Rajvir Industries Limited

Spinning for the World with an Indian Soul

6th Annual Report 2009-2010

www.rajvirindustrieslimited.com

View of the Schlafhorst 338 link coner installed at Tandur Phase II

View of the Electrojet Simplex installed at Tandur Phase II

Rajvir Industries Limited

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CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sri Upender Kumar Agarwal	Chairman & Managing Director
Sri Ritesh Kumar Agarwal	Executive Director
Sri Vijay Kumar Gupta	Non - Executive Director
Sri Shreedas Narayandas Daga	Non - Executive Director
Dr. Kankanala Janga 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
Central Bank of India

Registered Office
1st Floor, Surya Towers
105, Sardar Patel Road
Secunderabad 500003
Telephone Nos. : 040-66225555, 27845628, 27845650
Fax : 040-27840656
Website: www.rajvirindustrieslimited.com
email : rajvir@rajvirindustrieslimited.com

Factories

1) **Mahabubnagar Plant**
Pillallamarri Road
Mahabubnagar
Andhra Pradesh-509002

2) **Dyeing Plant**
Edira Village
Mahabubnagar District
Andhra Pradesh-509002

3) **Tandur Plant**
Gopan Pally Village
Tandur Tahsil
Ranga Reddy District
Andhra Pradesh

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

Registrar & Share Transfer Agent
M/s XL Softech Limited,
3, Sagar Society, Road No. 2, Banjara Hills,
Hyderabad - 500 034,
Phone No's: 040 23545913/14/15
Fax : 040 23553214.
Website: www.xlsoftech.com
email : xlfield@rediffmail.com

NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the Members of **RAJVIR INDUSTIES LIMITED** will be held on Saturday the 18th September 2010 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, 2010 and the Profit & Loss Account for the year ended 31st March 2010 alongwith the Auditors' Report & Directors' Report there on.

2. To declare Dividend on the Equity Shares of the company for the year ended 31st March 2010.

3. To appoint a Director in place of Sri Shreedas Narayandas Daga, 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 with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be and is hereby increased from Rs.3,50,00,000/- (Rupees Three Crores Fifty Lakhs only) divided into 35,00,000 Equity Shares of Rs.10/- (Rupees Ten) each, to Rs.14,00,00,000/- (Rupees Fourteen Crores only) divided into 1,40,00,000 Equity shares of Rs 10/- (Rupees Ten), each by creation of additional 1,05,00,000 (One Crore Five lakhs only) Equity Shares of Rs.10/- each ranking pari passu with the existing equity shares of the Company".

"RESOLVED FURTHER THAT Clause 'V' of the Memorandum of Association of the Company be and is hereby substituted with the following:

V The Authorized Share Capital of the Company is Rs. 14,00,00,000/- (Rupees Fourteen Crores only) divided into 1,40,00,000 Equity shares of Rs 10/- (Rupees Ten), each, with power to increase or reduce the Share Capital of the Company and to divide the shares, in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions, as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of he Company".

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take such steps and do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

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

"RESOLVED that pursuant to the provisions of Section 31(1) of the Companies Act, 1956, the existing Article 2 of Article of Association of the Company be and is hereby substituted with the following new article."

2 "The Authorized Share Capital of the Company is Rs. 14,00,00,000/- (Rupees Fourteen Crores only) divided into 1,40,00,000 Equity shares of Rs 10/- (Rupees Ten), each."

7 To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT Registers, Returns, documents and papers except copies of Annual Returns as are required to be kept at the Registered Office of the Company under the provisions of Section 163 of the Companies Act, 1956 be kept and maintained at the office of the Registrars and Share Transfer Agents, M/s XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034 or such other new office of the Registrars within the city as may be decided by them in future".

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

Place : Secunderabad
Date : 10.08.2010

P. Surya Prakash
COMPANY SECRETARY

NOTES

1. **A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote on a Poll instead of himself. A Proxy need not be a Member of the Company. Instrument of Proxies in order to be effective must be received by the Company not less than 48 hours before the time for holding 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. The Register of Members and Share transfer books will remain closed from 11th September, 2010 to 18th September, 2010 (both days inclusive) for determining the names of the Members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.

4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business is annexed thereto.

5. The Members are requested to notify change, if any, in their address to Registrar and Share Transfer Agent viz., M/s XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034.

6. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company atleast seven days prior to the date of the Meeting for consideration for the Management to deal at the Meeting.

7. Unclaimed Dividends will be transferred to the Investor Education and Protection Fund set up by the Central Government. Shareholders who have not so far encashed the dividend warrant(s) are requested to seek revalidation/ issue of duplicate warrants/Demand drafts by writing to the Registrars and Share Transfer Agents. Also note that no claim shall be made against said fund or Company in respect for any amounts which were unclaimed and unpaid for a period of seven years from the date they became first due for payment and no payment shall be made in respect of such claims.

