



Arihant Tournesol Limited

B576

**Audit Report
&
Annual Accounts**




Financial Year : 2012-2013

Audited By :

**R. B. Pandya & Co.,
Chartered Accountants
308, Venkatesh Chambers,
G.T. Marg, Fort,
Mumbai - 400 001.**

**Tel. No. : 2207 6799 / 2207 0840
Fax No. : 2207 6001**



**CERTIFIED TRUE COPY
FOR ARIHANT TOURNESOL LTD.**

Veer Tu
DIRECTOR

Directors

VARSHA SETHI
Chairman

A. K. SETHI
K. RAMKRISHNAN
D. N. JHA
KALPITA SAWANT
RAJENDRA GURNANI

Auditors

R. B. PANDYA & CO.

Bankers

The Kunbi Sahakari Bank Ltd.

Registered Office

74/1, Mardi Cross,
Village Bhogan, North Solapur,
Dist. Solapur, Maharashtra

Registrar and Share Transfer Agent

Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (East), Mumbai – 400 072.

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CERTIFIED TRUE COPY

For ARIHANT TOURNESOL LTD.

V. K. Sethi
DIRECTOR

ARIHANT TOURNESOL LIMITED

34-B, Jolly Maker Chambers-2
225, Nariman Point
Mumbai-400 021
Phones: 22024359/22025117
Fax: 22821776
Email: sethigroup@vsnl.com

NOTICE

NOTICE is hereby given that the **TWENTY SECOND** Annual General Meeting of the Members of ARIHANT TOURNESOL LIMITED will be held on Monday, 30th September 2013 at 11.00 a.m. at 74/1, Mardi Cross, Village Bhogaon, North Solapur, Dist. Solapur, Maharashtra to transact the following business:

1. To receive, consider and adopt the Directors' Report, Audited Profit & Loss Account for the year ended 31st March, 2013 and the Balance Sheet as on that date.
2. To appoint a Director in place of Mrs. Varsha Sethi who retires by rotation and being eligible, offer herself for reappointment.
3. To reappoint Auditors and to fix their remuneration.

By order of the Board of Directors

Sd/-
Varsha Sethi
Chairperson.

Place: Mumbai
Date: 02.09.2013

Registered Office:
74/1, Mardi Cross
Village Bhogaon, North Solapur
Dist. Solapur, Maharashtra.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER SUCH PROXIES SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. To Register of Members and share transfer books of the company will remain closed from 23rd Sept. 2013 to 29th Sept. 2013 (both days inclusive).
3. The Members are requested to intimate to the company at the registered office any change of address.

(1)

CERTIFIED TRUE COPY
For ARIHANT TOURNESOL LTD.

K. Sethi
DIRECTOR

ARIHANT TOURNESOL LIMITED

34-B, Jolly Maker Chambers-2
225, Nariman Point
Mumbai-400 021
Phones: 22024359/22025117
Fax: 22821776
Email: sethigroup@vsnl.com

DIRECTORS' REPORT

To
The Members:

Your Directors have pleasure in presenting the **TWENTY SECOND** Annual Report of Arihant Tournesol Ltd., together with the Statement of Accounts for the year ended 31st March, 2013.

1. ECONOMIC SCENARIO:

During the year under review, the company's factory was under Dry Lease Arrangement with M/s.Betul Oils & Flours Pvt.Ltd. M/s.Vision Millennium Exports Pvt.Ltd., had raised the issue of refund of interest free advance given by them under the First Charge on the Solapur assets of the company. The company has requested to continue the dry lease arrangement as stipulated in the agreement with them.

Due to dry lease arrangement, the turnover and the profits under lease have not been taken into account.

The company's management will have to continue under lease the operations until other issues are settled with other stakeholders and prepare the revival scheme after such settlement. The company hopes to prepare and get the proper revival scheme settled in the near future through BIFR and BIFR has asked us to submit a revised Rehabilitation Scheme.

2. FINANCIAL PERFORMANCE:

The company has incurred a loss of Rs.16,97,671.21

3. FUTURE PROSPECTS:

The management of the company engaged in discussions and restructuring the management and the capital structure of the company after the revival scheme is settled satisfactorily.

