

Doing what we do best!



Rajvir Industries Limited | 9th Annual Report 2012-13

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and the underlying assumptions undergoing change. Should known or unknown risks or uncertainties materialize, or should underlying assumptions not materialise, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

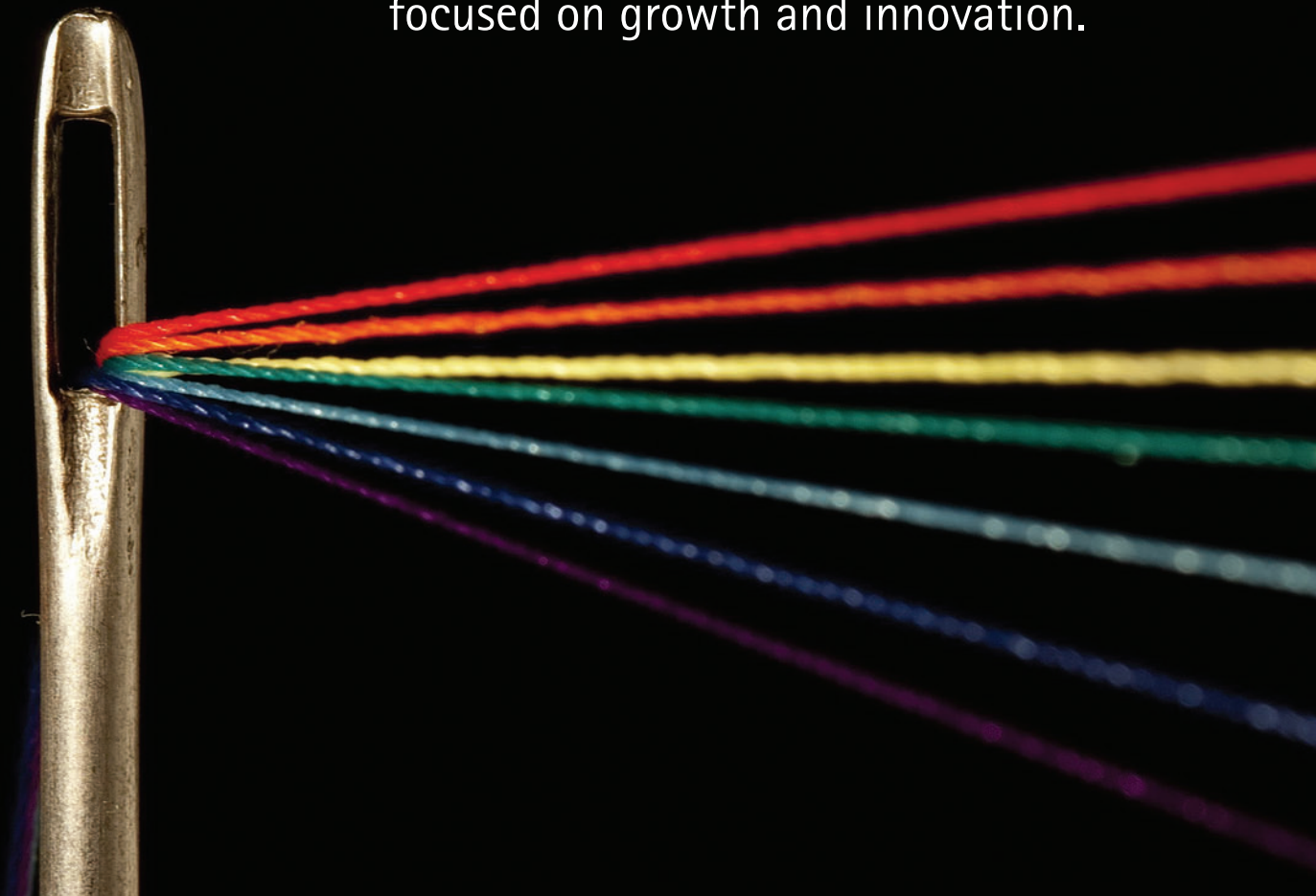
We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

■ Corporate Identity	2
■ Strengths.....	6
■ Key Performance Indicators and Financial performance in 2012-13.....	7
■ From the Chairman's desk.....	8
■ Corporate Social Responsibility.....	12
■ Directors' Profile	13
■ Corporate Information	14
■ Notice	15
■ Directors' Report.....	18
■ Management Discussion and Analysis	22
■ Report on Corporate Governance	24
■ Independent Auditors' Report	33
■ Balance Sheet.....	36
■ Statement of Profit & Loss.....	37
■ Cash Flow Statement	38
■ Notes on Financial Statements	39
■ Green Initiative in the Corporate Governance.....	56
■ Electronic Clearing Service Mandate Form.....	58
■ Attendance Slip and Proxy Form	59

Spinning our wheel of fortune!

