



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 - Amlia, Dist - Silvassa, Dadra & Nagar Haveli (UT) - 396 230 (INDIA) (iii) Survey No. 177/1/3 & 177/1/4, Village - Surangi, Dist - Silvassa, Dadra & Nagar Haveli (UT) - 396 230 (INDIA)	
PARTIALLY ORIENTED YARN (POY), POLYESTER TEXTURISED YARN (PTY) FULLY DRAWN YARN (FDY) DIVISION	:		
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

Gita Yadav
Company Secretary

Registered Office:

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

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.



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



RAJ RAYON LIMITED

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:

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 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 Six (6) times during the year under review, the details of which are follows: 02/05/2009, 30/06/2009, 31/07/2009, 31/10/2009, 30/01/2010 and 31/03/2010.

Attendance of Members at Shareholders/Investor Grievances and Share Transfer Committee meetings is as under:

Sr. No.	Name of the Directors	No. of Meetings attended
1.	Mr. Jagdish Chandra Somani	6
2.	Mr. Vinod Kumar Jain	6
3.	Mrs. Rajkumari Kanodia	6

Compliance Officer:

The Company Secretary, Ms. Gita Yadav, 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 31st March, 2010 was 1 (One). Outstanding complaints as on 31st March, 2010 were Nil.

The Company has acted upon all valid share transfer requests received during the year 2009-2010. No request for transfer and dematerialisation was pending as on 31st March, 2010.

8. DISCLOSURES

I. General Body Meetings:

Financial Year	Date	Location	Time	Special Resolution Passed in the AGM/EGM
2006-07 AGM	28-09-2007	Chakra Hotel, Andheri Kurla Road, Saki-Naka, Andheri (East), Mumbai - 400 072.	1.00 p.m.	(i) Special Resolution under Section 163 of the Companies Act 1956 for maintaining the Register of Members with the Registrars, M/s Intime Spectrum Registry Limited (ii) Increasing the remuneration of the Chairman & Managing Director to Rs.1.50 Lacs per month w.e.f. 1-8-2007 for the remaining term of his office up to 31-3-2009
2007-08 AGM	30-09-2008	Chakra Hotel, Andheri Kurla Road, Saki-Naka, Andheri (East) Mumbai - 400 072.	1.30 p.m.	(i) Inserting a new Article as Article 80A of the Articles of Association of the Company for passing of Resolutions by Postal Ballot (ii) Inserting a new article as Article 109A of the Articles of Association for conducting Board/ Committee meetings through Video conferencing and /or Tele conferencing methods
2008-09 AGM	30-09-2009	Chakra Hotel, Andheri Kurla Road, Saki-Naka, Andheri (East), Mumbai - 400 072.	1.30 p.m.	(i) Appointment of Mr. Sushil Kumar Kanodia to the office or place of profit in the Company. (ii) 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.

Postal Ballot:

During the year ended on 31st March, 2010 the Company sought the approval of its members by way of Postal Ballot, by notice dated 06th November, 2009. Mr. Bharat Pathak, Practicing Company Secretary, was appointed as the Scrutinizer for the Postal Ballot exercise. The result was declared on the 15th December, 2009. The detail of the voting pattern for Postal Ballot is given below:

- Ordinary Resolution Under Section 293(1) (a) of the Companies Act, 1956 authorising Board of Directors of the Company for proposed sale and transfer of Land and Building at its Unit No. 3 situated at Survey No. 259/12, Parshwanath Industrial Estate, Village - Dadra, District - Silvassa (Union Territory of Dadra and Nagar Haveli) to M/s. S. R. V. Polytex Private Limited or any of its sister concern.



No. of Valid Postal Ballot Forms Received	Postal Ballot Forms with Assent	No of Shares held by the members who have cast their votes in favour	Postal ballot Forms with Dissent	No. of shares held by the members who have cast their votes against
363	325	74,91,379	38	7,380

Resolution was passed with requisite majority

II (a) Related Party Transactions:

There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc that may have potential conflict with the interest of the Company at large.

Attention of members is drawn to the disclosures of transactions with the related parties set out in Notes on Accounts – Note No.5 of Schedule '22', forming part of the Annual Report.

The Company's major related party transactions are generally with its Associates considering various business and other factors.

All related party transactions are negotiated on arms length basis and are only intended to further the interest of the Company.

(b) Listing Agreement:

The Company has complied with all requirements of the Listing Agreement entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed either by SEBI or the Stock Exchanges or any statutory body/ authority for non-compliance of any matter related to the capital markets during the last three years except the following:

As per regulations of 6(2), 6(4) and 8(3) of SEBI (Substantial Acquisition of Shares and Take over) Regulations, 1997 information with regard to the Shareholding has to be submitted within the time period specified therein. We had delayed the submission of the required information till 2002. The information was submitted in March, 2004. We have received a Notice dated 10th September, 2004 from SEBI, in respect of delay and also asking for Company's consent to agree to pay Rs.1,75,000/- for the aforesaid violations. The Company has vide its letter dated 29th September, 2004 agreed to pay the amount and has given its consent.

(c) Utilisation of funds raised through Preferential Warrants:

Last year the Company had received allotment money of Rs.19.27 Lacs received in respect of allotment of 19,27,000 warrants on preferential basis to a promoter group company Raj Money Market Limited and the conversion option money of Rs. 7.335 Lacs was received in respect of conversion of 81500 warrants into Equity

Shares of the Company which was utilised for the purpose stated in the Notice of Postal Ballot dated 15th January, 2009. These 81500 Equity Shares which were allotted on conversion of warrants on preferential basis on 20th March, 2009 which are under locked-in for a period of three (3) years from the date of allotment i.e. from 20th March, 2009 to 19th March, 2012.

Further during the year on 29th September, 2009 second tranche conversion option was exercised for conversion of 8,99,000 warrants into Equity Shares of the Company, Rs. 80,91,000 was received in respect of the conversion. The money received in respect of this conversion was utilised for the purpose as stated in the Notice of Postal Ballot dated 15th January, 2009. These 8,99,000 Equity Shares which were allotted on conversion of warrants on preferential basis are under locked-in for a period of three (3) years from the date of allotment i.e. from 29th September, 2009 to 28th September, 2012.

III Disclosures on risk management:

The Company has laid down procedures to inform the members of the Board about the risk assessment and minimization procedures and the same is reviewed by the Board periodically.

9. MEANS OF COMMUNICATIONS**• Quarterly Results:**

Quarterly Results are published in 'Free Press Journal / The Economic Times' and 'Navshakti / Maharashtra Times' newspaper and also displayed on the Company's website www.rajrayon.com.

• News Release, Presentation etc.:

Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website www.rajrayon.com.

• Website:

The Company's website www.rajrayon.com contains a separate dedicated section 'Investor Relations' where shareholders information is available. Full Annual Report is also available on the website in a user-friendly and downloadable form.

• Annual Report:

Annual Report containing, inter alia, Audited Annual Accounts, Directors Report, Auditors Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) and Corporate Governance Report form part of the Annual Report.

• Corpfilings:

Various announcements, Quarterly Results, Shareholding Pattern etc. of the Company are also posted on the <http://www.corpfilings.co.in>.



RAJ RAYON LIMITED

10. GENERAL SHAREHOLDER INFORMATION

(a) Registered office & Annual General Meeting:

Registered office :

5-C, 196/197, "Akshay" Mittal Industrial Estate,
Sakinaka, Andheri (East), Mumbai – 400 059,
Tel: 91-22- 40343434
Fax: 91-22- 40343400
E-mail: investors@rajrayon.com

Annual General Meeting:

Date & Time : 1.30 p.m. on 07th August, 2010

Venue : Chakra Hotel, Andheri – Kurla Road,
Sakinaka, Andheri (East),
Mumbai-400072

(b) Financial Calendar (Tentative):

Financial Year : 1st April to 31st March
Results for the quarter ending June 30, 2010 : Last week of July, 2010
Results for quarter ending September 30, 2010 : Last week of October, 2010
Results for quarter ending December 31, 2010 : Last week of January, 2010
Results for year ending March 31, 2011 : Last week of May, 2011
Annual General Meeting : September, 2011

(c) Book Closure Period:

From 31st July, 2010 to 07th August, 2010 (both days inclusive) for the 17th Annual General Meeting.

(d) Dividend Payment Date:

Dividend will be paid on or after 09th August, 2010.

(e) Listing of Equity Shares on Stock Exchanges and Payment of Listing Fee:

Name and Address of Exchanges where Company is listed	Stock Code	Payment of Listing Fees
Bombay Stock Exchange Limited (BSE), Phrioze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	Code: 530699 ISIN NO: INE533D01016	Annual listing fee for the year 2010-11 (As applicable) has been paid by the Company to both BSE and NSE.
The National Stock Exchange of India Ltd. Bandra – Kurla Complex, Mumbai-400 050.	Symbol- RAJRAYON	

(f) Market Price Data:

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Ltd and the National Stock Exchange of India Ltd. are as follows:

Month	Bombay Stock Exchange (Amount in Rs.)		National Stock Exchange (Amount in Rs.)	
	High	Low	High	Low
April, 2009	7.75	5.00	7.85	5.25
May, 2009	11.89	6.26	11.90	6.00
June, 2009	12.60	8.55	12.50	8.70
July, 2009	10.00	7.11	10.45	8.00
August, 2009	15.00	8.45	15.00	8.50
September, 2009	13.80	10.00	14.00	10.05
October, 2009	11.00	8.62	11.10	8.60
November, 2009	10.78	8.31	11.05	8.50
December, 2009	10.95	9.30	11.00	9.50
January, 2010	15.24	10.25	15.50	10.20
February, 2010	12.88	9.91	12.80	9.70
March, 2010	10.77	9.02	10.65	8.90

Source: BSE website and NSE website

(g) Registrars and Transfer Agents:

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

(h) Share Transfer System:

Presently, the share transfers, which are received in physical form, are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Shareholders/ Investors Grievances and Share Transfer Committee. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the said certificate with the Stock Exchanges.



