



RAJ RAYON LIMITED

16TH ANNUAL REPORT

2003-2004

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16TH ANNUAL REPORT 2008-2009

COMPANY INFORMATION

BOARD OF DIRECTORS	: Mr. GOURISHANKAR PODDAR	<i>Chairman & Managing Director</i>
	Mrs. RAJKUMARI KANODIA	<i>Director</i>
	Mr. JAGDISH CHANDRA SOMANI	<i>Director</i>
	Mr. VINOD KUMAR JAIN	<i>Director</i>
COMPANY SECRETARY	: Mr. N. V. AGANDESWARAN	
REGISTERED OFFICE	: 5-C,196 & 197, "AKSHAY", Mittal Ind. Estate, Sakinaka, Andheri (East), Mumbai – 400 059. (INDIA) Tel : 91-22-4034 3434 Fax : 91-22-4034 3400 Website : www.rajrayon.com Email : mumbai@rajrayon.com	
PLANT LOCATIONS	:	
POLYESTER TEXTURISED YARN (PTY) DIVISION	(i) Survey No. 272 /1/1, Plot No. 1, Village: Dadra, Dadra-Demani Road, Dist-Silvassa, Dadra & Nagar Haveli (UT) – 396 230* (INDIA)	
	(ii) Survey No. 185/1/1, Plot No. 17, Dokmandi, Village: Amli, Dist-Silvassa, Dadra & Nagar Haveli (UT) – 396 230. (INDIA)	
	(iii) Survey No. 259/12, Parshwanath Industrial Estate, Village: Dadra, Dist-Silvassa, Dadra & Nagar Haveli (UT) – 396 230. (INDIA)	
(* The two texturising machines installed in the unit have been shifted to unit no. 4 to reduce the operating cost. At present, there is no manufacturing activity in this unit.)		
PARTIALLY ORIENTED YARN (POY) / POLYESTER TEXTURISED YARN (PTY) FULLY DRAWN YARN (FDY) DIVISION	: Survey No. 177/1/3 & 177/1/4, Village: Surangi, Dist-Silvassa, Dadra & Nagar Haveli (UT) – 396 230. (INDIA)	
REGISTRAR & SHARE TRANSFER AGENT	: LINK INTIME INDIA PVT. LTD. C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai – 400 078. Tel.: 91-22-25963838 Fax: 91-22-25946969 Website: www.linkintime.co.in Email: rnt.helpdesk@linkintime.co.in	

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RAJ RAYON LIMITED

NOTICE

Notice is hereby given that the 16th Annual General Meeting of the members of RAJ RAYON LIMITED will be held on Wednesday 30th September, 2009 at 1.30 p.m. at CHAKRA HOTEL, A. K. Road, Sakinaka, Andheri (East), Mumbai - 400 072, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at March 31, 2009, 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 Mrs. Rajkumari Kanodia who retires by rotation and being eligible offers herself for reappointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit to pass with or without modification(s), the following resolution as an **ordinary resolution**:

"RESOLVED THAT M/s. R. S. Agrawal & Associates, Chartered Accountants, Mumbai be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

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

"RESOLVED THAT" pursuant to Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the appointment of Mr. Sushilkumar Kanodia, a relative of Mrs. Rajkumari Kanodia, a Director of the Company, for holding an office or place of profit in the Company as Chief Executive Officer for a period of five (5) years with effect from 1-10-2009 on the following terms & conditions:

A) Salary: Salary @ Rs. 40,000/- (Rupees Forty thousand only) per month.

B) Perquisites: As applicable to the Senior Executives of the Company

Provided however that the total monthly remuneration including the perquisites shall not exceed Rs. 50,000/- (Rupees Fifty Thousand per month only).

5. 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 163 and other applicable provisions if any, of the Companies Act, 1956 ('the Act') and rules and regulations thereunder, or any statutory modification or any amendment or substitution or re-enactment thereof, the Company hereby approves and ratifies the keeping of the Register of Members, the index of members, the Register and index of Debenture holders and copies of all Annual Returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act or any one or more of them be kept at the office of the Registrars and Share Transfer Agents of the Company, M/s. Link Intime Private Ltd. at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup, Mumbai - 400 078 instead of at the Registered office of the Company."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL 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. The Instruments appointing Proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting

2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the Meeting is annexed here to.
3. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the meeting.
4. Relevant documents referred to in the accompanying Notice are open 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.
5. Register of Members and Share Transfer Books of the Company shall remain closed from the 23rd to 30th September, 2009 for the 16th A.G.M. of the Company.
6. There was no unclaimed dividends declared up to the financial year ended 31st March, 1995 as such Company has not transferred any fund to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978 (the Rules).
7. Pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956, dividends for the financial year ended 31st March, 1996 and thereafter, which remain unclaimed for a period of 7 years, will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information, in respect of such unclaimed dividends 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 IEP Fund
31.03.2003	29-08-2003	28-08-2010	28-09-2010
31.03.2004	30-09-2004	29-09-2011	29-10-2011
31.03.2005	16-08-2005	15-08-2012	15-09-2012
31.03.2006	30-09-2006	29-09-2013	29-10-2013
31.03.2007	28-09-2007	27-09-2014	27-10-2014

Shareholders, 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 Registrar & Transfer Agent immediately.

8. 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 Registrars & Transfer Agents, M/s. Link Intime Private Limited, for consolidation into a single folio.
9. 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 at the meeting.
10. As required under clause 49 of the Listing Agreement, the brief Resume of the Directors who are either retiring by rotation or seeking fresh appointment as Director are to be given. However, we have furnished the details of all the directors including the details of directors retiring by rotation or seeking fresh appointment in the Section Report on Corporate Governance.

By order of the Board of Directors

N. V. AGANDESWARAN
Company Secretary

Mumbai,
31st July, 2009

Registered Office:

5-C, 196/197, "Akshay", Mittal Ind. Estate,
Sakinaka, Andheri (East),
Mumbai - 400 059. (INDIA)



EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 4

Appointment of Mr. Sushilkumar Kanodia to the office or place of profit in the Company:

As per Section 314(1B) of the Companies Act, 1956, the members' approval by way of a Special Resolution is required for appointing a relative of a Director to a place of profit in the Company which carries a remuneration up to Rs. 50,000/- (Rupees Fifty Thousand only) per month.

The Company is in the process of making expansion plans and the proposal has been submitted to the Bankers for their approval. The Company needs a person to take full control of the various activities relating to such expansion plans and the Directors are of the opinion that it will be in the interest of the Company to avail the services of Mr. Sushilkumar Kanodia, who has more than 20 years of experience in textile industry and who is relative of Mrs. Rajkumari Kanodia, Director of the Company.

The Board of Directors accordingly recommends the resolution(s) set out at the item No. 4 of the accompanying Notice for the approval of the Members. Your approval is sought in terms of the provisions of Section 314(1B) of the Companies Act, 1956.

None of the Directors of the Company except Mrs. Rajkumari Kanodia may be deemed to be concerned or interested in passing of the said resolution(s)

The Board commends the Special Resolution for favourable consideration by the Members.

Item No. 5:

Special Resolution under Section 163 of the Companies Act, 1956 for keeping the Register of Members, Index of Members and other documents at a place other than the Registered Office of the Company.

As per the provisions of Section 163 of the Companies Act, 1956, the Register of Members and other documents as envisaged in the aforesaid resolution are normally required to be kept at the Registered office of the Company, may be

kept at any other place within the city, town or village in which the Registered office is situate if such other place has been approved by a special resolution passed by the Company in general Meeting and an advance notice is given to the Registrar of Companies, regarding the proposed Special Resolution to be passed at the General Meeting.

As per SEBI's guidelines, the Company has appointed M/s. Intime Spectrum Share Registry Ltd. having their Office at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400 078, as the Registrar and Share Transfer Agent to oversee the various issues relating to the transfer / transmission etc. of the Company's Equity Shares and the various records relating to the management of Equity Shares of the Company and the same are being kept at the aforesaid premises of the Registrar and Share Transfer Agents of the Company.

Now, the name of the aforesaid **Registrar & Share Transfer Agent has been changed to Link Intime Private Limited**. Hence, it is proposed to obtain the members' consent for keeping the Register of Members, Index of members at the Office of **M/s. Link Intime Private Limited at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400 078**.

An advance notice has been given to the Registrar of Companies, Maharashtra regarding the proposed Special Resolution to be passed at the General Meeting.

None of the Directors is concerned or interested in the Resolution.

The members are requested to approve the same.

