

# Aditya Mills Limited



## **45th ANNUAL REPORT 2005-2006**

# ANNUAL REPORT

YEAR ENDED MARCH 31, 2006

## BOARD OF DIRECTORS

**Shri A. K. Kanoria**  
(Chairman)

**Shri D. Kanoria**  
(Vice-Chairman & Managing Director)

**Shri Bimal Kumar Kanodia**

**Shri Bimal Kumar Jhunhunuwala**

**Smt. Hansa Singh**  
(Nominee : Govt. of Rajasthan)

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## AUDITORS

G. P. Kejriwal & Co., Jaipur

## REGISTERED OFFICE

Madanganj-Kishangarh 305 801  
(Rajasthan)

**Aditya Mills Limited****NOTICE****TO THE SHAREHOLDERS**

**NOTICE** is hereby given that the 46<sup>th</sup> Annual General Meeting of the members of ADITYA MILLS LIMITED will be held at its Registered Office at **Madanganj-Kishangarh** (Rajasthan) on Saturday, the 30<sup>th</sup> September, 2006 at 10.00 A.M. to transact the following business:

**As Ordinary Business**

1. To consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2006 and Profit & Loss Account of the Company for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Bimal Kumar Kanodia, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors and to fix their remuneration and for this purpose, to pass with or without modification, the following as a Special Resolution:

**"RESOLVED** that pursuant to the provisions of Section 224 A of the Companies Act, 1956, M/s G. P.Kejriwal & Company, Chartered Accountants, Jaipur be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be mutually fixed by the Board of Directors plus reimbursement of travelling and other incidental expenses incurred in connection with audit."

**As Special Business**

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

**"RESOLVED** that the consent of the company pursuant to the provisions of Section 293 (1) (e) and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the Board of Directors of the company be authorized to contribute and/or relinquish the company's right in respect of such Temple, land and property attached thereto located at company's Registered office in favour of any religious, charitable or other funds/trust not directly relating to the business of the company or the welfare of its employees from time to time in any financial year to the extent of Rs. 35.28 lacs (book value) (market value is not ascertainable being religious use of property) or 5 % of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 during the three financial year immediately preceding, whichever is greater".

5. To consider and if thought fit, to pass the following Resolution, with or without modification as Special Resolution.

## Aditya Mills Limited

"RESOLVED that pursuant to the provisions of Section 16 and 17 of the Companies Act, 1956, the Object Clause III of Memorandum of Association of the company be altered by adding the following new clause 75 after the existing clause 74 thereof:-

"To become the member of National Commodity and Derivatives Exchange (NCDEX), Multy commodity Exchange (MCX) and / or of any other Co-Recognize Commodity and Derivative Exchange in India and to carry out necessary acts for that purpose and also to appoint sub broker, agent and franchisee to carry on in India or abroad the business to run, establish, maintain a exchange of commodities such as gold, silver, copper, oil, cotton, grains, pulses, spices, seeds and any other agricultural and / or metallic commodity prescribed by the Commodity exchange and for this purpose to provide, operate, manage, supervise, arrange all possible legal action for getting profit, buy and sell on delivery and on non delivery basis transactions and to deal in all type of commodity items".

"RESOLVED FURTHER that approval pursuant to Section 149 (2) of the Companies Act, 1956 be and hereby accorded to the commencing and carrying on the business of Commodity Exchange in terms of clause 75 of the Memorandum of Association of the company specified in foregoing Special Resolution".

Registered Office:  
Madanganj-Kishangarh  
(Rajasthan) 305 801  
Dated: 28<sup>th</sup> August, 2006

By Order of the Board  
(N.C. Patni)  
Manager (Finance)

### Notes:

1. A member entitled to attend and vote in the above meeting is entitled to appoint one or more proxies to attend and vote instead of himself and proxy need not be a member of the Company.
2. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No.3 and 4 are annexed hereto.
3. For sake of convenience, the shareholders are requested to bring their own copy of accounts when attending this meeting.

# Aditya Mills Limited

## EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

### ITEM No.3

Since more than 25% of the subscribed share capital of the Company is held by a State Government, Financial Institutions, Nationalised Banks and Insurance Companies, re appointment of M/s G.P.Kejriwal & Company as Auditor of the Company has to be made by a Special Resolution as required Under Section 224 of the Companies Act, 1956, is being proposed as a Special Resolution.

None of the directors is concerned or interested in the resolution.

### ITEM No.4

Since 1992 the running and maintenance of Shree Laxmi Narayan Temple situated in the company premises at Kishangarh was looked after by the company. After company became sick and suspended all manufacturing and business activities, the running and maintenance of above temple was being catered to by "Shree Laxmi Narayan Seva Nidhi Trust."