(i) Distribution of shareholding as on 31st March, 2010 is as under:

Shareholding of nominal value of Rupees.	No. of Shareholders	% of Shareholders	Shareholding	% of Shareholding
Up to 5000	15055	84.53	2499867	13.89
5001- 10000	1421	7.98	1208964	6.72
10001- 20000	725	4.07	1123008	6.24
20001 - 30000	201	1.13	511963	2.84
30001 - 40000	115	0.65	417503	2.32
40001 - 50000	74	0.41	350659	1.95
50001- 100000	128	0.72	946654	5.26
100001& above	91	0.51	10939582	60.78
TOTAL	17810	100.00	17998200	100.00

(j) Categories of Shareholders as on 31st March, 2010 are as under :

Category	Number of shares	% of holding
Promoter & Promoter group	6626393	36.82
Banks/MFs/FIs	848989	4.72
Other Bodies Corporate	1890093	10.50
Indian Public	8011000	44.51
NRIs/OCBs	180564	1.00
Others	441161	2.45
TOTAL	17998200	100.00

(k) Corporate Benefits:

Dividend Declared for the last 3 Years:

Financial Year	Dividend Declaration Date	Dividend Rate (%)
2006-2007	28 th September, 2007	5
2007-2008	N.A.	NIL
2008-2009	N.A.	NIL

(l) Dematerialization of shares and liquidity and Lock-in of Shares:

(a) Dematerialisation Position as on 31st March, 2010

Total No. of Fully paid up Shares	Shares in Demat Form	Percentage %	Shares in Physical Form	Percentage %
17998200	17478490	97.11	519710	2.89

The equity shares of Raj Rayon Limited are traded on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Trading in the Company's shares is permitted only in dematerialised form for all investors as per notifications issued by the Securities and Exchange Board of India (SEBI). The Company has established connectivity with National Securities Depository Limited and Central Depository Services (India) Limited through the Registrars, Link Intime India Private Limited whereby the investors have the option to dematerialise their shares with either of the depositories.

(m) Details of Locked-in Shares:

(i) Pre- preferential holdings:

As on 20th March, 2009, the date of allotment of 81,500 Equity Shares on preferential basis to Raj Money Market Limited, a promoter group Company, the aforesaid Raj Money Market Limited, holds a total of 45,18,600 Equity Shares in the Company of

which 25,37,100 Equity Shares were locked in up to 8th September, 2009.

(ii) Lock- in of 81,500 Equity Shares allotted on preferential basis:

The 81,500 Equity Shares which were allotted on 20th March, 2009 on conversion of warrants issued to Raj Money Market Limited are locked in for a period of three (3) years from the date of allotment, i.e. up to 19th March, 2012.

(iii) Lock- in of 8,99,000 Equity Shares allotted on preferential basis:

The 8,99,000 Equity Shares which were allotted on 29th September, 2009 are locked in for a period of three (3) years from the date of allotment, i.e. up to 28th September, 2012.

(n) Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion:

The Company has so far not issued any GDRs/ADRs, and therefore the question of outstanding GDRs / ADRs etc as at end of March, 2010, does not arise.

However, 19,27,000 warrants were allotted on preferential basis to Raj Money Market Limited, a Promoter group Company on 26th February, 2010 out of which 81,500 warrants were converted in to Equity Shares of Rs.10/- each on 20th March, 2009 and 8,99,000 warrants were converted in to Equity Shares of Rs. 10/- each on 29th September, 2009.

Further 9,46,500 warrants are outstanding with option to convert them into equal number of Equity shares upto 25th August, 2010.

(o) Plant Locations:

The Company's plants are located at:

Polyester Texturised Yarn (PTY) Division:

- (i) *Unit No. 1: Survey No. 272/1/1,
Plot No. 1, Village - Dadra,
Dadra-Demani Road, Dist - Silvassa,
Dadra & Nagar Haveli (UT) - 396 230 (INDIA)
 - (ii) Unit No. 2: Survey No. 185/1/1,
Plot No.17, Dokmandi, Village - Amla, Dist - Silvassa,
Dadra & Nagar Haveli (UT) - 396 230 (INDIA)
 - (iii) **Unit No. 3: Survey No.259/12,
Parshwanath Industrial Estate,
Village - Dadra, Dist - Silvassa,
Dadra & Nagar Haveli, (UT) - 396 230 (INDIA)
- * At present, there is no manufacturing activity in this unit.
- ** The Land and Building of Unit No. 3 has been sold to SRV Synthetic and the plant and machinery of Unit No. 3 is transferred to Unit No. 4.



RAJ RAYON LIMITED

Partially Oriented Yarn (POY), Polyester Texturised Yarn (PTY) & Fully Drawn Yarn (FDY) Division:

(iv) Unit No. 4: Survey No. 177/1/3 & 177/1/4,
Village – Surangi, Dist - Silvassa,
Dadra & Nagar Haveli, (UT) - 396 230 (INDIA).

(p) (i) Address for investor correspondence:

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, payment of dividend on shares and any other query relating to shares of the Company:

(ii) 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

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).

(iii) Any query on Annual Report:

Registered office of the Company.

(q) Capital Integrity Audit for Reconciliation of Capital:

As stipulated by SEBI, a qualified Practising Company Secretary (PCS) carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the copy of the report is submitted to the Stock Exchanges where the shares are listed. The audit confirms that the total Listed and Paid-up Capital of the Company is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

11. COMPLIANCE CERTIFICATE OF THE AUDITORS

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to the Directors Report and Management Discussion and Analysis.

The Certificate from the Statutory Auditors will be sent to the Stock Exchanges where the shares of the Company are listed along with the Annual Report of the Company.

12. NON-MANDATORY DISCLOSURES

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings as detailed below:

The Board:

No policy has been fixed on tenure of independent directors.

Remuneration Committee:

The remuneration of the Executive Directors is approved in the Board meeting wherein the Executive Directors do not participate and vote on the resolutions considering their remuneration package. Hence in the opinion of the Board, there is no conflict of interest in the determination of remuneration package to the Executive Directors and the same is in consonance with the provisions of the Companies Act, 1956.

Shareholders Rights:

The quarterly results of the Company are being published in the English and Vernacular news papers (i.e. "Free Press Journal / The Economic Times and Navshakti / Maharashtra Times") and they are also displayed on the Company's website namely www.rajrayon.com and in the official section of <http://www.corpfiling.co.in>. The results are not sent to the shareholders individually.

Training of Board Members:

The present Board of Directors consists of well experienced and responsible members of the society. All the Directors are well aware of business model as well as the risk profile and business parameters of the Company and their responsibilities as Directors. However, periodical briefings are made to the directors about the business model & risk profile of the Company.



DECLARATION

Compliance with Code of Conduct

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct for the year ended on 31st March, 2010.

For Raj Rayon Limited

Place: Mumbai
Date: 28th May, 2010

GOURISHANKAR PODDAR
Chairman & Managing Director

CEO/CMD CERTIFICATION

As required by sub clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, I have certified to the Board that for the financial year ended 31st March, 2010, the Company has complied with the requirements of the said sub clause.

For Raj Rayon Limited

Place: Mumbai
Date: 28th May, 2010

GOURISHANKAR PODDAR
Chairman & Managing Director

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE:

To
The Members
Raj Rayon Limited

We have examined the relevant records relating to compliance of Corporate Governance by Raj Rayon Limited ("the Company") for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It was neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above Listing Agreement.

We state that no investor grievance was pending as on 31st March, 2010 as per the records maintained by the Company and presented to the Shareholders and Investors Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and behalf of

R.S.AGRawal & ASSOCIATES
Chartered Accountants

Place: Mumbai
Date: 28th May, 2010

R.S.AGRawal
PARTNER
Membership No: 33216



RAJ RAYON LIMITED

DIRECTORS REPORT

Dear Shareholders,

Your Directors are pleased to present the 17th Annual Report and the audited accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	Current Year 2009-2010	Previous Year 2008-2009
Net Sales and Other Income	33799.41	32012.60
Gross Profit before interest, Depreciation and Tax	3354.08	1640.05
Less: Interest	1319.58	1432.59
Depreciation	1703.96	1702.40
Profit before Tax	330.54	(1494.94)
Less: Provision for Current Tax	10.14	5.96
Provision for Deferred Tax	7.96	(445.92)
Profit After Tax	312.44	(1054.98)
Add:(Less): Prior Period Items & Adjustments	0.19	(0.75)
Add:(Less): b/f Balance in Profit & Loss Account	2215.08	3355.08
Add:(Less): Income Tax Adjustment for earlier years	(61.05)	(84.27)
Amount Available for Appropriation	2466.66	2215.08
Appropriations:		
Proposed Dividend on Equity Shares	53.99	NIL
Tax on Proposed Dividend	9.2	NIL
Balance carried to Balance Sheet	2403.47	2215.08
	2466.66	2215.08

PERFORMANCE

During the financial year, your Company recorded Net Sales and Other Income of Rs. 33799.41 Lacs as compared to Rs. 32012.60 Lacs of previous year. The Net Profit for the year was 312.44 Lacs as compared to previous year (Rs.1054.98) Lacs. Cash profit increased to Rs. 2016.40 Lacs from Rs 647.42 Lacs of previous year.

DIVIDEND

Your Directors, subject to approval of Bankers, Financial Institutions and Shareholders, have recommend a dividend of Re. 0.30 per equity share for the financial year ended on 31st March, 2010.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, which also deals with the opportunities, challenges and the future outlook for the Company as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange in India, is presented in a separate section forming part of the Annual Report.

EXPANSION PLANS

The Company has commenced the commercial production from four (4) FDY (Fully drawn Yarn) lines from 25th March, 2010.

The Company's plans to expand the installed capacity for manufacturing Polyester Texturised Yarn (PTY), Fully Drawn Yarn (FDY) and to create new capacity for manufacturing Twisted Yarn (TY), different types of coloured yarns therefrom which command good demand and sales margin in the market. This would enable the Company to enhance its profitability of operations.

The Company's expansion project envisages creation of additional manufacturing capacity as under:

PTY(75/36 SD denier) 21,000 MTA

TY (75/36 SD denier) 3,060 MTA

FDY(150/36 SD denier) 1,886 MTA

The Company has approached its bankers for sanctioning of term loans to part finance the said expansion project. The Company has sold its Land & Building of Unit no. 3 and shifted its Plant & Machinery therefrom to Unit no. 4 (Surangi) to enhance its operating efficiency.

CONVERSION OF WARRANTS WITH CONVERTIBLE OPTION ON PREFERENTIAL BASIS TO A PROMOTER GROUP COMPANY

During last year, the Company obtained consent of the members through a Special Resolution under postal ballot for Conversion of 19,27,000 Warrants with convertible option into an equal number of equity shares of Rs. 10/- each over a period of 18 months on preferential basis to a Promoter Group Company named M/s. Raj Money Market Limited and allotted 81,500 equity shares on 20th March, 2009 on exercise of their option out of 19,27,000 warrants.

During the year, M/s. Raj Money Market Limited have exercised their option to convert 8,99,000 warrants out of the aforesaid 19,27,000 warrants. The Company at the Committee of Directors meeting held on 29th September, 2009 has allotted 8,99,000 Equity Shares of Rs. 10/- each.

Following exercise of the aforementioned options, there are now 9,46,500 warrants that can be converted into Equity Shares of Rs.10/- each of the Company at the option of the allottee up to 25th August, 2010.

POSTAL BALLOT EXERCISE

During the year ended 31st March, 2010, the Company sought the approval of its members by way of Postal Ballot in respect of the following Ordinary Resolution vide Notice dated 06th November, 2009. Mr. Bharat Pathak, Practicing Company Secretary was appointed as the Scrutinizer for the aforesaid Postal Ballot exercise and the results were declared on the 15th December, 2009.

