



ARUNODAY MILLS LIMITED

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37th
ANNUAL REPORT
1999-2000



ARUNODAY MILLS LIMITED

BOARD OF DIRECTORS :

Shri Kantilal Keshavlal Sheth	(Chairman and Managing Director)
Shri Vishal Udaykumar Sheth	(Wholetime Director)
* Shri C.R. Narashimha Swamy	(Technical Director)
Shri Babubhai Chhaganlal Shroff	
Shri Girjashanker Umiashanker Mehta	
Shri Madhusudan Dalpatram Vora	
Shri Harkishon Nihalchand Udani	
Shri Ramniklal Gopal Das Kikani	
Shri Manharlal Manilal Sheth	
Shri Prabhat Ramniklal Kothari	
Shri Bharat Punamchand Shah	
Shri Yeshwantlal R. Shah	

REGISTERED OFFICE AND MILLS :

MAHENDRA NAGAR
MORBI (GUJARAT)
PIN : 363 641

CORPORATE OFFICE :

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

AUDITORS :

Messrs B. S. Mehta & Co.
Chartered Accountants,
Mumbai - 400 001.

BANKERS :

Bank of India
Bank of Baroda
Syndicate Bank

SHARE TRANSFER AGENTS :

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

NOTICE

NOTICE is hereby given that the 37th 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 Thursday, the 28th September, 2000 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, 2000.
2. To appoint a Director in place of Shri Bharat Punamchand Shah who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Manharlal Manilal Sheth who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Babubhai Chhaganlal Shroff who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint Auditors for the current year 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 19th September, 2000 to 28th September, 2000 (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. Shareholders desirous 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.

Place : Mumbai

Dated : 18th July, 2000

BY ORDER OF THE BOARD OF DIRECTORS

VISHAL U. SHETH
(Wholetime Director)

Regd. Office:
Mahendra Nagar,
Morbi (Gujarat)



D I R E C T O R S ' R E P O R T

Dear Shareholders,

Your Directors have pleasure in presenting herewith the 37th Annual Report of the Company with the Audited Statement of Accounts for the year ended 31st March 2000.

(Rupees in Lacs)
1999-2000 1998-99

1. FINANCIAL RESULTS

Sales & Operative Income	9,566.64	9,133.86
Gross Profit	349.13	295.82
Less: Depreciation	313.91	270.52
Profit before tax	35.22	25.30
Less: Provision for taxation	5.00	3.00
Profit For The Year	30.22	22.30
Add: Brought Forward from last year	129.85	107.55
Less: Prior years Adjustment	10.26	
Short Provision For Taxation	44.71	54.97
	0.00	
Profit available for appropriations	105.10	129.85
Appropriations :		
Balance Carried to Balance Sheet	105.10	129.85

2. DIVIDEND

In order to conserve the resources, support the growth and consolidate the financial position, your directors have decided to plough back the profits of the current financial year. As a result, your Directors do not recommend Dividend for the year ended 31st March, 2000.

3. PERFORMANCE

During the year under report, the sales and operative income of Rs.9566.64 Lacs, was higher as against Rs. 9133.86 Lacs during the preceeding year. The Gross Profits for the year under review of Rs. 349.13 Lacs was higher as compared to that of Rs. 295.82 Lacs of the last year. Profits after tax for the year under review increased to Rs. 30.22 Lacs as compared to that of Rs. 22.30 Lacs of the preceding year.

The Cotton prices remained at reasonable level, whereas, increased consumption of stores and spares, increased power cost, increased wages and increased interest burden resulted to increase in cost of production. Due to resistance both in the domestic market as well as overseas market the selling price of

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.

4. FIXED DEPOSITS

All deposits which are due for renewal or repayment on due date or on 31st March, 2000 are either renewed or repaid as per the instruction of the depositors.

5. MODERNISATION AND FUTURE PROSPECTS

As reported last year the Company had taken up the Upgradation-cum-Modernisation Scheme and installation of Captive Power Plant at a total cost of Rs. 3300 Lacs. This scheme is approved under the Technological Upgradation Fund Scheme of the Central Government and will have the benefit of interest subsidy on the major part of term loans @ 5% per annum. The said scheme is partly financed by Term Loans of IDBI of Rs. 1800 Lacs and Exim Bank of India of Rs. 500 Lacs.

The Company has made a capital expenditure of Rs. 2301.87 Lacs during the year which includes the installation of Captive Power Plant of 3.8 M.W Capacity.

With supportive factors like uninterrupted supply of power at a competitive rate and saving in interest cost coupled with continuous check in quality of yarn and by the aggressive marketing strategy, the Company expects to improve its market position and hopes to perform better in the current year.

