



# Rajvir Industries Limited



## Spinning for the World with an Indian Soul



### 6<sup>th</sup> Annual Report 2009-2010



Kanecaron



[www.rajvirindustrieslimited.com](http://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**

## **6<sup>th</sup> Annual Report 2009-2010**

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

<b>Sri Upender Kumar Agarwal</b>	Chairman & Managing Director
<b>Sri Ritesh Kumar Agarwal</b>	Executive Director
<b>Sri Vijay Kumar Gupta</b>	Non - Executive Director
<b>Sri Shreedas Narayandas Daga</b>	Non - Executive Director
<b>Dr. Kankanala Janga Reddy</b>	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](http://www.rajvirindustrieslimited.com)  
email : [rajvir@rajvirindustrieslimited.com](mailto: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.xlsotech.com](http://www.xlsotech.com)  
email : [xlfield@rediffmail.com](mailto:xlfield@rediffmail.com)



# Rajvir Industries Limited

## NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the Members of **RAJVIR INDUSTRIES 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 the 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



# Rajvir Industries Limited

## 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



# Rajvir Industries Limited

## 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
<b>5. Profit after Interest and Depreciation</b>	<b>464.54</b>	221.65
6. Provision for Taxation		
a) Current Tax	78.95	32.55
b) Deferred Tax	158.90	89.08
<b>Profit after Tax</b>	<b>226.69</b>	100.02
Add/ Profit b/f from last year	1993.22	2098.88
	<b>2219.91</b>	2198.90
<b>APPROPRIATIONS</b>		
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
<b>5. Surplus Carried Forward to Balance Sheet</b>	<b>2106.99</b>	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;



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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 manufactured 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



# 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 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
I. Electricity:		
a) Purchased		
Units (in lakhs of KWH)	626.49	532.38
Total Amount (Rs. In lacs)	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>B. Consumption per Unit of Production</b>		
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



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## 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)	<b>69,88,700</b>	85,30,625
ii) Raw Materials (CIF Value)	<b>5,54,52,369</b>	10,74,08,871
iii) Stores & Spares (CIF Value)	<b>69,04,763</b>	59,03,411
iv) Foreign Traveling	<b>15,25,231</b>	11,77,752
v) Export Commission	<b>73,17,231</b>	35,23,652
c) Earnings in Foreign Exchange: FOB Value of Exports	<b>61,16,68,088</b>	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 Employment	Designation	Remuneration (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



# Rajvir Industries Limited

## MANAGEMENT DISCUSSION AND ANALYSIS

### MANAGEMENT DISCUSSION AND ANALYSIS FORMING PART OF THE ANNUAL REPORT DISCUSSES BELOW THE FOLLOWING MATTERS WITH REFERENCE TO THE COMPANY'S BUSINESS VIZ., YARN.

Rajvir Industries Limited, a 112,000 spindle enterprise with five spinning units and a dyehouse to support its operations is one of the leading producers of value added yarns in the Country. We are happy to inform you that the Company has multiple spinning systems including:

- Ring Spun Combed Cotton Division for production of combed blends with a variety of value added products such as organic cotton, organic and modal blends, blends of cotton with exotic fibres such as cashmere, linen, wool, silk and angora
- A Melange/Heather Division to produce coloured yarns with numerous fibre blends including cotton, polyester, viscose and acrylic.
- A Synthetic Division for the production of raw white, dope dyed and melange yarn using man made fibre blends.
- Two Compact Divisions for producing high strength, low hairiness yarn with the latest Rieter Compact technology from Switzerland used exclusively for high quality yarn for sheeting.
- A Dyeing division to dye fibre and yarn which supports melange spinning unit as well as used for dyeing yarn from other units to be dyed and sold as yarn dyed in the value added yarn segment.

You will also be pleased to know that the Company now has certificates from various reputed organizations such as modal partnership with house of Bilras, Aditya Birla Group to produce cotton/modal blends, protex certification from Kaneca, Japan to produce Flame Retardant yarn, organic and Fair trade certifications from Control Union to produce organic as well as fair trade organic yarn varieties, Supima certification from Supima Cotton Growers Association in the United States to produce Supima yarn from one of the richest cotton in the World and better cotton certification from the leading European chain stores to produce yarn under new concept for sustainable good quality cotton yarn production.

#### INDUSTRY SCENARIO :

The Textile Industry occupies a vital place in the Indian economy and contributes 4 per cent to the country's Gross Domestic Product (GDP), 14 per cent in industrial production and 17

percent in export. It is the second largest industry providing employment after agriculture. It provides direct employment to over 35 million persons in the mill, powerloom and handloom sectors. The Government has introduced encouraging Policies for the industry: rationalization of fiscal duties, subsidized interest on loans granted under Technology Up gradation Fund Scheme (TUFFS). The Industry has attracted investment to the tune of Rs. 2 lakh crore under TUF for capacity expansion and modernization, which has started paying yield.

In 2009, textile demand showed signs of gathering momentum and registered a nominal growth of 0.2% as against drop of 6% in 2008. Polyester demand for textile applications during 2009 increased 3.4%, stable fibre demand increased by 4% and filament increased by 4%. The textile demand for the next 5 years is expected to grow at more than 3% CAGR. As per CRISIL estimates, the domestic textile market is expected to grow at a CAGR of 6-7 between 2009-2014. Rising income levels and increased growth in rural spending on textile products will translate into growth in domestic demand for textiles.

#### Strengths of Indian Textile Industry are as follows:

- Second Largest grower of Cotton in the World
- Huge export potential
- Entrepreneurial skills
- Large domestic market
- Huge Textile Production capacity
- Efficient multi fibre raw material manufacturing capacity
- Very low import content
- Large pool of skilled and economical work force
- Flexible textile manufacturing systems

#### RISKS AND CONCERNS

Some of the key issues and concerns to the Textile Industry are:

- Highly fragmented industry: High competition, capital intensive and low profit margins
- Imbalanced product mix: Low competitiveness in man-made fibres
- Labour advantage: Gradually diminishing
- Rupee appreciation: Hurting exports

#### PERFORMANCE:

The Turnover of the Company is Rs.20,817.20 Lakhs as against Rs.16,719.05 Lakhs of previous year. Profit Before Tax (PBT) of the Company is Rs.464.54 Lakhs as against Rs.221.65 Lakhs of previous year. The Company is dedicated to achieve its long term goals by implementing its business strategies.

#### INTERNAL CONTROLS AND THEIR ADEQUACY:

The Company has adequate internal control procedures. The Internal Audit work is carried out by an independent Chartered



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Accountant appointed by the Management. The Internal Control Systems are regularly checked by the internal auditors who have access to all records and information of the Company. The Board and the management review the findings and recommendations of the auditors and take corrective actions wherever necessary.

### **OUTLOOK:**

The Company is constantly adding new products to its range with the help of strong Research & Development. The Company is also constantly adding new export markets through its aggressive marketing strategies. The Company is regularly striving to get valuable external certifications which are required for new export markets. The Company now sell its value added yarn production in over forty countries and five continents World over.

As such, the Company looks into the future with brighter expectations which would ultimately culminate into better revenues and improved profits.

### **NOTE:**

Readers are advised to kindly note that the above discussion contains statements about risks, concerns, opportunities, etc., which are valid only at the time of making the statements. A variety of factors known/unknown expected or otherwise may influence the financial results. These statements are not expected to be updated or revised to take care of any changes in the underlying presumptions. Readers may therefore appreciate the context in which these statements are made before making use of the same.



# Rajvir Industries Limited

## REPORT ON CORPORATE GOVERNANCE

### I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

M/s Rajvir Industries Limited (RIL) is committed to the highest standards of Corporate Governance in all its activities and processes.

Corporate Governance is crucial for the very existence of the Company as it builds confidence in its investors and other Shareholders. Key elements of Corporate Governance are transparency, disclosure, supervision and internal controls, risk management, internal & external communications, high standard of safety, health, environment, accounting & service quality.

Your Company always believes that good Corporate Governance practices enable the Management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for its Shareholders. The Company continues to focus its resources, strengths & strategies to achieve its vision of becoming a truly global Company. The Company has also outlined the procedures & practices of Corporate Governance that are followed and steps taken to ensure transparency, accountability and integrity.

We are committed to upgrade our system, processes and disclosure norms to achieve high standards of Corporate Governance.

### 2. Board of Directors

- a. The composition of Board of Directors consists of two (2) Promoters Whole time Directors and three (3) Independent Non-Executive Directors. The number of Independent Directors is more than one-third of the total number of Directors. The number of non-Executive Directors are more than 50% of total number of Directors.
- b. None of the Directors on the Board is a Member on more than ten (10) companies or Chairman of more than five (5) committees as specified in Clause 49.
- c. During the year under review, four (4) Board Meetings were held on 30th June, 2009, 27th July, 2009, 30th October, 2009, 30th January, 2010.
- d. The composition of the Board, attendance at Board meetings (BM), Shareholders'/ Investors' Grievance Committee meetings (SIGCM) and Audit Committee meetings (ACM), held during the financial year under review and attendance at the last Annual General Meeting (AGM), number of Directorships and memberships / chairmanships in public limited companies and Committees (including the Company) are given below: -

Name of the Director	Category	Financial Year 2009-2010 Attendance at				No. of Other Director Ships in Public Companies	Committee Positions	
		BM	SIGCM	ACM	Last AGM held on 30.09.2009		Member	Chairman
Upendar Kumar Agarwal	Chairman & Managing Director	4	NIL	NIL	YES	NIL	NIL	NIL
Ritesh Kumar Agarwal	Executive Director	3	NIL	NIL	YES	NIL	NIL	NIL
Vijay Kumar Gupta	Non-Executive Director	4	4	4	YES	I	NIL	NIL
Shreedas Narayandas Daga	Non-Executive Director	4	4	4	NO	I	NIL	NIL
Dr Kankanala Janga Reddy.	Non-Executive Director	3	3	3	YES	NIL	NIL	NIL

### e. REAPPOINTMENT OF RETIRING DIRECTORS

As required by Clause 49 of the Listing Agreement on Corporate Governance particulars of the Directors being reappointed are provided hereunder.



# Rajvir Industries Limited

## PROFILE OF DIRECTORS RETIRING BY ROTATION

Sri Shreedas Narayandas Daga who was appointed on the Board on 29.10.2005 as Non Executive Director is a graduate having over 25 years of Industrial and entrepreneurial experience.. Presently he is Chairman and Managing Director in VINS Bioproducts Limited. The Directorships of the other public companies are as under:

### I. VINS Bioproducts Limited

- f. None of the non-Executive Directors have any material pecuniary relationship or transactions with the Company.
- g. Chairman & Managing Director and Executive Director of the Company are Father and Son.

