



**Rajvir Industries Limited**  
10th Annual Report 2013-14



## Forward-looking statement

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

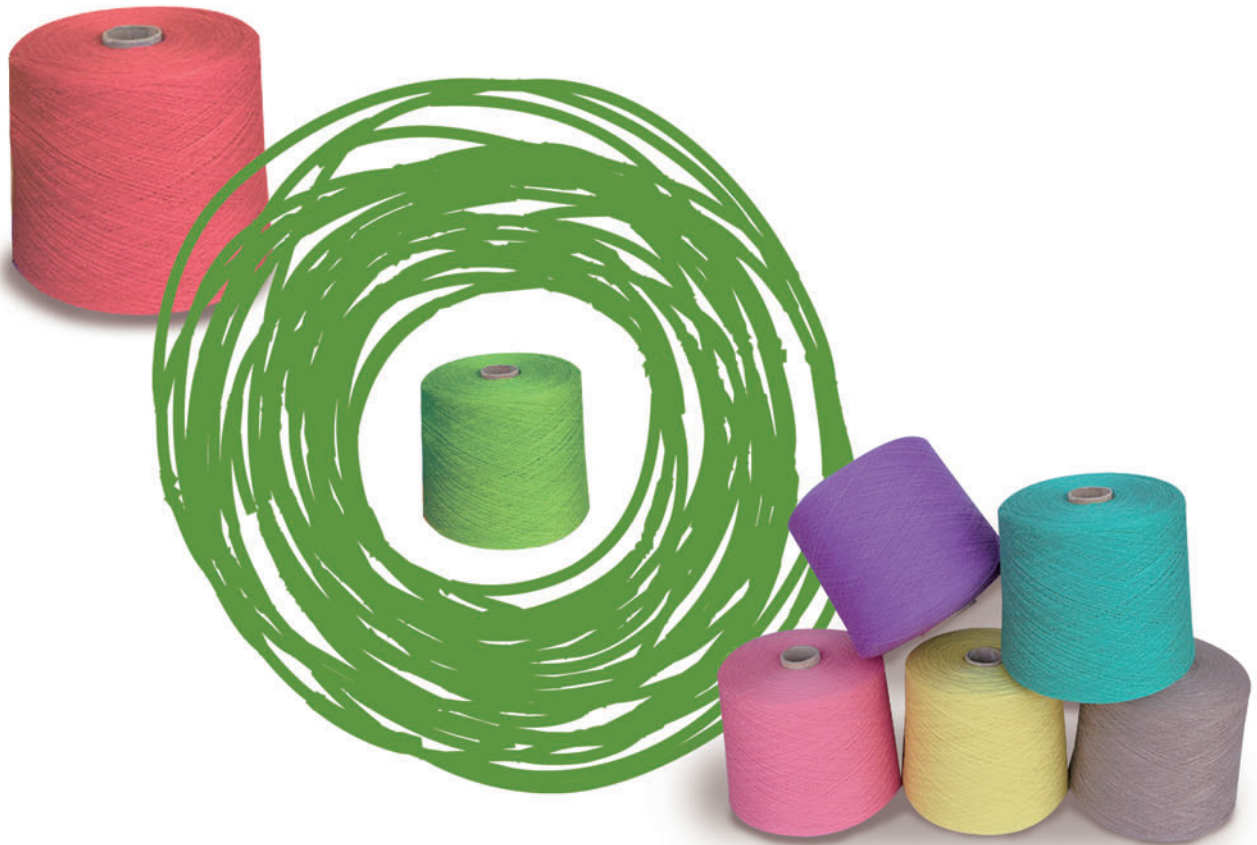
We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and the underlying assumptions undergoing change. Should known or unknown risks or uncertainties materialize,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

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

## Contents

■ Corporate Identity .....	2
■ Products.....	4
■ From the Chairman's desk.....	6
■ Strengths.....	7
■ Corporate Social Responsibility .....	8
■ Directors' Profile.....	9
■ Corporate Information .....	10
■ Notice .....	11
■ Directors' Report.....	18
■ Management Discussion and Analysis .....	22
■ Report on Corporate Governance .....	24
■ Independent Auditors' Report .....	33
■ Balance Sheet.....	36
■ Statement of Profit & Loss.....	37
■ Cash Flow Statement .....	38
■ Notes on Financial Statements .....	39
■ Green Initiative in the Corporate Governance.....	56
■ Electronic Clearing Service Mandate Form.....	58
■ Attendance Slip .....	59
■ Proxy Form .....	60

# EVOLVE TO RACE AHEAD



# EVOLVE TO LIVE UP TO EXPECTATIONS

## VISION

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

## THE DAYS AHEAD

We aspire to evolve continually. The Company plans to increase its Melange Production in the existing facilities by about 50%. For this the Company is taking necessary steps to increase its fibre dyeing capacity already. The Company is also looking to expand in other value added products in the wet spinning route.

## MISSION

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

The background features a stylized world map in light grey. Overlaid on the map are several large, semi-transparent circles in blue, green, orange, and red. In the bottom left corner, there is a close-up photograph of colorful yarn skeins in shades of pink, red, and green.

# OVERVIEW

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

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

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

## EXISTENCE

Headquartered in Hyderabad, Rajvir Industries has a pan-India presence with two manufacturing facilities in Telangana, located in Tandur and Mahabubnagar, along with a dyeing plant.

The Company is listed on the National Stock Exchange and the Bombay Stock Exchange. It exports to 42 countries including central America and across continents comprising Asia and Europe.



# EVOLVE TO DIVERGE

## Product basket

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

### 100% cotton yarns

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

### Super speciality blends

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

### Eco-friendly yarns

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

### Technical textile products

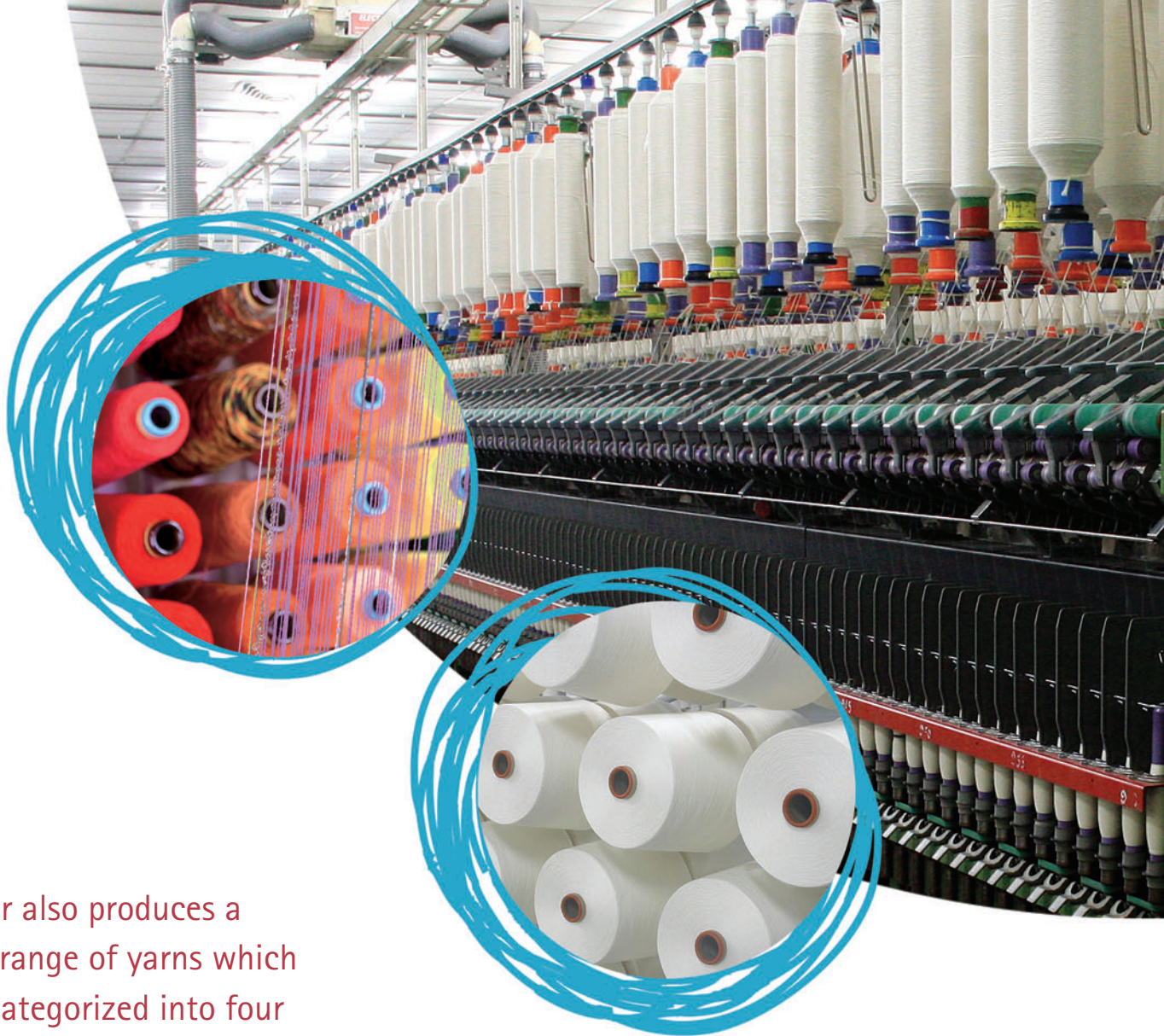
- Protex M/Protex C
- FR/combed cotton/anti-static
- Kermel/anti-static/ARAMID blends

### Fancy yarns

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







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

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

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

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

blends with Indian, cotton viscose in mélange and dope dyed, 100% compact yarns pima and giza.

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

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



Dear shareholders,

**It's a matter of pride that our Company has grown from a humble 6,000 spindle in 1962 to a 1,11,840 spindle-facility.**

Leveraging a legacy of more than half-a-decade (52 years), we have added value to our product basket by introducing fashion yarn collections comprising Triblend, Denim look, Dots/Neps, Streaks/Irregular patterns, magic yarns.

With over a million kilos of yarn manufactured every month powered by a passion to produce and deliver the best in the world within a strict deadline. Small wonder that today Rajvir has an evolved library of over 6,000 mélange/ heather shades and a range encompassing 100 per cent cotton combed yarns, blended yarns (polyester and viscose with combed cotton), mélange/heather yarns, modal yarns, synthetic yarns and cheese dyed yarns.

The cotton & blended yarn industry witnessed a triple-digit growth in profits in the first three quarters of 2013-14. However, the industry turned loss-making in the quarter ended March 2014. Inability to pass on the burden of high input costs to its consumers took a toll on industry's profits. The same situation prevailed even in the June quarter of the current fiscal. Despite a healthy growth in sales, the industry

incurred loss at the net level during the quarter.

Aggregate net sales of the 78 companies in our sample grew by a healthy 11.1 per cent y-o-y in the June 2014 quarter. This was a broad-based growth with 46 companies posting higher sales. The growth in sales was supported by a healthy demand for yarn from the domestic fabric and integrated apparel manufacturers.

During the quarter ended June 2014, prices of inputs such as cotton and synthetic fibres rose by upto 20 per cent as compared to a year ago. At the same time, yarn prices, too, averaged 4-11 per cent higher. However, this could only partially set-off the rise in input prices. As a result, raw material expenses of the industry increased by 21.6 per cent during the quarter, much faster than the growth in sales. Proportion of raw material expenses in total sales surged by 570 basis points to 66.5 per cent.

Besides, wage bills and other expenses rose by 8.6 per cent and 3.9 per cent, respectively. Therefore, the industry's total operating expenses grew by 16.6 per cent, faster than the growth in sales. Hence, the industry's core operating profit declined by 20.7 per cent during the quarter. This was the second successive quarter of fall in profit. Operating profit margin contracted by 410 basis points to 10.1 per cent.

Poor profit performance in the industry was across the board. While 23 companies reported a decline in net profit, 36 recorded losses during the June 2014 quarter. Cumulative net profit of the large-sized segment (having quarterly revenue more than ₹4 billion) comprising of three companies declined by 39.2 per cent.

The pack of 22 mid-sized companies (having

quarterly revenue between ₹1 billion and ₹4 billion) posted a cumulative net loss equivalent to 3.7 per cent of its total income.

Net loss margin of the 53 small-sized companies (having quarterly revenue less than ₹1 billion) stood at 2.5 per cent of the total income.

The Indian textile industry contributes approximately 14 per cent to the industrial production, four per cent to the country's Gross Domestic Product (GDP) and 17 per cent to the country's forex. It's the second largest source of employment (35 million people) after agriculture.

The domestic consumption of man-made fibre is expected to grow at a CAGR of 5.8 per cent from 2,802 tonnes in FY 12 to 3,717 tonnes in FY 17. The share of man-made fibre is expected to increase from 41 per cent in FY 11 to 45 per cent in FY 17. With this the Indian textile industry (predominantly cotton-based industry) would inch towards the global benchmark where the share of the man-made fibre is 62 per cent.

Furthermore, the demand of blended yarn is expected to register a growth rate faster compared to cotton and 100 per cent non-cotton year in the next five years. The demand for blended yarn is expected to grow at a CAGR of 12.4 per cent over the period of FY12-FY17. The cotton yarn and 100 per cent non-cotton yarn is expected to grow at a CAGR of below 10 per cent. The demand of yarn would come from both domestic and international markets. At Rajvir Industries we are well-placed to capitalise on a correcting under-consumption and a warmed up investor sentiment for us.



### An eclectic mix and latest technologies –

A library comprising a diverse range of products is a testimony to the Company's evolution over the years. Quality is not an obligation but a practice. The vast range of yarns includes fashion yarn collection, exotic blends with animal hair collection, classic collection and technical textile yarn collection.

### Operational excellence and state-of-the-art research & development facilities –

Rajvir Industries is armed with a talented crop of professionals with proven expertise, which has been a success driver. A dedicated team of engineers, MBAs, chartered accountants, sale and marketing professionals have jointly contributed in scripting the success story of Rajvir Industries. The Company's research facilities are one of its kinds.

## STRENGTHS

### Bonds of a lifetime –

The Company has forged alliances with brands of global repute. Names like M&S, H&M, C&A, GAP have placed their implicit faith over the years.

