

**Spinning
for the
World with an
Indian Soul**



Rajvir Industries Limited



Annual Report 2007-2008



Snap shot of Compact yarn Facility



Rajvir Industries Limited

4th Annual Report 2007-2008

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Rajvir Industries Limited

BOARD OF DIRECTORS

Sri U.K Agarwal Chairman and Managing Director
Sri Ritesh Kumar Agarwal Executive Director
Sri Vijay Kumar Gupta
Sri S.N.Daga
Dr.K.J.Reddy

General Manager (Finance)

Sri K. Ravi Kumar

Dy.General Manager (Finance) & Company Secretary

Sri R.D.Sharma

AUDITORS

M/s S.Daga & Co
 HYDERABAD

BANKERS

Industrial Development Bank of India
 State Bank of India
 State Bank of Hyderabad
 State Bank of Mysore
 State Bank of Bikaner and Jaipur
 Axis Bank Limited

Registered Office

1st Floor, Surya Towers
 105, Sardar Patel Road
 Secunderabad 500003
 Telephone : 040-27846841, 27845628, 27845650
 Fax : 040-27840656

Factory

- 1) **Mahabubnagr Plant**
 Pillallamarri Road
 Mahabub Nagar
 Andhra Pradesh-509002
- 2) **Tandur Plant**
 Gopan Pally Village
 Tandur Tahsil
 R R Dist.- A.P
- 3) **Dyeing Plant**
 Edira Village
 Mahabubnagar Dist.
 Andhra Pradesh-509002

Sales Depot

No.37, Susai Puram
 Sowdambika Towers
 Ground Floor
 TIRPUR - 641 604

Registrar & Share Transfer Agent

M/s Sathguru Management Consultants Pvt. Ltd
 Plot No.15, Hindi Nagar, Behind Sai Baba Temple
 Panjagutta, Hyderabad - 500 034
 Tel. Nos.040-23356507, 23356975
 Fax No. 040-23354042
 Email : sta@sathguru.com



Rajvir Industries Limited

NOTICE

NOTICE is hereby given that the Fourth Annual General Meeting of the Members of Rajvir Industries Limited will be held on Tuesday the 30th September 2008 at 3.00 p.m. at Surana Udyog Hall, FAPCCI Premises, 11-6-841, Red Hills, Hyderabad-500004 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended 31st March, 2008 along with the Auditors' Report & Directors' Report thereon.
2. To declare Dividend on the Equity Shares of the company for the year ended 31st March 2008
3. To appoint a Director in place of Dr. K.J. Reddy, who retires by rotation and being eligible, offers himself for re-appointment
4. 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:

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

"RESOLVED THAT in super session of the resolution passed in the Annual General Meeting held on 29th September, 2007 that the consent of the company be and is hereby accorded in terms of section 293(1) (a) and other applicable provisions of the Companies Act, 1956, for mortgaging and or charging by the Board of Directors of the company by way of a charge of all or any of the movable & immovable properties of the company where so ever situated present and future and the whole of undertaking of the company together with power to take over management of business and concern of the company in certain events, to or in favour of the Consortium Banks financing the working capital requirements of the company and/ or any other Financial Institutions /Investment Institutions /Banks or their Agents/ or Trustee/s if any from whom financial assistances are/ would be availed by the company to secure amounts lent and advanced/agreed to be lent, and advanced to the company by them either severally or jointly up to a limit of Rs.1000 crores by way of loan (foreign currency or Rupees) subscription to debentures, any other instruments etc. together with interest thereon at the respective agreed rates, compound interest, additional interest, commitment

charges, guaranteed commission, remuneration payable to the Trustees, if any, costs, charges, expenses and other monies payable to all such Financial Institutions/Investment Institutions/Banks in respect of financial assistance availed/ to be availed from them or to the trustees."

"RESOLVED FURTHER THAT the charge in favour of the Consortium Banks /Financial Institutions /Investment Institutions/ Banks as aforesaid shall rank pari-pasu or subordinate or subservient to the existing or future charges already created/to be created in favour of consortium Banks /Financial Institutions /Investments Institutions/Debenture Trustees/ Banks/ any other authority as may be decided by the Board in consultation with the said lenders."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize with the Lenders, the Debenture holders, their Agents or Trustees, the deeds and the documents for creating aforesaid mortgage and/or Charge and to do all such acts and things as may be necessary for giving effect to the aforesaid resolution".

