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Rajvir Industries Limited

5th Annual Report 2008-2009



Snap shot of New Compact Yarn Facility



Rajvir Industries Limited

5th Annual Report 2008-2009

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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	Non - Executive Director
Sri S.N.Daga	Non - Executive Director
Dr.K.J.Reddy	Non - Executive Director

General Manager (Finance)

Sri K. Ravi Kumar

Company Secretary

Sri P. Surya Prakash

AUDITORS

M/s S.Daga & Co,
403, Paigah Plaza, Basheerbagh,
HYDERABAD - 500 063.

BANKERS / FINANCIAL INSTITUTIONS

Industrial Development Bank of India
IDBI Trusteeship Services Limited
State Bank of India
State Bank of Hyderabad
State Bank of Mysore
State Bank of Bikaner and Jaipur
Axis Bank Limited
The Bank of Rajasthan Limited

Registered Office

1st Floor, Surya Towers
105, Sardar Patel Road
Secunderabad 500003
Telephone : 040-66225555, 27845628, 27845650
Fax : 040-27840656

Factories

1) Mahabubnagar Plant

Pillallamarri Road
Mahabub Nagar
Andhra Pradesh-509002

2) Dyeing Plant

Edira Village
Mahabubnagar Dist.
Andhra Pradesh-509002

3) Tandur Plant

Gopan Pally Village
Tandur Tahsil
R R Dist.- Andhra Pradesh

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 Fifth Annual General Meeting of the Members of Rajvir Industries Limited will be held on Wednesday the 30th September 2009 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, 2009 and the Profit & Loss Account for the year ended 31st March 2009 alongwith the Auditors' Report & Directors' Report thereon.
2. To declare Dividend on the Equity Shares of the company for the year ended 31st March 2009
3. To appoint a Director in place of Sri Vijay Kumar Gupta, 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 pursuant to the provisions of sections 198, 269, 309, 314 and other applicable provisions, if any, of the companies Act, 1956 read with schedule XIII thereof as amended up to date, the re-appointment of Sri U.K. Agarwal as Managing Director of the Company made by the Board of Directors in their meeting held on 23rd March, 2009 for a further period of five (5) years with effect from 1st April, 2009 to 31st March, 2014 on the following reduced and revised terms and conditions be and is hereby approved and ratified:

- I. 1. SALARY: Rs.1, 44,000/- per month
2. COMMISSION:
At the rate of 1% per annum of the Net Profit of the Company or 50% of annual salary whichever is lower subject to the limits to the extent as permitted under the provisions of Schedule XIII of the Companies Act, 1956.
3. PERQUISITES:
In addition to the salary as stated above Sri U.K.Agarwal shall be entitled to the following perquisites

CATEGORY - A

- (i) HOUSING:
Rent free furnished residential accommodation with all facilities and amenities including such services as gas, electricity, water, etc., or HRA to the extent of 30% of the salary.
- (ii) MEDICAL REIMBURSEMENT:
Expenses incurred for self and his family subject to a ceiling of maximum Rs.12, 000/- per month.

CATEGORY - B

- i) Contributions by the Company to Provident Fund as per the rules of the Company
- ii) Payment of gratuity subject to an amount equal to half month's salary for each completed year of service.

II. Minimum Remuneration

In the event the company does not have profits or its profits are inadequate, Sri U.K.Agarwal shall be paid Salary and perquisites not exceeding the statutory limits as may be prescribed from time to time. However contribution to provident fund/annuity/pension fund/gratuity and encashment of leave at the end of the tenure shall not be included in the ceiling of the salary.

"RESOLVED further that the Board of Directors be and are hereby authorized to alter or vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule - XIII or other relevant provisions of the Companies Act, 1956 or any other amendments thereto, as may be agreed between the Board and Sri U.K.Agarwal".

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 sections 198, 269, 309,314 and other applicable provisions, if any, of the companies Act, 1956 read with schedule XIII thereof as amended up to date, the re-appointment of Sri Ritesh K. Agarwal as Executive Director of the Company made by the Board of Directors in their meeting held on 23rd March, 2009 for a further period of five (5) years with effect from 1st April, 2009 to 31st March, 2014 on the following reduced & revised terms and conditions be and is hereby approved and ratified:

- I. 1. SALARY: Rs.1, 44,000/- per month
2. COMMISSION:
At the rate of 1% per annum of the Net Profit of the Company or 50% of annual salary whichever is lower subject to the limits to the extent as permitted under the provisions of Schedule XIII of the Companies Act, 1956.