### 3. AUDIT COMMITTEE

Terms of reference & Composition, Names of Members and Chairman:

- a) The terms of reference of the Audit Committee is:
  - I. To review the quarterly and annual financial statement with specific emphasis on accounting policies & practices,
  - II. To comply with the Accounting Standards,
  - III. Review of adequacy of internal control systems and internal audit functions,
  - IV. Review of Company's financial and risk management policies,
  - V. Review the reports furnished by Internal Auditors & Statutory Auditors and ensure suitable follow up thereon.

#### b) Composition, Name of Members and Chairperson

1) Sri Vijay Kumar Gupta	Chairman, Non-Executive & Independent
2) Sri Shreedas Narayandas Daga	Member, Non-Executive & Independent
3) Dr. Kankanala Janga Reddy	Member, Non-Executive & Independent

#### c) Meetings and attendance during the year

During the financial year March 31, 2010, four (4) Audit Committee Meetings were held on 30th June, 2009, 27th July, 2009, 30th October, 2009, 30th January, 2010

Name	No. of the Meetings attended
Sri Vijay Kumar Gupta	4
Sri Shreedas Narayandas Daga	4
Dr. Kankanala Janga Reddy	3

### 4. REMUNERATION COMMITTEE

- a) Brief description of terms of reference.
  - 1) Sri Vijay Kumar Gupta - Chairman, Non-Executive & Independent
  - 2) Sri Shreedas Narayandas Daga - Member, Non-Executive & Independent
  - 3) Dr. Kankanala Janga Reddy - Member, Non-Executive & Independent

The Company Secretary acts as the Secretary to the Committee.

#### b) Composition, Name of members and Chairperson is as follows:

1) Sri Vijay Kumar Gupta	- Chairman, Non-Executive & Independent
2) Sri Shreedas Narayandas Daga	- Member, Non-Executive & Independent
3) Dr. Kankanala Janga Reddy	- Member, Non-Executive & Independent

#### c) Attendance during the year

The Remuneration Committee has not met during the year under review as there were no instances necessitating the meeting

#### d) Remuneration policy

To periodically review the remuneration package of whole time Directors and recommend suitable revision to the Board.

#### e) Details of remuneration to all the Directors for the year ended 31st March, 2010



## Rajvir Industries Limited

Name of the Directors	Designation	Salary Rupees	Commission Rupees	Perquisites Rupees	Total Rupees
Upendar Kumar Agarwal	Managing Director	2390400	517408	31600	2939408
Ritesh Kumar Agarwal	Executive Director	2390400	517408	29350	2937158
Vijay Kumar Gupta	Director	NIL	NIL	NIL	NIL
Shreedas Narayandas Daga	Director	NIL	NIL	NIL	NIL
Dr. Kankanala Janga Reddy	Director	NIL	NIL	NIL	NIL

### Sitting Fees

Name of the Directors	No. of Board Meetings attended during the period April, 2009 to March, 2010	Attendance at the last AGM held on 30.09.2009	Sitting Fees
Vijay Kumar Gupta	4	yes	16,000
Shreedas Narayandas Daga	4	no	16,000
Dr. Kankanala Janga Reddy	3	yes	12,000

The Company does not have any stock option plan or performance linked incentive for the Executive Directors.

The details of shares held by Non-Executive Directors as on 31.03.2010 are given below:

S No	Name	No. of shares held
1.	Sri Vijay Kumar Gupta	Nil
2.	Sri Shreedas Narayandas Daga	Nil
3.	Dr Kankanala Janga Reddy	Nil

### 5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

The Board of Directors have constituted Shareholders/Investors Grievance Committee. The terms of reference of this committee is to consider transfer/transmission of shares, issue of duplicate share certificates, review of shares dematerialized and other related matters investors grievances & redressal thereof. During the year the Company has received eight (8) complaints from the shareholders and all of them were resolved satisfactorily. There were no complaints pending at the close of financial year.

a)	Name of Non-Executive Director heading the Committee :	Mr Vijay Kumar Gupta
b)	Name and designation of Compliance Officer	P. Surya Prakash - Company Secretary
c)	Number of Shareholders Complaints received so far	8
d)	Number not solved to the satisfaction of shareholders	NIL
e)	Number of pending share transfers	NIL

### 6. CODE OF CONDUCT

The Company has evolved a code of conduct for the Directors and Senior Management personnel of the company which has been affirmed for adherence.

### 7. GENERAL BODY MEETINGS

a) Location and time, where last AGM held.

Financial Year	Date	Venue	Time
2008-2009	30.09.2009	FAPCCI, Premises,	3.00 PM
2007-2008	30.09.2008	11-6-841, Red Hills	3.00 PM
2006-2007	29.09.2007	Hyderabad	3.00 PM

b) There were no resolutions, which required postal ballot.



# Rajvir Industries Limited

## 8. DISCLOSURES

- a) CEO and CFO Certificate  
The Chairman & Managing Director and Executive Director have given a certificate to the Board as contemplated in Clause 49 of the listing agreement and is enclosed at the end of the Report.
- b) Disclosures on materially significant related party transactions i.e., transactions of the company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of Company at large.  
There were no materially significant related party transactions having potential conflict with the Interests of the Company at large. Transactions with related parties are disclosed in NOTE NO. 18 of Notes on Accounts under Schedule 23.
- c) There were no details of non-compliance by the company, penalties, strictures imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other statutory authority on any matter related to the Capital Markets during the last 3 years.

## 9. MEANS OF COMMUNICATION

The Quarterly and Annual Financial results of the Company are usually published in Andhra Prabha and Financial Express and same are available in Companies Website: [www.rajvirindustrieslimited.com](http://www.rajvirindustrieslimited.com)

## 10. GENERAL SHAREHOLDER INFORMATION

### a) Date, Time & Venue of Annual General Meeting:

Date : Saturday the 18TH September 2010

Time : 3.00 p.m.

Venue : Surana Udyog Hall FAPCCI Premises, 11-6-841, Red Hills, Hyderabad- 500004

### b) Financial Calendar Year: 1st April 2009 to 31st March 2010

- c) Date of Book Closure: 11.09.2010 to 18.09.2010 (both days inclusive)
- d) Dividend Payment Date: Within 30 days of declaration at AGM.
- e) Listing on Stock Exchanges & Stock Code

The Company's Shares are listed in the following Stock Exchanges.

Name of the Stock Exchange	CODE	Address
The National Stock Exchange of India Limited	RAJVIR	Exchange plaza, Bandra-Kurla Complex, Bandra (E) MUMBAI-400051
The Bombay Stock Exchange Limited	532665	Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI-400001

The listing fees for the year 2010-2011 have been paid to The National Stock Exchange of India Limited and The Bombay Stock Exchange Limited.



## Rajvir Industries Limited

- f) Market Price Data: Monthly High/Low of Market price of the Company's Shares traded on the Stock Exchanges of National Stock Exchange Limited and Bombay Stock Exchange Limited.

Month	NATIONAL STOCK EXCHANGE (NSE)		BOMBAY STOCK EXCHANGE (BSE)	
	(in Rs. per share)		(in Rs. per share)	
	HIGH	LOW	HIGH	LOW
April 2009	46.20	38.00	45.55	36.30
May 2009	56.00	40.00	58.15	38.05
June 2009	81.50	55.60	79.70	57.05
July 2009	70.30	56.10	75.05	56.65
August 2009	69.20	54.25	62.90	54.10
September 2009	71.00	60.00	68.85	59.00
October 2009	66.45	57.05	67.85	58.60
November 2009	85.00	51.70	76.25	55.00
December 2009	83.80	65.10	81.70	69.00
January 2010	114.80	80.00	106.75	77.00
February 2010	102.60	83.25	103.80	81.00
March 2010	99.70	82.15	101.00	82.00

g) **Registrar & Transfer Agents**

M/s XL Softech Systems Limited.,  
 3, Sagar Society  
 Road No.2, Banjara Hills,  
 Hyderabad-500034.  
 Phones: 040-23545913/14/15  
 Fax : 040-23553214  
 Email : xlfield@rediffmail.com  
 Website:www.xlsoftech.com

h) **Share Transfer System:**

The share transfers are processed and the share certificates are returned to the shareholders within a maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

**Shareholding pattern as on 31.03.2010**

Particulars	No. of shares	% of holding
a) Promoters	2073859	68.33
b) Mutual Funds	700	0.02
c) Banks, FIs, & Insurance Companies	45482	1.50
d) Private Corporate Bodies	180643	5.95
e) Indian Public	712954	23.50
f) NRIs/OCBs	21359	0.70
<b>Total</b>	<b>3034997</b>	<b>100.00</b>



# Rajvir Industries Limited

## Distribution of shareholding as on 31.03.2010

Nominal Value	Holders		Amount	
	Number	%	Rupees	%
Upto — 5000	2504	91.39	2293910	7.56
5001 — 10000	94	3.43	712880	2.35
10001 — 20000	60	2.19	901280	2.97
20001 — 30000	22	0.80	512010	1.69
30001 — 40000	9	0.33	318620	1.05
40001 — 50000	8	0.29	365520	1.20
50001 — 100000	14	0.51	1087970	3.58
100001 & above	29	1.06	24157780	79.60
<b>Total</b>	<b>2740</b>	<b>100.00</b>	<b>30349970</b>	<b>100.00</b>
<b>Physical Mode</b>	<b>584</b>	<b>21.31</b>	<b>15733690</b>	<b>51.84</b>
<b>Demat Mode</b>	<b>2156</b>	<b>78.69</b>	<b>14616280</b>	<b>48.16</b>

### i) Dematerialization of shares and liquidity

The Company's shares are available for dematerialization on both the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

### j) Share Dematerialization Records

The total numbers of shares under demat mode constitutes 14,61,628 shares amounting to 48.16% of the capital have been dematerialised by investors as on 31st March, 2010.

**ISIN: INE713B01026**

#### Registrar & Transfer Agents

M/s XL Softech Systems Limited.,  
3, Sagar Society, Road No.2,  
Banjara Hills, Hyderabad-500034  
Phones: 040-23545913/14/15, Fax : 040-23553214  
Email : xlfield@rediffmail.com  
Website:www.xlsoftech.com

### k) Secretarial Audit

The Company gets the Secretarial Audit done by a Practicing Company Secretary for the purpose of reconciliation of the total admitted capital with both the depositories and the total issued and listed capital. The Secretarial Audit Report placed before the Board of Directors on a quarterly basis is also sent to the Stock Exchanges where the Company's shares are listed.

### l) Plant Locations

#### Yarn Divisions

1. Pillalamarri Road  
Mahabubnagar District  
Andhra Pradesh - 509 002

2. C C I Road  
Gopana Palli Village, Tandur Mandal  
R.R. District. Andhra Pradesh

#### Dyeing Division

Edira Village, Mahabubnagar District  
Andhra Pradesh - 509 002

### m) Address for correspondence :

i) Queries relating to transfer / dematerialization of shares, change of address, dividend, annual reports and other queries relating to the shares of the Company.