4. **DIVIDEND:**

No dividend has been declared during the year.

5. **DIRECTORS:**

Mrs. Varsha Sethi, Director of the company retires by rotation and being eligible offer herself for reappointment.

6. **PARTICULARS OF EMPLOYEES:**

There are no employees of the company who are drawing such salary as is required to be disclosed under Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975.

7. **DIRECTORS' RESPONSIBILITY STATEMENT:**

- (i) the preparation of the annual accounts for the financial year ended on 31st March, 2013, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) the Directors have selected appropriate accounting policies and applied them consistently, and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2013 and of the profit of the company for the said period.
- (iii) 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, and
- (iv) the Directors have prepared the accounts for the financial year ended on 31st March, 2013 on a "going concern" basis.

8. **AUDIT COMMITTEE:** As per requirement for compliance of Companies Act 1956, u/s.292A, the company has constituted Audit Committee comprising of all the three directors viz. Shri D.N. Jha, Shri Rajender Gurnani & Mrs. Kalpita Sawant

9. **AUDITORS' REPORT:**

The Auditors' Report referred certain points which are clarified as under:

- (a) The company has made lot of efforts to appoint a Company Secretary and is hopeful of appointing one very soon. However, the company has full-fledged secretarial department to handle all the matters on regular basis and it also seeks professional advises from time to time from practicing Company Secretary.

10. **AUDITORS:**

The company's Auditors, M/s. R.B. Pandya & Co., Chartered Accounts are eligible for re-appointment.

11. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

There has been no foreign exchange earnings or outgo. There has been no technology absorption in the current year. The energy consumption has been rationalised and economised.

12. **INDUSTRIAL RELATIONS:**

The Management has been successful in maintaining industrial peace and enjoys cordial relations with all its workers and staff.

13. **ACKNOWLEDGEMENT:**

Your Directors would also like to place on record their appreciation to the Banks, Institutions, Staff and Shareholders for their co-operation in the operation of the company.

For and on behalf of the Board of Directors

Sd/-
Varsha Sethi
Chairperson.

Place: Mumbai
Date : 02.9.2013

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The key areas of Management Discussion and Analysis are given below.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian market presents a significant growth opportunity for edible oil players owing to the growing population, income growth, low current per capita consumption, low penetration and the fact that edible oils are necessary part of the daily diet for majority of Indian consumers. India accounts for a major part of global edible oil demand, which has grown over the years but the Indian oilseed crop has historically been insufficient to match the oil demand.

OUTLOOK

India plays an important role in the global edible oil market. The Indian edible oil market is currently at 17.5 million tones and is currently growing at a rate of 3% - 4% per annum but still India's total requirement of edible oil for projected population of 1.22 billion is at projected per capita consumption of about 14.8 kg per annum, which is very low as compared to the world average of 25.91 kg /annum. As per Solvent Extractor's Association of India, demand for edible oil is expected to increase to 23.1 million by 2020.

OPPORTUNITIES & THREATS

The edible oil sector in India is largely unorganized with a few organized players. There is a lot of potential and opportunity for organized players in Indian market because of growing population to feed, younger demographics, better lifestyle choices and increased purchasing power due to local development. Integrated players typically operate at higher capacity utilizations and enjoy better price realizations and margins in addition to being more equipped to deal with fluctuation in prices and availability of raw material.

Threat – The import of edible oil has already been increased from 4.71 million ton in 2006-07 to 9.98 million ton in 2011-12 which is 57% of the total consumption. In January 2013, Government has imposed duty of 2.5% on import of crude oil while maintaining 7.5% duty on refined Palm oil. The same has been resulted in the significant increased in the imported RBD alien and consequently drafting reduction in the capacity utilization of Indian Refineries.

RISKS & CONCERNS

The overall scenario is also impacted by volatility in commodity and currency prices. Government policies plays an important role in the business of the Company. The policies announced by the Government have been progressive and are expected to remain likewise in future, and have generally taken an equitable view towards various stake holders, including domestic farmers, industry, consumers etc. Fuel prices continue to be an area of concern as fuel is widely used in manufacturing and distribution operations and has a direct impact on total costs.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has suitable internal control systems which are safeguarding the Company's assets and promoting efficiency. The internal control systems are commensurate with the size and the nature of Company's business and are regularly reviewed and updated by incorporating changes in regulatory provisions.

