



## **RAGHUVIR SYNTHETICS LIMITED**

**NR. GUJARAT BOTTLING, RAKHIAL ROAD,  
RAKHIAL, AHMEDABAD-380 023. (INDIA)**

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**23rd  
Annual Report  
2004-2005**

**Board of Directors**

Shri Raghuvirprasad R. Agarwal  
 Shri Sunil R. Agarwal  
 Shri Kamlesh R. Agarwal  
 Shri Girish R. Agarwal  
 Shri Mangesh H. Agarwal  
 Shri Sushil H. Agarwal

Chairman  
 Managing Director  
 Director  
 Director  
 Director  
 Director

**AUDITORS**

M/s. G. K. Choksi & Co.  
 Ahmedabad.

**INTERNAL AUDITORS**

M/s. Ashok K. Bhatt & Co.  
 Ahmedabad.

**BANKERS**

State Bank of India

**REGISTERED OFFICE & MILLS**

Rakhial Road, Rakhial,  
 Ahmedabad-380 023. (Gujarat)

**WIND FARM PROJECT**

Village - Lambha,  
 Taluka - Kalyanpur,  
 Dist. - Jamnagar (Gujarat)

**ANNUAL REPORT 2004-2005****NOTICE**

**NOTICE** is hereby given that the 23rd Annual General Meeting of the members of Raghuvir Synthetics Limited will be held on Friday, 30th Day of September, 2005, at 4.00 p.m., at Kashiram Agarwal Bhavan, University Road, Ahmedabad for transacting the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2005, Balance Sheet as on that date and Auditors' and Directors' report thereon.
2. To appoint Director in place of Shri Girish Agarwal who retire by rotation and being eligible for re-appointment offers himself for re-appointment
3. To appoint Director in place of Shri Kamlesh Agarwal who retire by rotation and being eligible for re-appointment offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

**ORDER OF THE BOARD OF DIRECTORS**

Place : Ahmedabad

Date : 30-8-2005

**RAGHUVIRPRASAD R. AGARWAL**  
**CHAIRMAN**

**NOTES :**

- 1) MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER.
- 2) THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM MONDAY, THE 19TH DAY OF SEPTEMBER 2005 TO FRIDAY THE 30TH DAY OF SEPTEMBER, 2005 (BOTH DAYS INCLUSIVE).
- 3) THE MEMBERS ARE REQUESTED TO NOTIFY IMMEDIATELY THE CHANGE OF ADDRESS IF ANY, TO THE COMPANY.



## DIRECTORS' REPORT

To,  
The Members  
**RAGHUVIR SYNTHETICS LIMITED**  
Ahmedabad.

Your Directors are pleased to present the 23rd Annual Report of your Company together with the Audited Statement of accounts for the year ended on 31st, March, 2005.

### FINANCIAL RESULTS :

	(RS. IN LACS.)	
	2004-05	2003-04
Profit before Interest,		
Depreciation and Tax	299.16	198.15
Interest	44.95	21.26
Depreciation	178.09	118.02
Income Tax		
Current	5.74	4.75
Deferred	19.13	19.86
Profit after tax	51.25	34.26
Balance brought forward		
from last year	156.37	122.11
Balance Carried Forward	<u>207.62</u>	<u>156.37</u>

### DIVIDEND

Looking to the current money market stringency, higher cost of funds and slumpness in the capital market your directors think it better to plough back entire profit.

### PERFORMANCE :

During the period under review the Company has earned Profit of Rs. 51.25 Lacs compared to profit of Rs. 34.26 lacs during the previous year. The performance of the Company is quite satisfactory. The Company expects to perform better in the current year.

### DIRECTORS :

Pursuant to provisions of Section 256 of the Companies Act, 1956 Shri Girish Agarwal and Shri Kamlesh Agarwal retire by rotation

and being eligible offers themselves for re-appointment.

