

Aditya Mills Limited

49th

ANNUAL REPORT

2009-2010

ANNUAL REPORT

YEAR ENDED MARCH 31, 2010

BOARD OF DIRECTORS

Shri A. K. Kanoria
(Chairman)

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

Shri Bimal Kumar Jhunjhunwala

Shri M.D. Vora

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 50th Annual General Meeting of the members of ADITYA MILLS LIMITED will be held at its Registered Office at **Madanganj-Kishangarh** (Rajasthan) on Saturday, the 10th day of July, 2010 at 10.00 A.M. to transact the following business:

As Ordinary Business

1. To consider and adopt the audited Balance Sheet as at 31st March, 2010 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 Jhunjhunwala, 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 fixed by the Board of Directors plus reimbursement of travelling and other incidental expenses incurred in connection with audit."

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

"RESOLVED that Shri M.D. Vora, who was appointed as an Additional Director by the Board of Directors of the company on 31st March, 2010, and who holds the office up to the date of this Annual General Meeting, be and is hereby appointed as Director of the company and liable to retire by rotation."

As Special Business

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

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"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311, 314 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 and subject to such approvals, consents, permissions and sanctions of the Central Government and all other appropriate authorities, institutions or bodies and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions which the Board of Directors of the Company (hereinafter referred to as 'the Board' which expression shall be deemed to include "Remuneration Committee" constituted by the Board to exercise its powers including the powers conferred by this resolution) is hereby authorized to accept and in terms of the resolution passed by the Remuneration Committee, the consent of and approval of the Company be and is hereby accorded for re-appointment of Shri Devapriya Kanoria, Managing Director of the Company for a further period of five years with effect from 26th March, 2011 on same terms and conditions as approved by the Central Government vide order no. 1/68/2006-CL VII dated 19th May, 2006 as set out in an agreement to be entered into between the company and Shri Devapriya Kanoria, a draft on which was laid on the table and initialed by Chairman for the purpose of identification and that the Board of Directors of the company be and is hereby authorised to execute such agreement on behalf of the company subject to such modification thereof (not being more advantageous to Shri Devapriya Kanoria) as may be agreed to by the Board and Shri Devapriya Kanoria".

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Shri N. C. Patni, Constituted Attorney of the Company be and is hereby authorised on behalf of the Board to do all such acts, deeds, things, matters and to execute and sign such documents, papers, undertaking, deeds, declaration, application in specified form to the Central Government and to take all such steps as may be deemed necessary or desirable or to settle any question or difficulty that may arise including authority to amend, vary, modify the same as may be considered desirable or expedient by the Central Government or any such authority".

"RESOLVED FURTHER THAT Shri N. C. Patni, Constituted Attorney of the Company be and is hereby authorised to delegate all or any of the powers herein conferred in such manner as he may deem fit including appointment of M/s R. Chouhan & Associates, Company Secretaries, Jaipur in the matter."

Registered Office:
Madanganj-Kishangarh
(Rajasthan) 305 801

Dated: 7th June, 2010

By Order of the Board

(N.C. Patni)
Manager (Finance)

Aditya Mills Limited

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. The instrument appointing the proxy should be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
2. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No.3, 4 and 5 are annexed hereto.
3. For sake of convenience, the shareholders are requested to bring their own copy of accounts when attending this meeting.

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 Auditors of the Company has to be made by a Special Resolution as required Under Section 224 A of the Companies Act, 1956. Accordingly, the Board recommend the resolution for your approval.

None of the directors is concerned or interested in the resolution

ITEM No. 4

The Board of Directors of the company has appointed Shri M.D.Vora as Additional Director on 31st March, 2010 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in exercise of the authority vested by the Article of Association. The term of office of the above said Additional Director expires at the ensuing Annual General Meeting.

The company has received notice under section 257 alongwith the requisite amount of deposit from the members of the company notifying their intention to propose the candidature of Shri M.D. Vora as Director of the company. The resolution as set out in Item No. 4 of the Notice will be placed before the meeting for the approval of the members.

