



## **RAGHUVIR SYNTHETICS LIMITED**

**NR. GUJARAT BOTTLING, RAKHIAL ROAD,**

**RAKHIAL, AHMEDABAD-380 023. (INDIA)**

**PHONE : 22911070, 22911015, 22911902**

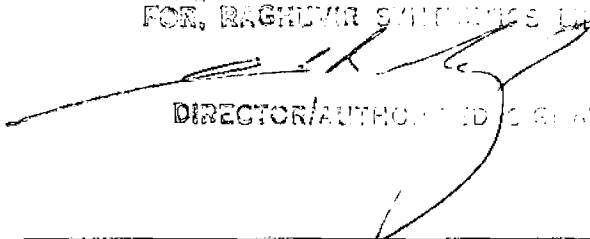
**FAX : 22911912**

**E-mail : raghuvirad1@sancharnet.in**

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FOR, RAGHUVIR SYNTHETICS LIMITED

  
DIRECTOR/AUTHORIZED SIGNATORY

**26th**  
**Annual Report**  
**2007-2008**

**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 26th Annual General Meeting of the members of Raghuvir Synthetics Limited will be held on Tuesday, 30th Day of September, 2008, 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, 2008, Balance Sheet as on that date and Auditors' and Directors' report thereon.
2. To appoint Director in place of Shri Kamlesh Agarwal who retire by rotation and being eligible for re-appointment offers himself for re-appointment.
3. To appoint Director in place of Shri Mangesh 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**

**KAMLESH AGARWAL**  
**CHAIRMAN**

**Place :** Ahmedabad

**Date :** 31st July, 2008

**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 SATURDAY, THE 20TH DAY OF SEPTEMBER 2008 TO TUESDAY THE 30TH DAY OF SEPTEMBER, 2008 (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 26th Annual Report of your Company together with the Audited Statement of accounts for the year ended on 31st, March, 2008.

**FINANCIAL RESULTS**

	<b>[Rupees in Lacs]</b>	
	<b>2007-2008</b>	<b>2006-2007</b>
Profit before Interest,		
Depreciation and Tax	564.75	621.46
Interest	94.41	116.30
Depreciation	376.81	362.11
Provision for Tax		
Current Tax	10.00	16.00
Deferred Tax	(2.26)	25.59
Fringe Benefit Tax	1.40	1.63
Profit after Tax	84.39	99.83
Balance brought forward		
from last year	374.87	275.04
Balance carried to		
Balance Sheet	<u>459.27</u>	<u>374.87</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.

**OPERATIONS**

From the digits arrived in the Balance Sheet we can say that the performance of the Company shows continually growth. The Company achieve acceptable growth due to Management policies, high standards employment of mans, machines, materials, adequate investments and numbers of conditions are in favour of company.

**DIRECTORS**

Pursuant to provisions of Section 256 of the Companies Act, 1956 Shri Kamlesh Agarwal

and Shri Mangesh 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.

**CASH FLOW ANALYSIS**

In conformity with the provisions of clause 32 of the Listing Agreement, The cash flow statement for the year 31/03/2008 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 Directors' Report.

**PUBLIC DEPOSIT**

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

**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.

### CORPORATE GOVERNANCE

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

### MANAGEMENT DISCUSSION AND ANALYSIS

#### (a) Industry Overview :

The Indian economy is expected to grow at 8.7% in 2007-2008 – the weakest pace since 2005 compared with the growth of 9.6% in 2006-07 and 9.4% in 2005-06. The slowdown in GDP is mainly due to slowdown in the manufacturing sector, which is expected to expand 9.4% this fiscal, compared with 11.82% in 2006-07. The Indian Textile Industry is 80% occupied with Apparel segment, the ratio will change towards more growth in Technical Textiles, automotives, Carpets and Home Textiles. Technical Textiles is one of the faster-growing sectors of the global Textile Industry. Technical Textiles is an emerging area for investment in India.

#### (b) Review of Operations :

During the year 2007-08 the Company achieved net sales of Rs. 4368.32 lacs and earned net profit of Rs. 93.53 Lacs compared to net sales of Rs. 4121.44 Lacs and net profit of Rs. 143.05 Lacs during the

previous year. Profit decreased in compare to previous year but turnover of the company increases continuously it has been done due to increased in cost.