By order of the Board of Directors

Mumbai,
31st July, 2009

N. V. AGANDESWARAN
Company Secretary

Registered Office:

5-C, 196/197, "Akshay",
Mittal Ind. Estate,
Sakinaka, Andheri (East),
Mumbai - 400 059. (INDIA)



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FINANCIAL HIGHLIGHTS

(Rupees in Lacs)

PROFIT & LOSS ACCOUNT	Units	2008-09	2007-08	2006-07
Net Sales		31350.20	28017.32	26513.46
Other Income		554.32	284.00	120.50
TOTAL		31904.52	28301.32	26633.96
Less: Expenditure		30264.47	25009.68	23864.33
Profit before Interest, Depreciation & TAX(PBIDT)		1640.05	3291.64	2769.63
Less: Interest (on Term Loan)		532.62	557.71	393.98
Less: Interest (Others)		899.97	593.45	314.52
Profit Before Depreciation & Tax		207.46	2140.48	2061.13
Less: Depreciation		1702.40	1521.51	1137.41
Profit Before Tax (PBT)		(1494.94)	618.97	923.72
Less/(Add): Provision for Current Tax		5.96	11.08	20.78
Profit after Current Tax		(1500.90)	607.89	902.94
Less/(Add): Provision for Deferred Tax		(445.92)	181.55	300.94
Profit after Tax (PAT)		(1054.98)	426.34	602.00
Add/(Less) Prior Period items, Tax and other adjustments for earlier years		(85.02)	81.00	(124.42)
Profit attributable to shareholders		(1140.00)	507.34	477.58
Cash Profit(PAT+Dep.)		647.42	1947.85	1739.41
BALANCE SHEET				
Net Fixed Assets		13519.00	14689.95	13936.12
Investments		416.41	347.66	388.09
Net Current Assets		6812.26	7011.20	5655.26
Misc.Expenditure		0.00	0.00	0.00
Capital Employed		20747.67	22048.81	19979.47
Net Worth represented by –				
Share Capital		1709.92	1701.77	1701.77
Reserves & Surplus		6516.94	7656.94	7149.60
Net Worth		8226.86	9358.71	8851.37
Loan Fund				
Long Term		6054.07	6584.60	6466.66
Others		5857.98	5050.81	3788.30
Total Loan Funds		11912.05	11635.41	10254.96
Deferred Tax (Net)		608.76	1054.69	873.14
Capital Employed		20747.67	22048.81	19979.47
Term Loan Repayment		1530.53	1125.24	741.37
RATIO & STATISTICS				
PBIDT/Net Sales	%	5.23	11.75	10.45
PAT/Net Sales	%	-	1.52	2.27
Cash Profit/Net Sales	%	2.06	6.95	6.56
Interest Cover (PBIDT/Interest)	x	1.14	2.86	3.91
DSCR	x	0.57	1.49	1.88
Debt Equity Ratio	x	0.74	0.70	0.73
Book Value	Rs.	48.11	54.99	52.01
EPS	Rs.	(6.70)	2.98	2.81



MANAGEMENT'S DISCUSSION AND ANALYSIS

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. 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

Landmark Events

The Company has been approved as a Government Recognised Export House by the Director General of Foreign Trade. Further the Company has obtained the ISO 9001:2000 Certification(s) from Bureau Veritas (UKAS) and Bureau Veritas (NABCB).

The Company proposes to install four (4) FDY (Fully drawn Yarn) lines used in woven/ knitted fabrics at its Surangi Unit. The Company has applied for a loan of Rs. 20 crores to part finance its project from its banker State Bank of India.

Industry outlook:

The world economies are going through unprecedented crisis. The full ramifications of crisis is still to be understood; however, all industries including textile industry is significantly impacted by the same. The prices for raw materials increased due to the jump in the cost of crude oil whereas the prices of finished goods did not increase to that proportion resulting in lesser realization.

Business Review:

All major transactions of the Company relate to the field of textiles, having same risk & return and as such the same have been classified under single segment. Therefore, reporting is being done as single segment i.e. textiles.

Opportunities & Threats:

China is much ahead of India in the polyester field. The annual production of polyester in China is 17-18 million tons, whereas in India, it is just 3 million tons. This vast gap is due to high customs and excise duty in India. While the volatile raw material prices and cheaper imports from China are the main areas of concern, the other areas of concern are higher interest rates which were prevalent during the financial year 2008-09, resulting in increased input costs. However, of late, with the falling of interest rate, the business may gain momentum.

Internal Controls:

RRL's well defined organization structure, policy guidelines, predefined authority levels, and an extensive system of internal controls ensure optimal utilization and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations.

