

# RAGHUVIR SYNTHETICS LIMITED

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

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FOR, RAGHUVIR SYNTHETICS LIMITED.

  
DIRECTOR/AUTHORISED SIGNATORY.

27<sup>TH</sup>

ANNUAL REPORT

2008-2009

# RAGHUVIR SYNTHETICS LIMITED

Rakhial Road, Ahmedabad - 380 023.

## NOTICE

**NOTICE** is hereby given that the 27<sup>th</sup> Annual General Meeting of the members of Raghuvir Synthetics Limited will be held on Tuesday, 30<sup>th</sup> Day of September, 2009, at 4.00 p.m., at Kashiram Agarwal Bhavan, University Road, Ahmedabad for transacting the following business :

### ORDINARY BUSINESS:

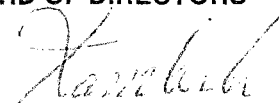
1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2009, Balance Sheet as on that date and Auditors' and Directors' report thereon.
2. To appoint Director in place of Shri Sunil Agarwal who retire by rotation and being eligible for re-appointment offers himself for re-appointment
3. To appoint Director in place of Shri Girish Agarwal who retire by rotation and being eligible for re-appointment offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.
5. To consider and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution :

"RESOLVED THAT Mr. Samir Sheth who was appointed as additional Director of the Company at the Board Meeting held on 01/07/2009 and whose terms expires at this Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 along with the deposit of Rs. 500/- from the member proposing his candidature for the office of the Director, be and is hereby appointed as the Director of the Company."

6. To consider and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution :

"RESOLVED THAT Mr. Kamal Patel who was appointed as additional Director of the Company at the Board Meeting held on 03/08/2009 and whose terms expires at this Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 along with the deposit of Rs. 500/- from the member proposing his candidature for the office of the Director, be and is hereby appointed as the Director of the Company."

### ORDER OF THE BOARD OF DIRECTORS



**CHAIRMAN**

Date : 17th August, 2009  
Place : Ahmedabad

### 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 TUESDAY, THE 28TH DAY OF SEPTEMBER 2009 TO FRIDAY THE 30TH DAY OF SEPTEMBER, 2009 (BOTH DAYS INCLUSIVE).
- 3) THE MEMBERS ARE REQUESTED TO NOTIFY IMMEDIATELY THE CHANGE OF ADDRESS IF ANY, TO THE COMPANY.

## RAGHUVIR SYNTHETICS LIMITED

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### EXPLANATORY STATEMENT AS PER THE SECTION 173 (2) OF THE COMPANIES ACT, 1956

#### Item No. 5

Mr. Samir Sheth was appointed as the Additional Director of the Company w.e.f 01/07/2009, under section 260 of the Companies Act, 1956. The said Director will hold office upto the date of the ensuing Annual General Meeting. The Company has received a Notice in writing from the member proposing the candidature of Mr. Samir Sheth for the office of the Director under section 257 of the Companies Act, 1956.

The Board recommends the resolution for the approval of the members.

None of the Director is interested in the said resolution except Mr. Samir Sheth.

#### Item No. 6

Mr. Kamal Patel was appointed as the Additional Director of the Company w.e.f 03/08/2009, under section 260 of the Companies Act, 1956. The said Director will hold office upto the date of the ensuing Annual General Meeting. The Company has received a Notice in writing from the member proposing the candidature of Mr. Kamal Patel for the office of the Director under section 257 of the Companies Act, 1956.

The Board recommends the resolution for the approval of the members.

None of the Director is interested in the said resolution except Mr. Kamal Patel.

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FOR, RAGHUVIR SYNTHETICS LIMITED.

DIRECTOR/AUTHORISED SIGNATORY.

# RAGHUVIR SYNTHETICS LIMITED

Rakhial Road, Ahmedabad - 380 023.

## DIRECTORS' REPORT

To,  
The Members,

Your Directors are pleased to present the 27<sup>th</sup> Annual Report of your Company together with the Audited Statement of accounts for the year ended on 31st, March, 2009.

## FINANCIAL RESULTS

[Rupees in Lacs]

Particulars	2008-2009	2007-2008
Profit before Interest, Depreciation and Tax	447.81	627.97
Interest	64.94	96.15
Depreciation	328.30	376.81
Income-tax	37.00	10.00
Wealth Tax	0.15	--
Deferred Tax	27.50	(2.26)
Fringe Benefit Tax	1.55	1.40
Profit after tax	(11.63)	84.39
Prior period adjustments (Net)	22.72	--
Balance brought forward from previous year	459.27	374.87
Balance carried to Balance Sheet	447.63	374.87

## DIVIDEND

Your Directors have deemed it prudent not to recommend any dividend on equity shares for the year ended on 31<sup>st</sup> March, 2009 but want to plough back the profit and to conserve the resources for further expansion plans.

