

ANNUAL REPORT
OF
ARNAV CORPORATION LIMITED
2013-14



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CORPORATE INFORMATION




BOARD OF DIRECTORS

Dhiren V Negandhi	: Managing Director
Jayesh R. Shah	: Executive Director
Dauji L Chaturvedi	: Executive Director
Pradeep B. Parmar	: Non- Executive Independent Director
Rajnish Kumar	: Non- Executive Independent Director
Chandrakant R. Shinde	: Non- Executive Independent Director

COMPLIANCE OFFICER

Dhiren Vitthaldas Negandhi

BANKERS

-  **ING Vysya Bank**
-  **Dhanlaxmi Bank**
-  **Axis 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

REGISTERED OFFICE

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

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present this Annual Report and the Audited Accounts of the Company for the Year ended 31st March 2014.

▪ **Financial Results:**

(Amount in Rs.)		
Particulars	2013-2014	2012-2013
Revenue from Operations	3,26,45,049	2,82,31,500
Other Income	-	1,82,450
Total Income	3,26,45,049	2,84,13,950
Less: Total Expenses	(3,26,96,241)	(2,70,56,403)
Profit/ (Loss) before Tax	(51,192)	13,57,547
Less: Current Tax	-	258,680
Deferred Tax Liability/(Assets)	(15,819)	(858,786)
Profit/ Loss after Tax	(35,373)	19,57,653

▪ **Operational Review:**

For the financial year ended March 31, 2014, the Company has recorded strong revenue earnings for the year under review stood at Rs. 3,26,45,049/- as compared to Rs. 2,82,31,500 /- in the previous year, reflecting an increase of more than 15%. This growth in Earnings is to a large extent the result of the ability of the company to accept the challenges, improve the overall performance and capture the larger portion in the market.

The Company faced a reduction in Profit before Tax due to increase in the overall expenses, incurred during the year in order to explore the market. Loss before Tax for the year stood at Rs. 51,192/-as compared to the profit of Rs. 13,57,547/- in the previous year. The loss after Tax for the year was Rs. 35,373/-as compared to the profit of Rs. 19,57,653/- in the previous year. The Company, on its part, has taken various initiatives to improve its operating efficiency and revenue earning potential.

▪ **Equity infusion through Preferential Allotment:**

During the financial year 2013-14, the Company had issued and allotted 4,00,00,000 Convertible equity warrants to various allottees under the non-promoter category. These warrants were subsequently converted into Equity shares of the Company in the Board meeting held on 10th December, 2013. Pursuant to the issue the company raised an aggregate sum of Rs. 84,00,00,000/- .

▪ **Dividend:**

Considering the year's financial performance, the Directors of your Company decided not to recommend any dividend.

▪ **Directors:**

Liable to retire by rotation:

In accordance with the applicable provisions of the Companies Act and the Articles of Association of the Company, **Mr. Jayesh Shah**, Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible he has offered himself for re-appointment. Your directors recommend his appointment as an Executive Director of the Company.

Fresh Appointment:

In accordance with the applicable provisions of Section 149, Section 152 and Section 160 of the Companies Act, 2013 and the rules made there under, a notice proposing the candidature of Ms. Kajal Soni for the office of directorship of the Company has been received by the Company.

Considering her caliber and experience in the fields associated with the Company's business, the Board recommends the appointment of Ms. Kajal Soni as an Executive Director of the Company liable to retire by rotation.

A resolution to this effect has been put up in the notice calling the ensuing Annual General Meeting of the Company.

Independent Directors:

Mr. Pradeep B Parmar, Mr. Rajnish Kumar and Mr. Chandrakant R Shinde, have been holding the position of Independent Directors of the Company, liable to retire by rotation.

However, as per Companies Act, 2013, an independent director shall hold office for a fixed term up to five consecutive years on the Board of a company and shall be eligible for reappointment for another term of upto five consecutive years.

