

47TH ANNUAL REPORT

2009-10



ARUNODAY MILLS LIMITED



ARUNODAY MILLS LIMITED

BOARD OF DIRECTORS

: Shri Kantilal K. Sheth
(Chairman and Managing Director)

Shri Mahendra S. Shah

Shri Vamanray M. Mehta
(G. S. F. C. Nominee)

AUDITORS

: M/s. J. C. Mistry
Chartered Accountants

SHARE TRANSFER AGENTS

: Bigshare Services Pvt. Ltd.,
E-2/3, Ansa Industrial Estate,
Sakivihar Road,
Saki Naka, Andheri (East),
Mumbai - 400 072.

REGISTERED OFFICE

: 'JYOT'
Kanta Stree Vikas Grah Road,
Bhakti Nagar,
Rajkot - 360 002.

CORPORATE OFFICE

: Room No. 4, 2nd Floor,
Malhotra House,
Opp. G. P. O.,
Walchand Hirachand Road,
Mumbai - 400 001.

NOTICE

NOTICE is hereby given that the **47th Annual General Meeting** of the Members of **ARUNODAY MILLS LIMITED** will be held at the Registered Office of the Company situate at 'JYOT', Kanta Stree Vikas Grah Road, Bhakti Nagar, Rajkot- 360002, on Thursday the 16th September, 2010 at 3.30 p.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the year ended on that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Mahendra S. Shah who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Proxy Form must be lodged with the Company not less than forty-eight hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 13th September, 2010 to 16th September, 2010 (both days inclusive) for the purpose of Annual General Meeting.
4. The information pertaining to the Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the statement on 'Corporate Governance' published in this Annual Report.
5. Members are requested to intimate to Bigshare Services Pvt. Ltd., Share Transfer Agents at E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai - 400 072, for changes, if any, in their registered address.
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 scheduled date of meeting so as to enable the Management to keep the information ready.

BY ORDER OF THE BOARD OF DIRECTORS

KANTILAL K. SHETH
CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai
Dated : 17th August, 2010

Regd. Office :
'JYOT',
Kanta Stree Vikas Grah Road,
Bhakti Nagar,
Rajkot - 360 002.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting herewith the **47th** Annual Report of the Company with the Audited Statement of Accounts for the financial year ended **31st March, 2010**.

1. FINANCIAL RESULTS:

	Rs. in Lacs 2009 - 10	Rs. in Lacs 2008 - 09
Profit / (Loss) for the year	(1.89)	8.62
Extra Ordinary Items	0.00	249.01
Balance carried to Balance Sheet	(9,858.55)	(9,856.66)

In view of Losses, your Directors do not recommend any dividend for the year under review.

2. YEAR IN RETROSPECT:

The income was at Rs. 40.75 Lacs (previous year Rs. 46.57 Lacs). Loss was at Rs. 1.89 Lacs against the Profit of Rs. 8.62 Lacs in the previous year. The total Accumulated Loss as on 31st March, 2010 was of Rs. 9858.55 Lacs.

As reported earlier, IDBI acting on behalf of Secured Lenders on 8th February, 2007, sold both movable and immovable assets of the Company to Chiripal Group's Unit viz. Shanti Exports Pvt. Ltd.

The suits in the Debt Recovery Tribunal (DRT) against the Company and the Guarantor filed by Exim Bank of India, Bank of Baroda and Syndicate Bank are pending and being contested by the Company.

During the year under review IDBI filed suit in the DRT, Ahmedabad against the Company and the Guarantor for recovery of their outstanding dues.

DRT vide order dated 28th May, 2010 confirmed to issue Recovery Certificate against the Company and the Guarantor for the dues of Bank of India.

Development Credit Bank (DCB) assigned their financial assistance to Asset Reconstruction Company India Ltd. (ARCIL). During the year under review the Company has completed One

Time Settlement with ARCIL and received No Due Certificate for dues of DCB. The write back of secured loan of DCB aggregating Rs. 352.36 Lacs is credited to the Capital Reserve as stated vide Schedule-II.

The Company has neither any manufacturing activity nor any business activity and your Directors are looking for new areas to extend operations of the Company.

5. FIXED DEPOSITS:

During the year under review, the Company has neither invited nor accepted any Fixed Deposits from the Public.

6. DIRECTORS:

Pursuant to Article 131 of the Articles of Association of the Company, Shri Mahendra S. Shah, Director retires by rotation and being eligible, offers himself for re-appointment.

7. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Sub-section 2AA of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirms that ;

- 1] In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departures.
- 2] The Directors 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 loss of the Company for that period.
- 3] The Directors have taken proper and sufficient care 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.
- 4] The Directors have prepared the Annual Accounts on a 'going concern' basis.

DIRECTORS' REPORT

8. AUDITORS:

M/s J. C. Mistry, Chartered Accountants, the present Auditors, retire at the conclusion of the ensuing Annual General Meeting and offer themselves for re-appointment. The Company has received a certificate 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. Members are requested to appoint the Auditors and fix their remuneration.

9. AUDITORS' REPORT:

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

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

The conservation of energy is an on going process and the Company is taking steps to conserve the energy as far as possible. The company has not imported any technology during the financial year. The foreign exchange earnings and expenditure were nil during the year under review.

11. LISTING OF SHARES:

Equity Shares of the Company are listed with Bombay Stock Exchange Ltd.

12. CASH FLOW ANALYSIS:

In conformity with the provisions of clause 32 of the Listing Agreement the Cash Flow Statement for the year ended 31st March, 2010 is annexed hereto.

13. DEPOSITORY SYSTEM:

Your Company continues its arrangement with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for dematerialization of the Shares in accordance with the provisions of the Depositories Act, 1996.

14. CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report. A declaration signed by the Managing Director in regard to compliance with the Code of Conduct forms part of the Annual Report.

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. SECRETARIAL COMPLIANCE:

Pursuant to the provisions of Section 383A of the Companies Act 1956, the compliance certificate dated 17th August, 2010, of Shri I. D. Joshi, Practicing Company Secretary as to registers, records, books and papers under the Companies Act 1956 is attached herewith in the Annual Report.

BY ORDER OF THE BOARD OF DIRECTORS

KANTILAL K. SHETH
CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai
Dated : 17th August, 2010

Regd. Office :
'JYOT',
Kanta Stree Vikas Grah Road,
Bhakti Nagar,
Rajkot - 360 002.

The Company has no production activity as IDBI took possession of mills on 17th October, 2006 under the Securitisation Act and sold by auction on 8th February, 2007.

Directors are looking for new areas to extend operations of the Company.

A) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

The Company has a proper and adequate internal controls commensurate with its size and the nature of its operations in order to ensure that all assets are properly safeguarded against loss from unauthorised use or disposal. All significant issues are brought to the attention of the Audit Committee of the Board.

B) COMPANY'S FINANCIAL PERFORMANCE & ANALYSIS :

The income was at Rs. 40.75 Lacs (previous year Rs. 46.57 Lacs). Loss was at Rs. 1.89 Lacs (against the profit Rs. 8.62 Lacs in the previous year). The total Accumulated Loss as on 31st March, 2010 was of Rs. 9,858.55 Lacs.

C) HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS:

The Company continues to have cordial relations with its employees.

D) CAUTIONARY STATEMENT:

Though the statement and views expressed in the above said report are on the basis of best judgment but the actual future results might differ from whatever is stated in the report.

BY ORDER OF THE BOARD OF DIRECTORS

KANTILAL K. SHETH
CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai

Dated : 17th August, 2010

Regd. Office :

'JYOT',
Kanta Stree Vikas Grah Road,
Bhakti Nagar,
Rajkot - 360 002.

REPORT ON CORPORATE GOVERNANCE

accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India, the compliance the Company are as under :

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The Company continues to focus on good corporate governance and its objective lies in the growth and direction of the business, transparency in its operations, compliance of laws, management accountability, professionalism and equitable treatment with its stakeholders.

BOARD OF DIRECTORS :

Composition of the Board :

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management and marketing. The present strength of the Board of Directors is three including the Chairman cum Managing Director.

Brief profile of the Directors :

- (1) Shri Kantilal Keshavlal Sheth (87) holds B. Sc. Degree. He is one of the chief promoters of the Company and was appointed as Managing Director on 2nd April, 1974. He is the Chairman cum Managing Director of the Company since 18th August 1993.
- (2) Shri Mahendra S. Shah (69) holds B. Com. Degree. He is an Independent Director and joined the Board on 10th March, 2005.
- (3) Shri Vamanray M. Mehta (64) holds B. Sc., L.L.B. Degrees. He is GSFC Nominee and joined the Board on 15th November, 2000.

No Director is related to any other director on the Board in terms of the provisions of Companies Act, 1956.

3. Board Procedure :

The Board meets at-least once a quarter to review the quarterly performance and financial results. Dates of Board Meetings are fixed in advance.

