



Arvind

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Arvind International Limited

13th Annual Report & Accounts 2003-2004



ARVIND INTERNATIONAL LTD.

Board of Directors	:	Shri D. C. Bajoria	<i>Chairman</i>
		Sri A. Bajoria	<i>Director</i>
		Sri S. L. Jain	<i>Director</i>
		Sri S. K. Poddar	<i>Director</i>
		Sri Rajeev Chamaria	<i>Director</i>

Bankers : State Bank of India

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

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

Phone : 91-33-2236-8504

Fax : 91-33-2225 2433

Administrative Office : 452-Ganpati Plaza,
M. I. Road
Jaipur - 302 001
Phone : 91-141-2371924

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

Registrar &
Share Transfer Agent : Niche Technologies Pvt. Ltd.
D-511, Bagree Market,
71, B.R.B. Basu Road,
Kolkata - 700 001
Phone : 91-33-2235-7270/7271
Fax : 91-33-22156823



NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Members of ARVIND INTERNATIONAL LIMITED will be held at Jhaharia Committee Room, 15B, Hemanta Basu Sarani, 2nd floor, Kolkata - 700 001, on Tuesday, the 28th September, 2004 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, 2004 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 S. L. Jain who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company and to fix their remuneration.

Special Business :

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

"RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions if any of the Companies Act, 1956, the consent of the company be and is hereby accorded to the appointment of Sri Arvind Bajoria a director of the company as a whole time Director of the company for a period of 3 years w.e.f. 1st July, 2004 on the following terms and conditions :-

- a) **Basic Salary** of Rs. 20000/- per month
- b) **Medical reimbursement upto** Rs. 1000/- per month
- c) **House Rent Allowance @** Rs. 4000/- per month

Perks :

- (i) **Leave Travel allowance/Concession** :- The Company will reimburse actual fare of the economy class AIR or AC train equivalent expenses for self, wife and dependent family once in a year subject to a ceiling of one month salary per year.
- (ii) **Leave with Salary** :- 15 days leave on full pay and allowance as per rule of the Company can be availed for every one year of service rendered and in case, leave not availed same can be encashed fully.
- (iii) **Personal Accident / insurance** :- The Company will pay for the premium of Personal Accident Insurance cover which will not exceed Rs. 2000/- (Rs. Two thousand only) per annum.
- (iv) **Fees for the Club** :- The Company will reimburse the Club fees and Expenses (Except Admission & Life Membership Fees) subject to maximum of two clubs.
- (V) **Gratuity** :- Not exceeding half month salary for every completed year of service as per Gratuity Act, 1972.



(vi) **Provident Fund** :- P. F. Contribution @ 12% of the Basic Salary will be deducted from his salary and the like amount will be contributed by the Company.

(vii) **Telephone** :- Free telephone facilities at residence, Personal long distance call shall be billed by the Company.

(viii) **Motor Car** :- The Company will provide one car with driver for official use only.

5. To consider and if thought fit to pass with and without modification the following resolution as an Ordinary Resolution.

"RESOLVED that Shri Sushil Kumar Poddar who has given his consent in writing be and is hereby appointed as a Director of the Company whose period in office shall be determined by retirement by rotation".

6. To consider and if thought fit to pass with and without modification the following resolution as an Ordinary Resolution.

"RESOLVED that Shri Rajeev Chamaria who has given his consent in writing be and is hereby appointed as a Director of the Company whose period in office shall be determined by retirement by rotation."

Registered Office
15, Ganesh Chandra Avenue,
Kolkata - 700 013
Dated : 30th day July, 2004

By order of the Board

A. BAJORIA
Director

Notes :

1. 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 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 time of Annual General Meeting.
2. The Register of the Members and Share Transfer Books of the Company Shall remain closed from 25th September, 2004 to 28th September 2004 (both days inclusive).
3. Explanatory statement pursuant to Sec. 173 (2) of the Companies Act, 1956 is annexed.
4. Members are requested to kindly notify any change in their mailing addresses immediately to the Company's Share Transfer Agents.
5. 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 Certificate(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.



6. 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.
7. Members are requested to kindly bring their copies of the Report and Accounts to the meeting.
8. Pursuant to the Section 205A of the Companies Act, 1956 as amended, Dividends for the Financial Year(s) subsequent to 31.03.1996 and thereafter, which remains unpaid/unclaimed for a period of 7 years will be transferred to the "Investors Education and Protection Fund" (IEPF) pursuant to Section 205C of the Companies Act, 1956 and that once the unclaimed dividend is so transferred to IEPF, no claim shall be entertained in respect thereof.

Members who have not en-cashed the Dividend Warrant if any, so far for the financial year ending 31.03.1997 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.

9. Details of director seeking appoint/reappointment in the forthcoming AGM pursuant to clause 49 of the Listing agreement.

Name of Director	Shri S. L. Jain
Date of Birth	30th January, 1944
Date of Appointment	31st October, 1994
Qualification	inter-School
Expertise in Specific Functional Area	Business with wide experience
Directorship in other Public Ltd. Company	Inter State Oil Carrier Ltd.
Membership Committees in other Public Ltd. Co.	Shareholders/Investors Grievance Committee

Name of Director	Shri Sushil Kumar Poddar
Date of Birth	1st January, 1947
Date of Appointment	30th July, 2004
Qualification	B. Com.
Expertise in Specific Functional Area	Business with wide experience
Directorship in other Public Ltd. Company	Nil
Membership Committees in other Public Ltd. Co.	Nil