- Ordinary Resolution under Section 293 (1) (a) of the Companies Act, 1956 for selling the Land & Building at Unit No. 3 of the Company and shifting the plant and machinery and other operational facilities at Unit No. 3 to the Surangi Unit of the Company.



17TH ANNUAL REPORT 2009-2010

The detail of the result of the postal ballot report is as under:

No. of Valid Postal Ballot Forms Received	Postal Ballot Forms with Assent	No of Shares held by the members who have cast their votes in favour	Postal Ballot Forms with Dissent	No. of shares held by the members who have cast their votes against
363	325	74,91,379	38	7,380

Resolution was passed with requisite majority

FIXED DEPOSITS

The Company has not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956 and no such amount of principal or interest was outstanding as on the Balance Sheet date.

DIRECTORS

In terms of Article 99 of the Articles of Association of the Company, Mr. Vinod Kumar Jain, Director, retires by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting. Brief resume of the Director proposed to be appointed/reappointed, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/ chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreements with the Stock Exchange in India, is provided in the Corporate Governance Report forming part of the Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures from the same;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern basis'.

AUDITORS AND AUDITORS REPORT

M/s R.S. Agrawal & Associates, Chartered Accountants, who are Statutory Auditors of the Company, hold office until the

conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received letter from them to the effect that their appointment /reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment/reappointment within the meaning of Section 226 of the said Act.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore does not call for any further comments except a non provision for doubtful debts amounting to Rs. 93.54 lacs where your directors are confident that money will be recovered for which Company has filed legal suits and therefore no provisions at present is required to be made in the financial statements.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Director's Report. 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.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided herein below:

(A) Conservation of Energy:

The information in regard to 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

Particulars	Units	Current Year	Previous Year
(a) Power & Fuel Consumption:			
1. Electricity Purchased- Units	KWH in lacs	746.32	751.13
Total Amount	Rs. in Lacs	2862.02	2925.70
Average Rate	Rs. Per Unit	3.83	3.90
2. Light Diesel Oil (LDO) / Furnace Oil (FO)			
Quantity	Kilo Litres	397.35	304.95
Total Cost	Rs. In Lacs	92.68	76.35
Average Rate	Rs. Per Litre	23.32	25.04
(b) Consumption per unit of Production:			
1. Electricity (KWH) Yarn	100 Kgs	126.42	115.34
2. Light Diesel Oil (Litres) Yarn	100 Kgs	0.67	0.47



RAJ RAYON LIMITED

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 earnings and outgo are given in Schedule 22. Notes forming part of the Accounts.

TRANSFER OF UNPAID/UNCLAIMED AMOUNTS TO IEPF

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the declared dividends which remained unpaid/unclaimed for a period of 7 years are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act. There is unclaimed dividend which is due for transfer to IEPF before 28th September, 2010 which the Company will transfer as and when the date comes.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the requirements set out by the Securities and Exchange Board of India, Corporate Governance practice and have implemented all the prescribed stipulations.

Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges in India forms part of the Annual Report. Certificate from the Auditor of the Company M/s R. S. Agrawal & Associates confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is annexed to this Report.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for assistance and co-operation received from the Banks, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff and Workers of the Company.

For and on behalf of the Board of the Directors

Place: Mumbai

Dated: 28th May, 2010

GOURISHANKAR PODDAR

Chairman & Managing Director



AUDITOR'S REPORT

To
The Members of
RAJ RAYON LIMITED

1. We have audited the attached Balance Sheet of **RAJ RAYON LIMITED** as at 31st March 2010, the Profit and Loss Account and also Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (hereinafter referred to as 'the CARO 2003') issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, (hereinafter referred to as 'the Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (ii) in our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards (AS) referred to in sub-section (3-C) of section 211 of the Act, *except, AS-28 as referred to in note no.3(h) of schedule 22 for non provision of doubtful debts for recovery of which the Company has filed legal suits amounting to Rs.93.54 lacs;*
 - (v) *we, further report that, had the Company made the respective provision for doubtful debts, the profit for the year would have been lower and surplus in profit and loss account would have been lower by Rs.93.54 lacs;*
 - (vi) based on the representation made, the directors of the Company do not prima facie, have any disqualification as referred to in section 274 (1) (g) of the Act;
 - (vii) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and Notes on Accounts in Schedule '21' and '22' respectively and other notes appearing elsewhere in the financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
R. S. AGRAWAL & ASSOCIATES
Chartered Accountants
(Registration No. 100156W)

Mumbai
28th May, 2010

R.S. Agrawal
Partner
Membership No. 33216



RAJ RAYON LIMITED

ANNEXURE REFERRED IN PARAGRAPH 3 OF AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 OF RAJ RAYON LIMITED

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we report that:

- (i) (a) the Company has generally maintained proper records showing particulars, including quantitative details and situation of fixed assets;
- (b) as explained to us, major portion of the fixed assets has been physically verified by management during the year at reasonable intervals. No material discrepancies were noticed on such verification; and
- (c) during the year the Company has not disposed off a substantial part of its fixed assets;
- (ii) (a) as explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable;
- (b) the procedures, explained to us, that followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business; and
- (c) on the basis of examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of inventory as compared to book records;
- (iii) (a) the Company has not granted, during the year, secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the Act; therefore provisions of clause 4(iii) (a) to (d) of the CARO 2003 are not applicable to the Company; and
- (b) the Company has taken unsecured loan from a company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 900.00 lacs and year-end balance was Rs. 230.00 lacs;
- (c) in our opinion, the rate of interest and other terms and conditions on which the loan has been taken from the body corporate listed in the register maintained under section 301 of the Act are not prima-facie prejudicial to the interest of the Company; and
- (d) since the aforesaid loan, as informed to us, is repayable on demand, the payment of principal amount and interest on the aforesaid loan was treated as regular;
- (iv) in our opinion, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and sale of goods and services. During the course of audit, no major weakness in internal control, has been noticed;
- (v) (a) to the best of our knowledge and belief and representations given to us, we are of the opinion that the particulars of contracts or arrangements, referred to in section 301 of the Act have been entered in the register maintained under section 301 of the Act; and
- (b) in our opinion the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available;
- (vi) in our opinion, the Company has not accepted any deposit from the public;
- (vii) in our opinion, the Company has an internal audit system commensurate with its size and nature of its business;
- (viii) we have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Act and are of the opinion that prima facie the prescribed records have been made and maintained;
- (ix) (a) the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. There were no arrears as at 31st March, 2010 for a period of more than six months from the date they became payable;
- (b) the disputed statutory dues in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess that have not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending are as under:-



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Name of the Statute	Nature of the dues	Amount (in Rupees) (excluding penalties and interest, if any)	Period to which the amount relates	Forum where dispute is pending	
Central Excise Act	Excise Duty	23,88,909	1995-1996	Additional Directorate General of Anti-Evasion.	
		32,08,844	1996-1997		
		38,29,886	1997-1998		
		25,82,445	1998-1999		
		7,40,129	1999-2000		
		1,27,50,213	1999-2000		The Company is in process of getting refund.
		8,500#	2003-2004		Appellate Tribunal of Central Excise.
		2,95,032	2003-2004 & 2004-2005		The Company has filed reply to show cause notice to Superintendent of Central Excise.
		3,35,298	2003-2004		The Company has filed appeal in the Customs Excise & Service Tax Appellate Tribunal, Ahmedabad.
		2,83,594#	2005-2006 & 2006-2007		The company has filed reply to Show Cause Notice received from Commissioner of Central Excise & Customs, Vapi.
70,86,992	2006-2007 & 2007-2008	The Company has filed reply to show cause notice received from the Office of the Commissioner, Central Excise & Customs, Vapi.			
1,90,06,648	2007-2008	The company has filed reply to Show Cause Notice received from Commissioner, Central Excise & Customs, Vapi.			
1,87,08,431	2007-2008				
Textile Committee Act	Cess	34,715	1997-1998	Textiles Cess Appellate Tribunal	
		87,643	1998-1999		
		2,12,521	1999-2000		
		3,09,818	2000-2001		
		1,37,459	2001-2002		
		7,82,156			
Income Tax Act	Income tax	2546695	2004-2005*	The Commissioner of Income Tax (Appeals)	

Payment made under protest.

* Assessment year

(x) the Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both, in the financial year under report and in the immediately preceding financial year;

- (xi) according to the records examined by us, the Company has not defaulted in repayment of dues to the banks. There are no dues to a financial institution or debenture holders;
- (xii) as explained to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) the Company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the CARO 2003 are not applicable to the Company;
- (xiv) the Company has dealt or traded in shares, securities, debentures and other investments. The Company has maintained proper records and made timely entries of such transactions and contracts. The Company in its own name holds all the shares, securities and other investments;
- (xv) the Company has not given any guarantee for loans taken by others from banks or financial institutions;
- (xvi) on the basis of the records examined by us, and relying on the information compiled by the Company for co-relating the funds raised to the end use of the term loans, we have to state that, the Company has, prima-facie, applied the term loan for the purpose for which they were obtained;
- (xvii) on an overall examination of the financial statements of the Company, we are of the opinion that, no funds raised on short-term basis have prima facie been used for long-term purposes;
- (xviii) the Company has made preferential allotment of 8,99,000 equity shares of Rs. 10/- each to a Company covered in the register maintained under section 301 of the Act on preferential basis in accordance with SEBI (ICDR) Guidelines 2009;
- (xix) the Company has not created any security or charge in respect of any secured debentures as no secured debentures were issued. Accordingly, the provisions of clause 4 (xix) of the CARO 2003 are not applicable to the Company;
- (xx) the Company has not raised money through public issue during the year; and
- (xxi) to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year.

For and on behalf of

R. S. AGRAWAL & ASSOCIATES
Chartered Accountants
(Registration No. 100156W)

R.S. Agrawal
Partner

Mumbai
28th May 2010

Membership No. 33216



RAJ RAYON LIMITED

BALANCE SHEET AS ON 31ST MARCH, 2010

(Amt. in Rs.)

