



RAJ RAYON LIMITED

**9TH
ANNUAL REPORT
2001-2002**

RAJ RAYON LIMITED**INFORMATION FOR SHAREHOLDERS****Registered Office**

3A/205, Mittal Industrial Estate, Sakinaka, Andheri (E), Mumbai 400 059.

Corporate Office

3A/205, Mittal Industrial Estate, Sakinaka, Andheri (E), Mumbai 400 059.

Listing

The Company's shares are listed on Mumbai & Jaipur, Stock Exchanges

The Company's code number for equity shares at BSE - 30699, JSE - 616

Corporate Secretarial / Investor Assistance Department

The Company's Secretarial Department is situated at the Registered Office mentioned above. Investors may contract Mr. Pradeep Agrawal - Company Secretary at Tel. No. 022-8508905 / 06 Fax No. 022-8523574.

Share Transfer Department

3A/205, Mittal Industrial Estate,

Sakinaka, Andheri (E),

Mumbai 400 059.

Tel. No. 022-8508905 / 06

Fax No. 022-8523574.

e-mail : rajrayonltd@speedconnect.d2g.com

Annual General Meeting

Date & Time : Monday, 30th September, 2002 at 1.00 p.m.

Venue : Sudarshan Hotel, A.K.Road, Saki Naka, Andheri (East), Mumbai-400 072.

Financial Calendar

- | | |
|---|-----------------------------|
| i) Financial Year | — April to March |
| ii) First Quarter unaudited results | — 4th week of July |
| iii) Half yearly unaudited results | — 4th week of October |
| iv) Third Quarter unaudited results | — 4th week of January |
| v) Audited results for the year ending 31st March | — 4th week of April to June |

Means of Communication

Quarterly / Half Yearly / Annual Results

Published in Newspapers : Free Press Journal & Navshakti.

Book Closure Date

25th September, 2002 to 30th September, 2002 (Both days inclusive).

Depository System

The Company has established connectivity with NSDL and CDSL through M/s. Intime Spectrum Registry Pvt. Ltd. so as to facilitate the dematerialisation of its shares. The shares are available for dematerialisation under **ISIN : INE533D01016**.

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BOARD OF DIRECTORS :	SHRI GOURISHANKAR PODDAR	<i>Chairman & Managing Director</i>
	SHRI JAGDISH CHANDRA SOMANI	<i>Director</i>
	SHRI PANKAJ AGRAWAL	<i>Director</i>
PRESIDENT FINANCE & : COMPANY SECRETARY	MR. PRADEEP KUMAR AGRAWAL	
AUDITORS :	M/S. R. S. AGRAWAL & ASSOCIATES CHARTERED ACCOUNTANTS	
BANKERS :	STATE BANK OF INDIA	
REGISTERED OFFICE :	3A/205, Mittal Industrial Estate Saki Naka, Andheri (E), Mumbai 400 059.	
WORKS / FACTORY :	<ol style="list-style-type: none"> SURVEY NO. 272/1/1 Village : Dadra Dist. : Silvassa Dadra & Nagar Haveli (U.T.) SURVEY NO. 185/1/1 Plot No. 17 Village : Amli Dist. : Silvassa Dadra & Nagar Haveli (U.T.) SURVEY NO. 259/12 Village : Dadra Dist. : Silvassa Dadra & Nagar Haveli (U.T.) 	

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RAJ RAYON LIMITED**NOTICE**

Notice is hereby given that the 9th Annual General Meeting of the Members of RAJ RAYON LIMITED will be held on Monday the 30th September, 2002 at 1.00 P.M. at Sudarshan 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 2002, 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 Gourishankar Poddar, who retires by rotation and being eligible offer himself for reappointment.
3. To appoint M/s. R. S. Agrawal & Associates, Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors

Place : Mumbai
Date : 31st May, 2002

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 Annual General Meeting.
3. Member/Proxies should bring the Attendance slip send herewith duly filled in for attending the meeting.
4. Members who hold shares in dematerialised form are requested to bring their Clint ID and DP ID numbers for easy identification of attendance at the meeting.
5. 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 holidays between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday 25th September, 2002 to Monday, 30th September, 2002 (both days inclusive) for Annual General Meeting.
7. The Members are requested to address all their correspondence including change of address, if any, Quoting their folio Number and in case their shares are held in the dematerialised form, they must quote their client I.D. Numbers and their DP I.D. Numbers to the Registered office of the Company.

By order of the Board of Directors

Place : Mumbai
Date : 31st May, 2002

PRADEEP AGRAWAL
President Finance &
Company Secretary

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DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in presenting the 9th Annual Report and the audited accounts for the financial year ended on 31st March 2002.

FINANCIAL RESULTS

	Current Year 2001-2002	(Rs. in Lacs) Previous Year 2000-2001
Sales and Other Income	9855.32	8710.87
Profit before Depreciation and Tax	622.55	322.05
Less: Depreciation	335.87	139.29
Profit before Tax	286.68	182.76
Less: Provision for taxation		
Current Tax	24.50	16.50
Deferred Tax	(20.58)	—
Net Profit after Tax	282.76	166.26
Add: Balance brought forward from previous year	723.81	557.23
Less: Provision for deferred Tax for earlier years	151.67	—
Add: Income Tax Adjustment for earlier years	0.16	0.32
Balance carried to Balance Sheet	855.05	723.81

DIVIDEND

In view of expansion project Board is not recommending any dividend for the year ended 31st March, 2002.