### Feathers in the cap –

Diverse sectors, diverse accolades. Rajvir Industries has walked away with awards bestowed on it from different sectors and also the Government. The Company conforms to the various mandates and ensures uninterrupted work process promising greater productivity and living up to the reputation.

### Strong marketing network and a dynamic market presence –

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

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



We are a responsible corporate with sustainability initiatives and societal well-being being a regular fixture in our list of importance. We have evolved and we believe shouldering our responsibilities and evolving sustainable living initiatives.

- Enhanced water availability in the vicinity
- Evolved roads in the nearby villages
- Conducted medical camps, blood donation camps, eye check-up camps and AIDS camps, among others in collaboration with the Red Cross Society
- Furthered the cause of education by starting several schools in the vicinity
- Undertaken 'green' initiatives such as afforestation
- Supported NGOs and other charitable institutions
- Encouraged eco-friendly activities, 'green' initiatives and fair trade practices, among others by working alongside BCI
- An evolved green initiative. The Company started sending notices and documents through electronic media.

### Awards and certificates

Awards and recognitions have always been a strong motivation towards better performance that triggers the desire for winning more in the future. Some of our prestigious awards and certifications are:

- Modal partnership with house of Birla, Aditya Birla Group for producing modal and modal blends.
- Protex certification from Kaneka Corporation, Japan to produce flame retardant yarns.
- Fair trade certification from Flo-cert GmbH to produce fair trade blended yarns.
- Supima certification from Supima Cotton Growers Association in the United States to produce Supima.
- Better Cotton Initiative (BCI) from the leading European chain stores to produce yarn under a new concept from sustainable cotton growing mechanism.
- GOTS/OE certification from Control Union to Produce Organic and Organic blended yarns.
- A Government of India recognized Star Export House.
- The Company also has Fair trade certificate from Flo-cert GMBH.

To conclude, Rajvir Industries is a promising company having a strong legacy and a superior growth perspective in the upcoming years with upgraded technological competencies, innovative product range, fiscal prudence, dedicated effort and winning customer's faith and confidence.

## Directors' Profile



### Sri. UPENDER KUMAR AGARWAL

Sri U. K. Agarwal is a graduate and has more than 38 years of experience in the Cotton Industry. He is the Chairman of M/s Rajvir Industries Limited. He is considered to be an expert in the cotton selection process. Besides this, he has acquired considerable expertise in Factory operations, Finance and General Administration.



### Sri. RITESH K. AGARWAL

Sri Ritesh Kumar Agarwal, who graduated from the University of Charleston WV, USA in 1993, with specialization in Business Administration, started his business career as Chief Executive Officer, learning his way to higher responsibilities from root level to achieve a command on day to day operations. After a stint in production, he moved forward into the field of Marketing of Yarn. As a Managing Director of the Company, he looks after all the managerial activities besides in-charge for departments including Marketing, Finance, Exports and Production.



### Sri. K. C. REDDY

Sri K.C. Reddy is a graduate in Commerce from Osmania University having vast experience for more than a decade in Construction Industry by virtue of his association as a Managing Partner / Partners with M/s KPS Builders, M/s K S Associates, and M/s Reliable Constructions, Begumpet. He is also an Educationalist. He is the Honorary Secretary of Maitreyi Educational Society which runs School, Intermediate and Degree Colleges at Hyderabad.



### Sri. VIJAY KUMAR GUPTA

Sri Vijay Kumar Gupta is a Commerce graduate and had been trained at Administrative Staff College of India in the areas of Management. He has about 43 years of experience in Textiles Trading and Textile processing. He has been in textiles trading since 1968 through proprietary concerns belonging to his family. He has been instrumental in taking up the company to its present status and unprecedented growth. He is the Chairman and Managing Director of M/s Vijay Textiles Limited and also associated with Vijay Infotech Ventures as the main Promoter.



# Corporate information

## BOARD OF DIRECTORS

Sri Upender Kumar Agarwal	Chairman
Sri Ritesh K. Agarwal	Managing Director
Sri K. C. Reddy	Non-Executive Director
Sri Vijay Kumar Gupta	Non-Executive Director

## CHIEF FINANCIAL OFFICER

Sri I. Shiv Kumar

## COMPANY SECRETARY

Sri Ramesh A.

## 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  
Central Bank of India  
ICICI Bank Ltd

## FACTORIES

- 1) **Mahabubnagar Plant**  
Pillalamarri Road, Mahabubnagar  
Telangana - 509002.
- 2) **Dyeing Plant**  
Edira Village, Mahabubnagar  
Telangana - 509002.
- 3) **Tandur Plant**  
Gopannapally (Village), Tandur Mandal,  
Ranga Reddy District,  
Telangana - 501141.

## 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)

## SALES DEPOT

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

## REGISTRAR & SHARE TRANSFER AGENT

**M/s XL Softech Systems Limited**  
3, Sagar Society, Road No.2, Banjara Hills,  
Hyderabad - 500034.  
Phone No's : 040-23545913/14/15  
Fax: 040-23553214  
Website : [www.xlsoftech.com](http://www.xlsoftech.com)  
Email: [xlfield@rediffmail.com](mailto:xlfield@rediffmail.com)  
[xlfield@gmail.com](mailto:xlfield@gmail.com)



# Notice

Notice is hereby given that the Tenth Annual General Meeting of Rajvir Industries Limited will be held on **Tuesday, the 30th September, 2014 at 3.30 P.M at Lotus Hall, 1st Floor, Country Club, 6-3-1219, Begumpet, Hyderabad-500016** to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2014, Statement of Profit and Loss and cash flow statement for the year ended on that date and the Reports of Directors and Auditors thereon

2. To consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, M/s S. Daga & Co., Chartered Accountants be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting of the Company, at such remuneration as shall be fixed by the Board of Directors. "

## SPECIAL BUSINESS:

3. **TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

**"RESOLVED THAT** pursuant to the provisions of section 196, 197, 203 and 152 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Companies (appointment and remuneration of Managerial personnel) rules, 2014 as may be amended from time to time (including any statutory modifications or re-enactment thereof for the time being in force) consent of the Company be and is hereby accorded for reappointment of office of Mr. Upender Kumar Agarwal, (DIN: 00513348) Whole time Director and designated as Executive Chairman of the Company for the tenure for further period of another three years i.e up to 31.03.2017 on the following terms and conditions.

**BASIC:** ₹1,33,000/- per month

### COMMISSION:

At the rate of 1% per annum of the Net Profit of the Company or 50% of annual salary whichever is lower subject to the limits to the extent as permitted under the provisions of Schedule V of the Companies Act, 2013.

## PERQUISITES:

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

### CATEGORY - A

#### (i) HOUSING:

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

#### (ii) MEDICAL REIMBURSEMENT:

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

### CATEGORY - B

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

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

## II. Minimum Remuneration

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

**"RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to alter or vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule -V or other relevant provisions of the Companies Act, 2013 or any other amendments thereto, as may be agreed between the Board and Sri Upender Kumar Agarwal".

4. **TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

**"RESOLVED THAT** pursuant to the provisions of section 196, 197, 203 and 152 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Companies (appointment and remuneration of Managerial personnel) rules, 2014 as may be amended from time to time (including any statutory modifications or re-enactment thereof for the time being in force) consent of the Company be and is hereby accorded for reappointment of office

of Sri Ritesh Kumar Agarwal (DIN 00513341) as Managing Director for the tenure for further period of another three years i.e up to 31.03.2017 on the following terms and conditions.

**BASIC:** ₹1,33,000/- per month

**COMMISSION:**

At the rate of 1% per annum of the Net Profit of the Company or 50% of annual salary whichever is lower subject to the limits to the extent as permitted under the provisions of Schedule V of the Companies Act, 2013.

**PERQUISITES:**

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

**CATEGORY – A**

**(i) HOUSING:**

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

**(ii) MEDICAL REIMBURSEMENT:**

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

**CATEGORY – B**

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

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

**II. Minimum Remuneration**

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

**"RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to alter or vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule V or other relevant provisions of the Companies Act, 2013 or any other amendments thereto, as may be agreed between the Board and Sri Ritesh Kumar Agarwal".

**5. TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTION AS AN ORDINARY**

**RESOLUTION:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of Listing Agreement, Mr. Vijay Kumar Gupta (DIN:01050958) whose office is liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to 29th September 2019."

**6) TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of Listing Agreement with stock exchanges, Sri K. C. Reddy (DIN: 05234670) in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to 29th September 2019."

**7) TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:**

**"RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under as amended from time to time, the Cost Auditors namely M/s Srinivas & Co. (represented by Sri P. Srinivas) appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration for ₹60,000/- (Rupees Sixty Thousand only)."

**8) TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

**"RESOLVED THAT** consent be and is hereby accorded to the Board





of Directors under Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013 for mortgaging, hypothecating/pledging and charging and/or creating a Floating Charge and/or also to create liens charges and all other encumbrances of whatsoever nature, on all or any of the Company's assets and properties, whether immovable, movable, current assets or stock in trade and whole or substantially the whole of all or any of the Undertakings of the Company, where so ever situate, both present and future, in such form and such manner as the Board may think fit and proper, in favour of any Financial Institutions/Banks/Bodies Corporate/other agencies /Trustees for holders of Debentures/Bonds/Other instruments /and/or person or persons for securing any financial facilities up to an aggregate amount not exceeding ₹1000 Crores (Rupees One thousand crores only) together with interest thereon at respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment, or on redemption, costs, charges, expenses and all other monies payable by the Company to the aforesaid parties or any of them under the agreements/arrangements/entered into/or to be entered into by

the Company in respect of the said Loans, Debentures, Bonds or other instruments as the case may be.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 180 (1) (c) and all other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of the Company be and is hereby authorized to borrow from time to time monies (apart from temporary loans from the Company's bankers in the ordinary course of business) for the Company in excess of the aggregate of the paid up capital of the Company and its free reserves (excluding those reserves set apart for any specific purpose) provided that the total amount of such borrowings together with the amount already borrowed and outstanding shall not exceed a sum of ₹1,000 Crores (Rupees One thousand crores only).

**RESOLVED FURTHER THAT** Sri Ritesh K. Agarwal, Managing Director of the Company be and is hereby authorized to do all such acts and deeds as required to give effect to this resolution and to file the requisite forms and documents with the concerned authorities in this regard."

**BY ORDER OF THE BOARD  
For Rajvir Industries Limited**

**Ramesh A.**  
Company Secretary

Place : Secunderabad  
Date : 14.08.2014

## NOTES

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 is in connection with Special Business given as Annexure to this Notice.
2. Mr. Vijay Kumar Gupta Independent Director retires and being rotation as well as new provisions of the Companies Act, 2013 and seeks for reappointment for a period of five years. Being the non rotational for independent director, Mr. K.C.Reddy seeks reappointment for a term of 5 years. The profile and other details have been given elsewhere in the Annual Report.
3. Members are required to bring the admission slip as given in Annexure duly filled in.
4. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and such proxy need not be a member of the company. Proxy form as given in Annexure and power of attorneys, in order to be effective, must be received at the registered office of the company not later than 10.00 A.M. on 28.09.2014.**
5. Members are requested to utilize the Electronic Clearing System (ECS) for receiving dividend and may accordingly advise their depository participants in case the shares are held in electronic form and to the Registrar and share transfer agent in case the shares are held in physical form. ECS mandate form is given in Annexure.
6. Register of members and the share transfer books of the company will remain closed from 21.09.2014 to 30.09.2014 (both days inclusive).
7. Shares of the company are presently listed in the Bombay Stock Exchange and National Stock Exchange and the company has paid up-to-date listing fee to the said stock exchanges.
8. Members are advised to avail nomination facility as per the provisions of the Companies Act, 2013, for which the nomination forms are available with the Registrars to the company.
9. As per the provisions of section 124 (5) of the Companies Act, 2013, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education & Protection Fund.  
Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 2007 or any subsequent dividend payment(s) are requested to make their claim to the Company Secretary, Rajvir Industries Limited, S.P.Road, Secunderabad – 500003.
10. Members holding shares in physical form are requested to inform immediately the change, if any, in their address to the Registrars, M/s XL Softtech, Hyderabad-500034.
11. The Members are requested to notify change, if any, in their address to Registrar and Share Transfer Agent viz., M/s XL Softtech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034, if any.
12. 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.
13. Pursuant to Section 113 of the Companies Act, 2013, 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 representative to attend and vote on their behalf at the meeting.
14. 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 of 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.
15. Pursuant to the provisions of Sec.205 (A) of the Companies Act, 1956 and corresponding provision of the Companies Act 2013, dividend for the financial year ended 31st March. 2007 and thereafter, which remain unclaimed for a period of 7 (seven) years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Sec.205C of the Companies Act, 1956.



#### 17. Unclaimed Dividend Details

S. No.	Financial Year ended	Unclaimed Dividend (₹)	Date of declaration of dividend	Last date for claiming unpaid dividend	Proposed Date of transfer to IEPF (DD-MM-YYYY)
1.	2006-07	1,18,076	29-09-2007	28-09-2014	27-10-2014
2.	2007-08	1,25,876	30-09-2008	30-09-2015	29-10-2015
3.	2008-09	90,178	30-09-2009	29-09-2016	28-10-2016
4.	2009-10	82,662	18-09-2010	17-09-2017	16-10-2017
5.	2010-11	1,19,132	30-09-2011	29-09-2018	28-10-2018
6.	2011-12	Not applicable (As Dividend was not Declared)			
7.	2012-13	Not applicable (As Dividend was not Declared)			

Members who have not en-cashed the dividend warrant(s) so far for the finance year ended 31st March, 2007 or any subsequent financial years are requested to make their claim to the Company yet its Registered Office. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund (IEPF) no claim shall lie in respect thereof with the Company.

18. 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 to Corporate Governance in the Annual Report.

**BY ORDER OF THE BOARD**  
For Rajvir Industries Limited

Place : Secunderabad  
Date : 14.08.2014

**Ramesh A.**  
Company Secretary

Annexure to the Notice

### Explanatory Statement Pursuant to Section 102 (1) of the Companies Act, 2013

As required by section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 3 to 8 of the accompanying Notice:

#### Item No. 3

The Remuneration Committee has recommended reappointment of Mr. Upender Kumar Agarwal Whole time Director and designated as Executive Chairman of the Company for the tenure for further period of another three years i.e 01st April 2014 to up to 31.03.2017. ( Re-appointed by the Board under the erstwhile provisions of the Companies Act 1956)

Brief profile and other details of Mr. Upender Kumar Agarwal have been given elsewhere in the Annual Report of the Company

The terms and conditions of appointment of Mr. Upender Kumar Agarwal as Chairman and Executive Director shall be open for inspection by the members at the Registered Office of the Company

during normal business hours on any working day.