8. In respect to the information to be provided under clause 49 of the Listing Agreement pertaining to the Directors being appointed/reappointed, Members are requested to kindly refer on Corporate Governance in the Annual Report.

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

Item No.5 & 6

Your Directors proposed to increase Authorized Share Capital of the Company from Rs.3,50,00,000/- (Rupees Three Crores Fifty Lakhs only) divided into 35,00,000 Equity Shares of Rs.10/- (Rupees Ten) each to Rs. 14,00,00,000/- (Rupees Fourteen Crores only) divided into 1,40,00,000 Equity shares of Rs 10/- (Rupees Ten), each which enables the company to raise the capital as and when required in future.

In order to effect the aforesaid increase in the Authorized Share Capital of the Company, the Capital clause of the Memorandum of Association of the Company and Capital Clause in the Articles of Association of the Company need to be amended. Hence, the Directors commend the Ordinary Resolution under item no.5 and Special Resolution under item no.6 of the notice for approval of the shareholders.

None of the Directors of the Company is concerned or interested in the said resolution.

A copy of the Memorandum of Association and Articles of Association of the Company is also available for inspection of Members of the Company during the business hours till date of the meeting.

Item No.7

The Board of Directors in its meeting held on May 29, 2010 had appointed M/s XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034 as Registrars and Share Transfer Agents in view of the receipt of notice dated May 11, 2010 from the present registrar and share transfer agents, M/s Sathguru Management Consultants Private Limited, Hyderabad withdrawing their services. Pursuant to Section 163 of the Companies Act, 1956, the approval of Members by Special Resolution is required to keep the Registers, Returns, documents and papers relating to shares except copies of Annual Returns, at a place other than the registered office of the Company. Accordingly, the approval of Members is sought by special resolution included in the notice for keeping the said Registers and Returns at the office of the said Registrars and Share Transfer Agents.

None of the Directors of the Company is concerned or interested in the said resolution.

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

Place : Secunderabad
Date : 10.08.2010

P. Surya Prakash
COMPANY SECRETARY

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the Sixth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March 2010

FINANCIAL RESULTS (Rs. in lakhs)

		2009-10	2008-09
1.	Sales and Other Income	**20817.20**	16719.05
2.	Profit Before Interest and Depreciation	**2722.91**	2221.42
3.	Interest and Finance Charges	**1549.66**	1308.68
4.	Depreciation	**708.71**	691.09
5.	**Profit after Interest and Depreciation**	**464.54**	221.65
6.	Provision for Taxation		
	a) Current Tax	**78.95**	32.55
	b) Deferred Tax	**158.90**	89.08
	Profit after Tax	**226.69**	100.02
	Add/ Profit b/f from last year	**1993.22**	2098.88
		2219.91	2198.90
	APPROPRIATIONS		
1.	Transferred to Debenture Redemption Reserve	**23.91**	117.66
2.	Transferred to General Reserve	**18.00**	17.00
3.	Dividend	**60.70**	60.70
4.	Dividend Tax	**10.32**	10.32
5.	**Surplus Carried Forward to Balance Sheet**	**2106.99**	1993.22

OPERATIONS

During the year under review the company achieved turnover of Rs.20,817.20 lakhs and net profit of Rs.226.69 lakhs as against turnover of Rs.16,719.05 lakhs and net profit of Rs.100.02 lakhs in the previous year.

DIVIDEND

Your Directors have recommended a dividend @ 20% (previous year 20% on 30,34,997 Equity Shares) on the equity shares of the company for the year ended 31st March, 2010, which if approved at forthcoming Annual General Meeting will be paid to the shareholders. The dividend payment will absorb a sum of Rs. 71.02 lakhs inclusive of tax on dividend.

Modernization and Expansion of Mahabubnagar Unit

During the year under review, the company has incurred capital expenditure of Rs. 6.05 crores for upgradation of Machinery and balancing equipments at Mahabubnagar unit.

Subsidiary Company

Pursuant to the resolution passed by Board of directors of M/s Moneysa Fibres Private Limited has submitted an application to the Registrar of Companies, Andhra Pradesh, for striking off the name of the Company from register u/s 560 of the Companies Act, 1956, as the company has become defunct. The process of striking off the name from the Register is under way.

EXPORTS

During the year under review the company has achieved exports turnover of Rs.61.17 crores as against Rs. 28.69 crores last year registering a growth of 113%.

DIRECTORS

In terms of the provisions of Section 255 and 256 of the Companies Act, 1956, and in terms of the Articles of Association of the company, Sri Shreedas Narayandas Daga would retire at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. Your Board of Directors recommends his re-appointment.