Rajvir Industries Limited

3. PERQUISITES:

In addition to the salary as stated above Sri Ritesh K. Agarwal shall be entitled to the following perquisites

CATEGORY - A

(i) HOUSING:

Rent free furnished residential accommodation with all facilities and amenities including such services as gas, electricity, water, etc., or HRA to the extent of 30% of the salary.

(ii) MEDICAL REIMBURSEMENT:

Expenses incurred for self and his family subject to a ceiling of maximum Rs.12, 000/- per month.

CATEGORY - B

(i) Contributions by the Company to Provident Fund as per the rules of the Company

(ii) Payment of gratuity subject to an amount equal to half month's salary for each completed year of service.

II. Minimum Remuneration

In the event the company does not have profits or its profits are inadequate, Sri Ritesh K. Agarwal shall be paid Salary and perquisites not exceeding the statutory limits as may be prescribed from time to time. However contribution to provident fund/annuity/pension fund/gratuity and encashment of leave at the end of the tenure shall not be included in the ceiling of the salary.

"RESOLVED further that the Board of Directors be and are hereby authorized to alter or vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule - XIII or other relevant provisions of the Companies Act, 1956 or any other amendments thereto, as may be agreed between the Board and Sri Ritesh K. Agarwal".

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

Place : Secunderabad
Date : 27.07.2009

P. Surya Prakash
COMPANY SECRETARY

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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 AUTHORIZING THEIR REPRESENTATIVES TO ATTEND AND 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 shares in physical form are requested to write their Folio numbers in attendance slip for attending the meeting.
5. The Register of Members and Share transfer books will remain closed from 23-09-2009 to 30.09.2009 (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 Bombay Stock Exchange Limited and National Stock Exchange of India Limited, and the listing fees was paid to Bombay Stock Exchange Limited and National Stock Exchange of India Limited upto 2009-2010.
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 Registrar and Share Transfer Agent, 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

Keeping in view, Sri U.K.Agarwal's contribution to the Company, the Board of Directors in their meeting held on 23rd March, 2009 approved re-appointment of Sri U.K. Agarwal as Managing Director for a further period of five (5) years w.e.f. 1st April, 2009 to 31st March, 2014 on the revised terms and conditions in compliance with Section 269 read with Schedule xiii of the Companies Act, 1956 subject to approval of Members of the Company.

The Remuneration Committee at its meeting held on 23rd March, 2009 has approved the remuneration payable to Sri U.K.Agarwal.

The Directors recommend the resolution at Item No.5 for approval of the Members.

None of the Directors, except Sri U K Agarwal, Managing Director and Sri Ritesh K Agarwal, Executive Director being relatives, are interested in said resolution.

Item Nos.6

Keeping in view, Sri Ritesh K.Agarwal ability to building up a competent team of Management and his contribution to the Company, the Board of Directors in their meeting held on 23rd March, 2009 approved re-appointment of Sri Ritesh K. Agarwal as Executive Director for a further period of five (5) years w.e.f. 1st April, 2009 to 31st March, 2014 on the revised terms and conditions in compliance with Section 269 read with Schedule xiii of the Companies Act, 1956 subject to approval of Members of the Company.

The Remuneration Committee at its meeting held on 23rd March, 2009 has approved the remuneration payable to Sri Ritesh K.Agarwal.

The Directors recommend the resolution at Item No.6 for approval of the Members.

None of the Directors, except Sri Ritesh K Agarwal, Executive Director and Sri U.K. Agarwal, Managing Director being relatives, are interested in said resolution.

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

Place: Secunderabad
Date : 27.07.2009

P. Surya Prakash
COMPANY SECRETARY



Rajvir Industries Limited

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the Fifth Annual Report on the business and operations of the Company and Audited statement of Accounts for the year ended 31st March 2009.

