

22 <sup>nd</sup>
<i>Annual</i>
<i>Report</i>
2005-2006

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**AVIVA INDUSTRIES LIMITED**

[www.avivaindustries.com](http://www.avivaindustries.com)



# AVIVA INDUSTRIES LIMITED

[www.avivaindustries.com](http://www.avivaindustries.com)

## 22nd ANNUAL GENERAL MEETING

DAY - Friday

Date - 29th September, 2006

Time - 2.00 P.M.

VENUE :

Ashoka Hall, Arcedia Bulding, Nariman Point,  
Mumbai – 400002

## Contents

NO.	PARTICULARS	PAGE NO.
1.	Board of Directors and other Details	1
2.	Notice and Explanatory Statements	2
3.	Directors' Report	5
4.	Report on Corporate Governance	8
5.	Management Discussion and Analysis Report	13
6.	Auditor Certificate on Corporate Governance	14
7.	Auditors' Report	15
8.	Balance Sheet	18
9.	Profit and Loss Account	19
10.	Schedules forming part of the Accounts	20
11.	Notes on Accounts	25
12.	Balance Sheet Abstract and Company's General Business Profile	27
13.	Cash Flow Statement	28
14.	Attendance Slip and Proxy Form	29

### BOARD OF DIRECTORS

MOHAN GUPTA	- <i>Chairman</i>
SUNIL KUMAR GUPTA	- <i>Managing Director</i>
JATIN GUPTA	- <i>Director</i>
SHYAMSUNDER GUPTA	- <i>Director</i>
PAWAN KUMAR GUPTA	- <i>Director</i>
AJAY GUPTA	- <i>Director</i>
ANIL KUMAR SINGHAL	- <i>Director</i>
SANDEEP GOYAL	- <i>Director</i>

### COMPANY SECRETARY & COMPLIANCE OFFICER

KALPESH DESAI

### REGISTERED OFFICE

336, Sardar Gruh Building,  
198, Lokmanya Tilak Road,  
Nr. Crawford Market, Mumbai - 400 002.  
Ph. No. 022 - 22000356 Fax : 022 - 22000357

For, AVIVA INDUSTRIES LTD.

### CORPORATE OFFICE

205, Sarthak-II, Opp. Rajpath Club,  
S. G. Highway, Ahmedabad - 380 015.  
Ph. No. 079 - 40029111 Fax : 079 - 40029444  
www.avivaindustries.com

COMPANY SECRETARY

### STATUTORY AUDITORS

J. P. Saboo & Co.  
3040, Jash Textile & Yarn Market,  
Ring Road, Surat - 395 003.  
Ph. No. 0261 - 2325005 Fax : 0261 - 2328840

### BANKERS

STATE BANK OF INDIA Corporate Accounts Group,  
23 J. M. Heredia Marg, Voltas House, Bombay - 1.

### SHARE TRANSFER AGENT

Intime Spectrum Registry Ltd.  
(earlier MCS Ltd.)  
101, Shatdal Complex, 1st Floor,  
Opp. Bata Showroom, Ashram Road,  
Ahmedabad - 380 009.  
Ph. No. 079 - 30070671

## NOTICE

Notice is hereby given that the **Twenty Second Annual General Meeting** of the Members of **Aviva Industries Limited** will be held on Friday, the 29th day of September, 2006 at 2.00 p.m. at the registered office of the Company at Ashoka Hall, Arcedia Building, Nariman Point, Mumbai – 400002 to transact the following businesses:

### ORDINARY BUSINESS :-

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2006, the Profit and Loss Account for the year ended on 31st March, 2006 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Anilkumar Singhal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Ajay Kumar Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s J.B. Saboo & Co. Chartered Accountants, Surat, as Statutory Auditors of the Company pursuant to provisions of Section 224 of the Companies Act, 1956 to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration apart from reimbursing out-of-pocket expenses incurred in the normal course of their duties.

