



ARUNODAY MILLS LIMITED

ANNUAL REPORT						
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Financial Position (Rs. in Lacs)

	1994	1995	1996	1997	1998	1999
Gross Block	3358.14	4148.36	4777.22	5110.67	5621.91	6342.22
Depreciation	1309.71	1278.15	1417.03	1630.39	1867.11	2030.03
Net Block	2048.43	2870.21	3360.19	3480.28	3754.80	4312.19
Investments	20.20	20.26	23.05	48.83	57.48	57.49
Net Current Assets	2840.01	3440.64	3183.60	2744.32	2868.40	2875.78
Misc. Expenditure	50.24	37.68	25.14	12.56	-	221.89
Total Investment	4958.88	6368.79	6591.96	6285.99	6680.68	7467.35
Represented by :						
Equity Shares	500.00	500.00	500.00	500.00	500.00	500.00
Reserves and Surplus	1366.97	1737.95	1743.30	1847.82	1862.52	1884.82
Secured Loans	2817.18	3971.06	4039.10	3447.64	4167.72	4462.41
Unsecured Loans	220.73	159.78	309.56	490.53	150.44	620.12
	4958.88	6368.79	6591.96	6285.99	6680.68	7467.35

Operating Results (Rs. in Lacs)

	1994	1995	1996	1997	1998	1999
Sales	4955.63	6627.05	8464.98	9396.10	8400.18	8865.38
Gross Profits	581.55	598.35	275.25	302.91	275.80	309.45
Managerial Remuneration	8.59	22.32	16.25	13.92	11.02	13.63
Depreciation	226.55	163.67	202.53	226.46	247.58	270.52
Profit before tax	346.41	412.36	56.47	62.53	17.20	25.30
Taxation	95.00	45.00	-	8.00	2.50	3.00
Profit after tax	251.41	367.36	56.47	54.33	14.70	22.30
Dividend-Equity						
Percentage	20%	20%	10%	-	-	-
Amount	100.00	100.00	50.00	-	-	-
Retained earning	151.41	267.36	6.47	54.33	14.70	22.30



ARUNODAY MILLS LIMITED

Regd. Office : Mahendra Nagar, Morbi, Gujarat - 363 641

NOTICE

EXTRA ORDINARY GENERAL MEETING

TUESDAY, 28th SEPTEMBER, 1999

Notice is hereby given that an **EXTRA ORDINARY GENERAL MEETING** of the Members of **ARUNODAY MILLS LTD.**, will be held at the Registered Office of the Company situate at Mahendra Nagar, Morbi, Gujarat on Tuesday, the 28th September, 1999 at 5.00 p.m. to transact the following business :

- 1) To consider and if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution**.

"Resolved that, pursuant to the provisions of Section 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, and also subject to the approvals of the Financial Institutions, the Company hereby approves of and consents to the appointment of Shri Vishal U. Sheth as the Director in whole time employment of the Company for a period of FIVE years with effect from 01/08/1999, on the remuneration, perquisites set out in the draft whole time Director's Agreement expressed to be made and entered into between the Company of the one part and Shri Vishal U. Sheth of the other part which draft agreement is placed before this meeting and initialled by the Chairman for the purpose of identification is hereby approved, and that the stamped engrossment in duplicate of such

draft agreement be executed under the Common Seal of the Company in accordance with the relevant provisions of the Articles of Association of the Company in that behalf."

"Resolved further that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this Resolution."

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. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business as mentioned in the Notice is annexed hereto.

Regd. Office :
Mahendra Nagar,
Morbi (Gujarat).

Place : Mumbai
Dated : 27th July, 1999

By Order of
the Board of Directors
Bipin M. Shah
Vice President (Finance)
& *Company Secretary*

EXPLANATORY STATEMENT

The following Explanatory Statement as required by Section 173 of the Companies Act, 1956, sets out the material fact in respect of the Business mentioned in the accompanying Notice of the Extra Ordinary General Meeting dated 27th July, 1999.

