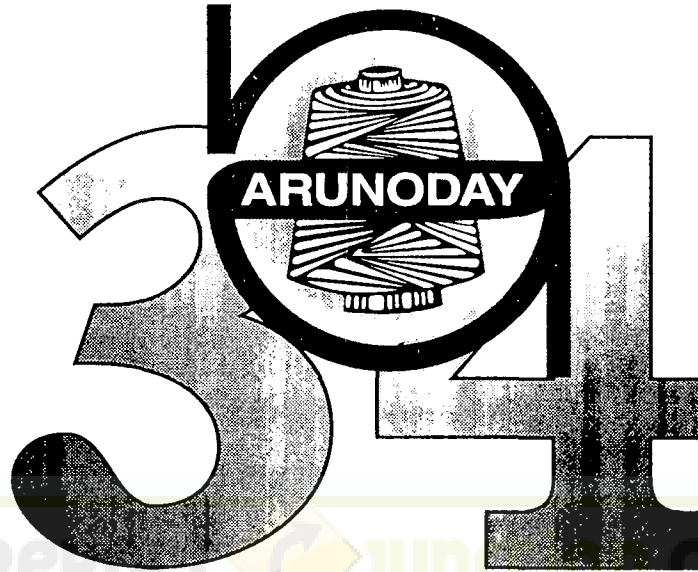


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AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



Annual Report
1996-97

**ARUNODAY
MILLS LIMITED**

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ARUNODAY MILLS LIMITED



BOARD OF DIRECTORS :

Shri Kantilal Keshavlal Sheth	<i>(Chairman and Managing Director)</i>
Shri Madhusudan Dalpatram Vora	<i>(Managing Director)</i>
Shri Babubhai Chhaganlal Shroff	
Shri Girjashanker Umiashanker Mehta	
Shri Harkishon Nihalchand Udani	
Shri Ramniklal Gopal Das Kikani	
Shri Manharlal Manilal Sheth	
Shri Prabhat Ramniklal Kothari	
Shri Bharat Punamchand Shah	
Shri R. P. Parekh (ICICI Nominee)	
Shri Yeshwantlal R. Shah	

Vice President (Finance) and Company Secretary

Shri Bipin Maneklal Shah

REGISTERED OFFICE AND MILLS :

Mahendranagar
Morbi (Gujarat)
Pin : 363 641

CORPORATE OFFICE :

Sakhar Bhavan, 5th Floor,
Nariman Point,
Mumbai - 400 021.

AUDITORS :

Messrs Nanubhai & Co.,
Chartered Accountants,
Mumbai - 400 023.

BANKERS :

Bank of India, Corporate Banking Branch
Bank of Baroda, Industrial Finance Branch
Syndicate Bank, Industrial Finance Branch

SHARE TRANSFER AGENTS :

R & D Consultants Pvt. Ltd.
610, Dalamal Tower,
211, Nariman Point,
Mumbai - 400 021.

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NOTICE

NOTICE is hereby given that the 34th Annual General Meeting of the Members of **ARUNODAY MILLS LIMITED** will be held at the Registered Office of the Company situate at Mahendra Nagar, Morbi (Gujarat) on Friday, the 12th September, 1997 at 4.30 p.m. to transact the following business.

1. To receive and adopt the Directors' Report and the Audited Statement of Accounts for the year ended 31st March, 1997.
2. To appoint a Director in place of Shri Harkishon Nihalchand Udani, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Bharat Punamchand Shah, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Manharlal Manilal Sheth, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider, and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :-
 "RESOLVED that Shri Yeshwantlal R. Shah who was appointed as Additional Director under Section 260 of the Companies Act, 1956 and whose term of office expires at the conclusion of this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. An explanatory statement relating to the Special Business mentioned in the Notice as required under Section 173 of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain close from 5th September, 1997 to 12th September, 1997 (both days inclusive) for the purpose of Annual General Meeting.
4. Members are requested to intimate to R & D CONSULTANTS PRIVATE LIMITED, Share Transfer Agents at 610, Dalamal Towers, 211, Nariman Point, Mumbai 400 021, for changes, if any, in their registered address.

ARUNODAY MILLS LIMITED



5. The unclaimed dividends for the financial year ended 31.3.1993 and previous years declared by the Company have been transferred to the General Revenue account of the Central Government in terms of Section 205A of the Companies Act, 1956. Shareholders who have not encashed the Dividend Warrants for the aforesaid years are requested to claim the amount from the Registrar of Companies, Jivabhai Chambers, Ashram Road, Ahmedabad - 380 009.
6. Shareholders desirous of any information at the Annual General Meeting, with regard to accounts are requested to write to the Company their queries 7 days before the date of meeting so as to enable the Management to keep the information ready.