- ☛ RRL has adequate systems of internal control in place. This is to ensure that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are authorized, recorded, and reported correctly.
- ☛ RRL's internal audit function is empowered to examine the adequacy, relevance and effectiveness of control systems, compliance with laws, regulations & policies, plans and statutory requirements.
- ☛ RRL has an exhaustive budgetary control system. Actual performance is reviewed with reference to the budget by the management on an ongoing basis.
- ☛ RRL's Audit Committee of the Board reviews the findings and recommendations of the internal auditor.



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The system is improved and modified continuously to meet changes in business conditions, statutory and accounting requirements.

RESEARCH & DEVELOPMENT:

RRL focuses on R&D activities towards new products and application, improvement in operating efficiencies and reduction in manufacturing costs. To this end, the Company has two well equipped mechanical & chemical laboratories.

Further, with commissioning of new production facilities, the Company is able to produce POY of Dénier range fine to coarse. Very few plants in India have production facilities for producing such a wide denier range. Plant is designed to produce following types of speciality yarns.

- ☛ Full Dull
- ☛ Bright Yarns
- ☛ Cationic Yarn
- ☛ Coloured yarns
- ☛ Yarns of various cross-sections viz, Trilobal, Octalobal etc.
- ☛ Fire retardant and anti microbial yarns through chips spinning or master batch. Use of such yarns is mandatory for specific fabrics in developed countries and it is now becoming popular in India.

The product lines of plant are designed to change product with minimum changeover losses and thus meet customer requirement even for small quantities. The Company's operations are cost effective due to its size and location as well as capability to offer customized products.

The philosophy of Company is to be innovative and cost competitive. To this end, the Company has fully equipped R&D facilities to address emerging demands in spinning and texturising. The R&D facilities include pilot melt spinning along with equipments for testing of yarn. Very few plants in the country are equipped with such facilities.

QUALITY MANAGEMENT:

RRL continues to take quality improvement measures to strengthen quality management systems at all manufacturing locations.

The Company has obtained the ISO 9001:2000 Certification(s) from Bureau Veritas (UKAS) and Bureau Veritas (NABCB) for its products and processes.

ENVIRONMENT AND SAFETY

RRL is conscious of the need for environmentally clean and safe operations. The Company policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

As the Company begins to compete in the challenging business environment of the new millennium, it realizes that Human Resources are the most valuable assets for the organisation and its people who provide the competitive edge to stay ahead.

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.

The Company aims of employee development are not just about acquiring skills to solve specific problems but also expanding minds to address problems and opportunities which have not become apparent with full understanding of cross functional linkages.

Continuing personal development is the constant obligation of all employees and constant responsibility of all Executives, Managers and Supervisors.

The development and use of human potential and a learning organization is the Company gateway to continued success in the future.

Industrial relations remained generally cordial in all the plants.



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REPORT ON CORPORATE GOVERNANCE

(As required under clause 49 of the Listing Agreement of the Stock Exchange)

The Corporate Governance Report for the year under Review from 1st April, 2008 to 31st March, 2009.

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Company believes in transparency, professionalism and accountability, which are the basic principles of Corporate Governance. The Company would constantly endeavour to improve on these aspects.

2. BOARD OF DIRECTORS – CONSTITUTION AND COMPOSITION:

The Board of Directors of the Company has appropriate composition of Executive and Non-Executive Directors including Independent Directors. The Board of Directors through its active participation ensures that the discussions and decisions on the policy matters are taken after due deliberation and in consonance with the good corporate governance practices.

During the year under review, the Board of Directors of the Company consisted of four Directors. Two of them, i.e, Mr. Jagdish Chandra Somani and Mr. Vinod Kumar Jain, are Non-Executive and independent Directors.

Mr. Gourishankar Poddar is the Chairman & Managing Director. The other Non-Executive Director is Mrs. Rajkumari Kanodia. Hence the composition of the

Board of Directors is well within the norms of Corporate Governance.

None of the Directors on the Board is member in more than ten committees and none acts as Chairman of more than five committees across all companies in which he is a Director.

a) Number of Board, Committee of Board Meetings and Attendance Record of the Directors:

During the year ended 31st March, 2009 the Company had fourteen (14) Board meetings. These meetings were held on the following date(s): 30-04-2008, 02-05-2008, 05-06-2008, 30-06-2008, 31-07-2008, 06-08-2008, 14-08-2008, 31-10-2008, 17-11-2008, 26-12-2008, 15-01-2009, 31-01-2009, 26-02-2009 and 31-03-2009. Further, a meeting of Allotment Committee of Directors was held on the 20th March, 2009 for the allotment of Equity Shares on preferential basis to a promoter group Company.