### PARTICULARS OF EMPLOYEES

No employee is drawing remuneration more than the specified limit prescribed u/s.217(2A) of the Companies Act, 1956, (Particulars of Employees) Rules, 1975. Hence, the information required in terms of Section 217(2A) of the Companies Act, 1956 (Particulars of Employees) Rules, 1975 is not applicable to us.

### AUDITORS :

The M/s.G.K. Choksi & Co., Chartered Accountant, retiring Auditors, Ahmedabad are eligible for re-appointment and offer themselves for re-appointment. The Auditors have furnished a certificate to the effect that if reappointed, their appointment shall be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956.

### CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNING AND OUTGO :

Conservation of energy, technology absorption and Foreign Exchange Earning and outgo form part of Directors' Report.

### PUBLIC DEPOSIT :

During the year under review your Company has not accepted any deposits from the public.

### SUBSIDIARY :

The audited statement of accounts along with the report of the Board of Directors of Raghuvir Exim Limited and the Auditors' Report thereon for the year ended 31st March, 2005 is annexed to this report as required under Section 212 of the Companies Act, 1956. Further as required under clause 32 of Listing Agreement, the Consolidated financial statements have been prepared in accordance with the Accounting Standard 21 and are presented in the Annual Report.

**ANNUAL REPORT 2004-2005****DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors state that

- In the presentation of Annual Accounts, the applicable accounting standard had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and the profit or loss of the Company for the period.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.
- As per information furnished to us, none of the directors of the company is disqualified from being appointed as a director under clause (g) of sub-section (1) of section 274 of the companies act, 1956,
- The promoters of the Company intend to sell their substantial shareholding of the Company.

**CORPORATE GOVERNANCE :**

The corporate governance report and Auditors' certificate in respect thereof form part to this report.

**MANAGEMENT DISCUSSION AND ANALYSIS****(a) Industry Structure and Development :**

Textiles constitute almost 30 percent of exports and 20 percent of the industrial production in India, making it a major industrial presence. India's competitiveness in the business is derived from its long term edge as the lowest cost grower of cotton in

the world as against Europe and U.S.A. among the highest cost procedure, the regions of the export of the company's product.

In spite of this cheap and easy availability of raw materials, the Indian textile industry represent a significant under penetration. However, with the removal of the quantitative restriction 2005 onward, incentives for increasing capacity and upgradation of technology, India's share of the global textile industry is expected to increase significantly accompanied by attractive value addition.

In such a scenario, the industry trend is like to move to enhanced economies of scale, product integrated chain, higher productivity, cost competitiveness, shrinking delivery, schedules and aggressive marketing.

**(b) Review of Operations :**

During the year 2004-05 the Company registered net sales (including job-work charges) of Rs. 2674.69 lacs compared to Rs. 4224.94 lacs during the previous year

The company's prime goal is to enhance shareholder wealth by applying funds in the advanced technology at the most appropriate time. The company has availed term loan of Rs. 595.00 lacs from State Bank of India out of total term loan sanctioned of Rs. 1000 lacs for capacity expansion and modernization. The company's gross block stood at Rs. 2368.68 lacs at March 31, 2005. The Company intends to continuously invest in production facilities to derive technological advancements, enhance capacities and reduced cost.

**(c) Opportunities and Threats :**

India presently controls only about four percent of global trade and the potential exists to enhance it to double digit figure in the short-to-medium term. Indian companies can focus more on research and development activities to develop specialized



fabrics, faster design turnaround, increasing use of CAD and better trendsetting. India's growing domestic consumption allows manufacturer to play both markets with enhancing scale. Global per capita textile consumption is 6.8 meters against the India's mere 2.8 meters, which is like to increase with increasing fashionisation in India.

**(d) Risk and Concerns :**

Since no business is risk free, the company is committed to pro-active recognition of internal and external risks, assessing their possible influence and initiating action to mitigate their impact.

With the proposed capacity expansion the competition in the textile industry is likely to intensify. The company is optimistic that its competitive cost structure, contemporary technology and proximate customer relation will enable it to enhance in its chosen market.

