47,404.68		53,417.08
Current liabilities					
Short term borrowings	8	11,830.76		10,281.46	
Trade payables	9	2,541.77		2,910.32	
Other current liabilities	10	17,399.37		6,738.57	
Short term provisions	11	1.07		0.96	
			31,772.97		19,931.31
TOTAL			43,607.05		72,356.04
ASSETS					
Non current assets					
Fixed assets					
Tangible assets	12	32,038.10		36,864.12	
Intangible assets	12	-		-	
Capital work in progress	12	-		-	
		32,038.10		36,864.12	
Non-current investments	13	10.02		10.02	
Deferred tax assets (net)	14	-		6,259.50	
Long term loans and advances	15	134.86		164.40	
Other non-current assets	16	2,411.09		2,345.21	
			34,594.07		45,643.25
Current assets					
Inventories	17	4,684.79		8,124.52	
Trade receivables	18	2,984.77		14,358.05	
Cash and bank balances	19	102.75		2,336.89	
Short term loans and advances	20	1,047.42		1,457.40	
Other current assets	21	193.25		435.93	
			9,012.98		26,712.79
TOTAL			43,607.05		72,356.04
Significant accounting policies					
Notes to Accounts	1 to 43				

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For and on behalf of the board

For K. M. Garg & Co.

Chartered Accountants

Firm registration No. 120712W

Rajkumari Kanodia

Non Executive Chairperson and Director

DIN No. 00229331

Naval Kanodia

Director

DIN No. 03063554

CA. K K Garg

Partner

Membership no. 033940

Sushil Kumar Kanodia

C.E.O. & C.F.O.

Deepa Gehani

Company Secretary

Mumbai

Dated: 30th May, 2016

Mumbai

Dated: 30th May, 2016



RAJ RAYON INDUSTRIES LIMITED
Statement of Profit and Loss for the year ended 31st March 2016

(₹ in Lacs)

Particulars	Note No.	figures for the current reporting period 2015-16		figures for the previous reporting period 2014-15	
Revenue from operations	22	50,761.35		21,107.88	
Less: Excise duty		5,584.78		2,750.19	
Other income	23		45,176.57		18,357.69
Total Revenue			210.66		822.25
Expenses:			45,387.23		19,179.94
Cost of materials consumed	24	34,996.00		21,015.47	
Purchases of stock-in-trade	25	2,456.84		(2,922.43)	
Changes in inventories of finished goods, work in progress, stock in trade and manufactured components	26	2,604.85		(4,732.50)	
Employee benefits expense	27	919.20		673.36	
Finance cost	28	8,863.65		7,108.72	
Depreciation and amortisation expense	12	4,834.69		4,240.76	
Other expenses	29	19,378.15		4,580.78	
Total expenses			74,053.38		29,964.16
Profit / (Loss) before Tax			(28,666.15)		(10,784.22)
Tax expense:					
Current tax		-		-	
Deferred tax		-		(3297.96)	
MAT credit entitlement		-		-	
Tax adjustment for earlier years		1.64		0.12	
Profit / (Loss) for the period			1.64		(3,297.84)
Earning per equity share	30		(28,667.79)		(7,486.38)
Basic			(8.40)		(2.81)
Diluted			(8.40)		(2.81)
Significant accounting policies					
Notes to Accounts	1 to 43				

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For and on behalf of the board

For K. M. Garg & Co.
Chartered Accountants
Firm registration No. 120712W

Rajkumari Kanodia
Non Executive Chairperson and Director
DIN No. 00229331

Naval Kanodia
Director
DIN No. 03063554

CA. K K Garg
Partner
Membership no. 033940

Sushil Kumar Kanodia
C.E.O. & C.F.O.

Deepa Gehani
Company Secretary

Mumbai
Dated: 30th May, 2016

Mumbai
Dated: 30th May, 2016


RAJ RAYON INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2016

(₹ in Lacs)

Particulars	For the year ended 31.03.2016		For the year ended 31.03.2015	
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit / (Loss) before Tax and Extraordinary Items	(28666.15)		(10784.22)	
Adjustment for:				
Depreciation	4834.69		4240.76	
CDR Expenses	25.72		25.72	
Provision for Bad & Doubtful Debts	10253.91		-	
Investment Income:				
Exchange Rate Change	5.74		(33.19)	
Loss on Sale of Fixed Asset	5.11		4.69	
Rent Income	(62.75)		(56.00)	
Interest /other Income	(112.71)		(150.74)	
Expenses for Increase in Authorised Share Capital	27.00		-	
Finance costs	8863.64		7108.72	
Operating Profit before Working Capital changes	(4,825.80)		355.74	
Adjustment for:				
Inventories	3439.73		(6409.90)	
Trade receivables	1113.64		2477.24	
Other Receivables, Loans & Advances (Current / Non Current)	747.11		(978.94)	
Trade payables	(368.55)		(246.67)	
Other Payables, Provisions (Current / Non Current)	(63.08)		353.43	
Cash generated from operations	43.05		(4,449.10)	
Direct Taxes Paid				
(including reversal of Mat Credit Entitlement)	(462.50)		(20.25)	
Cash flow before Extraordinary Items	(419.45)		(4,469.35)	
Extraordinary Items	-		-	
NET CASH FLOW FROM OPERATING ACTIVITIES		(419.45)		(4,469.35)
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (*)	(108.57)		(890.92)	
Sale of Investments	-		0.01	
Purchase of Investments	-		(0.01)	
Sale of Fixed Assets	12.10		59.88	
Bank balances other than cash and cash equivalents	2077.95		(1804.06)	
Interest / other income	120.78		207.07	
Rent Income	62.36		54.43	
NET CASH USED IN INVESTING ACTIVITIES		2,164.62		(2,373.60)



