

Rajvir Industries Limited



1st
Annual Report
2004-2005



Rajvir Industries Limited

BOARD OF DIRECTORS

Sri U.K.Agarwal
Sri Ritesh K. Agarwal
Sri R.K.Agarwal
Sri Vijay Kumar Gupta
Sri S.N.Daga

Managing Director
Executive Director

GENERAL MANAGER (FINANCE) & COMPANY SECRETARY

Sri Raman Subbaiah

AUDITORS

M/s S.Daga & Co
Hyderabad

BANKERS

State Bank of India
State Bank of Hyderabad
State Bank of Mysore
Industrial Development Bank of India

REGISTERED OFFICE

1st Floor, Surya Towers,
105, Sardar Patel Road,
Secunderabad 500003.
Telephone : 27846841/27845628

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FACTORY

Pillallamarri Road Mahabub Nagar.
Andhra Pradesh-509002

Dyeing Plant

Edira Village Mahabubnagar Dist.
Andhra Pradesh-509 002

Sales Depot

TIRUPUR - 641 604.

REGISTRARS AND TRANSFER AGENTS

Sathguru Management
Consultants (P) Ltd.
Plot No. 15, Hindi Nagar
Behind Sai Baba Temple
Panjagutta, Hyderabad-500034
Phone : 23356507, Fax : (040) 23354042



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NOTICE

NOTICE is hereby given that the First Annual General Meeting of the Members of **Rajvir Industries Limited** will be held on **Saturday, the 31st December, 2005 at 2.00 P.M. at FAPCCI premises, 11-6-841, Red Hills, Hyderabad-500004** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the period ended 31st March 2005, and Balance sheet as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a director in place of Sri U.K. Agarwal who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri. Ritesh K Agarwal who retires by rotation and being eligible offers himself for re-appointment
4. To declare dividend on the equity shares of the company for the period ended 31st March 2005.
5. To appoint M/s. S.Daga & Co, chartered Accountants as Auditors of the company to hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

6. **TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION (S) AS AN ORDINARY RESOLUTION:**

“RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 Sri R.K. Agarwal be and is hereby appointed as director of the company whose period of office will be liable to retire by rotation.”

7. **TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION (S) AS AN ORDINARY RESOLUTION:**

“RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 Sri Vijay Kumar Gupta be and is hereby appointed as director of the company whose period of office will be liable to retire by rotation.”



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8. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION (S) AS AN ORDINARY RESOLUTION:

Place : Secunderabad

Date : December 06, 2005

BY ORDER OF BOARD
For RAJVIR INDUSTRIES LIMITED
(RAMAN SUBBAIAH)
GENERAL MANAGER(Finance)
& COMPANY SECRETARY

“RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 Sri S.N. Daga be and is hereby appointed as director of the company whose period of office will be liable to retire by rotation.”

9. TO CONSIDER, AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION (S) AS AN ORDINARY RESOLUTION APPROVING REMUNERATION PAID TO SRI. RITESH K AGARWAL FOR THE PERIOD OF 7 MONTHS ENDED 31.03.05

“RESOLVED THAT an amount of Rs. 6,60,000/-, being the amount expenditure incurred as payments to Sri. Ritesh K Agarwal as salary during his tenure in Suryalakshmi Cotton Mills Limited for the period from 1.9.2004 to 31.03.2005 and allocated to the Company as Corporate Expenses, shown as Managerial Remuneration be and is hereby approved”

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING .

2. The Register of members and share transfer books will remain closed from 28-12-2005 to 31-12-2005 (both days inclusive) for payment of dividend, if approved and for the purpose of Annual General Meeting.

3. The shares of the Company are listed in the Stock Exchanges of Hyderabad, Bombay and National Stock Exchange and listing fees is paid upto 2005-2006.

4. Members are requested to notify immediately any change of address to their depository



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participants in respect of their holdings in electronic form and to M/s. Sathguru Management consultants (P) Ltd Unit: Rajvir Industries Limited in respect of their physical folios if any.

5. Members are requested to bring their copy of annual report with them at the time of attending the annual General Meeting.

6. Members desiring any further information as regards the accounts or operations of the company are requested to write to the company so as to reach at least one week prior to the date of meeting for consideration of the management to deal at the meeting.

7. The recent amendment to the companies Act 1956 has provided for the facility of nomination to the holders of the shares/ debentures/Fixed deposits in a company. Accordingly members can avail the facility of nomination in respect of their shares held either singly or jointly. Members desiring to avail this facility are requested to fill up the prescribed nomination form and send the same to the Registered Office of the company.