ITEM NO. 1

The Board of Directors at the Meeting held on 27th July, 1999 appointed Shri Vishal U. Sheth, as a Director in whole time Employment of the Company for a period of Five years with effect from 1st Aug., 1999 to 30th July, 2004, at the remuneration and on the terms and condition as contained in the Draft whole time Director's Agreement referred to herein, subject to the approval of the Financial Institutions.

Remuneration and other perquisites payable to Shri Vishal U. Sheth with effect from 1st August, 1999 are as under :

- a) Salary Rs. 15000-5000-35000 per month
- b) Perquisites as follows :
 - i) Housing : Rent free furnished accommodation will be provided to the Director for which ten per cent of his salary shall be recovered. In case no accommodation is so provided by the Company, house rent allowance at sixty per cent of his salary, shall be paid.
 - ii) The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued in accordance with the Income-tax Rules. This expenditure shall be subject to a ceiling of 10% of the salary of the Director.
 - iii) Medical expenses incurred for the self and the family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
 - iv) Leave Travel Concession for self and family will be allowed once in a year as may be sanctioned by the Board.
 - v) Fees of Clubs subject to a maximum of two clubs, this will not include admission and Life Membership Fees.
 - vi) Personal Accident Insurance, the premium of which shall not exceed Rs. 4000/- per annum.
 - vii) Contribution to Provident Fund to the extent the same are not taxable under the Income Tax Act.
 - viii) Gratuity as per the provisions of the Payment of

Gratuity Act, or as per Gratuity Scheme of the Company whichever is higher.

- ix) Provision of car with driver for use on Company's business and telephone at the residence.
- x) Leave unavailed or to be allowed to be encashed as per rules of the Company.
- c) Commission :

One percent (1%) commission on the net profits of the Company in a particular year shall be payable to the Director in addition to the salary and perquisites as referred above and same shall be subject to the overall ceiling laid down in Section 198 and Section 309 of the Companies Act, 1956.
- d) Minimum Remuneration :

In the event of no profits or inadequacy of profits in any year the Company shall pay to the Director the aforesaid remuneration by way of salary and perquisites not exceeding the limits specified in this part.

Since, Shri Vishal U. Sheth has attained the age of majority but not completed the age of 25 years his reappointment will be by Special Resolution pursuant to the provisions of the Companies Act, 1956.

It is in this context that a resolution is placed before the Company as a Special Resolution. The resolution is self-contained and self-explanatory. The Board commands the resolution for approval.

Except Shri Kantilal K. Sheth, Shri Harkishan N. Udani, Shri Madhusudan D. Vora, Shri Bharat P. Shah and Shri Vishal U. Sheth none of the other Directors is in anyway interested or concerned in the said Resolution.

The Draft Whole Time Director's Agreement proposed to be executed between the Company and Shri Vishal U. Sheth are available for inspection at the Registered Office of the Company on any working day between 10.00 a.m. and 12.00 Noon.

The above may also be treated as an extract of the terms of appointment of the Managing Director under Section 302 of the Companies Act, 1956.

Regd. Office :
Mahendra Nagar,
Morbi (Gujarat).

Place : Mumbai
Dated : 27th July, 1999

By Order of
the Board of Directors
Bipin M. Shah
Vice President (Finance)
& Company Secretary

ARUNODAY MILLS LIMITED**36th ANNUAL REPORT 1998 - 99****BOARD OF DIRECTORS**

Shri Kantilal Keshavlal Sheth

(Chairman and Managing Director)

Shri Madhusudan Dalpatram Vora

(Managing Director)

Shri C.R. Narashimha Swamy

(Technical Director)

Shri Babubhai Chhaganlal Shroff

Shri Girjashanker Umiashanker Mehta

Shri Harkishon Nihalchand Udani

Shri Ramniklal Gopaldas Kikani

Shri Manharlal Manilal Sheth

Shri Prabhat Ramniklal Kothari

Shri Bharat Punamchand Shah

Shri Yeshwantlal R. Shah

Shri Vishal Udaykumar Sheth

Shri R. P. Parekh (ICICI Nominee)

VICE PRESIDENT (FINANCE) AND COMPANY SECRETARY :

Shri Bipin Maneklal Shah

BANKERS

Bank of India

Bank of Baroda

Syndicate Bank

AUDITORS

Messrs B. S. Mehta & Co.