None of the directors of the company except Shri M.D.Vora is concerned or interested in the resolution

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ITEM NO. 5

The present terms of appointment of Shri Devapriya Kanoria, Managing Director, will expire on 26th March, 2011. Shri Devapriya Kanoria is directly associated in the corporate restructuring and compromise with financial institutions and Bank. Moreover, Shri Devapriya Kanoria has taken necessary steps to explore the opportunities in real estate development by sub-dividing the land of the company and selling the same as small, individual plots which enabled the company to fetch a higher realisation.

Keeping in view the aforesaid facts and role of Shri Devapriya Kanoria, in the overall performance of the Company, the Board of Directors feels that for the sake of continuity of the present management, the service of Shri Kanoria should be made available to the company for a further period of five years with effect from 27th March, 2011. In this regard board like to inform you that appointment of Shri Devapriya Kanoria has been already approved by the Central Government vide order no. 1/68/2006-CL VII dated 19th May, 2006 for a term of 5 year on terms and condition approved that time. In terms of provisions of Articles of Association of the company, the Board of Directors has already re-appointed him as a Managing Director for a further period of five years with effect from 27th March, 2011, on recommendation of remuneration committee, board has approved his re-appointment on same terms and conditions and also remuneration as approved by the Central Government by order dated 19th May, 2006. Further for your reference the remuneration proposed to be paid to Shri Devapriya Kanoria as a Managing Director is as under, subject to ceiling of Rs. 75,000.00 (Rs. Seventy five thousand only) :-

- (a) Salary Rs. 50,000/- (Rs. Fifty thousand only) per month in the scale of 50,000 – 5,000 – 70,000.
- (b) Perquisites: The perquisites is Category A as under, will be restricted to an amount equivalent to Rs. 3,00,000 per annum.

Category – A

Housing: Rent –free furnished residential accommodation, the monetary value of which will be evaluated as per Rule 3 of the Income Tax Rules, 1962, or in case he is occupying premises of his own, then reimbursement to him of a sum which shall be calculated as fair and reasonable rental of such premises or if he is occupying rented premises then reimbursement of the actual rent, taxes, repairs, maintenance etc. paid by him in respect of the said premises as and by way of special allowance with the intention that in either case he will be entitled to all amenities such as gas, electricity, water, air-conditioners, geysers and refrigerators and in case he is using own furniture, air-conditioners, geysers and refrigerators, then he will be paid fair and reasonable sum, as and by way of rent, for the user thereof at the cost of the company. The monetary value may be evaluated as per Rule 3 of the Income Tax Rules, 1962.

The above is subject to the following:

- (a) The expenditure incurred by the company on hiring accommodation for him will be subject to ceiling of 60% of salary over and above 10% payable by him.

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- (b) Wherever the company does not provide accommodation, House Rent Allowance shall be paid in accordance with (a) above.
- (c) The expenditure incurred by the company on gas, electricity, water and furnishing will be evaluated as per the Income-tax Rules, 1962. This will however, be subject to ceiling of 10% of the salary paid/payable to him..
- (ii) Medical benefits for self and family: Reimbursement of expenses actually incurred, the total cost of which to the company shall not exceed one month's salary in any year or five months salary over a period of five years,
- (iii) Club Fees: Payment of club fees actually incurred.
- (iv) Personal Accident Insurance : Payment of Personal Accident Insurance on actual basis.

Category – B

- (v) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961. Gratuity payable should not exceed half a month's salary of each completed year of service.
- (vi) Leave Travel Concession: Return passage for self and family in accordance with the rules specified by the company where it is proposed that the leave be spent in home country.

Category – C

- (vii) Free use of company's car with driver for the business of the company. Use of car for private purpose shall be billed by the company.
- (viii) Free telephone facility at residence. All personal long distance calls shall be billed by the company. He is also be entitled to reimbursement of expenses actually and properly incurred by him for the business of the company.

The Board of Directors commends the resolution for approval of the shareholders.

None of the Directors of the Company other than Shri A. K. Kanoria, Chairman & Whole Time Director and Shri D. Kanoria, Vice Chairman & Managing Director are concerned or interested in passing of aforesaid resolution.