### SPECIAL BUSINESS: -

**To consider and if thought fit, to pass with or without modifications, the following resolutions: -**

5. As an ordinary Resolution: -  
RESOLVED THAT Shri Jatin Gupta who was appointed as an additional director under Section 260 of the Companies Act, 1956 by the Board of Directors at their meeting held on 30.01.2006 and who holds office upto the date of this Annual General Meeting and in respect of whom a notice in writing under Section 257 of the Companies Act, 1956 has been received by the Company be and is hereby appointed as Director of the Company liable to retire by rotation.
6. As Ordinary Resolution:-  
RESOLVED THAT Shri Shyamsunder Gupta who was appointed as an additional director under Section 260 of the Companies Act, 1956 by the Board of Directors at their meeting held on 28.02.2006 and who holds office upto the date of this Annual General Meeting and in respect of whom a notice in writing under Section 257 of the Companies Act, 1956 has been received by the Company be and is hereby appointed as Director of the Company liable to retire by rotation
7. As an Ordinary Resolution: -  
RESOLVED THAT M/s. Shah and Shah Associates, Chartered Accountants, Ahmedabad be and are hereby appointed as the Joint Auditors of the Company together with M/s. J.P. Saboo & Co. Chartered Accountants from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at such remuneration as may be mutually agreed upon between M/s. Shah and Shah Associates and the Board of Directors of the Company.
8. As Special Resolution  
"RESOLVED THAT pursuant to sub-section (1) of Section 163 of the Companies Act, 1956:
  - a. the Company hereby approves that the Register of Members, the Index of Members, Register and copies of all Annual Returns prepared under Section 159 and 160 of the Act, together with the copies of certificates and documents required to be annexed thereto under Section 160 and 161 of the Act shall be kept at the office of the Registrar & Share Transfer Agent of the Company viz. Intime Spectrum Registry Ltd., Harmony, Plot No. 6, Sector-1, Khanda, New Panvel (W), Mumbai - 410206 with effect from 1st August, 2006 instead of being kept at MCS Ltd Shri Venkatesh Bhavan, Plot No.27, Road No.11, MIDC Area, Andheri (East), Mumbai-400093.
  - b. the Registers, Indexes, Returns, Books, Certificates and Documents of the Company required to be maintained and kept open for inspection under the provisions of the Companies Act, 1956, be kept open for such inspection, at the place where they are kept, by the persons entitled thereof to the extent and in the manner and on payment of the fees, if any, specified by the Act between 11.00 a.m. and 1.00 p.m. on any working day of the Company except when the Registers and Books are closed under the provisions of the Companies Act, 1956, or under the Articles of Association of the Company, provided however, that the Register required to be maintained under Section 307 of the said Act, shall be open for inspection of the Members of the Company, if any, as aforesaid, between the hours above mentioned during the period prescribed under sub-section (5) (a) of Section 307 of the Act."

#### Regd. Office:

336, Sardar Gruh Building,  
198, Lokmanya Tilak Road  
Nr. Crawford Market,  
Mumbai - 400002  
Dated : 31.07.2006

**By Order of the Board of Directors ,  
For Aviva Industries Limited**

sd/-  
**KALPESH DESAI**  
Company Secretary

**ANNUAL REPORT 2005-06****Notes :-**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF SELF AND A PROXY NEED NOT BE A MEMBER.**  
**THE PROXY FORM, DULY STAMPED AND EXECUTED SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY, ATLEAST 48 HOURS BEFORE THE TIME FIXED FOR THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September 2006 to 29th September 2006 (both days inclusive).
3. Members, desiring any information pertaining to Accounts, are requested to write to the Company 7 days before the date of the meeting, so that the information can be made available at the meeting.
4. Members are requested to bring their copy of the Annual Report at the meeting and produce the Attendance Slip at the Entrance, where the Annual General Meeting will be held.
5. The documents, referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during the working hours except on holidays, prior to the date of Annual General Meeting.
6. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. Listing fees for the year 2006-2007 has been paid to The Vadodara Stock Exchange, and The Stock Exchange Mumbai.
8. As required in terms of paragraph VI(A) of the Clause 49 of the Listing Agreement, the details of the Directors retiring by rotation and eligible for reappointment are furnished below :
  - (a) Shri Anilkumar Singhal is a Independent Director of the Company. He is a Commerce Graduate having a rich experience in Textile Industry. He has been associated with the Company for long. He is also a member of the Audit Committee and Remuneration Committee of the Company. Shri Anilkumar Singhal retires by rotation and being eligible offers himself for re-appointment.
  - (b) Shri Ajay Kumar Gupta, is a Independent Director of the Company. He is a Commerce Graduate and the Company has benefited by his long and varied experience in the Textile Industry. He is also a member of the Audit Committee and Remuneration Committee of the Company. Shri Ajay Kumar Gupta retires by rotation and being eligible offers himself for reappointment.

