

ARNAV CORPORATION LIMITED

ANNUAL REPORT

2012-2013

CONTENTS

- Corporate Information
- Directors Report
- Report on Corporate Governance
- Management Discussion and Analysis Report
- Chairman's Certification on Financial Statements
- Corporate Governance Compliance Certificate
- Auditors Report.
- Annexure to Auditors Report
- Balance Sheet
- Profit and Loss Account
- Cash Flow Statement
- Notes forming part of Financial Statements

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Dhiren V Negandhi	: Chairman and Additional Executive Director
Dauji Laddoo Chaturvedi	: Executive Director
Jayesh Ravinchandra Shah	: Additional Executive Director
Pradeep B. Parmar	: Non- Executive Independent Director
Rajnish Kumar	: Non- Executive Independent Director

REGISTERED OFFICE

: 101, C Wing, Ambika Darshan, C P Road,
Kandivali (East), Mumbai- 400 101,
Maharashtra.

BANKERS

: ING Vysya Bank

REGISTRAR AND SHARE TRANSFER

AGENTS:

: Universal Capital Securities Pvt. Ltd.
21, Shakil Niwas, Opp. Satya Saibaba
Temple, Mahakali Caves Road,
Andheri (E), Mumbai- 400 093.

COMPLIANCE OFFICER

: Dhiren Vitthaldas Negandhi

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present this Annual Report on the operations of the Company and the Audited Statement of Accounts for the Year ended 31st March 2013.

▪ **Financial Results:**

Particulars	2012-2013	2011-2012
Sales/ Income from Operations	2,82,31,500	2,83,88,500
Other Income	1,82,450	(29,01,200)
Total Income	2,84,13,950	2,54,87,300
<u>Less:</u> Total Expenses	(2,70,56,403)	(2,71,36,139)
Profit/ (Loss) before Tax	13,57,547	(16,48,839)
<u>Less:</u> Current Tax	258,680	-
Deferred Tax Liability	(858,786)	(35,31,008)
Profit/ Loss after Tax	19,57,653	18,82,547

▪ **Operational Review:**

It is encouraging to state that during the financial year 2012-13, the company has achieved well rounded growth with steady profitability. During the year under review, our Company earned revenue of Rs. 2,84,13,950/- as compared to Rs. 2,54,87,300/- in F.Y. 2011-12 recording an increase in total revenue of 11.48%.

As a result of growth in total revenue, Profit before Tax and Profit after Tax have recorded manifold growth as compared to the previous year. The Company ended year with Net Profit before Tax Rs. 13,57,547/- as compared with the loss before tax of previous year of Rs. 16,48,839/-. The company's profitability after tax has risen during the year as compared to the previous year. The company was in a position to

stream down its expenses to the tune of Rs. 2,70,56,403 as compared to Rs. 2,71,36,139 of previous year.

▪ **Future Outlook:**

The Company has always maintained its game-plan to leverage the opportunities towards growth and change.

Its business prospects have always been to venture into new growth avenues and reap additional benefits for its stakeholders.

In order to keep its motive going, it has been decided by the Board of Directors to raise additional funds to the tune of Rs. 40 crores through preferential allotment and deploy such received funds into the business of the company. The said proposal has been proposed to the members for approval at the ensuing Annual General Meeting of the Company.

▪ **Dividend:**

In view of the losses, the Directors of your Company regret their inability to recommend any dividend for the year under consideration.

▪ **Changes in Directorship:**

Re-appointment of Directors retiring by Rotation:

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956, Mr. Pradeep Parmar and Mr. Dauji Laddoo Chaurvedi, Directors of your Company retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board wishes to place on record their appreciation for the services rendered by them as the Directors of the Company.

Necessary resolutions with regard to the above are being placed before the Shareholders for their approval.

None of the Directors, except Mr. Pradeep Parmar and Mr. Dauji Laddoo Chaurvedi are interested or concerned in the said resolutions.

Appointment of Additional Directors:

Mr. Jayesh Shah and Mr. Dhiren Negandhi, were appointed as Additional Directors on the Board of the company w.e.f. 4th December, 2012 in accordance with the provisions of Section 260 of the Companies Act, 1956.