**M/s XL Softech Systems Limited.,**  
3, Sagar Society  
Road No.2, Banjara Hills  
Hyderabad-500034  
Phones:23545913/14/15  
Fax : 040-23553214  
Email : xlfield@rediffmail.com  
Website:www.xlsoftech.com.

ii) Any other queries :  
The Company Secretary,  
Rajvir Industries Limited,  
1st Floor, Surya Towers, 105, S.P.Road,  
Secunderabad - 500 003.  
Phone No(s) - 040 - 66225555, 27845628, 27845650.  
Fax No - 040 - 27840656.



## Rajvir Industries Limited

### Certificate by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

We, Upender Kumar Agarwal, Chairman & Managing Director and Ritesh Kumar Agarwal, Executive Director of M/s Rajvir Industries Limited hereby certify to the Board that:

- a) We have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2010 and certify that to the best of our knowledge and belief;
  - i) These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading; and
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct;
- c) We accept responsibility for establishing and maintaining internal controls in the Company and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take and rectify the identified deficiencies;
- d) We have indicated to the auditors and the Audit Committee of:
  - i) Significant changes in the internal control during the year;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) There are no instances of significant fraud of which we have become aware.
- e) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
- f) We further declare that all Board Members and designated Senior Management have affirmed compliance with the Code of Conduct for the Current year.

Place : Secunderabad  
Date : 10.08.2010

**U.K.Agarwal**  
Chairman & Managing Director

**Ritesh K.Agarwal**  
Executive Director



# Rajvir Industries Limited

## Auditors' Report on compliance of conditions of Corporate Governance

To the members of  
RAJVIR INDUSTRIES LIMITED, SECUNDERABAD.

We have examined the compliance of conditions of corporate governance by Rajvir Industries Limited, for the year ended on 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records

maintained by the Company and presented to the shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S. Daga & Co.**,  
Chartered Accountants  
(F.No. 000669S)

**T V Subba Rao**  
M. No. 9636  
Partner

Place : Hyderabad  
Date : 10.08.2010



# Rajvir Industries Limited

## AUDITORS' REPORT

### To The Members of RAJVIR INDUSTRIES LTD

1. We have audited the attached Balance Sheet of **RAJVIR INDUSTRIES LTD.** as at 31st March 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (and amended by The Companies (Auditor's Report) (Amendment) Order, 2004) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit,
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. the Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by
- e. this report comply with the accounting standards as referred to in sub-section (3C) of Section 211 of the Companies Act, 1956,
- e. On the basis of written representations received from the directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors of the company is disqualified as referred to in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956,
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies as appearing in schedule 22 and Notes on accounts as appearing in Schedule 23, more particularly Note No 3 with regard to credit balance of Rs. 4.44 Cr (Previous year Rs. 4.44 cr.), Note No. 8 (iii) regarding Insurance claim pending settlement amounting to Rs. 171.15 lakhs (Previous year Rs. 171.15 lakhs), and Note No 11 regarding accounting treatment of Export benefits under DEPB Scheme amounting to Rs. 402.25 lakhs (Previous year 152.96 lakhs) gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010.
  - (ii) In the case of the Profit and Loss Account, of the profit of the company for the year ended on that date, and
  - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S.DAGA & CO.,**  
Chartered Accountants  
(F.No. 000669S)

**(T.V.Suba Rao)**  
Partner  
Membership No : 9636

Place : Hyderabad  
Date : 29.05.2010



## ANNEXURE TO AUDITOR'S REPORT

Referred to in Paragraph 3 of our Report of even date:

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) As explained to us, the management has physically verified most of the fixed assets during the period and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
- c) The company has not disposed off any substantial fixed assets which effect the going concern status of the Company.
2. a) As explained to us, inventories have been physically verified by management at reasonable intervals during the period. In our opinion, the frequency of such verification is reasonable.
- b) As per the information given to us, the procedure of physical verification of inventory followed by management are, in our opinion, reasonable and adequate in relation to the size of the company and nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. a) The Company had not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- b) in view of our comment in paragraph 3 (a) above, (b), (c) & (d) of the aforesaid order are not applicable to the Company.
- c) During the period, the Company had taken unsecured loans from 8 parties covered in the register maintained under section 301 of the Companies Act, 1956 and the maximum amount involved during the period was Rs. 1055.63 lakhs (Previous year Rs 1032.93 Lakhs) and the year end balance is Rs 871.53 lakhs (Previous year Rs 1032.93 Lakhs)
- d) in our opinion the rate of interest and other terms and conditions on which loans have been taken from the other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. a) According to the information and explanation given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 in respect of any party during the period, have been made at prices which are reasonable having regard to the prevailing market, prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Sec. 58A, 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the Rules made there under.
7. On the basis of internal audit reports broadly reviewed by us, we are of the opinion that the internal audit work carried out by an independent Chartered Accountant appointed by management is commensurate with the size of the company and nature of business
8. In our opinion and according to the information and explanations given to us, prima facie, the company has made and maintained accounts and records as prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956.
9. a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, cess and other material statutory dues applicable to it.



## Rajvir Industries Limited

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth tax, service tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31st March 2010 for a period of more than six months from the date they became payable.
10. The company does not have any accumulated losses and has not incurred cash losses in the current financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. As per the information and explanations given to us the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. in our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
14. in our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. in our opinion, and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were raised.
17. Based on information and explanations given to us and on an overall examination of Balance Sheet of the Company, in our opinion, funds raised on a long term basis have not been used for short term investment.
18. The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any Debentures during the year.
20. According to the information and explanations given to us, the Company has not raised money by public issues during the period.
21. According to the information and explanations given to us, no fraud on or by the company had been noticed or reported during the courses of our audit.

For **S.DAGA & CO.**,  
Chartered Accountants  
(F.No. 000669S)

**(T.V.Suba Rao)**  
Partner  
Membership No: 9636

Place : Hyderabad  
Date : 29.05.2010



# Rajvir Industries Limited

## BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule	As at 31.03.2010		As at 31.03.2009	
		Rupees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS:</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	3,03,49,970		3,03,49,970	
Reserves and Surplus	2	38,17,69,006		36,68,81,236	
			<b>41,21,18,976</b>		<b>39,72,31,206</b>
<b>Loan Funds</b>					
Secured Loans	3	187,34,73,343		172,85,84,475	
Unsecured Loans	4	19,93,23,837		19,97,47,114	
			<b>207,27,97,180</b>		<b>192,83,31,589</b>
Deferred Tax Liability (Net)	5		11,56,97,796		9,98,07,490
	<b>TOTAL</b>		<b>260,06,13,952</b>		<b>242,53,70,285</b>
<b>APPLICATION OF FUNDS:</b>					
<b>Fixed Assets</b>					
Gross Block	6	241,93,86,150		156,20,16,899	
Less : Depreciation		57,07,58,899		49,76,79,990	
Net Block		184,86,27,251		106,43,36,909	
Add : Capital Work in Progress		2,06,20,197		73,76,08,145	
			<b>186,92,47,448</b>		<b>180,19,45,054</b>
<b>Investments</b>					
<b>Current Assets, Loans and Advances</b>					
Inventories	8	70,39,20,988		58,43,89,026	
Sundry Debtors	9	16,54,79,530		16,39,68,149	
Cash and Bank Balances	10	2,16,77,934		2,35,66,558	
Loans and Advances	11	20,45,02,933		22,96,59,418	
		<b>109,55,81,385</b>		<b>100,15,83,151</b>	
Less : Current Liabilities and Provisions	12	36,42,14,881		37,82,55,920	
<b>Net Current Assets</b>			<b>73,13,66,504</b>		<b>62,33,27,231</b>
	<b>TOTAL</b>		<b>260,06,13,952</b>		<b>242,53,70,285</b>
Significant Accounting Policies	22				
Notes on Accounts	23				

The schedules referred to above form an integral part of Balance Sheet

As per our report of even date

For and on behalf of the Board

**for S.Daga & Co.,**  
Chartered Accountants

**K.Ravi Kumar**  
General Manager (Finance)

**U.K.Agarwal**  
Chairman & Managing Director

**(T.V.Subba Rao)**  
Partner  
M.No:9636

**P. Surya Prakash**  
Company Secretary

**Ritesh K Agarwal**  
Executive Director

Place : Secunderabad  
Date : 29th May, 2010



# Rajvir Industries Limited

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedule	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
<b>INCOME:</b>			
Gross Sales/Income from operations	13	203,21,48,897	162,79,46,710
Increase /(Decrease) in stocks	21	69,62,105	17,23,01,447
Other Income	14	4,95,71,398	4,39,59,162
<b>TOTAL</b>		<b>208,86,82,400</b>	<b>184,42,07,319</b>
<b>EXPENDITURE</b>			
Raw Materials Consumed	15	122,79,00,722	109,19,91,162
Purchase of Cotton - Trading		28,09,239	19,39,464
Other Manufacturing Expenses		2,27,41,042	2,74,33,907
Chemicals, Stores & Packing materials Consumed	16	7,15,28,201	6,58,80,545
Power and Fuel	17	19,39,19,389	16,42,88,796
Payments to & provisions for Employees	18	14,43,77,672	12,36,60,280
Administrative expenses	19	14,72,38,142	13,79,75,139
Interest & Finance Charges	20	15,49,66,347	13,08,68,348
Managerial Remuneration		58,76,566	88,95,894
Depreciation	6	7,36,86,615	7,19,25,170
Less: Tfr from revaluation reserve		28,16,217	28,16,217
<b>TOTAL</b>		<b>204,22,27,718</b>	<b>182,20,42,488</b>
<b>Profit before tax</b>		<b>4,64,54,682</b>	<b>2,21,64,831</b>
Provision for taxation			
Corporate Tax		78,95,000	25,12,000
Fringe Benefit Tax		—	7,43,000
Deferred Tax		1,58,90,306	89,07,593
<b>Profit after tax</b>		<b>2,26,69,376</b>	<b>1,00,02,238</b>
Add: Profit brought forward from last year		19,93,21,905	20,98,87,280
		<b>22,19,91,281</b>	<b>21,98,89,518</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend		60,69,994	60,69,994
Tax on Dividend		10,31,595	10,31,595
Debenture Redemption Reserve		23,91,120	1,17,66,024
Transfer to General Reserve		18,00,000	17,00,000
Balance carried to Balance Sheet		21,06,98,572	19,93,21,905
<b>TOTAL</b>		<b>22,19,91,281</b>	<b>21,98,89,518</b>
Earnings per share (Face value Rs.10) (Basic and diluted)		7.47	3.30
Significant Accounting Policies	22		
Notes on Accounts	23		

