



Arvind

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Arvind International Limited

Annual Report 2001 - 2002

**ARVIND INTERNATIONAL LTD.**

Board of Directors : Shri D. C. Bajoria *Chairman*
Sri A. Bajoria *Director*
Sri S. L. Jain *Director*

Auditors : M/S. N. C. Banerjee & Co.
2, Ganesh Chandra Avenue
Kolkata - 700 013

Registered Office : 15, Ganesh Chandra Avenue
Kolkata - 700 013

Administrative Office : 452-Ganpati Plaza,
M. I. Road
Jaipur - 302 001

Works : E-95-96 & G-76-78, RIICO Industrial Area,
Bagru Extension, Bagru - 303 007

Share Transfer Agent : Niche Technologies Pvt. Ltd.
C-444, Bagree Market,
Kolkata - 700 001



NOTICE

Notice is hereby given that the 11th Annual General Meeting of the Members of ARVIND INTERNATIONAL LIMITED will be held at Jhajharia Committee Room, 15B, Hemanta Basu Sarani, 2nd floor, Kolkata - 700 001, on Friday, the 27th September, 2002 at 10.30 A. M. to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri D. C. Bajoria who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint auditors of the Company and to fix their remuneration.

Registered Office
15, Ganesh Chandra Avenue,
Kolkata - 700 013
Dated : 15th July, 2002

By order of the Board

A. BAJORIA
Director

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY(IES) TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be received at the Registered Office of the company not less than 48 hours before the Meeting.
2. The Register of the Members and Share Transfer Books of the Company will remain closed from 20th September, 2002 to 27th September 2002 (both days inclusive).
3. Members are requested to kindly notify any change in their mailing addresses immediately to the Company's Share Transfer Agents.
4. Members, who are holding shares in identical order of names in more than one account, are requested to intimate to the Company, the ledger folio of such accounts together with the Share Certificates(s) to enable the Company to consolidate all holdings into one account. The Share Certificates will be returned to the members after making the necessary endorsements in due course.
5. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the company at least ten days in advance, so as to enable the company to keep the information ready.
6. Members are requested to kindly bring their copies of the Report and Accounts to the meeting.
7. Pursuant to the provisions u/s 205A of the Companies Act, 1956 as amended, Dividends for the Financial year ending 31.03.1995 and thereafter, which remains unpaid/unclaimed for a period of 7 years will be transferred to the "Investors Education and Protection Fund" to be constituted by the Central Government.



Members who have not en-cashed the Dividend Warrant if any, so far for the financial year ending 31.03.1995 or any subsequent year/years, are requested to make their claims to the Registered office of Company. Please note in this connection that under the amended provisions, once the unclaimed Dividend is transferred, as above, no claim shall be entertained in respect of such Dividend.

8. Re-appointment of Director :- At the ensuing Annual General Meeting Shri D. C. Bajoria, Director of the Company shall retire by rotation and being eligible, offers himself for re-appointment. As per clause 49 of the Listing Agreement dealing with corporate Governance, the company is required to provide a brief resume, expertise and names of the Companies in which the proposed Director(s) hold the Directorship etc.

Accordingly the said information is given below :

Shri D. C. Bajoria aged about 56 years started his proprietary business of trading in chemicals in the name of M/s. Arvind Industries in 1966. He is acting as Chairman of this company from its inception.

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DIRECTORS' REPORT

Your Directors have pleasure in presenting their 10th Annual Report together with the Audited Financial Results of the Company for the year ended 31st March, 2002.

Financial Results

(Rs. in Lacs)

	Year ended <u>31.03.2002</u>	year ended <u>31.03.2001</u>
Gross Sales	3052.83	2545.49
Less : Total Expenditure	2873.99	2392.58
Gross Profit (before Interest & Depreciation)	178.84	152.91
Less : Interest	75.38	59.34
Less : Depreciation	25.00	23.59
Net Profit (before tax)	78.46	69.98
Less : Provision for Tax	6.50	3.22
Net Profit	71.96	66.76
Balance Brought Forward	233.14	166.38
Balance Carried Forward	305.10	233.14

PERFORMANCE :

The net profit of the Company after providing for Taxation recorded a surplus of Rs. 71.96 Lac, that is an EPS of Rs. 1.95 per share.