Except Sri Ritesh K. Agarwal, being the relative, none of the other Directors / Key Managerial Personnel of the Company or their relatives thereof is in any way, concerned or interested in the resolution set out at Item No.4 of the Notice.

The Board recommends the Special Resolution set out at Item No.3 of the Notice for approval by the members.

#### Item No. 4

The Remuneration Committee has recommended reappointment of Sri Ritesh Kumar Agarwal, Managing Director and designated as Chief Executive Officer of the Company for the tenure for further period of



another three years i. e. 1st April 2014 to up to 31.03.2017. (Re-appointed by the board under the erstwhile provisions of the Companies Act, 1956).

Brief profile and other details of Sri. Ritesh Kumar Agarwal have been elsewhere in this Annual Report of the Company.

Except Mr. Upender Kumar Agarwal, being the relative, none of the other Directors / Key Managerial Personnel of the Company or their relatives thereof is in any way, concerned or interested in the resolution set out at Item No.3 of the Notice.

The Board recommends the Special Resolution set out at Item No.4 of the Notice for approval by the members.

#### Item No. 5

The Remuneration Committee has recommended re-appointment of Sri Vijay Kumar Gupta as an Independent Director from 30th September, 2014 to hold office for a period of 5 years.

Sri Vijay Kumar Gupta's period of office as a director is liable to determination by retirement of directors by rotation under erstwhile applicable provisions of the Companies Act 1956. In terms of section 149 and other applicable provisions of the Companies Act 2013 and clause 49 (as amended ) of the listing agreement, Sri Vijay Kumar Gupta being eligible and offering himself for appointment, is proposed to be appointed as an independent director for five consecutive years for term up to 29th September 2019. A notice under section 160 of the Companies Act 2013 has been received from a member proposing as Sri Vijay Kumar Gupta as a candidate for the office of director of the Company.

The Board of Directors of the Company has appointed, pursuant to the provisions of Sections 149, 152 and 161 (4) of the Act and subject to the members approval, Mr. Vijay Kumar Gupta as an Independent Director of the Company with effect from 30th September 2014 to hold office up to the five years from the date of appointment.

Sri Vijay Kumar Gupta is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration that meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. He possesses appropriate skills, experience and knowledge; inter alia, in the field of finance. In the opinion of the Board, he fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. He is independent of the management.

Brief profile and other details of Sri Vijay Kumar Gupta has given elsewhere in this Annual Report .

The terms and conditions of appointment of Sri Vijay Kumar Gupta as

an Independent Director shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Except Sri Vijay Kumar Gupta, none of the other Directors / Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the resolution set out at Item No.5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.5 of the Notice for approval by the members.

#### Item No. 6

The Remuneration Committee has recommended reappointment of Mr. K.C.Reddy as an Independent Director from 30th September, 2014 to hold office for a period of 5 years.

The Board of Directors of the Company has appointed, pursuant to the provisions of Sections 149, 152 and 161 (4) of the Act and subject to the members approval, Sri K.C.Reddy as an Independent Director of the Company with effect from 30th September 2014 to hold office up to the five years from the date of appointment.

Sri K.C.Reddy is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. As per the said Section 149 of the Act, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

In the opinion of the Board, he fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. He is independent of the management.

Mr. K.C.Reddy is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration that meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. He possesses appropriate skills, experience and knowledge; inter alia, in the field of finance. In the opinion of the Board, he fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. He is independent of the management.

Brief profile and other details of Mr. K.C.Reddy given elsewhere in this Annual Report.

The terms and conditions of appointment of Mr. K.C.Reddy as an Independent Director shall be open for inspection by the members at the Registered Office of the Company during normal business hours



on any working day.

Except Mr. K.C.Reddy, none of the other Directors / Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, in the resolution set out at Item No.6 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.6 of the Notice for approval by the members.

#### Item no. 7

The Board, on the recommendations of the Audit Committee, has approved the appointment of M/s Srinivas & Co. (represented by Sri P. Srinivas) as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 at a remuneration of ₹0.60 lakh.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, in the resolution set out at Item No. 7 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.7 of the Notice for approval by the members.

#### Item No. 8

Sanction of borrowing limits up to ₹1000 crores under section 180 (1) (c) of the Companies Act, 2013 and mortgage or creation of charge u/s 180 (1) (a) of the Companies Act, 2013

The members of the company at their 4th Annual General Meeting held on 30th September 2008 approved by way of an Ordinary

resolution under section 293 (1) (a) of the Companies Act, 1956 according permission to the Board of Directors for mortgaging /or creation of charge all or any of the movable & immovable properties of the company up to a limit of ₹1000 crores. (Rupees one thousand crores). Further the members of the company at their 4th Annual General Meeting held on 30th September 2008 approved by way of an Ordinary resolution under section 293 (1) (d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings with the amount already borrowed and outstanding at any point of time shall not be in excess of 1000 crores (Rupees one thousand crores)

Section 180 (1) (a) and Section 180 (1) (c) of the Companies Act, 2013 effective from 12th September 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is therefore, necessary for the members to pass a Special Resolution under Section 180 (1) (a) and 180 (1) (c) and other application provisions of the Companies Act, 2013, as set out at Item No.8 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money up to 1000 crores (Rupees one thousand crores) in excess of the aggregate of the paid share capital and free reserves of the Company. Further the Board of Directors also authorised to mortgage or create charge all or any of the movable & immovable properties of the company up to a limit of ₹1,000 crores (Rupees one thousand crores)

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, in the resolution set out at Item No.8

Your Directors recommend the resolution for your approval

**BY ORDER OF THE BOARD**  
**For Rajvir Industries Limited**

Place : Secunderabad  
Date : 14.08.2014

**Ramesh A.**  
Company Secretary

# Directors' Report

To

The Members

Rajvir Industries Limited

The Directors of your Company have pleasure in presenting the Tenth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March 2014.

## FINANCIAL RESULTS

(₹ in lakhs)

	2013-14	2012-13
1. Sales and Other Income	21,364.81	29,126.43
2. Profit Before Interest and Depreciation	685.35	4,266.58
3. Interest and Finance Charges	2,373.26	2,557.95
4. Depreciation	1,190.70	1,190.53
5. Profit before tax and exceptional items	(2,878.61)	518.10
Exceptional Items	-	-
6. Profit before tax	(2,878.61)	518.10
7. Provision for Taxation		
a) Current Tax	-	-
b) Deferred Tax	977.41	70.40
Profit after tax	(1,901.20)	447.70
dd/ Profit b/f from last year	2,499.89	2,052.19
	598.69	2,499.89
<b>APPROPRIATIONS</b>		
1. Transferred to Debenture Redemption Reserve	-	-
2. Transferred to General Reserve	-	-
3. Dividend	-	-
4. Dividend Tax	-	-
5. Surplus Carried Forward to Balance Sheet	598.69	2,499.89

## OPERATIONS

During the year under review, the Company achieved a Turnover of ₹21,364.81 lakhs and Net Loss of ₹1,901.20 lakhs as against Turnover of ₹29,126.43 lakhs and Net Profit of ₹447.40 lakhs in the previous year.

A detail analysis of future outlook and financial performance of the company is given in the management and analysis report which is elsewhere given in this report.

## DIVIDEND

In view of the Loss occurred, the Directors have not recommended any dividend.

## CAPITAL EXPENDITURE

During the year under review, your Company has incurred a Capital Expenditure of ₹69.97 Lakhs.

## EXPORTS

During the year under review, your Company has achieved exports turnover of ₹47.28 Crores as against ₹76.92 Crores last year.

## DIRECTORS

Pursuant to the provisions of Sections 149, 152 and 161 (4) of the Act and subject to the members approval, in accordance with provisions of the Companies Act 2013 read with the Articles of Association of the Company, Sri Vijay Kumar Gupta retires by rotation in the ensuing Annual General Meeting and being eligible, offer for reappointment. The Board of Directors approved the appointment for a term of 5 years from 30th September, 2014 to 29th September 2019. As per the said Section 149 of the Act, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

Pursuant to the provisions of Sections 149, 152 and 161 (4) of the Act and subject to the members approval, The Board of Directors approved the appointment of Sri K.C.Reddy as an Independent Director of the Company with effect from 30th September 2014 to hold office up to the five years from the date of appointment till 29th September 2019. As per the said Section 149 of the Act, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

Sri Upender Kumar Agarwal, Chairman of the company expressed to continue as Executive Chairman. Accordingly, Board of Directors approved the Re-appointment of Sri Upender Kumar Agarwal as Executive Chairman w. e. f. 1st April 2014 for tenure of another 3 years period ending 31st March, 2017 on the terms and conditions as detailed in the resolution subject to approval of members of the Company in the general meeting.

Sri Ritesh Kumar Agarwal, Managing Director, expressed to continue as Managing Director/Chief Executive Officer. Accordingly, the Board approved the reappointment of Sri Ritesh Kumar Agarwal as Managing Director and Chief Executive Officer w. e. f. 1st April 2014 for a period of 3 years ending 31st March, 2017 on the terms and conditions as detailed in the resolution subject to approval of members of the Company in the general meeting.

The necessary resolutions seeking approval of the members for reappointment of Sri Upender Kumar Agarwal and Sri Ritesh Kumar Agarwal on the revised terms have been included in the notice of the ensuing Annual General Meeting.



### Directors Responsibility Statement:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, the Board of Directors of the Company hereby confirms:

1. That in the preparation of the Annual Accounts for the financial year ended 31st March, 2014, the applicable accounting standards have been followed and there were no material departures;
2. That your 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 your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That your Directors have prepared the Annual Accounts for the financial year ended 31st March, 2014 on a 'going concern' basis.

### CORPORATE GOVERNANCE

A detailed Report on Corporate Governance, Management Discussion and Analysis Report and the Certificate from the Auditors of your Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges given elsewhere and forms part of this Report.

### CORPORATE SOCIAL RESPONSIBILITY

Your company identifies the CSR activities and in real performing in spirit rather than statutory. In fact, the CSR activities fills gap between the community and society. It is a societal debt and your companies pay back its obligations in the form of CSR activities.

### AUDITORS

M/s S. Daga & Co, Chartered Accountants, Auditors of the Company retires at the ensuing Annual General Meeting. They have expressed their willingness to accept appointment and confirmed that their appointment, if made, shall be in accordance with the provisions of Section 141 of the Companies Act, 2013.

### COST AUDITORS

Pursuant to the directives from the Central Government and the Provisions of Section 148 of the Companies Act, 2013 Mr. P. Srinivas has been appointed as Cost Auditor of the Company for the financial year 2013-14.

The Cost Audit Report for the financial year 2013-2014 shall be submitted to the Central Government within the stipulated period.

### FIXED DEPOSITS

Your Company has renewed the fixed deposits received from the public during FY 2013-14 within the meaning of Section 58A and 58AA of the Companies Act, 1956 and there are no overdue deposits as on 31.03.2014.

### AUDITORS' QUALIFICATIONS

The Auditors' Report to the shareholders contains qualifications. The Board took note of the same and remedial steps are being taken to address the same.

### 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

There are no employees whose information is required to be disclosed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975.

### APPRECIATION

The Board places on record its deep appreciation of the devoted services of the loyal workers, executives and other staff of the Company who have contributed in no small measure to the performance and the Company's continued inherent strength.

It also extends grateful thanks to the Central and various State Governments, the investors, the banking circles, financial institutions and district level authorities for their continued support extended to the Company from time to time. The Board also places on record their deep sense of appreciation for the committed services of all the employees of the Company.

For and on behalf of the Board of Directors  
for Rajvir Industries Limited

U.K. Agarwal  
Chairman

Place : Secunderabad  
Date : 14-08-2014



# Annexure-I 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	2013-14	2012-13
<b>1. Electricity:</b>		
a) Purchased		
Units (in lakhs of KWH)	354.84	621.85
Total Amount (₹ In lakhs)	2,802.38	3,395.39
Average Rate: (₹/Unit)	7.90	5.46
b) Own Generation:		
Through Diesel Generators		
Units (in lakhs of KWH)	0.15	7.44
Units per Litre of Diesel Oil	2.52	3.30
Average Cost: ₹ / Unit	25.82	14.59
2. Coal (₹ In lakhs)	5.79	7.38
3. Furnace Oil	–	–
4. Others	–	–
<b>B. Consumption per Unit of Production</b>		
Yarn Production (Kgs in lakhs)	66.97	115.74
Electricity (Units/Kg of Yarn)	5.30	5.43

## 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 statement of profit and loss as no separate account is maintained.



## B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

1. Efforts, in brief, made towards technology absorption	The Company had adopted 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 accounted as ₹47.28 Crores as compared to ₹76.92 Crores during the previous year. The Company has exported its products to various countries like USA, Korea, Taiwan, Egypt, Turkey, Spain, Mauritius, South Africa, Bangladesh, Pakistan and other Countries. The Company is exploring new markets for its products.

b) Expenditure in Foreign Currency during the year on account of	2013-14 Amount (₹ in lakhs)	2012-13 Amount (₹ in lakhs)
i) Plant & Machinery (CIF Value)	-	42.13
ii) Raw Materials (CIF Value)	1,048.34	1,208.24
iii) Stores & Spares (CIF Value)	10.16	6.47
iv) Foreign Travelling	10.98	20.98
v) Export Commission	56.36	47.67
<b>C) Earnings in Foreign Exchange: FOB Value of Exports</b>	<b>4,727.77</b>	<b>7,692.06</b>

For and on behalf of the Board of Directors  
for Rajvir Industries Limited

Place : Secunderabad  
Date : 14-08-2014

U.K. Agarwal  
Chairman

# Management Discussion & Analysis

## Introduction

India is one of the World's largest producers of textiles and garments. Abundant availability of raw materials such as Cotton, Wool, Silk and Jute as well as skilled workforce have made the country a sourcing hub. It is the World's second largest producer of textiles and garments. The Indian textiles industry accounts for about 24 per cent of the World's spindle capacity and 8 per cent of global rotor capacity. The potential size of the Indian textiles and apparel industry is expected to reach US\$ 223 billion by 2021, according to a report by Technopak Advisors.