FINANCIAL RESULTS

(Rs. in lakhs)

	2008-09	2007-08
1 Sales and Other Income	16719.05	19059.66
2. Profit Before Interest and Depreciation	2221.42	2431.08
3. Interest and Finance Charges	1308.68	904.79
4 Depreciation	691.09	671.06
5 Profit after Interest and Depreciation	221.65	855.23
6 Provision for Taxation		
a) Current Tax	32.55	103.80
b) Deferred Tax	89.08	137.75
Profit after Tax	100.02	613.68
Less: Prior Period Income Tax Adjustment	-	0.05
Profit after Prior Period Adjustments	100.02	613.63
Add/ Profit b/fd from last year	2098.88	1749.28
	2198.90	2362.91
APPROPRIATIONS		
1. Transferred to Debenture Redemption Reserves	117.66	22.00
2. Transferred to General Reserve	17.00	100.00
3. Dividend	60.70	121.40
4. Dividend Tax	10.32	20.63
5. Surplus Carried Forward to Balance Sheet	1993.22	2098.88

OPERATIONS

During the year under review the company achieved a turnover of Rs 16719.06 Lakhs and the net profit of Rs.100.02 lakhs as against turn over Rs. 19059.66 Lakhs & Net profit of Rs.613.68 lakhs. This fall in Profits due to general economic slow down and recession in India as well as Globally. The reduction in turnover has occurred due to fall in export turnover in Cotton Trading.

DIVIDEND

Your Directors have recommended a dividend @ 20% (Previous year 40% on 3034997 Equity Shares) on the Equity Shares of the Company for the year ended 31st March, 2009, which if approved at the forthcoming Annual General Meeting will be paid to the

Equity Shareholders. The dividend payment will absorb a sum of Rs. 71.02 lakhs inclusive of Tax on dividend.

MODERNISATION & EXPANSION OF MAHABUBNAGAR UNIT:

During the year under review, the company has incurred a capital expenditure of Rs.5.78 Crores for up gradation of Machinery and balancing equipments at Mahabubnagar Unit. As the Company has completed the said modernization of Mahabubnagar Unit, it is expected the capacity would increase during the next financial year.

Subsidiary Company

There are no operations for the subsidiary company, M/s Moneysa Fibres Private Limited during the financial year.

EXPORTS

During the year under review the Company has achieved Exports turnover of Rs.28.94 Crores as against Rs. 66.36 Crores last year. The reduction in the turnover was occurred due to fall in the export turnover in cotton trading comparing to last year.

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.

DIRECTORS

Pursuant to the provisions of Companies Act, 1956 and in terms of the Articles of Association of the company Sri Vijay Kumar Gupta retires by rotation at the ensuing 5th 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

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 they have confirmed that their appointment if made shall be in accordance with the provisions of section 224(1B) of the companies Act 1956.



Rajvir Industries Limited

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 2008-09 for conducting the audit of Cost Account Records.

AUDIT COMMITTEE

The Audit committee met four times during the year under review.

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 the preparation of the annual accounts as per 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, 2009 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 31.03.2009.

ADDITIONAL INFORMATION

1. The Company has filed Company Application No. 714/ 2009 in Company Petition No. 8 & 9 of 2005 in which Company has prayed to Honorable High Court of Andhra Pradesh to modify the Order dated March 23, 2005 in

respect of the liability of Rs.19.53 Crores transferred by M/s Surya Lakshmi Cotton Mills Limited at the time of demerger and the case is pending with the Honorable High Court.

2. The Company has filed a complaint with Director General of Foreign Trade (DGFT) in respect to the benefit of Exports, upon which Office of the Joint Director General of Foreign trade, Hyderabad passed in its Order dated 10.12.2008 vide file No.21(6) / ECA/AMO8 and allowed the Compliant of our Company confirming the claim of the Company

(Suitable entries will be passed in the books of account after the Honorable Court(s) pass necessary final orders).

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 : 27.07.2009

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:

- The Company has given priority for Energy Conservation in all its units, and it has put continuous efforts to reduce conversion of energy
- 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

	2008-09	2007-08
I. Electricity:		
a) Purchased		
Units (in lakhs of KWH)	532.28	501.96
Total Amount (Rs. In lacks)	1591.56	1541.19
Average Rate: (Rs./Unit)	2.99	3.07
b) Own Generation:		
Through Diesel Generators	2.82	
Units (in lakhs of KWH)	2.99	1.92
Units per Litre of Diesel Oil	13.34	3.33
Average Cost: Rs. / Unit		17.15
2. Coal (Rs. In lakhs)	13.76	57.42
3. Furnace Oil	Nil	Nil
4. Others	Nil	Nil
B. Consumption per Unit of Production		
Yarn Production (Kgs in lakhs)	113.42	110.40
Fibre Dyed (Kgs in lakhs)	2.77	10.28
Electricity (Units/Kg of Yarn)	4.72	4.56
Coal (Kgs/Kg of Dyed Fibre/Yarn)	2.06	2.23