

23rd
A NNUAL
REPORT
2006-2007

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AVIVA INDUSTRIES LIMITED

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AVIVA INDUSTRIES LIMITED

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23rd ANNUAL GENERAL MEETING

Day

Wednesday

Date

26th Septemebr, 2007

Time

1.30 P.M.

Venue :

M.C. Ghia Hall, Second Floor,
Govindlal Hargovindas Building,
18/20 K Dubash Marg, Kala Ghoda, Mumbai



AVIVA INDUSTRIES LTD.

23rd Annual Report 2006-07

BOARD OF DIRECTORS

MOHAN GUPTA	CHAIRMAN
SUNILKUMAR GUPTA	MANAGING
JATIN GUPTA	DIRECTOR
SHYAMSUNDER	DIRECTOR
GUPTA	DIRECTOR
PAWAN GUPTA	DIRECTOR
AJAY GUPTA	DIRECTOR
ANILKUMAR Singhal	DIRECTOR
SANDEEP GOYAL	DIRECTOR

REGISTERED OFFICE

336, Sardar Gruh Building,
198, Lokmanya Tilak Road,
Nr. Crawford Market, Mumbai-400 002
Ph. No. 022-2200356, Fax: 022-2200357

CORPORATE OFFICE:

C-601, Shiromoni Complex,
Nr. Nehru Nagar, Satellite,
Ahmedabad-380 015

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STATUTORY AUDITORS

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

BANKER

State Bank Of India
- Corporate Accounts Group
23, J.M. Heredia Marg,
Voltas House, Mumbai-1

SHARE TRANSFER AGENT

MCS LTD
101, Shatdal Complex,
1st Floor, Opp. Bata Show Room
Asshram Road, Ahmedabad- 380009

Annual Report 2006-07



NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of Aviva Industries Limited will be held on Wednesday the 26th day of September, 2007 at 1.30 p.m. at M.C. Ghia Hall, Second Floor, Govindlal Hargovindas Building, 18/20 K Dubash Marg, Kala Ghoda, Mumbai.

To transact the following businesses:

ORDINARY BUSINESS :-

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2007, the Profit and Loss Account for the year ended on 31st March, 2007 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sandeep Goyal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Mohan Gupta, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Auditors 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 Sunilkumar 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 28.07.2007 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 an ordinary Resolution :-

RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 & 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modification or any re-enactment thereof, the Company hereby approves of the appointment of Shri Sunilkumar Gupta as Managing Director, for a period of five years with effect from 30th July, 2007 under Schedule XIII to the Companies Act, 1956, is hereby specifically approved with liberty to the Board to alter, vary, enlarge, increase, modify and revise at any time and from time to time, the terms and conditions of appointment including remuneration in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any revision, amendments or modifications thereto or any re-enactment thereof, during the currency of the tenure as may be agreed between the Board of Directors and Shri Sunilkumar Gupta without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to execute all such documents, writings and agreements and to take such steps as may be necessary to give effect to this Resolution."

As an ordinary Resolution :-

7. 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 28.07.2007 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.

Regd. Office:
336, Sardar Gruh Building,
198, Lokmanya Tilak Road
Nr. Crawford Market, Mumbai - 400002
Dated : 25.08.2007

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

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 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.

The Register of Members and Share Transfer Books of the Company shall remain closed from 22nd September 2007 to 26th September 2007 (both days inclusive).

2.

2



AVIVA INDUSTRIES LTD.

- 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.
- 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.
- 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.
- 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.
- Listing fees for the year 2007-2008 has been paid to The Bombay Stock Exchange Limited.
- 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 Sandeep Goyal, Director of the Company is a Bachelor of Commerce having graduated from Bangalore, University in the year 1998. He has 7 years experience in the textile industry in the field of Dyeing, Printing and Shri Sandeep Goyal retires by rotation and being eligible offers himself for re-appointment.
- (b) Shri Mohan Gupta Director of the Company is a Bachelor of Science having graduated from M.S. University, Vadodara in the year 1978. He has 20 years experience in the textiles industry in the field of textile processing and yarn manufacturing. He is also a member of the Audit Committee, Remuneration Committee of the Company. Shri Mohan Gupta retires by rotation and being eligible offers himself for reappointment.