HUMAN RESOURCES

The Company continues to lay emphasis in nurturing and strengthening the overall development of Human Resources and has always been recognizing manpower as a vital tool in the Company's growth.

FINANCIAL PERFORMANCE

The financial performance of the Company for the year under review is discussed in detail in the Directors Report.

For Arihant Tournesol Ltd

Sd/-

Varsha Sethi

Director

Dated:

Place: Solapur

REPORT ON CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreements with the Stock Exchange and Directors of SEBI, a Report on corporate Governance is given below :

1. Company's Philosophy

The company strongly believes in the value of transparency, professionalism and accountability in its dealing with customers, shareholder and every body who comes in contact with the company.

2. Board of Directors :

The Board consists of Six Directors as on 31st March 2013. Two are promoter Directors and Four are Independent Directors. The details are given below :

Name	Category	Attendance Particulars		No. of Directors & Committee Members / Chairmanship held in other Public Companies in India
		Board Meeting	Last AGM	
Smt. Varsha Sethi Chairperson	EXE	5	NO	Omega Investment & Properties Ltd.
Shri. Ajitkumer Sethi	EXE	4	YES	Omega Investment & Properties Ltd.
Shri. K. Ramkrishnan	I & NED	NO	NO	Nil
Smt. Kalpita Sawant	---	4	---	Nil
Shri. Rajendra Gurnani	---	1	---	Nil
Shri. D. N. Jha	I & NED	5	YES	Nil

Note : EXE : Executive Director, **I :** Independed Director, **NED :** Non Executive Director

The Board of Directors met five times during the year on 30/04/2012, 31/07/2012, 01/09/2012, 31/10/2012 & 31/01/2013

The Board of Directors is routinely presented with all information under clause 49 of the Listing Agreement wherever application and materially significant by way of mention by the Chairman in the Board Meeting.

Code of Conduct :

The Company has laid down a code of conduct for all of its Board Members and senior Management Personnel for avoidance of conflict of interest. It has received from all of them the necessary declaration affirming compliance with it during the period.

Remuneration of Directors :

Sitting fees, salary & perquisite :

None of the Directors (being Independent and Non-Executive) draw any sitting fee or salary & perquisite from the Company.

The Board has constituted two committees – Audit Committee and investors / Share holders Grievance Committee.

3. Audit Committee

The Audit Committee comprises of Non-executive and Independent Directors Shri. D. N. Jha is the Chairman of the committee, Shri. Rajendra Gurnani & Ms. Kalpita Sawant are the other members of the Committee. The statutory Auditors are invited to the meetings. The Company Secretary acts as the Secretary to the Committee.

The terms of reference of this Committee cover matters specified for Audit Committee under clauses 49 of the Listing Agreement with the Stock Exchanges as well as Section 292A of the Companies Act, 1956.

During the year 2012-2013 five meeting of the Audit Committee were held on 30/04/2012, 31/07/2012, 01/09/2012, 31/10/2012 & 31/01/2013. All the members of the Committee attended the said meetings.

4. Remuneration Committee :

The Company has not set up Remuneration Committee since all the Directors are Independent & Non Executive and not draw any fee or remuneration from the Company for their services.

5. Investors / Shareholders grievance Committee :

The Committee functions under chairmanship of Ms. Kalpita Sawant , a Non-Executive / Independent Director and the other members of the committee are Shri. D. N. Jha and Shri. Rajendra Gurnani who are also Non Executive and Independent Directors.

The committee inter-alia, approves issue of duplicate share certificate, overseas and review all matters connected with transfer of securities. The committee also looks after redressal of shareholders complaints like transfer of share, non receipt of balance sheet etc. Smt. Varsha Sethi is the Compliance Officer of the Company.

Five meeting of the committee were held on 30/04/2012, 31/07/2012, 01/09/2012, 31/10/2012 & 31/01/2013. All the members of the committee attended the meetings.