Explanatory Statement pursuant to Section 173(2) of the companies Act 1956

Item No.6

Sri R.K.Agarwal, who was appointed as an additional director by the Board of directors at their

meeting held on 15.03.2005 under the provisions of section 260 of the Companies Act, 1956 will hold the office of director up to the forthcoming 1st Annual General Meeting of the company. The company has received a notice from a member under section 257 of the company's Act, 1956 together with deposit of Rs.500/- signifying his intention proposing the appointment of Sri R.K.Agarwal, as director of the company. Sri R.K.Agarwal is having an experience in the field of yarn and Textile business for over a period of 25 years and he is holding the office of Managing Director of Suryajyothi spinning Mills limited.

None of the directors excepting Sri U.K.Agarwal being a relative under schedule 1-A of section 6 of the companies Act, 1956 is interested or concerned in the above resolution.

The Board recommends the resolution for approval of the members.

Item No.7

Sri Vijay Kumar Gupta, who was appointed as an additional director of the company by the Board of Directors at their Meeting held on 08.08.2005 under section 260 of the Companies Act, 1956 will hold the office of director upto the forthcoming 1st Annual General Meeting of the company. The company has received a notice from a member under section 257 of the company's Act, 1956 together with deposit of Rs.500/- signifying his intention proposing the appointment of Sri Vijay Kumar Gupta, as director



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of the company. Sri Vijay Kumar Gupta is having an experience in the field of yarn and Textile business for over a period of 25 years and he is holding the office of Managing Director of Vijay Textiles Limited.

None of the directors is interested or concerned in the above resolution.

The Board recommends the resolution for approval of the members

Item No.8

Sri S.N.Daga, who was appointed as an additional director of the company by Board of directors at their meeting held on 29.10.2005 under of section 260 of the Companies Act, 1956 will hold the office of director up to the forthcoming 1st. Annual General Meeting of the company. The company has received a notice from a member under section 257 of the company's Act, 1956 together with deposit of Rs.500/- signifying his intention proposing the appointment of Sri S N Daga as director of the company. Sri .S N Daga is having an experience in the business for over a period of 20 years and he has got business experience in various other fields.

None of the directors is interested or concerned in the above resolution.

The Board recommends the resolution for approval of the members.

Item No. 9:

Sri. Ritesh K Agarwal was full time employee of M/s Suryalakshmi Cotton Mills limited till 31st March 2005, working as Chief Executive looking after the Mahabubnagar Unit as well as local sales of Amanagallu unit. He is appointed as First Director with effect from 1.09.2004 in Rajvir Industries Limited. As per the Scheme of Arrangement the Expenditure was apportioned to the Company towards Corporate expenses for the period 1.09.2004 to 31.3.2005 and charged under the head "Managerial Remuneration" which has resulted in payment to Director amounting to Rs. 6,60,000/-. Managerial Remuneration is subject to approval of the members and is being put up post facto for the approval of the members.

Further Sri. Ritesh K Agarwal has been appointed as Executive Director, with a remuneration of Rs. 1,25,000/- plus perquisites in compliance with Schedule XIII of Companies Act 1956, of the Company with effect from 1st April 2005. vide Board Resolution dated 15th March 2005 and approved vide members resolution in their meeting held on 25th April 2005

The Board recommends the resolution for approval of the members.

BY ORDER OF BOARD

For **RAJVIR INDUSTRIES LIMITED**

(RAMAN SUBBAIAH)

GENERAL MANAGER(Finance)

& COMPANY SECRETARY

Place : Secunderabad

Date : December 06, 2005



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DIRECTORS' REPORT

To
The Members

Your Directors present their First Annual Report on the business and operations of the Company and the financial results for the period ended 31st March, 2005.

OPERATIONS

(Rs. in lakhs)

1. Sales and other Income	7694.36
2. Profit before interest and Depreciation	681.95
3. Interest and Finance Charges	176.61
4. Depreciation	174.55
5. Profit after Interest and depreciation	330.79
6. Provision for taxation	
(a) Current Tax	26.00
(b) Deferred Tax	111.62
7. Profit /loss A/c Balance	193.17
APPROPRIATIONS	
1. Transferred to General Reserve	23.00
2. Dividend	60.70
3. Dividend Tax	8.51
4. Surplus Carried forward to Balance sheet	100.96

Note : Information for previous year is not applicable since this is the 1st year

The Company expects good results in the year 2005-06 due to increased yarn prices and better realisations due to Value addition. Further to boost its performance during the financial year 2006-07 as the Company has identified a Textile unit at Italy, which it has already contracted, to procure, from the present owners and the same is expected to become operational during 2006-07. This Expansion Project would lead to considerable increase in the turnover and increase in the Net profit of the company. The company has acquired a site at Tandur for the proposed expansion of the Project shortly and the plans are ahead for importing the machinery and equipment as required.

DIVIDEND

The Board of directors are pleased to recommend a dividend @ 20% subject to the approval of the members on the paid up capital of the company in respect of period under review. The dividend will absorb a sum of Rs. 69.21 Lakhs inclusive of tax on dividend.



