



RAGHUVIR SYNTHETICS LIMITED

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

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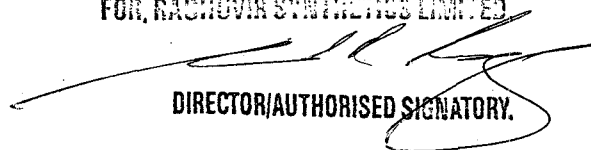
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FOR, RAGHUVIR SYNTHETICS LIMITED



DIRECTOR/AUTHORISED SIGNATORY.

25th
Annual Report
2006-2007

**Board of Directors**

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

Chairman
 Managing 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)

**NOTICE**

NOTICE is hereby given that the 25th Annual General Meeting of the members of Raghuvir Synthetics Limited will be held on Friday, 28th Day of September, 2007, 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 and Loss Account for the year ended on 31st March, 2007, Balance Sheet as on that date and Auditor's and Director's 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 Sushil 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 : 16.08.2007

KAMLESH 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 WEDNESDAY, THE 19TH DAY OF SEPTEMBER 2007 TO FRIDAY THE 28TH DAY OF SEPTEMBER, 2007 (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 25th Annual Report of your Company together with the Audited Statement of accounts for the year ended on 31st, March, 2007.

FINANCIAL RESULTS :

	(RS. IN LACS.)	
	2006-2007	2005-2006
Profit before Interest,		
Depreciation and Tax	621.46	470.04
Interest	116.30	93.39
Depreciation	362.11	257.39
Provision for Tax		
Current Tax	16.00	9.05
Deferred Tax	25.59	41.69
Fringe Benefit Tax	1.63	1.10
Profit after Tax	99.83	67.42
Balance brought forward		
from last year	275.04	207.62
Balance carried to		
Balance Sheet	<u>374.87</u>	<u>275.04</u>

DIVIDEND

In view of better utilisation of funds in the business development of the Company, your directors think it better to plough back entire profit.

PERFORMANCE

During the period under review the Company has earned Profit of Rs. 99.83 Lacs compared to profit of Rs. 67.42 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 Sushil Agarwal retire by rotation and being eligible offers themselves for re-appointment.

DEMISE OF DIRECTOR

On 07th May, 2007 Shri Raghuvirprasad Agarwal Founder and Chairman of the company has left heavenly abode. The Board of Director of the company sincerely condone the sad demise of Shri Raghuvirprasad Agarwal. The Board and the company will always feel the vacuum of Late Shri Raghuvirprasad Agarwal, who has created immense respect not for himself but for the company also. During his tenure and continuous afford, the company reaches a new height of achievement. The Board stated that the company will always follow the path and goal set by the late Shri Raghuvirprasad Agarwal.

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.

CASH FLOW ANALYSIS

In conformity with the provisions of clause 32 of the Listing Agreement, The cash flow statement for the year 31/03/2007 is annexed hereto.

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 Director's Report.

PUBLIC DEPOSIT :

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

DIRECTOR'S 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.

CORPORATE GOVERNANCE :

The Corporate Governance report and Auditors' certificate in respect thereof form part to this report.

MANAGEMENT DISCUSSION AND ANALYSIS:

(a) Industry Overview

Textile industries in India expects investment of Rs. 1,40,000 Crores in the post-MFA phase. As a result of various

initiatives taken by the government, there has been investment of Rs. 50,000 Crores in the textile industries in last five years. Further India's cotton production increased by 57% over last five years.

From the total size of US \$ 46 Billion in 2005, the Indian textile industry is expected to grow to US \$ 85 Billion by 2010 and expected to provide direct employment to more than 40 million people. Textile exports at US \$ 17 Billion in financial year 2006 is expected to grow at 16%. The current scenario offers very bright prospects for the established players in the industry.

(b) Review of Operations

During the year 2006-07 the Company registered net sales (including job-work charges) of Rs.4,121.44 lacs and earned net profit of Rs. 143.05 Lacs compared to net sales of Rs.3,174.95 lacs and net profit of Rs. 119.26 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 is also making capital expenditure for capacity expansion and modernization. The company's gross block stood at Rs. 3,993.14 lacs at March 31, 2007. The Company intends to continuously invest in production facilities to derive technological advancements, enhance capacities and reduced cost.