Chartered Accountants,

Mumbai - 400 001.

REGISTERED OFFICE AND MILLS

MAHENDRANAGAR

MORBI (GUJARAT)

PIN : 363 641

CORPORATE OFFICE

Sakhar Bhavan, 5th Floor

Nariman Point,

Mumbai - 400 021.

SHARE TRANSFER AGENTS

R & D Consultants Pvt. Ltd.

610, Dalamal Tower,

211, Nariman Point,

Mumbai - 400 021.

ARUNODAY MILLS LIMITED**36th ANNUAL REPORT 1998 - 99****NOTICE**

NOTICE is hereby given that the 36th 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 Tuesday, the 28th September, 1999 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, 1999.
2. To appoint a Director in place of Shri Prabhat Ramniklal Kothari who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Yeshwantlal R. Shah who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Harkishon Nihalchand Udañi 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.

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. The Register of Members and Share Transfer Books of the Company will remain closed from 17th September, 1999 to 28th September, 1999 (both days inclusive) for the purpose of Annual General Meeting.
3. 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.
4. The unclaimed dividends for the financial year ended 31.3.1995 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, Opp. Rupal Park, Ankur Char Rasta, Naranpura, Ahmedabad - 380 013.
5. Shareholders desires for 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
Dated : 30th June, 1999

BIPIN M. SHAH
Vice President (Finance) and Company Secretary

Regd. Office :
Mahendra Nagar, Morbi (Gujrat)

ARUNODAY MILLS LIMITED**36th ANNUAL REPORT 1998 - 99****DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting herewith the 36th Annual Report of the Company with the Audited Statement of Accounts for the year ended 31st March 1999.

	(Rupees in Lacs)	
	<u>1998-99</u>	<u>1997-98</u>
1. FINANCIAL RESULTS		
SALES & OPERATIVE INCOME	9,133.86	8,470.49
GROSS PROFIT	295.82	264.78
Less: Depreciation	270.52	247.58
Profit before tax	25.30	17.20
Less: Provision for taxation	3.00	2.50
PROFIT FOR THE YEAR	22.30	14.70
Add : Brought Forward from last year	107.55	107.85
Profit available for appropriations	129.85	122.55
Appropriations :		
Transfer to General Reserve	0.00	15.00
Balance Carried to Balance Sheet	129.85	107.55
	129.85	122.55

2. DIVIDEND

Your Directors do not recommend Dividend for the year ended 31st March, 1999, in view of low profits. This will help the Company in preserving the resources, to support its growth and strengthen the liquidity position.

3. PERFORMANCE

During the year under report, the sales and operative income of Rs. 9133.86 Lacs, were higher as against Rs. 8470.49 Lacs during the preceeding year. The Gross Profits for the year under review of Rs. 295.82 Lacs was higher as compared to that of Rs. 264.78 Lacs of the last year. Profits after tax for the year under review increased to Rs. 22.30 Lacs as compared to that of Rs. 14.70 Lacs of the last year.

Due to recessionary conditions prevailing in the whole economy in General and Textile Sector in particular and also due to resistance both in the domestic market as well as overseas market the selling price of cotton, yarn could not keep pace with increased cost of production resulting to the marginal profits during the year under review.

Considering the above factors, your Directors feel that the Company has been able to achieve satisfactory working results and also could maintain its market position.

ARUNODAY MILLS LIMITED**36th ANNUAL REPORT 1998 - 99****4. FIXED DEPOSITS**

Five depositors having total deposits of Rs. 1.46 Lacs did not convey to the Company their instruction for repayment or renewal on due date or before 31st March, 1999. As on date of this report said deposits have been renewed/repaid as per instructions of Depositors.