Despite adverse economic scenario prevailing in the country coupled with serious competitions from established players in the market, the gross sales of the company during the year under review increased by about 20% which signifies growing acceptance of the company's products in the market. However due to corresponding increase in the cost of production and marketing, the exclusive benefit of increased sales could not be achieved. The earning per share had been increased to Rs. 1.95 from Rs. 1.81 in the previous year.

The capacity utilisation was in line with the aggregate market potential and the overall plant performance had been satisfactory.

INDUSTRY STRUCTURE & DEVELOPMENTS :

The products of the Company constitutes Polyurethane Foam which is extensively used in the Transport, Automobile, Packaging, Electronics, Garments, Leather, Shoes and Furniture Industries. With the increase in Industrial activities in the country, the demand for Polyurethane Foam is being increased in geometrical progression constituting a huge demand-supply gap. In spite of the entry of the new players and increased production capacities, the ultimate demand-supply gap is on the increase.

MARKEETING & PROSPECTS :

Proximity of the company's manufacturing units to the most potential market in the northern part of the country has greatly helped the company to effectively compete with other established producers in the country. Having established its controlling share in the Northern Region, the company has since turned its attention to the Eastern India which has a boundless potentiality and company is hopeful of establishing its presence in this part of the country before turning its attention to other untapped markets of the country.



RISK AND CONCERN :

The products of the company being material intensive which constitutes about 90% of its cost of production, the profitability of the company depends mostly on the movement of the prices and availability of the raw materials. The developments of Petrochemical Industries in the country will not only reduce the cost of raw materials but also it would reduce dependence on foreign sources for raw materials of the industry.

DIVIDEND :

The product of the company being materials intensive and a larger proportion of the raw materials used being imported at the moment the company is always facing a liquidity crunch, which prevents your directors from recommending payments of dividend.

CORPORATE GOVERNANCE :

The Securities and Exchange Board of India (SEBI) has since introduced a Code of Corporate Governance, mandatory for the listed companies having a paid-up capital of Rs. 3.00 Crores and above, through the route of Listing Agreements. The Code has been made compulsory through stages depending on the range of paid-up capital of the companies and in case of your company, it will be effective by the end of the current year.

Recognising the need for and importance of the Code of Corporate Governance, your directors have already initiated measures to ensure due compliance of the Listing Agreements within the stipulated time schedule, a report in this matter is appended hereto.

PUBLIC DEPOSIT :

The Company has not accepted and/or renewed any Public deposit during the year.

DIRECTORS' RESPONSIBILITY STATEMENT :

In compliance with the Section 217 (2AA) of the Companies Act, 1956, your Directors confirms that : -

- i) In preparation of the annual accounts, the Accounting Standards have been consistently followed;
- ii) The directors have selected such Accounting policies as detailed in the schedule 18 to the Annual Accounts and applied the same consistently and made judgements and estimates that 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 & Loss A/c of the Company for that period.
- iii) Proper and sufficient care has been taken for the maintenance of adequate Accounting records in accordance with the provisions of the aforesaid Act, for safeguarding the assets of the Company and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on the on going concern basis.

DIRECTORS :

Pursuant to the provisions of the Companies Act, 1956 and in accordance with the provisions of the articles of Association of the company, Shree D. C. Bajoria, retires by rotation at the forthcoming Annual General Meeting and he being eligible, offers himself for re-appointment as a director.

AUDITORS :

M/s. N. C. Banerjee & Co., Chartered Accountants, the Auditors of the Company will retire at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

AUDITORS' REPORT :

The Auditors' Report when read with Notes on Accounts as detailed in the Schedule 18 to the Annual Accounts, is self-explanatory and does not require any further elaboration.

**EXCISE DUTY :**

During the year under review a sum of Rs. 171.83 Lac (previous year Rs. 209.34 lac) was paid on account of Excise Duty on the products manufactured by the Company.

LISTING OF SHARES :

The shares of the company got listed on the Stock Exchanges at Kolkata, Mumbai, Ahmedabad and Jaipur and the company have been generally regular in complying with the provisions of the Listing Agreements.