PARTICULARS	SCHEDULES	As on 31 st March, 2010	As on 31 st March, 2009
SOURCES OF FUNDS:			
SHAREHOLDERS' FUND			
Share Capital	1	179982000.00	170992000.00
Reserves & Surplus	2	670534461.22	651693684.65
Share Warrant Application Money (See Note No. 10(d) of Schedule 22)		946500.00	1845500.00
		851462961.22	824531184.65
LOAN FUNDS			
Secured Loans	3	1110563669.09	1121205172.28
Unsecured Loans	4	257320889.00	70000000.00
DEFERRED TAX LIABILITY (NET)	5	61672889.00	60876413.00
TOTAL		<u>2281020408.31</u>	<u>2076612769.93</u>
APPLICATION OF FUNDS:			
FIXED ASSETS			
Gross Block	6	2389341271.28	2020607846.96
Less: Depreciation		<u>827260836.17</u>	<u>672334815.38</u>
Net Block		1562080435.11	1348273031.58
Add: Capital Work in Process		48990079.00	3627231.00
		1611070514.11	1351900262.58
INVESTMENTS	7	18662130.00	41640515.68
CURRENT ASSETS, LOANS & ADVANCES:			
Inventories	8	590248978.02	395296566.04
Sundry Debtors	9	665907005.96	450529185.62
Cash & Bank Balances	10	41908771.25	49340378.75
Loans & Advances	11	179875485.43	301124963.60
		1477940240.66	1196291094.01
Less: CURRENT LIABILITIES & PROVISIONS:			
Current Liabilities	12	818301183.46	511211493.34
Provisions	13	8351293.00	2007609.00
		826652476.46	513219102.34
NET CURRENT ASSETS		651287764.20	683071991.67
TOTAL		<u>2281020408.31</u>	<u>2076612769.93</u>
SIGNIFICANT ACCOUNTING POLICIES	21		
NOTES FORMING PART OF THE ACCOUNTS	22		

As per our attached report of even date:

For and on behalf of the Board

For and on behalf of

R.S. AGRAWAL & ASSOCIATES
Chartered Accountants

GOURISHANKAR PODDAR
Chairman & Managing Director

RAJKUMARI KANODIA
Director

R.S. AGRAWAL

Partner
Membership no.: 33216
Mumbai, 28th May, 2010

GITA YADAV

Company Secretary

Mumbai, 28th May, 2010



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Amt. in Rs.)

PARTICULARS	SCHEDULES	As on 31 st March, 2010	As on 31 st March, 2009
INCOME :			
Sales and Other Income	14	3379940735.36	3201260447.12
Increase / (Decrease) in Stock	15	106616533.95	(9220509.47)
		3486557269.31	3192039937.65
EXPENDITURE:			
Cost of Inventories Consumed & Sold	16	1952063305.79	2232194603.44
Cost of Goods Traded in		603887991.00	151270120.00
Payments to and Provisions for Employees	17	55453465.00	49570220.04
Manufacturing Expenses	18	492213573.69	512796497.59
Administrative, Selling & Other Expenses	19	52484164.69	75726255.16
Depreciation	6	170395705.45	170239946.11
Finance Charges	20	131958045.06	143258893.67
Exchange Rate Diff.		(4953571.93)	6477113.89
		3453502678.75	3341533649.90
PROFIT BEFORE TAX		33054590.56	(149493712.25)
Less/(Add): Provision for Taxation			
Current Tax		5972000.00	0.00
MAT Credit Entitlement		(4958200.00)	0.00
Fringe Benefit Tax		0.00	595800.00
Deferred Tax (Asset)/Liability		796476.00	(44591963.00)
PROFIT AFTER TAX		31244314.56	(105497549.25)
Add/(Less): Tax Adjustments for earlier yrs			
Income Tax		(6105576.00)	(8427476.42)
		25138738.56	(113925025.67)
Add / (Less): Prior Period Items		19136.00	(74921.00)
		25157874.56	(113999946.67)
Less: Proposed Dividend		5399460.00	0.00
Less: Provision for Tax on Proposed Dividend		917638.00	0.00
		18840776.56	(113999946.67)
Add: Balance b/f from Previous year		221508230.79	335508177.45
Balance Carried over to Balance Sheet		240349007.35	221508230.78
Basic earning per share		1.43	(6.67)
Diluted earning per share		1.42	(6.67)
(See note no. 13 of schedule 22)			
SIGNIFICANT ACCOUNTING POLICIES	21		
NOTES FORMING PART OF THE ACCOUNTS	22		

As per our attached report of even date:

For and on behalf of the Board

For and on behalf of

R.S. AGRAWAL & ASSOCIATES
Chartered Accountants

GOURISHANKAR PODDAR
Chairman & Managing Director

RAJKUMARI KANODIA
Director

R.S.AGRAWAL
Partner
Membership no.: 33216
Mumbai, 28th May, 2010

GITA YADAV
Company Secretary
Mumbai, 28th May, 2010



RAJ RAYON LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Amt. in Rs.)

PARTICULARS	As on 31 st March, 2010	As on 31 st March, 2009
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	33054590.56	(149493712.25)
Adjustment for:		
Depreciation	170395705.45	170239946.11
Preliminary Expenditure written off	-	-
Net Prior Year Adjustments	19136.00	(74921.00)
Investment Income:		
(Profit)/Loss on sale of fixed assets	(27210060.59)	(171081.78)
(Profit)/Loss on sale of Investment	(32915303.64)	-
Interest /Other Income	(23758958.17)	(4785747.65)
Interest Expenses	131958045.06	143258893.67
Operating Profit before Working Capital changes	251543154.67	158973377.10
Adjustment for:		
Trade and Other Receivables	(100226399.73)	(103948951.29)
Inventories	(194952411.98)	(45024680.72)
Trade Payables	305928955.78	164229218.80
Cash generated from operations	262293298.74	174228963.89
Interest Paid	(131958045.06)	(143258893.67)
Direct Taxes Paid	(6763527.00)	(8480107.00)
Cash flow before Extraordinary Items	123571726.68	22489963.22
Extraordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	123571726.68	22489963.22
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (*)	(480173008.38)	(53450393.04)
Sale of Fixed Assets	77817112.00	475822.00
Sale / (Purchase) of Investments	55893689.32	(6874295.00)
Interest / Other income	23758808.17	4615597.65
Dividend Received	150.00	170150.00
Public Issue expenses	-	-
NET CASH USED IN INVESTING ACTIVITIES	(322703248.89)	(55063118.39)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Shares	8990000.00	815000.00
Increase/(Decrease) in Unsecured Loan	187320889.00	11500000.00
Proceeds from Long Term Borrowings	203954374.00	100000000.00
Repayment of Long Term Borrowings	(171861786.04)	(153052954.78)
Proceeds from Short Term Borrowings	-	-
Repayment of Short Term Borrowings	-	-
Change in Working Capital Borrowing from Banks	(31995605.25)	69216536.17
Dividend Paid	-	-
NET CASH FROM FINANCING ACTIVITIES	196407871.71	28478581.39
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(2723650.50)	(4094573.78)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	4327280.77	8421854.55
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	1603630.27	4327280.77

Notes to cash flow statement:

- (*) Inclusive of Rs. 489.90 lacs (Rs. 36.27 lacs) Capital Work in Process.
- All figures in brackets are outflow.
- Previous year's figures have been regrouped wherever necessary.

As per our attached report of even date:

For and on behalf of the Board

For and on behalf of

R.S. AGRAWAL & ASSOCIATES
Chartered Accountants

GOURISHANKAR PODDAR
Chairman & Managing Director

RAJKUMARI KANODIA
Director

R.S.AGRAWAL
Partner
Membership no.: 33216
Mumbai, 28th May, 2010

GITA YADAV
Company Secretary
Mumbai, 28th May, 2010



SCHEDULES

(Amt. in Rs.)

PARTICULARS	As on 31 st March, 2010	As on 31 st March, 2009
SCHEDULE '1' SHARE CAPITAL:		
AUTHORISED:		
300,00,000 (300,00,000) Equity Shares of Rs.10/- each	300000000.00	300000000.00
TOTAL	<u>300000000.00</u>	<u>300000000.00</u>
ISSUED, SUBSCRIBED & PAID UP:		
17998200 (17099200) Equity Shares of Rs.10/- each fully paid (See note no.10 of Schedule 22)	179982000.00	170992000.00
TOTAL	<u>179982000.00</u>	<u>170992000.00</u>
SCHEDULE '2' RESERVES & SURPLUS:		
Share Forfeiture Reserve Account (Balance as per last balance sheet)	17500.00	17500.00
Securities Premium account	430167953.87	430167953.87
Surplus in Profit and Loss Account	240349007.35	221508230.78
TOTAL	<u>670534461.22</u>	<u>651693684.65</u>
SCHEDULE '3' SECURED LOANS:		
Term Loans from:		
State Bank of India (Repayable within one year Rs. 951.30 lacs Previous year Rs. 1064.05 lacs) (Including converted into FCNR-B TL Rs. 188.56 lacs Previous year Rs. Nil)	349265480.10	266409033.00
State Bank of Mysore (Repayable within one year Rs. 406.84 lacs Previous year Rs. 402.88 lacs)	122916125.00	163204125.00
State Bank of Hyderabad (Repayable within one year Rs. 121.12 lacs Previous year Rs. 121.12 lacs)	138458658.00	150570658.00
State Bank of Indore (Repayable within one year Rs. 124.91 lacs Previous year Rs. 125.04 lacs)	12490802.00	24984802.00
ICICI Bank (Repayable within one year Rs. Nil Previous year Rs. 1.22 lacs)	0.00	122431.31
HDFC Bank (Repayable within one year Rs. 3.19 lacs Previous year Rs. 0.84 lacs)	764433.60	83849.33
Kotak Mahindra Prime Limited (Repayable within one year Rs. 5.32 lacs Previous year Rs. 0.32 lacs)	2865945.00	32443.00
Working Capital Assistance : Cash Credit from Banks	483802225.39	515797830.64
TOTAL	<u>1110563669.09</u>	<u>1121205172.28</u>



RAJ RAYON LIMITED

Notes on nature of security:

- a) Term Loans are secured by Equitable Mortgage of factory premises of all the 3 units and hypothecation of plant and machineries and other fixed assets and further secured by charge over current assets of the company in favour of State Bank of India, State Bank of Hyderabad, State Bank of Mysore and State Bank of Indore on pari passu basis.
- b) Term Loans from Kotak Mahindra Prime Ltd, HDFC Bank and ICICI Bank are secured by Hypothecation of specific vehicles.
- c) Cash Credit Loans and other non funded facilities are secured by Hypothecation charge (pari passu) on entire current assets of the company and further secured by charge on all the fixed assets of the company on pari passu basis between State Bank of India, State Bank of Hyderabad, State Bank of Mysore and State Bank of Indore.
- d) Loans including non funded facilities from State Bank of India, State Bank of Hyderabad, State bank of Mysore and State Bank of Indore are further secured by corporate guarantees of Raj Money Market Limited and personal guarantees of Chairman & Managing Director and one non executive director of the company and lien on FDR of Rs. 29.00 lacs.

(Amt. in Rs.)

