



Arvind

Your Comfort Zone

Report  Junction.com

Arvind International Limited

15th Annual Report & Accounts 2005-2006



CONTENTS

1.	Notice	01
2.	Directors' Report	06
3.	Annexure to the Directors' Report	11
4.	Report on Corporate Governance	13
5.	Management Discussion and Analysis	22
6.	Auditor's Certificate on compliance of Corporate Governance Code	25
7.	Auditors' Report	26
8.	Annexure to the Auditors' Report	28
9.	Balance Sheet as on 31st March 2006	31
10.	Profit & Loss Account for the year ended 31st March 2006	32
11.	Cash Flow Statement	33
12.	Schedules to Balance Sheet and Profit & Loss Account	35
13.	Notes to Accounts	41
14.	Balance Sheet Abstract and Company's General Business Profile	47



ARVIND INTERNATIONAL LTD.

Board of Directors	:	Mr. Dinesh Chandra Bajoria Mr. Arvind Bajoria Mr. Rajiv Chamaria Mr. Suvabrata Ganguly Mr. Saurabh Poddar Mr. S. K. Poddar	<i>Chairman</i> <i>Managing Director</i> <i>Director</i> <i>Director</i> <i>Add. Director</i> <i>Director (Since resigned)</i>
Bankers	:	State Bank of India Bank of Baroda	
Statutory Auditors	:	M/s. N. C. Banerjee & Company 2, Ganesh Chandra Avenue KOLKATA 700 013, West Bengal	
Company Seceretary	:	Miss Shailja Sharma	
Registered Office	:	15, Ganesh Chandra Avenue 2nd Floor, Kolkata - 700 013 West Bengal Phone : 91-33-22368504, 91-33-32573873 Fax : 91-33-22118014	
Administrative Office	:	131-134, Vrindavan Vihar, DCM, Ajmer Road Jaipur - 302 019, Rajasthan Phone : 91-141-3267846	
Works	:	E-95-96 & G-76-78, RIICO Industrial Area Bagru Extension, Bagru, Jaipur- 303 007, Rajasthan Phone : 91-141-3247460	
Registrar & Share Transfer Agent	:	Niche Technology Private Limited D-511, Bagree Market, 5th Floor, 71, BRB Basu Road, Kolkata - 700 001 Phone : 91-33-22357270/7271 Fax : 91-33-2215-6823	



NOTICE

Notice is hereby given that the Fifteenth 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 Wednesday 27th day of September 2006, at 10.00 A.M. to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2006 and 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 Mr. Rajiv Chamaria 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 Section 198, 269, 309 & other applicable provisions if any of the Companies Act, 1956, the consent of the company be and is here by accorded to the appointment of Sri Dinesh Chandra Bajoria a Director of the Company as a whole time chairman of the Company for a period of 3 years w.e.f. 1st July, 2006 on the following terms and conditions :-

- a) Basic Salary of Rs. 40000/- Per month
- b) Medical reimbursement upto Rs. 2000/- per month
- c) House Rent Allowance @ Rs. 5000/- per month

Perks :

- i) **Gratuity** : Not exceeding half month salary for every completed year of service as per Gratuity Act. 1972.
- ii) **Provident Fund** : P.F. Contribution @ 12% of basic salary will be deducted from his salary and the like amount will be contributed by the company.



iii) **Telephone** : Free telephone facilities at residence, personal long distance call shall be billed by the company.

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

The above scale of remuneration is the minimum to be paid irrespective of the company earning profit or incurring any loss during the relevant year and that the Board is authorised to review and revise the scale from time to time during the present term subject to the ceiling prescribed under schedule XIII to the Act.

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

"RESOLVED THAT Mr. Saurabh 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 liable to determination by retirement by rotation."