In due compliance with the provisions of Section 149, Section 150 and Section 152 of the Companies Act, 2013, it is proposed to appoint **Mr. Pradeep B. Parmar, Mr. Chandrakant R. Shinde** and **Mr. Rajnish Kumar** as Independent Directors on the Board of the Company, who shall hold the office for a term of five consecutive years from the conclusion of the ensuing Annual General Meeting.

The appropriate resolutions for appointment of such Directors are placed for the approval of members.

▪ **Appointment of Auditors:**

M/s. S. H. Garg and Associates, Chartered Accountants (Firm Reg. No.- **103088W**), are the Statutory Auditors of the Company, who shall hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

As per the provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to re-appoint **M/s. S. H. Garg and Associates**, Chartered Accountants (Firm Reg. No. **103088W**), as the Auditors of the Company for a period of three years commencing from the conclusion of ensuing Annual General Meeting up to the conclusion of the Annual General Meeting for the financial year 2016-17, subject to ratification of the

members at every annual general meeting, at a remuneration determined by the Board of Directors.

The Company has received a letter from **M/s. S. H. Garg and Associates** to the effect that their appointment, if made, would be in accordance with Section 139 of the Companies Act, 2013 and that, they are not disqualified for such appointment within the meaning of Section 141 of the Companies Act, 2013.

▪ **Directors' Responsibility Statement:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on representations received from the Operating Management, confirm that:

- in the preparation of the annual accounts for the financial year ended March 31, 2014, the applicable accounting standards have been followed and that there are no material departures;
- they have, in selection of the accounting policies, consulted the Statutory Auditors and have 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 March 31, 2014, and of the profit of the Company for the year ended on that date;
- they have taken proper and sufficient care, to the best of their knowledge and ability, 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
- they have prepared the annual accounts of the Company 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.

▪ **Deposits:**

The Company has not accepted any Deposits, during the year under review.

▪ **Listing:**

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

▪ **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:**

The Company 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:**

The Company recognizes people as its most valuable asset and it has built an open, transparent and meritocratic culture to achieve 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.

▪ **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.

Place: Mumbai
Date: 4th September, 2014.

By Order of the Board
Sd/-
Dhiren Negandhi
Managing Director
DIN:- 03385812

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

Company's Philosophy on Corporate Governance:

The Company recognizes and endeavors to adopt the best practices and the highest standards of corporate governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and ensure fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising of regulators, employees, customers, vendors, investors and the society at large.

The Company seeks to adopt good corporate governance practices and to ensure compliance with all relevant laws and regulations. The Company conducts its activities in a manner that is fair and transparent and also perceived to be such by others.

The Company believes that good corporate governance practices enable the Management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for all its stakeholders. This can be analyzed through the following:

I. BOARD OF DIRECTORS

Board Composition:

The Board of Directors, along with the Committees of the Board, direct, supervise and control the activities of the Company.

The Board strength and representation as on date consists of 6 directors. The composition and the category of directors on the Board of the Company are as under:

Board of Directors	Category
Dhiren Negandhi	Managing Director & Chairman
Jayesh Shah	Executive Director
Dauji Laddo Chaturvedi	Executive Director
Pradeep Parmar	Non- Executive Independent Director
Rajnish Kumar	Non- Executive Independent Director
Chandrakant R. Shinde	Non- Executive Independent Director

Board Meeting:

During the financial year 2013-14; 8 Board meetings were held viz. on 3rd April, 2013; 30th May, 2013; 13th August, 2013; 4th September, 2013; 23rd October, 2013; 14th November, 2013; 10th December, 2013 and 12th February, 2014.

The details of Directors, their attendance at Board Meetings held during 2013-2014 and at the previous Annual General Meeting of the Company are, given below:

Name of the Director	Board Meetings Attended	Attendance at the previous AGM held on 30.09.2013	No. of Directorship held in other Companies #	No. of Companies in which he is Chairman	No. of Membership in other Board Committees ##
Dhiren Negandhi	8	Yes	Nil	Nil	Nil
Jayesh Shah	8	Yes	Nil	Nil	Nil
Dauji Laddoo Chaturvedi	8	Yes	1	Nil	Nil
Pradeep Parmar	8	Yes	Nil	Nil	Nil
Rajnish Kumar	8	Yes	1	Nil	Nil
Chandrakant Shinde*	4	No	0	Nil	Nil

* Appointed as a director in the Annual General meetings held on 30.09.2013.