Pursuant to the provisions of the aforesaid section, the above directors hold office up to the date of the ensuing Annual General Meeting and being eligible offer themselves for appointment as the Director of the Company. Your Company has received a notice in writing from the aforesaid directors proposing their candidature for appointment as the Director of the Company pursuant to the provisions of Section 257 of the Companies Act, 1956.

None of the Directors, except Mr. Jayesh Shah and Mr. Dhiren Negandhi, are concerned or interested in this resolution.

Appointment of Director pursuant to Section 257:

Mr. Chandrakant Shinde was appointed as a Director on the Board of the Company in accordance with the provisions of Section 257 of the Companies Act, 1956, in respect of whom the Company has received a notice in writing from him proposing his candidature for the office of Director.

Necessary resolutions with regard to the above are being placed before the Shareholders for their approval.

▪ **Appointment of Auditors:**

M/s. Ranka Dargar & Co., Chartered Accountants are appointed as the Statutory Auditors of the Company in place of **M/s. S. H. Garg & Associates** to hold the office from the conclusion of the ensuing Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company.

Your Company has received a confirmation from **M/s. Ranka Dargar & Co.**, to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

Furthermore, the observations and comments furnished by the Auditors in their report read together with the notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

▪ **Directors' Responsibility Statement:**

Based on the representations received from the operating management and pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- They 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 or loss of the Company for that period;
- They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records, safeguarding the

assets of the Company and for preventing and detecting material fraud and other irregularities;

➤ They have prepared the Annual Accounts on a going concern basis.

▪ **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:**

In view of the nature of the activities which are being carried on by the Company, Rules 2A & 2B of the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively, are not applicable to the Company.

During the year under review, neither the Company had any Foreign Exchange Earnings nor did it spend any foreign exchange on any account.

▪ **Fixed Deposits:**

The Company has not accepted any Deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

▪ **Listing:**

The Company's Equity shares are listed on the Bombay Stock Exchange Limited.

▪ **Management Discussion and Analysis:**

Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India is presented in a separate section forming part of the Annual Report.

- **Corporate Governance:**

Your Company has documented internal governance policies and put in place a formalized system of Corporate Governance which sets out the structure, processes and practices of governance within the Company.

A separate section on Corporate Governance forming part of the Annual Report and a certificate from the Statutory Auditor confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is included in the Annual Report.

- **Corporate Social Responsibility:**

Corporate Social Responsibility (CSR) is the responsibility of an organization for the impacts of its decisions and activities on society, the environment and its own prosperity. For any organization, CSR begins by being aware of the impact of its business on society.

Further your Company also reaffirms its commitment to contribute towards a clean sustainable environment and continually enhancing its environmental performance as an integral part of its business philosophy and values.

- **Employees:**

During the year 2012-13, your Company continued to have cordial relations with all the employees at all its units. The Company also recognizes the importance of human capital and enrichment of professional and technical skills which is an ongoing process within the organization.

During the year under review there were no employees drawing a salary exceeding the limits specified under Section 217 (2A) of the Companies Act, 1956.

▪ **Human Resource Development:**

Your Company has always believed in the ideology of achieving excellence through investing in people and technology simultaneously and thus it continues to work for the development and realization of best potential of its people. To promote motivational climate and achieve growth, your Company has continued to undertake efforts for optimal utilization of manpower with focus on improvement in their productivity.

▪ **Internal Audit:**

The company has an adequate system of internal control to ensure compliance with the policies and procedures. This internal audit exercise enables the company to evaluate the adequacy of internal controls established by the company's management and acts as a checkmate mechanism in the event of any failure in the internal control operations.

▪ **Acknowledgements and Appreciation:**

Your Directors wish to place on record their gratitude for the continued support and patronage rendered by the Government of India, various State Government departments, Financial Institutions, Banks and various stakeholders, such as, shareholders, customers and suppliers, among others. The Directors also commend the continuing commitment and dedication of the employees at all levels, which has been critical for the Company's success. The Directors look forward to their continued support in future.

**By Order of the Board
For Arnav Corporation Limited
Sd/-
Director**

Date : 4th September, 2013

Place: Mumbai.