The shareholders of the company have since passed necessary resolutions for voluntary delisting of company's shares from the Stock Exchange at Ahmedabad. The company has since complied with various formalities as are required in terms of SEBI guidelines and the requirements of Ahmedabad Stock Exchange, but unfortunately due to lack of communication and understanding, the matter of delisting remains pending till date.

DEMATERIALISATION OF SHARES :

In terms of provisions under the Depositories Act, 1996, the shares of the company have already been dematerialised with the depositories M/s. NSDL and M/s CDSL. The ISIN no. allotted to the company by the said NSDL/CDSL is INE512C01012 and in terms of the said Depositories Act, 1996, trading in the equity shares of the company on any Stock Exchange is permitted only in dematerialised form.

PARTICULARS OF EMPLOYEES :

There being no employee drawing salaries and remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956, no statement containing particulars of Employees in terms of the said provisions of Act is necessary.

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

The particulars relating to the conservation of energy, Technology absorption & foreign Exchange Earnings and Outgo as are required under section 217 (1) (e) of the Companies Act, 1956 is annexed as part of this Report.

Acknowledgements :

Your Directors take this opportunity to express their gratitude and thanks to the Officials of the Central & State Government Departments and Agencies, the Financial Institutions and Banks and other Authorities for their kindly extending fullest co-operation and support to the company. The Directors also place on records their deep appreciation of the sincere efforts and contributions made by the employees at all levels for maintaining a steady progress of the company.

Registered Office :
15, Ganesh Chandra Avenue,
Kolkata-700 013
DATED : 28.06-2002

On behalf of the Board

D. C. BAJORIA
Chairman



ANNEXURE TO THE DIRECTORS' REPORT :

Information as required under Section 217 (1) (e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy

- a) Energy Conservation measures taken : The company is taking adequate steps for reduction in non-essential loads to conserve power by increasing the production in each run.
- b) Additional investments and proposals are being implemented for reduction of consumption of energy: The efforts to conserve energy on others areas are in progress.
- c) Impact of above measures : More efficient utilisation of power & reduction in energy consumption.
- d) Total energy consumption and energy consumption per unit of production : As per Form A annexed.

B. Technology Absorption

- a) Efforts made in technology absorption : As per Form B annexed.

C. Foreign exchange earnings and outgo

- a) Total foreign exchange used and earned :

	Current Year	Previous Year
	(Rs. in Lacs)	
Total foreign exchange earning	0.00	172.48
Total foreign exchange outgo	907.93	872.97

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars	Current year (2001-2002)	Previous Year (2000-2001)
A. Power and fuel consumption		
1. Electricity		
a) Purchases		
----Unit (In Lacs)	1.33	1.49
----Total Amount (Rs. Lacs)	6.85	8.23
----Rate (Rs./Unit)	5.14	5.53
b) Own Generation		
----Cost (Rs./Unit)	5.98	5.39
B. Consumption per unit of production		
1. Electricity (Unit/KG)		
P. U. Foams	0.16	0.14



Annexure to the Directors' Report (Contd.)

FORM - B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION RESEARCH AND DEVELOPMENT (R & D)

The future course of action for carrying out research & development will be as under :

1. **SPECIFIC AREAS IN WHICH R & D PROPOSED TO BE CARRIED OUT BY COMPANY :**

The R & D activities of the company has been directed towards improvement in the existing product range as well as to develop new products. Continuous efforts have been made to achieve the above.

2. **BENEFITS DERIVED :**

With the introduction of R & D activities, the company has been able to improve the quality of its products, reduce the costs and has improved environmental conditions. Presently with the help of its R & D activities the Company has launched 50 Density Foam in the markets.

3. **FUTURE PLAN OF ACTION :**

With the objects of attainment of better future and growth, new products will be developed and launched.

4. **Expenditure on R & D :**

- a) Capital
- b) Recurring
- c) Total
- d) Total R & D Expenditure as a percentage of total turnover.

Expenditures are charged under direct heads of Revenue Accounts

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. **EFFORTS MADE :**

Continuous efforts are made for improvements in the existing production process and products.

2. **BENEFITS :**

The company has been able to improve the quality of its products.