## Opportunities and Threats

### Strength:

- A strong R&D engaged in developing new fashion yarns as per the latest market trends and requirements Worldwide.
- Highly skilled and efficient technical production team at the plant level
- High flexibility in the production facility thereby enabling change in the product mix rapidly adhering to the ever changing market requirements.

### Weakness:

- Logistics – Longer lead times for delivery in yarns, both to domestic markets up north as well as to countries such as South America and Central America, which is always challenging as it hinders garment producers shorter lead times to complete their garment deliveries for good brands.
- Restricted availability of fancy fibres such as Cashmere, Angora and Wool within India forces the company to buy these fibres from around the World thereby increasing the lead times of exotic yarns to customers Worldwide.

### Opportunities:

- Global brands are continuously looking to source new fashion yarns

to keep their product range trendy and fresh. Your company has built a strong R&D department in each of its spinning units for developing these new trendy fashion yarns and continuously develops new fancy yarns for leading retailers Worldwide.

### Threat:

- New fancy yarns introduced by the Company are invariably duplicated by competitors in the industry, who then offer similar products at relatively lower prices. As this is inevitable the Company keeps introducing newer and fancier products regularly in the market.

## Productwise Performance

The Company is supported by several important retailers, brands and chain stores Worldwide as a designated fashion yarn supplier. These brands share their fashion forecast with the Company which helps the Company in creating a line of products similar to the fashion forecast provided by the brands and retailers Worldwide. Other than the forecasts that are shared by these retailers the Company also develops several new yarns of its own which are also showcased to various brands, retailers and chain stores Worldwide as new fancy products.

The Company works directly with the design teams of these fashion brands in the US, UK and European market. This gives the Company an edge in showcasing all its new developments to the best brands Worldwide.

Several new products have been introduced by the Company in three different categories:

1. Raw white fashion yarns in blends of cotton and other fibres
2. Melange/heather fashion yarns
3. Fashion yarns in non-cotton blends suitable for women and children

One can view these products of the Company at its website as well.

## Outlook

The textiles industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The sector contributes about 14 per cent to industrial production, 4 per cent to the gross domestic product (GDP), and 27 per cent to the country's foreign exchange inflows. It provides direct employment to over 45 million people. The textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of India's economy.

Your Company while concentrating on increasing its export earnings is also trying to boost its revenue in the domestic market through large garment exporters with its range of fashionable and trendy yarns.

The Company has even been recognized by one of the best retailers of the UK market, M/s. Marks & Spencer for producing large volumes of yarn with sustainable cotton i.e., a variety of cotton produced with use of optimal resources namely Better Cotton Initiative.

The Company continues to participate in important fashion exhibitions worldwide to showcase its fancy yarn production and improve its export revenue.

## Internal Control System

An adequate internal control system and procedures established by the Company in which an Independent Chartered Accountant has been appointed to carry out the internal Audit work. The internal controls are regularly checked by Internal Auditors who have access to all relevant records and information of the Company. The corrective

measures, wherever necessary are undertaken by the Board and Management as per the recommendations made by the Internal Auditors.

## Discussion on Financial Performance with respect to Operational Performance

The Company achieved an export turnover of ₹47.28 crores during the Financial Year 2013-14. During this period the exports were effected to 42 countries worldwide. During the Financial Year 2014-15 due to launch of new products and entry into new international markets, the Company expects to achieve an export turnover of ₹95.00 crores.

## Material Developments in Environment and Human Resources / Industrial Relations

The Company has taken adequate steps to prevent and avoid environmental pollution. The Company's dyehouse runs a zero discharge effluent treatment plant which is in line with the requirements of the State Pollution Control Board. We would like to place on record our appreciation for the efforts made by the employees of the Company.

### NOTE:

Readers are advised to kindly note that the mentioned risks, concerns, opportunities, etc., are valid only at the time of making statements. A variety 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 change in the underlying presumption. Readers may therefore appreciate the context in which these statements are made before making use of the same.



# Report on Corporate Governance

## 1. PHILOSOPHY OF CORPORATE GOVERNANCE

The Corporate Governance is commitment to values about ethical business conduct and making a distinction between personal & corporate funds in the management of a Company. The SEBI committee on Corporate Governance defines the Corporate Governance is an acceptance by management of the inalienable rights of shareholders as the true owners of Company and the role of the management is as trustees on behalf of shareholders. The concept governance brings the quality of corporate governance that serves corporate interests and it is a key requirement in the best interests of the corporate themselves and economy too. Your company adheres the Corporate Governance in spirit that allows fairness, accountability, disclosures and transparency to maximize the value of stakeholders.

## 2. BOARD OF DIRECTORS

a. The composition of Board of Directors consists of two (2)

Promoters Whole time Directors and two (2) Independent Non-Executive Directors. The number of non-Executive Directors are 50% of the 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.
- c. During the year under review, four (4) Board Meetings were held on 30th May 2013, 14th August 2013, 14th November 2013 and 14th February 2014.
- d. The composition of the Board, attendance at Board Meetings (BM), Shareholders'/ Investors' Grievance Committee Meetings (SIGCM), Audit Committee Meetings (ACM) and Remuneration Committee Meeting(RCM) 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 are given below:-

Name of the Director	Category	FY 2013-14 Attendance at					No. of other Directorships in Public Companies	Committee Positions	
		BM	IGCM	ACM	RCM	Last AGM held on 30.09.2013		Member	Chairman
Upender Kumar Agarwal	Chairman	3	–	–	–	YES	–	–	–
Ritesh Kumar Agarwal	Managing Director	3	3	3	–	YES	–	–	–
Kandukuri Chinnappa Reddy	Non Executive Director	4	4	4	2	YES	–	–	–
Vijay Kumar Gupta	Non-Executive Director	3	3	3	2	No	1	–	–

- e. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.
- f. Chairman and Managing Director of the Company are Father and Son.
- g. Pursuant to clause-49 of the Listing Agreement with the Stock Exchange on Corporate Governance the details of the Director seeking the Re-Appointment is given elsewhere in the annual report.



### 3. AUDIT COMMITTEE

a) The Company constituted a qualified and Independent Audit Committee comprising of two Non-Executive Independent Directors and One Executive Director with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 177 of the Companies Act .

The Audit Committee deals with various aspects of the Financial Statements including Quarterly, Half yearly and Annual Results, adequacy internal controls and internal audit functions, various Audit Reports, Significant judgments affecting the financial statements, compliance with accounting standards and Companies financial & risk management policies. It reports to the Board of Directors about its findings and recommendations pertaining to above matters. The Board has accepted all the recommendations of the Audit Committee.

b) Composition, Name of Members and Chairperson

1) Sri K. C. Reddy	- Chairman, Non-Executive & Independent Director
2) Sri Vijay Kumar Gupta	- Member, Non-Executive & Independent Director
3) Sri Ritesh Kumar Agarwal	- Member, Managing Director

c) Meetings and attendance during the year

During the financial year ended March 31, 2014, four (4) Audit Committee Meetings were held on 30th May 2013, 14th August 2013, 14th November 2013 and 14th February 2014.

### 4. REMUNERATION COMMITTEE

a) The Remuneration Committee comprises of two Non-Executive Independent Directors and one Executive Director

b) Composition, Name of Members and Chairperson

1) Sri K. C. Reddy	- Chairman, Non-Executive & Independent Director
2) Sri Vijay Kumar Gupta	- Member, Non-Executive & Independent Director
3) Sri Ritesh Kumar Agarwal	- Member, Managing Director

c) Attendance during the year

The Remuneration Committee has met in the year under review on 30th May, 2013 and 14th February, 2014.

d) Remuneration policy

The Remuneration committee reviews the remuneration package payable to whole time Directors and gives its recommendations to the Board and acts in terms of reference of the Board from time to time.

e) Details of remuneration to the Directors for the year ended 31st March, 2014

Name of the Director	Designation	Salary (₹)	Commission (₹)	Perquisites (₹)	Total (₹)
Upender Kumar Agarwal	Chairman	22,98,600	-	18,900	23,17,500
Ritesh Kumar Agarwal	Managing Director	21,97,800	-	18,900	22,16,700

## Sitting Fees

Names of Directors	No. of Board & Committee Meetings attended during the period April, 2013 to March, 2014	Attendance at the last AGM held on 30.09.2013	Sitting Fees (₹)
Vijay Kumar Gupta	11	No	12,000
K. C. Reddy	14	Yes	16,000

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

No shares are held by Non- Executive Directors as on 31.03.2014.

## 5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

a) Composition, Name of Members and Chairperson:

1) Sri K. C. Reddy	- Chairman, Non-Executive & Independent Director
2) Sri Vijay Kumar Gupta	- Member, Non-Executive & Independent Director
3) Sri Ritesh Kumar Agarwal	- Member, Managing Director

b) Name and designation of Compliance Officer –  
Mr. Ramesh A., Company Secretary.

c) During the Financial Year ended March 31,2014, four (4) Share Holder Grievance Committee Meetings were held on 30th May 2013, 14th August 2013, 14th November 2013 and 14th February 2014.

Shareholders/Investors Grievance Committee is empowered to oversee the redressal of investor complaints pertaining to share transfer, non-receipt of Annual Reports, Dividend payments, issue of duplicate share certificates, transmission of shares and miscellaneous complaints. During the year the Company has received Three (3) complaints from the shareholders and all of them were resolved satisfactorily. There were no pending investor complaints pertaining to the Financial Year ended 31st March, 2014..

## 6. GENERAL BODY MEETINGS

A) Date, Venue and Time, where last three Annual General Meetings (AGM) were held:

Financial year ended	Date	Venue	Time
31st March, 2013	30.09.2013	Lotus Hall, 1st Floor, Country Club,6-3-1219, Begumpet, Hyderabad-500016.	3.30 P.M
31st March, 2012	28.09.2012	Lotus Hall, 1st Floor, Country Club,6-3-1219, Begumpet, Hyderabad-500016.	3.30 P.M
31st March, 2011	30.09.2011	Hari Hara Kala Bhavan, S.P Road Secunderabad	3.30 P.M

b) The following special resolutions were passed by the members during the last three Annual General Meetings

### i) 2010-11

- For re-classification of Authorised Share Capital into 75 lakhs Equity Shares of ₹10/- each and 6,50,000 Preference Shares of ₹100/-each.
- For issue of Redeemable Non-Convertible Cumulative Preference Shares of ₹100/- each at par.

### ii) 2011-12

- For Re-classification of the existing Authorised Share Capital of the Company comprising of ₹14,00,00,000/- (Rupees Fourteen Crores only) divided into 45,00,000 Equity Shares of ₹10/- each aggregating to ₹4,50,00,000 and 9,50,000 Redeemable Non Convertible Cumulative Preference Shares of ₹100/- each aggregating to ₹9,50,00,000.
- For issue of Redeemable Non-Convertible Cumulative Preference Shares of ₹100/- each at par for a sum of ₹3 (Three) Crores.

### iii) 2012-13

- Change of Designation of Sri Upender Kumar Agarwal from



Managing Director to Wholetime Director and Executive Chairman.

- b) Change of Designation of Sri Ritesh Kumar Agarwal from Wholetime Director to Managing Director.

**B) Postal Ballot**

No special resolutions were passed by way of postal ballot by members of the Company during the last three years.

## 7. DISCLOSURES

**(a) Disclosures on Materially Significant Related Party Transactions:**

Besides the transactions mentioned elsewhere in the Annual Report (Note no.2.36 of Notes on Financial Statements), there were no materially significant related party transactions during the year conflicting with the interest of the Company.

**(b) Details of Non-compliance and Penalties:**

There was no non-compliance during the last three years by the Company on any matter related to Capital Market excepting submission of Audited Financial results in due time for the year ended 31st March, 2014. There were no penalties imposed passed on the Company by any Stock Exchanges, Securities and Exchange

Board of India or any Statutory Authority relating to the Capital Markets.

**(c) CEO/CFO Certification:**

The Executive Director (CEO) and Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March, 2014.

**(d) Compliance Certificate:**

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed hereto and forms part of this report.

**(e) Code of Conduct**

The Company has evolved a Code of Conduct for the Directors and Senior Management personnel of the Company and posted on its website which has been affirmed for adherence.

## 8. MEANS OF COMMUNICATIONS

Quarterly and half-yearly reports are published in two Newspapers –one in English and one in Telugu.

## 9. GENERAL SHAREHOLDER INFORMATION

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

**Date** : 30.09.2014

**Time** : 3.30 p.m.

**Venue** : Lotus Hall, 1st Floor, Country Club, 6-3-1219, Begumpet, Hyderabad-500016.

**b) Financial Calendar Year:** 1st April, 2013 to 31st March, 2014.

**c) Date of Book Closure:** 21.09.2014 to 30.09.2014 (both days inclusive)

**d) 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 2014-2015 have been paid to The National Stock Exchange of India Limited and The Bombay Stock Exchange Limited.



