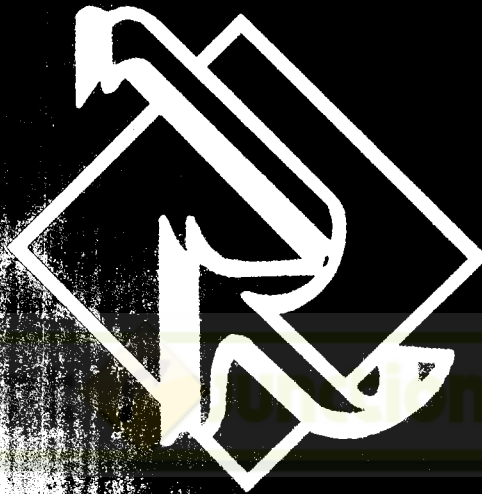


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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



**RAJ RAYON LIMITED**

**5TH ANNUAL REPORT 1997-98**

## RAJ RAYON LIMITED

<b>BOARD OF DIRECTORS :</b>	<b>SHRI SUSHIL KUMAR KANODIA</b> <i>Chairman &amp; Jt. Managing Director</i> <b>SHRI GOURISHANKAR PODDAR</b> <i>Managing Director</i> <b>SHRI JAGDISH CHANDRA SOMANI</b> <i>Director</i> <b>SMT. RAJKUMARI KANODIA</b> <i>Director</i>
<b>COMPANY SECRETARY:</b>	<b>MR. PRADEEP KUMAR AGRAWAL</b>
<b>AUDITORS:</b>	<b>M/S. R.S. AGRAWAL &amp; ASSOCIATES</b> CHARTERED ACCOUNTANTS 461, CHIRA BAZAR, KERAWALA BUILDING, 3RD FLOOR MUMBAI - 400 002.
<b>BANKERS:</b>	<b>THE SOUTH INDIAN BANK LIMITED</b> 163/165, ANAND BHAWAN V.P. ROAD, GIRGAUM MUMBAI - 400 004.
<b>REGISTERED OFFICE:</b>	<b>3A/205, MITTAL INDUSTRIAL ESTATE</b> SAKI NAKA, ANDHERI (E), MUMBAI - 400 059.
<b>WORKS/FACTORY :</b>	<ol style="list-style-type: none"> <li><b>SURVEY NO. 272/1/1</b>              VILLAGE : DADRA              DIST. : SILVASSA              DADRA &amp; NAGAR HAVELI (U.T.)</li> <li><b>SURVEY NO. 185/1/1</b>              PLOT NO. 17              VILLAGE : AMLI              DIST. : SILVASSA              DADRA &amp; NAGAR HAVELI (U.T.)</li> </ol>

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## 5th Annual Report, 1998

### NOTICE

**Notice** is hereby given that the 5th Annual General Meeting of the Members of RAJ RAYON LIMITED will be held on Wednesday, 30th September, 1998 at 2.00 p.m. at Sudarsan Hotel, A.K. Road, Saki Naka, Andheri (East), Mumbai 400 072, to transact the following business.

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998, Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Shri Sushil Kumar Knodia, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

#### SPECIAL BUSINESS

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

**"RESOLVED THAT** Shri Jagdish Chandra Somani be and is hereby appointed as a Director of the Company."

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

**"RESOLVED THAT** in partial modification of the resolution passed in the Meeting of Board of Directors held on 30th November, 1996 and 25th June, 1997 and of at the Extraordinary General Meeting of the company held on 30th May, 1997, and of Annual General Meeting held on 30th September, 1997, and pursuant to the provisions of sections 198, 309, 310 read with Schedule XIII of the act and all other applicable provisions, if any of the Companies Act, 1956 (Including any statutory modification or reenactment thereof, for the time being in force), the company hereby accords its approval and consent to increase and variations in Salary and Perquisites payable to Shri Sushil Kumar Kanodia- Jt Managing Director as given below with effect from 1st April, 1998 for the remaining period/terms:-

##### (A) SALARY :

Salary @ Rs.75,000/- (Rupees seventy five thousand only) Per Month.

##### (B) PERQUISITES :

These shall be restricted to the extent as mentioned in Schedule XIII of the Companies Act, 1956.

**"RESOLVED FURTHER THAT** if in any financial year the Company has incurred loss or if the profits are inadequate, the Jt. Managing Director will be entitled for the Salary and perquisites as aforesaid as minimum remuneration."

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

**"RESOLVED THAT** in partial modification of the resolution passed in the Meeting of Board of Directors held on 1st April, 1994 and 25th April, 1996 and of at the Annual General Meeting of the company held on 30th September, 1994, and 30th August, 1996 and pursuant to the provisions of sections 198, 309, 310 read with Schedule XIII of the act and all other applicable provisions, if any, of the Companies Act, 1956 (Including any

## RAJ RAYON LIMITED

statutory modification or reenactment thereof, for the time being in force), the company hereby accords its approval and consent to increase and variations in Salary and Perquisites payable to Shri Gouri Shankar Poddar - Managing Director as given below with effect from 1st April, 1998 for the remaining period/terms:-

**(A) SALARY :**

Salary @ Rs.75,000/- (Rupees seventy five thousand only) Per Month.