(c) Opportunities and Threats

The abolition of quota has led to substantial growth in textile and garment exports. The domestic market are also expected to remain strong with rising demand. These factors provide tremendous opportunities for the Company.

Major threat comes mostly from low cost producers locally in overseas locations.

However, the Company has been able to maintain its market share across various segments through value added and high quality products, combined with excellent services to its customers.

(d) Risk and Concerns

The quota free period since 2005 has been the emergence of a number of manufactures with the state of the art operations who are competing with the established players on the basis of lower pricing due to their lower cost of production. Reduction in manufacturing cost and providing for working capital funds will be key challenges to the Company, while maintaining the same standards of quality and services. Manufacturers from China, Indonesia and Pakistan are also competing against us in the local and export market.

(e) Outlook

India is one of the largest producer of natural and manmade fibres. Phasing out of the Multi Fibre Arrangement (MFA) from 2005 and removal of qualitative Restrictions and dismantling of tariff barriers coupled with the Company's ability of utilisation of raw material and skilled labour at cheap cost provide competitive advantage to the Company. In such a scenario, the outlook for the company still remains positive, given the increasing recognition of India as a preferred global manufacturing hub. In view of this, the company is making Capital expenditure 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 the best skill which enable them to adapt to contemporary technological advancements. Industrial relation during the year continues 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

KAMLESH AGARWAL
Chairman

Place : Ahmedabad

Date : 16.08.2007



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, 2007.

A. CONSERVATION OF ENERGY

The Company endeavours to conserve energy wherever possible.

Power and Fuel Consumption:

	2006-2007	2005-2006
1. Electricity :		
Purchased Units (KHW '000)	5295	4554
Total Cost (Rs. In Lacs)	213.53	194.61
Rate per Unit (Rupees)	4.03	4.27
Consumption [in Units (per unit of production)]	0.197	0.192
2. Coal and Wooden Dust :		
Quantity Consumed (M.T.)	6912	12948
Total Cost (Rs. In Lacs)	326.13	265.95
Rate per M.T. (Rupees)	4717.95	2054.03
Consumption [in Kgs. (per unit of production)]	0.257	0.546

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)	302613	35331056
(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 Five Directors.

A. 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. Kamlesh R. Agarwal	Non-executive Non-independent	2	2
Mr. Sunil R. Agarwal	Executive Non-independent	2	NIL
Mr. Girish R. Agarwal	Non-executive Non-independent	2	NIL
Mr. Mangesh H. Agarwal	Non-executive Independent	NIL	2
Mr. Sushil H. Agarwal	Non-executive Independent	NIL	2

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

Eleven Board meetings were held during the financial year 2006-07. The Composition of Directors and the attendance at the Board meeting during the year 2006-07 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. Kamlesh R. Agarwal	Chairman	11	11	Y
Mr. Sunil R. Agarwal	Managing Director	11	11	Y
Mr. Girish R. Agarwal	Director	11	11	Y
Mr. Mangesh H. Agarwal	Director	11	11	Y
Mr. Sushil H. Agarwal	Director	11	11	Y



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

Board Meeting	Date	Board Meeting	Date
1	24/04/2006	7	11/10/2006
2	08/05/2006	8	24/10/2006
3	16/06/2006	9	22/01/2007
4	17/07/2006	10	09/03/2007
5	01/09/2006	11	26/03/2007
6	21/09/2006		

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.

ANNUAL REPORT 2006-2007



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	Independent	4
Mr. Sushil Agarwal	Member	Independent	4
Mr. Kamlesh Agarwal	Member	Non-executive	4

Four meetings were held during the financial year 2006-07 on following dates :

Board Meeting	Date	Board Meeting	Date
1	24/04/2006	3	24/10/2006
2	17/07/2006	4	22/01/2007

By invitation

Mr. Rajendra M. Maulani

Vice President Audit

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 2006-07 are as under :

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

3. Shareholder's/Investor's 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	Independent	2
Mr. Sushil Agarwal	Member	Independent	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.