The composition of Directors during the year under review and the attendance at the Board Meetings during the year under review and the last Annual General Meeting as also number of other Directorships and Committee Memberships are given below:

Sr. No.	Name of the Director	Position	No. of Board Meetings Attended	Attendance At the Last AGM	No. of other Public Company Directorships*	No. of other Committee Memberships and Chairmanships#	
						Chairman	Member
1.	Mr. Gourishankar Poddar	Chairman & M.D.	14	Yes	1	–	–
2.	Mrs. Rajkumari Kanodia	Director	14	Yes	–	–	2
3.	Mr. Jagdish Chandra Somani	Director	14	Yes	–	2	2
4.	Mr. Vinod Kumar Jain	Director	14	No	–	–	2

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

Memberships of only Audit Committee and Shareholders'/Investors Grievance Committee

DIRECTORS' PROFILE:

Brief resume of all the Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees are provided below:

a) Mr. Gourishankar Poddar, Chairman & Managing Director

Mr. Gourishankar Poddar, aged 48 years, is in the textile business for more than 27 years. He is non-matriculate. In 1993, Mr. Poddar promoted Raj Rayon Limited and he was appointed as Managing Director w.e.f. April 1, 1994 for 5 years;

the term has been renewed from time to time. His current appointment expires on March 31, 2014. He was also designated as the Chairman of the Board with effect from January 15, 2001. Mr. Poddar has overall control over management of the Company, subject to supervision, control and direction of the Board of Directors of the Company.

RRL, set up in 1993, has witnessed commendable growth over the years under the able leadership of Mr. Poddar, and now the present installed capacity comprises 30000 T.P.A. of PTY and 10000 T.P.A. of FDY (based on average of 75/36 SD denier), 40000 T.P.A. of POY and 2880



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T.P.A. of Flat Yarn (based on average of 150/36 SD denier).

Mr. Poddar's Achievements include:

Conferred the "Gold Medal for Excellence" by National Integration & Economic Council Award named as Rajiv Gandhi Shiromani Award presented by H.E. Shri Syed Sibtey Razi, Governor of Jharkhand.

Further, Mr. Poddar has been awarded the following awards:

- ☞ International Gold Star Millennium Award
- ☞ Indira Gandhi Sadbhavana Award

Mr. Gourishankar Poddar is one of the Directors on Board of Sunstar Mercantile Company Ltd. but he is not member of the committees of the Board of any other Company.

Mr. Gourishankar Poddar is promoter of RRL and holds 40,000 shares in the Company as on 31st March, 2009.

b) Mrs. Rajkumari Kanodia:

Mrs. Rajkumari Kanodia, aged 50 years, is one of the main Promoters. Mrs. Kanodia, an H.S.C, has experience in the textile field for about 15 years. She was appointed as director of our Company on 28th February, 2003. She is a member of the Audit Committee and Shareholders'/Investors' Grievances and Share Transfer Committee of our Board.

Mrs. Rajkumari Kanodia is neither director nor member of the committees of the Board of any other Company. Mrs. Rajkumari Kanodia holds 467500 Equity Shares in the Company as on 31st March, 2009.

c) Mr. Jagdish Chandra Somani:

Mr. Jagdish Chandra Somani, aged 63 years, is M.Com. and has been working as Vice President – Marketing of Orient Syntex (APM Industries Limited). He is having experience of 35 years in the Textile Industry. He was appointed as Additional Director of our Company on 7th January, 1998 and confirmed as Director in AGM held on 30th September'1998. He is Chairman of Audit Committee and Shareholders'/Investors' Grievances and Share Transfer Committee of our Board. Mr. Somani is neither director nor member of the Committees of the Board of any other Company. Mr. Jagdish Chandra Somani holds Nil shares in the Company as on 31st March, 2009.

d) Mr. Vinod Kumar Jain:

Mr. Vinod Kumar Jain, aged 42 years, is B.E. (Textiles). He is a member of the Audit Committee and Shareholders'/Investors' Grievances and Share Transfer Committee of our Board. He was appointed as Additional Director of our Company

on 30th October, 2004 and confirmed as Director in AGM held on 16th August, 2005. Mr. Vinod Kumar Jain is neither director nor member of the committees of the Board of any other Company. Mr. Vinod Kumar Jain holds Nil shares in the Company as on 31st March, 2009.