PARTICULARS	As on 31 st March, 2010	As on 31 st March, 2009
SCHEDULE '4' UNSECURED LOANS:		
Inter-Corporate Deposits/Loans	257320889.00	70000000.00
TOTAL	<u>257320889.00</u>	<u>70000000.00</u>
SCHEDULE '5' DEFERRED TAX LIABILITY (NET):		
Arising on account of timing difference:		
Deferred tax liability:		
Depreciation	106866090.00	120708387.00
Deferred tax asset	(45193201.00)	(59831974.00)
Gratuity	(628566.00)	(682386.00)
Unabsorbed depreciation	(42925643.00)	(55600455.00)
Expenses under section 43B of the Income Tax Act	(323939.00)	(366706.00)
Expenses under section 35D of the Income Tax Act	(1315053.00)	(3182427.00)
TOTAL	<u>61672889.00</u>	<u>60876413.00</u>

SCHEDULE '6' FIXED ASSETS:

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As at 31.03.2009	Additions during the Year	Sold during the Year	Total As at 31.03.2010	Provided upto 31.03.2009	Provided for the Year	Written Back during the Year	Total upto 31.03.2010	Total as at 31.03.2010	Total as at 31.03.2009
Land	13766934.00	0.00	2441008.00	11325926.00	0.00	0.00	0.00	0.00	11325926.00	13766934.00
Air Condition System	62723406.03	0.00	0.00	62723406.03	27814790.55	5254268.46	0.00	33069059.01	29654347.02	34908615.48
Electrical Installation	195067110.45	32285520.00	663309.00	226689321.45	60966286.68	19706624.34	417232.42	80255678.60	146433642.85	134100823.77
Factory Building	324856234.70	63723067.00	55161208.06	333418093.64	45101027.91	10874028.75	11878204.83	44096851.83	289321241.81	279755206.79
D.G.Sets	9833941.28	0.00	0.00	9833941.28	4264793.33	1016829.53	0.00	5281622.86	4552318.42	5569147.95
Plant & Machinery	1374475895.78	333095250.00	300000.00	1707271145.78	520475922.20	130514037.92	112447.50	650877512.62	1056393633.16	853999973.58
Furniture & Fixtures	15121029.71	421597.00	1418608.00	14124018.71	3376154.55	931358.33	237306.56	4070206.32	10053812.39	11744875.16
Vehicle	9262184.00	4412790.38	4889559.00	8785415.38	4472610.37	782973.64	2703046.65	2552537.36	6232878.02	4789573.63
Office Equipments	9932740.01	871936.00	173972.00	10630704.01	5647056.52	1231808.91	74298.98	6804566.45	3826137.56	4285683.49
Office Premises	5568371.00	0.00	1029072.00	4539299.00	216173.26	83775.57	47147.71	252801.12	4286497.88	5352197.74
Total as at 31.03.2010	2020607846.96	434810160.38	66076736.06	2389341271.28	672334815.37	170395705.45	15469684.65	827260836.17	1562080435.11	1348273031.59
Total as at 31.03.2009	1977472438.16	49823162.04	6687753.24	2020607846.96	508477882.29	170239946.11	6383013.02	672334815.38		



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(Amt. in Rs.)

PARTICULARS	As on 31 st March, 2010	As on 31 st March, 2009
SCHEDULE '7' INVESTMENTS:		
Long Term Investments :		
Others: Unquoted (Equity shares fully paid up)		
100100 (100100) Equity Shares of Raj Money Market Ltd. Rs. 10/- each	1001000.00	1001000.00
70000 (70000) Equity Shares of Sangam Spinfab Ltd. Rs. 10/- each	700000.00	700000.00
20 (20) Shares of The Thane Janata Sahakari Bank Ltd. of Rs. 50/- each	1000.00	1000.00
0 (340000) Shares of Yashasvi Yarns Ltd of Rs. 10/- each	0.00	3400000.00
Others: Quoted equity shares (Fully paid up):		
0 (100) Shares of Sumeet Industries of Rs. 10/- each	0.00	2165.68
In units of schemes of various funds:		
SBI One India Fund	0.00	1100000.00
No. of units 0 (110000); face value Rs.10/- each		
SBI Infrastructure Fund	700000.00	700000.00
No. of units 70000 (70000); face value Rs.10/- each		
UTI Wealth Builder Fund Series - II	0.00	500000.00
No. of units 0 (48899.756) of face value Rs.10.23 each		
Immovable Properties	16260130.00	34236350.00
(See Note No. 15 of Schedule 22)		
Aggregate cost of quoted long term investments Rs. Nil (Rs. 0.02 lacs).		
Aggregate market value of quoted long term investments Rs.Nil (Rs. 0.01 lacs).		
Aggregate cost of unquoted long term investments Rs. 17.02 lacs (Rs. 51.02 lacs).		
(See Note No. 16 of Schedule 22)		
TOTAL	18662130.00	41640515.68

Purchase and sale / redemption of investments during the year:

Description	Acquisition		Disposals	
	Nos.	Amount (In Rs.)	Nos.	Amount (In Rs.)
EQUITY SHARES				
Yashasvi Yarns Limited			340000	3400000.00
Sumeet Industries			100	2023.42
UNITS OF SCHEMES OF VARIOUS FUNDS:				
SBI one india fund			110000	1141140.00
UTI Wealth Builder Fund Series - II			48899.76	819461.90
Immovable Properties	5*	34369462.00	3	84900526.00

(*) Purchased in earlier year, part payment made during the year.



RAJ RAYON LIMITED

(Amt. in Rs.)

PARTICULARS	As on 31 st March, 2010	As on 31 st March, 2009
SCHEDULE '8' INVENTORIES:		
Raw Material	121007861.21	58114319.43
Stock-in-process	171427707.15	167828701.72
Finished Stock	224238518.14	107171818.63
Stores and Spare parts	38321672.34	29607461.21
Packing Materials	35253219.18	32574265.05
TOTAL	590248978.02	395296566.04
SCHEDULE '9' SUNDRY DEBTORS:		
Debts outstanding for a period exceeding six months:		
Unsecured, Considered good	24311460.00	46511336.00
Unsecured, Considered doubtful	597143.00	597143.00
Less: Provision for doubtful debts	597143.00	597143.00
	0.00	0.00
	24311460.00	46511336.00
Others:	641595545.96	404017849.62
Unsecured, Considered good		
TOTAL	665907005.96	450529185.62
SCHEDULE '10' CASH AND BANK BALANCES:		
Cash on Hand	798118.95	322325.45
Cheques in hand	0.00	1852853.00
Balance with scheduled banks:		
In Fixed deposits Accounts (Lien with Sales Tax Deptt.)	10000.00	35000.00
In Fixed deposits Accounts for Margin Money	40295141.00	44978098.00
In Current Accounts	805511.30	2152102.30
TOTAL	41908771.25	49340378.75
SCHEDULE '11' LOANS AND ADVANCES:		
(Unsecured, Considered good)		
Advances recoverable in cash or in kind or for value to be received	74026202.50	94842591.50
Cenvat	81793827.00	80774408.00
Less: Provision for excise duty on finished goods	13166817.05	68627009.95
Deposits (See note No 5 (I)(C)(i) of Schedule 22)	3474140.00	2716651.49
Balances with Excise Deptt.	51279.00	78057756.51
Advances for capital goods	5895794.00	43474140.00
Advances to Suppliers	5400908.98	51279.00
Advance Payment of Tax	36666051.00	6522153.96
Less: Provision For Taxation	14265900.00	5421042.63
	22400151.00	41863400.00
	19107400.00	55421042.63
	22756000.00	
TOTAL	179875485.43	301124963.60



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PARTICULARS	As on 31 st March, 2010	As on 31 st March, 2009
SCHEDULE '12' CURRENT LIABILITIES:		
Acceptances (See note no.11 of Schedule 22)	334926495.98	238549957.98
Sundry Creditors (See note no.12 of Schedule 22)		
-Micro, Small and Medium Enterprises	0.00	0.00
-Others	361669983.60	226783587.36
Creditors for Capital Goods		
-Micro, Small and Medium Enterprises	0.00	0.00
-Others	38119690.18	6220537.00
Advance from customers	6597530.00	2184996.00
Statutory Liabilities	3735044.00	1514100.00
Others Liabilities	73252439.70	35958315.00
TOTAL	<u>818301183.46</u>	<u>511211493.34</u>
SCHEDULE '13' PROVISIONS:		
For Retirement benefits -gratuity	2034195.00	2007609.00
For Proposed dividend	5399460.00	0.00
For Tax on Proposed dividend	917638.00	0.00
TOTAL	<u>8351293.00</u>	<u>2007609.00</u>
SCHEDULE '14' SALES AND OTHER INCOME:		
Sales	3458020680.06	3327735287.61
Local	3309250483.06	2940580474.61
Export	148770197.00	387154813.00
Less: Excise Duty	<u>181253902.00</u>	<u>181960025.00</u>
	3276766778.06	3145775262.61
Job Charges	0.00	52941.00
Export Incentives	19129214.00	49461845.00
Interest (Gross) (TDS* Rs.732673/- Pre.Yr.Rs. 1104279/-)	23758808.17	4615597.65
Profit on Sale of Investments	32915303.64	0.00
Profit/(Loss) from sale of fixed assets	27210060.59	171081.78
Miscellaneous Income (See Note No. 20 of Schedule 22)	160570.90	1183719.08
TOTAL	<u>3379940735.36</u>	<u>3201260447.12</u>
SCHEDULE '15' INCREASE/(DECREASE) IN STOCK:		
Closing Stock of Finished Goods	224238518.14	107171818.63
Less: Opening Stock of Finished Goods	<u>107171818.63</u>	<u>119693493.05</u>
	117066699.51	(12521674.42)
Less: Excise Duty on finished goods (Net)	10450165.56	(3301164.95)
TOTAL	<u>106616533.95</u>	<u>(9220509.47)</u>



RAJ RAYON LIMITED

PARTICULARS	(Amt. in Rs.)	
	As on 31 st March, 2010	As on 31 st March, 2009
SCHEDULE '16' COST OF INVENTORIES CONSUMED & SOLD:		
Opening Stock		
Raw Material	58114319.43	42009273.94
Work-in-Process	<u>167828701.72</u>	<u>147366454.29</u>
Add: Cost of Purchases:	225943021.15	189375728.23
	2018555853.00	2268761896.36
Less: Closing Stock:		
Raw Material	121007861.21	58114319.43
Stock in Process	<u>171427707.15</u>	<u>167828701.72</u>
TOTAL	<u>1952063305.79</u>	<u>2232194603.44</u>
SCHEDULE '17' PAYMENTS TO & PROVISION FOR EMPLOYEES:		
Salaries, Wages, Bonus and Allowances	52169185.00	46035136.00
Contribution to Provident Fund and other funds	2275882.00	2568925.00
Staff & Labour Welfare	1008398.00	966159.04
TOTAL	<u>55453465.00</u>	<u>49570220.04</u>
SCHEDULE '18' MANUFACTURING EXPENSES:		
Power & Fuel	295469690.00	300203395.00
Transportation and Freight	18843967.19	47752359.20
Stores, Spares & Tools	35853522.38	37501699.88
Repairs & Maintenance to building	631549.00	437037.00
Repairs & Maintenance to plants	6282851.00	6532372.50
Packing Material Consumed & Expenses	105221068.12	101161666.01
Job Charges	412027.00	344067.00
Labour Charges	29498899.00	18863901.00
TOTAL	<u>492213573.69</u>	<u>512796497.59</u>
SCHEDULE '19' ADMINISTRATIVE, SELLING & OTHER EXPENSES:		
Printing & Stationery	1844080.23	2020797.00
Postage & Telegram	596743.00	873644.36
Telephone & Telex charges	1534518.23	1449996.48
Travelling & Conveyance	7546486.84	6697369.00
Auditors' Remuneration (See note no. 2 of Schedule 22)	710419.00	673935.00
General Expenses	4073925.26	5767539.76
Rent	150000.00	150000.00
Rates & Taxes	4507505.00	22247170.60
Electricity expenses	549140.00	606910.00
Insurance charges	1461601.00	1448445.14
Bank charges	13008408.00	13325354.18
Advertisement & Publicity	626226.13	512187.24
Commission & Brokerage	9631503.00	10807981.00
Repairs & Maintenance	2196116.00	597589.00
Legal & Professional charges	4047493.00	8547336.40
TOTAL	<u>52484164.69</u>	<u>75726255.16</u>
SCHEDULE '20' FINANCE CHARGES:		
On Term Loan	46101779.89	53262291.22
On Working Capital	44858294.79	50840639.00
Other Interest	40997970.38	39155963.45
TOTAL	<u>131958045.06</u>	<u>143258893.67</u>

**SCHEDULE '21' SIGNIFICANT ACCOUNTING POLICIES****1. SYSTEM OF ACCOUNTING**

- a) The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 1956 following the mercantile system of accounting and recognising income and expenditure on accrual basis.
- b) The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

2. FIXED ASSETS

Fixed assets are stated at cost of acquisition or construction inclusive of freight, duties and taxes and incidental expenses, less accumulated depreciation (except land), amortisation, impairment loss, if any.