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EXPORTS

During the year under review the Company has achieved Exports of Rs. 4.41 crores. As per the Scheme of Arrangement the Transactions during the period between the appointed date and the effective date relating to the Mahabubnagar Division would be reflected in the financial statement of the Resultant company i.e. Rajvir Industries Limited, and this amount represents the 7 month period Export Sales with the fob value given in the notes to accounts.

FIXED DEPOSITS

The Company has not invited /accepted any deposits from the public within the meaning of section 58 A of the companies Act, 1956

FUTURE OUTLOOK

Indian Textile Industry's competence lies in the availability of major Raw Material, Skilled Manpower, Managerial Competence and Entrepreneur Skills required to be a producer and supplier of top quality textiles at competitive prices.

There are also of course threats in this because of strong competition from China and a few developing countries like Bangladesh, Vietnam and some African countries which have modernised their textile industries recently.

The Company believes that the ensuing competition in the emerging market place will have to be met squarely only by developing production systems based on cost efficiency, high productivity, modern technology, design skills, quality assurance and timely deliveries and over and above Value Added Products like compact yarn, dyed yarn.

The Company has 55000 spindles as on date and has already contracted with an Italian Company for dismantling and reassembly of the entire mill of 45000 spindles, to be located at Tandur Ranga Reddy District of Andhra Pradesh, which would improve the turn over and increase in the Net profit of the company. The company has already acquired a site at Tandur, for the proposed Project and has started land development and civil works. The funds required for the said expansion have been already tied up with



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State Bank of Hyderabad and State Bank of Bikaner and Jaipur. The import of the machinery and equipment is in the process and is to be completed in two phases of 24000 and 21000 spindles each, of which the First phase is expected to be completed by March 2006 and the Second Phase is expected to be completed by July 2006.

DIRECTORS

1. Pursant to section 256 of the companies Act, 1956 read with article 66 of articles of Association of the compnay Sri Ritesh K. Agarwal and U.K.Agarwal who retire by rotations at the ensuing Annual General Meeting, being eligible, offer themselves for reappointment.

2. Sri R.K.Agarwal, Sri Vijay Kumar Gupta and Sri S.N Daga who were appointed as additional directors under the provisions of section 260 of the Companies Act, 1956 and will hold the offices of director up to the forthcoming Annual General Meeting. The company has received notices under section 257 of the company's Act, 1956 together with deposits of Rs.500/- signifying their intention to propose the appointments of Sri R .K.Agarwal, Sri Vijay Kumar Gupta and Sri S.N Daga as directors subject to retirement by rotation.

3. The necessary resolutions seeking the approval of the members for the appointments of

Sri R.K.Agarwal, Sri Vijay Kumar Gupta and Sri S.N.Daga have been included for the offices of the directors in the notice for the ensuing 1st.Annual General Meeting .

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

1. that as per the scheme of Arrangement approved by the High Court of Andhra Pradesh on 22nd March 2005, all transactions during the period between Appointed Date and the Effective Date, a period of Seven Months, were recorded in the books of the Company and in the preparation of the annual accounts(7 month period), the applicable accounting standards have been followed and there has been no material departure ;
2. that the selected accounting policies were applied consistently and the Directors made judgements 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 March 31, 2005 and of the Profit & Loss Account of the Company for the year ended on that date.
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions



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of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. that the annual accounts have been prepared on a going concern basis.

LISTING ; CORPORATE GOVERNANCE

The Company was not listed during the period of Audit i.e period ended 31.3.2005. After Completion of the process of Demerger vide the Scheme of Arrangement as approved by High Court of Andhra Pradesh, Company's (Resultant Company) applications for listing of its shares on the stock exchange of Hyderabad, Bombay and National Stock Exchanges were approved vide their letters HSE:LIST:2005:N-272 dated September 8, 2005 of HSE., DCS/SMG/RCG/2005/532666 dated September 16, 2005 of BSE, and NSE/LIST/16922-Z dated September 19, 2005 of NSE; in pursuance of relaxation granted by SEBI under rule 19(2) (b) of securities contract (Regulation) rules 1957. Hence, your company at the time of application to the stock exchanges for listing requirements of clause 49 of corporate Governance were complied with.

AUDITORS

The Auditors M/s. S.Daga & Co. Chartered Accountants, First Auditors of the company will retire at the ensuing 1st Annual General Meeting they

have signified their willingness to accept reappointment and have for their confirmed their eligibility under section 224 (1-B) of the companies Act, 1956.

AUDITORS' QUALIFICATIONS

No qualifications were made by the Auditors in their report on the accounts for the period-ended 31.03.2005.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The details as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure-I and form part of the Report.

EMPLOYEES

No employee was in receipt of remuneration in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 and hence the prescribed information is not required to be given.

ACKNOWLEDGEMENT

The Board of Directors are pleased to place on record their appreciation of the co-operation and support extended by Industrial Development Bank