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

"RESOLVED THAT in super session of the resolution passed in the Annual General Meeting held on 29th September, 2007 that the consent of the company be and is hereby accorded under the provisions of 293(1) (d) and other applicable provisions, if any, of the Companies Act 1956, to the Board of directors of the company to raise or borrow from time to time from Company's Bankers or Financial Institutions or from elsewhere on such terms & conditions as to repayment or interest or otherwise as it thinks fit such sums as may be necessary for the purpose of business of the company in excess of the paid up capital & free reserves of the company that is to say the reserves not set a part for any specific purpose, provided however that the total amount of such borrowing together with monies already borrowed (apart from temporary loans obtained from company's Bankers in the ordinary course of Business) in aggregate shall not exceed at any time a sum of Rs.1000 crores "

BY ORDER OF THE BOARD
For **RAJVIR INDUSTRIES LIMITED**

(R.D.SHARMA)

Place : Secunderabad DY. GENERAL MANAGER (Finance)
Date : 31.07.2008 & COMPANY SECRETARY



Rajvir Industries Limited

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.**
2. **CORPORATE MEMBERS INTENDING TO SEND THEIR AUTHORIZED REPRESENTATIVES TO ATTEND THE MEETING ARE REQUESTED TO SEND A CERTIFIED COPY OF THE BOARD RESOLUTION AUTHORISING THEIR REPRESENTATIVES TO ATTEND & VOTE ON THEIR BEHALF AT THE MEETING.**
3. Members are requested to bring their Attendance Slip along with their copy of Annual Report at the time of attending the Annual General Meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold share in physical form are requested to write their Folio Number in the Attendance Slip for attending the meeting.
5. The Register of Members and Share Transfer Books will remain closed from Tuesday, the 23rd September, 2008 to Tuesday, the 30th September, 2008 (both days inclusive) for determining the names of the Members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.
6. The shares of the Company are listed in the stock Exchanges of Hyderabad, Bombay and National Stock Exchange of India and the listing fees is paid to Bombay Stock Exchange and National Stock Exchange of India Ltd., up to the 2008-2009.
7. Members are requested to notify immediately any change of address to their depository participants in respect of their holdings in electronic form and to M/s. Sathguru Management and Consultants (P) Ltd Unit: Rajvir Industries Limited, in respect of their physical folios if any.
8. 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 discuss at the meeting.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 Item No.5 & 6

Item Nos.5

The borrowings of the company in general is required to be secured by mortgage or charge on all or any of the movable or immovable properties of the company in such form, manner and ranking as may be determined by the Board of Directors of the company from time to time in consultation with the Lender(s)

The Mortgage and/or charge on any of the moveable and / or immoveable properties and/ or the whole or any part of the undertakings of the company to secure borrowings of the company or with a power to charge holders to take over the management of the business and concern of the company in certain events of default may be regarded as disposal of the company's undertaking(s) within the meaning of section 293(1)(a) of the Companies Act, 1956. Hence, it is necessary for the members to pass a resolution under the said section.

The Board of Directors accordingly recommended the resolution set out at item No. 5 of the notice for approval of the members.

None of the directors of the company is in any way concerned or interested in the said resolution.

Item No.6

At the Annual General Meeting of the company held on 29.09.2007 the Company had accorded its consent under section 293(1)(d) of the Companies Act, 1956 to the directors for borrowing monies up to a limit of Rs.500 crores (excluding temporary loans obtained from companies bankers in the ordinary course of Business). Taking into account the future requirements of additional finance for future Expansion Plan, it is proposed to increase the existing borrowing limits from Rs.500 crores to Rs.1000 crores. This requires the consent of the members under section 293(1)(d) of the Companies Act, 1956.

The Board recommends the resolution for approval of the members.

None of the directors of the company is in any way interested or concerned in the above resolution

BY ORDER OF THE BOARD
For **RAJVIR INDUSTRIES LIMITED**

(R.D.SHARMA)

Place : Secunderabad DY. GENERAL MANAGER (Finance)
Date : 31.07.2008 & COMPANY SECRETARY



Rajvir Industries Limited

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the Fourth Annual Report on the business and operations of the Company and Audited Statement of Accounts for the year ended 31st March 2008.