C. Board Meetings and attendance of Directors :

During the financial year ended 31st March, 2010 Four Board meetings were held on (1) 23rd April, 2009 (2) 24th July, 2009 (3) 9th October, 2009 (4) 12th January, 2010.

REPORT ON CORPORATE GOVERNANCE

The attendance record of all Directors is as under:

Sr. No.	Directors	No. of Board Meetings attended	Attendance at last A.G.M.
1	Shri Kantilal K. Sheth	Four	No
2	Shri Mahendra S. Shah	Four	Yes
3	Shri Vamanray M. Mehta	One	No

III. COMMITTEES OF THE BOARD :

A. Audit Committee :

The Audit Committee consists of Shri M. S. Shah (Chairman) and Shri K. K. Sheth. The minutes of the Audit Committee Meetings are noted by the Directors at the Board Meetings.

The Committee met Four times during the year on (1) 23rd April, 2009 (2) 24th July, 2009 (3) 9th October, 2009 (4) 12th January, 2010.

The attendance of each Audit committee member is as under :

Sr. No.	Members	No. of Meetings attended
1	Shri Mahendra S. Shah	4
2	Shri Kantilal K. Sheth	4

B. Share Transfer Committee :

The Share Transfer-cum-Investor Grievance Committee consists of Shri K. K. Sheth, Shri Mahendra S. Shah as members. The Company has generally complied with the requirements under the Listing Agreement.

The minutes of the Share Transfer Committee meetings are noted by the Directors at the Board Meetings.

C. Remuneration Committee :

At present the Company does not have the Remuneration Committee.

D. Subsidiary Company :

The Company does not have any Subsidiary Company.

E. Disclosures :

- (i) All related party transactions have been entered into in the ordinary course of business. Transactions with related parties are disclosed in Note 17(d) of Schedule XVI to the financial statements in the Annual Report. However these transactions are not likely to have any conflicts with the Company's interest.

(iii) No money was raised by the Company through public issue, rights issue, preferential issues etc. in the last Financial year and hence provisions contained in this behalf in Clause 49 of the listing agreement are not applicable by the Company.

(iv) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

Compliance Certificate :

Compliance Certificate for Corporate Governance from Auditors of the Company is given as Annexure - I to the report.

General Body Meetings :

The last three Annual General Meetings of the Company as stated hereunder were held at the Registered Office. All the resolutions, including special business as set out in notice were passed by the shareholders at A.G.M.

Details of Annual General Meetings :

Year	AGM	Date	Time
2008- 09	46h	19/09/2009	3.30 p.m.
2007 - 08	45th	30/09/2008	4.00 p.m.
2006 - 07	44th	29/09/2007 Adjourned meeting held on 28th November, 2007	3.00 p.m.

V. SHAREHOLDER INFORMATION :

- Registered Office : 'JYOT',
Kanta Stree Vikas Grah Road,
Bhakti Nagar,
Rajkot - 360 002
- Annual General Meeting
Date and time : 16th September, 2010 at 3.30 p.m.

Venue : Registered office
- Financial Year : 2009 - 2010

Board Meeting to approve the quarterly Financial results :

Quarter ending on June 30, 2010	Before end of July, 2010
Quarter ending on Sept., 30, 2010	Before end of October, 2010
Quarter ending on Dec. 31, 2010	Before end of January, 2011
Quarter ending on March, 31, 2011	Before end of April, 2011
Annual General Meeting for the year ending on 31st March, 2011	June - July, 2011

5. Book Closure Date : 13-09-2010 to 16-09-2010
6. Dividend : No Dividend recommended
7. Listing of Equity shares on Stock Exchanges : The Bombay Stock Exchange Ltd.
8. Stock Code
 Stock Exchange : Stock Code
 BSE : 502700
 Demat ISIN No. for CDSL & NSDL : INE 469E01011

9. Stock Price Data :

BSE suspended the Scrip from trading because of difference between its capital of the Company. The Company submitted full details and requested for revocation. Application is pending.

10. Registrar and Transfer Agents : Bigshare Services Pvt. Ltd. ,
 E-2/3, Ansa Industrial Estate,
 Sakivihar Road, Saki Naka,
 Andheri (East), Mumbai - 400 072
 Phone No. : 4043 0200
 Fax No. : 2847 5207
 E-mail : bigshare@bom7.vsnl.net

11. Share Transfer System :

Shares sent for transfer in physical form are registered by the Registrar within 30 days of receipt of the documents, if the documents are in order.