



RAJ RAYON LIMITED

17TH ANNUAL REPORT
2009-2010



COMPANY INFORMATION

BOARD OF DIRECTORS	: Mr. GOURISHANKAR PODDAR Mrs. RAJKUMARI KANODIA Mr. JAGDISH CHANDRA SOMANI Mr. VINOD KUMAR JAIN	<i>Chairman & Managing Director</i> <i>Director</i> <i>Director</i> <i>Director</i>
COMPANY SECRETARY	: Ms. GITA YADAV	
AUDITORS	: M/s. R.S. AGRAWAL & ASSOCIATES	
REGISTERED OFFICE	: 5-C, 196 & 197, "AKSHAY", Mittal Ind. 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	
PLANT LOCATIONS	:	
POLYESTER TEXTURISED YARN (PTY)	(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 - Amla, Dist - Silvassa, Dadra & Nagar Haveli (UT) - 396 230 (INDIA)	
PARTIALLY ORIENTED YARN (POY), POLYESTER TEXTURISED YARN (PTY) FULLY DRAWN YARN (FDY) DIVISION	(iii) 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 Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078. Tel : 91-22- 25946970-78, Fax : 91-22- 25946969 Email : rnt.helpdesk@linkintime.co.in, Website: www.linkintime.co.in	

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RAJ RAYON LIMITED

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the Members of RAJ RAYON LIMITED will be held on Saturday, 07th August, 2010 at Chakra Hotel, Andheri Kurla Road, Saki-Naka, Andheri (East), Mumbai – 400 072, at 1.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend for the year ended 31st March, 2010 on equity shares.
3. To appoint a Director in place of Mr. Vinod Kumar Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint M/s R. S. Agrawal & Associates, Chartered Accountants as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and authorise Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. **To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution**
 - a. **"RESOLVED THAT** pursuant to the provisions of Section 21, 16, 31 and other applicable provisions, if any, of the Companies Act, 1956, and approval by Registrar of Companies, Maharashtra, the name of the Company be changed from **"RAJ RAYON LIMITED"** to **"RAJ RAYON INDUSTRIES LIMITED."**
 - b. **RESOLVED FURTHER THAT** pursuant to the provisions of Section 16 and any other applicable provisions of the Companies Act, 1956, and approval by Registrar of Companies, Maharashtra for the proposed change of the name of the Company, **"RAJ RAYON INDUSTRIES LIMITED"**, the new name, be inserted at all places wherever the existing name appears in the Memorandum of Association of the Company and Clause no. I be amended as follows:
 - i. The name of the Company is **"RAJ RAYON INDUSTRIES LIMITED"**.
 - c. **RESOLVED FURTHER THAT** pursuant to the provisions of Section 31 and any other applicable provisions of the Companies Act, 1956, and approval by Registrar of Companies, Maharashtra for the proposed change of name of the Company, **"RAJ RAYON INDUSTRIES LIMITED"**, the new name, be inserted at all places wherever the existing name appears in the Articles of Association of the Company.
RESOLVED FURTHER THAT existing Article no. 2 be amended as under:

The meaning of "The Company" or "this Company" contained in the existing Article 2 be replaced with the following meaning:

"The Company" or "this Company" means **"RAJ RAYON INDUSTRIES LIMITED"**.

RESOLVED FURTHER THAT Mr. Gourishankar Poddar, Chairman and Managing Director, Mrs. Rajkumari Kanodia, Director and Ms. Gita Yadav, Company Secretary of the Company be and are hereby authorised to do all such acts, deeds and things and authorise such person(s) as it may deem fit to do all such acts and deeds and sign all such papers and applications as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

By order of the Board of Directors

Place: Mumbai

Date: 30th June, 2010

Registered Office:

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

Gita Yadav

Company Secretary

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.
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 173(2) of the Companies Act, 1956, 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 Clause 49 of the Listing Agreement entered into with the Stock Exchanges, is annexed to this Notice.
4. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are requested to send a duly certified copy of their Board Resolution authorizing 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.