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. 4016.17 lacs at March 31, 2008. 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 company has to manage Risk arising from product liability is protected through insurance policies or limited through contractual agreements wherever possible. Risk associated with protection of environment, safety of operations and health of people at work is monitored regularly with reference to statutory regulations prescribed by the government authorities.

#### (e) Financial risks:

Financial risk management is carried out by

the treasury department under policies approved by the Board of Directors. Written policies for overall foreign exchange risk and investing excess liquidity are in place.

**(f) FOREX Risk:**

The company is exposed to forex risks arising from various currency exposures, primarily with respect to USD, GBP, Euro and Swiss Franc. The company has an appropriate policy in place and covers the risk partly through hedging by means of forward transactions.

**(g) Interest risk:**

Interest risk mainly arises from financial debt. The policy is to borrow in fixed rate instruments provided the risk of rising interest rates is seen to be material. Downside interest views allow for a lower fixed rate portion of interest bearing financial debt.

**(h) Liquidity risk:**

Sufficient and not excessive cash and marketable securities are kept and investment is made mainly in debt oriented mutual funds. Credit risk: Credit risk policy is in place to ensure that sale of products is made to customers after an appropriate credit limit allocation process.

**(i) Outlook :**

With growing aspiration of Indian consumers fuelled by rising income, higher affordability, country wide retail proliferation, spurt in rural demand and exponential growth in Tier II & Tier III towns we expect that cloth industry may show exciting growth in coming years. Indian & International players operating in India will

target brand portfolio expansion & product expansion to take advantage of fast growing market.

With the positive changes in overall economy and consumer behaviour, outlook for your company is encouraging.

**(j) 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.

**(k) 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 : 31.07.2008**

**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, 2008.**

**A. CONSERVATION OF ENERGY**

The Company endeavors to conserve energy wherever possible.

**Power and Fuel Consumption :**

	2007-2008	2006-2007
<b>1. Electricity :</b>		
Purchased Units (KHW '000)	52.48	52.95
Total Cost (Rs. In Lacs)	222.56	213.53
Rate per Unit (Rupees)	4.24	4.03
Consumption [in Units (per unit of production)]	0.214	0.197
<b>2. Coal and Wooden Dust :</b>		
Quantity Consumed (M.T.)	6807	6912
Total Cost (Rs. In Lacs)	359.98	326.13
Rate per M.T. (Rupees)	5288.44	4717.95
Consumption [in Kgs. (per unit of production)]	0.277	0.257

**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)	1925955	302613
(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. This report sets out the compliance status of the Company with the requirements of corporate governance, as set out in Clause 49, for the financial year 2007-08.

**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 Director	Category of Directorships	No. of Directorships in other Companies	No. of board committee 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:**

Five Board meetings were held during the financial year 2007-2008. The Composition of Directors and the attendance at the Board meeting during the year 2007-2008 and Last Annual General meeting:





Name of Director	Category of Directorship	No. of Board Meeting Held	No. of Board Meetings attended	Attendance at Last AGM
Mr. Kamlesh R. Agarwal	Chairman	5	5	Y
Mr. Sunil R. Agarwal	Managing Director	5	5	Y
Mr. Girish R. Agarwal	Director	5	5	Y
Mr. Mangesh H. Agarwal	Director	5	5	Y
Mr. Sushil H. Agarwal	Director	5	5	Y

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

Board Meeting	Date
1	28/04/2007
2	30/07/2007
3	31/10/2007
4	25/01/2008
5	28/01/2008

**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

**ANNUAL REPORT 2007-2008**

structure coverage and frequency of internal audit.

- f. Discussion with internal auditors any significant findings and follow up there on.
- g. 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.
- h. 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.
- i. Reviewing the company's financial and risk management policies.
- j. 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 Meetings 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 2007-08 on following dates:

Board Meeting	Date	Board Meeting	Date
1	09/04/2007	3	10/10/2007
2	10/07/2007	4	04/01/2008

By invitation : Mr. Rajendra M. Mulani  
Vice President (Audit)  
G. K. Choksi & Co. (Statutory Auditors)

**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 2007-08 areas under :

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

**SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE**

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