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Arvind International Limited

14th Annual Report & Accounts 2004-2005


ARVIND INTERNATIONAL LTD.

Board of Directors	Shri D. C. Bajoria Sri A. Bajoria Sri S. K. Poddar Sri Rajeev Chamaria Sri Suvobrata Ganguly	<i>Chairman</i> <i>Managing Director</i> <i>Director</i> <i>Director</i> <i>Director</i>
Bankers	State Bank of India Bank of Baroda	
Auditors	M/s. N. C. Banerjee & Co. 2, Ganesh Chandra Avenue Kolkata - 700 013	
Company Seceretary	Ms. Pragya Sahal	
Registered Office	15, Ganesh Chandra Avenue Kolkata - 700 013 Phone : 91-33-2236-8504 Fax : 91-33-2225 2433	
Administrative Office	131-134 Vrindavan Vihar DCM, Ajmer Road Jaipur - 302 019 Phone : 91-141-3967846	
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 14th 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 28th day of September 2005, at 10.30 A.M. to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 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 Dinesh Chandra Bajoria 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 and without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Suvabrata Ganguly who was appointed as an Additional Director on the Board w.e.f. 9.03.2005 and who holds office upto ensuing Annual General Meeting, be and is hereby appointed as a director of the Company whose period in office shall be determined by retirement by rotation."

By order of the Board

Registered Office
15, Ganesh Chandra Avenue,
Kolkata - 700 013
Dated : 31st day August, 2005

D. C. BAJORIA
Chairman
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 meeting.
2. The Register of the Members and Share Transfer Books of the Company will remain closed from 26th September 2005 to 28th September 2005 (both days inclusive).
3. Explanatory statement pursuant to section 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 provisions u/s 205A of the Companies Act, 1956 as amended, Dividends for the Financial year ending 31.03.1997 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 of such Dividend.

Members who have not en-cashed the Dividend Warrant if any, so far for the financial year ending 31.03.1998 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 appointment/reappointment in the forthcoming AGM pursuant to clause 49 of the Listing Agreement.

Name of Director	Sh. Dinesh Chandra Bajoria
Date of Birth	5.01.1944
Date of Appointment	Since Incorporation
Qualification	B.Com
Expertise in Specific Functional Area	Business with wide experience
Directorship in other Public Limited Company	Nil
Membership Committees in other Public Ltd. Co.	Nil

Name of Director	Shri Suvabrata Ganguly
Date of Birth	10.03.1966
Date of Appointment	9.03.2005
Qualification	B.Com
Expertise in Specific Functional Area	Business with wide experience
Directorship in other Public Limited Company	1. FCGL Industries Ltd. 2. Paragon Finance Ltd.
Membership Committees in other Public Ltd. Co.	Share Transfer/Grievance Committee

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

Item No. 4-

Shri Suvabrata Ganguly was appointed as Additional Director during the year and his term in office expires at the forthcoming Annual General Meeting. The Company has received notice u/s 257 from member of the Company indicating intention to propose resolution for appointment of Shri Suvabrata Ganguly as Director in the forthcoming AGM.

Sh. Suvabrata Ganguly has wide knowledge and vast experience and his inclusion in the Board will enable the Company to use his valuable guidance and support in the day to day management of the Company. Therefore, in the interest of the Company your Directors recommend the appointment of Sh. Suvabrata Ganguly.

Except Sh. Suvabrata Ganguly, none of the Directors is interested in the resolution.



DIRECTORS' REPORT

Your Directors have pleasure in presenting their 14th Annual Report together with the Audited Financial Results of the Company for the year ended 31st March, 2005.