The schedules referred to above form an integral part of Profit and Loss Account

As per our report of even date

For and on behalf of the Board

for **S.Daga & Co.,**  
Chartered Accountants

**K.Ravi Kumar**  
General Manager (Finance)

**U.K.Agarwal**  
Chairman & Managing Director

(**T.V.Subba Rao**)  
Partner  
M.No:9636

**P. Surya Prakash**  
Company Secretary

**Ritesh K Agarwal**  
Executive Director

Place : Secunderabad  
Date : 29th May, 2010



# Rajvir Industries Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE - I</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
35,00,000 Equity Shares of Rs.10/- each	<b>3,50,00,000</b>	3,50,00,000
	<b><u>3,50,00,000</u></b>	<u>3,50,00,000</u>
<b>Issued,Subscribed and Paid up:</b>		
30,34,997(Previous year 30,34,997) Equity Shares of Rs.10/- each fully paid. (51,500 (Previous year 51,500) Equity shares of Rs 10 each issued for cash and 29,83,497(Previous year 29,83,497) Equity shares of 10 each issued for consideration other than cash)	<b>3,03,49,970</b>	3,03,49,970
	<b><u>3,03,49,970</u></b>	<u>3,03,49,970</u>

## SCHEDULE - 2

### RESERVES AND SURPLUS:

	As at 01.04.2009 Rupees	Additions Rupees	Deductions/ Adjustments Rupees	As at 31.03.2010 Rupees
Debenture Redemption Reserve	<b>6,89,66,024</b> (5,72,00,000)	<b>23,91,120</b> (1,17,66,024)		<b>7,13,57,144</b> (6,89,66,024)
Revaluation Reserve	<b>82,70,098</b> (1,10,86,315)		<b>28,16,217</b> (28,16,217)	<b>54,53,881</b> (82,70,098)
Capital Reserve	<b>25,39,503</b> (25,39,503)	<b>21,36,200</b>		<b>46,75,703</b> (25,39,503)
General Reserve	<b>8,77,83,706</b> (8,60,83,706)	<b>18,00,000</b> (17,00,000)		<b>8,95,83,706</b> (8,77,83,706)
Balance as per Profit & Loss Account	<b>19,93,21,905</b> (20,98,87,280)	<b>21,06,98,572</b> (19,93,21,905)	<b>19,93,21,905</b> (20,98,87,280)	<b>21,06,98,572</b> (19,93,21,905)
	<b><u>36,68,81,236</u></b> (36,67,96,804)	<b><u>21,70,25,892</u></b> (21,27,87,929)	<b><u>20,21,38,122</u></b> (21,27,03,497)	<b><u>38,17,69,006</u></b> (36,68,81,236)

Notes: Previous year's figures are given in brackets.



# Rajvir Industries Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
<b>Debentures</b>		
9.00%, 286429(Previous year 341340)Secured Redeemable Non-Convertible Debentures of Rs.100/- each	<b>2,86,42,856</b>	3,10,33,976
<b>Term Loans from :</b>		
Industrial Development Bank of India - I	<b>46,72,000</b>	73,00,000
Industrial Development Bank of India -II	<b>1,92,00,000</b>	2,10,00,000
State Bank of Hyderabad	<b>15,87,50,040</b>	16,37,50,000
The Bank of Rajasthan Ltd	<b>6,54,10,887</b>	5,85,51,615
State Bank of Bikaner & Jaipur	<b>11,99,20,680</b>	12,94,88,345
State Bank of Mysore	<b>5,00,00,000</b>	5,00,00,000
Axis Bank Limited	<b>53,15,18,110</b>	54,65,18,111
Central Bank of India	<b>15,00,00,000</b>	
State Bank of india	<b>4,83,79,738</b>	9,85,82,501
	<b>114,78,51,455</b>	107,51,90,572
<b>Working Capital Loans from</b>		
State Bank of India	<b>42,03,37,183</b>	36,93,88,739
State Bank of Hyderabad	<b>15,16,31,368</b>	12,69,31,783
State Bank of Mysore	<b>12,23,55,378</b>	12,26,47,166
	<b>69,43,23,929</b>	61,89,67,688
	<b>187,08,18,240</b>	172,51,92,236
	<b>26,55,103</b>	33,92,239
<b>Car Loans:</b>	<b>187,34,73,343</b>	172,85,84,475
from Banks	<b>187,34,73,343</b>	172,85,84,475

### Notes:

- The 9% Redeemable, Non convertible debentures are secured by mortgage of present and future movable and immovable properties of the company situated at Mahaboobnagar unit on pari-passu basis and guaranteed by one director of the Company. The Debentures are redeemable in ten quarterly instalments starting from 1st January, 2010 onwards as per reschedulement permitted by IDBI Bank.
- Industrial Development Bank of India Limited and State Bank of India term loans are secured by mortgage of present and future movable & immovable assets of the company situated at mahaboobnagar unit on pari-passu basis and guaranteed by one director of the company.
- State Bank of Hyderabad and State Bank of Bikaner & Jaipur term loans are secured by mortgage of present and future movable & immovable assets of the company situated at tandur unit on pari-passu basis and guaranteed by one director of the company.
- Term loans from Axis Bank Ltd. are secured by mortgage of present and future movable & immovable assets of the company situated at tandur unit on pari-passu basis and second pari-passu charge on entire fixed assets of Mahaboobnagar unit of the company, present and future and guaranteed by two directors of the company.
- Term Loan of the Bank of Rajasthan Ltd is secured on pari-passu basis on Factory land and Buildings of Mahaboobnagar unit present and future, and factory land and buildings of dyeing Plant at Yedira Village of Mahaboobnagar district and second pari-passu charge on fixed assets of Tandur Unit.
- Corporate loan from State Bank of Mysore is secured by extension of pari passu first charge on all chargeable current assets alongwith other working capital loans availed and personal gurantee of two directors.
- Working capital term loan from Central Bank of India is secured by pari-passu first charge on fixed assets of Mahboobnagar unit and second pari-passu charge on fixed assets of Tandur unit and personal guarantee of two directors. The necessary loan documents have been executed, but charge is not created pending receipt of noobjection Certificate from the existing bankers.
- All Working Capital loans, are secured by hypothecation of stocks of raw materials, yarn, stock-in-process, stores and spares, book debts and Second Charge on the present and future immovable properties of the company on pari-passu basis and further guaranteed by two directors of the company.
- Car loans referred above are secured by hypothecation of respective assets and guaranteed by one director of the company.



# Rajvir Industries Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
<b>OTHER LOANS AND ADVANCES</b>		
a) From Directors	5,77,95,442	5,14,81,758
b) From Others	13,36,75,197	14,55,87,820
c) Interest accrued and due	78,53,198	26,77,536
	<u>19,93,23,837</u>	<u>19,97,47,114</u>
 <b>SCHEDULE - 5</b>		
<b>DEFERRED TAX</b>		
<b>Deferred Tax Liabilities</b>		
Depreciation	11,58,66,305	9,99,01,004
On Others	25,04,804	22,17,336
	<u>11,83,71,109</u>	<u>10,21,18,340</u>
<b>Deferred tax Assets</b>		
On Others	26,73,313	23,10,850
	<u>26,73,313</u>	<u>23,10,850</u>
Deferred Tax Liabilities ( Net )	<u>11,56,97,796</u>	<u>9,98,07,490</u>



## SCHEDULE - 6 FIXED ASSETS

Description of the Asset	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 01.04.2009 Rs.	Additions Rs.	Deductions Rs.	As at 31.03.2010 Rs.	Upto 31.03.2009 Rs.	For the year Rs.	Deductions Rs.	Upto 31.03.2010 Rs.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Land	1,19,46,437	26,37,337		1,45,83,774					1,45,83,774	1,19,46,437
Factory Buildings	20,74,79,025	19,14,99,020		39,89,78,045	3,29,78,571	70,15,654		3,99,94,225	35,89,83,820	17,45,00,454
Non-factory Buildings	7,96,66,434	17,34,407		8,14,00,841	46,15,246	12,98,641		59,13,887	7,54,86,954	7,50,51,188
Town Ship	1,69,09,148			1,69,09,148	24,25,463	2,75,619		27,01,082	1,42,08,066	1,44,83,685
Work Shop Equipment	1,28,391			1,28,391	1,17,293	462		1,17,755	10,636	11,098
Plant & Machinery	107,63,84,916	61,61,46,732	28,32,500	1,68,96,99,149	38,09,66,952	5,56,61,827	5,98,634	43,60,30,145	125,36,69,004	69,54,17,964
Testing Equipment	1,04,75,580	39,222		1,05,14,802	12,92,939	4,98,589		17,91,528	87,23,274	91,82,641
Electrical Instalations	7,32,97,188	4,49,62,980		11,82,60,168	1,96,56,632	33,39,421		2,29,96,053	9,52,64,115	5,36,40,556
Weighing Machines	15,45,883	1,18,902		16,64,785	4,96,857	72,989		5,69,846	10,94,939	10,49,026
Water Works	16,70,618			16,70,618	3,35,651	27,231		3,62,882	13,07,736	13,34,967
Furniture & Fixtures	45,49,893	3,59,077		49,08,970	19,23,487	2,87,917		22,11,404	26,97,566	26,26,406
Office Equipment	38,91,521	7,71,932		46,63,453	13,60,574	2,80,890		16,41,464	30,21,989	25,30,947
Vehicles	1,65,47,068	17,52,977	27,275	1,82,72,770	40,29,629	15,73,401	9,072	55,93,958	1,26,78,812	1,25,17,439
Data Processing Eqpt	41,87,354	2,06,440		43,93,794	24,13,352	5,37,757		29,51,109	14,42,685	17,74,002
Revalued Plant & Machinery	5,33,37,442			5,33,37,442	4,50,67,344	28,16,217		4,78,83,561	54,53,881	82,70,098
Capital Work in Progress	156,20,16,899	86,02,29,026	28,59,775	241,93,86,150	49,76,79,990	7,36,86,615	6,07,706	57,07,58,899	184,86,27,251	106,43,36,908
	73,76,08,145	14,32,41,078	86,02,29,026	2,06,20,197	49,76,79,990	7,36,86,615	6,07,706	57,07,58,899	2,06,20,197	73,76,08,145
Previous year	229,96,25,044	100,34,70,104	86,30,88,801	244,00,06,347	42,81,99,231	7,19,25,170	24,44,411	49,76,79,990	186,92,47,448	180,19,45,053
	206,19,11,517	29,90,59,296	6,13,45,770	229,96,25,044	42,81,99,231	7,19,25,170	24,44,411	49,76,79,990	180,19,45,054	163,37,12,286