Excluding Directorships in Foreign Companies, Private Companies and Section 25 of the Companies Act, 1956.

Represents Memberships/ Chairmanships of the Audit Committee/ Investor Grievance Committee.

II. **COMMITTEES OF THE BOARD**

Functioning of the Boards through Committees, result in enhanced quality of decisions taken with focused approach. Such committees assist the Board in discharging its responsibilities in a better manner.

In compliance with the mandatory requirements under the Listing Agreement, and the applicable laws, the Board of your Company has constituted the following committees namely:

- The Audit Committee,
- The Nomination and Remuneration Committee (formerly called the Remuneration Committee) and ;
- The Stakeholders Relationship Committee (formerly called Shareholders/Investors Grievance Committee).

A brief description of the Role and Composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

A) **THE AUDIT COMMITTEE:**

▪ **Significance of the Committee:**

Clause 49 of the Listing Agreement deals with Corporate Governance and prescribes the setting up of a qualified and independent Audit Committee which can aid the Board in implementing, monitoring and continuing good corporate governance practices to the benefit of the Company and its stakeholders.

▪ **Terms of reference of the Audit Committee:**

The Audit Committee so constituted exercises powers and discharges functions as stipulated in Section 292A of Companies Act, 1956 & Clause 49 of the Listing Agreement entered with Stock Exchange and other relevant statutory / regulatory provisions.

▪ **Constitution of the Audit Committee:**

The Audit Committee comprises of three Directors. An overview of the Members constituting the Audit Committee together with their designations is outlined as under:

Sr. No.	Name of the Director	Category	Designation
1	Rajnish Kumar	Non –Executive Independent Director	Chairman
2	Pradeep B. Parmar	Non –Executive Independent Director	Member
3	*Jayesh Shah	Executive Director	Member

**Mr. Jayesh Shah, Executive director of the Company was appointed as a member of the committee in place of Mr. Dauji Chaturvedi, w.e.f 24th May, 2013, who due to his other Company roles & responsibilities, couldn't continue to act as a member of the committee.*

▪ **Number of Audit Committee Meetings held during the year under review:**

The Audit Committee Meetings were held 5 times during the year viz. 24th May, 2013, 5th August, 2013, 27th August, 2013, 5th November, 2013 and 3rd February, 2014.

Sr. No.	Name of the Director	Number of Meetings held during the year	Number of Meetings attended
1	Rajnish Kumar	5	5
2	Pradeep B. Parmar	5	5
3	Jayesh Shah	5	5

**Mr. Jayesh Shah, Executive director of the Company was appointed as a member of the committee in place of Mr. Dauji Chaturvedi, w.e.f 24th May, 2013, who due to his other Company roles & responsibilities, couldn't continue to act as a member of the committee.*

B) NOMINATION AND REMUNERATION COMMITTEE:
(formerly known as Remuneration Committee)

In accordance with Section 178 of the Companies Act, 2013 and as per the requirements of SEBI Circular dated April 17, 2014 for amendment to Equity Listing Agreement (which is effective from October 1, 2014), the Board of Directors of the Company at their meeting held on May 30, 2014, have approved the change in nomenclature of the Nomination/Remuneration Committee to “**Nomination and Remuneration Committee**” and have revised their role as under:

- The revised role of the Nomination and Remuneration Committee, inter-alia, includes the following:
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

The Nomination and Remuneration Committee comprises of three Non Executive Independent Directors. They are Mr. Rajnish Kumar – (Chairman), Mr. Chandrakant R. Shinde and Mr. Pradeep Parmar.