Shri Sunilkumar Gupta was appointed as an Additional Director of the Company on 28-07-2007 and thereafter proposed to be appointed as Regular Director liable to retire by rotation w.e.f. 26th September, 2007 in 23rd Annual General Meeting. He is appointed as a managing Director w.e.f. 30th July, 2007 for a period of 5 years in the Company upto terms and conditions as mentioned in the agreement. At present he is not drawing any remuneration. And his appointment pursuant to the provision of section 198, 269, 309 & 310 read with Schedule XIII & other applicable provisions if any under the Companies Act, 1956 by the Board and subject to the approval of the members in General Meeting.

He is a Commerce Graduate having 16 years of business experience in Textile Line. Shri Shyam Gupta and Shri Mohan Gupta, Directors of the Company are related to him. He is Director in Shikha Investments Pvt. Ltd., Sharp Synthetics Pvt. Ltd., Comptel Infosys Pvt. Ltd., Basant Bahar Properties Pvt. Ltd. and Managing Director in Nova Petrochemicals Limited.

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Dated : 25.08.2007

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

Director

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

ITEM NO. 5 & 6

Shri Sunil Gupta was appointed as Director w.e.f. 28.07.2007 and was also appointed as Managing Director of the Company for the period of five years with effect from 30th July, 2007 upon terms and conditions including without remuneration.

The Board commends this Resolution for approval of Members.

None of the Directors of the company is concerned or interested in the proposed resolution except Shri Sunil Gupta for himself & Shri Shyam Gupta and Shri Mohan Gupta, Directors of the Company being the relative of Shri Sunil Gupta, deemed to be interested in appointment of Shri Sunil Gupta as the Managing Director of the company.

Statement containing information as required under Notification No. GSR 36 (E) dated 16th January, 2002 issued by the Central Government amending Schedule XIII of The Companies Act, 1956 and to be given in the notice of the General Meeting is given below.

ITEM NO. 7.

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 30th July, 2007. 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.

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 AGM Notice.



Annual Report 2006-07

DIRECTORS' REPORT

To,
The Members,

Your directors are pleased to present the Twenty Third Annual Report together with the Audited Statements of Accounts for the year ended on 31st March, 2007.

FINANCIAL RESULTS:

The summary of Financial Results is given below:

	(Rs. In Lacs)	
	2006-07	2005-06
Sales & Other Income	1423.33	818.26
Gross Profit (before Interest, Depreciation, Taxation)	13.18	269.98
Less: Interest & Financial Charges		
Depreciation	0.24	1.54
Profit before Tax	12.94	268.44
Less: Provision for Tax	3.58	0.41
Deferred Tax	1.61	0.83
Fringe Benefit Tax	0.30	1.52
Profit after Taxation	7.45	266.92
Add: Balance Brought Forward of Earlier Year	302.68	35.76
Balance Carried to Balance Sheet	310.13	302.68

REVIEW OF OPERATIONS:

The turnover of the company during the year is Rs.1423.33.Lacs compared to 818.26 Lacs Showing increase by Rs.605.07 Lacs from the corresponding year ended 31st March, 2006.

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.

DIRECTORS:

In accordance with Article 116 of the Articles of Association of the company, Shri Sandeep Goyal retire by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

In accordance with Article 116 of the Articles of Association of the company, Shri Mohan Gupta retire by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

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.



AVIVA INDUSTRIES LTD.

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 of 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 corporate governance practices 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 Statutory Auditors, confirming compliance of conditions of corporate governance as stipulated under aforesaid clause 49 is annexed to this report.

LISTING:

The shares of your company are listed on Bombay Stock Exchange. The listing fees for the year 2007-08 have been paid to The Bombay Stock Exchange Limited.

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.

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 31.08.2007 1147800 number of Equity Shares have been Dematerialised, out of which 1090550 Equity Shares dematerialized with National Securities Depository Limited (NSDL) and 57250 Equity Shares dematerialized with Central Depository Services (India) Limited. It means 76.57 % of total shares have been Dematerialised. The International Security Identification Number (ISIN) allotted to the company is INE 461H01011.