**(e) Outlook :**

India is one of the largest producer of natural and manmade fibbers. It accounts for 12 percent of the world's cotton harvest. India's abundant availability of raw material and skilled labour at cheap cost provide competitive advantage. The outlook for the company remains positive, given the increasing recognition of India as a preferred global manufacturing hub. In view of this, the company is making investment in capacity expansion and upgradation and thereby maximizing shareholders' wealth.

**(f) Internal Control system :**

The company has proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

The company has effective systems in place for achieving efficiency in operations, optimum and effective utilization of resources, monitoring thereof and compliance with applicable laws.

**(g) Human Resources :**

The company firmly believes that intellectual capital and human resources is the backbone of the company's success.

The company is committed to provide development and training opportunities to employees to equip them with skill which enable them to adapt to contemporary technological advancements. Industrial relation during the year continue to be harmonious.

**ACKNOWLEDGMENT :**

Your Directors take this opportunity to express their grateful appreciation for the willing assistance and co-operation received from the bankers, shareholders and the employees of the Company.

**For and on behalf of the Board**

**RAGHUVIRPRASAD R. AGARWAL**  
**CHAIRMAN**

**Place : Ahmedabad**

**Date : 30-8-2005**

## ANNUAL REPORT 2004-2005



## ANNEXURE TO DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2005.

## A. CONSERVATION OF ENERGY

The Company endeavors to conserve energy wherever possible.

## Power and Fuel Consumption:

	2004-2005	2003-2004
1. Electricity:		
Purchased Units (KWH '000)	3636	3274
Total Cost (Rs. In Lacs)	153.78	137.74
Rate per Unit (Rupees)	4.23	4.20
Consumption [in Units (per unit of production)]	0.168	0.124
2. Coal and Wooden Dust :		
Quantity Consumed (M.T.)	14464	13632
Total Cost (Rs. in Lacs)	206.51	183.10
Rate per M.T. (Rupees)	1427.25	1343.16
Consumption [in Kgs. (per unit of production)]	0.669	0.518

## B. TECHNOLOGY ABSORPTION:

The Company does not use any imported technology in its manufacturing operations.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(i) Total Foreign Exchange Used (Rupees)	39557794	1158469
(ii) Total Foreign Exchange Earned (on F.O.B. Basis) (Rupees)	-	-





## REPORT ON CORPORATE GOVERNANCE

### [Pursuant to clause 49 of the listing agreement]

#### Corporate Governance

The principal characteristics of corporate governance are Transparency, Independence, Accountability, Responsibility, Fairness, and Social Responsibility. Corporate Governance pertains to system of blending law, regulations and voluntary practices, which enable the company to attract financial and human capital, perform efficiently and thereby perpetuate it into generating long-term economic value for its shareholders, while respecting interests of other stakeholders and the society as a whole.

It aims to assure the shareholders that it is "Your Company" and it belongs to you. The Chairman and Board of Directors are your fiduciaries and trustee pushing the business forward in maximizing long term value for its shareholders.

#### Company's Philosophy on Corporate Governance

The Company's philosophy on corporate governance lays strong emphasis on transparency, accountability and integrity. The company has implemented all the mandatory requirement of clause 49 of Listing Agreement with spirit of corporate governance and looking forward positively to follows non mandatory provisions. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over sustained period of time.

#### Board of Directors

At present the Board of Directors consists of Six Directors.