(C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Shares	800.00		-	
Expenses for Increase in Authorised Share Capital	(27.00)		-	
Increase/(Decrease) in Unsecured Loan - Long Term (net)	(529.35)		529.35	
Proceeds from long term borrowings (Refer note no. 4)	1281.86		6906.00	
Repayment of long term borrowings	(438.55)		(945.46)	
Change in Working Capital Borrowing from Banks	1549.30		7425.42	
Interest & Other Borrowing Cost (Refer note no. 5)	(4351.78)		(7974.70)	
NET CASH FROM FINANCING ACTIVITIES		(1,715.52)		5,940.61
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		29.65		(902.34)
EFFECT OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENT		-		0.01
OPENING BALANCE OF CASH AND CASH EQUIVALENTS		8.28		910.61
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		37.93		8.28

Notes to cash flow statement:

- (*) Inclusive of Capital Work in Process.
- All figures in brackets are outflow.
- Refer Note no. 19 for details of cash and cash equivalents.
- The proceeds from long term borrowings are inclusive of interest on term loan / working capital term loan funded by way of creation of FITL.
- The interest and other borrowing cost are inclusive of interest on term loan / working capital term loan funded by way of creation of FITL.

As per our attached report of even date:

For and on behalf of the Board

For K. M. Garg & Co.

Chartered Accountants

Firm registration No. 120712W

Rajkumari Kanodia
Non Executive Chairperson and Director
DIN No. 00229331

Naval Kanodia
Director
DIN No. 03063554

CA. K K Garg

Partner

Membership no. 033940

Sushil Kumar Kanodia
C.E.O. & C.F.O.

Deepa Gehani
Company Secretary

Mumbai

Dated: 30th May, 2016

Mumbai

Dated: 30th May, 2016



RAJ RAYON INDUSTRIES LIMITED

Notes on Financial Statements for the year ended 31st March 2016

(₹ in Lacs)

Particulars		As at 31.03.2016		As at 31.03.2015	
Note 3: Share capital					
		Numbers	(₹ in Lacs)	Numbers	(₹ in Lacs)
Authorised:					
Equity Shares of ₹ 1/- each		710,000,000	7,100.00	350,000,000	3,500.00
Preference Shares of ₹ 10/- each		15,000,000	1,500.00	15,000,000	1,500.00
Total			8,600.00		5,000.00
Issued, subscribed and paid-up :					
Equity Shares of ₹ 1/- each fully paid		346,454,000	3,464.54	266,454,000	2,664.54
15% Non Convertible Non Cumulative Redeemable Preference Shares of ₹ 10/- each		14,000,000	1,400.00	14,000,000	1,400.00
Total			4,864.54		4,064.54

3.a Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period :-

(i) Equity shares :-

Particulars	Numbers	(₹ in Lacs)	Numbers	(₹ in Lacs)
Outstanding at the beginning of the reporting period	266,454,000	2,664.54	266,454,000	2,664.54
Issued during the reporting period	80,000,000	800.00	--	--
Bought back during the reporting period	--	--	--	--
Outstanding at the end of the reporting period	346,454,000	3,464.54	266,454,000	2,664.54

(ii) Preference shares :-

Particulars	Numbers	(₹ in Lacs)	Numbers	(₹ in Lacs)
Outstanding at the beginning of the reporting period	14,000,000	1,400.00	14,000,000	1,400.00
Issued during the reporting period	--	--	--	--
Bought back during the reporting period	--	--	--	--
Outstanding at the end of the reporting period	14,000,000	1,400.00	14,000,000	1,400.00

3.b The principle rights,powers,preferences and restrictions relating to each class of share capital are as follows:

- (i) **Equity Shares** - The Company has issued only one class of Equity Shares having a par value of Rs. 1/- per share. Each Holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of Liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the Shareholders.

- (ii) **Preference Shares** - The preference shareholders shall have the right to receive all notices of General Meetings of the Company but shall not confer thereon the right to vote at any meeting. The Preference Shareholders shall be entitled to receive dividend @ 15% per annum from the date of allotment till the date of redemption on proportionate basis. The preference shareholders shall rank in priority to the Equity shares for repayment of capital and payment of dividend. The Company shall redeem starting from the end of thirteenth year on yearly basis 1/3rd Preference Shares from the date of allotment at the rate of Rs. 10/- each at a premium of Rs. 20/- each till the end of fifteenth year. The Company shall have the option to prematurely redeem in part or in full the outstanding amount on preference shares at a price of Rs. 10/- each at a premium of Rs. 20/- each at any point of time after the end of three years from the date of allotment by giving three month notice in writing to the preference shareholders.

In term of section 47 (2) of the companies act 2013, the preference shareholders have been vested with the right to vote on all the resolutions placed before the company being dividend not paid for a period of more than 2 years.

3.c Shareholders holding more than 5% share capital at the end of the year :

Name of shareholders	Numbers	% of Holding	Numbers	% of Holding
Equity Shares				
Raj Money Market Limited	94,720,930	27.34	94,720,930	35.55
Jitendra B. Salecha HUF	14,000,000	4.04	14,000,000	5.25
Fine Fashion Private Limited	33,694,203	9.73	2,679,250	1.01
Preference Shares				
Nakoda Limited	14,000,000	100.00	14,000,000	100.00

3.d Information regarding issue of shares in the last five years

- The Company has not issued any shares without payment being received in cash.
- The Company has not issued any bonus shares.
- The Company has not undertaken any buy-back of shares.