FINANCIAL RESULTS	Year ended 31.03.2005	Year ended 31.03.2004
Turnover	1965.55	3556.07
Other Income	11.20	7.74
Total	1976.75	3563.81
Add: Closing Stock	447.76	109.12
Less: Opening Stock	177.66	85.94
Revenue	2246.85	3586.99
Less: Total Expenditure	2359.15	3422.85
Gross Profit	(112.30)	164.14
(before Interest & depreciation)		
Less: Interest	70.42	86.05
Less: Depreciation	37.42	25.48
Net Profit (before tax)	(220.14)	52.61
Less: Provision for Tax	0.00	14.87
Profit before Deferred Tax Liability	(220.14)	37.74
Deferred Tax Assets/ Liability	64.51	2.40
Profit after Tax	(155.63)	35.34
Balance Brought Forward	343.03 *	259.49
Balance Carried Forward	187.40	294.83

* including Brought forward balance of Aparna Polyproduct Ltd., being absorbed w.e.f. 1st April, 2004.

PERFORMANCE:

The Net Loss of the Company during the year under review was Rs. 155.63 lacs.

Due to adverse market conditions and severe competitions from old and established players and increase in raw materials prices, coupled with increase in petroleum prices, the company has suffered an operational loss of Rs. 112.30 lacs before interest and depreciation during the period under review.

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



The company has provided a sum of Rs. 64.51 lacs towards Deferred Tax Assets (Net) for the current year as per Accounting Standard – 22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India.

A detailed analysis is available in Management Discussion and Analysis Report.

INDUSTRY STRUCTURE & DEVELOPMENTS

The products of the Company constitutes Polyurethane Foam which is extensively use 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 expected to increase which may result in better price realisation for final products.

ABSORPTION

The company has absorbed Aparna Polyproduct Ltd., an associate company engaged in same line of business during the year under review w.e.f. 1st April, 2004 as per Order dated 18th January, 2005 of the Hon'ble High Court at Kolkata. This amalgamation will enable the company to grow and expand the common business field as an integrated company in this modern commercial world and to achieve rationalisation of the management structure and economies of scale. This will further strengthen and consolidate the position of the amalgamated company to participate more vigorously and profitably in a competitive market besides pulling its combined resources more effectively and to expand their activities in a bigger way.

RIGHTS ISSUE

Your Directors at their meeting held on 25.01.2005 have approved the issue of rights shares as a part of the growth and expansion plan which was also approved by the Shareholders at their meeting held on 28.02.2005. The proposed rights issue will further strengthen the equity base of your company and will contribute in growth and development of the business.

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.

The company has also focussed its attention to the fast growing segment of low-value items with higher volumes and better margin prospects. The company is also putting-up some modern equipments to produce some value-added products like Fire retardant Foam, Peeled Foam and spring mattress, which will also change the customer's profile.



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 development of Petrochemical Industries in the country will not only reduce the cost of raw materials but it would also reduce dependence on foreign sources for raw materials of the industry.

DIVIDEND

In view of the Loss incurred by the Company during the year under review, your Directors have not found it 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 confirm 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 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 'going concern' basis.



DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Shri Dinesh Chandra Bajoria, retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Shri S.L.Jain , Director of your Company resigned from the Board during the year. The Board expressed its sincere appreciation for the contribution of the resigning Director and accepted his resignation.

Shri Suvabrata Ganguly was appointed as Additional Director during the year and he holds office till the conclusion of forthcoming Annual General Meeting. Meantime, a Notice has been received from a member signifying his intention to propose appointment of Shri Suvabrata Ganguly as Director of the Company at the forthcoming Annual General Meeting.

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 when 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 SECURITIES

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

The share holders of the company have since passed necessary resolutions for voluntary delisting of company's shares from the Stock Exchange at Ahmedabad and Jaipur. The company has also since complied with various formalities as are required in terms of SEBI guidelines and the requirements of Ahmedabad Stock Exchange and Jaipur Stock Exchange Limited. However, confirmation from both the stock exchanges 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/CSDL 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 to the officials of the Central & State Government Departments and agencies, the Financial Institutions and Banks and other authorities for their co-operation and support to the company. The Directors also place on record their deep appreciation for the sincere efforts and contributions made by the employees at all levels for maintaining steady progress of the company.

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By order of the Board

Registered Office
15, Ganesh Chandra Avenue,
Kolkata - 700 013
Dated : 31st day August, 2005

D. C. BAJORIA
Chairman
A. BAJORIA
Director