BY ORDER OF THE BOARD OF DIRECTORS

Place : Mumbai

BIPIN M. SHAH

Dated : 10th June, 1997

Vice President (Finance) and Company Secretary

Regd. Office: Mahendra Nagar, Morbi (Gujarat)

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34th ANNUAL REPORT (1996-97)**EXPLANATORY STATEMENT**

Pursuant to Section 173(2) of the Companies Act, 1956, forming part of and attached to the Notice dated 10th June, 1997 of the Annual General Meeting setting out all material facts relating to the Special Business mentioned in the said notice :

ITEM NO. 6

Shri Yeshwantlal R. Shah who resigned as the Technical Director of the Company, was appointed as an Additional Director of the Company on 26th November, 1996 by the Board, Pursuant to section 260 of the Companies Act, 1956 read with Article 116 of the Articles of Association of the Company. He holds this office only upto the date of the next Annual General Meeting of the Company as provided in the said Article, but he is eligible for appointment as a Director liable to retirement by rotation. In terms of Section 257 of the Companies Act 1956, the Company has received Notice in writing alongwith a deposit of Rs. 500/- from a Member signifying his intention to propose the candidature of Shri Yeshwantlal R. Shah for the office of a Director. The deposit is refundable if he is elected as a Director of the Company.

The Company has received his consent in writing to act as a Director of the Company, if appointed.

Your Directors feel that it is in the interest of the Company to continue his appointment as a Director on the Board. Hence the resolution for his appointment as a Director of the Company liable to retirement by rotation is placed before the Members. The Director commend the acceptance of the resolution.

Except Shri Yeshwantlal R. Shah, none of the Director is interest or concerned in the above resolution.

BY ORDER OF THE BOARD OF DIRECTORS

Place : Mumbai

BIPIN M. SHAH

Dated : 10th June, 1997

Vice President (Finance) and Company Secretary

Regd. Office: Mahendra Nagar, Morbi (Gujarat)

ARUNODAY MILLS LIMITED



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting herewith the 34th Annual Report of the Company with the Audited Statement of Accounts for the year ended 31st March 1997.

	(Rupees in Lacs)	
	1996-97	1995-96
1. FINANCIAL RESULTS		
SALES	9,396.10	8,464.98
OPERATING PROFITS	924.05	846.09
Less: Interest & Finance Charges	635.06	587.09
GROSS PROFIT	288.99	259.00
Less: Depreciation	226.46	202.53
Profit before tax	62.53	56.47
Less: Provision for taxation	8.00	—
PROFIT FOR THE YEAR	54.53	56.47
Add/Less (a) Brought Forward from last year	18.32	17.97
(b) Excess/Short provision for Taxation	—	(1.12)
(d) Proposed Dividend for previous year written back	50.00	—
Profit available for appropriations	122.85	73.32
Appropriations :		
Transfer to General Reserve	15.00	5.00
Proposed Dividend	—	50.00
Balance Carried Forward	107.85	18.32
	<u>122.85</u>	<u>73.32</u>

2. DIVIDEND

For the year 1995-96, your Directors recommended Dividend on Equity Shares at 10% . In the Annual General Meeting held on 3rd September, 1996 the members approved and declared Dividend subject to the approval of Financial Institutions and Banks. Subsequently Financial Institutions approved the declaration of Dividend, but Bank of India, the lead Bank conveyed to the Company that Banks were unable to accede to the request of the Company for payment of Dividend of 10% and requested to the Company to reconsider the decision of declaration and payment of Dividend. Hence based on the subsequent dialogue with officials of Bank of India, the Board of Directors decided not to pay Dividend for the year ended 31st March, 1996. The proposed Dividend of Rs. 50.00 Lakhs of the previous year is written back this year. For this year, your Directors do not recommend Dividend. This will help the Company in preserving the resources and in improving working Capital.

3. PERFORMANCE

During the year under report, the turnover of the Company, including goods manufactured outside on job basis, amounted to Rs. 9396.10 Lacs was higher as against Rs. 8464.98 Lacs during the preceeding year. The operating profits for the year under review of Rs. 924.05 Lacs was higher as

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compared to that of Rs. 846.09 Lacs of the last year. Profits after tax for the year under review decreased marginally to Rs. 54.53 Lacs as compared to that of Rs. 56.47 Lacs of the last year.

The cotton prices remained at reasonable level, whereas, increased consumption of stores and spares, increased wages and increased power cost resulted in substantial increase in cost of production. Due to market resistance, both in domestic as well as export, the selling price of cotton yarn could not keep pace with increased cost of production. Despite these adverse factors, the company has practically maintained its performance mainly because of improved export performance and continuous modernisation. Your Directors feel that under these circumstances the Company has been able to achieve satisfactory working results during the year under review.

As regards the prospects for the year 1997-98, it is expected that the cotton prices will continue to remain at reasonable level and in export market the Company's performance has been encouraging, as export turnover increased from Rs. 1669.97 Lacs in the previous year to Rs. 3223.75 Lacs during the year under review. In the Domestic market offtake is steady and yarn prices are stabilising, and in the Overseas market we have substantial orders.

4. FIXED DEPOSITS

One Depositor having total deposit of Rs. 5,000/- did not convey to the Company his instruction for repayment or renewal on due date or before 31st March, 1997. As on date of this Report the same has been repaid.