Note 4: Reserves and surplus
Capital reserve-on forfeited shares/ share warrants:

As per last Balance Sheet		114.47		114.47
<u>Securities premium reserve:</u>				
As per last Balance Sheet		7,630.73		7,630.73
<u>Surplus in statement of profit and loss:</u>				
Balance at the beginning of the year	(12,802.09)		(5,306.22)	
Adjustment relating to Fixed Assets (Refer Note No. 12(a))	-		(9.49)	
Reversal of Deferred Tax Assets (net) of earlier years (Refer note no 14 (a))	(6,259.50)		-	
Reversal of Mat Credit Entitlement (Refer note no 16 (a))	(450.96)		-	
Add (less): Profit (loss) after tax for the reporting period	(28,667.79)		(7,486.38)	
		(48,180.34)		(12,802.09)
Total		(40,435.14)		(5,056.89)

Note 5: Long term borrowings

Secured loans:				
Term loans				
From Banks:				
Rupee Loans		58,363.37		57,510.67
Other parties:				
Daimler Financial India Private Ltd.		12.26		21.65
		58,375.63		57,532.32
Less: Current maturities of long term debts		12,133.33		5,799.57
(Including instalment defaulted and remained unpaid at Balance Sheet date)				
Sub-total		46,242.30		51,732.75
Unsecured loans:				
Inter-corporate loans		1,098.00		1,627.35
Sub-total		1,098.00		1,627.35
Total		47,340.30		53,360.10

A. Secured Loans:

1) In case of financial facilities from CDR Lenders in accordance with MRA, Term Loan (TL) of ₹ 24086.71 Lacs, Working Capital Term Loan (WCTL) of ₹ 24605.13 Lacs, Funded Interest Term Loan (FITL) of ₹ 9671.53 Lacs and Fund Based Working Capital of ₹11830.76 Lacs and Non Fund Based working Capital facility (Bank Guarantee) of ₹ 425.25 Lacs are secured by –

- All chargeable present & future tangible / intangible movable assets of the Company, first charge on all chargeable on all present & future immovable assets of the Company, first charge on all the present & future chargeable current assets of the Company.
- Extension of equitable mortgage on residential Flat no.T-35/706, 7th Floor, “Golden Heights” Co-operative Housing Society Limited owned by Mrs. Rajkumari Kanodia.
- Lien on TDR of ₹ 29.00 Lacs.
- Personal Guarantee of Mr. Gourishankar Poddar and Mrs. Rajkumari Kanodia.
- Corporate Guarantee of M/s Raj Money Market Limited.
- Pledge of 11,80,35,930 Equity Shares of the Company (held by promoters).

2) Term Loan from Daimler Financial India Private Ltd. is secured by hypothecation of specific vehicle.

3) Rate of Interest on Term Loans ranges between 12% to 14.50%

B. Maturity profile of secured term loans / unsecured intercorporate loans	1-2 years	2-3 years	3-4 years	Beyond 4 years
(₹ In Lacs)	9,790.53	10,373.70	11,602.92	15,573.16

C. Period and amount of continuing defaults as on the balance sheet date in repayment of principal and interest (₹ in lacs)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Principal	Interest	Principal	Interest
State Bank of India	2,064.17	1,478.79	-	-
State Bank of Hyderabad	1,201.02	1,297.69	-	-
State Bank of Mysore	466.81	439.57	-	-
State Bank of Travancore	369.80	406.14	-	-
State Bank of Bikaner & Jaipur	100.59	144.31	-	-
State Bank of Patiala	253.02	261.88	-	-
South Indian Bank	366.37	367.47	-	-



D. State bank of India (Lead Banker) has classified the advances given to the Company as "Non Performing Asset" (NPA) as on 30th March 2016. However the Company has provided for interest on loan taken on accrual basis.

Note 6: Other Long term Liabilities

Deposits Received from Tenant	32.00		32.00
Total	32.00		32.00

Note 7: Long-term provisions

Provision for employee benefits (Refer note 35)	32.38		24.98
Total	32.38		24.98

Note 8: Short term borrowings

Secured Loans:

Working capital loans from banks

Cash Credit / Demand Loans / Short Term Loans

Rupee Loans (Sanctioned limit - ₹ 10239 lacs)	11,830.76		10,281.46
Total	11,830.76		10,281.46

Nature of security:

(i) Rate of Interest on working capital (cash credit) ranges between 10% to 13%. For details of security given for short term borrowings, refer Note no. 5 above.

(ii) The Company has defaulted in payment of interest on working capital loans

Note 9: Trade payables

Micro, small and medium enterprises			
Other trade payables	2,541.77		2,910.32
Total	2,541.77		2,910.32

9 (a): On the basis of information and records available with the company, there are no Micro and Small Enterprises, which have registered with the competent authority under the Micro, Small and Medium Enterprises Development Act, 2006 and relied upon by the Auditors.