At a constant encounter with economic adversity, Rajvir Industry is confident for a better tomorrow. Being a consistent player in the industry, we are a dedicated company focused on growth and innovation.





Spinning the wheel of legacy!



Vision

To create and manufacture a customized range of yarns, which are new and innovative, trendy and appealing, yet economical and excite the garment and retail chains both in India and worldwide.

Mission

To achieve a zero defect goal while surpassing our vision and to upgrade our research and development, manpower, production, marketing skills, managements at all levels of production to achieve this mission.

Overview

Rajvir Industries Ltd. is an integrated producer of cotton, mélange, synthetics, modal, dyed products, compact yarn, flame-retardant, supima, silk, wool, cashmere and angora blends.

The Company's spinning capacity is of 1,11,840 spindles.

The Company boasts of having a massive collection that encompasses over 8,000 mélange/heather shades and a range that covers everything from 100% cotton/organic/ fair-trade, combed yarns, blended yarns (polyester, viscose, modal, spun silk and flame-retardant) mélange/heather yarns, modal yarns, synthetic yarns and cheese-dyed yarns.

Futuristic plans

At Rajvir Industries, growth and expansion have always been prior. Apart from increasing our mélange manufacturing capacities by 40%, doubling of our dyeing capacities, our TFO capacities is also underway. Our synthetic division expansion of 30% is almost nearing completion. As time passes, the focus remains towards increase in value-added production.

Rajvir Industries is also about to embark on a new shirt weight project with 48 looms and supporting finishing equipment to produce around half a million meters of yarn dyed checks/stripes.



Existence

Having a pan-Indian presence with two yarn-manufacturing facilities in Andhra Pradesh, located in Tandur and Mahabubnagar, along with a dyeing plant in Mahabubnagar, Rajvir Industries enjoys quite a prominent existence within the country with its headquarters in Hyderabad.

Rajvir Industries exports products to around 40 countries including Central America, Europe, Asia, The Indian Subcontinent, Middle East and Africa. The company is proud to mention that it is listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.



Division	Location	Capacities
Spinning	Gopan Pally (Village), Tandur Mandal, Ranga Reddy District, Andhra Pradesh - 501141	52,080 spindles
Spinning	Pillalamarri Road, Mahabubnagar, Andhra Pradesh - 509002	59,760 spindles
Dyeing	Edira Village, Mahabubnagar, Andhra Pradesh - 509002	5MT per day



Spinning the wheel of pride!



Product basket

Rajvir has a discerning range of products which distinguishes the company from its competitors. At Rajvir, we maintain the highest quality standards for our products and ensure utmost customer satisfaction.

100% cotton yarns

- Compact
- Organic cotton and blends
- Fair Trade (FloCert and Ecocert)
- Pima/ Giza cotton
- Better cotton initiative and blends

Super speciality blends

- Cashmere/Angora blends
- Wool blends
- Spun silk and blends
- Nylon polyamide blend
- Triblend yarns

Fancy yarns

- Rajvir snow
- Mock twist / Grindle
- Denim look
- Single Nep / Multi-colour Nep
- Magic
- Irregular patterns
- Neppy yarns
- Metal yarns

Eco-friendly yarns

- Modal and modal blends
- Micro modal and micro modal blends
- Linen blends
- Viscose and viscose blends
- Excel and excel blends
- Recycled polyester blends
- Recycled cotton blends

Technical textile products

- Protex M/Protex C
- FR/combed cotton/anti-static
- Kermel/anti-static/ARAMID blends

Rajvir also produces a vast range of yarns which are categorized into four different collections:

Fashion yarn collection – Rajvir Snow in Triblend of Polyester Cotton, mock twist/ grindle, snow heather/mélange, denim look effect with cotton, raw white nep/ single/multi-coloured neps, magic yarns, slub yarns, irregular patterns, heathers with a touch of metal, triblend in raw white and mélange/heather.