Brief profile of Sri Shreedas Narayandas Daga , the nature of his expertise in specific functional areas and the number of Companies in which he holds Directorships and Memberships/Chairmanships of Committees of the Board, as stipulated under clause 49 of the listing agreement with the stock exchanges have been provided under section "Corporate Governance" elsewhere in this Annual Report.

Directors Responsibility Statement:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed and there were no material departures;

2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review;

3. That the Directors have taken proper and sufficient care 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 Directors have prepared the accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement on Corporate Governance: (a) Management Discussion and Analysis (b) Report on the Corporate Governance and (c) Certificate from the Auditors' of the Company regarding compliance of the Corporate Governance also forms part of this Annual Report.

AUDITORS

M/s S.Daga & Co, Chartered Accountants, who are the statutory auditors of the company hold office upto the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness for re-appointment.

COST AUDITORS

The Cost Accounts maintained by the Company for the products manfuactured are subject to yearly audit by qualified Cost Auditors. Your company has appointed Mr P. Srinivas, as Cost Auditor for the year 2009-10 for conducting the Audit of Cost Account Records in place of M/s Parankusam & Co., since the firm was dissolved on demise of Mr Parankusam, Partner.

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

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 company and the keen interest taken by the employees of your company in this regard.

AUDITORS' QUALIFICATIONS

No qualifications were made by the Auditors in their report on the accounts for the year-ended 31.03.2010

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

The particulars as prescribed under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in Annexure-I to this report.

PARTICULARS OF EMPLOYEES

The information required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 given in Annexure II. The industrial relations were cordial at all units of the Company.

ACKNOWLEDGEMENT

Your Directors are pleased to place on record their appreciation for the valuable support and co-operation extended by Banks/Financial Institutions and various State & Central Government Agencies.

Your Directors also wish to place on record their sincere appreciation of the contribution made by the employees of the company and thankful to the Shareholders for their continued patronage and support.

For and on behalf of the Board of Directors

Place : Secunderabad
Date : 10.08.2010

U.K.Agarwal
Chairman & Managing Director

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 has put continuous efforts to conserve energy

(b) The Company has been continuously monitoring and has taken steps 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

	2009-10	2008-09
1. Electricity:		
a) Purchased		
Units (in lakhs of KWH)	**626.49**	532.38
Total Amount (Rs. In lacks)	**1902.86**	1591.56
Average Rate: (Rs./Unit)	**3.04**	2.99
b) Own Generation:		
Through Diesel Generators		
Units (in lakhs of KWH)	**2.89**	2.82
Units per Litre of Diesel Oil	**3.12**	2.99
Average Cost: Rs. / Unit	**11.43**	13.34
2. Coal (Rs. In lakhs)	**3.31**	13.76
3. Furnace Oil	**NIL**	NIL
4. Others	**NIL**	NIL
B. Consumption per Unit of Production		
Yarn Production (Kgs in lakhs)	**122.02**	113.42
Electricity (Units/Kg of Yarn)	**5.15**	4.72

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 Innovation

1	Efforts, in brief, made towards technology absorption	The Company had adapted indigenous technology
2.	Benefits derived as a result of, the above efforts eg Product improvement, cost reduction, product Development, import substitution etc.	High value products development, increase in yield and product improvement
	In case of imported technology(imported during the last five years reckoned from the beginning of the financial year)	No technology has been imported during the 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.61.17 Crores as compared to Rs.28.69 Crores during the previous year. The Company has exported its products to various countries like USA, Korea, Taiwan, Egypt, Lurkey, 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	**2009-10 Amount (Rs)**	2008-09 Amount (Rs)
i) Plant & Machinery (CIF Value)	**69,88,700**	85,30,625
ii) Raw Materials (CIF Value)	**5,54,52,369**	10,74,08,871
iii) Stores & Spares (CIF Value)	**69,04,763**	59,03,411
iv) Foreign Traveling	**15,25,231**	11,77,752
v) Export Commission	**73,17,231**	35,23,652
c) Earnings in Foreign Exchange: FOB Value of Exports	**61,16,68,088**	28,69,02,583

ANNEXURE-II

ANNEXURE TO DIRECTORS' REPORT.

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees Rules 1975) and forming part of the Director's Report for the year 2009-10

Name	Age	Qualification	Date of Employement	Designation	Remunaration (Rs)	Experience	Last Employment
Sri. U K Agarwal	59	Graduate	01.04.2005	Chairman & Managing Director	29,39,408	28	M/s. Suryalakshmi Cotton Mills Limited
Sri Ritesh K. Agarwal	36	Graduate in Business Administration	01.04.2005	Executive Director	29,37,158	14	M/s. Suryalakshmi Cotton Mills Limited

For and on behalf of the Board of Directors

Place : Secunderabad
Date : 10.08.2010

U.K. Agarwal
Chairman & Managing Director