Note 10: Other current liabilities

Current maturities of long term debts (Refer note no. 5)	12,133.33		5,799.57
Interest accrued & due on borrowings	4,711.62		199.76
Creditors for capital expenditure	67.45		181.68
Advances from customers	74.80		82.82
Statutory liabilities	63.09		38.94
Unpaid dividends	1.57		1.57
Other liabilities	347.51		434.23
Total	17,399.37		6,738.57

Note 11: Short term provisions

Provision for employees benefits (Gratuity) (Refer note no.35)	1.07		0.96
Total	1.07		0.96

RAJ RAYON INDUSTRIES LIMITED											
Notes on Financial Statements for the year ended 31st March 2016											
Note 12: FIXED ASSETS		GROSS BLOCK (At Cost)			DEPRECIATION				NET BLOCK		
PARTICULARS	As at 01.04.2015	Additions during the period	Sold/discarded/deducted during the period	Total As at 31.03.2016	Provided upto 31.03.2015	Adjustment of earlier years	Provided for the period	Written Back during the period	Total upto 31.03.2016	Total as at 31.03.2016	Total as at 31.03.2015
Tangible Assets											
Land	296.84	-	-	296.84	-	-	-	-	-	296.84	296.84
Air Condition System	628.56	-	-	628.56	549.21	-	9.27	-	558.48	70.08	79.35
Electrical Installation	3,431.79	-	-	3,431.79	2,098.70	-	220.85	-	2,319.55	1,112.24	1,333.09
Factory Building	6,803.86	-	-	6,803.86	1,263.44	-	217.24	-	1,480.68	5,323.18	5,540.42
D.G.Sets	190.96	-	-	190.96	48.53	-	19.43	-	67.96	123.00	142.43
Plant & Machinery	46,149.45	1.68	5.88	46,145.25	16,860.94	-	4,323.31	-	21,184.25	24,961.00	29,288.51
Furniture & Fixtures	157.02	0.47	-	157.49	100.08	-	20.50	-	120.58	36.91	56.94
Vehicle	135.36	15.90	20.63	130.63	63.60	-	15.50	9.30	69.80	60.83	71.76
Office Equipments	29.75	3.40	-	33.15	23.92	-	2.13	-	26.05	7.10	5.83
Computers	99.90	4.43	-	104.33	90.13	-	5.74	-	95.87	8.46	9.77
Office Premises	45.39	-	-	45.39	6.21	-	0.72	-	6.93	38.46	39.18
Intangible Assets											
Computer Software	7.50	-	-	7.50	7.50	-	-	-	7.50	-	-
Total as at 31.03.2016	57,976.38	25.88	26.51	57,975.75	21,112.26	-	4,834.69	9.30	25,937.65	32,038.10	36,864.12
Total as at 31.03.2015	50,910.55	7,526.16	460.33	57,976.38	17,253.72	13.54	4,240.76	395.76	21,112.26	36,864.12	
Capital work in progress										-	-

112 (a) Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly the unamortised carrying value is being depreciated/amortised over the revised/ remaining useful lives. The written down value of Fixed Assets whose lives have expired have been adjusted net of tax, in the opening balance of statement of Profit and Loss amounting to nil (previous year ₹ 9.49) Lacs.

**Note 13: Non-current investments**

Other than trade:(at cost):	Numbers	Amt in lacs	Numbers	Amt in lacs
Investments in fully paid equity instruments (unquoted)				
Raj Money Markets Limited having face value of ₹ 10/- each	100,100.00	10.01	100,100.00	10.01
The Bharat Co-operative Bank (Mumbai) Limited, having face value of ₹ 100/- each	10.00	0.01	10.00	0.01
Total		10.02		10.02

Particulars	Book value (₹)	Market value in lacs	Book value (₹)	Market value in lacs
Aggregate value of:				
Quoted investments	Nil	N.A.	Nil	N.A.
Unquoted investments	1,002,000.00	N.A.	1,002,000.00	N.A.

Note 14: Deferred tax assets (net)

Deferred Tax Liabilities:				
Depreciation		(2,213.16)		(2,213.16)
Deferred Tax Assets:				
Unabsorbed depreciation / Business Loss		6,164.73		6,164.73
Deferment of disallowances / allowances as per the Income Tax Act 1961		2,307.93		2,307.93
Total		6,259.50		6,259.50
Less Reversal of Deferred Tax Assets (net)		(6,259.50)		-
Total		-		6,259.50

14 (a): In view of heavy losses and uncertainty of Profits in years to come –

- No Provision for Deferred Tax Assets (Net) has been made in the Books of Accounts for the year.

- Deferred Tax Assets (net) amounting to ₹ 625949548/- pertaining to earlier years have been reversed and have been adjusted the same with the balance in Statement of Profit & Loss under “Reserve & Surplus”.

Note 15: Long term loans and advances

Unsecured, considered good				
Capital advances		123.23		154.77
Security deposits		9.03		9.43
Prepaid expenses		2.60		0.20
Total		134.86		164.40

Note 16: Other non-current assets

Fixed deposit with bank with maturity period more than 12 months held as		243.16		57.33
security, deposit, margin money for letter of credit and bank guarantees issued				
Interest accrued on fixed deposits		1.62		3.12
(Maturity period more than 12 months)				
Minimum alternate tax credit entitlement (refer note below)		-		450.96
Deferred Revenue Expenditure (CDR Expenses - Refer Note 2)		128.60		154.31
TUFS benefit receivable (interest subsidy)		732.84		624.62
Others		1,304.87		1,054.87
Total		2,411.09		2,345.21

16 (a): In view of the heavy losses and uncertainty of profits in years to come, the management of the Company has reversed the MAT Credit Entitlement amounting to ₹45096289/- pertaining to earlier years and have been adjusted the same with the Balance in Statement of Profit & Loss under “Reserve & Surplus”.