Now your Board of Directors wish to contribute and/or relinquish the company's right in respect of such Temple, land and property attached thereto having book value Rs. 35.28 lacs (market value is not ascertainable being religious use of property) in favour of this Trust and/or any other religious or charitable trust or institutions which may deem proper by the Board of Directors of the company for use of general public to avoid future litigations and to develop this place as a religious and social welfare center.

Contributing and/or relinquishing of rights for charitable or religious or any other such purpose requires approval

of shareholders if the amount is more than Rs. 50,000.00 or 5% of net profit. Therefore your Board of Directors recommends passing of such resolution as ordinary resolution.

Shri A.K. Kanoria and Shri Devapriya Kanoria, Directors of the company are interested in resolution as trustees".

### ITEM NO. 5

In the present era of liberalisation and globalisation various new business areas are opening up. Our government has recognized the value of trading of commodities exchange through NCDEX/MCX and your company wishes to avail of this opportunity. Your company was incorporated in 1960 to carry on business of manufacturing cotton and synthetic yarn and later diversified into the steel sector and recently into the real estate sector.

Your Board has decided to commence activity in the Commodity Exchange and is also considering a foray in the retailing field. However, such businesses have not been incorporated in the Object Clause of the Memorandum of Association of the company. Further, pursuant to Section 149 (2) of the Companies Act, 1956, to carry on business other than the existing business requires approval of shareholders.

Therefore your Board of Directors commends the above said resolutions as Special Resolution.

The Memorandum and Articles of Association of the company are open for inspection during business hours at the Registered Office of the company.

None of the directors is concerned or interested in the resolution.

Registered Office:

Madanganj-Kishangarh

(Rajasthan) 305 801

Dated. 28<sup>th</sup> August, 2006

By Order of the Board

(N.C. Patni)

Manager (Finance)

# Aditya Mills Limited

## DIRECTORS' REPORT

### TO THE MEMBERS,

The Directors present their Report and Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2006.

### FINANCIAL RESULTS

The financial results of the operation for the year are given below:

	<u>2005-2006</u>	<u>2004-2005</u>
		(Rs. in lacs)
(Loss)/Profit for the year before tax	(2.99)	178.96
Less depreciation for earlier years	<u>0.00</u>	<u>0.39</u>
(Loss)/Profit for the year	(2.99)	178.57
Less: Provision for Taxation	<u>24.49</u>	<u>30.00</u>
(Loss)/Profit for the year	(27.48)	148.57
Add/(Less):		
(a) Deficit balance brought forward from previous year	(1479.09)	(1706.96)
(b) Prior period adjustment	<u>20.94</u>	<u>79.30</u>
Deficit carried to next year	<u>(1485.63)</u>	<u>(1479.09)</u>

### Auditors Report :

Most of the notes referred to by the Auditors in their Report being self-explanatory require no further explanation. The company has in the recent past cleared all dues of secured creditors and most statutory dues. However some statutory dues and unsecured loans are yet to be paid. The company is looking into the same.

Regarding valuation of stock-in-trade, it is clarified that the land in question was converted into stock-in-trade in the financial year 2001-02 as the company commenced real estate business and continues as such. The company has consistently sold this land at higher prices than this price and paid taxes accordingly.

### Business Scenario:

The company continued its real estate business by developing, plotting and selling its land. The total amount of land sold during this financial year is lower than last year leading to lower profits. This was on account of the fact that one of the company's erstwhile labour unions had obtained a stay order restraining the company from selling the land. The stay was obtained as a consequence of filing false and illegal claims against the company after receiving full and final settlement of all labour dues as per settlement entered into between labour and management. The stay was vacated midway through the year pursuant to which the sale of land could commence afresh. The dispute, however, is still subjudice and the company has created security against the purported claim by depositing a sum of Rs. 99 lacs in fixed deposit with a bank. Though this claim has been dismissed by the Joint Labour Commissioner, the union has filed a writ for the same in the Hon'ble Rajasthan High Court.

## **Aditya Mills Limited**

### **Activities during the year:**

In furtherance of the real estate business being carried out by the company, it has contracted to buy approximately 4.3 acres of agricultural land near Indore. Your company hopes to get its land use converted into residential / commercial and further develop it and sell it. The land has been chosen keeping in mind the rapid projected growth of Indore and its surrounding areas.

### **Compliance Certificate**

The Company has obtained a compliance certificate from a Practicing Company Secretary as required pursuant to Section 383 A of the Companies Act, 1956.

### **Directors' Responsibility Statement**

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

- (i) that in the preparation of the Annual Accounts for the Financial Year ended 31<sup>st</sup> March, 2006 the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments 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 of the company for the year under review;
- (iii) that the Directors have taken proper and sufficient care 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; and
- (iv) that the Directors have prepared the Annual Accounts for the Financial Year ended 31<sup>st</sup> March, 2006 on a 'going concern' basis.