3. INVESTMENTS

- a) Long term investments are being valued at cost of acquisition. Provision is made to recognize a decline, other than temporary, in the carrying amount of long term investments.
- b) Short-term investments are being valued at cost or market value whichever is lower.

4. DEPRECIATION

- a) No depreciation is provided for leasehold land and freehold land.
- b) Depreciation on fixed assets is being provided on "Straight line method" basis at the rates specified in Schedule XIV to the Companies Act, 1956 till the written down value is reduced to 5% of the gross value being minimum fetchable value. No further depreciation is provided on such balance.
- c) Depreciation in respect of addition to the fixed assets is provided on Pro-rata basis from the month in which such assets are acquired/installed/started commercial production.
- d) Depreciation on fixed assets sold, discarded or demolished during the year is being provided at their respective rates up to the month in which such assets are sold, discarded or demolished.
- e) The provision for depreciation for multiple shifts, wherever applicable, as per records, and as advised, has been made on the basis of the actual utilisation of respective eligible assets.

5. INVENTORIES

- a) Valuation of inventories is inclusive of taxes or duties

incurred and on FIFO basis except otherwise stated.

- b) Raw materials and Work in progress are being valued at cost or net realisable value whichever is lower.
- c) Stores, Spares and Tools are being valued at weighted average cost.
- d) Goods in Transit, if any, are stated at actual cost up to the date of the Balance Sheet.
- e) Finished Stocks are being valued at direct cost or net realisable values whichever is lower.

6. SALES

Sales include excise duty (however the excise duty, as required, is being reduced separately from the sales), exclude sales tax, discount, claims, and shortage but commission, brokerage and incentives are being separately accounted as an expense for sales. Transportation and marine insurance recovered from customers are reduced from the respective expenses.

7. RETIREMENT AND OTHER BENEFITS TO EMPLOYEES:

- (a) Employees' benefit under defined contribution plan such as contribution to provident fund and employees' benefits under defined benefit plan for leave encashment are charged off at the undiscounted amount in the year in which the related service provided.
- (b) Post employment benefits under defined benefit plan such as gratuity are charged off in the year in which the employee has rendered services at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and/or losses in respect of post employment benefits are charged to profit and loss account or capitalised in case of new projects are taken up by the company.

8. MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

Miscellaneous expenditures are amortised over a period of 5 years in which the same are incurred.

9. PRIOR PERIOD INCOME / EXPENSES

The Company follows the practice of making adjustments through "Prior Period items" in respect of all material transaction pertaining to the period prior to current accounting period/year.

10. INCOME FROM INVESTMENTS

Incomes from Investments, where appropriate, are taken into revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.

11. CONTINGENT LIABILITIES

Contingent liabilities are not recognised but are disclosed by way of notes to accounts. Disputed demands in respect of Central Excise, Customs, Income Tax and other proceedings etc. are disclosed as contingent liabilities. Payments in respect of such demands, if any, are shown as advance till the final disposal of the matters.



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12. EXCISE DUTY

- CENVAT credit available as per the provisions of the Excise Rules on raw material, packing material, etc purchased, is accounted for by reducing the cost of the respective items.
- Excise duty payable on finished goods lying at the factory premises at the close of the year is provided in the books as per the Excise Rules.
- CENVAT credit available as per the provisions of the Excise Rules on capital goods is accounted for by reducing the cost of capital goods.

13. LEASES

The present value of the lease payments is recognised as an asset with a corresponding liability. Annual lease payments are allocated into financial charge and also principal repayment. The financial charge is charged to the profit & loss account and the portion of the principal amount paid is deducted from the liability. The depreciation is also charged to profit & loss account on the assets taken on finance lease.

14. TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, on timing differences, being the difference between taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

15. SEGMENT REPORTING

Segments have been identified in line with the AS-17, taking into account the organisational structure as well as the differing risks and returns. The business segment is disclosed as primary segment.

16. BORROWING COSTS

The Company capitalises interest and other costs incurred by it in connection with funds borrowed for the acquisition of fixed assets. Where specific borrowings are identified to a fixed asset or a new unit, the Company uses the interest rates applicable to that specific borrowing as the capitalisation rate. Where borrowing cannot be specifically identified to fixed assets, the capitalisation rate applied is interest rate applicable to working capital loans of the Company. Capitalisation of borrowing costs ceases when all the activities necessary to prepare the fixed assets for their intended use are substantially complete. Other borrowing costs are charged to Profit & Loss Account.

17. TRANSACTION IN FOREIGN CURRENCIES

- Transactions including transactions of acquiring fixed assets, in foreign currency are recorded by applying the exchange rates at the date of the transactions.
- Monetary items denominated in foreign currency remaining unsettled at the end of the year, are

reported using the closing rates. The exchange difference arising as a result of the above is recognised in the profit and loss account.

- In case the monetary items are covered by the foreign exchange contracts, the difference between the year end rate and the exchange rate at the date of the inception of the forward exchange contract is recognised as exchange difference.
- In respect of hedging transactions, the premium/discount represented by difference between the exchange rate at the date of the inception of the forward exchange contract and forward rate specified in the contract is amortised as expense or income over the life of the contract.

18. IMPAIRMENT LOSS

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amount(s). Recoverable amount is the higher of an assets net selling price and its value in use. Value in use is the present value of estimated future cash flow expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm length transaction between knowledgeable, willing parties, less the cost of disposal.

SCHEDULE '22': NOTES FORMING PART OF ACCOUNTS

- In the opinion of the Board, the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business. The provision for all the known liabilities is adequate. There is no unrecognised impairment loss.

2. Auditors' Remuneration (excluding service tax):

(Amount in Rupees)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Statutory Audit Fees	350000.00	350000.00
Income Tax Audit Fees	75000.00	70000.00
Sales Tax Audit Fees	40000.00	40000.00
Income Tax Matters	160000.00	109000.00
Certification Work	22500.00	38500.00
Out of Pocket	15000.00	0.00
Total	687500.00	607500.00

3. Contingent liabilities not provided for:

- Guarantees given by the bankers of the Company amounting to Rs. 391.25 lacs (Rs. 391.25 lacs) against the fixed deposit of Rs. 40.32 lacs (Rs.103.25 lacs) kept as margin money;
- In respect of Excise matters Rs. 584.75 lacs (Rs. 626.44 lacs) (excluding a show cause notice received from Additional Director General, DGCEI, MZU, Mumbai where amount is unascertainable), for demand and show cause notices received, as per legal opinion taken, the Board is of the view that the Company has a very fair chance of succeeding in these matters;



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- c) In respect of levy of Cess Rs. 7.82 lacs (Rs. 7.82 lacs), for demand and show cause notices received, as per legal opinion taken, the Board is of the view that the company has fair chances of succeeding in the matter at higher forum;
- d) Inland / Foreign letter of credit issued by the bank amounting to Rs. 2729.03 lacs (Rs. 2402.48 lacs);
- e) Sales bills discounted with SBI Factors and Commercial Services Pvt. Ltd Rs. 283.74 lacs (Rs. 250.02 lacs);
- f) Notice received from SEBI, for delay in submission of certain information to BSE, amounting to Rs. 1.75 lacs (Rs. 1.75 lacs);
- g) Liability, if any, arising on account of undertakings given by the company under EPCG Scheme, pending fulfilment of export obligation approximately Rs. 248.86 lacs (Rs. 172.38 lacs); and
- h) Impairment loss, if any, on realisation of suit filed debts Rs. 93.54 lacs (Rs. 93.54 lacs).
4. Estimated amount of contracts, net of advances, remaining to be executed on capital account Rs. 0.47 lacs (Rs. 660.95 lacs);
5. **Related Party Disclosures:**
- I. Names of related parties and description of relationships
- a) Party owning an interest in voting power of the company that gives it significance influence over the company:
Raj Money Market Limited
- b) Key management personnel:
(i) Shri Gourishankar Poddar - Chairman & Managing Director
(ii) Shri Sushil Kumar Kanodia – Executive Officer
- c) Enterprises over which parties mentioned in (a) and (b) above are exercising significant influence:
(i) Gourishankar Poddar HUF
(ii) Sangam Spinfab Limited
- II. Transactions during the year and balances outstanding as at year end with the related parties are as follows:

6. No commission has been paid to the directors and only the remuneration by way of salary and perquisites has been paid to the directors as per the section 198, 309 and Schedule XIII of the Companies Act, 1956 as under:

(Rs. in lacs)

	2009-2010	2008-2009
a) Salaries	18.00	18.00
b) Contribution to provident fund	2.16	1.68

Note:

Managerial remuneration does not include gratuity benefits since the same are computed on the basis of actuarial valuation for all the employees and the amount attributable to the managerial person cannot be ascertained separately.

7. **Income tax matters:**

- a) Regular assessments of the return of income filed by the company have been completed up to assessment year (AY) 2007-2008;
- b) The company is in appeal before the CIT(A) for AY 2007-2008 against the order under section 143(3) of the Income Tax Act 1961 (the Act 1961) for the disputed issues. However, the company has made full payment of the demand arisen on the assessment; and
- c) During the year income of the company, for AY 2004-2005, was reassessed under section 143(3) read with section 147 of the Act 1961. The assessing officer while reassessing the income, reduced quantum of deduction under section 80IB of the Act 1961 on the ground that for computing the quantum of deduction under section 80IB of the Act 1961, losses of other units are first be reduced. Aggrieved by the order, the company has filed an appeal before the CIT(A). The assessments of AY 2005-2006 and AY 2006-2007 were also made on the similar lines for which the ITAT has already decided the Company's appeals in its favour. Therefore, being fair chances that the addition will be deleted by the appellate authorities, the demand of Rs. 25.46 lacs, in respect of AY 2004-2005, in the opinion of the board, is not enforceable and no provision is required to be made at this stage.