Note 17: Inventories (Refer note no. 1.6)

(As taken, valued & certified by the management)			
Raw Materials	685.12		976.72
Raw Materials - In transit	144.46		-
Work in progress	825.93		2,604.83
Manufactured components	493.11		566.16
Finished goods	2,165.73		3,012.44
Stores, spares and others	267.19		666.52
Packing materials	103.25		297.85
Total	4,684.79		8,124.52

Note 18: Trade receivables

Outstanding for a period exceeding six months from the date they are due for payments			
Unsecured, considered good	1,137.68		10,988.84
Unsecured, considered doubtful	10,342.52		88.61
	11,480.20		11,077.45
Less: Provision for doubtful trade receivables	(10,342.52)		(88.61)
	1,137.68		10,988.84
Outstanding for a period less than six months from the date they are due for payments			
Unsecured, considered good	1,847.09		3,369.21
Unsecured, considered doubtful	-		-
	1,847.09		3,369.21
Total	2,984.77		14,358.05

Note 19: Cash and bank balances

Cash and cash equivalents:				
Balances with banks	34.90		0.21	
Cash in hand	3.03		8.08	
		37.93		8.29
Other bank balances:				
Balances with banks in unpaid dividend accounts		1.57		1.57
Fixed deposits with banks held as security, deposit, margin money for letter of credit and bank guarantees issued	306.41		2,384.36	
Less : Amount disclosed under other non current assets (Refer note no. 16)	243.16		57.33	
		63.25		2,327.03
Total		102.75		2,336.89

Note 20: Short term loans and advances

Unsecured, considered good			
Advances to suppliers	92.48		229.08
Advances to staff	9.58		6.00
Cenvat credit receivable (Net of Provision)	780.47		1,058.46
Balance with Excise department	0.90		0.90
Prepaid expenses	53.26		34.90
Vat/Entry tax credit receivable	36.13		40.47
Deposits	2.00		6.00
Prepaid Taxes (Net of Provisions)	61.06		51.17
Others	11.54		30.42
Total	1,047.42		1,457.40

Note 21: Other current assets

Interest accrued on fixed deposits (Maturity period less than 12 months)	5.02		30.92
Export benefit receivable	33.50		94.85
Excise Refund Receivable	17.16		127.74
Forward Contracts Receivable	-		14.55
Deferred Revenue Expenditure (CDR Expenses - Refer Note 2)	25.72		25.72
TUFS benefit receivable (interest subsidy)	43.80		93.42
Interest Receivable	68.05		48.73
Total	193.25		435.93


RAJ RAYON INDUSTRIES LIMITED
Notes on Financial Statements for the year ended 31st March 2016

(₹ in Lacs)

Rs. in Lakhs)

Particulars	Figures for the current reporting period 2015-16		Figures for the previous reporting period 2014-15	
Note 22: Revenue from operations				
Sale of products				
Yarn - Local	28,173.43		16,088.91	
Yarn - Export	6,880.92		1,225.27	
Fabrics	-		(3,954.41)	
Chips	12,853.59		6,778.34	
PTA /MEG / Others	2,775.54		938.92	
		50,683.48		21,077.03
Other operating revenue				
Export incentives (Net of short receipt)	1.42		17.35	
Scrap and other sales	76.45		13.50	
		77.87		30.85
		50,761.35		21,107.88
Less Excise Duty		5,584.78		2,750.19
Total		45,176.57		18,357.69
Note 23: Other income				
Interest income:				
On fixed deposits with banks	37.20		91.63	
On delayed payments from customers	73.26		58.37	
On Loan / Deposit	2.25		0.74	
		112.71		150.74
Net foreign exchange gain / (loss)		24.44		10.76
Rent Received		62.75		56.00
Other Miscellaneous Income		10.76		604.75
Total		210.66		822.25
Note 24: Cost of materials consumed				
Chips		178.28		626.79
POY/FDY/PTY		1,403.29		2,300.85
PTA /MEG / Others		32,201.54		17,583.26
Yarn Oil		814.36		278.59
Spin Finish Oil		398.53		225.98
Total		34,996.00		21,015.47
Note 25: Purchases of stock-in-trade				
PTA /MEG / Others		2,456.84		828.23
Fabrics		-		(3,750.66)
Total		2,456.84		(2,922.43)

**Note 26: Changes in inventories**

Opening stocks:				
Finished goods	3,012.44		859.40	
Manufactured components	566.15		148.22	
Stock in Process	2,604.83		193.30	
		6,183.42		1,200.92
Less: Closing stocks:				
Finished goods	2,165.73		3,012.44	
Manufactured components	493.11		566.15	
Stock in Process	825.93		2,604.83	
		3,484.77		6,183.42
Add/Less: Provision for excise duty on finished goods (net)		(93.80)		250.00
Total		2,604.85		(4,732.50)

Note 27: Employee benefit expenses

Salaries and Wages		880.27		643.73
Contribution to Provident Fund and other funds		34.44		23.29
Staff Welfare Expenses		4.49		6.34
Total		919.20		673.36

Note 28: Finance cost

Interest expense		8,754.45		7,088.85
Other Borrowing Costs		109.20		19.88
Net loss(gain) on foreign currency transactions		-		(0.01)
Total		8,863.65		7,108.72

Note 29: Other expenses

Manufacturing expenses:				
Power and fuel	3,699.20		2,376.01	
Inward transportation and freight	690.27		401.89	
Consumption of stores and spares	745.86		316.48	
Repairs to:				
factory buildings	45.10		9.68	
machineries	39.60		49.48	
Consumption of packing material	1,322.55		536.34	
Labour / Job charges	1,675.95		380.16	
		8,218.53		4,070.04
Administrative expenses:				
Printing and stationery	15.50		10.25	
Postage and courier	6.21		5.02	
Telephone and communication charges	9.15		6.94	
Travelling and conveyance	65.84		61.70	
Auditors' remuneration (Refer note no. 32)	8.26		7.36	
General expenses	28.09		49.99	
Rent	1.20		-	
Rates and taxes	54.18		17.73	
Sundry balance written off	81.94		67.17	
Electricity expenses	5.31		5.29	
Insurance	35.51		40.81	
Repairs and maintenance	32.41		13.40	
Legal and professional charges	42.27		44.74	
Loss on sale / discard of fixed assets (Net)	5.10		4.69	
CDR Expenses	25.72		25.72	
Provision for doubtful trade receivables	10,253.91		-	