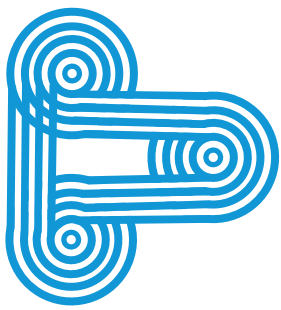
Exotic blends with rich animal hair collection – Cotton with blends of silk, cashmere, wool, linen, angora in raw white and mélange/heather. Viscose/modal/micro-modal/polyester with blends of silk, cashmere, wool, linen, angora in raw white and mélange/heather.

Classic Collection – 100% cotton yarn compact in all varieties, combed organic and organic blends with viscose, recycled polyester, modal, micro modal in raw white and mélange/heather, 100% fair trade

organic and fair trade organic blends with viscose, recycled polyester, modal, micro modal in raw white and mélange / heather, 100% BCI and BCI blends with viscose, recycled polyester, modal, micro modal in raw white and mélange / heather, 100% pima and pima blends with modal, micro modal in raw white and mélange / heather, 100% viscose and viscose blends, 100% polyester and with polyester blends with Indian, cotton viscose in mélange and dope dyed, 100% compact yarns pima and giza.

Technical Textile Yarn Collection – Flame retardant yarns like Protex M/C/W with blends of Indian/giza/pima, Protex M/C/W with blends of nylon for better strength, Kermel / Lenzing FR / Aramid flame retardant yarns.

The Company has recently launched its Product card / Business brochure – 'Passion for Fashion' with Fashion Yarn collections such as Triblend, Denim look, Dots / Neps, Streaks / Irregular Patterns, magic yarns.



Spinning the wheel of potency!



Strengths

Assorted range of products with the most updated technologies – the wide range of products that the company has in its catalogue is proof of its versatility, innovation, capacity and potency. Offering quality products to its customers is not an obligation but a practice at the company. The vast range of yarns include fashion yarn collection, exotic blends with animal hair collection, classic collection and technical textile yarn collection.

Long-lasting association with globally reputed chain of stores and brands – having a decade long legacy, the company has built sustainable relations with some of the globally recognized brands like M&S, H&M, C&A, GAP, who have treated the Company with high regard over the years. Rajvir industries have established a relationship of trust and confidence by virtue of having prolonged business transactions with these brands.

Skilled and effective management both in operations and marketing with strong R & D Facility – Rajvir Industry's one of the prominent strengths is its workforce. A dedicated team of Engineers, MBAs, Chartered Accountants, sales and marketing personnel are the backbone who have been driving the company towards its flight of success. The company's most reliable and authentic R&D facility is exclusive and one-of-a-kind.

Proud owner of valuable awards and certifications – bestowed from the various industry sectors as well as the Government, Rajvir Industries proudly claims to conform to the various mandates and ensures an unhindered flow of work to ensure smooth production and preserve the company image.

Strong marketing network and a dynamic market presence –

a company of this gigantic stature boasts of a dynamic presence across the whole of the country. The company enjoys a strong customer base in India with market leaders in both innerwear and outerwear segments including Rupa, Lux, Dollar and Kothari in the innerwear segment, shirting producers such as Madana, Bombay Rayon and almost all leading shirt weight producers of the southern market. Leading knit wear exporters of India including Eastman, Poppys, Classic Polo, in the southern market and Shahi Exports, Richa Global, Orient Crafts and other leading garment exporters from the Northern markets besides our presence in almost all of the yarn markets in the country like Delhi, Ludhiana, Amritsar, Kanpur, Kolkata, Ichalkaranji, Mumbai, Tirupur, Salem and Erode.