# Rajvir Industries Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHDEULE - 7</b>		
<b>INVESTMENTS(AT COST)</b>	—	98,000
(Long Term,unless otherwise stated)		
<b>Unquoted - Trade</b>		
In shares		
<b>In subsidiary companies:</b>		
9800 Equity shares of Rs.10/- each fully paid up in M/s.Moneysa Fibres (P) Ltd.,		
 <b>SCHEDULE - 8</b>		
<b>INVENTORIES</b>		
Rawmaterials	19,93,92,908	8,87,33,835
Stores and Spares	4,72,18,545	4,53,07,761
Finished Goods	34,26,38,249	36,45,65,281
Stock-in-process	11,43,97,974	8,55,77,191
Cotton Waste	2,73,312	2,04,958
	<u>70,39,20,988</u>	<u>58,43,89,026</u>
 <b>SCHEDULE - 9</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, considred good)		
Exceeding six months	50,35,798	59,04,856
Others	16,04,43,732	15,80,63,293
	<u>16,54,79,530</u>	<u>16,39,68,149</u>
 <b>SCHEDULE - 10</b>		
<b>CASH AND BANK BALANCES</b>		
Cash On hand	23,40,033	27,29,081
Balances with Scheduled banks		
In Current Accounts	4,09,615	23,35,285
In Margin Money Accounts	1,83,72,032	1,80,45,276
In Dividend Accounts	5,56,254	4,56,916
	<u>2,16,77,934</u>	<u>2,35,66,558</u>
 <b>SCHEDULE - 11</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured considered good)		
Advances to Subsidiary	—	1,06,400
Advances receivable in cash or in kind or for value to be received	9,03,41,215	8,41,54,162
Advances for Purchases	3,17,10,992	6,50,95,493
Deposits - With Government	3,33,04,081	2,78,24,847
- With others	3,02,98,222	2,24,58,247
Advance tax & TDS	1,88,48,423	3,00,20,269
	<u>20,45,02,933</u>	<u>22,96,59,418</u>



# Rajvir Industries Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>SCHEDULE - 12</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors for goods	15,09,51,001	18,50,25,198
Creditors for expenses	9,05,07,070	7,81,39,783
Creditors for others	4,75,29,046	5,21,01,220
Unclaimed Dividend *	5,56,254	4,56,916
Advances received against sales	2,99,85,768	1,40,00,191
Interest Accrued but not due on Term Loans	1,35,03,028	1,15,32,288
	<u>33,30,32,167</u>	<u>34,12,55,596</u>
<b>B. PROVISIONS</b>		
Provision for Corporate Tax	2,01,32,649	2,63,72,000
Provision for Fringe Benefit Tax	14,03,230	19,84,728
Provision for Corporate Dividend Tax	10,31,595	10,31,595
Provision for Gratuity	24,76,769	15,05,005
Provision for Leave Encashment	68,477	37,002
Proposed Dividend	60,69,994	60,69,994
	<u>3,11,82,714</u>	<u>3,70,00,324</u>
<b>TOTAL : A + B</b>	<u>36,42,14,881</u>	<u>37,82,55,920</u>

\* These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

	Year ended March 31,2010 Rs.	Year ended March 31,2009 Rs.
<b>SCHEDULE - 13</b>		
Sales/Income from operations		
Yarn	195,34,42,970	155,87,36,508
Waste	7,48,39,581	6,72,61,387
Traded Goods - Cotton	38,66,346	19,48,815
	<u>203,21,48,897</u>	<u>162,79,46,710</u>
<b>SCHEDULE - 14</b>		
<b>Other Income</b>		
Interest (TDS Rs. 4,45,575/- p.y.Rs.5,88,292/-)	42,46,143	30,10,881
Other claims	—	34,466
Profit on sale of assets	5,98,634	2,78,162
Insurance Claims (Net)	7,03,464	1,89,17,141
Export Benefits	4,02,25,112	1,52,95,687
Jobwork Charges Received	17,54,940	—
Miscellaneous Receipts	20,43,105	64,22,825
	<u>4,95,71,398</u>	<u>4,39,59,162</u>



# Rajvir Industries Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	Year ended March 31,2010 Rs.	Year ended March 31,2009 Rs.
<b>SCHEDULE - 15</b>		
<b>Consumption of Raw Materials</b>		
Opening Stocks	8,87,33,835	22,15,57,408
Add : Purchases	<u>133,85,59,795</u>	<u>95,91,67,589</u>
	142,72,93,630	118,07,24,997
Less : Closing Stocks	<u>19,93,92,908</u>	<u>8,87,33,835</u>
Raw Materials consumed	<u><u>122,79,00,722</u></u>	<u><u>109,19,91,162</u></u>
<b>SCHEDULE - 16</b>		
<b>Chemicals,Stores &amp; Packing Material consumed</b>		
Stores & spares	2,71,04,970	2,39,24,605
Dyes & Chemicals	1,85,40,241	1,83,11,304
Packing Material	<u>2,58,82,990</u>	<u>2,36,44,636</u>
	<u><u>7,15,28,201</u></u>	<u><u>6,58,80,545</u></u>
<b>SCHEDULE - 17</b>		
<b>Power &amp; Fuel</b>		
Electricity Charges	19,35,88,932	16,29,12,775
Fuel	<u>3,30,457</u>	<u>13,76,021</u>
	<u><u>19,39,19,389</u></u>	<u><u>16,42,88,796</u></u>
<b>SCHEDULE - 18</b>		
<b>Payments to &amp; Provisions for Employees</b>		
Salaries, Wages and Bonus	12,13,32,606	10,55,84,983
Contribution to Provident Fund & other funds	69,68,982	54,29,797
Gratuity and Leave encashment	27,03,939	12,86,994
Staff & Workmen welfare	<u>1,33,72,145</u>	<u>1,13,58,506</u>
	<u><u>14,43,77,672</u></u>	<u><u>12,36,60,280</u></u>



# Rajvir Industries Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	Year ended March 31,2010 Rs.	Year ended March 31,2009 Rs.
<b>SCHEDULE - 19</b>		
<b>Administrative Expenses</b>		
Rent	22,44,186	20,30,055
Security Charges	32,62,886	34,38,668
Rates & Taxes	36,91,235	46,25,610
Printing & Stationery	14,30,901	13,21,159
Postage, Telegrams & Telephones	26,28,661	27,04,045
Travelling & Conveyance	82,95,161	74,70,321
Directors' Sitting fees	44,000	54,000
Advertisements	2,38,366	3,73,130
Foreign Exchange Fluctuations	29,88,659	85,22,355
Commission & Expenses on Sales	7,79,53,812	6,49,02,282
Insurance	57,06,700	42,84,110
Auditors' Remuneration	3,53,875	3,44,525
Legal & Professional Charges	28,02,896	35,82,411
Repairs to : Buildings	9,54,933	6,97,519
: Machinery	1,66,17,864	1,69,85,309
: Other Assets	38,21,705	31,66,458
Loss on sale of vehicles	8,203	2,22,636
Vehicle Maintenance	26,48,235	21,49,537
Miscellaneous Expenses	1,12,18,858	1,06,47,991
Investments Written off	98,000	—
Donations	2,29,006	4,53,018
	<u>14,72,38,142</u>	<u>13,79,75,139</u>
<b>SCHEDULE - 20</b>		
<b>Interest &amp; Finance Charges</b>		
On Debentures	30,82,168	35,30,405
On Term Loans	14,59,20,577	11,46,62,357
Less: Interest subsidy under TUF	3,54,42,178	4,30,23,100
Less: Borrowing Cost Charged to Fixed Assets	5,43,61,422	3,57,05,800
To Banks	6,84,70,984	7,24,63,595
To Others	1,29,39,514	1,06,25,952
Bank charges	1,43,56,704	83,14,939
	<u>15,49,66,347</u>	<u>13,08,68,348</u>
<b>SCHEDULE - 21</b>		
<b>Increase/(Decrease) in Stocks</b>		
<b>Opening Stocks</b>		
Yarn	36,45,65,281	22,89,77,931
Work-in-process	8,55,77,191	4,85,21,970
Cotton Waste	2,04,958	5,46,082
	<u>45,03,47,430</u>	<u>27,80,45,983</u>
<b>Closing Stocks</b>		
Yarn	34,26,38,249	36,45,65,281
Work-in-process	11,43,97,974	8,55,77,191
Cotton Waste	2,73,312	2,04,958
	<u>45,73,09,535</u>	<u>45,03,47,430</u>
<b>Increase/(Decrease) in stocks</b>	<u>69,62,105</u>	<u>17,23,01,447</u>



# Rajvir Industries Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,2010

PARTICULARS	For the year ended 31.03.2010		For the year ended 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net profit before tax & extraordinary items		<b>4,64,54,682</b>		2,21,64,831
Add: Depreciation	<b>7,08,70,398</b>		6,91,08,953	
Interest & Finance charges	<b>15,49,66,347</b>		13,08,68,349	
(Profit)/Loss on sale of fixed assets (net)	<b>(5,90,431)</b>		(55,526)	19,99,21,776
Investments written off	<b>(98,000)</b>	<b>22,51,48,314</b>		
Operating profit before working capital changes		<b>27,16,02,996</b>		22,20,86,607
Adjustments for working capital changes				
Sundry debtors	<b>(15,11,381)</b>		78,18,202	
Current liabilities	<b>(1,42,93,424)</b>		(3,80,46,149)	
Inventories	<b>(11,95,31,961)</b>		(4,72,98,101)	
Loans & Advances	<b>3,01,88,080</b>		(8,84,65,507)	
Tax provisions	<b>(58,17,610)</b>	<b>(11,09,66,296)</b>	(33,30,000)	(16,93,21,555)
Cash generated from Operations		<b>16,06,36,700</b>		5,27,65,052
Less: Interest & Finance charges		<b>15,49,66,347</b>		13,08,68,349
CASH FLOW BEFORE EXTRAORDINARY ITEMS		<b>56,70,353</b>		(7,81,03,297)
Add:Extra ordinary items: Capital reserve		—		—
CASH FLOW FROM OPERATING ACTIVITIES		<b>56,70,353</b>		(7,81,03,297)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Inflow: Sale of fixed assets		<b>28,42,500</b>		18,37,500
Outflow: Acquisition of fixed assets		<b>14,32,23,803</b>		24,01,57,938
		<b>(14,03,81,303)</b>		(23,83,20,438)



# Rajvir Industries Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,2010 (Contd.)

PARTICULARS	For the year ended 31.03.2010		For the year ended 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Inflow: Term loans received	70,56,020		9,99,56,050	
Increase in bank borrowings	7,53,56,241		11,77,73,063	
Hire purchase loan	12,56,000		26,40,000	
Unsecured Loans	(4,23,277)		5,49,44,541	
Corporate loans	17,12,50,000	25,44,94,984	15,37,50,000	42,90,63,654
Outflow: Repayment of term loans	10,80,99,705		10,01,64,578	
Repayment of NCDs	35,00,000		1,07,14,286	
Corporate Taxes	29,71,363		42,55,715	
Dividend Tax	10,31,595		20,63,193	
Dividends	60,69,994	12,16,72,657	1,20,03,220	12,92,00,992
NET CASH FROM FINANCING ACTIVITIES		13,28,22,327		29,98,62,662
NET INCREASE IN CASH/CASH EQUIVALENTS (A+B+C)		(18,88,624)		(1,65,61,073)
ADD: CASH/CASH EQUIVALENTS AT THE BEGINING OF THE YEAR		2,35,66,558		4,01,27,631
CASH/CASH EQUIVALENTS AT THE CLOSING OF THE YEAR		2,16,77,934		2,35,66,558

Note: Previous years' figures have been regrouped/reclassified wherever necessary to confirm to the current years' classification.