Nature of the transactions	Reference of the party concerned	Volume of transactions		Balance as on	
		2009-10	2008-09	31.03.10	31.03.09
Director's Rémunération / Payables	5(I)(b)(i)	2016000	1968000	0	0
Salary / Payables	5(I)(b)(ii)	430080	288000	0	0
Rent / Payables	5(I)(c)(i)	150000	150000	0	0
Sales/ Receivables	5(I)(c)(ii)	16327611	26798809	1238480	12374572
Interest / Receivables	5(I)(c)(ii)	75051	0	67546	0
Interest / Loan from	5(I)(c)(ii)	1954685	0	1759216	0

Finance	Reference of the party concerned	Amount Paid		Amount Received		Balance as on {Debit (Credit)}		Maximum debit (Credit) balance at any time during the year	
		2009-10	2008-09	2009-10	2008-09	31.03.10	31.03.09	2009-10	2008-09
Deposits to	5(I)(c)(i)	0	0	0	0	1000000	1000000	1000000	1000000
Loans from	5(I)(c)(ii)	67000000	0	90000000	0	23000000	0	90000000	0
Investments in shares of enterprises of related parties.					5(I) (a) & (c)(ii)	1701000	0	1701000	1701000



RAJ RAYON LIMITED

8. The Company operates in a single segment i.e. textile having same risk and return. Hence reporting as per Accounting Standard (AS-17) 'Segment Reporting' not applicable to the Company.
9. After setting up the first Dadra unit in the name of the company or Unit-I, the second Amla unit was named as "Raj Rayon" or Unit-II, the third unit at Dadra was named as "Unit III" or Dadra-II and POY unit at Surangi was named as "Unit IV". However, during the year under review, the plant and machineries of Unit-III (Dadra-II), with a view to have better control and increase in cash flow, were shifted to Unit-IV and land and building of Unit-III (Dadra-II) were sold.
10. During the earlier year, the Company, after obtaining the requisite approvals, has, on a preferential basis, allotted the following securities to Raj Money Market Limited (promoter company), in accordance with the provisions of SEBI (ICDR) Guidelines, 2009:
- 19,27,000 Warrants, where each Warrant shall entitle Raj Money Market Limited to subscribe to one equity share of the Company against payment in cash. As per SEBI Guidelines, an amount equivalent to 10% of the price i.e. Re.1 per Warrant has been received from Raj Money Market Limited on allotment of the Warrants.
 - As approved by the shareholders, the above equity shares issued will rank *pari passu* in all respect including dividend with the existing equity shares of the Company;
 - 8,99,000 (81,500) equity shares of Rs. 10/- each of the Company has been allotted during the year;
 - application money received on 9,46,500 (18,45,500) warrants, has been added to shareholders fund; and
 - the proceeds from the above preferential issue are being used for meeting the working capital requirements and for general corporate purpose.
11. Acceptances, other than the acceptances under letter of credit issued by consortium bankers, from SBI Factors Services Pvt. Ltd are personally guaranteed by Chairman & Managing Director and one non-executive director and from Global Trade Finance Pvt Ltd are personally guaranteed by Chairman & Managing Director of the Company.
12. Based on the information available with the Company in response to the enquiries from all existing suppliers with whom Company deals, there are no suppliers who are registered as micro, small or medium enterprises under 'The Micro, Small and Medium Enterprises Development Act, 2006', as at 31st March, 2010.

13. Earning per share (EPS):

Particulars	Unit	For	
		2009-2010	2008-2009
Net profit after tax	Rupees	31244315	(105497549)
Add/(Less): Tax adjustments for earlier year (net)	Rupees	(6105576)	(8427477)
Add/(Less): Prior period adjustments (net)	Rupees	19136	(74921)
Profit attributable to shareholders (Rupees)	Rupees	25157874	(113999947)
Weighted average no. of shares used in computing basic earnings per share (Face value of Rs.10/-)	Numbers	17596975	17020379
Effect of potential equity shares on allotment of warrants	Numbers	94650	18202
Weighted average no. of shares used in computing diluted earnings per share (Face value of Rs.10/-)		17691625	17038581
Basic earnings per share (Rupees)		1.43	(6.70)*
Diluted earnings per share (Rupees)		1.42	(6.70)*

*being loss, the EPS will not be diluted on consideration of potential shares to be issued against warrants.

14. Bank balances does not include Rs. 3,05,987.00 (Rs. 3,60,629.70) lying in dividend accounts pertaining to financial year 2002-2003 to 2006-2007 with a scheduled bank in the current accounts and also Rs. 3,69,500/- (Rs. 3,69,500/-) lying in refund accounts for refund of application monies related to public issue of the company in the year 2005-2006.
15. Immovable properties represent residential flats towards which uncalled money payable by the company to the developers is Rs. 8.03 lacs (Rs. 334.40 lacs).
16. Declination in the value of long term quoted investment, in the opinion of the management, is temporary due to market conditions and other factors; therefore no provision for the same is required to be made in the financial statements.
17. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged off for the year are as under: (Rupees in lacs)

Employer's Contribution to Provident Fund	19.23
Employer's Contribution to Superannuation Fund	0.00
Employer's Contribution to Pension Fund	0.00

b) Defined Benefit Plan

Leave Encashment:

During the year 2009-10, the amount paid to employees as leave encashment is Rs. 2.96 lacs

Gratuity:

The employee's gratuity scheme is non-fund based. The present value of obligation is determined based



on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

I. Reconciliation of opening and closing balances of Defined Benefit obligation

(Rupees in lacs)

	Gratuity (Unfunded)
Defined Benefit obligation at beginning of the year	20.08
Current Service Cost	5.64
Interest Cost	2.01
Actuarial loss / (gain)	(6.59)
Benefits paid	(0.80)
Settlement cost	0.00
Defined Benefit obligation at year end	20.34

II. Reconciliation of opening and closing balances of fair value of plan assets

(Rupees in lacs)

	Gratuity (Unfunded)
Fair value of plan assets at beginning of the year	0.00
Expected return on plan assets	0.00
Actuarial gain / (loss)	0.00
Employer contribution	0.80
Benefits paid	(0.80)
Fair value of plan assets at year end	0.00
Actual return on plan assets	0.00

III. Reconciliation of fair value of assets and obligations

(Rupees in lacs)

	Gratuity (Unfunded)
Fair value of plan assets	0.00
Present value of obligation	20.34
Amount recognised in balance sheet	20.34

IV. Expense recognized during the year (Under the head "Payments to and Provisions for Employees" Refer Schedule '16')

(Rupees in lacs)

	Gratuity (Unfunded)
Current Service Cost	5.64
Interest Cost	2.01
Expected return on plan assets	0.00
Actuarial losses / (gain)	(6.59)
Net Cost	1.06

V. Actuarial assumption

	Gratuity (Unfunded)
Mortality Table (LIC)	
LIC 1994-96	
Mortality Table	
Discount rate (per annum)	8.30%
Expected return on plan assets (per annum)	—
Rate of escalation in salary (per annum)	7%

The estimates of rates of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

18. The outstanding forward contracts for sale of USD against proforma invoices of foreign buyers amounting to USD 1466095.00 (USD 508000.00) as on 31st March, 2010, and the outstanding forward contract for purchase of USD against repayment of FCNR-B (in Term Loans) amounting to USD 4200000.00 (USD Nil) and against repayment of FCNR-B (in Cash Credits) amounting to USD 6720000.00 (USD 5570000) as on 31st March, 2010.
19. The company has, during the year, installed new 4 FDY Lines at its Surangi Unit, the commercial production of these lines commenced from 25th March, 2010. Interest of Rs. 200.16 lacs (including Rs. 59.37 lacs on term loan in FCNRB) on the loans raised for the expansion project up to commencement of commercial production was capitalised.
20. Miscellaneous income represents dividend Rs 150/- (Rs. 1,70,150/-), gain/loss on LC Rs. 82,495/- (Rs. 58,510/-), rent Rs. 35,000/- (Rs. 60,000/-) and sundry balances written off Rs. 42,925.90 (Rs. 8,95,059.08).
21. Figures for the previous year have been regrouped, rearranged and recasted wherever necessary to make them comparable with the figures of the current year.
22. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of schedule VI of the Companies Act, 1956. (Figures in brackets indicate previous year's figures.)

a) Licensed and installed capacity:

The company is not required to obtain any license under the Industries (Development & Regulation) Act; 1951, therefore the details of licensed and installed capacity are not applicable. However the company has filed the required Industrial Entrepreneurs' Memorandum (IEM) to the Government of India, Ministry of Industry, and Secretarial for Industrial Approvals and obtained the acknowledgement for the same.



RAJ RAYON LIMITED

b) Production Turnover & Stock (As taken and certified by the Management)

Particulars	Unit	Opening Stock		Purchase(Net)		Production		Consumption	Sales(Net)		Closing Stock	
		Quantity	Value	Quantity	Value				Quantity	Quantity	Value	Quantity
RAW MATERIAL												
Chips	Kgs.	859245.100 (358779.760)	48130324.09 (22120661.01)	34542010.120 (38332794.100)	1909942586.000 (2154422182.36)	- (0.00)		34367465.692 (37172862.229)	0.000 (315000.00)	0.00 (14937231.00)	1506666.470 (859245.100)	109236402.29 (48130324.09)
P.O.Y.	Kgs.	80855.625 (161092.770)	5334908.65 (11975190.98)	202221.17 (84436.830)	13419467.00 (5572736.00)	22567937.161 (25606332.330)	#	22679300.19 (25486709.665)	0.000 (0.00)	0.00 (0.00)	55499.810 (80855.625)	4558395.00 (5334908.65)
Yarn Oil	Kgs.	31726.000 (26654.000)	1504021.27 (1319373.00)	983205.00 (1060360.000)	50509574.00 (68506919.00)	- (0.00)		1004091.477 (1074428.109)	- (0.00)	- (0.00)	30357.000 (31726.000)	1594335.500 (1504021.27)
Spin Finish Oil	Kgs.	24018.000 (43179.000)	3145065.42 (6594048.95)	341657.50 (300582.000)	44684226.00 (39946732.00)	(-) (-)		304726.723 (377721.540)	0.000 (3000.00)	0.00 (545891.00)	43139.000 (24018.000)	5618728.420 (3145065.42)
WORK IN PROGRESS												
Chips	Kgs.	1484947.000 (1140480.469)	92816110.26 (75282225.71)	- (-)	- (-)	- (-)		- (-)	- (-)	- (-)	1012070.058 (1484947.000)	74129484.28 (92816110.26)
P.O.Y.	Kgs.	1028068.157 (743771.517)	71953236.33 (58235475.74)	- (-)	- (-)	- (-)		- (-)	- (-)	- (-)	1144282.110 (1028068.157)	93095366.15 (71953236.33)
Yarn Oil	Kgs.	24869.549 (44009.658)	1210984.07 (2266497.39)	- (-)	- (-)	- (-)		- (-)	- (-)	- (-)	5352.072 (24869.549)	270016.60 (1210984.07)
Spin Finish Oil	Kgs.	14829.559 (75808.099)	1848371.06 (11582255.45)	- (-)	- (-)	- (-)		- (-)	- (-)	- (-)	32639.336 (14829.559)	3932840.12 (1848371.06)
FINISHED GOODS												
Texturised Yarn	Kgs.	899855.302 (928173.586)	70295836.48 (75649756.89)	120.00 (0.00)	11880.00 (0.00)	24032946.056 (27163756.423)		- (27192074.707)	23971692.068 (2229464612.49)	1978126770.34 (2229464612.49)	961229.290 (899855.302)	94043358.60 (70295836.48)
P.O.Y. & F.D.Y.	Kgs.	495869.721 (571098.810)	33593521.15 (40761275.16)	0 (4018.160)	0 (313327.00)	12436029.836 (12351879.460)	@	46001.616 (290711.025)	12101002.81 (12140415.684)	919580691.64 (921296964.12)	784895.128 (495869.721)	68214136.98 (33593521.15)
Fabric	Mtrs.	49098.800 (49098.800)	3282461.00 (3282461.00)	8112911.460 (2399697.000)	603876111.00 (150082669.00)	- (-)		- (2399697.000)	7295930.580 (150682608.00)	560313218.08 (150682608.00)	866079.680 (49098.800)	61981022.56 (3282461.00)