6. INSURANCE

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

7. DIRECTORS

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

Mr. Madhusudan D. Vora resigned from the office of the Managing Director and continued as Director as he was appointed as the Managing Director of Vishaldeep Spinning Mills Ltd. The Board recalled and placed on record the significant contribution made by Mr. Vora during his long tenure with the Company.

D I R E C T O R S ' R E P O R T

ICICI withdrew the nomination of its Director Shri R. P. Parekh from the Board. The Board placed on record the valuable contribution made by Mr. Parekh during his association as the nominee Director.

Mr. Vishal U. Sheth, Director is appointed at the Board meeting held on 27th July, 1999 as Wholtime Director subject to the approval of the Shareholders. Shareholders at the Extra Ordinary General Meeting held on 28th September, 1999 approved the said appointment of Mr. Sheth.

8. PERSONNEL :

Relations with the employees continued to be cordial and satisfactory during the year.

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.

9. 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.

10. 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 ending on 31st March, 2001.

11. 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.

12. 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.

13. Y2K COMPLIANCE

The Y2K transition was smooth without any disruption to any of the operations of the Company.

14. LISTING OF SHARES

Equity Share of the Company are listed with Bombay Stock Exchange and Ahmedabad Stock Exchange and the listing fees have been paid.

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 wish to convey their thanks to IDBI and EXIM Bank of India, for their support to the Company in financing its upgradation-cum-modernisation scheme and record their gratitude to the Debenture Trustees, Banks, Government Departments, Vendors and Customers for their continuous support 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 : 18th July 2000

Registered Office:

Mahendra Nagar,
Morbi, (Gujarat)

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, 2000

Sr. Name	Designation and Nature of duties	Remuneration	Qualification & Experience (Years)	Date of Commencement of Employment	Age (Years)	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. 6,00,000/- per annum.						
1. Shri C.R.Narasimha Swamy	President (Works)	709895	B.Sc.	01.04.1995 Tex.(42)	55	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.

ANNEXURE I



ARUNODAY MILLS LIMITED

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ANNEXURE II

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 forming part of Director's Report.

(A) (a) Energy Conservation measures taken :

(1) Energy Conservation is an on going process within the Company.

(2) The Company installed Captive Power Plant of 3.8MW capacity with heat recovery attachments. Heat generated will be used for Dying and/or can be sold by supplying to neighbouring industry.

(b) Additional investment and proposals, if any being implemented for reduction of consumption of energy. -NIL-

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact of the cost of production of goods.

The above measures will help in reducing cost.

(d) FORM - A

(A) Power and Fuel Consumption:

	<u>1999-2000</u>	<u>1998-1999</u>
1. Electricity		
(a) Purchased Unit ('000 KWH)	5586	9900
Total Amount (Rs. in lacs)	300.16	462.40
Rate per Unit	5.37	4.67
(b) Own generation		
(i) Through Diesel		
Generator-Units (000 KWH)	21233	15243
Through CPP Furnace (000kwh)	422	00
Wind Mill	00	60
Unit per litre of Diesel Oil (KWH)	3.70	3.57
Cost per Unit	3.24	2.84
Furnace Oil (KWH)	3.12	0.00
Cost per unit Furnace	4.33	0.00
2. Coal - (Lignite, used for Boiler for Dyeing.) (Tonnes)	1389	1455
3. Others	NIL	NIL
(B) Consumption per unit of Production		
Production Yarns (M.T.)	7060	6807
Electricity per M.T. of Production	3859	3702
Coal per M.T. of Production (only Dyed production)	0.32	0.31



ANNEXURE II

(B) FORM B:**Research and Development**

- | | |
|--|---|
| 1. Specific areas in which R & D carried out by the Company. | R & D carried out for blending of different types of fibres and development of ideal ratios of blending of different fibres to enhance the tenacity of yarn and fault free knitting properties. |
| 2. Benefits derived as a result of above R & D. | Reduction in cost of output. |
| 3. Future plan of action | The above activities shall continue and more efforts in this direction will be made. |
| 4. Expenditure on R & D
(a) Capital
(b) Recurring
(c) Total developed.
(d) Total R&D expenditure as a percentage of total turnover.
Technology absorption, Adoption and innovation. | No system of separate maintenance of accounts have been developed. The expenditure is merged with various other heads of expenses. |
| 1. Efforts in brief technology absorption, adoption and | The plants are based on indigenous technology. |
| 2. Benefits derived as a result of above efforts e.g output improvement, cost reduction, product development, import substitutions. | NIL |
| 3. Details of imported technology | No technology has been imported during the last 5 years. |

(C) Foreign Exchange Earnings and Outgo

	1999-2000 Rs. in lacs	1998-1999 Rs. in lacs
Total Earnings	3268.95	2857.49
Total Expenditure	1178.84	117.93