As per our report of even date

For and on behalf of the Board

for **S. Daga & Co.,**  
Chartered Accountants

**K. Ravi Kumar**  
General Manager (Finance)

**U.K. Agarwal**  
Chairman & Managing Director

**(T. V. Subba Rao)**  
Partner  
M.No:9636

**P. Surya Prakash**  
Company Secretary

**Ritesh K Agarwal**  
Executive Director

Place : Secunderabad  
Date : 29th May, 2010



# Rajvir Industries Limited

## NOTES FORMING PART OF THE ACCOUNTS

### SCHEDULE-22

#### I. SIGNIFICANT ACCOUNTING POLICIES:

##### i. Basis for Preparation of Accounts:

The Accounts have been prepared by following the going concern concept, on historical cost convention, on an accrual basis and the relevant provisions of the Companies Act, 1956.

##### ii. Revenue Recognition:

- a. Revenue from sale of goods is recognized when significant risks and rewards of ownership are transferred to the customer.
- b. Income from services rendered is accounted as per contractual terms with the parties concerned.
- c. Dividend income is accounted for in the year in which it is declared.
- d. Export benefits under the duty remission scheme and the DEPB scheme are recognized as income when the right to receive the incentive as per the terms of the scheme is established in respect of the exports made.

##### iii. Expenditure:

Expenses are accounted for on an accrual basis and provision is made for all known losses.

##### iv. Fixed Assets:

- 1) Fixed assets are stated at cost less accumulated depreciation and impairment loss if any, except for Plant & Machinery and other equipment which were revalued on 31.03.1993 and shown as a separate item.
- 2) Depreciation has been provided on assets on Straight Line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- 3) Depreciation on revalued part is transferred from Revaluation Reserve to Profit & Loss account.
- 4) All costs, including financing costs till commencement of commercial production, net charges on Foreign exchange contracts and adjustments arising from exchange rate variations attributable to fixed assets are capitalized.

##### v. Inventories:

Inventories are valued as follows:

Raw Material	At lower of cost or net realizable value.
Work in process	At lower of cost or net realizable value.
Stores & Spares	At lower of cost or net realizable value.
Finished Goods (Yarn)	At lower of cost or net realizable value.

Cost of raw-material, stores & spares and packing material and trading goods is determined on Weighted Average basis.

Cost of Work in process includes costs of raw material, conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used is on FIFO basis.

Cost of yarn includes costs of raw material, conversion and other costs incurred in bringing the inventories to their present location and condition.

##### vi. Employee Benefits:

The company has adopted Accounting Standard-15 (Revised 2005) 'Employee benefits'. The company has used the Projected unit credit method for arriving at gratuity liability.

##### i) Defined contribution schemes:

- a) Employee Provident Fund
- b) Family Pension Scheme
- c) Employee State Insurance Scheme
- d) Labour Welfare Fund

##### ii) Defined benefit Schemes:

- a) Gratuity plan - Gratuity is payable to all eligible employees of the company in terms of the provisions of the Payment of Gratuity Act.
- b) Leave Encashment Plan - Eligible employees can carry forward and encash leave on superannuation/ death/ resignation subject to maximum accumulation of 15 days.

##### vii. Foreign Exchange Transactions:

- a) Foreign currency transactions are accounted at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities relating to Foreign currency transactions remaining unsettled at the end of the year are translated at



# Rajvir Industries Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

### SCHEDULE-22 (Contd.)

the year end rate and the difference in translation and realized gains and losses on Foreign exchange transactions (other than for fixed assets) are recognized in the profit and loss account.

- b) Pursuant to adoption of the Companies (Accounting Standards) Rules, 2006 exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed assets are recognized in the profit and loss account.
- c) Any income or expense on account of exchange difference either on settlement or on translation is recognized as Revenue.
- d) In case of forward contracts, the exchange difference between the forward rate and the exchange rate at the date of transaction is recognized as income or expense over the life of the contract.

#### viii. Derivative transactions

In respect of Derivative contracts, premium paid and provision for losses on restatement and gains/losses on settlement are recognized along with the underlying transactions and charged to Profit & Loss Account.

#### ix. Taxes on Income

The Current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company on the computed total income for the year.

Deferred Tax assets and liabilities are recognized on timing differences between taxable income and accounting income, originating in one period and expected to reverse in subsequent periods.

The Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date.

#### x. Borrowing Costs:

Borrowing costs are recognized as expenses in the period in which they are incurred except for borrowings for acquisition of qualifying assets which are capitalized upto the date, the asset is ready for its intended use.

#### xi. Government Grants:

Grants and subsidies are recognized when there is a reasonable assurance that the grant or subsidy will be received and that all the underlying conditions will be complied with.

Grants and Subsidies related to specific fixed asset is shown as deduction from the gross value of the asset concerned and subsidies not related to specific fixed asset are treated as Capital Reserve.

#### xii. Deferred Revenue Expenditure:

Deferred revenue expenditure, the benefit of which is accrued to the company over a period of time, is written off in 10 years.

#### xiii. Segment Reporting:

The operations of the company predominantly comprises of "Manufacturing of yarn". These activities constitute the Primary segment and is the only reportable segment.

#### xiv. Leases:

The Company's significant leasing arrangements are in respect of Operating leases for premises like operational units, offices, residences etc. These leases which are not non-cancelable are generally for more than 11 months, or for longer period and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent to Profit and Loss Account.

#### xv. Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such an indication exists, then the carrying value is reduced to the higher of the net selling price or the value in use. The value in use is the present value of estimated future net income expected from use of the asset.

#### xvi. Provisions/Contingent Liabilities:

Provisions are recognized, when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an out flow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The disclosure is made for all present or possible obligations that may but probably will not require outflow of resources as contingent liability in the financial statements.



# Rajvir Industries Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

### SCHEDULE -23 NOTES ON ACCOUNTS

	31.03.2010 Rs in Lacs	31.03.2009 Rs in Lacs
1) Contingent Liabilities not provided for:		
a) Letters of Credit	1,511.45	1,188.87
b) Bank Guarantees	11.97	11.97
c) In respect of Bills Discounted & outstanding	1,000.83	658.44
d) In respect of suits filed but not acknowledged as debt	26.80	26.80
2) Capital commitments		
For the amounts of Contracts remaining to be executed	20.30	332.80
3) The Company has disputed the amount payable to M/s Surya Lakshmi Cotton Mills Limited on account of demerger and consequential transactions. M/s Surya Lakshmi Cotton Mills Limited has filed recovery suit for Rs. 444.16 lacs plus interest, which the company has disputed and filed a counter claim for Rs. 700.00 lacs. The Company has also initiated other legal proceedings against the aforesaid company for recovery of Various Benefits, Refunds and other Dues, which are pending before the Judicial Authorities. The Company expects no further liability.	—	—
4) The revaluation of Plant & Machinery and other equipment carried out by an approved valuer in March 1993 resulted in increase in the gross value of assets by Rs.53337442. The same was adopted on 31.03.1993, reflection in showing under fixed assets schedule as separate item by creating revaluation reserve to that extent. The depreciation on the balance of revalued assets for the period adjusted against the revaluation reserve.	28.16	28.16
5) The capital subsidy received from TUFs (The Ministry of Textiles, Govt. of India) has been credited to Capital Reserve, which is subject to certain stipulations under the scheme.	46.76	25.39
6) Auditors Remuneration includes:		
Statutory Audit	2.25	2.25
Tax Audit	0.40	0.40
Certification & others	0.78	0.50
Reimbursement of Expenses	0.11	0.15
	3.54	3.30
7) Instalments of Term Loans and Debentures due within the next 12 month period payable to:	2,299.36	1,247.03
8) Other Loans and Advances includes:		
(i) Sales Tax Deferment Liability which is due for repayment from the year 2014.		
For the Year	—	43.93
Aggregate for the end of year	943.17	943.17
(ii) The company has filed a claim with New India Insurance company against fire accident occurred at Mahaboobnagar Unit on 15.02.2009 and the same has been accounted for in the books and is pending for final settlement. The claim is not settled	171.15	171.15
9) Current Assets and Loans and Advances: In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business. The provision for all known liabilities are adequate and not in excess of the amounts considered reasonably necessary.	—	—
10) Confirmations from debtors & creditors are subject to confirmation and reconciliation		
11) Travelling & Conveyance includes Directors travelling	31.95	24.63



# Rajvir Industries Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

### SCHEDULE-23 (Contd.) NOTES ON ACCOUNTS

	31.03.2010 Rs in Lacs	31.03.2009 Rs in Lacs
12) <b>EXPORT BENEFITS:</b>		
The export benefits are accounted for on accrual basis on exports made during the year as incentives under Duty Entitlement Pass Book and Duty draw back are as under :		
a) For the year	402.25	152.96
b) At the end of the year	166.74	70.49
13) Disclosure in accordance with section 22 of Micro, Small and Medium Enterprises Development Act, 2006		

Sl No.	Particulars	2009-10 Rs. Lacs	2008-09 Rs. Lacs
a.	Principal amount remaining unpaid and interest due thereon	Nil	Nil
b.	Interest paid in term of Section 16	Nil	Nil
c.	interest due and payable for the period of delay in payment	Nil	Nil
d.	Interest accrued and remaining unpaid	Nil	Nil
e.	Interest due and payable even in succeeding years	Nil	Nil

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

- 14) The operations of the company predominantly comprises of "Manufacturing of yarn". These activities constitute the Primary segment  
Secondary segmental reporting is made on the basis of geographical location of the customers. The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments.  
The company's major exports are made in four principal geographical areas in the World. In India, its home country, the company carries out manufacturing of Yarn and Trading of raw cotton. The following table shows the distribution of the company's turnover by geographical locations.

