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RAJ RAYON LIMITED

6th ANNUAL REPORT 1998-99

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RAJ RAYON LIMITED

BOARDS OF DIRECTORS :	**SHRI SUSHIL KUMAR KANODIA**	*Chairman & Jt. Managing Director*
	SHRI GOURISHANKAR PODDAR	*Managing Director*
	SHRI JAGDISH CHANDRA SOMANI	*Director*
COMPANY SECRETARY:	**MR. PRADEEP KUMAR AGRAWAL**	
AUDITORS:	**M/S. R.S. AGRAWAL & ASSOCIATES** CHARTERED ACCOUNTANTS 461, CHIRA BAZAR, KERAWALA BUILDING, 3RD FLOOR, MUMBAI - 400 002.	
BANKERS:	**STATE BANK OF INDIA** Industrial Finance Branch, S.V. Road, Malad (West), Mumbai - 400 064.	
REGISTERED OFFICE:	**3A/205, MITTAL INDUSTRIAL ESTATE** SAKI NAKA, ANDHERI (East), MUMBAI - 400 059.	
WORKS/FACTORY :	1. **SURVEY NO. 272/1/1** VILLAGE : DADRA DIST. : SILVASSA DADRA & NAGAR HAVELI (U.T.)	
	2. **SURVEY NO. 185/1/1** PLOT NO. 17 VILLAGE : AMLI DIST. : SILVASSA DADRA & NAGAR HAVELI (U.T.)	

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NOTICE

Notice is hereby given that the 6th Annual General Meeting of the Members of RAJ RAYON LIMITED will be held on Thursday, 30th September, 1999 at 2.30 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, 1999, 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 Jagdish Chandra Somani, 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** pursuant to the provisions of sections 198, 269, 309, 310 and 314 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 the appointment/reappointment of **Shri Gourishankar Poddar as a Managing Director** of the Company for a period of 5 Years with effect from 1st April, 99 on the following terms and conditions:-

A) SALARY :

Salary @ Rs.75,000/- (Rupees seventy five thousand) 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 incur loss or if the profits are inadequate the Managing Director will be entitled for the salary and perquisites as aforesaid as minimum remuneration."

By order of the Board of Directors

Pradeep Agrawal
President Finance &
Company Secretary

Mumbai, 27th August, 1999

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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. Members/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, 21st September, 1999 to Thursday, 30th September, 1999 (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.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No.4

The present terms of office of Shri Gourishankar Poddar expired on 31st March, 1999. The Board of Directors has re-appointed Shri Gourishankar Poddar as a Managing Director of the Company for a further period of five years w.e.f.1st April, 1999 on terms and conditions as set out in the resolution. 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.

Your Directors recommend the resolution as set out at item no.4 of the Notice for your approval.

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

By order of the Board of Directors

Pradeep Agrawal
President Finance &
Company Secretary

Mumbai, 27th August, 1999

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DIRECTORS' REPORT

The Directors have pleasure in presenting the 6th Annual Report and the audited accounts for the financial year ended on 31st March, 1999.

FINANCIAL RESULTS

(Rs. in Lacs)

	Current Year 1998-99	Previous Year 1997-98
Sales and Other Income	**4307.35**	3365.86
Profit before Depreciation and Tax	**279.42**	231.48
Less : Depreciation	**130.93**	73.34
Profit before Tax	**148.49**	158.14
Less : Provision for taxation	**1.50**	1.50
Net Profit after Tax	**146.99**	156.64
Add: Balance brought forward from previous year	**359.09**	203.23
Add/(Less): Prior Period Adjustment	**(1.53)**	——
Less : Income Tax for earlier year	——	0.79
Balance carried to Balance Sheet	**504.55**	359.09

DIVIDEND

The Board is not recommending any dividend for the year ended 31st March, 1999.

PROJECT & FINANCE

Expansion project at Amli Unit has been completed in May, 99 with the financial assistance of SICOM Ltd by way of lease finance and company has started commercial production on 4 Himson Texturising Machines. After completion of expansion project total capacity has been increased by 3000 Ton P.A. (based on 80 Denior).

During the year under review, State Bank of India has sanctioned Rs.495.96 Lacs to take over the entire working capital and term loan facilities enjoyed by the company with The South Indian Bank Ltd with enhancement in working capital facilities. The Company had shifted its accounts to State Bank of India, effective from May, 99.

DIRECTORS

Smt. Raj Kumari Kanodia had resigned from directorship effective from 31st July, 99. The Board wishes to place on record its appreciation for the valuable services and guidance provided by Smt. Raj Kumari Kanodia during her tenure as a director of the Company.

Shri Jagdish Chandra Somani, retires by rotation and is eligible for reappointment.

CONSERVATION OF ENERGY, TECHNOLOGY RESERVATION, 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:

As in the past, the Company continue its efforts to improve methods of energy conservation and utilisation. The information of power and fuel consumption and cost per unit of production is furnished in the prescribed form herein below.

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FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Units	Current Year	Previous Year
(a) Power and Fuel Consumption:			
1. Electricity purchased			
Unit	KWH in Lacs	**31.35**	39.90
Total Amount	Rs. in Lacs	**96.30**	121.33
Average Rate	Rs. per unit	**3.07**	3.04
2. High Speed Diesel			
Quantity	Kilo Litres	**2201.57**	925.80
Total Cost	Rs. in Lacs	**226.45**	93.91
Average Rate	Rs. per litre	**10.29**	10.14
(b) Consumption per unit of production:			
1. Electricity (KWH)			
Yarn	100Kgs.	**61.98**	117.20
2. High Speed Diesel (Litres)			
Yarn	100Kgs.	**43.53**	27.19

B) Technology Absorption:

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

C) Foreign Exchange earning and outgo:

Total earning in foreign exchange : Rs. Nil (Rs.75.81 Lacs)
Total expenditure in foreign exchange : Rs. 18.48 Lacs. (Rs.17.10 Lacs)

PERSONNEL

Statement showing the names and other particulars of employees of the company pursuant to section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Sr. No.	Employee's Name	Designation	Remuneration	Qualification	Age (Yrs)	Total Experience	Date of commencement of Employment	Particulars of Previous Employment		
								Organisation	Designation	Period
1	2	3	4	5	6	7	8	9	10	11
1.	Gourishankar Poddar	Managing Director	Rs.10,08,000/-	Inter	38	20	01.04.1994	Adhunik Synthetics Ltd.	Whole Time Director	7Yrs
2.	Sushil Kumar Kanodia	Joint. Managing Director	Rs.10,08,000/-	B.Com., L.L.B.	43	22	01.12.1996	Adhunik Yarns Ltd.	Whole Time Director	2Yrs

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 specific notes forming part of the accounts referred to in the auditors' report are self explanatory and gives complete information.

Y2K COMPLIANCE

The Company has taken necessary steps on Y2K hardware/software problem and the same have been verified as Y2K compliant. Total cost for Y2K compliance is not significant.

APPRECIATION

The Board of Directors place on record their appreciation for the support and co-operation received from the Government, Bankers, Financial Institutions, Customers, Suppliers, Employees and Shareholders of the company.

For and on behalf of the Board

Sushil Kumar Kanodia
Chairman & Jt. Managing Director

Mumbai, 27th August 1999

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