5. MODERNISATION AND FUTURE PROSPECTS

The modernisation and renovation of Plant and Machinery has been a continuous process and during the year under review, the Company has invested Rs. 715.84 Lacs in Plant and Machinery and other Assets.

The Company is looking internally in trimming costs, strict controls and have also put norms in every activity of the Company and expects improvements in the years to come. It will result to better efficiency, flexibility, productivity and profitability.

Gujarat State Financial Corporation on 31.03.1999, sanctioned secured Term Loan of Rs. 150 Lacs under its Corporate Loan Finance Scheme (WCTL).

The Company has taken up the modernisation, Technical Upgradation and captive power generation programme at a total project cost of Rs. 3303 Lacs and the same will be financed by Term Loans under Technology Upgradation Fund Scheme of the Central Government and the internal accruals. IDBI has agreed in principle to finance the said project by Term loan of Rs. 1800 Lacs and Company is in negotiation for further loan with other Institutions/Banks.

The Company will benefit substantially from reduction in power cost, in addition to the benefits from rationalisation and modernisation. This will give better profitability.

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. 0.16 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 Prabhat Ramniklal Kothari (2) Shri Yeshwantlal R. Shah and (3) Shri Harkishon Nihalchand Udani, Directors retire by rotation and being eligible offer themselves for re-election.

Pursuant to article 118 of Articles of Associations of the Company, Shri C. R. Narasimha Swamy, President (Works) was appointed by the Board of Directors as a Technical Director designated as President (Works) and also nominated him as the Occupier of the factory, for a period of 5 years with effect from 1.11.1998

9. PERSONNEL

Training programmes were organised regularly through out the year intended towards improving productivity. Relations with the employees continued to be cordial and satisfactory during the year.

ARUNODAY MILLS LIMITED**36th ANNUAL REPORT 1998 - 99**

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 which forms part of this report is annexed hereto 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, 2000.

12. AUDITORS

M/s B. S. Mehta & Co. Chartered Accountants, Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their appointment if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

13. AUDITORS' REPORT

The Notes to the Account referred to in the Auditors Report and observations made by the Auditors are self contained and self explanatory and also have been properly dealt in the Notes to the Accounts and therefore do not call for further explanation under Section 217(3) of the Companies Act 1956.

14. Y2K COMPLIANCE

All Software and Hardware used in recording Financial Transactions and most of the Hardware used in other operations are Y2K Compliant.

The estimated cost of Y2K compliance is not expected to be significant. The Company has made necessary contingency plans to cover the possibility of any of the Hardware or Software proving to be non-Y2K compliant.

15. 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.

16. ACKNOWLEDGEMENT

Your Directors record their gratitude to the Financial Institutions, Banks, Government Departments, Vendors and Customers for their assistance and co-operation during the year.

Your Directors also wish to place on record their appreciation of the services of the Employees of the Company.

FOR AND ON BEHALF OF THE BOARD

K. K. SHETH

Chairman and Managing Director

Place : Mumbai
Dated : 30th June 1999

Registered Office :
Mahendra Nagar, Morbi,(Gujarat)



ANNEXURE - 1

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, 1999.

Sr.	Name	Designation and Nature of duties	Remune- ration	Qualification & Experience (years)	Date of Commence- ment of Employment	Age (yrs.)	Particulars of employment held. Name of employer Post held/period of service
Employed throughout the year and were in receipt of remuneration during the year in aggregate of not less than Rs. 6,00,000/- per annum.							
1.	Shri C. R. Narasimha Swamy	President (Works)	611100	B. Sc.	01.04.1995 Tex. (41)	54	Vishaldeep Spng. Mills Ltd. Vice-President (Works) 13 years

Notes : 1. Appointed as Technical Director {designated as President (Works) with effect from 1.11.98}

2. Employment as Technical Director is contractual.
3. Other terms and conditions are as per Company's Rules.
4. Remuneration as shown above included allowance, contribution to Provident fund and other perquisites.