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:
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Nr. Crawford Market, Mumbai - 400002
Dated : 25.08.2007

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

Director

Annual Report 2006-07



REPORT ON CORPORATE GOVERNANCE

Brief Statement on Company's philosophy on Corporate Governance

In April 2000 the Securities and Exchange Board of India (SEBI) introduced a comprehensive code on Corporate Governance pursuant to this, the Stock Exchange have amended Listing Agreement report, in line with the requirement of the Stock Exchange pursuant to Clause 49 of the listing agreement as amended, is given below:

Over the past few years, the transition in the business environment, coupled with liberalization and changing market conditions, has led to a fundamental shift in the management's approach to enhancing shareholder value. In this context, Corporate Governance has attained paramount importance for ensuring fairness, transparency, accountability and responsibility to all stakeholders.

The Company's philosophy on Corporate Governance is aimed at making the top management of the Company in the efficient conduct of its business and in making its obligation to Shareholders.

The Report on Corporate Governance is divided into nine parts: -

- 1) Board of Directors,
- 2) Remuneration of Directors,
- 3) Committees of the Board - Audit Committee, Remuneration Committee and Share Transfer and Investors' Grievance Committee,
- 4) General Body Meetings,
- 5) Disclosures,
- 6) Code of Conduct,
- 7) Means of Communication, and
- 8) General Shareholder information
- 9) Compliance of non-mandatory requirements

Board of Directors:

Composition and category of Directors as on 31.03.2007

The Board of Directors is having an appropriate mix of Executive and non- Executive Independent Directors as on March 31, 2007, the Company's Board of Directors consisting of Eight Directors. The day-to-day management of the Company is conducted by the Managing Directors of the Company, subject to the supervision and control of the Board of Directors of the Company. The Company fulfils the condition of minimum 1/3rd Directors as Independent Directors, as the Chairman of the Company is Non-executive Chairman.

During the Financial year 2006-2007 the Board met 10 times on 01.04.2006, 28.04.2006, 22.06.2006, 31.07.2006, 05.09.2006, 04.10.2006, 20.10.2006, 01.12.2006, 23.12.2006 and 30.01.2007. The maximum gap between two meetings was not more than four months.

The Company Secretary while preparing the Agenda, notes on Agenda, minutes etc. of the meeting(s) and holding and conducting the meetings, is responsible for and is required to ensure adherence to all the applicable provisions of law including the Companies Act, 1956 and the Secretarial Standards recommended by The Institute of Company Secretaries of India, New Delhi.

Details of Directors, Attendance of Directors at the Board Meetings, as well as at the Annual General Meeting held on 29.09.2006 and Extra Ordinary General Meeting held on 24.01.07 and number of memberships held by Directors in the Board/Committee of other Companies

Sr. No.	Name of Director	Category	Attendance Particulars			Number of other Directorship and Committee Member/Chairmanship in other Companies		
			Board Meetings	AGM held on 29.09.06	EGM held on 24.01.07	Directorship Membership	Committee Chairmanship	Committee
1	Shri Sunilkumar Gupta	MD	9	Yes	Yes	14	Nil	Nil
2	Shri Pawan Kumar Gupta	I/NED	7	No	No	2	Nil	Nil
3	Shri Anilkumar Singhal	I/NED	6	No	No	6	Nil	Nil
4	Shri Mohan Gupta	NI/NED	10	No	No	12	Nil	Nil
5	Shri Sandeep Goyal	I/NED	3	No	No	11	Nil	Nil
6	Shri Ajay Gupta	I/NED	3	Yes	No	1	Nil	Nil
7	Shri Jalin Gupta	NI/ NED	5	Yes	Yes	3	Nil	Nil
8	Shri Shyamsunder Gupta	NI/ NED	8	Yes	No	13	Nil	Nil

MD - Managing Director, NI - Non Independent, I - Independent NED - Non-Executive Director

None of the Director is a member in more than ten committees and act as a Chairman in more than five Committees across all Companies in which he is a Director.