**Regd. Office:**

336, Sardar Gruh Building,  
198, Lokmanya Tilak Road  
Nr. Crawford Market,  
Mumbai - 400002

Dated : 31.07.2006

**By Order of the Board of Directors,  
For Aviva Industries Limited**

sd/-

**KALPESH DESAI**  
**Company Secretary**

**EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956.****Item No. 5**

The Board of Directors of the Company appointed Shri Jatin Gupta as Additional Director of the Company under Section 260 of the Companies Act, 1956, in the meeting of the Board of Directors held on 30th January, 2006. As per this provision he will hold the office as Director of the Company till the next Annual General Meeting of the Company after his appointment as Additional Director of the Company.

The Company has received the notice along with the deposit of requisite amount as per provision of Section 257 of the Companies Act, 1956 from the Shareholders of the Company proposing him as a candidate for appointment as a regular Director on the Board of the Company.

The Board of Directors of your Company recommends the passing of resolution mentioned at item no. 5 of Annual General Meeting Notice.

None of the Directors except Shri Jatin Gupta is directly or indirectly interested or concerned in the resolution proposed to be passed in the meeting.

The Board recommends the resolution for the approval of members.

**Item No. 6**

The Board of Directors of the Company appointed Shri Shyamsunder Gupta as Additional Director of the Company under Section 260 of the Companies Act, 1956, in the meeting of the Board of Directors held on 28th February, 2006. As per this provision he will hold the office as Director of the Company till the next AGM of the Company after his appointment as Additional Director of the Company.

**ANNUAL REPORT 2005-06**

The Company has received the notice along with the deposit of requisite amount as per provision of Section 257 of the Companies Act, 1956 from the Shareholders of the Company proposing him as a candidate for appointment as a regular Director on the Board of the Company.

The Board of Directors of your Company recommends the passing of resolution mentioned at item no. 6 of Annual General Meeting Notice.

None of the Directors except Shri Shyamsunder Gupta is directly or indirectly interested or concerned in the resolution proposed to be passed in the meeting.

The Board recommends the resolution for the approval of members.

**Item No. 7**

The Company has received a notice from a member under Section 225 of the Companies Act, 1956 proposing the name of M/s. Shah and Shah Associates, Chartered Accountants to be appointed as the Joint Statutory Auditors of the Company along with the existing Auditors Ms. J.P.Saboo & Co. Chartered Accountants and hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting.

The management of the company think that appointment of Joint Auditors would increase efficiency and smooth operation of working and also help in timely compliances of all statutory provisions.

None of the Directors are directly or indirectly interested or concerned in the resolution proposed to be passed in the meeting.

The Board recommends the resolution for the approval of members.

**Item No. 8**

Intime Spectrum Registry Limited has taken over the business of Registrar and Transfer Agent of MCS Limited and the cut off date was fixed on 31st July, 2006. With effect from 1st August, 2006 the transfer work both Physical and in electronic form will be carried out by the new Registrar and Transfer Agent Intime Spectrum Registry Limited.

As this change can be made only with the approval of the Shareholders under Section 163 of the Companies Act, 1956, the same is sought by way of a Special Resolution.

The advance copy of Special Resolution sets out in the accompanying notice which is proposed to be passed at the Annual General Meeting is being delivered to the office of the Registrar of Companies, Mumbai as required under Section 163 of the Companies Act 1956.

The time for inspection of documents by the shareholders or such other persons as are entitled to inspection will be between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

None of the Directors are directly or indirectly interested or concerned in the resolution proposed to be passed in the meeting.

The Board recommends the resolution for the approval of members.

**ANNUAL REPORT 2005-06****DIRECTORS' REPORT**

To,  
The Members,  
Aviva Industries Limited

Your Directors have pleasure in presenting herewith the Twenty Second Annual Report together with the Audited Statements of Accounts for the year ended on 31st March, 2006.