Name of Director	Shri Rajeev Chamaria
Date of Birth	6th June, 1965
Date of Appointment	30th July, 2004
Qualification	B. Com.
Expertise in Specific Functional Area	Business with wide experience
Directorship in other Public Ltd. Company	1. Tasati Tea Ltd.
	2. Supriya Tea Ltd.
	3. Phaskowa Tea Co. Ltd.
	4. RNT Finance Ltd.
	5. Subir Udyog Ltd.
Membership Committees in other Public Ltd. Co.	Nil

10. EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item no. 4 -

By a resolution of the Board dated 30.07.04 Shri Arvind Bajoria was appointed as Whole Time Director of the Company for a period of 3 years w. e. f. 1st July 2004 on salary and perquisites mentioned in the resolution pursuant to provision of section 269/309 & 198 and schedule XIII of the Companies Act, 1956. The appointment of Whole time director and payment of remuneration are subject to consent of Company in a general meeting and the Board recommends the resolution as set out in the notice of Meeting in item No. 4 be adopted in the interest of the Company.

None of the Directors except Mr. Arvind Bajoria is interested or concerned in the said resolution.

Item No. 5 & 6

Shri Sushil Kumar Poddar & Shri Rajeev Chamaria were appointed Additional Directors during the year and their terms in office expires at the forth coming Annual General Meeting. Meantime the company has received notices u/s. 257 of the Act from 2 (two) members of the Company indicating their intimation to propose resolution for appointment of Shri Sushil Kumar Poddar and Shri Rajeev Chamaria as Directors of the Company in the forthcoming AGM.

In view of the wide experience and expertise of the respective Directors, the Board recommend their appointment in the interest of the Company.

Excepting Shri Sushil Kr. Poddar & Shri Rajeev Chamaria, None of the Directors of the Company is interested in the respective Resolutions.



DIRECTORS' REPORT

Your Directors have pleasure in presenting their 13th Annual Report together with the Audited Financial Results of the Company for the year ended on 31st March, 2004.

Financial Results

(Rs. in Lacs)

	Year ended <u>31.03.2004</u>	year ended <u>31.03.2003</u>
Turnover	3556.07	3153.96
Other Income	7.74	3.26
Total	3563.81	3157.22
Add : Closing Stock	109.12	85.94
Less : Opening Stock	85.94	229.77
Revenue	3586.99	3013.39
Less : Total Expenditure	3422.85	2857.26
Gross Profit before Interest & Depreciation	164.14	156.13
Less : Interest	86.05	80.87
Less : Depreciation	25.48	25.05
Net Profit before tax	52.61	50.21
Less : Provision for Tax	14.87	4.25
Profit before Deferred Tax Liability	37.74	45.96
Deferred Tax	2.40	4.43
	35.34	41.53
Less : Provision for Bad & Doubtful Debts	0.00	14.48
Profit after Tax	35.34	27.05
Balance Brought Forward	259.49	232.44
Balance Carried Forward	294.83	259.49

PERFORMANCE :

The Net profit of the Company after providing for Taxation recorded a surplus of Rs. 35.34 Lac, that is an EPS of Rs. 0.96 per share.

Despite adverse market conditions prevailing in the country coupled with serious competitions from old and established players, the gross sales of the company during the year under review increased by about 13% 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 from Rs. 0.73 to Rs. 0.96 in the previous year.

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

The Company has provided Rs. 2.40 Lac towards Deferred Tax Liabilities during the year as per Accounting Standard - 22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India.

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.

AMALGAMATION

Your Directors at their meeting held on 5th May, 2004 has approved a Scheme of Amalgamation of M/s Aparna Polyproduct Limited with the Company, which was also approved by the shareholders of both the Companies at their meeting held on 16th July, 2004. This approval is subject to the sanction of the Scheme by the Hon'ble Calcutta High Court under section 391-394 of the Companies Act, 1956. Such Amalgamation will further strength and consolidate the position of your company to participate more vigorously and profitably in the competitive market.

MARKETING & 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 :

In view of the future expansion and working capital requirements of the Company, your Directors have not found prudent to recommend any dividend to be paid to the shareholders of the Company for the current year.

CORPORATE GOVERNANCE :

A Report on Corporate Governance as required under clause 49 of the Listing Agreement is annexed hereto and marked as Annexure – 'A'.

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, along with proper explanations relating to material departures.
- ii) The directors have selected such Accounting policies as detailed in the schedule 17 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 a '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, Sri S. L. Jain, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

AUDITORS :

M/s. N. C. Banerjee & Co., 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 read with Notes on Accounts as detailed in the Schedule 17 to the Annual Accounts, is self-explanatory and does not require any further elaboration.

LISTING OF SHARES :

The shares of the company are 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 delistment of company's shares from the Stock Exchange at Ahmedabad. The company has also since complied with various formalities as required in terms of SEBI guidelines and the requirements of Ahmedabad Stock Exchange. However confirmation of Ahmedabad Stock Exchange is awaited.

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 thanks to the Officials of the Central & State Government Departments and agencies, Financial Institutions and Banks and other authorities for their kind 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 : 18.06.2004

On behalf of the Board
For **Arvind International Ltd.**
SD/-
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 earnings	NIL	NIL
Total foreign exchange outgo	661.76	NIL

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

PARTICULARS	CURRENT YEAR (2003-2004)	PREVIOUS YEAR (2002-2003)
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
a) Purchased		
----Unit (In Lacs)	1.00	1.19
----Total Amount (Rs. Lacs)	5.63	6.46
----Rate (Rs./Unit)	5.63	5.42
b) Own Generation		
----Cost (Rs./Unit)	6.79	6.54
B. CONSUMPTION PER UNIT OF PRODUCTION		
1. Electricity (Unit/KG)		
P. U. Foams	0.11	0.17