Selling, distribution and other expenses:		10,670.60		360.81
Advertisement and publicity	3.58		12.27	
Commission and brokerage	183.83		57.97	
Carriage outward	301.61		79.69	
		489.02		149.93
Total		19,378.15		4,580.78

Note 30: Earning per equity share		2015-2016	2014-2015
Net profit(loss) after tax	₹	(28,667.79)	(7,486.38)
Weighted average number of shares used in computing basic earnings per share	Numbers	341,426,678	266,454,000
Weighted average number of shares used in computing diluted earnings per share	Numbers	341,426,678	266,454,000
Face value of equity shares	₹	1	1
Basic earnings per share	₹	(8.40)	(2.81)
Diluted earnings per share	₹	(8.40)	(2.81)

Note 31: Contingent liabilities and commitments (to the extent not provided for)		(₹ in Lacs)	
		As at 31.03.2016	As at 31.03.2015
(i) Contingent liabilities:			
(a) Notices / Show cause notices received from Excise department .		1,091.35	1,093.00
(b) Show cause notices for levy of cess.		7.82	7.82
(c) Notice received from SEBI, for delay in submission of certain information to BSE.		1.75	1.75
(d) Order of assessment by Entry Tax / Commercial Tax Officer Ahmedabad (Net of ₹ 250.00 lacs being amount Recovered by the Department)		308.83	558.83
(ii) Contingent commitments			
Estimated amount of contracts, net of advances, remaining to be executed on capital account.		0.00	41.37
Other commitments (Raw Materials)		0.00	367.43

Note 32: Payment to Auditors (Excluding service tax)		
	₹ in lacs for the year ended	
	31.03.2016	31.03.2015
Statutory audit under the Companies Act 2013	5.25	4.50
Tax Audit under the Income Tax Act 1961	1.25	1.00
Taxation matters	0.55	0.55
Certifications	1.06	1.16
Other matters	0.15	0.15
	8.26	7.36

Note 33: 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' is not applicable to the company.

Note 34: Related Party Disclosures (as per AS 18 issued by ICAI) :
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
Fine Fashion Private Limited
b) Key management personnel:
i) Mr. Naval Babulal Kanodia - Whole-time Director
ii) Mr. Sushil Kumar Kanodia - Chief Executive Officer (C.E.O.) & Chief Financial Officer (C.F.O.)
c) Relatives of Key management personnel:
i) Pawan Kanodia
ii) Akanksha Mehta
iii) Samiksha Arya
II) Transactions during the period and balances outstanding for the period ended with the related parties are as follows:



(₹ in Lacs)

(₹ in Lacs)

Particulars	Volume of Transactions		Balances as on	
	2015-2016	2014-2015	2015-2016	2014-2015
Expenses:				
Director's Remuneration				
Mr. Naval Babulal Kanodia	3.00	2.50	-	-
Salary				
Mr. Sushil Kumar Kanodia - (C.E.O. & C.F.O.)	29.97	29.93	-	-
Mr. Pawan Kanodia	10.08	5.88	-	-
Mrs Akansha Mehta	5.60	-	-	-
Mrs Samiksha Arya	10.08	5.88	-	-
Investments in Shares				
Raj Money Market Limited	-	-	10.01	10.01
Sales (net of returns / rebate / discount)				
Fine Fashion Private Limited	2,862.84	1,836.63	1,157.00	1,438.72
Interest received	67.53	53.19	67.53	47.87
Fine Fashion Private Limited				
Interest paid				
Fine Fashion Private Limited	33.61	25.25	33.61	22.72
Unsecured Loan				
Fine Fashion Private Limited	71.86	687.10	98.00	627.35
	(601.21)	(157.75)		
Purchases				
Fine Fashion Private Limited	-	(1,054.87)	(1,054.87)	(1,054.87)

Note 35: 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:

(₹ in Lacs)

	2015-16	2014-15
Employer's Contribution to Provident Fund	34.25	22.86
Employer's Contribution to superannuation Fund	-	-
Employer's Contribution to Pension Fund	-	-

b.) Defined Benefit Plan:

Leave Encashment : During the year 2015-16, the amount paid to employees as leave encashment is ₹ 6.87 lacs (₹ 5.93 lacs)

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 recognizes 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



(₹ in Lacs)		
	Gratuity (Unfunded)	
	2015-16	2014-15
Defined Benefit obligation at beginning of the year	25.94	33.53
Current Service Cost	12.41	2.73
Interest Cost	2.99	2.69
Actuarial loss / (gain)	(4.14)	(4.72)
Past Service Cost	-	-
Benefits paid	(3.76)	(8.29)
Settlement cost	-	-
Defined Benefit obligation at year end	33.45	25.94

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

(₹ in Lacs)		
	Gratuity (Unfunded)	
	2015-16	2014-15
Fair value of plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gain / (loss)	-	-
Employer contribution	3.76	8.29
Benefits paid	(3.76)	(8.29)
Fair value of plan assets at year end	-	-
Actual return on plan assets	-	-