CONDARY (GEOGRAPHICAL) SEGMENTS	Rs. Lacs	Rs. Lacs
Revenue attributable to location of customers:		
India	14,233.18	13,385.57
Asia	4,462.23	2,083.52
Europe	1,101.38	357.60
South America	291.10	438.08
Rest of the world	233.60	14.69
	20,321.49	16,279.46

15) <b>Employee Benefits :</b>		
<b>The assumptions and other disclosures relating to the Actuarial valuation of gratuity and leave encashment are as under:</b>	<b>Year ended 2009-10</b>	<b>Year ended 2008-09</b>
	<b>Rs. (in Lacs)</b>	<b>Rs. (in Lacs)</b>
<b>Gratuity :</b>		
a) <b>Change in Present value of obligation</b>		
Present value of obligation at beginning of period	15.05	23.34
Interest cost	1.20	1.87
Current service cost	4.23	2.47
Benefits paid	(5.32)	(1.19)
Actuarial (gain)/Loss on obligation	9.61	(11.44)
Present value of obligation at the end of period Certificate	24.77	15.05



# Rajvir Industries Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS SCHEDULE-23 (Contd.) NOTES ON ACCOUNTS

	Year ended 2009-10 Rs. (in Lacs)	Year ended 2008-09 Rs. (in Lacs)
<b>b) Change in fair value of Plan assets</b>		
Fair value of plan assets at beginning of period	—	—
Expected return on plan assets	—	—
Contributions	—	—
Benefits paid	5.32	1.19
Actuarial gain/(Loss) on plan assets	—	—
Fair value of plan asset at end of period	—	—
<b>c) Fair value of Plan assets</b>		
Fair value of Plan Assets at beginning of period	—	—
Actuarial return on Plan assets	—	—
Contributions	—	—
Benefits paid	5.32	1.19
Fair value of Plan Assets at end of period	—	—
Funded status	(24.77)	(15.05)
Excess of actual over estimated return on Plan assets	—	—
<b>d) Amounts to be recognised in the balance sheet and statement of profit &amp; loss account</b>		
Present value of obligation at end of period	(24.77)	15.05
Fair value of Plan Assets at end of period	—	—
Funded status	(24.77)	15.05
Unrecognised Actuarial Gain/(Loss)	—	—
Net Asset/(Liability) recognized in the balance sheet	—	—
<b>e) Expense recognised in the statement of P&amp;L A/c</b>		
Current service cost	4.23	2.47
Interest cost	1.20	1.87
Expected return on Plan asset	—	—
Net Actuarial (Gain)/Loss recognised for the period	9.61	(11.44)
Expense recognised in the statement of P&L A/c	5.32	1.19
<b>f) Movements in the Liability recognised in Balance sheet</b>		
Opening Net liability	15.05	23.34
Expenses as above	5.32	1.19
Contribution paid	—	—
Benefits paid	5.32	1.19
Closing Net Liability	24.77	15.05
Assumptions:		
Mortality	LIC (1994-96)	LIC (1994-96)
Discount rate		
Rate of increase in compensation		
Rate of return (expected) on plan assets	N.A.	N.A.
Attrition rate		
Expected average remaining service of Employees in years	—	—
<b>Leaves encashment:</b>		
<b>a) Change in Present value of obligation</b>		
Present value of obligation at beginning of period	0.37	6.04
Interest cost	0.03	0.48
Current service cost	0.09	1.69
Benefits paid	(11.63)	(11.68)



# Rajvir Industries Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS SCHEDULE-23 (Contd.) NOTES ON ACCOUNTS

	Year ended 2009-10 Rs. (in Lacs)	Year ended 2008-09 Rs. (in Lacs)
Actuarial (gain)/Loss on obligation	11.82	3.83
Present value of obligation at the end of period	0.68	0.37
<b>b) Change in fair value of Plan assets</b>		
Fair value of plan assets at beginning of period	—	—
Expected return on plan assets	—	—
Contributions	—	—
Benefits paid	11.63	11.68
Actuarial gain/(Loss) on plan assets	—	—
Fair value of plan asset at end of period	—	—
<b>c) Fair value of Plan assets</b>		
Fair value of Plan Assets at beginning of period	—	—
Actuarial return on Plan assets	—	—
Contributions	—	—
Benefits paid	11.63	11.68
Fair value of Plan Assets at end of period	—	—
Funded status	0.68	(0.37)
Excess of actual over estimated return on Plan assets	—	—
<b>d) Amounts to be recognised in the balance sheet and statement of profit &amp; loss account</b>		
Present value of obligation at end of period	0.68	0.37
Fair value of Plan Assets at end of period	—	—
Funded status	0.68	(0.37)
Unrecognised Actuarial Gain/(Loss)	—	—
Net Asset/(Liability) recognized in the balance sheet	—	—
<b>e) Expense recognised in the statement of P&amp;L A/c</b>		
Current service cost	0.09	1.69
Interest cost	0.03	0.48
Expected return on Plan asset	—	—
Net Actuarial (Gain)/Loss recognised for the period	—	—
Expense recognised in the statement of P&L A/c	11.63	11.68
<b>f) Movements in the Liability recognised in Balance sheet</b>		
Opening Net liability	0.37	6.40
Expenses as above	11.63	11.68
Contribution paid	—	—
Benefits paid	11.63	11.68
Closing Net Liability	0.68	0.37
Assumptions:		
Mortality	LIC (1994-96)	LIC (1994-96)
Discount rate		
Rate of increase in compensation		
Rate of return (expected) on plan assets	N.A.	N.A.
Attrition rate		
Expected average remaining service of Employees in years	—	—

### Notes:

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



# Rajvir Industries Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS SCHEDULE-23 (Contd.) NOTES ON ACCOUNTS

	Year ended 2009-10 Rs. (in Lacs)	Year ended 2008-09 Rs. (in Lacs)
<b>16) Earning per share</b>		
No of Equity Shares	30,34,997	30,34,997
Profit available to Equity Share Holders(Rs)	2,26,69,376	1,00,02,238
Nominal per Equity share ( Rs)	10	10
Basic & Diluted Earning per share (Rs.)	7.47	3.30
<b>17) Managerial Remuneration</b>		
Salary	47,80,800	82,36,800
Commission	10,34,816	6,20,174
Perquisites	42,230	20,200
Contribution to provident and other Funds	18,720	18,720
Computation of Net Profit in accordance with section 349 and Sch. XIII of the Companies Act, 1956 for calculation of commission payable to directors:		
Profit for the year before Taxation	4,64,54,682	2,21,64,831
Add: Managerial Remuneration	58,76,566	88,95,894
Less : Profit on Sale of assets	5,98,634	2,78,612
Add : Loss on sale of vehicles	8,203	2,26,636
Net profit for the year in accordance with section 349 of the companies act,1956	<u>5,17,40,817</u>	<u>3,10,08,749</u>
Commission payable to :-		
Managing Director - 1% of the above net profit	5,17,408	3,10,087
Executive Director - 1% of the above net profit	5,17,408	3,10,087
(1% of the Net Profit is lower than 50% of annual salary Rs.864000/- each, Previous year Rs.1728000 and Rs.1440000)		
<b>18) Related party disclosure</b>		
<b>NAMES OF KEY MANAGEMENT PERSONNEL</b>		
Sri U.K.Agarwal		
Sri Ritesh K. Agarwal		
<b>RELATIVES OF KEY MANAGEMENT PERSONNEL.</b>		
Mrs. Usha Bai Agarwal	wife of Sri. U.K. Agarwal	
Mrs. Arti Agarwal	wife of Sri. Ritesh K. Agarwal	
Master Viraj Agarwal	Son of Sri. Ritesh K. Agarwal	
<b>NAMES OF ASSOCIATES</b>		
M/s Balaji Enterprises,		
M/s Sri Laxmi Enterprises		
U.K.Agarwal (Family Trust)		
U.K.Agarwal (HUF)		
M/s U.K.Cotton Exports		



# Rajvir Industries Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

### SCHEDULE-23 (Contd.) NOTES ON ACCOUNTS

(Amount in Rs.)

Name of the Transaction	Other Associates	Key Management Personnel	Relatives	Total
Rent Paid	<b>11,40,000</b> (11,40,000)	– –	– –	<b>11,40,000</b> (11,40,000)
Remuneration	– –	<b>58,76,566</b> (88,95,894)	– –	<b>58,76,566</b> (88,95,894)
Cotton Purchases	<b>25,03,76,404</b> (13,27,05,906)	– –	– –	<b>25,03,76,404</b> (13,27,05,906)
Loan : Receipt	<b>27,53,576</b> (58,50,000)	<b>2,73,13,684</b> (5,36,76,758)	<b>5,70,000</b> (2,03,25,952)	<b>3,06,37,260</b> (7,98,52,710)
Payment	<b>10,00,000</b> –	<b>2,10,00,000</b> (3,38,00,000)	<b>1,81,00,000</b> (6,00,000)	<b>4,01,00,000</b> (3,44,00,000)
Interest Paid	<b>7,46,627</b> (3,85,900)	<b>41,64,169</b> (31,24,861)	<b>26,30,716</b> (13,78,702)	<b>75,41,512</b> (48,89,463)

Note :(i) Related party relationship is as identified by the company and relied upon by the Auditors  
(ii) Previous year figures are given in brackets.

	<b>31.03.2010</b>	31.03.2009
19) Stock of finished goods includes stocks lying with consignment agents (Rs.)	<b>89,75,255</b>	2,06,18,191



## Rajvir Industries Limited

### ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3,4C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT 1956

#### SCHEDULE-23 (contd.)

	2009-10		2008-09	
	Quantity in Kgs.	Amount Rs.	Quantity in Kgs.	Amount Rs.
20) Licensed Capacity : Not applicable since the Industry is delicensed Installed Capacity : No of Spindles (The figures have been certified by management and not verified by the Auditors being a technical matter.)		1,11,840		84,000
21) Production & Sales				
a) Production				
Yarn	1,22,02,210		1,13,42,173	
b) Purchase of Traded goods				
Cotton	48,415	28,09,239	33,319	19,39,462
c) Sales:				
Yarn	1,23,95,729	195,34,42,970	1,05,91,700	155,87,36,508
Waste	30,75,246	7,48,39,581	27,32,347	6,72,61,387
	1,54,70,975	202,82,82,551	1,33,24,047	162,59,97,895
d) Sale of traded goods				
Cotton -- Domestic	48,415	28,22,837	33,319	19,48,815
Exports	5,539	10,43,509	—	—
		38,66,346		19,48,815
22) Opening and Closing Stocks:				
a) Opening Stocks:				
Yarn	18,79,124	36,45,65,281	11,40,555	22,89,77,931
In Process	5,96,178	8,55,77,191	4,20,851	4,85,21,970
Waste	15,665	2,04,958	30,962	5,46,082
		45,03,47,430		27,80,45,983
b) Closing Stocks:				
Yarn	16,83,211	34,26,38,249	18,79,124	3,64,56,5281
In Process	7,17,160	11,43,97,974	5,96,178	8,55,77,191
Waste	18,898	2,73,312	15,665	2,04,958
		45,73,09,535		45,03,47,430
<b>Note:</b> Process loss in the course of dyeing of yarn is 2394 Kgs. ( Previous year 11904 kgs) and sale of yarn includes samples. (Previous year nil ) sent to customers.				
23) Stock of Rawmaterials:				
a) Opening Stocks:				
Cotton	4,81,371	4,24,29,555	26,46,158	17,85,85,185
Polyster Staple Fibre	3,00,391	2,17,39,371	1,96,949	1,22,75,384
Viscose Staple Fibre	1,60,645	2,45,64,909	2,44,349	3,06,96,839
	9,42,407	8,87,33,835	30,87,456	22,15,57,408
b) Closing Stocks:				
Cotton	17,49,309	14,03,22,809	4,81,371	4,24,29,555
Polyster Staple Fibre	3,60,057	2,44,57,648	3,00,391	2,17,39,371
Viscose Staple Fibre	2,53,831	3,46,12,451	1,60,645	2,45,64,909
	23,63,197	19,93,92,908	9,42,407	8,87,33,835