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7. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, 31st July, 2010 to Saturday, 07th August, 2010 (both days inclusive) for the purpose of payment of Dividend, if declared at the meeting.
 8. If the dividend on the equity shares, as recommended by the Board of Directors, is declared at the Annual General Meeting, payment thereof will be made (i) to those members whose names appear on the Register of Members of the Company as on 30th July, 2010 after giving effect to all valid share transfers in physical form lodged with the Company's Registrar and Share Transfer Agent (R&TA) Link Intime India Private Limited on or before 30th July, 2010; and (ii) in respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited (NSDL) and/or Central Depository Services (India) Limited (CDSL), as at the close of 30th July, 2010.
 9. Members are advised to submit their National Electronic Clearing Services (NECS) mandates to the Company's R&TA at their address mentioned below to facilitate remittance by means of NECS.
 10. 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).
 11. Pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956, dividend for the financial year ended 31st March, 1996 and thereafter, which remains 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 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
31.03.2003	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

- Members who have not encashed their dividend warrants pertaining to the financial year 2002-2003 have already been informed through a separate individual written notice to approach the Company's R&TA on or before **28th August, 2010**, to check up and send their claims, if any, before the amount becomes due for transfer to IEPF.
- 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.
12. 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.
 13. Further, Members are requested to inform immediately about any change in their address 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 (W), Mumbai – 400 078
 Ph: 91-22-25946970-78
 Fax: 91-22-25946969
 Email: rnt.helpdesk@linkintime.co.in
 Website: www.linkintime.co.in
 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.
 15. Investors may address their queries/communication at investors@rajrayon.com.
 16. Copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies of the Annual Report to the meeting.



RAJ RAYON LIMITED

ANNEXURE TO NOTICE

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956:

Item No.5 of the Notice: Change of name of the Company

The Company is widening its scope of activity and expanding its business.

In view of expansion of activities of the Company, the Management thought it appropriate to change the name of the Company to reflect multiple activities. Therefore the Management has decided to change the name of the Company and to take necessary steps in this regard.

The Board of Directors of the Company, at their meeting held on 28th May, 2010, proposed to change the name of the Company from "RAJ RAYON LIMITED" to "RAJ RAYON INDUSTRIES LIMITED". Accordingly, the Company has applied for the name and the Registrar of Companies, Maharashtra has made available to the Company, the name "RAJ RAYON INDUSTRIES LIMITED" vide its letter dated 17th June, 2010. Subject to the special resolution being passed, an application will be made to the Central Government for approval of the change of name under Section 21 of the Companies Act, 1956.

The Company, in consultation with the Stock Exchanges and in compliance with all applicable provisions of law, will take appropriate steps in due course to give effect to the above change in the name.

The provisions of the Companies Act, 1956 require the Company to seek the approval of Members for change in the name of the Company, the alteration in the 'Name Clause' in the Memorandum of Association of the Company and consequential alteration in the Articles of Association of the Company.

The Management recommends passing of special resolutions at item no. 5 of the agenda.

None of the Directors of your Company is, in any way, concerned or interested in the proposed resolution.

By order of the Board of Directors

Place: Mumbai

Date: 30th June, 2010

GITA YADAV

Company Secretary

Registered Office:

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

BRIEF PROFILE OF THE DIRECTOR SEEKING RE- APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING AS REQUIRED TO BE FURNISHED PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA

Item No. 3 of the Notice:

Name	: Mr. Vinod Kumar Jain
Age	: 43 years
Qualification	: B.E. (Textiles)
Expertise	: Textile Industry
Date of appointment	: 30 th October, 2004 as an Additional Director and confirmed as Director in Annual General Meeting held on 16 th August, 2005.
Category	: Independent Director
No. of Shares held	: None

Mr. Vinod Kumar Jain is neither a Director of the Board of any other company nor Member of the committees of the Board of any other company.



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FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