Key performance indicators

The Company secured a positive PAT of

₹4.48 crores

The Cash Profit achieved for the year was

₹16.38 crores

The operating profit for the year was

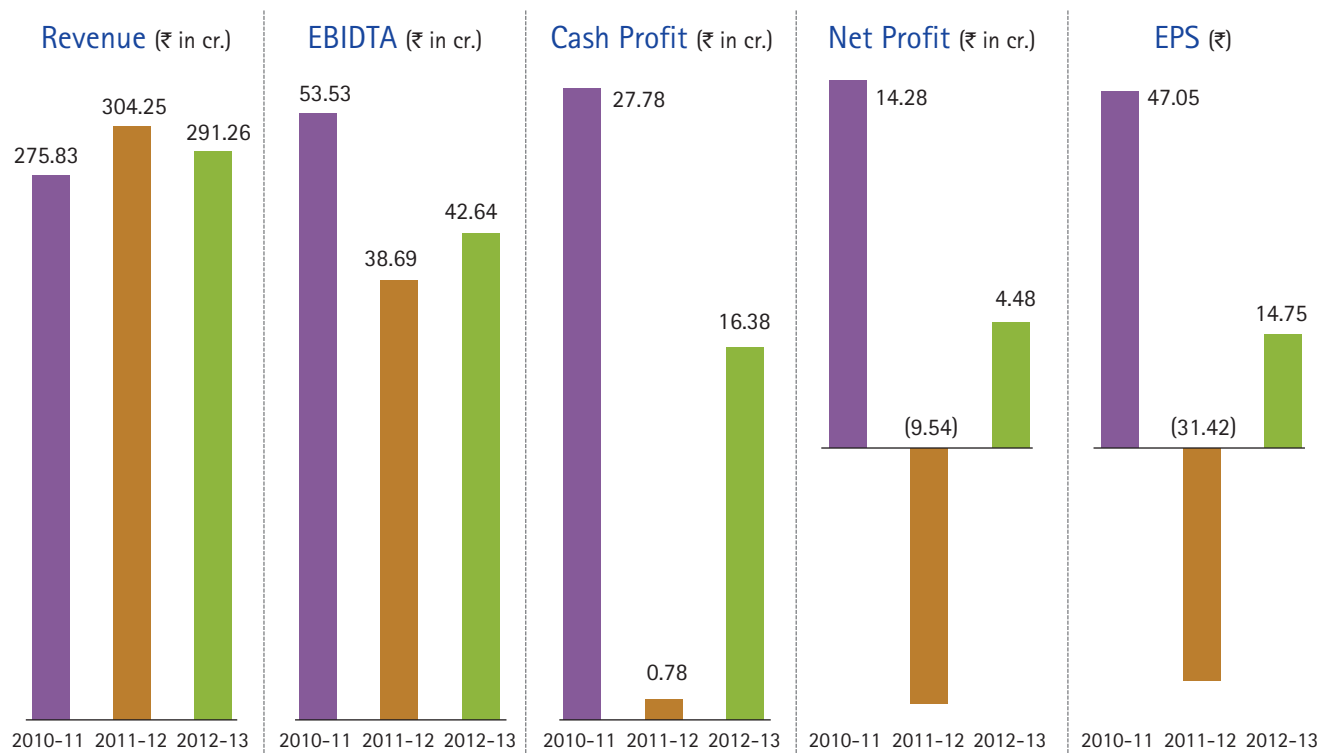
₹27.90 crores

The operating margin improved to

9.70% from 8.70% the previous year.

Turn over marginally decreased by 4.63% to ₹288 crores from the previous year. The non-availability of power during 2nd quarter of the FY 2012 -13 adversely impacted the production. Subsequently tie-ups with private power suppliers improved the production.

Financial performance in 2012-13





Spinning the wheel of growth!

From the Chairman's desk:

The Indian textile industry contributes about 14 per cent to the industrial production, 4 per cent to the country's gross domestic product (GDP), and 17 per cent to the country's export earnings. The industry provides direct employment to over 35 million people and is the second largest provider of employment after agriculture.

The domestic consumption of MMF (Man Made Fiber) to grow at a CAGR of 5.8 per cent from 2,802 thousand tones in FY12 to 3,717 thousand tones in FY17. The share of MMF in the overall fibre consumption by the textile industry is expected to increase from 41 per cent in FY11 to 45 per cent in FY17. With this, the Indian textile industry (predominantly a cotton-based industry) would inch towards the global benchmark where the share of MMF is dominant at about 62 percent. Supply-side constraints and the huge price differential between the cotton and MMF prices will help the MMF industry grow its share in the overall fibre consumption pattern of the textile industry. Also, the inherent superior quality of polyester and viscose over the cotton is likely to have a positive impact on its demand, especially from the technical textiles and blended yarn segments.

The demand for blended yarn is to grow at a faster rate compared to cotton & 100 percent non-cotton yarn during the next five years. The demand for blended yarn is expected to grow at a CAGR of 12.4 percent over the period of FY12-FY17 whereas the cotton yarn and 100 percent non cotton yarn demand is expected to grow at a CAGR below 10 per cent. The demand of yarn would come from both domestic as well as the international markets. The domestic demand comprises yarn used to make apparels and home textiles which are consumed domestically and exported. The demand would also be driven by the rising yarn exports.