Notes:

@ Excluding 22615247.392 Kgs.(excluding 12710317.120 Kgs.) inter unit transfer for further process and excluding Nil (excluding 9996.240 Kgs.) Job work for outsiders
 # Including 22615247.392 Kgs.(including 12710317.120 Kgs.) inter unit transfer for further process.
 1. Amount of sales is inclusive of excise duty.

c) Raw Material Consumed

Particulars	Quantity in Kgs.		Value (Rs.)	
	2009-2010	2008-2009	2009-2010	2008-2009
(i) Chips	34367465.69	37172862.23	1847157517.61	2103801156.47
(ii) P. O. Y.	202221.17	88454.99	13419467.00	5886063.00
(iii) Yarn Oil	1004091.48	1074428.11	51360227.24	69377784.05
(iv) Spin Finish Oil	304726.72	377721.54	40126093.94	53129599.92

d) Value of raw material, spare parts, components consumable and % of the total

Particulars	2009-2010		2008-2009	
	Rupees	% of Total	Rupees	% of Total
(i) Raw Material				
Imported	29435289.00	1.51	156006758.79	6.99
Indigenous	1922628016.79	98.49	2076187844.65	93.01
TOTAL	1952063305.79	100.00	2232194603.44	100.00
(ii) Stores & Spares				
Imported	Nil	Nil	Nil	Nil
Indigenous	35853522.38	100.00	37501699.88	100.00
TOTAL	35853522.38	100.00	37501699.88	100.00



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e) C.I.F. Value of Imports

Particulars		Quantity		Value (Rs.)	
		2009-2010	2008-2009	2009-2010	2008-2009
(i)	Raw Material				
	Chips	Kgs. -	3051000	-	118,051,618.32
	Spin-finish oil	Kgs. 233780	166312	29435289.00	27,468,294.47
(ii)	Capital Goods -	Nos.			
	FDY Lines	4	-	173883000.00	-
	Bobbin Chuck	-	168	-	2,245,160.00
	Melt Pump	-	20	-	637,388.00
	Bearing Shaft	-	75	-	235,512.00
	Bearing Shaft	-	15**	-	47018.42**
	Colour Dosing	-	200	-	177,943.00
	Candle Filter + Insert	130	-	421986.00	-
	Chiller	1	-	4582325.00	-
	Control Cabinet	1	-	-	-
	Traverse Guide	-	10000	-	135,355.00
	Dosing Pump	-	5	-	1,543,462.00
	Jet Body Hebertion	-	1000	-	147,660.00
	Heat Cutter & Blade	1	-	24172.00	-
	PT Sensor	-	45	-	590478.00
	Sta-H-Unit	-	9	-	462935.00
	Nylon Grip	-	30	-	315.00
	Nok F-Tech Valve	90**	-	317960.66**	-
	Auto Voltage Regulator	-	3	-	51175.00
	Disc Data	-	1	-	18708.00
	Guide	115026	-	3465699.00	-
	Roller Guide	-	160	-	90565.00
	Roller Guide	320*	320**	191838.00*	191838.00**
	Polyfix 6000	-	96	-	27024.00
	Pressure Trans Ducer	19	-	805035.00	-
	Pressure Trans Ducer	15**	-	431572.92**	-
	Insert + Button	2700	-	445470.00	-
	PU discs	-	5000	-	902500.00
	Turbo Compressor	1	-	5160945.00	-
	Turbo Compressor	1**	-	4452280.50**	-
	Spare parts Catalogue	171	-	1723372.00	-
	Spinnerets	456	200	4103708.00	1294429.00
	Spinnerets	100*	-	203799.00*	-
	Spinnerets	300**	100**	677875.00**	167176.62**
	S. S. Powder	1200	-	283170.00	-
	S. S. Powder	1800*	-	588276.00*	-
	S. S. Powder	1500**	1800**	1055273.63**	588276.00**
	Pac Preheating Over	2*	2**	257600.00*	257600.00**
	Miscellaneous goods	-	-	-	-

*including advance payment made in earlier year.

**advance payment made.

f) Earning in Foreign Exchange

Rs. in Lacs.

	2009-2010	2008-2009
FOB value of exports	1415.53	3551.67
*including Rs. 350.45 lacs (Rs. 60.21 lacs) value of unrealised invoices at the rate prevailing at the close of the year.		

g) Expenditure in Foreign Exchange

- (i) On account of foreign travelling expenses amounting to Rs. 12.21 lacs [Rs. 15.06 lacs, capitalised as cost of plant (pre-operative expenses) Rs. 13.88 lacs].
- (ii) On account of interest on FCNRB loan Rs. 2.73 lacs, excluding Rs. 59.37 lacs capitalised (Rs. 109.72 lacs) and on cash credit FCNRB Rs. 246.56 lacs (Rs. 140.34 lacs) [Section 195 of the Income Tax Act, 1961 is not applicable as the interest is not directly remitted by the company to non-resident but recovered by the bank].
- (iii) On account of commission on export sales Rs. 21.81 lacs (Rs. 33.32 lacs).

h) No. of Foreign shareholding

	As at 31.03.2010	As at 31.03.2009
(i) FIIs	479789	479789
(ii) NRIs	180564	194777

23. In the financial statements, any discrepancies in any total and the sum of the amounts listed are due to rounding off.



RAJ RAYON LIMITED

24. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

a) Registration Details

Registration No. : 73489 of 1993 State Code : 11
 Balance Sheet Date : 31.03.2010

b) Capital raised during the year:

(Amount in Rs. thousands)

Public Issue NIL
 Right Issue NIL
 Bonus Issue NIL
 Private Placement 8990

c) Position of Mobilisation and Deployment of funds:

(Amount in Rs. thousands)

Total Liabilities 3107673
 Total Assets 3107673

Source of funds:

(Amount in Rs. thousands)

Paid up capital 179982
 Reserves & Surplus 670534
 Share Application Money 947
 Secured Loans 1110564
 Unsecured Loans 257321
 Deferred Tax Liability (Net) 61673

TOTAL

2281020

Application of Funds:

(Amount in Rs. thousands)

Net Fixed Assets 1611071
 Investments 18662
 Net Current Assets 651288
 Miscellaneous Expenditure 0

TOTAL

2281020

d) Performance of Company:

(Amount in Rs. thousands)

Turnover and other income 3379941
 Total Expenditure 3346886
 Profit /(Loss) before tax 33055
 Profit /(Loss) after tax(#) 31244
 Earning per share in Rs. 1.43
 Dividend rate % 3%

(#) Including deferred tax provision

e) Generic name of Principal Product of Company (as per monetary terms)

Item Code No. : 3062 (NIC) Product Description : POY, FDY, DWY and PTY

Signatures to Schedule 1 to 22

As per our attached report of even date:

For and on behalf of the Board

For and on behalf of

R.S. AGRAWAL & ASSOCIATES

Chartered Accountants

GOURISHANKAR PODDAR

Chairman & Managing Director

RAJKUMARI KANODIA

Director

R.S. AGRAWAL

Partner

Membership no.: 33216

Mumbai, 28th May, 2010

GITA YADAV

Company Secretary

Mumbai, 28th May, 2010



RAJ RAYON LIMITED

Regd. Office: 5-C, 196 & 197, "AKSHAY", Mittal Indl. Estate, Sakinaka, Andheri (E), Mumbai – 400 059. (INDIA)

ATTENDANCE SLIP

I hereby certify that I am a registered member / proxy for the registered member of the Company

I hereby record my presence at the 17th Annual General Meeting of the Company on Saturday, 07th August, 2010 at 1.30 p.m. at CHAKRA HOTEL, A. K. Road, Sakinaka, Andheri (East), Mumbai – 400 072. (INDIA)

Name of the Attending Shareholder : _____
(In Block Letters)

Name of the Proxy : _____
(If the proxy attends instead of the Shareholder)

Signature of the Shareholder / Proxy

Ledger Folio No. : _____

* D.P. ID : _____

* Client ID : _____

* Applicable for persons holding shares in Electronic form

Notes: Shareholders/ Proxy holders are requested to bring the Attendance Slips with them, duly completed and handover the same at the entrance of the meeting Hall. Joint Shareholders may obtain additional Attendance Slips on request. Please bring your copy of the Annual Report for reference at the meeting.



RAJ RAYON LIMITED

Regd. Office: 5-C, 196 & 197, "AKSHAY", Mittal Indl. Estate, Sakinaka, Andheri (E), Mumbai – 400 059. (INDIA)

PROXY FORM

I / We _____ of

being a member/ members of Raj Rayon Limited, hereby appoint _____

_____ of _____

or failing him _____ of _____ as my /our proxy to attend and vote for me/us on my/our behalf at the 17th Annual General Meeting to be held on Saturday, 07th August, 2010 at 1.30 p.m. at Chakra Hotel, A. K. Road, Sakinaka, Andheri (E), Mumbai – 400 072. (INDIA)

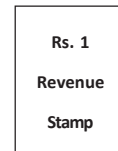
Signed this _____ day of _____ 2010

Ledger Folio No. : _____

* D.P. ID : _____

* Client ID : _____

* Applicable for persons holding shares in Electronic form



Signature

Note: The proxy Form must be deposited at the Registered office of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting. The proxy need not be a member of the Company.

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RAJ RAYON LIMITED

Website: www.rajrayon.com

**RIVERA SYSTEMS
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