**FINANCIAL RESULTS:**

The summary of Financial Results is given below:

Particulars	2005-06	(Rs. in Lacs) 2004-05
Sales & Other Income	818.26	5.97
Gross Profit (before Interest, Depreciation, Taxation)	269.98	5.16
Less: Interest & Financial Charges	-	-
Depreciation	1.54	1.54
Profit before Tax	268.44	5.16
Less: Provision for Tax	0.41	-
Deferred Tax	0.83	(.08)
Fringe Benefit Tax	0.28	1.52
Profit after Taxation	266.92	5.24
Add: Balance Brought Forward of Earlier Year	35.76	30.52
Balance Carried to Balance Sheet	302.68	35.76

**REVIEW OF OPERATIONS:**

The Total Income of the Company during the year is Rs. 818.26 Lacs compared to Rs. 5.97 Lacs Showing increased by Rs. 812.29 Lacs from the corresponding year ended 31st March, 2005.

**DIVIDEND:**

The Board of Directors with a view to plough back the profits for the diversification plan of the Company in near future have decided to skip the dividend for this year.

**STATUS OF DENIM PROJECT:**

The Company's activities relate to new project are being carried out at full swing in all front such as acquisition of land, placing of order for plant and machineries, civil construction activities shall start soon, appointment of agent etc.

**FIXED DEPOSIT:**

The company has not accepted any fixed deposits during the year.

**AUDITORS' REPORT**

Observations of the Auditors' are self explanatory and have been appropriately dealt with the Notes on Accounts as attached to this report. To Avoid duplication of work, the Board has not provided the same here.

**ADDITIONAL DISCLOSURES**

In line with the requirements of Listing Agreement the Stock Exchanges and Accounting Standard of the Institute of Chartered Accountants of India, your Company has made additional disclosures in the notes on accounts for the year under review in respect of Related Party Transactions, Deferred Tax Liability, etc.

**DIRECTORS:**

Pursuant to the provisions of the Companies Act, 1956 and in accordance with Article 116 of the Articles of Association of the Company, Shri Anilkumar Singhal retire by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment to enable us to continuously obtain his guidance and advises.

Pursuant to the provisions of the Companies Act, 1956 and in accordance with Article 116 of the Articles of Association of the Company, Shri Ajay Gupta retire by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment to enable us to continuously obtain his guidance and advises.

**ANNUAL REPORT 2005-06**

At the meeting of the Board of Directors held on 30.1.2006 Shri Jatin Gupta appointed as additional Director of the company, who hold the office of the Directors upto the date of ensuing Annual General Meeting. The company has received as a separate notice in writing from the Shareholder under Section 257 of the Company's Act, 1956 signifying intention that Shri Jatin Gupta be re-appointed as a Director of the Company.

At the meeting of the Board of Directors held on 28.2.2006 Shri Shyamsunder Gupta appointed as additional Director of the company, who hold the office of the Directors upto the date of ensuing Annual General Meeting. The company has received as a separate notice in writing from the shareholder under Section 257 of the company's Act, 1956 signifying intention that Shri Shyamsunder Gupta be re-appointed as a Director of the Company.

**APPOINTMENT OF JOINT AUDITORS:**

The Board of Directors in its meeting held on 31st July, 2006 appointed Shah & Shah, Chartered Accountants, Ahmedabad as Joint Statutory Auditors alongwith the existing Statutory Auditors, J. P. Saboo & Co. Chartered Accountants, Surat subject to approval by members at the ensuing Annual General Meeting.

Company's auditors J.P. Saboo & Co. Who retire at the conclusion of the Annual General Meeting and M/s Shah & Shah Associates who are appointed as Joint Auditors are eligible for re-appointment / appointment. The company has received a certificate from auditors to the effect that their re-appointments and appointment respectively if made, would be within the prescribed limits under section 224(1.B) of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEE:**

None of the employee is in receipt of remuneration as prescribed under Companies (Particulars of Employees) Rule, 1975 and hence information as required under section 217(2AA) read with Companies (Particulars of Employees) Rule, 1975 not provided herewith.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EARNING & OUTGO:**

The particulars prescribed by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as to conservation of energy; technology absorption, foreign exchange earning and outgo is not applicable since project is yet to start.