# Rajvir Industries Limited

## SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS SCHEDULE-23 (contd.)

	2009-10		2008-09	
	Quantity in Kgs.	Amount Rs.	Quantity in Kgs.	Amount Rs.
24) Purchase of Rawmaterials:				
Cotton	1,17,68,917	82,33,28,699	81,29,208	57,80,01,894
Polyster Staple Fibre	32,55,524	23,92,55,465	29,94,407	21,19,77,067
Viscose Staple Fibre	21,07,267	27,59,75,631	14,18,249	16,91,88,628
	<b>1,71,31,708</b>	<b>133,85,59,795</b>	1,25,41,864	95,91,67,589
25) a) Rawmaterials Consumed				
Cotton	1,05,00,979	72,54,35,445	1,02,93,995	71,41,57,524
Polyster Staple Fibre	31,95,858	23,65,37,186	28,90,965	20,25,13,080
Viscose Staple Fibre	20,14,081	26,59,28,091	15,01,953	17,53,20,558
	<b>1,57,10,918</b>	<b>122,79,00,722</b>	1,46,86,913	109,19,91,162
	%	Amount Rs.	%	Amount Rs.
b) Rawmaterials Consumed				
Indigenous	95.78	117,60,44,926	89.36	97,57,69,196
Imported	4.22	5,18,55,796	10.64	11,62,21,966
	<b>100.00</b>	<b>122,79,00,722</b>	100.00	109,19,91,162
26) Spare parts & Components Consumed				
Indigenous	85.98	2,33,05,584	77.39	1,85,14,941
Imported	14.02	37,99,386	22.61	54,09,664
	<b>100.00</b>	<b>2,71,04,970</b>	100.00	2,39,24,605
27) CIF value of imports				
i) Plant & Machinery - Imported (CIF Value)		69,88,700		85,30,625
ii) Raw Materials (CIF Value)		5,54,52,369		10,74,08,871
iii) Stores and Spares (CIF Value)		69,04,763		59,03,411
28) Expenditure in Foreign Currency during the Year on account of :				
i) Foreign Travel		15,25,231		11,77,752
ii) Export Commission		73,17,231		35,23,652
29) FOB Value of Exports				
Export Sales (FOB)		61,16,68,088		28,69,02,583
30) General :				
a) Paise are rounded off to the nearest Rupee.				
b) Previous year's figures have been regrouped / recast wherver considered necessary to make these comparable with those of the current year.				

As per our report of even date  
for **S.Daga & Co.,**  
Chartered Accountants

**K.Ravi Kumar**  
General Manager (Finance)

For and on behalf of the Board  
**U.K.Agarwal**  
Chairman & Managing Director

**(T. V. Subba Rao)**  
Partner  
M.No:9636

**P. Surya Prakash**  
Company Secretary

**Ritesh K Agarwal**  
Executive Director

Place : Secunderabad  
Date : 29th May, 2010



# Rajvir Industries Limited

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(As required under part IV of the amended Schedule VI of the Companies Act, 1956)

### 1. Registration Details

State Code

Registration No: 

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 Balance Sheet 

3	1	0	3
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2	0	1	0
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 Date            Month            Year

### 2. Capital including Share Premium raised during the year

(Amount in Rs. Thousands)

Public Issue	N I L	Right Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

### 3. Position of Mobilisation and Deployment of Funds

Total Liabilities	2 9 6 4 8 2 9	Total Assets	2 9 6 4 8 2 9
<b>Sources of Funds</b>		Reserves & surplus	3 8 1 7 6 9
Paid up Capital	3 0 3 5 0	Unsecured Loans	1 9 9 3 2 4
Secured Loans	1 8 7 3 4 7 3	Investments	0
<b>Application Of Funds</b>		Misc. Expenses	0
Net Fixed Assets	1 8 6 9 2 4 7	Deferred Tax Liability ( Net )	- 1 1 5 6 9 8
Net Current Assets	7 3 1 3 6 7		

### 4. Performance of Company

Turnover	2 0 8 1 7 2 0	Total Expenditure	2 0 3 5 2 6 5
Profit Before tax	4 6 4 5 5	Profit after Tax	2 2 6 6 9
Earning Per share (Rs.) (based on weighted average)	7 . 4 7	Dividend Rate %	2 0

### 5. Generic Names of three principal Products / Services of Company (as per Monetary terms)

Product Description	Item Code No. (ITC Code)
COTTON Y ARN	520300
PV YARN	550900

For and on behalf of the Board

**K.Ravi Kumar**  
General Manager (Finance)

**U.K.Agarwal**  
Chairman & Managing Director

Place : Secunderabad  
Date : 29th May, 2010

**P.Surya Prakash**  
Company Secretary

**Ritesh K Agarwal**  
Executive Director

## **ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM FOR PAYMENT OF DIVIDEND**

To  
The Shareholders  
M/s. Rajvir Industries Limited

The Company has introduced Electronic Clearing Services (ECS) for payment of dividend. This would facilitate the shareholders to obtain the dividend electronically and the payment would consequently be faster and loss of dividend instrument in postal transit would be eliminated.

Under this method the Company would issue payment instructions to the clearing House of Reserve Bank of India through the Bankers of the company. The clearing House would furnish the service Branches of the destination Bank's Branch wise credit reports indicating the beneficiary details such as names of the Branches where the accounts are maintained, the names of the beneficiary, account type, account number's and the respective amounts. The service Branch in turn would pass the advices to the concerned branches of the bank, which would credit the beneficiary's accounts on the appointed date. The company would send an advice of remittance to the shareholders opting for electronic transfer.

Considering the benefits derived in ECS for payment of dividend , shareholders are advised to avail this facility. Securities and Exchange Board of India and Ministry of company Affairs, Government of India have made it Mandatory on the part of the companies to offer ECS facility, wherever the said facility is available.

Presently ECS facility is available at 15 centers of the Reserve Bank of India viz., Ahemadabad, Bangalore, Calcutta, Chandigarh, Chennai, Gowhati, Hyderabad, Jaipur, Kanpur,, Bombay, Nagpur, New Delhi, Patna, Pune and Thiruvanataha Puram .This facility is available only for payment up to a maximum amount of Rs.5 lakhs.

If shareholder holding shares in physical form wish to participate in the scheme, please fill in the ECS form printed overleaf in legible and readable form in English preferably in Capital letters, sign and return the same to the Registrar and Share Transfer Agents of the company immediately. Please note that the information provided by you should be accurate and complete in all respects and duly certified by your Bankers. In lieu of Bank's certification, you may attach a blank cancelled cheque or a photocopy of a cheque for verification of the particulars provided by you in the ECS mandate Form.

In case you require any clarification /assistance, please feel free to contact the company.

For **Rajvir Industries Limited**

**P. Surya Prakash**  
Company Secretary

## ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM FOR PAYMENT OF DIVIDEND

M/s XL Softech Systems Limited.,  
3, Sagar Society  
Road No.2, Banjara Hills  
Hyderabad-500034  
Phones:23545913/14/15  
Fax : 040-23553214  
Email : xlfield@rediffmail.com  
Website : www.xlsoftech.com.  
Unit: RAJVIR INDUSTRIES LIMITED

Shareholder's authorization to receive dividends through Electronic Credit Clearing Mechanism

Registered Folio No.	ECS Ref. No.(for Office use only)
Name of the first/Sole shareholder	
Name of the Bank	
Branch Address & Telephone No. of Branch	
9 Digit code number of the Bank and Branch appearing on the MICR cheques issued by the Bank. (Please attach a blank cancelled cheque or a photo copy of a cheque issued to you by your bank for verification of the above particulars)	
Account Type (Please tick the option)	Saving( ) Current( )
Account number (as appearing on the cheque book)	
Bank account Ledger Folio No. (if any)	
Effective date of this mandate	

I hereby declare that the particulars given above are correct and complete. If the payment transaction is delayed or not effected at all for any reasons, including but not limited to complete or incorrect information, I will not hold M/s. Rajvir Industries Limited responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

I further undertake to inform the company of any subsequent change(s) in the above particulars.

Place : \_\_\_\_\_

Date : \_\_\_\_\_

(Signature of the holder)

### Notes:

In case of shareholders holding shares in demat form, the ECS Form be sent to their respective depository Participant(s) with whom the account is maintained.

### **BANKER'S CERTIFICATION**

Certified that the particulars furnished above are correct as per our records.

Banker's Seal:

Date :

Signature of the Authorised Official of the Bank

## ATTENDANCE SLIP

### Rajvir Industries Limited

Registered Office: Surya Towers,  
1st Floor, and 105, S.P. ROAD, Secunderabad-500003

6th Annual General Meeting dated 18th September 2010 at 3.00 PM at Surana Udyog Hall, FAPCCI premises, 11-6-841, Red Hills, Hyderabad-500004. Please complete this attendance slip and hand it over at the entrance of the meeting Hall.

DPID NO.*	FOLIO NO.
CLIENT ID NO.*	
NO.OF SHARES HELD	

Name:

I hereby record my presence at the 6th Annual General Meeting dated 18th September 2010 at 3.00 PM

Signature of the Member or the Proxy attending the Meeting

\* Applicable for investors holding shares in electronic Form

If member, please sign here.	If Proxy please sign here.

## PROXY FORM

### Rajvir Industries Limited

Registered Office : Surya Towers, 1st Floor, 105, S.P. Road, Secunderabad-500003

DPID NO.*	FOLIO NO.
CLIENT ID NO.*	
NO.OF SHARES HELD	

I/We

.....of  
.....

Being a member /members of Rajvir Industries Limited hereby appoint..... of .....  
..... or failing him..... of as my/our proxy  
to attend and vote on my/our behalf on the 6th Annual General Meeting dated 18th September 2010 at 3.00 PM or at any  
adjournment thereof

Signed on this.....day of.....2010

Signature

Affix  
Re.1/-  
Revenue  
Stamp

- Note
1. The Proxy Form duly completed must be deposited at the Registered Office of the company not less than 48 hours before the time of holding the meeting
  2. A proxy need not be a member

\* Applicable for investors holding shares in electronic form.





View of the 29 link coners installed at Tandur Phase II (27,840 spindles)



View of the K44 ring frame installed at Tandur Phase II

**BOOK POST**  
Printed Matter

If Undelivered, please return to :



**RAJVIR INDUSTRIES LIMITED**

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Registered Office : 1 st Floor, Surya Towers, 105, Sardar Patel Road, Secunderabad - 500003  
Telephone Nos : 040 6622 5555, 2784 5628, 2784 5650 Fax No : 040 2784 0656  
[www.rajvirindustrieslimited.com](http://www.rajvirindustrieslimited.com) Email: [rajvir@rajvirindustrieslimited.com](mailto:rajvir@rajvirindustrieslimited.com)