### **PERSONNEL :**

No employee of the Company has drawn salary in excess of Rs.2,00,000.00 per month. Hence particulars of employees as required U/S 217(2A) of the Companies Act, 1956 has not been given.

### **AUDITORS :**

M/s G.P. Kejriwal & Company, Chartered Accountants, Jaipur retire as Auditors of the Company, but being eligible, offer themselves for re-appointment.

### **DIRECTORS:**

Shri Bimal Kumar Kanodia, Director of the company is retiring by rotation, and being eligible, offers himself for re-appointment.

### **Conservation of Energy, Technology Absorption, Foreign Exchange:**

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988, regarding Conservation of Energy, Technology Absorption and Foreign Exchange and Outgo are not given as plants of the Company were dismantled and / or sold during the year / previous year. The particulars regarding foreign exchange earning and outgo are Nil.

Place: Mumbai  
Dated: 28<sup>th</sup> August, 2006

On behalf of the Board  
**A.K. Kanoria**  
Chairman



## **Aditya Mills Limited**

### **MANAGEMENT DISCUSSION AND ANALYSIS**

The management of Aditya Mills Limited is pleased to present its report on Management Discussions and Analysis. The report contains expectations of the Company's business based on the current market environment.

#### **Business Structure and Developments:**

Real Estate business in our company is at the initial stage and we are hopeful that looking to the market trend and efforts being made, it will gain momentum in the coming period.

#### **Opportunities & Threats, Outlook, Risks and Concerns:**

Real Estate business is nowadays very attractive. If the real estate is well developed and good infrastructure facilities are provided to potential buyers, remunerative sale prices can be achieved. On the other hand if areas with low growth in the vicinity is chosen or the land is improperly developed sale becomes a bottleneck. As many companies have entered this business competitive pressure shall always be a factor to contend with.

#### **Segment-wise Performance:**

The Company's current business activity has only one primary reportable segment, namely Real Estate Business.

#### **Internal Control System and Adequacy:**

The Company has adequate internal control commensurate with size and nature of its business.

#### **Financial Performance:**

Financial results and Performance for the year are elaborated in the Director's Report.

#### **Human Resources:**

Harmonious relations continued to prevail throughout the year.

#### **Cautionary Statement:**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable security laws and regulations. Actual results could differ materially from those expressed or implied. Important factor that could make a difference to the Company's operations include economic conditions affecting demand and supply and price condition in which the company conducts business and other incidental factors.



# Aditya Mills Limited

## AUDITORS REPORT

To,

The Member of Aditya Mills Limited

1. We have Audited the attached Balance Sheet of ADITYA MILLS LIMITED as at 31<sup>st</sup> March, 2006, the Profit & Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations furnished to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report in the attached Annexure a Statement on the matters specified in paragraph 4 & 5 of the said order.
4. *As stated under note 1 in Schedule '20' the accounts of the Company have been prepared on the basis of a going concern. In case the Company cannot continue as a going concern, the value of assets and liabilities as shown in the Balance Sheet may change materially, the impact of which is not presently ascertainable and could not be stated in accounts.*
5. Read with our comments in the Annexure referred to in paragraph 3 above and our remarks in para 4 above, we report that:
  - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii. In our opinion, read with notes 2 (v), 2 (vi) (b), 2 (vii), 3 to 5, and 9 in Schedule '20', proper books of account, as required by law have been kept by the company so far as appears from our examination of the books.
  - iii. The Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account as submitted to us.
  - iv. In our opinion, read with notes 2 (v), 2 (vi) (b), 2(vii), and 9 in Schedule '20', the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

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- v. On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2006 and taken on record by the Board of Directors of the company, none of the Directors of the Company are disqualified as on 31<sup>st</sup> March, 2006, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanation given to us, the said accounts, *read together with notes 2 (v), 2 (vi) (b), 5 and 9 regarding maintaining of certain accounts in the manner stated there under, notes 2(iii) and 6 regarding basis of valuation of inventories, notes 2(vii) and 4(a) to (j) regarding non-provision for matters stated there under and in certain cases the quantum having not been ascertained and stated, and notes 17 and 18 regarding revaluation of land, sale value/area being taken only on estimated basis and other matters as stated there under in Schedule '20' and the other Notes and Observations thereon and attached thereto*, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principle generally accepted in India;
- (a) In case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2006.
- (b) In the Case of the Profit & Loss Account, of the Loss for the year ended on that date.
- (c) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

Above Laxmi Dharm Kanta  
Hawa Sarak, 22 Godown,  
Jaipur.  
Dated: 28th August, 2006

**Chandra Prakash Jain**  
Partner  
M.No. 70156  
For and on behalf of  
G. P. Kejriwal & Co..  
Chartered Accountants.