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

Month	Bombay Stock Exchange (BSE) (in ₹ per share)		National Stock Exchange (NSE) (in ₹ per share)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April 2013	72.00	51.20	70.00	50.50
May 2013	64.90	48.60	55.00	48.05
June 2013	64.95	41.65	-	-
July 2013	47.00	40.60	49.00	49.00
August 2013	44.30	38.50	48.50	48.50
September 2013	49.75	39.00	49.85	47.50
October 2013	49.00	45.00	52.00	52.00
November 2013	52.15	48.50	51.00	48.50
December 2013	50.90	47.15	50.00	47.50
January 2014	56.00	43.50	52.80	45.50
February 2014	48.00	41.90	47.75	42.00
March 2014	43.40	38.10	42.90	37.50

Source: Website and Stock Exchanges (NSE/BSE)

f) **Registrar and Share Transfer Agent:**

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

g) **Share Transfer System:**

The share transfers are processed and the share certificates are returned to the shareholders within a maximum period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

h) i) **Shareholding pattern as on 31.03.2014**

Particulars	No. of shares	% of holding
a) Promoters	20,73,859	68.33
b) Mutual Funds	700	0.02
c) Banks, Fls & Insurance Companies	22,907	0.76
d) Private Corporate Bodies, Indian Public, NRIs/OCBs and others	9,37,531	30.89
<b>Total</b>	<b>30,34,997</b>	<b>100.00</b>

ii) **Distribution of shareholding as on 31.03.2014**

Nominal Value	Holders		Amount	
	Number	%	₹	%
Upto 5000	2,355	90.79	20,09,430	6.62
5001 - 10000	79	3.05	6,05,890	2.00
10001- 20000	71	2.74	10,70,750	3.53
20001 - 30000	21	0.81	5,19,120	1.71
30001 - 40000	16	0.61	5,66,350	1.87
40001 - 50000	11	0.42	4,98,910	1.64
50001 - 100000	11	0.42	8,20,690	2.70
100001 & above	30	1.16	2,42,58,830	79.93
<b>Total</b>	<b>2,594</b>	<b>100.00</b>	<b>3,03,49,970</b>	<b>100.00</b>
Shares in Physical Mode	<b>52,148</b>		<b>5,21,480</b>	<b>1.72</b>
Shares in Demat Mode	<b>29,82,849</b>		<b>2,98,28,490</b>	<b>98.28</b>



**i) Dematerialisation 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).

29,82,849 shares were dematerialized representing 98.28 % Shares of the Total Paid up Share Capital of the Company as on 31-03-2014.

**j) Outstanding GDRs/ADRs/Warrants or any convertible instruments, Conversion date and likely impact on equity**

There were no such outstanding instruments as on 31.03.2014.

**ISIN: INE011H01014**

**Address of Registrar and Share Transfer Agent:**

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) Plant Locations**

**Yarn Divisions**

1. Pillalamarri Road  
Mahabubnagar District, Telangana - 509002.

2. C C I Road, Gopannapalli Village, Tandur Mandal, R R District, Telangana - 501141.

**Dyeing Division**

Edira Village  
Mahabubnagar District, Telangana - 509002.

**l) Address for correspondence:**

- i) Queries relating to transfer / dematerialization of share, 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: 040-23545913/14/15, 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 - 500003.  
Phone No(s) - 040 - 66225555, 27845628, 27845650  
Fax No - 040 - 27840656  
e-mail: cs@rajvirindustrieslimited.com.

# Certificate by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) pursuant to Clause 41 of the Listing Agreement

We, Ritesh Kumar Agarwal, Chief Executive Officer and I. Shiv Kumar, Chief Financial Officer, of M/s Rajvir Industries Limited hereby certify to the Board that:

- a) We have reviewed the financial statement and the cash flow statements for the year ended 31st March, 2014 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 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 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.

**Ritesh Kumar Agarwal**  
Chief Executive Officer

**I. Shiv Kumar**  
Chief Financial Officer

Place : Secunderabad  
Date : 14.08.2014



# Auditors Certificate on compliance of conditions of Corporate Governance

To  
The Shareholders of  
**RAJVIR INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by **M/s RAJVIR INDUSTRIES LIMITED**, for the year ended 31st March, 2014 as stipulated in clause 49 of the Listing Agreement of said Company with Stock Exchanges.

The compliance of said conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the 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 an 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 Shareholders Grievances 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)

**Pavan Kumar Bihani**  
Partner  
Membership No.: 225603  
Place: Hyderabad  
Date : 14.08.2014



# Financial section



# Independent Auditors' Report

To  
The Members  
RAJVIR INDUSTRIES LIMITED.

## Report on the Financial Statements

We have audited the accompanying financial statements of RAJVIR INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Basis of Qualified Opinion

The Company has recognised in 'Other non-operative Income' towards interest under TUFs receivable amounting to ₹1,210.41 lakhs for the period 2006-07 to 2010-11 (refunded in earlier years), in view of the favorable judgment of competent court, which is yet to be determined by appropriate authority and realized and therefore in our opinion the income should not have been recognized being a contingent asset as per Accounting Standard 29. Had the income would not have been recognized during the year ended 31st March, 2014, the loss for the year would be increased by ₹1,210.41 lakhs, reserves would be decreased by ₹836.39 lakhs, net deferred tax liability would be

decreased by ₹374.02 lakhs and earnings per share would be decreased by ₹27.56 for the year ended.

## Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Emphasis of matter

We draw attention to note No. 2.30 to the financial statements, regarding the balance outstanding to the debit or credits in the accounts of the parties are subject to confirmation and review by the management.

Our opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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 and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 except AS - 29;
  - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.DAGA & CO.

Chartered Accountants  
(F.No.000669S)

Pavan Kumar Bihani

Partner

Membership No.: 225603

Place: Hyderabad

Date : 14.08.2014

# Annexure to Auditors' Report

## (Annexure referred to in Point 1 of Other Legal and Regulatory Requirements of the Report of the Auditors)

1. a) The company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals, in a phased verification programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. According to the information and explanations given to us, discrepancies noticed on physical verification have been properly dealt with in the books of account;
- c) In our opinion, and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the company during the year.
2. a) The inventory has been physically verified during the year by the management except the stock lying with the third party (consignment agent). In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are 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, reporting under clause 4(iii) (b), (c) & (d) of the aforesaid order are not applicable to the Company.
- c) During the period, the company had taken unsecured loans from eight parties (Previous year: eight parties) covered in the register maintained under section 301 of the companies Act, 1956 and the maximum amount involved during the period was ₹181.57 lacs (Pr. Year ₹417.73 lacs) and the period end balance is ₹117.58 lacs (Pr. Year ₹102.43 lacs).
- d) In our opinion the rate of interest and other terms and conditions on which loans have been taken from the companies, firms and 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.
- (e) In our opinion and according to the information given to us, there is no stipulation of repayment has been made for long term loans from the companies, firms and other parties listed in the register maintained under section 301 of the Companies Act 1956 and further interest accrued on the loans remained unpaid.
4. In our opinion and according to the information and explanations 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 with regard to the sale of goods and services. Further, on the basis of our examination of the books and records of the

company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.

5. a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into 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 year, 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 complied with the provision of Sec 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies(Acceptances of deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
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 and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the company has been regular in depositing with appropriate authorities undisputed statutory dues including wealth tax, service tax, sales-tax, customs duty, investor education and protection fund and any other material statutory dues applicable to it except as stated below, where the company is irregular in payment of undisputed statutory dues and which remained unpaid as on the date of reporting:

Particulars	Period	Amount (₹ lakhs)
Employee State insurance	November 2013 to March 2014	17.07
Provident fund	October 2013 to March 2014	24.00
Tax deducted and collected at source	November 2013 to March 2014	41.40
Sales tax deferment	Upto 31st March 2014	242.25
Income Tax	For the financial year 2012-13	98.10



- 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, customs duty, excise duty and cess were in arrears, as at 31st March 2014 for a period of more than six months except income tax of ₹98.10 lakhs from the date they became payable.
- c) According to the information and explanations given to us, there are no disputed statutory dues as at the year end.
10. The company does not have any accumulated losses at the end of the financial year and has incurred cash losses in the current financial year and not in the immediately preceding financial year.
11. The company has delayed in making payment of dues to banks for a short period of 2-3 months during the year. The balance overdue to the banks at the close of the year towards principal ₹436.53 lakhs and interest of ₹122.97 lakhs, of which part of principal arrears of ₹42.50 lakhs and part of interest of ₹12.32 lakhs is unpaid as on date of reporting.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Companies (Auditor's Report) Order, 2003 is not applicable.
13. The company is not a chitfund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable.
15. According to the information and explanations to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4(xv) of the order is not applicable.
16. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the records of the company, we report that no funds raised on short-term basis have been used for long term investment by the company.
18. According to the information and explanation given to us, the company has made preferential allotment of preference shares to parties covered in the register maintained under section 301 of the Act. In our opinion, the price at which preference shares have been issued is not prejudicial to the interest of the company.
19. The company has not issued any fresh Debentures during the year. The company has created security in respect of debentures issued.
20. The company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the order is not applicable.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

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

**Pavan Kumar Bihani**  
Partner  
Membership No.: 225603

Place: Hyderabad  
Date : 14.08.2014

# Balance Sheet as at 31st March, 2014

₹ in lakhs

	Note No.	As at 31st March, 2014	As at 31st March, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE HOLDERS' FUNDS</b>			
Share capital	2.1	1253.50	1253.50
Reserves and surplus	2.2	2642.86	4544.05
		<b>3896.36</b>	<b>5797.55</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	2.3	3738.59	5060.31
Deferred tax liabilities (net)	2.4	291.42	1268.82
Other long-term liabilities	2.5	546.28	588.02
Long-term provisions	2.6	41.76	44.51
		<b>4618.05</b>	<b>6961.66</b>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	2.7	7862.20	6838.36
Trade payables	2.8	5274.13	7626.43
Other current liabilities	2.9	4711.89	4129.41
Short-term provisions	2.10	74.66	52.90
		<b>17922.88</b>	<b>18647.10</b>
<b>TOTAL</b>		<b>26437.29</b>	<b>31406.31</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Tangible assets	2.11	15744.70	16865.43
Capital work-in-progress		31.32	20.20
		15776.02	16885.63
Long-term loans and advances	2.12	830.37	829.22
		<b>16606.39</b>	<b>17714.85</b>
<b>CURRENT ASSETS</b>			
Inventories	2.13	5359.70	9009.69
Trade Receivables	2.14	889.80	2255.34
Cash and Bank balances	2.15	480.78	560.84
Short-Term Loans and Advances	2.16	404.02	391.76
Other Current Assets	2.17	2696.60	1473.83
		<b>9830.90</b>	<b>13691.46</b>
<b>TOTAL</b>		<b>26437.29</b>	<b>31406.31</b>

Significant Accounting Policies & Notes on Financial Statements 1 & 2

The Significant Accounting Policies & Notes on Financial Statements form an integral Part of Balance Sheet.

As per our report attached of even date

For and on behalf of the Board

for S. Daga & Co.,

Chartered Accountants

(FR No.000669S)

Pavan Kumar Bihani

Partner

M. No. 225603

Place: Secunderabad

Date: 14th August, 2014

I. Shiv Kumar

Chief Financial Officer

U. K. Agarwal

Chairman

A. Ramesh

Company Secretary

Ritesh K Agarwal

Managing Director





# Statement of Profit and Loss for the year ended 31st March, 2014

₹ in lakhs

	Note No.	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>INCOME</b>			
Revenue from operations	2.18	19,919.97	28,839.69
Other income	2.19	1,444.84	286.74
<b>TOTAL REVENUE</b>		<b>21,364.81</b>	<b>29,126.43</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	2.20	10,940.82	16,644.08
Purchases of Stock-in-trade	2.21	323.92	-
Changes in Inventories of Finished goods and work-in-process	2.22	2,546.74	-1,087.03
Employee Benefits Expenses	2.23	1,894.22	2,451.28
Finance Costs	2.24	2,373.26	2,557.95
Depreciation / Amortisation	2.11	1,190.70	1,190.53
Other Expenses	2.25	4,973.76	6,851.53
<b>TOTAL EXPENSES</b>		<b>24,243.42</b>	<b>28,608.33</b>
<b>Profit / (Loss) before tax</b>		<b>-2,878.61</b>	<b>518.10</b>
<b>Tax expense:</b>			
Current tax (MAT)		-	103.66
Less : MAT credit entitlement		-	103.66
Net Current Tax		-	-
Deferred tax charge / (release)		977.41	70.40
<b>TOTAL TAX EXPENSE</b>		<b>977.41</b>	<b>70.40</b>
<b>Profit / (Loss) for the year</b>		<b>-1,901.20</b>	<b>447.70</b>
<b>Earnings per equity share(face value of ₹10/-per share)</b>			
(a) Basic	(₹)	-62.64	14.75
(b) Diluted	(₹)	-62.64	14.75
Significant Accounting Policies & Notes on Financial Statements 1 & 2			

The Significant Accounting Policies & Notes on Financial Statements form an integral Part of Balance Sheet.

As per our report attached of even date

For and on behalf of the Board

for S. Daga & Co.,  
Chartered Accountants  
(FR No.000669S)

Pavan Kumar Bihani  
Partner  
M. No. 225603

I. Shiv Kumar  
Chief Financial Officer

U. K. Agarwal  
Chairman

Place: Secunderabad  
Date: 14th August, 2014

A. Ramesh  
Company Secretary

Ritesh K Agarwal  
Managing Director

# Cash Flow Statement for the year ended 31st March, 2014

₹ in lakhs

Particulars	31st March, 2014	31st March, 2013
<b>A. CASH FLOW ARISING FROM OPERATING ACTIVITIES</b>		
Net profit before tax & extraordinary items	(2878.61)	518.10
Add: Depreciation	1190.70	1190.53
Interest & Finance charges	2373.26	2557.95
(Profit)/Loss on sale of fixed assets (net)	-	-
	3563.96	3748.48
Operating profit before working capital changes	685.36	4266.58
Adjustments for working capital changes		
Sundry debtors	1365.54	(395.80)
Current liabilities	(1747.94)	1283.97
Inventories	3649.99	(838.63)
Loans & Advances	(12.26)	(75.25)
Other Current Assets	(1222.76)	(542.10)
Tax & Other provisions	2032.57	(70.40)
Cash generated from Operations	2717.92	3628.37
Less: Interest & Finance charges	2373.26	2557.95
CASH FLOW BEFORE EXTRAORDINARY ITEMS	344.66	1070.42
Less :Exceptional items	-	-
CASH FLOW FROM OPERATING ACTIVITIES	344.66	1070.42
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Outflow: Capital Work-in-Progress	(11.12)	(4.16)
Acquisition of fixed assets	(69.97)	(208.30)
	(81.09)	(212.46)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Inflow: Term loans received	-	-
Increase in bank borrowings	1037.01	(248)
Other Long term liabilities & Provisions	(44.50)	980.95
Increase in Share Capital	-	300.00
Hire purchase loan	8.95	17.22
Unsecured Loans	-	-
Loans received from banks	-	-
	1001.46	1050.63
Outflow: Repayment of term loans	1311.89	1955.25
Long term loans & Advances	1.17	59.84
Corporate Taxes	-	-
Public fixed deposits	12.00	-
Dividends	-	-
Hire Purchase Loans repaid	20.03	24.87
NET CASH FROM FINANCING ACTIVITIES	(343.63)	(989.34)
NET INCREASE IN CASH/CASH EQUIVALENTS(A+B+C)	(80.06)	(131.38)
ADD: CASH/CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	560.84	692.22
CASH/CASH EQUIVALENTS AT THE CLOSING OF THE YEAR	480.78	560.84

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

As per our report attached of even date

For and on behalf of the Board

for S. Daga & Co.,

Chartered Accountants

(FR No.000669S)

Pavan Kumar Bihani

Partner

M. No. 225603

Place: Secunderabad

Date: 14th August, 2014

I. Shiv Kumar

Chief Financial Officer

U. K. Agarwal

Chairman

A. Ramesh

Company Secretary

Ritesh K Agarwal

Managing Director



Note No. 1

## Significant Accounting Policies:

### 1.1 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.

### 1.2 Revenue Recognition:

- Revenue from sale of goods is recognized when significant risks and rewards of ownership are transferred to the customer.
- Revenue is recognized when it is earned and no significant uncertainty exists as to its Realization or collection.
- Income from services rendered is accounted as per contractual terms with the parties concerned.
- Dividend income is accounted for in the year in which it is declared.
- 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.