PROFIT & LOSS ACCOUNT	Units	2009-2010	2008-2009	2007-2008
Net Sales		32767.67	31458.28	28017.32
Other Income		1031.74	554.32	284.00
TOTAL		33799.41	32012.60	28301.32
Less: Expenditure		30445.33	30372.55	25009.68
Profit before Interest, Depreciation & TAX (PBIDT)		3354.08	1640.05	3291.64
Less: Interest (on Term Loan)		461.02	532.62	557.71
Less: Interest (Others)		858.56	899.97	593.45
Profit Before Depreciation & Tax		2034.50	207.46	2140.48
Less: Depreciation		1703.96	1702.40	1521.51
Profit Before Tax (PBT)		330.54	(1494.94)	618.97
Less/(Add): Provision for Current Tax		10.14	5.96	11.08
Profit after Current Tax		320.40	(1500.90)	607.89
Less/(Add): Provision for Deferred Tax		7.96	(445.92)	181.55
Profit after Tax (PAT)		312.44	(1054.98)	426.34
Add/(Less) Prior Period items, Tax and other adjustments for earlier years		(61.06)	(85.02)	81.00
Profit attributable to shareholders		251.38	(1140.00)	507.34
Cash Profit (PAT + Dep.)		2016.40	647.42	1947.85
BALANCE SHEET				
Net Fixed Assets		16110.70	13519.00	14689.95
Investments		186.62	416.41	347.66
Net Current Assets		6512.88	6830.72	7011.20
Capital Employed		22810.20	20766.13	22048.81
Net Worth represented by-				
Share Capital		1799.82	1709.92	1701.77
Reserves & Surplus		6705.34	6516.94	7656.94
Share Application Money		9.47	18.46	0.00
Net Worth		8514.63	8245.32	9358.71
Loan Fund				
Long Term		6267.61	6054.07	6584.60
Others		7411.23	5857.98	5050.81
Total Loan Funds		13678.84	11912.05	11635.41
Deferred Tax (Net)		616.73	608.76	1054.69
Capital Employed		22810.20	20766.13	22048.81
Term Loan Repayment		1718.62	1530.53	1088.64
RATIO & STATISTICS				
PBIDT/Net Sales	%	10.24	5.21	11.75
PAT/ Net Sales	%	0.95	-	1.52
Cash Profit/Net Sales	%	6.15	2.06	6.95
Interest Cover (PBIDT/ Interest)		2.54	1.14	2.86
DSCR		1.14	0.57	1.52
Debt Equity Ratio		0.74	0.73	0.70
Book Value	Rs.	47.31	48.22	54.99
EPS	Rs.	1.43	(6.70)	2.98



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, 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's Export House status has been upgraded to Star Export House w.e.f 17th August, 2009 by the Director General of Foreign Trade. Further, the Company's ISO Certification has been upgraded to ISO 9001:2008 by Bureau Veritas (UKAS) and Bureau Veritas (NABCB).

The Company successfully installed four (4) FDY (Fully drawn Yarn) lines and the same went on stream from 25th March, 2010.

Industry Outlook:

Expected higher GDP growth and stabilised crude oil prices bode well for our industry in the ensuing year. Industry outlook is positive owing to higher domestic demand and switch over from cotton owing to higher cotton prices.

Business Review:

The Company's domestic sales, and also exports, are looking up and the Company has also stepped up its efforts to enhance the share of value added items in its product mix to be better placed to meet crude oil and raw material prices volatility, if any, in future.

Opportunities & Threats:

- Globalisation has thrown open bigger opportunity for export of Company's products.
- Anticipated higher GDP growth to also witness higher consumer spending, in turn, boosting demand for Company's products.
- Volatility in crude oil and raw material prices, and also cheaper imports of POY, PTY and FDY from China, remain areas of concern.

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 system of internal control in place 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.

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 Triobal and Octalobal, Full Dull, Semi Dull, Bright Yarns, Cationic Yarn, Coloured Yarn, Fire Retardant and Anti Microbial yarns. During the year, the Company successfully introduced different colour variants of POY and PTY.

QUALITY MANAGEMENT

RRL continues to take quality improvement measures to enhance quality of various texturised yarn.

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.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company recognizes 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

(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, 2009 to 31st March, 2010

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

The Company believes in adopting the best corporate governance practices and 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.

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 their active participation ensures that the 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 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.

As required by the Companies Act, 1956 & Clause 49 of the Listing Agreement, none of the directors holds directorship in more than 15 public companies, membership of Board Committees (Audit/Investors Grievance Committees) in excess of 10 and chairmanship of Board Committees as aforesaid in excess of 5.

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

During the year ended 31st March, 2010, the Company had Twenty (20) Board meetings. These meetings were held on the following date(s): 02/05/2009, 30/06/2009, 02/07/2009, 07/07/2009, 16/07/2009, 30/07/2009, 31/07/2009, 21/08/2009, 30/09/2009, 07/10/2009, 31/10/2009, 06/11/2009, 17/12/2009, 31/12/2009, 05/01/2010, 27/01/2010, 30/01/2010, 02/02/2010, 09/02/2010 and 02/03/2010.

Further, a meeting of Allotment Committee of Directors was held on the 29th September, 2009 for the allotment of Equity Shares to a promoter group Company on conversion of warrants earlier issued on preferential basis.