FINANCIAL RESULTS

(Rs. in lakhs)

	2007-08	2006-07
1. Sales and Other Income	19059.66	16718.84
2. Profit Before Interest and Depreciation	2431.08	2371.78
3. Interest and Finance Charges	904.79	584.78
4. Depreciation	671.06	527.45
5. Profit Before Tax	855.23	1259.75
6. Provision for Taxation		
a) Current Tax	103.85	147.22
b) Deferred Tax	137.75	306.93
Profit After Tax	613.63	805.60
Add/ Profit b/fd from last year	1749.28	1335.71
	2362.91	2141.31
APPROPRIATIONS		
1. Transferred to Debenture Redemption Reserves	22.00	150.00
2. Transferred to General Reserve	100.00	100.00
3. Dividend	121.40	121.40
4. Dividend Tax	20.63	20.63
5. Surplus Carried Forward to Balance Sheet	2098.88	1749.28

OPERATIONS

During the year under review the company has achieved a turnover of Rs 19059.66 Lakhs and the Net Profit of Rs.613.63 Lakhs as against turn over Rs. 16718.84 Lakhs & Net Profit of Rs.805.60 Lakhs. The Net Profit is lower as compared to previous year even though the Turnover increased by 14% due to slow down in Textile Sector & appreciation of Rupee against Dollar.

DIVIDEND

Your Directors have recommended a dividend @ 40% (Previous year 40% on 3034997 equity shares) on the equity shares of the company for the year ended 31st March 2008, which if approved at forthcoming Annual General Meeting will be paid to the Equity Shareholders. The dividend payment will absorb a sum of Rs.142.03 lakhs inclusive of Tax on dividend

MODERNISATION & EXPANSION

Mahabubnagar Unit:

During the year under review, the company has incurred a capital expenditure of Rs.276.96 lakhs for up gradation of Plant & Machinery

and Balancing Equipments. The Board is pleased to inform you that in next financial year your company is planning to increase the capacity of Mahabubnagar Unit and to modernize the Unit. The Bank of Rajasthan Ltd has already sanctioned a Term Loan for Rs.23.00 Crs for this purpose.

Tandur Unit:

The first Unit of Tandur was fully operational during the year under review & now the production is in optimum level of capacity. As reported last year the company has purchased another running modern Spinning Unit in Italy for commissioning in Tandur and same is referred to as Phase II. Your directors are happy to inform you that erection and commissioning of phase II will be completed & commercial production will start during the financial year 2008-09.

SUBSIDIARY COMPANY

The Board is pleased to inform you that the company has incorporated a Subsidiary Company in November,2007 namely Moneysa Fibres Private Limited. The Company is planning a Joint Venture with a Foreign Company to put an industry in non Textile Sector. The location of the Factory and other aspects of the same are under consideration.

EXPORTS

During the year under review the Company has achieved Exports turnover of Rs.66.36 Crores as against Rs.58.14 Crores last year.

RESERVES

During the year your company has transferred an amount of Rs.100 lakhs to General Reserve Account.

FIXED DEPOSITS

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

DIRECTORS

Pursuant to the provisions of Companies Act, 1956 and in terms of the Articles of Association of the company Dr.K.J.Reddy retires by rotation at the ensuing 4th Annual General Meeting and being eligible offers himself for reappointment. Brief resume of the director retiring by rotation, nature of his expertise in specific functional areas and names of the Organizations in which he holds the Key posts and the Membership/Chairmanship of committees of the Board as stipulated under clause 49 of the listing agreement with the stock exchanges are given in the section of the Corporate Governance elsewhere in the Annual Report.

CORPORATE GOVERNANCE

As per the revised Clause 49 of the Listing Agreement on Corporate Governance, Management Discussion and Analysis Report forms part of the Annual Report. Further, a separate report on the Corporate Governance together with the Certificate from the Auditors of the Company regarding compliance of the Corporate Governance also forms part of the Annual Report.



Rajvir Industries Limited

AUDITORS

The Auditors, M/s S Daga & Co., Chartered Accountants, Statutory Auditors retire at the forthcoming Annual General Meeting and are eligible for re-appointment. They have expressed their willingness to accept the appointment and have confirmed that their appointment, if made, shall be in accordance with the provisions of section 224 (1B) of the companies Act, 1956.

COST AUDITORS

The Cost Accounts records maintained by the Company for the products manufactured are subject to yearly audit by qualified Cost Auditors. Your company has appointed M/s Parankusam & Co., Cost Auditors for the year 2007-2008 for conducting the audit of Cost Account Records.

ENVIRONMENT AND HUMAN RESOURCE DEVELOPMENT

Your Company takes utmost care to prevent and avoid any kind of Environment pollution and in this quest has built State of Art ETP plant at its dyeing unit. We would like to place on record our appreciation for the efforts made by the management and the keen interest taken by the Employees of your company in this regard.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

1. That in the preparation of the annual accounts the applicable accounting standards has been followed and there has been no material departure;
2. That the selected accounting policies were applied consistently and the Directors made judgments 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, 2008 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 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.