### 1.3 Expenditure:

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

### 1.4 Fixed Assets:

- 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.
- 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.
- Depreciation on revalued part is transferred from Revaluation Reserve to Profit & Loss account.
- 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.

### 1.5 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 finished goods (yarn) includes costs of raw material, conversion and other costs incurred in bringing the inventories to their present location and condition.

### 1.6 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.

- Defined contribution schemes:
  - Employee Provident Fund
  - Family Pension Scheme
  - Employee State Insurance Scheme
  - Labour Welfare Fund
- Defined benefit Schemes:
  - Gratuity plan – Gratuity is payable to all eligible employees of the company in terms of the provisions of the Payment of Gratuity Act.
  - Leave Encashment Plan – Eligible employees can carry forward and encash leave on superannuation death/resignation subject to maximum accumulation of 15 days.

### 1.7 Foreign Exchange Transactions:

- 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 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.
- 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.

## Significant Accounting Policies:

- 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.

### 1.8 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.

### 1.9 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.

Minimum alternative tax (MAT) under the provisions of Income Tax Act 1961 is recognised as current tax in the statement of Profit and Loss.

The Credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal Income Tax during the period for which the MAT credit can be carried forward for set - off against the normal tax liability.

MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exist.

### 1.10 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.

### 1.11 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.

### 1.12 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.

### 1.13 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.

### 1.14 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.

### 1.15 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.

### 1.16 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.



Note No. 2

## Notes on Financial Statements for the year ended 31st March, 2014

₹ in lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
<b>Note No. 2.1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
45,00,000 (Previous Year 45,00,000) Equity Shares of ₹10 each	450.00	450.00
9,50,000 (Previous Year 9,50,000) 12% Redeemable Non Convertible Cumulative Preference Shares of ₹100/- each	950.00	950.00
	<b>1,400.00</b>	<b>1,400.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP:</b>		
30,34,997 (Previous year 30,34,997) Equity shares of ₹10/- each fully paid.	303.50	303.50
9,50,000 (Previous Year 950000 ) 12% Redeemable Non Convertible Cumulative Preference Shares of ₹100/- each	950.00	950.00
<b>Total</b>	<b>1,253.50</b>	<b>1,253.50</b>

### a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	No. of Shares	No. of Shares
<b>Equity Shares</b>		
At the beginning of the period	30,34,997	30,34,997
Issued during the period	-	-
Outstanding at the end of period	<b>30,34,997</b>	<b>30,34,997</b>
<b>12% Redeemable Non-convertible cumulative Preference shares</b>		
At the beginning of the period	9,50,000	6,50,000
Issued during the period	-	3,00,000
Outstanding at the end of period	<b>9,50,000</b>	<b>9,50,000</b>

### b) Terms/rights attached to equity shares:

The Company has one class of Equity Shares of face value ₹10 per share. Each holder of Equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Share holders in ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c) Terms/rights attached to 12% Redeemable Non Convertible Cumulative Preference shares

- Entitled to receive dividend @ 12% per annum
- 6,50,000 Shares issued on 17.10.2011 Redeemable on 16th January, 2025

(iii) 3,00,000 Shares issued on 14.11.2012 Redeemable on 15th February, 2025

(iv) The RNCCPS shall have right to attend the General meetings of the company and vote on the Resolutions directly affecting their interest or where the dividend are in arrears for not less than two years on the date of the meeting, on all resolutions at every meeting of the Company.

(v) In winding up, the RNCCPS holders of the said shares shall be entitled to preferential right of return of the amount paid up on the shares, together with arrears of cumulative preference dividend due as on the date of winding up, but shall not have any further right or claim over the surplus profits or assets of the Company.

d) Details of Equity and Redeemable Preference Shareholders holding more than 5% of Shares along with No. of Shares held at the beginning and at the end of the reporting period are as given below:

### Shareholders holding more than 5 percent of the aggregate shares of the Company:

Particulars	As at 31 March, 2014	%	As at 31 March, 2013	%
<b>Equity shares</b>				
U.K. Agarwal	164628	5.42	164628	5.42
Ritesh K Agarwal	441164	14.50	441164	14.50
U.K. Agarwal (Family Trust)	421135	13.88	421135	13.88
U.K. Agarwal (HUF)	285439	9.41	285439	9.41
Viraj Agarwal	282911	9.32	282911	9.32
Usha Agarwal	212223	6.99	212223	6.99
Arti Agarwal	214859	7.08	214859	7.08
<b>12% Redeemable Non Convertible Cumulative Preference Shares of ₹100/- each</b>				
Ritesh K Agarwal	415000	43.68	415000	43.68
U.K. Agarwal	365000	38.42	365000	38.42
U.K. Agarwal (Family Trust)	100000	10.53	100000	10.53
U.K. Agarwal (HUF)	70000	7.37	70000	7.37



# Notes on Financial Statements for the year ended 31st March, 2014

₹ in lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
<b>Note No. 2.2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>RESERVES</b>		
<b>Capital reserve</b>	46.76	46.76
<b>Debenture Redemption Reserve</b>		
Balance as per last balance sheet	958.57	958.57
Add: Transferred from surplus in Statement of Profit and Loss	-	-
	958.57	958.57
<b>General reserve</b>		
Balance as per last balance sheet	1,038.84	1,038.84
Add: Transferred from surplus in Statement of Profit and Loss	-	-
	1,038.84	1,038.84
<b>SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>		
Balance as per last balance sheet	2,499.89	2,052.19
Add: Net Profit / (Loss) after Tax transferred from statement of Profit and Loss	(1,901.20)	447.70
Balance available for Appropriations	598.69	2,499.89
<b>Net Surplus</b>	<b>598.69</b>	<b>2,499.89</b>
<b>TOTAL RESERVES &amp; SURPLUS</b>	<b>2,642.86</b>	<b>4,544.05</b>
<b>Note No. 2.2. 1</b>		
Capital reserve represents capital subsidy received from Central Government	46.76	46.76



# Notes on Financial Statements for the year ended 31st March, 2014

₹ in lakhs

Particulars	Non-current Portion		Current Maturities	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Note No. 2.3</b>				
<b>LONG-TERM BORROWINGS</b>				
<b>SECURED</b>				
<b>Term loans from Banks</b>				
Loans from Banks	2086.90	3504.04	2,451.13	1,939.64
Hire Purchase Loans – Banks	17.19	16.90	7.81	18.88
<b>UNSECURED</b>				
From Directors	17.26	6.95		
Loans from related parties	93.38	91.84		
Others	1,036.68	670.24		
Deferred payment liabilities – Sales Tax	487.19	770.34	412.85	119.69
	<b>3,738.59</b>	<b>5,060.31</b>	<b>2,871.79</b>	<b>2,078.22</b>
Amount disclosed under the head "Other Current Liabilities" (Note No. 2.9)	-	-	2,871.79	2,078.22
<b>TOTAL</b>	<b>3,738.59</b>	<b>5,060.31</b>	<b>-</b>	<b>-</b>

## Note No. 2.3.1

- (a) State Bank of India Term Loan carrying @16% interest and principle to be repaid in 24 quarterly installments upto June 2016.  
The term loan is secured by mortgage of present and future movable and immovable assets of the company situated at Mahaboobnagar unit on Pari Passu basis and guaranteed by one Director of Company.
- (b) State Bank of Hyderabad Term Loans carrying @13.45% and @13.95% interest and principle to be repaid in 19 quarterly installments upto June 2016. The Loans are secured by mortgage of present and future movable and immovable assets of the company situated at Tandur unit on Pari Passu basis and guaranteed by one Director of the Company.
- (c) State Bank of Bikanere and Jaipur Term Loans carrying @14.25% and @15.25% interest and principle to be repaid in 25 quarterly installments upto December 2015. The Loans are secured by mortgage of present and future movable and immovable assets of the company situated at Tandur unit on Pari Passu basis and guaranteed by one Director of the Company.
- (d) Term Loan from Axis Bank Ltd carrying @14.75% interest and principle to be repaid in 32 quarterly installments upto June 2016. The term loan is secured by mortgage of present and future movable and 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 both present and future and guaranteed by two Directors of the Company.
- (e) Term Loan from ICICI Bank carrying @16.75% interest and principle to be repaid in 34 quarterly installments upto June 2018. The Loan of ICICI Bank Ltd is secured on Pari Passu basis of factory land & 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.
- (f) Working Capital Term Loan from Central Bank of India carrying @15.5% interest and principle to be repaid in 32 quarterly installments upto July 2016. The loan of Central Bank of India is secured by Pari Passu second charge on fixed assets of both Tandur & Mahaboobnagar Units and personal guarantee of two Directors of the Company.
- (g) Short term corporate loan from State Bank of India carrying @16.1% interest and principle to be repaid in 12 quarterly installments upto March 2016. The loan is secured by extension of first charge on current assets along with working capital bankers of the consortium.
- (h) Short term corporate loan from State Bank of Hyderabad carrying @15.7% interest and principle to be repaid in 12 quarterly installments upto July 2016. The loan is secured by extension of first charge on current assets along with working capital bankers of the consortium.
- (i) Current maturities of Term Loans include ₹436.53 lakhs installments over due as on the date of Balance Sheet, of which since paid ₹394.03 lakhs.

## Note No. 2.3.2

Unsecured Loans from Directors, their relatives and others are long term loans and carrying rate of interest @8% per annum to @12% per annum

# Notes on Financial Statements for the year ended 31st March, 2014

₹ in lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
<b>Note No. 2.4</b>		
<b>DEFERRED TAX LIABILITY (NET)</b>		
<b>Deferred Tax Liabilities</b>		
Depreciation	1626.63	1658.06
<b>Total</b>	<b>1,626.63</b>	<b>1,658.06</b>
<b>Deferred Tax Asset</b>		
On Losses	1,330.08	385.30
On Others	5.13	3.94
<b>Total</b>	<b>1,335.21</b>	<b>389.24</b>
<b>Net Deferred Tax (Liability)</b>	<b>291.42</b>	<b>1,268.82</b>
<b>Note No. 2.5</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
Trade Payables:	419.51	419.51
Others	126.77	168.51
<b>Total</b>	<b>546.28</b>	<b>588.02</b>
<b>Note No.2.6</b>		
<b>LONG TERM PROVISIONS</b>		
Provision for gratuity	40.82	43.46
Provision for Leave Encashment	0.94	1.05
<b>Total</b>	<b>41.76</b>	<b>44.51</b>
<b>Note No. 2.7</b>		
<b>SHORT TERM BORROWINGS</b>		
From Banks - Secured ( Refer Note No.2.7.1)	7,724.20	6,688.36
Fixed Deposits from Public- Unsecured	138.00	150.00
<b>Total</b>	<b>7,862.20</b>	<b>6,838.36</b>
<b>Note No. 2.7.1</b>		
All Working Capital Loans from Banks carrying interest @ 14% to 17% 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.		
<b>Note No. 2.8</b>		
<b>TRADE PAYABLES</b>		
Other than MSMED Enterprises		
Raw Materials	4,552.12	6,849.04
Others	722.01	777.39
<b>Total</b>	<b>5,274.13</b>	<b>7,626.43</b>



# Notes on Financial Statements for the year ended 31st March, 2014

₹ in lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
<b>Note No. 2.8 (a)</b>		
The details of amounts outstanding to Micro, Small, and Medium Enterprises based on available information with the Company is as under:		
Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-
	-	-

<b>Note No. 2.9</b>		
<b>OTHER CURRENT LIABILITIES</b>		
<b>Current maturities of long-term debts</b>		
Debentures Secured	41.43	41.43
Term loans - From banks Secured (Refer Note No.2.3.1)	2,458.94	1,958.53
Deferred Payment Liabilities - Sales Tax	412.85	119.69
Interest accrued but not due on Term Loans	61.90	74.24
Interest accrued and due on Term loans	122.97	125.61
<b>Unclaimed Dividends</b>	5.36	6.54
<b>Liabilities for expenses</b>	1,104.15	692.23
<b>Other payables</b>		
Advances from customers	497.35	1,107.50
Interest accrued on Unsecured Loans	6.94	3.64
<b>Total</b>	<b>4,711.89</b>	<b>4,129.41</b>

## Note No. 2.9.1

The 9.5% redeemable non convertible debentures are secured by mortgage of present and future movable & immovable properties situated at Mahaboobnagar unit on pari-passu basis and guaranteed by one director of the Company. The above debentures are pending redemption.

## Note No. 2.9.2

Unclaimed dividends do not include any amounts, due and outstanding, to be credited to investor education and protection fund.

## Note No. 2.9.3

Current maturities of Interest on Term Loans from Banks include ₹122.97 lakhs over due as on the date of Balance Sheet, of which ₹110.65 lakhs has since been paid.