III) Reconciliation of fair value of assets and obligations

(₹ in Lacs)		
	Gratuity (Unfunded)	
	2015-16	2014-15
Fair value of plan assets	-	-
Present value of obligation	33.45	25.94
Amount recognised in balance sheet	33.45	25.94

IV) Expense recognized during the year (Under the head "Payments to and Provisions for Employees "Refer Note no, 27")

(₹ in Lacs)		
	Gratuity (Unfunded)	
	2015-16	2014-15
Current Service Cost	12.41	2.73
Interest Cost	2.99	2.69
Expected return on plan assets	-	-
Actuarial losses / (gain)	(4.14)	(4.72)
Past Service Cost	-	-
Net Cost	11.26	0.70

V) Actuarial assumption

Gratuity (Unfunded)		
	2015-16	2014-15
Mortality Table		
Indian Assured Lives Mortality (2006-08)		
Mortality Table		
Discount rate (per annum)	8.10%	7.90%
Expected return on plan assets (per annum)	--	--
Rate of escalation in salary (per annum)	7.00%	7.00%

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary.


Note 36: C. I. F. value of imports:

	₹ in lacs for the year ended	
	31.03.2016	31.03.2015
Raw Materials / Stock in Trade	2,101.80	2,817.71
Capital goods	-	94.32

Note 37: Expenditure in foreign currency (inclusive of amount capitalised)

	₹ in lacs for the year ended	
	31.03.2016	31.03.2015
Interest*	-	0.14
Commission	31.72	14.46
Travelling	19.20	21.70

*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 38: Raw material consumed and total value of imported and indigenous raw material, spare parts, components consumed and % of each to total consumption
Note 38.1: Raw material consumed

Particulars	₹ in lacs for the year ended	
	31.03.2016	31.03.2015
PTA /MEG / Others	32,201.54	17,583.26
Chips	178.28	626.79
POY/FDY/PTY	1,403.29	2,300.85
Yarn Oil	814.36	278.59
Spin Finish Oil	398.53	225.98
Total	34,996.00	21,015.47

Note 38.2: Total value of imported and indigenous raw material, spare parts, components consumed and % of each to total consumption

	31.03.2016		31.03.2015	
	Consumption in ₹	% to total consumption	Consumption in ₹	% to total consumption
(a) Raw materials:				
Indigenous	32,354.43	92.45	18,632.79	88.66
Imported	2,641.57	7.55	2,382.68	11.34
Total consumption and %	34,996.00	100.00	21,015.47	100.00
(b) Spare parts and components:				
Indigenous	745.86	100.00	316.48	100.00
Imported	-	0.00	-	0.00
Total consumption and %	745.86	100.00	316.48	100.00

Note 39: Earning in foreign currency

	(₹ in Lacs)	
	2015-2016	2014-2015
FOB Value of exports	4,917.47	677.84
Above FOB value Includes FOB value as per shipping bill for which BRCs are pending as on date		

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	2015-2016			2014-2015		
	No. of. Contracts	US \$ in lacs	(₹ in Lacs)	No. of. Contracts	US \$ in lacs	(₹ in Lacs)
Buy - Buyers credit / Letter of Credit	-	-	-	6	30.61	1,931.03
Sell - Performa invoices for export sale	1	0.46	30.49	-	-	-

Unhedge foreign currency exposure

	2015-2016		2014-2015	
	US \$ in lacs	(₹ in Lacs)	US \$ in lacs	(₹ in Lacs)
Export Receivables	5.06	333.54	4.94	307.41

Note 41: The company has incurred net loss of ` 28667.79 lacs during the year ended 31st March 2016 and have accumulated losses of ` 48180.34 lacs as on that date. As of this date the company's total liabilities exceed its total assets and its networth has been fully eroded. The management is continuously implementing various long term measures to improve its cash flows and revival of the operation of the Company and accordingly the Company's financial statements have been prepared on a going concern basis.

Note 42: In the Opinion of the Board, the Current Assets / Non Current Assets, Loans & Advances (including Export benefits / incentive / interest subsidy under TUF), Trade Payables are approximately of the value stated, if realized / paid in the ordinary course of business and are subject to confirmation / reconciliation.

Note 43: 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

Rajkumari Kanodia

Non Executive Chairperson and Director

DIN No. 00229331

Naval Kanodia

Director

DIN No. 03063554

Sushil Kumar Kanodia

C.E.O. & C.F.O.

Deepa Gehani

Company Secretary

Mumbai

Dated: 30th May, 2016

**RAJ RAYON INDUSTRIES LIMITED**

Regd. Office: Survey No. 177/1/3, Village – Surangi,
 Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230
 : investors@rajrayon.com www.rajrayon.com
 : 022-40343434, 40343412
 CIN: L17120DN1993PLC000368

ATTENDANCE SLIP

23rd Annual General Meeting on Friday, 30th September, 2016

Registered Folio No./ DP ID/ Client ID	
Name and address of the Member(s)	
Joint Holder 1	
Joint Holder 2	

I/We hereby record my/our presence at the 23rd Annual General Meeting of the Company held at Regd. Office: Survey No. 177/1/3, Village – Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230 at 10.00 A.M. on 30th Day of September, 2016

Member's Folio/
DP ID / Client ID

Member's/Proxy's Name
(IN BLOCK LETTERS)

Member's /
Proxy's Signature

Note: 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**

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

CIN: L17120DN1993PLC000368

PROXY FORM

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

Name of the Company: RAJ RAYON INDUSTRIES LIMITED

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

Name of the member (s):	
Registered address:	
E-mail Id:	
Folio No/Client Id:	
DP ID:	