5. MODERNISATION

The modernisation and renovation of Plant and Machinery has been a continuous process and during the year under review, inspite of difficult year, the Company has invested Rs. 434.07 Lacs in Plant and Machinery and other Assets.

6. INSURANCE

All the properties of the Company have been adequately insured against fire, marine and other risks.

7. DONATION

During the year under review, your Directors have donated Rs. 0.61 Lacs for various Charitable and Welfare causes, which the Directors trust will meet with your approval.

8. DIRECTORS

Pursuant to Article 131 of the Articles of Association of the Company (1) Shri Harkishon Nihalchand Udani (2) Shri Bharat Punamchand Shah and (3) Shri Manharlal Manilal Sheth, Directors retire by rotation and being eligible offer themselves for re-election.

Shri Yeshwantlal R. Shah, Technical Director, resigned as Technical Director on 31st October 1996. To enable the Company to avail the benefits from his varied experience appointed him as an Additional Director at the Board of Directors meeting held on 26th November, 1996.

9. HUMAN RESOURCES

Your Company, as a part of TQM Programme, on an ongoing basis has organised workshops, training classes for the upgradation of technical and managerial skills of its employees. Benefits are being seen on the production side.

ARUNODAY MILLS LIMITED



We record our appreciation of the services rendered by all the staff members and other employees of the Company. Relations with employees remained cordial during the year.

The particulars required to be given under Section 217(2a) of the Companies Act, 1956 are annexed hereto and forming part of the Report and marked Annexure-I.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and marked Annexure-II.

11. COST AUDITORS

Pursuant to direction of the Central Government, under the provisions of the Section 233(b) of the Companies Act, 1956, Shri Sudhir C. Shah has been reappointed to conduct the Cost Audit relating to Yarn for the year ended 31st March, 1997.

12. AUDITORS

M/s. Nanubhai & Company, the present Auditors, retire at the conclusion of the ensuing Annual General Meeting and offer themselves for re-appointment. Members are requested to appoint and fix their remuneration.

13. AUDITORS' REPORT

The Notes to the Account referred to in the Auditors Report are self contained and self explanatory and therefore do not call for further explanation under Section 217(3) of the Companies Act, 1956.

14. ENVIRONMENT, SAFETY AND POLLUTION CONTROL

Your Company has been taking proper care in complying with all statutory requirements relating to safety, environmental and Pollution Control.

15. SPECIAL BUSINESS

Item No. 6, of the Notice of the 34th Annual General Meeting relate to Special Business. Members attention is drawn to this item and the explanatory statement relating thereto annexed to the Notice.

16. ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere appreciation and thanks to ICICI, IDBI, IFCI, IRBI, Bank of India Debenture Trustee. Bank of India, Bank of Baroda and Syndicate Bank and various department of both State and Central Government for their co-operation, continued valuable support and assistance extended to the Company during the year.

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai

Dated : 10th June, 1997.

Registered Office: Mahendra Nagar, Morbi, Gujarat

K. K. SHETH

Chairman and Managing Director

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ANNEXURE I

STATEMENT AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997.

Sr. Name No.	Designation	Nature of Duties	Remuneration	Qualification & Experience (Years)	Date of Commencement of Employment	Age (Yrs.)	Particulars of employment held. Name of employer post held/period of service
(A) Employed throughout the year and were in receipt of remuneration during the year in aggregate of not less than Rs. 3,00,000/- per annum.							
1. Shri Kantilal K.Sheth	Chairman cum Managing Director	Overall Management & Control of the Company	515400	B.Sc. (52)	03.04.1970	74	Nil
2. Shri Madhusudan D.Vora	Managing Director	Management of Mills at Morbi	565400	B.A. (40)	01.07.1963	64	M/s.Bhanulal Manilal Manager 3 years
3. Shri C.R.Narasimha Swamy	President (Works)	Mills Production	417600	Diploma in Tex.(39)	01.04.1995	52	Vishaldeep Spng.Mills Ltd Vice-President (Works) 13 years
5. Shri Bipin M. Shah	Vice President (Finance) and Company Secretary	Company's Secretarial Legal, Accounts and Taxation Work	374400	B.Com, F.C.A, F.C.S. (30)	16.02.1967	56	Nil
(B) Employed for part of the year and were in receipt of remuneration at the rate of not less than Rs.25,000/- per month.							
1. Shri Yeshwantlal R. Shah	Technical Director	Production, Marketing & General Management Matters	310760	B. Text. (33)	15.01.1994	55	Forbes Gokak Limited — Joint Managing Director — 16 Yrs.

Notes : 1 Employments of Chairman Cum Managing Director, Managing Director and Technical Director are contractual and that of others are non-contractual.

2. Other terms and conditions are as per Company's Rules.

3. Remuneration as shown above included allowance, contribution to Provident Fund, Superannuation Scheme and other perquisites.

4. None of the above employees are relative of any Director of the Company as defined under the Companies Act, 1956 except Shri Kantilal K. Sheth, is related to Shri Madhusudan D.Vora as brother-in-law and Shri Bharat P. Shah as his father-in-law.