<b>Note No. 2.10</b>		
<b>SHORT TERM PROVISIONS</b>		
<b>Employee benefits:</b>		
Provision for payment of gratuity	3.97	3.91
Provision for Leave encashment	0.57	0.72
<b>Others:</b>		
Provision for tax (net of taxes paid)	70.12	48.28
<b>Total</b>	<b>74.66</b>	<b>52.90</b>

# Notes on Financial Statements for the year ended 31st March, 2014

## Note No. 2.11

### FIXED ASSETS

#### TANGIBLE ASSETS

₹ in lakhs

Tangible assets	Gross Block				Depreciation / Amortisation			Net Block		
	Balance as at 1 April, 2013	Additions	Disposals	Balance as at 31 March, 2014	Balance as at 1 April, 2013	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2014	Balance as at 31 March, 2014	Balance as at 31 March, 2013
Freehold Land	147.88	-	-	147.88	-			-	147.88	147.88
Buildings	5,551.30	-	-	5,551.30	968.87	163.55		1,132.42	4,418.88	4,582.43
Plant and Machinery	19,473.20	41.77	-	19,514.97	7,561.30	990.74		8,552.04	10,962.93	11,911.90
Furniture and Fixtures	52.55	0.08	-	52.63	29.96	2.33		32.29	20.34	22.58
Office Equipment	126.07	6.66	-	132.73	77.27	9.18		86.45	46.28	48.80
Vehicles	261.18	21.46	-	282.64	109.35	24.90		134.25	148.39	151.83
Revalued Plant & machinery	533.38	-	-	533.38	533.38	-		533.38	-	-
	<b>26,145.56</b>	<b>69.97</b>	<b>-</b>	<b>26,215.53</b>	<b>9,280.13</b>	<b>1,190.70</b>	<b>-</b>	<b>10,470.83</b>	<b>15,744.70</b>	<b>16,865.43</b>
Capital work in progress	20.20	81.09	69.97	31.32	-	-	-	-	31.32	20.20
<b>Total</b>	<b>26,165.76</b>	<b>151.06</b>	<b>69.97</b>	<b>26,246.85</b>	<b>9,280.13</b>	<b>1,190.70</b>	<b>-</b>	<b>10,470.83</b>	<b>15,776.02</b>	<b>16,885.63</b>
<b>Previous year</b>	<b>25,962.96</b>	<b>440.98</b>	<b>238.17</b>	<b>26,165.76</b>	<b>8,099.26</b>	<b>1,190.53</b>	<b>9.65</b>	<b>9,280.14</b>	<b>16,885.63</b>	<b>17,863.70</b>

Note: A part of Land on which Dyeing Plant is located has been disputed by third party, pending disposal by Judicial Authorities

₹ in lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
<b>Note No. 2.12</b>		
<b>LONG-TERM LOANS AND ADVANCES (Unsecured Considered Good)</b>		
Capital advances	53.84	53.95
Security deposits	775.07	773.81
CENVAT credit receivable	1.46	1.46
<b>Total</b>	<b>830.37</b>	<b>829.22</b>

## Note No. 2.13

### INVENTORIES

Raw Materials	522.62	1,573.32
Work-in-process	1,735.72	2,071.53
Finished goods	2,619.27	4,818.87
Stores and Spares	481.41	533.96
Cotton Waste	0.69	12.01
<b>Total</b>	<b>5,359.70</b>	<b>9,009.69</b>

## Note No. 2.14

### TRADE RECEIVABLES (Unsecured, Considered Good)

Exceeding Six months	258.57	118.52
Others	631.23	2,136.82
<b>Total</b>	<b>889.80</b>	<b>2,255.34</b>





# Notes on Financial Statements for the year ended 31st March, 2014

₹ in lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
<b>Note No. 2.15</b>		
<b>CASH AND BANK BALANCES</b>		
Balances with Banks*	37.62	20.53
Cash on hand	159.67	53.98
Fixed Deposits with Banks**	283.49	486.33
<b>Total</b>	<b>480.78</b>	<b>560.84</b>

\* Balances with Banks include unclaimed dividend of ₹5.36 Lakhs (previous year ₹6.54 lakhs) and balance in Exchange Earners Exchange Earners Foreign Currency Account ₹8.36 Lakhs (previous year ₹2.41 lakhs)

\*\* Fixed Deposits with Banks are under lien to Banks towards LC's, BG's & NCD's of ₹283.49 Lakhs of which ₹283.49 lakhs (previous year ₹486.33 lacs) with maturity of more than 12 months.

<b>Note No. 2.16</b>		
<b>SHORT TERM LOANS AND ADVANCES (Unsecured, Considered Good)</b>		
Advances to employees	13.63	6.78
Prepaid expenses	80.90	91.61
MAT Credit entitlement	103.66	103.66
Advances to suppliers	205.84	189.71
<b>Total</b>	<b>404.02</b>	<b>391.76</b>

<b>Note No. 2.17</b>		
<b>OTHER CURRENT ASSETS</b>		
Interest accrued	1,345.18	111.14
Incentives Receivable - Govt. of A.P.	859.37	879.55
Export Incentives Receivable	155.04	222.02
VAT Credit Receivable	337.01	261.12
<b>Total</b>	<b>2,696.60</b>	<b>1,473.83</b>

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
<b>Note No. 2.18</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale of products	19,689.13	28,461.53
Other operating revenues	230.84	378.16
<b>Total</b>	<b>19,919.97</b>	<b>28,839.69</b>
<b>Note:</b>		
(i) Sale of products		
Manufactured goods		
Yarn	18,896.25	27,422.11
Waste	483.94	1,039.42
Traded goods	308.94	0
	19,689.13	28,461.53
<b>Total</b>	<b>19,689.13</b>	<b>28,461.53</b>
(ii) Other operating revenues		
Duty drawback and other export incentives	230.63	335.39
Jobwork charges	0.22	42.76
<b>Total</b>	<b>230.84</b>	<b>378.16</b>

# Notes on Financial Statements for the year ended 31st March, 2014

₹ in lakhs

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
<b>Note No. 2.19</b>		
<b>OTHER INCOME</b>		
Interest income	93.53	94.52
Net gain on foreign currency transactions and translation	74.62	169.83
Insurance claims (net)	9.79	0.36
Other non-operating Income	1,266.90	22.03
<b>Total</b>	<b>1,444.84</b>	<b>286.74</b>

## Note No. 2.19.1

Other non-operative Income includes recognition of income towards interest under TUFs receivable amounting to ₹1210.41 lakhs for the period 2006-07 to 2010-11( refunded in earlier years), in view of the favourable judgement of competent court. The amount is subject to final determination by appropriate authorities and realisation thereof.

<b>Note No. 2.20</b>		
<b>COST OF MATERIALS CONSUMED</b>		
Opening stock	1,573.32	1,269.45
Add: Purchases	9,890.11	16,947.95
	<b>11,463.44</b>	<b>18,217.39</b>
Less: Closing stock	522.62	1,573.32
<b>Cost of material consumed</b>	<b>10,940.82</b>	<b>16,644.08</b>
<b>Material consumed comprises:</b>		
Cotton	7,781.13	11,157.82
Polyester staple Fibre	2,473.34	3,884.77
Viscose staple Fibre	686.35	1,601.49
<b>Total</b>	<b>10,940.82</b>	<b>16,644.08</b>

## Note No. 2.21

### PURCHASE OF TRADED GOODS

Cotton	323.92	-
<b>Total</b>	<b>323.92</b>	<b>-</b>

## Note No. 2.22

### CHANGE IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROCESS

<b>Opening Inventory</b>		
Yarn	4,818.87	4,184.91
Work-in-process	2,071.53	1,614.80
Cotton waste	12.01	15.67
	<b>6,902.41</b>	<b>5815.38</b>
<b>Closing Inventory</b>		
Yarn	2,619.27	4,818.87
Work-in-process	1,735.72	2071.53
Cotton waste	0.69	12.01
	<b>4,355.67</b>	<b>6902.41</b>
<b>Net (Increase) / Decrease</b>	<b>2546.74</b>	<b>-1087.03</b>



# Notes on Financial Statements for the year ended 31st March, 2014

₹ in lakhs

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
<b>Note No. 2.23</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and wages	1,669.70	2,132.26
Contributions to provident and other funds	87.79	95.76
Gratuity & Leave encashment	11.94	47.45
Staff welfare expenses	124.79	175.81
	<b>1,894.22</b>	<b>2,451.28</b>

## Note No. 2.23 A

### Employee Benefits

As per Accounting Standard 15 "Employee Benefits" the disclosures of Employee Benefits as defined in the Accounting standard are given below:

#### Defined Contributions:

Payments and provisions for employees include ₹81.04 lakhs (Previous Year ₹88.84 lakhs) recognised as expenses in respect of defined contribution plans.

#### Defined Benefit Plans:

**Gratuity** - Gratuity is payable to all the eligible employees of the Company on resignation, death, permanent disablement in terms of the Payment of Gratuity Act, 1972

**Leave Encashment** - Entitlement to annual leave is recognised when they accrue to employees. Annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leaves.

The assumptions and other disclosures relating to the Actuarial valuation of gratuity and leave encashment are as under:

₹ in lakhs

Particulars	GRATUITY		LEAVE ENCASHMENT	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>a) Change in Present Value of obligation</b>				
Present value of obligation at beginning of period	47.37	36.35	1.76	1.38
Interest cost	3.79	2.91	0.14	0.11
Current Service cost	5.38	7.26	0.08	0.11
Benefits paid	-8.37	-13.76	-3.57	-22.29
Actuarial (gain) / Loss on obligation	-3.37	14.61	3.09	22.45
Present value of obligation at the end of period	44.80	47.37	1.50	1.76
<b>b) Amounts to be recognised in the balance sheet and statement of Profit &amp; Loss</b>				
Present value of obligation at end of period	44.80	47.37	1.50	1.76
Fair value of Plan Assets at end of period	-	-	-	-
Funded status	(44.80)	(47.37)	(1.50)	(1.76)
Unrecognised Actuarial Gain/(Loss)	-	-	-	-
Net Asset/(Liability) recognized in the balance sheet	(44.80)	(47.37)	(1.50)	(1.76)

# Notes on Financial Statements for the year ended 31st March, 2014

Note No. 2.23 A (contd...)

₹ in lakhs

Particulars	GRATUITY		LEAVE ENCASHMENT	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>c) Expense recognised in the statement of Profit &amp; Loss</b>				
Current service cost	5.38	7.26	0.08	0.11
Interest cost	3.79	2.91	0.14	0.11
Expected return on Plan asset	-	-		-
Net Actuarial (Gain)/Loss recognised for the period	-3.37	14.61	3.09	22.45
Expense recognised in the statement of Profit & Loss	5.80	24.78	3.31	22.67
<b>d) Movements in the Liability recognised in Balance sheet</b>				
Opening Net liability	47.37	36.35	1.76	1.38
Expenses as above	5.80	24.78	3.31	22.67
Contribution paid	-	-	-	-
Benefits paid	-8.37	-13.76	-3.57	-22.29
Closing Net Liability	44.80	47.37	1.50	1.76
<b>Assumptions:</b>				
Mortality	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Discount rate	8%	8%	8%	8%
Rate of increase in compensation	4%	4%	4%	4%
Rate of return (expected) on plan assets	N.A.	N.A.	N.A.	N.A.
Attrition rate	10%	10%	10%	10%
Expected average remaining service of Employees in years	23.52	24.79	-	-

**Note:** 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.



# Notes on Financial Statements for the year ended 31st March, 2014

₹ in lakhs

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
<b>Note No. 2.24</b>		
<b>FINANCE COST</b>		
<b>Interest</b>		
To Banks	1,965.86	2,063.13
Others	245.02	360.53
Bank charges	162.38	134.29
	<b>2,373.26</b>	<b>2,557.95</b>

<b>Note No. 2.25</b>		
<b>OTHER EXPENSES</b>		
Consumption of stores	249.16	441.98
Consumption of Dyes and Chemicals	114.97	189.83
Consumption of Packing material	229.05	356.01
Power and fuel	2,812.07	3,515.91
<b>Repairs to</b>		
Buildings 9.27		24.78
Machinery 140.81		243.56
Others 29.19	179.26	46.17
Rent	22.07	34.85
Rates and taxes	61.37	58.58
Insurance	65.17	74.30
Freight and forwarding & other selling expenses	591.26	962.85
Professional charges	33.84	27.86
Travelling and conveyance	87.31	125.53
Vehicle maintenance	30.90	35.75
Sales commission	223.60	337.18
Miscellaneous Expenses	273.71	376.40
<b>TOTAL</b>	<b>4,973.76</b>	<b>6,851.53</b>

Particulars	31 March, 2014	31 March, 2013
<b>Note No. 2.26</b>		
<b>Contingent Liabilities not provided for:</b>		
a) Letters of credit	Nil	47.89
b) Bank Guarantees	610.00	1711.97
c) In respect of Bills Discounted & outstanding	668.23	2041.21
d) In respect of suits filed but not acknowledged as debt	26.80	26.80

e) Other commitments :

Company remains exposed to liability towards fuel surcharge adjustment, which are notified by Power Distribution Companies of Andhra Pradesh pertaining to earlier years, which are being adjusted in future tariff payable for consumption. Accordingly charges are accounted in the year payment / bill raised for the same.



# Notes on Financial Statements for the year ended 31st March, 2014

₹ in lakhs

Particulars	31 March, 2014	31 March, 2013
<b>Note No. 2.27</b>		
<b>Capital Commitments</b>		
For the amounts of Contracts remaining to be executed	Nil	Nil
<b>Note No. 2.28</b>		
<b>Earning per share</b>		
No of Equity Shares	3034997	3034997
Profit available to Equity Share Holders	-1901.20	447.70
Nominal per Equity share (₹)	10	10
Basic & Diluted Earning per share (₹)	-62.64	14.75
<b>Noten No. 2.29</b>		
<b>Payments to Statutory Auditors towards</b>		
Audit Fee	2.25	2.25
Fee for Audit under the Income-Tax Act, 1961	0.40	0.40
Fee for Certification and other services	1.75	1.40
Reimbursement of expenses	0.23	0.18
	<b>4.63</b>	<b>4.23</b>

## **Note No. 2.30**

The balance outstanding to the debit or credit in the accounts of parties are subject to confirmation and review by the company.