The notice read with the Explanatory Statement may be treated as an abstract of the terms of payment of remuneration to Shri Devapriya Kanoria as required to be circulated under section 302 of the Companies Act, 1956.

Registered Office:
Madanganj-Kishangarh
(Rajasthan) 305 801

By Order of the Board

(N.C. Patni)
Manager (Finance)

Dated: 7th June, 2010

Aditya Mills Limited

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors of your company hereby present the Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

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

	<u>2009-2010</u>	(Rs. in lacs) <u>2008-2009</u>
Loss for the year before tax	4.24	21.33
(Less)/Add : Provision for Taxation	<u>(4.04)</u>	<u>2.54</u>
Loss for the year	0.20	23.87
Add/(Less):		
(a) Deficit balance brought forward from previous year	1566.96	1543.09
Deficit carried to next year	<u>1567.16</u>	<u>1566.96</u>

Dividend :

Directors regret their inability to recommend any dividend.

Auditors Report :

Most of the notes referred to by the Auditors in their Report, being self-explanatory and/or suitably explained/clarified in the notes to Accounts, require no further explanation.

The company has already complied with the Accounting Standards prescribed by the Institute of Chartered Accountants of India and is constantly endeavoring to ensure adherence to the same and their norms as may be prescribed from time to time.

As informed in the previous year the Company had already cleared all dues of secured creditors and almost all statutory dues. The company is hopeful of paying off unsecured creditors in the future as well.

Regarding valuation of stock-in-trade, it was already informed in past that the land in question was converted into stock-in-trade in the financial year 2001-02 when the company commenced Real Estate Business. The company has consistently sold this land at a higher prices than this book value, thereby facilitating its revival.

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Business Activities :

The company could not register any sales in the year under review due to legal wrangles that prevented sale of its land. All efforts are being made to overcome these hurdles and it is hoped that sales would commence shortly. Thereafter the company would attempt to enhance the value of its land by appropriately developing it. This exercise is expected to be profitable. The company is also desirous of foraying into a new industrial venture and is exploring possibilities in this area too.

Compliance Certificate

The Company has obtained a compliance certificate for the financial year ending 31st March, 2010 from a Practicing Company Secretary as required pursuant to Section 383 A of the Companies Act, 1956 and the same is annexed with this report.

Directors' Responsibility Statement

As required under section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the company hereby state and confirm:

- (i) that in the preparation of the Annual Accounts for the Financial Year ended 31st March, 2010, 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 31st March, 2010 on a 'going concern' basis.

Personnel :

Since no employee of the Company has drawn salary in excess of Rs.24,00,000.00 per annum or Rs.2,00,000.00 per month, particulars of employees as required u/s 217(2A) of the Companies Act, 1956 have not been given.

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Auditors :

M/s G.P. Kejriwal & Company, Chartered Accountants, Jaipur retire at the conclusion of the ensuing AGM and are eligible for re-appointment and they have indicated their willingness to act as such under section 224 (1)(B) of the Companies Act, 1956.

Directors :

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

Shri M.D. Vora has been appointed as Additional Director of the company w.e.f. 31st March, 2010 and pursuant to Section 260 of the Companies Act, 1956 is liable to retire this Annual General Meeting, is eligible for appointment as Director of the company. The company has received an application from a member for his appointment as per provisions of Section 257 of the Companies Act, 1956.

The term of Shri Devapriya Kanoria, Managing Director will be expired on 26.03.2011, your Board of Directors recommends his re-appointment as managing Directors on recommendation of remuneration committee on same terms and conditions and remuneration as approved by the Central Government vide order no. 1/68/2006-CL VII dated 19th May, 2006.

Conservation of Energy, Technology Absorption, Foreign Exchange:

The company has been advised that the disclosure of particulars under Section 217(1) (e) read with rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy etc. is not applicable. Particulars relating to Technology / Absorption etc. have not been furnished as the company has neither undertaken any Research & Development activities in the field of Real Estate nor imported any technology. Therefore the particulars regarding foreign exchange earnings and outgo are Nil.

Place: Mumbai
Dated: 7th June, 2010

On behalf of the Board
A.K. Kanoria
Chairman