**(B) PERQUISITES :**

These shall be restricted to the extent as mentioned in Schedule XIII of the Companies Act, 1956.

**"RESOLVED FURTHER THAT** if in any financial year the company has incurred loss or if the profits are inadequate the Managing Director will be entitled for the salary and perquisites as aforesaid as minimum remuneration."

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

**"RESOLVED THAT** pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered and amended in the following manner:-

Article 121A : The article be amended by replacing "Shri Sushil Kumar Kanodia" in place of "Shri Ratanchand D. Jain" appearing on 2nd and 3rd line in Article 121A."

By order of the Board of Directors,

Report Junction.com

Place : Mumbai  
Date : 21st July, 1998

PRADEEP AGRAWAL  
*President Finance &  
Company Secretary*

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be received at the registered office of the Company at any time but not less than 48 hours before the commencement of the Meeting.
3. Explanatory Statement pursuant to section 173(2) of the Companies act,1956 is annexed hereto.
4. Member/Proxies should bring the Attendance slip send herewith duly filled in for attending the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 15th September, 1998 to Wednesday, 30th September, 1998 (both days inclusive).
6. All documents referred to in the accompanying notice are open for inspection at the registered office of the company during office hours on all working days, except Sunday, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
7. The Members are requested to address all their correspondence including change of address,if any,Quoting their folio Number to the Registered office of the Company.

**5th Annual Report, 1998****ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:****Item No. 4**

Shri Jagdish Chandra Somani has been appointed as an additional director on Board w.e.f. 7th January, 1998. His office of directorship will cease on the conclusion of ensuing Annual General Meeting. The company has received a notice from a member to propose him as candidate for the office of Director.

The members are requested to consider and approve the resolution.

Non of the Directors except Shri Jagdish Chandra Somani being appointee is, concerned with or interested in the resolution.

**Item No. 5**

Shri Sushil Kumar Kanodia was appointed as a Joint Managing Director of the Company for a period of Five years w.e.f. 1st December, 1996 at the Board Meeting held on 30th November, 1996. Considering his efforts on the front of production, marketing, finance, and administration and contribution rendered in Company's business, the Board of Directors has increase his remuneration in its meeting held on 25th April, 1998 from Rs.11,000/- to Rs.75,000/- for remaining period of service subject to approval of Members in General Meeting. This may be treated as an abstract of terms of contract for remuneration of Shri Sushilkumar Kanodia as the Joint Managing Director of the Company under the provisions of Section 302(2) of the Companies Act, 1956.

The approval of the Share Holders is sought for the increase in the remuneration of Shri Sushil Kumar Kanodia as envisaged in the said resolution.

None of the Directors except Shri Sushil Kumar Kanodia being appointee and Smt. Rajkumari Kanodia being his relative is, concerned with or interested in the resolution.

**Item No. 6**

Shri Gourishankar Poddar was appointed as a Managing Director of the Company for a period of Five years w.e.f. 1st April, 1994 at the Board Meeting held on 1st April, 1994. Considering his efforts and contribution rendered in Company's business, the Board of Directors has increase his remuneration in its meeting held on 25th April, 1998 from Rs.11,000/- to Rs.75,000/- for remaining period of service subject to approval of Members in General Meeting. This may be treated as an abstract of terms of contract for remuneration of Shri Gourishankar Poddar as the Managing Director of the Company under the provisions of Section 302(2) of the Companies Act, 1956. The approval of the Share Holders is sought for the increase in the remuneration of Shri Gourishankar Poddar as envisaged in the said resolution.

None of the Directors except Shri Gourishankar Poddar being appointee is, concerned with or interested in the resolution.

**Item No. 7**

Shri Ratanchand D. Jain resigned from board w.e.f. 27th December, 1996, therefore your Directors feel appropriate to ammend article No. 121A.

As per provisions of Section 31 of the Companies Act, 1956 every amendment require approval of shareholders by special resolution. Therefore members are requested to consider and approve the said resolution.

None of the Directors of the Company is, concerned with or interested in the resolution.

By order of the Board of Directors

Place : Mumbai  
Date : 21st July, 1998.

PRADEEP AGRAWAL  
President Finance &  
Company Secretary

# RAJ RAYON LIMITED

## DIRECTORS' REPORT

The Directors have pleasure in presenting the 5th Annual Report and the audited accounts for the financial year ended on 31st March, 1998.

### FINANCIAL RESULTS

	Current Year 1997-98	(Rs. in Lacs) Previous Year 1996-97
Sales and Other Income	3365.85	2734.56
Profit before Depreciation and Tax	231.50	192.02
Less : Depreciation	73.36	37.49
Profit before Tax	158.14	154.53
Less : Provision for taxation	1.50	2.70
Net Profit after Tax	156.64	151.83
Add : Balance brought forward from previous year	203.23	48.85
Add : Prior Period Adjustment	—	2.56
Less: Income Tax for earlier year	0.79	—
Balance carried to Balance Sheet	359.09	203.23

### DIVIDEND

With a view to plough back the profits into expansion projects, your directors have decided not to recommend any dividend for the year ended 31st March, 1998.