The composition of Board of Directors, 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	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.	Mr. Gourishankar Poddar	Chairman & Managing Director	20	YES	** M/s Sunstar Mercantile Company Limited	—	—
2.	Mrs. Rajkumari Kanodia	Non Executive & Promoter Director	20	YES		—	—
3.	Mr. Jagdishchandra Somani	Non Executive & Independent Director	20	YES		—	—
4.	Mr. Vinod Kumar Jain	Non Executive & Independent Director	20	Not attended		—	—

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

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

** Mr. Gourishankar Poddar resigned from Directorship of M/s. Sunstar Mercantile Company Limited w.e.f. 28th December, 2009.



RAJ RAYON LIMITED

b) 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:

i) **Mr. Gourishankar Poddar, Chairman & Managing Director:**

Mr. Gourishankar Poddar, aged 49 years, is in the textile business for more than 28 years. He is non-matriculate. In 1993, Mr. Poddar promoted Raj Rayon Limited and he was appointed as Managing Director w.e.f. 1st April, 1994 for 5 years; the term has been renewed from time to time. His current appointment as Managing Director expires on 31st March, 2014. He was also designated as the Chairman of the Board with effect from 15th January, 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.

Raj Rayon Limited, set up in 1993, has witnessed commendable growth over the years under the leadership of Mr. Poddar, and now the present installed capacity comprises 30000 T.P.A. of PTY and 23063 T.P.A. of FDY (based on average of 75/36 SD denier), 40000 T.P.A. of POY and 2880 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 was a Director on the Board of M/s Sunstar Mercantile Company Limited. He resigned from the Directorship of the Company w.e.f. 28th December, 2009. He is not member of the committees of the Board of any other company.

Mr. Gourishankar Poddar is promoter of Raj Rayon Limited and holds 40,000 shares in the Company as on 31st March, 2010.

ii) **Mrs. Rajkumari Kanodia:**

Mrs. Rajkumari Kanodia, aged 51 years, is one of the main promoters of Raj Rayon Limited. Mrs. Kanodia, an H.S.C, has experience in the textile field for about 16 years. She was appointed as director of the 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. She holds 467500 Equity Shares in the Company as on 31st March, 2010.

iii) **Mr. Jagdish Chandra Somani:**

Mr. Jagdish Chandra Somani, aged 64 years, is M.Com and he is working as Vice President - Marketing of Orient Syntex (APM Industries Limited). He is having experience of 36 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. He holds Nil shares in the Company as on 31st March, 2010.

iv) **Mr. Vinod Kumar Jain:**

Mr. Vinod Kumar Jain, aged 43 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 Annual General Meeting held on 16th August, 2005.

Mr. Vinod Kumar Jain is neither Director nor member of the committees of the Board of any other company. He holds Nil shares in the Company as on 31st March, 2010.

c) **Responsibilities:**

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.

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 / CMD Certification:

The certificate under Clause 49 V of the Listing Agreement with the Stock Exchanges, signed by the Chairman & Managing Director is annexed to this report.

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 but is not limited to related party transactions, appointment or removal of chief internal auditors, compliance of legal provisions and accounting standards etc, 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.

Composition of Audit Committee:

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

Sr. No.	Name of the Directors	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.

The Audit Committee, in its meetings, gives to the Board its recommendations based on its review as per terms of references on the following matters:

- To oversee the Company's financial reporting process and disclosure of its financial information.
- To recommend the appointment of Statutory Auditors and fixation of the audit fee.

- To review and discuss with the Auditors about internal control systems, the scope of audit including the observations of the Auditors, adequacy of internal audit function, major accounting policies, practices and entries, compliance with accounting standards with the Stock Exchanges and legal requirements concerning financial statements and related party transactions, if any.
- To review the Company's financial and risk management policies and discuss the same with the internal auditors and to follow-up significant findings thereon.
- To review quarterly and annual financial statements before submission to the Board of Directors.

Meetings of the Audit Committee:

During the year under review, five (5) meetings of the Audit Committee were held on the following dates: 02/05/2009, 30/06/2009, 31/07/2009, 31/10/2009 and 30/01/2010.

Attendance of Members at Audit Committee meetings is as under:

Sr. No.	Name of the Directors	No. of Meetings attended
1.	Mr. Jagdish Chandra Somani	5
2.	Mr. Vinod Kumar Jain	5
3.	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 Companies objectives. The Company has no stock option plan 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 2010 is as follows:

Sr. No.	Particulars	Mr. Gourishankar Poddar
a)	Salary	Rs.in Lacs 18.00
b)	Fixed Component- Cont. to P. F.	Rs.in Lacs 2.16
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