AUDITORS' QUALIFICATIONS

No qualifications were made by the Auditors in their report on the accounts for the year-ended 31.03.2008.

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

The information required to be furnished under the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 as amended as per Annexure II and forming part of the Report.

ACKNOWLEDGEMENT

The Board of Directors is pleased to place on record their appreciation of the co-operation and support extended by Banks and various State and Central Government Agencies. The Board would like to thank the Company's shareholders, customers, suppliers for the support and the confidence, which they have reposed in its management. The Board also wishes to place on record its appreciation of the valuable services rendered by all the employees of the Company.

For and on behalf of the Board of Directors

Place : Secunderabad

Date : 31.07.2008

(U.K. Agarwal)

Chairman & Managing Director



Rajvir Industries Limited

ANNEXURE-I

ANNEXURE TO DIRECTORS' REPORT

Details as required under Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 read with clause (e) of Sub-section (1) of Section 217 of the Companies Act, 1956.

A. CONSERVATION OF ENERGY

Energy conservation measures taken:

- (a) The Company has given priority for Energy Conservation in all its units, and it has put continuous efforts to reduce consumption of energy.
- (b) The Company has taken steps of continuous monitoring for replacement of conventional electrical motors, etc. with improved technology.

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY :

A. Power and Fuel Consumption

	2007-08	2006-07
1. Electricity:		
a) Purchased		
Units (in lakhs of KWH)	501.96	357.83
Total Amount (Rs. In lacks)	1541.19	1236.68
Average Rate: (Rs./Unit)	3.07	3.45
b) Own Generation:		
Through Diesel Generators		
Units (in lakhs of KWH)	1.92	3.38
Units per Litre of Diesel Oil	3.33	3.11
Average Cost: Rs. / Unit	17.15	11.97
2. Coal (Rs. In lakhs)	57.42	46.14
3. Furnace Oil	Nil	Nil
4. Others	Nil	Nil
B. Consumption per Unit of Production		
Yarn Production (Kgs in lakhs)	110.40	99.20
Fibre Dyed (Kgs in lakhs)	10.28	10.35
Electricity (Units/Kg of Yarn)	4.56	3.61
Coal (Kgs/Kg of Dyed Fibre/Yarn)	2.23	4.46



Rajvir Industries Limited

B. TECHNOLOGY ABSORPTION

Efforts made in Technology absorption as per Form B

FORM-B

Form of disclosure of Particulars with respect to technology absorption

A. Research and Development (R & D)

- | | |
|---|--|
| 1. Specific areas in which R&D carried by the Company | The company is having R & D facility for introduction and development of value added products. |
| 2. Benefits derived as a result of the above R&D | New value added products were developed. |
| 3. Future plan of action | To further develop more value added products and improve the quality of the products. |
| 4. Expenditure on R&D | Expenditure on in house research and development has been shown under the respective heads of Expenditure in the Profit and Loss Account as no separate account is maintained. |

B. Technology absorption, adoption and innovation

- | | |
|--|--|
| 1 Efforts, in brief, made towards technology absorption, adoption and innovation | The Company had adapted indigenous technology and innovated upon the same. |
| 2. Benefits derived as a result of the above efforts e.g Product improvement, cost reduction, product development, import substitution etc. | High Value Products development, Increase in yield & Product improvement. |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished: | No Technology has been imported during last five years. |

C. FOREIGN EXCHANGE EARNINGS & OUTGO

- a) Activities relating to exports, initiatives taken to increase exports, development of new export Markets and new export plans:
- Exports of the company increased to Rs. 66.36 Crs. as compared to Rs.58.14 Crs during the previous year. The company has exported its products to various countries like USA, Korea, Taiwan, Egypt, Turkey, Spain, Mauritius, South Africa, Bangladesh, Pakistan and other Countries. The company is exploring new markets for its products.

- b) Expenditure in Foreign currency during the year on account of :

	2007-08 Amount (Rs)	2006-07 Amount (Rs)
i) Plant & Machinery	357491923	44913528
ii) Raw Materials (CIF Value)	2481317	43591531
iii) Stores & Spares (CIF Value)	12831580	3067489
iv) Foreign Traveling	1265167	1963750
v) Export Commission	4457662	4079786
c) Earnings in Foreign Exchange: FOB Value of Exports	622525150	575718363