PROJECT & FINANCE

During the year under review State Bank of India has sanctioned an additional Fund based working capital limit of Rs.1.00 Crore and Non Fund based working capital limit of Rs.0.40 Crore.

During the year the company has taken up to set up a new unit at Dadra to manufacture the texturised yarn. Out of the project of 16 texturising machines, the Sicom Ltd has sanctioned the term finance of Rs.10 Crore for first phase of 6 machines. Out of which 1 machine was delivered and installed. Commercial production on 1st machine has started from April 2002. The first phase of expansion project is expected to complete by December 2002.

AUDIT COMMITTEE

The Audit Committee constituted by the company consists of Shri Gourishankar Poddar, Shri Jagdish Chandra Somani and Shri Pankaj Agrawal. The Committee is chaired by Shri Gourishankar Poddar.

During the year under review the Committee held five meetings on 30th April 2001, 30th April 2001, 31st July 2001, 31st October 2001 and 31st January 2002 the details of meeting held are as under:

Name of Director	Category of Director	No. of Committee Meeting Attended
Gourishankar Poddar	Executive	5
Pankaj Agrawal	Non-Executive	5
Jagdish Chandra Somani	Non-Executive	5

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The terms of reference of the Audit Committee were set out in accordance with the requirements of clause 49 of the listing agreement and section 292 A of the Companies Act, 1956.

The Company Secretary of the Company acts as the Secretary to the Committee. Besides the Committee members, The Statutory Auditors M/s R. S. Agrawal & Associates, the Internal Auditor M/s Jain Vijay & Co., Chief Executive Officer Shri Sushil Kumar Kanodia, were also invited and present at all the meeting.

PARTICULARS REQUIRED UNDER LISTING AGREEMENT

— LISTING

The equity shares of the company are at present listed at following stock exchanges.

1. The Stock Exchange, Mumbai.
2. The Jaipur Stock Exchange Ltd.

The Annual Listing fee has been paid for both the Stock Exchanges up to financial year 2002-2003.

— PREFERENTIAL ALLOTMENT OF SHARES TO PROMOTERS/PROMOTERS GROUP

The Company has allotted on 15th May 2002, 15,00,000 Equity Shares of Rs.10/- each face value, for cash at par aggregating total Rs.150 Lac to Promoters, Friends, relatives and associates, pursuant to resolution passed in Extraordinary General Meeting held on 30th April 2002. The requisite applications for listing of additional equity shares are being made to the both of stock exchanges.

CORPORATE GOVERNANCE

The Security and Exchange Board of India has introduced a code of corporate governance for implementation by the Companies listed on the Stock Exchanges.

As per Listing Agreement, the code is yet to be implemented by the Company in the financial year 2002-2003 but not later than 31st March 2003. Accordingly the Company has initiated the process of implementation of the said code and all systems & procedure are expected to be in place before 31st March, 2003. The separate report required to be annexed as a part of the annual report has therefore not been annexed with this annual report.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of the Companies Act, 1956 your directors have to report that :

- (a) in preparation of 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 estimates that are reasonable and prudent so as to give true and fair view of the company.
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records.
- (d) the directors had prepared the annual accounts on a going concern basis.

DIRECTORS

Shri Gourishankar Poddar, retire by rotation and being eligible offer himself for reappointment.

FIXED DEPOSITS

The Company has not accepted any deposits during the year.

CONSERVATION OF ENERGY, TECHNOLOGY RESERVATION, AND FOREIGN EXCHANGE EARNING/OUT GO

Information pursuant to section 217 (j)(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.

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	145.92	140.28
Total Amount	Rs. in Lacs	380.25	365.77
Average Rate	Rs. per unit	2.61	2.61

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2. High Speed Diesel			
Quantity	Kilo Litres	544.91	1228.76
Total Cost	Rs. In Lacs	80.53	181.50
Average Rate	Rs. per litre	14.78	14.77

(b) Consumption per unit of production:

1. Electricity (KWH)			
Yarn	100Kgs.	128.24	152.61
2. High Speed Diesel (Litres)			
Yarn	100Kgs.	4.79	13.37

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:

The Particulars regarding foreign exchange earning appear as item No. 17 (f) and expenditure appear as item No. 17 (e) & (g) of Schedule 22 to the Accounts.

PERSONNEL

There were no employees who were in receipt of remuneration for which particulars of employees have to be disclosed pursuant to section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and hence they are not applicable.

AUDITORS

Messrs. R. S. Agrawal & Associates, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956. You are requested to re-appoint the Auditors and to fix their remuneration.

AUDITORS' REPORT

Explanations under section 217(3) of the Companies Act, 1956 on specific notes forming part of the accounts referred to in the auditors' report and para in italic in the Auditors' report are as under.

The notes to accounts bearing no.10 referred to in the Auditors' report and para in italics in the auditors reports are self explanatory and therefore do not call for any further explanation.

With reference to para no.16 of annexure referred in paragraph 2 of Auditors' report, the Company has prepared cost records for management information purpose, however cost records in prescribed format are under preparation. During the year under review the Company have taken effective measure to control and cut its manufacturing and other cost, the reflection of which can be seen from current year financial statements.

APPRECIATION

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities and Shareholders 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

Gourishankar Poddar
Chairman &
Managing Director

Mumbai, 31st May, 2002