**INSURANCE:**

The Company has made necessary arrangements for adequately insuring interests in various properties.

**DELISTING OF SHARES:**

As Companies shares were not traded at VSE Ltd since listed and to save listing fees and other administrative cost the Board has decided to Delist the securities from VSE Ltd. The Company has received In Principle approval from VSE Ltd. for delisting of securities vide their letter no. VSE/list/Delist/2006 dated 13.07.2006.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

As required under section 217(2AA) of the Companies Act, 1956 your Directors state:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed.
2. That the accounting policies selected and applied are consistent and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end off the financial year and of the profit or loss of the company for the period.
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the annual accounts have been prepared on a going concern basis.

**CORPORATE GOVERNANCE REPORT**

Your company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the requirements set out by the Securities and Exchange Board of India, and have implemented all stipulations prescribed, Report on Corporate Governance as stipulated under Clause 49 of the listing agreement with stock exchanges forms part of the Annual Report.

Certificate from J. P. Saboo & Company, Statutory Auditors, Surat, confirming compliance of conditions of Corporate Governance as stipulated under aforesaid Clause 49 is annexed to the Directors Report.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

Management Discussion and Analysis Report is part of Director Report are annexed herewith.

**ANNUAL REPORT.2005-06****LISTING:**

The shares of your Company are listed on Bombay Stock Exchange Limited. The listing fees for the year 2006-07 have been paid to Bombay Stock Exchange Limited. The company has received in Principle approval from VSE Ltd. for delisting of securities vide their letter no. VSE/list/Delist/2006 dated 13.07.2006.

**STATUTORY RECORDS:**

Securities & Exchange Board of India vide its circular no. D&CC/FITTC/CIR-15/2002 dated 27/12/2002 has made it mandatory that demat of shares and physical share transfer shall be kept at one place and as company has executed agreement with MCS Ltd. Ahmedabad appointing them as common agency with effect from 1/2/2006. Since Intime Spectrum Registry Ltd. with effect from has taken over the shares and transfer business of MCS Ltd. w.e.f. 1st August, 2006 and therefore the statutory records are to be placed at Intime Spectrum Registry Ltd., Harmony, Plot No. 6, Sector - 1, Khanda, New Panvel, Mumbai - 410 206.

**DEPOSITORY SYSTEM:**

Your company has established electronic connectivity with both the depositories, NSDL & CDSL. In view of numerous advantages offered by the depository system, members of the company are requested to avail the facility of dematerialization of the company's shares on NSDL & CDSL.

As on 30.06.2006 3,66,650 number of Equity Shares have been Dematerialised with National Securities Depository Limited (NSDL). It means 24.45 % of total shares have been Dematerialised. The International Security Identification Number (ISIN) allotted to the company is **INE 461H01011**.

**DEFERMENT OF FURTHER OFFER.**

The Board of Directors in its meeting held on 22nd June 2006 decided to withdraw the draft prospectus at present which were filed with BSE/NSE and SEBI considering the present primary market /IPOs condition which were not favourable for any new issue. Accordingly, the same has been withdrawn. However, Board has considered other option for raising finance for project and project will be implemented as schedule/committed. Directors will consider for further public offer when primary market conditions are favourable.

**CHANGE IN REGISTRAR AND TRANSFER AGENT**

Intime spectrum Registry Limited has take over the Transfer works of MCS Ltd and the cut off date was fixed as 31.07.2006 and with effect from the 1st August,2006 all the records and register shall be placed at Intime Spectrum Registry Limited.

**ACKNOWLEDGEMENT:**

The Directors place on record the appreciation and gratitude for the co-operations and assistance extended by the Banks, Government etc.

The Directors also placed on record their appreciations of dedicated and sincere services, of the employees of the Company at all levels.

The Company will make all effort to meet the aspiration of its shareholders and wish to sincerely thank them for their whole hearted co-operation and support at all times.

Regd. Office:  
336, Sardar Gruh Building,  
198, Lokmanya Tilak Road  
Nr. Crawford Market,  
Mumbai - 400002  
Dated : 31.07.2006

**By Order of the Board of Directors ,  
For Aviva Industries Limited**

**Sunil Kumar Gupta  
Managing Director**