By order of the Board

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

Dinesh Chandra Bajoria
Chairman

Dated : 31st day of August, 2006



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 Book of the Company will remain closed from 22nd September 2006 to 27th September 2006 (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 address 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 205C of the Companies Act, 1956 as amended, Dividends for the Financial year ending 31.03.1998 and thereafter, which remains unpaid/unclaimed for a period of 7 years will be transferable to the "Investors Education and Protection Fund" (IEPF) 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 31.03.1999 or any subsequent year/years, are requested to make their claims to the Registered Office of the Company.



9. Details of Director seeking appointment/reappointment in the forthcoming AGM pursuant to clause 49 of the Listing Agreement.

Name of Director	Mr. Rajiv Chamaria
Date of Birth	06.06.1965
Date of Appointment	30.07.2004
Qualification	B.Com
Expertise in Specific Functional Area	Business with wide experience
Directorship in other Public Limited Companies	1. Tasati Tea Limited 2. Supriya Tea Limited 3. RNT Finance Limited 4. Subir Udyog Limited
Membership Committees in other Public Ltd. Co.	Nil

Name of Director	Mr. Saurabh Poddar
Date of Birth	28.12.1973
Date of Appointment	11.03.2006
Qualification	B.Com
Expertise in Specific Functional Area	Business with wide experience
Directorship in other Public Limited Companies	1. Arvind Chemicals Limited
Membership Committees in other Public Limited Companies	1. Audit Committee 2. Share Transfer/ Grievance Committee.

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

Item No. 4

By a resolution of the Board dated 28.07.2006 Shri Dinesh Chandra Bajoria was appointed as Whole Time chairman of the Company for a period of 3 years w.e.f. 1st July 2006 on salary and perquisites mentioned in the resolution pursuant to provisions of section 269/309 & 198 and schedule XIII to 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. Dinesh Chandra Bajoria is interested or concerned in the said resolution.



Item No. 5

Mr. Saurabh Poddar 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 a member of the Company indicating his intention to propose resolution for appointment of Mr. Saurabh Poddar as Director in the forthcoming AGM.

Mr. Saurabh Poddar has wide knowledge and vast experience in the field of Marketing & Administration 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 Mr. Saurabh Poddar.

Except Mr. Saurabh Poddar, none of the Directors is interested or concerned in the resolution.

Report  junction.com



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 15th Annual Report together with the Audited Financial Results of the Company for the year ended 31st March, 2006.

1. FINANCIAL RESULTS

	Year ended <u>31.03.2006</u>	(Rs. in Lacs) Year ended <u>31.03.2005</u>
Turnover	1308.28	1965.55
Other Income	<u>2.17</u>	<u>11.20</u>
Total	1310.45	1976.75
Add: Closing Stock	199.40	447.76
Less: Opening Stock	<u>447.24</u>	<u>177.66</u>
Revenue	1062.61	2246.85
Less: Total Expenditure	<u>1369.47</u>	<u>2359.15</u>
Gross Profit (Loss)	(306.86)	(112.30)
(before Interest & depreciation)		
Less: Interest	124.88	70.42
Less: Depreciation	<u>41.14</u>	<u>37.42</u>
Net Profit/(Loss) (before tax)	(472.88)	(220.14)
Less: Provision for Tax	NIL	0.00
Less: Fringe Benefit Tax	2.37	0.00
Profit/(Loss) before Deferred Tax Liability	(475.25)	(220.14)
Less : Deferred Tax Assets/ (Liability)	(66.51)	64.51
Add : Income Tax Provision for Earlier Years Written Back	7.22	0.00
Profit/(Loss) after Tax	(534.54)	(155.63)
Balance Carried Forward	(276.57)	187.40
	=====	=====

2. PERFORMANCE:

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. 306.86 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. 66.51 lacs towards Deferred Tax Liability (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.

3. 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 expected to increase which may result in better price realisation for final products.

4. 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 focused its attention to the fast growing segment of low-value items with higher volumes and better margin prospects. The company is also installing 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.

5. RISK AND CONCERN

The products of the company being material intensive which constitutes about 80% 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.

6. DIVIDEND

In view of the Loss incurred by the Company during the year under review, your Directors regret their inability to recommend any dividend for the current year.