3. 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 executing their official duties and responsibilities. The Code of conduct is posted on the website of the Company.

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 & Managing Director is annexed to this Report.

CEO / CFO CERTIFICATION:

As required under clause 49 V of the listing agreement with the Stock Exchanges, the Chairman & Managing Director has certified to the Board the financial statements for the year ended 31st March 2009.

4. AUDIT COMMITTEE:

Terms of reference of Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges, and the same *inter-alia*, include overseeing financial reporting process, reviewing periodic financial results, financial statements and adequacy of internal control systems with the management and adequacy of internal audit function, discussions with auditor about the scope of audit including the observation of the auditors and discussion with internal auditors on any significant findings. The Committee also reviews all matters and information required to be reviewed, discussed or investigated as per the provisions of the corporate governance clause and best of the corporate governance practices including but not limited to related party transactions, appointment or removal of chief internal auditors, compliances of legal provisions and accounting standards etc.

Composition of Audit Committee:

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



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	Name of the Director	Status
1.	Mr. Jagdish Chandra Somani	Independent Director – Chairman
2.	Mr. Vinod Kumar Jain	Independent Director – Member
3.	Mrs. Rajkumari Kanodia	Non-Executive Director – Member

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, five (5) meetings of the Audit Committee were held on the following dates: 30-04-2008, 30-06-2008, 31-07-2008, 31-10-2008 and 31-01-2009

Attendance of Members at Audit Committee meetings is as under:

Name of the Director	No. of Meetings attended
Mr. Jagdish Chandra Somani	5
Mr. Vinod Kumar Jain	5
Mrs. Rajkumari Kanodia	5

5. REMUNERATION COMMITTEE:

The Company has not constituted any Remuneration Committee. The Company has no pecuniary relationship or transaction with its Non-Executive Directors other than payment of sitting fees to them, if any, for attending Board and Committee Meetings.

The Company does not have an incentive plan which is linked to performance and achievement of the Company's objectives. The Company has no stock option and pension scheme.

The Company has not paid any sitting fees to the Non-Executive Directors. The details of remuneration paid to Mr. Gourishankar Poddar, the Chairman & Managing Director of the Company during the year ended on 31st March, 2009 is as follows:

Sr. No.	Particulars		Mr. Gouri shankar Poddar
a)	Salary	Rs. in Lacs	18.00
b)	Fixed Component – Cont. to P. F.	Rs. in Lacs	1.68
c)	Bonus Benefits & other Allowances	Rs. in Lacs	NIL
d)	Service Contract	Years	5
e)	Notice Period	Months	3
f)	Severance Fees	Rs. in Lacs	NIL

6. SHAREHOLDERS' / INVESTOR GRIEVANCES AND SHARE TRANSFER COMMITTEE:

The Board has constituted Shareholders / Investor Grievances and Share Transfer Committee comprising three Non-Executive Directors of which two are Independent Directors

The composition of the Shareholders' / Investor Grievances and Share Transfer Committee is as follows:

	Name of the Director	Status
1.	Mr. Jagdish Chandra Somani	Independent Director – Chairman
2.	Mr. Vinod Kumar Jain	Independent Director – Member
3.	Mrs. Rajkumari Kanodia	Non-Executive Director – Member

The Committee *inter-alia*, approves share transfer, issue of duplicate certificates and oversees and reviews all matters concerned with transfer of securities of the Company. The Committee also looks into redressal of shareholders/ investors complaints in regard to transfer of shares, non-receipts 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.

The Committee has met five (5) times during the year under review, on the following dates: 16-04-2008, 30-06-2008, 31-07-2008, 31-10-2008 and 31-01-2009.

Compliance Officer:

The Company Secretary, Mr. N. V. Agandeswaran is the compliance officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulations,1992 and the Listing requirements with the Stock Exchanges.

7. INVESTOR GRIEVANCE REDRESSAL:

The total number of complaints received, and replied to the satisfaction of the shareholders during the year ended March 31, 2009 was four (4). Outstanding complaints as on March 31, 2009 were Nil. The Company has acted upon all valid share transfer requests received during the year 2008-2009. No request for transfer and dematerialisation was pending as on 31st March, 2009.