#### 1. Composition and Category of Directors is as follows

Name of the Directors	Category of Directorship	No. of Directorship in other Companies	No. of Board Committees of which member/ chairman
Mr. Raghuvirprasad Agarwal	Executive Non-independent	3	Nil
Mr. Kamlesh R. Agarwal	Non-Executive Non-independent	3	2
Mr. Sunil R. Agarwal	Executive Non-independent	3	Nil
Mr. Girish R. Agarwal	Non-executive Non-independent	3	Nil
Mr. Mangesh H. Agarwal	Non-executive Independent	Nil	2
Mr. Sushil H. Agarwal	Non-executive Independent	Nil	2

Attendance of each director at the Board Meeting, Last Annual General Meeting :

Nine Board meetings were held during the financial year 2004-05. The Composition of Directors and the attendance at the Board meeting during the year 2004-05 and Last Annual General meeting :

Name of Director	Category of Directorship	No. of Board meeting held	No. of Board meeting attended	Attendance at last AGM
Mr. Raghuvirprasad R. Agarwal	Chairman	9	9	Y
Mr. Kamlesh R. Agarwal	Director	9	9	Y
Mr. Sunil R. Agarwal	Managing Director	9	9	Y
Mr. Girish R. Agarwal	Director	9	9	Y
Mr. Mangesh H. Agarwal	Director	9	9	Y
Mr. Sushil H. Agarwal	Director	9	9	Y



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Number of Board meetings held during the financial year and dates of Board meetings :

Board Meeting	Date	Board Meeting	Date
1	30/04/04	6	08/11/04
2	28/07/04	7	22/01/05
3	02/09/04	8	25/01/05
4	10/09/04	9	25/03/05
5	30/10/04		

**AUDIT COMMITTEE :**

The Current Audit Committee, comprising three Directors all being Non- Executive Directors and most of them have financial and accounting knowledge. The constitution of Audit committee also meets with the requirements under section 292A of the Companies Act, 1956. Members are regularly present at the meetings.

The term of reference stipulated by the board to the Audit Committee are, as contained in clause 49 of the Listing agreement and Section 292 A of the Companies Act, 1956, as follows :

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on; (a) Any changes in accounting policies and practices, (b) Major accounting entries based on exercise of judgment by management, (c) Qualifications in draft audit report (d) Significant adjustments arising out of audit (e) The going concern assumption, (f) Compliance with accounting standards, (g) Compliance with stock exchange and legal requirements concerning financial statements, (h) Any related party transactions.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with external auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.



The Board of the Company has constituted an Audit Committee, comprising following directors.

Name	Designation	Non-executive /Independent	Committee meeting attended
Mr. Mangesh Agarwal	Chairman	Indipendent	4
Mr. Sushil Agarwal	Member	Indipendent	4
Mr. Kamlesh Agarwal	Member	Non-executive	4

Four meetings were held during the financial year 2004-05 on following dates :

Board Meeting	Date	Board Meeting	Date
1	29/06/04	3	23/10/04
2	25/07/04	4	20/01/05

By invitation                      Mr. Manoj V. Agarwal  
    Sr. Audit Manager  
    G. K. Choksi & Co. (Statutory Auditors)

## 2. Remuneration Committee

Being a non-mandatory requirement the remuneration committee has not been constituted for the time being. All decisions on remuneration to executive directors are taken by the Board of directors and approved by the shareholders at the general meeting. The details of remuneration paid/ payable to the directors for the year 2004-05 areas under :

Name of Director	Salary/Perquisite Amount (Rs.)	Commission Amt.(Rs.)	Total Amt. (Rs.)
Mr. Sunil Agarwal	9,72,000	—	9,72,000

## 2. Shareholders'/Investors' Grievance Committee.

The Board of the Company has constituted a shareholder'/Investors' Grievance Committee, comprising of following Members:

Name	Designation	Non-executive /Independent	Committee meeting attended
Mr. Mangesh Agarwal	Chairman	Indipendent	2
Mr. Sushil Agarwal	Member	Indipendent	2
Mr. Kamlesh Agarwal	Member	Non-executive	2

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the securities transfers. The Committee also looks into redressing of shareholders' complaints like transfers of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. the committee note down that during the year all the complaints have disposed timely and up to the satisfaction of the shareholders.

The Board of Directors has delegated the power of approving transfer of securities to Registrar & Share Transfer Agent. The committee reviews the performance of the Registrar and Transfer Agents, and recommend measures for overall improvement in the quality of investor services.