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

1. Name:

Address:

E-mail Id:
or failing him

Signature: _____

2. Name:

Address:

E-mail Id:
or failing him

Signature: _____

3. Name:

Address:

E-mail Id:

Signature: _____

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **23rd Annual General Meeting** of the Company to be held on the **Friday, 30th day of September, 2016 at 10:00 A:M** at the registered office of the Company at Survey No. **177/1/3, Village–Surangi, Dist –Silvassa, Dadra & Nagar Haveli (U.T.) – 396 230** and at any adjournment thereof in respect of such resolutions as are indicated below:



Resolution No.	Resolution	Optional *	
Ordinary Business		For	Against
1.	Adoption of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Auditors for the financial year ended 31 st March, 2016.		
2.	Re-appointment of Mrs. Rajkumari Kanodia who retires by rotation.		
3.	Ratification of appointment of M/s. K.M. Garg & Co., Chartered Accountants as Statutory Auditors of the Company.		
Special Business			
4.	Approval of Related Party Transactions for the year 2016-2017.		
5.	Approval of remuneration payable to Cost Auditor of the Company.		
6.	Approval of appointment of Mr Jugal Kishor Pooranmal Pareek as Independent Director		

Signed this _____ day of _____ 2016

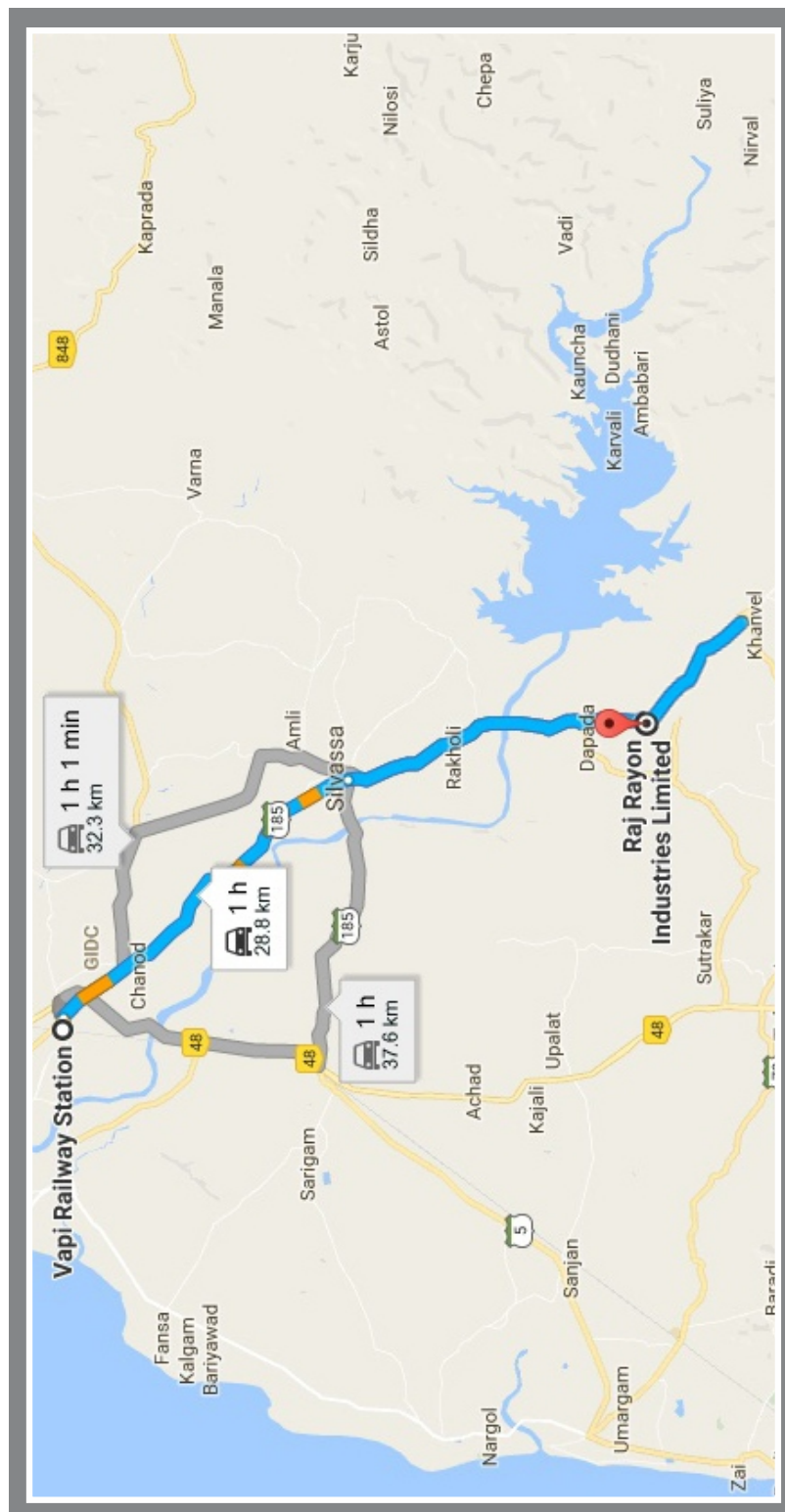
Signature of Shareholder

Signature of Proxy holder(s)

Affix Revenue
Stamp

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

Route map for the venue of AGM





RAJ RAYON INDUSTRIES LIMITED

Survey No. 177/1/3, Village - Surangi, Dist - Silvassa
Dadra & Nagar Haveli (U.T.) - 396230, India
Tel: 07096038229, Fax: 0260-2699185
Website: www.rajrayon.com