### OPERATIONS

The total Income has increased to Rs. 3365.85 Lacs as compared to last year's total Income of Rs. 2734.56 Lacs recording a growth over 23.09%. Net Profit after interest and depreciation is Rs. 158.14 Lacs as compared to Rs. 154.53 Lacs for the previous year.

During the year under review the company has at first time gone into export of yarns and result of which is satisfactory.

### PROJECTION V/S. ACTUAL

In terms of clause 43 of the Listing agreement the comparison between the Actual profitability and utilisation of funds and those projected in the prospectus are as follows :-

#### A. Profitability:-

	Projection	1997-98 Actual
Net Sales	2010.20	3361.83
Profit before Tax	129.67	158.14
Net Profit After Tax	129.67	156.64
EPS (Rs.)	4.32	*3.74

\* On Weighted average basis.

#### B. Utilisation of Funds :-

The funds raised through the public issued in April, 1995, have been utilised for the objectives stated in the prospectus.

### PROJECT & FINANCE

During the year under review the Company has successfully implemented the new texturising yarn project at Amli (Silvassa). Commercial production on first two Himson texturising machine has started from 15th October, 1997 and on 3rd Himson Texturising Machine from 25th December, 1997 and on the 4th Himson Texturising machine from 3rd February, 1998.

During the year under review the Company has been sanctioned a lease finance of Rs.600 Lacs by SICOM LIMITED, for its expansion project. Company proposed to install additional 4 Himson Texturising Machine at its existing site situated at Plot No. 17 Survey No. 185/1/1 Village-Amli, Dist. Silvassa, Dadra and Nagar Haveli (U.T.). Building and other infrastructure has already been completed, installation of machinery and commercial production is expected by December 1998. After completion of expansion project total capacity will increase by 2600 Ton P.A.

During the year under review, total working capital limits from banks has been increased from Rs.135 Lakhs to Rs.315 Lakhs.

### INCREASE IN CAPITAL

During the year under review the company has allotted 20,00,000 Equity shares of Rs.10/- each at par, amounting total Rs.200 Lakhs to promoters, friends, relatives and associates. The said shares has got listed at Mumbai and Jaipur Stock Exchanges.

## 5th Annual Report, 1998

### DIRECTORS

During the year under review Shri Jagdish Chandra Somani has been appointed as an additional director on board w.e.f. 7th January, 1998. He will hold office up to the conclusion of ensuing Annual General Meeting and being eligible offer himself for reappointment.

Shri Sushil Kumar Kanodia retire by rotation and is eligible for reappointment.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNING / OUT GO.

Information pursuant to section 217 (i)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is given herein below :-

#### A. Conservation of Energy :

The company is making its effort for efficient utilisation and conservation of energy in the projects.

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Units	Current Year	Previous Year
<b>(a) Power and Fuel Consumption:</b>			
1. Electricity purchased			
Unit	KWH in Lakhs	39.90	N.A.
Total Amount	Rs. in Lakhs	121.33	N.A.
Rate/Unit	Rs. per unit	3.04	N.A.
2. Light Speed Diesel			
Quantity	Kilo Litres	925.80	943.30
Total Cost	Rs. in Lakhs	93.91	75.72
Average Rate	Rs. per Litre	10.14	8.03
3. Furnace oil			
Quantity	Kilo Litres	228.00	N.A.
Total Cost	Rs. in Lakhs	16.20	N.A.
Average Rate	Rs. per Litre	17.11	N.A.
<b>(b) Consumption per unit of production:</b>			
1. Electricity (KWH)			
Yarn	100 Kgs.	210.41	N.A.
2. Light Speed Diesel (Ltrs)			
Yarn	100 Kgs.	61.39	61.83
3. Furnace Oil (Ltrs)			
Yarn	100 Kgs.	24.93	N.A.

#### B. Technology Absorption :

The Company is doing research and development in shades of yarns as routine activities.

#### C. Foreign Exchange Earning and outgo :

Total earning in foreign exchange :	Rs. 75.81 Lakhs. (Nil)
Total expenditure in foreign exchange :	Rs. 17.10 Lakhs. (Nil)

### PERSONNEL

There were no employees whose remuneration were in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956.

### AUDITORS

M/s. R.S. Agrawal & Associates, Chartered Accountants, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. You are requested to re-appoint the Auditors and to fix their remuneration.

The notes to the accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further comments.

### APPRECIATION :

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions and the Banks, during the year under review.

Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company for its success.

For and on behalf of the Board of the Directors.

Place : Mumbai  
Dated : 21st July, 1998.

SUSHILKUMAR KANODIA  
Chairman & Jt.  
Managing Director