₹ in lakhs

Particulars	%	31 March, 2014	%	31 March, 2013
<b>Note No. 2.31</b>				
<b>Value of Raw Materials Consumed</b>				
Imported	14.43	1578.28	9.03	1502.35
Indigenous	85.57	9362.54	90.97	15141.73
	<b>100.00</b>	<b>10940.82</b>	<b>100.00</b>	<b>16644.08</b>
<b>Note No. 2.32</b>				
<b>Value of Stores &amp; Spares Consumed</b>				
Imported	7.71	19.21	1.74	7.67
Indigenous	92.29	229.95	98.26	434.31
	<b>100.00</b>	<b>249.16</b>	<b>100.00</b>	<b>441.98</b>



# Notes on Financial Statements for the year ended 31st March, 2014

₹ in lakhs

Particulars	31 March, 2014	31 March, 2013
<b>Note No. 2.33</b>		
<b>i) CIF Value of Imports:</b>		
Plant & Machinery	Nil	42.13
Raw Materials	1048.34	1208.24
Stores and Spares	10.16	6.47
<b>ii) Expenditure in Foreign Currency</b>		
Travelling Expenses	10.98	20.98
Commission	56.36	47.67
<b>Note No. 2.34</b>		
<b>Earnings in Foreign Exchanges</b>		
FOB Value of Exports	4727.77	7692.06

## Note No. 2.35

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 to 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.

## SECONDARY (GEOGRAPHICAL) SEGMENTS

### Revenue attributable to location of customers:

India	14899.69	20606.89
Asia	3737.20	5678.90
Europe	311.14	1098.29
Africa	529.11	194.92
Rest of the World	211.98	882.53
	<b>19689.12</b>	<b>28461.53</b>

## Note No. 2.36

### RELATED PARTY TRANSACTIONS

#### NAMES OF ASSOCIATES FIRMS

M/s Balaji Enterprises

U. K. Agarwal (HUF)

M/s Sri Laxmi Enterprises

M/s U. K. Cotton Exports

U. K. Agarwal (Family Trust)

#### NAMES OF KEY MANAGEMENT PERSONNEL

Sri U. K. Agarwal

Sri Ritesh K. Agarwal

#### NAMES OF RELATIVES OF KEY MANAGEMENT PERSONNEL

Mrs. Usha 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
Miss Neysa Agarwal	-	Daughter of Sri. Ritesh K. Agarwal

# Notes on Financial Statements for the year ended 31st March, 2014

Note No. 2.36 (contd...)

₹ in lakhs

Name of the Transaction	Associates		Key Management Personnel		Relatives		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Purchase of Goods</b>								
Sri Laxmi Enterprises	744.06	1065.96					744.06	1065.96
<b>Rent Paid</b>								
Balaji Enterprises	9.60	9.60					9.60	9.60
<b>Remuneration Paid to Directors</b>			45.35	59.89			45.35	59.89
Sri U.K.Agarwal			23.18	32.96			23.18	32.96
Sri Ritesh K Agarwal			22.17	26.93			22.17	26.93
<b>Loans Received</b>			42.05	5.97	36.80	10.00	78.85	15.97
Sri U.K.Agarwal			6.29	2.67			6.29	2.67
Sri Ritesh K Agarwal			35.76	3.30			35.76	3.30
Arti Agarwal					-	10.00	0.00	10.00
Neysa Agarwal								
Usha Agarwal					36.80		36.80	
Viraj Agarwal								
U.K.Agarwal (Family Trust)								
U.K.Agarwal (HUF)								
<b>Loans repaid</b>	1.55	171.80	32.48	140.46	39.22	10.71	73.25	322.97
Sri U.K.Agarwal			1.76	57.16			1.76	57.16
Sri Ritesh K Agarwal			30.72	83.30			30.72	83.30
Arti Agarwal					-	9.58	0.00	9.58
Usha Agarwal					39.22	1.13	39.22	1.13
U.K.Agarwal (Family Trust)	1.55	101.80					1.55	101.80
U.K.Agarwal (HUF)	-	70.00					0.00	70.00
<b>Interest accrued</b>	0.61	8.85	0.53	6.97	8.43	7.01	9.57	22.83
Sri U.K.Agarwal			0.32	2.94			0.32	2.94
Sri Ritesh K Agarwal			0.21	4.03			0.21	4.03
Arti Agarwal					0.93	1.35	0.93	1.35
Usha Agarwal					2.64	0.55	2.64	0.55
Viraj Agarwal					4.65	4.90	4.65	4.90
Neysya Agarwal					0.21	0.21	0.21	0.21
U.K.Agarwal (Family Trust)	0.16	5.04					0.16	5.04
U.K.Agarwal (HUF)	0.45	3.81					0.45	3.81
<b>Balances as on 31.03.2014</b>								
<b>Creditors</b>								
Sri Laxmi Enterprises	1382.79	1151.77					1382.79	1151.77
Balaji Enterprises	22.13	13.93					22.13	13.93
U.K.Cotton Exports	9.81	9.81					9.81	9.81
<b>Loans (Cr)</b>								
Sri U.K.Agarwal			9.44	4.58			9.44	4.58
Sri Ritesh K Agarwal			8.16	2.91			8.16	2.91
Arti Agarwal					13.83	12.89	13.83	12.89
Neysa Agarwal					3.03	2.82	3.03	2.82
Usha Agarwal					6.47	6.25	6.47	6.25
Viraj Agarwal					69.15	64.50	69.15	64.50
U.K.Agarwal (Family Trust)	0.78	2.18					0.78	2.18
U.K.Agarwal (HUF)	6.73	6.28					6.73	6.28



# Notes on Financial Statements for the year ended 31st March, 2014

₹ in lakhs

Particulars	31 March, 2014	31 March, 2013
<b>Note No. 2.37</b>		
Stock of finished goods includes stocks lying with consignment agents	115.44	732.47

₹ in lakhs

Particulars	Sales Values		Closing Inventory	Opening Inventory
	2012-14	2011-13	31.03.2014	1.04.2013
<b>Note No. 2.38</b>				
<b>Particulars of Sales, Closing &amp; Opening Inventory</b>				
<b>Manufactured Items</b>				
Yarn	18896.25	27422.11	2619.27	4818.87
Waste	483.94	1039.42	0.69	12.01
	<b>19380.19</b>	<b>28461.53</b>	<b>2619.95</b>	<b>4830.88</b>
<b>Traded Goods</b>				
Cotton	308.94	-	-	-
Others	-	-	-	-
	<b>308.94</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>19689.13</b>	<b>28461.53</b>	<b>2619.95</b>	<b>4830.88</b>

## Note No. 2.39

The Company has prepared these financial statements as per the format prescribed by Revised Schedule VI to the Companies Act, 1956 ("the schedule") issued by Ministry of Corporate Affairs. Previous period's figures have been recast / restated to confirm to the classification required by the revised Schedule VI.

As per our report attached of even date

For and on behalf of the Board

**for S. Daga & Co.,**  
Chartered Accountants  
(FR No.000669S)

**Pavan Kumar Bihani**  
Partner  
M. No. 225603

Place: Secunderabad  
Date: 14th August, 2014

**I. Shiv Kumar**  
Chief Financial Officer

**A. Ramesh**  
Company Secretary

**U. K. Agarwal**  
Chairman

**Ritesh K Agarwal**  
Managing Director

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Dear Shareholder,

## Re: Green Initiative in Corporate Governance: Go Paperless

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance: (Circular No.17/2011 dated 21.04.2011 and Circular No.18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode.

Your company welcomes this move and strongly recommends to all the shareholders to opt for this type of communication. This will also ensure prompt receipt and avoid loss of paper-documents in transit. Some of the shareholders have already registered their e-mail addresses. There are many shareholders who have not yet registered their e-mail addresses.

Keeping in view the underlying theme members are requested to support green initiative by registering/updating their email id address in respect of shares held in dematerialisation form with respective Depository Participants (DP's) and in respect of shares held in physical form update with our registrar (RTA's) by sending email to :xlfield@rediffmail.com or send requests to M/s XL Softech Systems Limited, 3, Sagar Society, Road no.2, Banjara Hills, Hyderabad – 500 034, along with Folio Number.

**For Rajvir Industries Limited**

**Ramesh A.**

Company Secretary

**Note:** As a member you are entitled to receive communications in physical form upon written request to the company.



## E-Mail ID for receiving the documents through Electronic Mode

I/We do hereby authorize, M/s Rajvir Industries Limited to send the documents to me on the below mentioned e-mail ID in accordance with the Circular No.17/2011 dated 21.04.2011 and Circular No.18/2011 dated 29.04.2011 issued by the MCA.

1. Folio No./DP ID and Client ID : .....
2. Name of the sole/joint holder : .....
3. E-mail ID : .....

.....  
Signature of the Member

## National ECS/Electronic Clearing Service (ECS) for payment of Dividend

To

**The Shareholders**

**M/s. Rajvir Industries Limited**

The Company has introduced NECS/ Electronic Clearing Service (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 to the service branches of the destination banks branch wise credit reports indicating the beneficiary details such as names of the branches where the accounts are maintained, the names of the beneficiaries, account type, account numbers and the respective amounts. The service branch in turn would pass the advices to the concerned branches of their bank, which would credit the beneficiary's accounts on the appointed date. An advice of remittance would be sent by the Company to the shareholders opting for electronic transfer.

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

Presently NECS/ECS facility is available at 15 centers of the Reserve Bank of India viz., Ahmedabad, Bangalore, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Pune and Thiruvananthapuram. This facility is available only for payment up to a maximum amount of ₹5 lakhs.

Shareholders holding shares in physical form wishing to participate in this scheme may please fill in the NECS/ECS Mandate Form printed overleaf in eligible English, sign and return the same to the Company/Registrar and Share Transfer Agent. 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 the bank certification, you may attach a blank cancelled cheque or a photocopy of a cheque for verification of the particulars provided by you in the NECS/ECS Mandate Form.

The shareholders holding shares in electronic form in the depository system are requested to forward the NECS/ECS particulars to their depository participant for incorporation in their records. The depository would forward the required information to the Company at the time of payment of Dividend in a future date as and when declared/approved.

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

**For Rajvir Industries Limited**

**Atluri Ramesh**

Company Secretary



# Electronic Clearing Services (ECS) Mandate Form for payment of Dividend

To

**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

(UNIT: Rajvir Industries Limited)

Shareholder's authorisation 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 NECS/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



## Rajvir Industries Limited

CIN : L17116TG2004PLC044053

**Registered Office:** Surya Towers, I st Floor, 105, Sardar Patel Road, Secunderabad - 500003

## ATTENDANCE SLIP

### 10th Annual General Meeting

**Date**

30th September 2014

**Venue**

Lotus Hall, Country Club,  
6-3-1219, Begumpet, Hyderabad-500016.

**Time**

3.30 P.M

Name of the Shareholder	Folio/DP & Client ID No.	No.of Shares

I certify that I am registered shareholder of the Company : holding above mentioned shares in the Company, and hereby record my presence at the 10th Annual General Meeting of the Company.

\_\_\_\_\_  
Member/Proxy signature

**Note:** Shareholder/Proxy holding wishing to attend the meeting must bring the Admission Slip and handover at the entrance duly signed.



## Rajvir Industries Limited

CIN : L17116TG2004PLC044053

Registered Office: Surya Towers, 1 st Floor, 105, Sardar Patel Road, Secunderabad - 500003

### PROXY FORM

10th Annual General Meeting

Form No.MGT-11

[Pursuant Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

CIN :

Name of the Company :

Registered Office :

Name of the member (s) :

E-mail id :

Folio/DP & Client ID No. :

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name ..... Address .....  
..... email id .....Signature .....  
or failing him

2. Name ..... Address .....  
..... email id .....Signature .....  
or failing him

3. Name ..... Address .....  
..... email id .....Signature .....

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the ..... Annual General Meeting/Extraordinary general meeting of the Company, to be held on the .....day of .....at ..... a.m./p.m. at ..... (place) and at any adjournment thereof in respect of such resolutions as are indicated below:

S. No.	Resolutions	For	Against
	<b>Ordinary Business</b>		
1.	To receive, consider and adopt the audited Balance Sheet as at 31st March, 2014, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the reports of Directors and Auditors thereon.		
2.	Appointment of the Auditors.		
	<b>Special Business</b>		
3.	Reappointment of office of Mr. Upender Kumar Agarwal Whole time Director and designated as Executive Chairman of the Company for the tenure for further period of another three years.		
4.	Reappointment of office of Sri Ritesh Kumar Agarwal as Managing Director for the tenure for further period of another three years.		
5.	Appointment of Sri Vijay Kumar Gupta as Independent Director for the tenure of 5 years.		
6.	Appointment of Sri K.C.Reddy as Independent Director for the tenure of 5 years.		
7.	Appointment of Cost Auditor and payment of Remuneration.		
8.	Sanction to create charge/mortgage etc. and Sanction of borrowing limits.		

Signed on this ..... day of September 2014

Signature

#### Note:

- 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
  - A proxy need not be a member
- \* Applicable for investors holding shares in electronic form.

Affix  
Re.1/-  
Revenue  
Stamp

# BOOK POST

Printed Matter



If undelivered, please return to :

**RAJVIR INDUSTRIES LIMITED**

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)



# FORM -B

## Format of covering letter of the Annual Audit Report to be filed with the Stock Exchange

1	Name of the Company	RAJVIR INDUSTRIES LIMITED
2	Annual Financial statements for the period ended	March 31, 2014
3	Type of Audit observation	QUALIFIED
4	Frequency of observation	Whether appeared first time/repetitive/since how long period—First time
5.	Draw attention to relevant noted in the annual financial statements and management response to the qualification in the directors report	<p>Gist of qualifications (refer page numbers 33) in the Annual Report) and management's response</p> <p>The Board of Directors took note of the same and remedial steps are being taken to address the same.</p>
6	Additional comments from the board/Audit Committee Chair :	<p>This may relate to nature of the qualification including materiality, agreement/disagreement on the qualification, steps taken to resolve the qualification etc.</p> <p>The Audit committee observed the qualifications expressed by Statutory Auditor and expressed views to the management to address the comments</p>
7	<p>To be signed by</p> <ul style="list-style-type: none"> <li>C.E.O/Managing Director</li> <li>Chief Financial Officer</li> <li>Auditor of the Company</li> <li>Chairman of the Audit Committee</li> </ul>	<p><b>For Rajvir Industries Limited</b></p> <p><i>[Signature]</i> Ritesh K Agarwal Managing Director</p> <p><i>[Signature]</i> <b>For S. DAGA &amp; Co.</b> Chartered Accountants</p> <p><i>[Signature]</i> Partner</p> <p><i>[Signature]</i></p>