## OPERATIONS

From the digits arrived in the balance sheet we can say that the performance of the Company was not satisfactory due to global recession going on and Company has not achieved the target set out for the said financial year.

## DIRECTORS

Pursuant to provisions of Section 256 of the Companies Act, 1956 Shri Sunil Agarwal and Shri Girish Agarwal retire by rotation and being eligible offers themselves for re-appointment.

Mr. Samir Sheth and Mr. Kamal Patel were appointed as Additional Directors of the Company w.e.f 01/07/2009 & 03/08/2009 respectively. The Board of Directors recommends their appointment as Directors of the Company.

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## 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 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

- (a) In the presentation of Annual Accounts, the applicable accounting standard had been followed along with proper explanation relating to material departure.
- (b) 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.
- (c) 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.
- (d) 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.

# RAGHUVIR SYNTHETICS LIMITED

Rakhial Road, Ahmedabad - 380 023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (a) Industry Overview

The Indian economy specially related to the textile Sector expected to grow in the fiscal year 2009-10. The slowdown in GDP is mainly due to slowdown in the manufacturing sector, which is expected to expand this fiscal, compared with earlier years. The Indian Textile Industry is 80% occupied with Apparel segment, the ratio will change towards more growth in Technical Textiles, automobiles, 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 2008-09 the Company achieved sales of Rs. 3212.16 lacs and incurred net loss of Rs. 11.63 Lacs compared to sales of Rs. 4368.32 lacs and net profit of Rs.84.39 Lacs during the previous year. Loss incurred as compared to previous year because of ongoing recession.

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 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.

**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.

**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.

**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.

**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.

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## (e) 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.

## (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

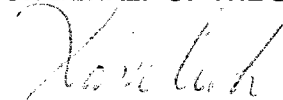
The company firmly believes that intellectual capital and human resources is the backbone of the company's success.

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 assistance and co-operation received from the bankers, vendors and stakeholders including financial institutions, Central and State Government authorities, other business associates, who have extended their valuable sustained support and encouragement during the year under review. Your Directors take this opportunity to place on record their gratitude and appreciation for the committed services of the employees at all the levels of the Company. The Company also place its gratitude and appreciation for the services provided by Mr. Sushil Agarwal and Mr. Mangesh Agarwal, who resigned from the post of Directors.

FOR AND ON BEHALF OF THE BOARD



**KAMLESH AGARWAL**  
Chairman

Place : Ahmedabad  
Date : 17<sup>th</sup> August, 2009



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## 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 31<sup>ST</sup> MARCH, 2009.

### A. CONSERVATION OF ENERGY

The Company endeavors to conserve energy wherever possible.

#### Power and Fuel Consumption:

		2008-2009	2007-2008
1.	Electricity :		
	Purchased Units (KWH '000)	46.79	52.48
	Total Cost (Rs. In Lacs)	250.32	222.56
	Rate per Unit (Rupees)	5.34	4.24
	Consumption [in Units (per unit of production)]	0.223	0.214
2.	Coal and Wooden Dust :		
	Quantity Consumed (M.T.)	15192	6807
	Total Cost (Rs. In Lacs)	468.85	359.98
	Rate per M.T. (Rupees)	3086.17	5288.44
	Consumption [in Kgs. (per unit of production)]	0.725	0.277

### B. TECHNOLOGY ABSORPTION:

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

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### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(i)	Total Foreign Exchange Used (Rupees)	20602691	1925955
(ii)	Total Foreign Exchange Earned (on F.O.B. Basis) (Rupees)	--	--



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## REPORT ON CORPORATE GOVERNANCE [Pursuant to clause 49 of the listing agreement]

### 1. 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.

### 2. Company's Philosophy on Corporate Governance

The Company firmly believes that good Corporate Governance represents the foundation of corporate excellence. A sound governance process consists of a combination of business practices, which result in enhancement of shareholders' value and enable the Company to fulfill its obligations to customers, employees, financiers and to the society at large. The Company aims to increase and sustain its corporate value through growth and innovation.

### Board of Directors

At present the Board of Directors consists of Five Directors.

#### A. Composition of Board of Directors:

Name of the Directors	Category of Directorship	No. of Directorship in other Public 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:

Eight Board meetings were held during the financial year 2008-2009. The Composition of Directors and the attendance at the Board meeting during the year 2008-2009 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	8	8	Y
Mr. Sunil R. Agarwal	Managing Director	8	8	Y
Mr. Girish R. Agarwal	Director	8	8	Y
Mr. Mangesh H. Agarwal	Director	8	8	Y
Mr. Sushil H. Agarwal	Director	8	8	Y

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

Board Meeting	Date
1	28/04/2008
2	05/05/2008
3	26/05/2008
4	28/07/2008
5	01/09/2008
6	30/09/2008
7	26/10/2008
8	23/01/2009
9	28/03/2009

## 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 292A of the Companies Act, 1956, as follows :

- a. 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.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. 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.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. 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.
- 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.