

48TH ANNUAL REPORT
2010-11



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
- REGISTRAR & 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
- ADMINISTRATIVE OFFICE** : Room No. 4/5, 3rd Floor,
Malhotra House,
Opp. G. P. O.,
Walchand Hirachand Marg,
Fort, Mumbai - 400 001
- E-mail Id : ketiho@gmail.com
For Shareholders : info@arunodaymills.in
Website Id : www.arunodaymills.in
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NOTICE

NOTICE is hereby given that the **48th** 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 22nd September, 2011 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, 2011 and Profit & Loss Account for the year ended on that date together with the Reports 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 19th September, 2011 to 22nd September, 2011 (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. This is to inform you that as part of Green Initiatives in Corporate Governance the Ministry of Corporate Affairs (MCA), Government of India, through Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively has allowed companies to send official documents to their shareholders electronically

Recognizing the spirit of the circular issued by the MCA, your Company henceforth propose to send documents like Notice convening the General Meetings, Financial Statements, Directors' Report, Auditors' Report etc. to the email address provided by the members with their depositories / depository participants (DP).

Members are requested to register your e-mail address and/or update their email address with the depository participants to ensure that the annual report and other documents reach them at their preferred email address.

The members holding shares in physical mode may also send their request to the company by letter or by email at ketiho@gmail.com to receive the soft copy of the annual report by email instead of hard copy.



NOTICE

6. Members are requested to send all their documents and communications pertaining to shares and 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.
7. 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 : 28th July, 2011

Regd. Office :

'JYOT',

Kanta Stree Vikas Grah Road,

Bhakti Nagar,

Rajkot - 360 002.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present herewith the **48th** Annual Report of the Company with the Audited Statement of Accounts for the financial year ended **31st March, 2011**.

1. FINANCIAL RESULTS :

	Rs. in Lacs 2010 - 11	Rs. in Lacs 2009 - 10
Profit / (Loss) for the year	(15.39)	(1.89)
Balance carried to Balance Sheet	(9,888.68)	(9,858.55)

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

2. YEAR IN RETROSPECT :

The gross income was at Rs. 0.64 Lacs (previous year Rs. 40.75 Lacs). Loss for the year was at Rs. 15.39 Lacs (Previous Year Rs. 1.89 Lacs). The total Accumulated Loss as on 31st March, 2011 was of Rs. 9888.68 Lacs.

At present the Company has no manufacturing activity or any business activity and your Directors are looking for new areas to extend the operations of the Company.

3. STATUS OF SECURED BORROWINGS :

- a) 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.
- b) Pending suit in the Debt Recovery Tribunal (DRT) the Company submitted a proposal to IDBI vide letter dated 21st April, 2011 for One Time Settlement (OTS) of its dues, release of guarantor's obligation and release of shares pledged as collateral security on payment of Rs. 33 Lacs against the total dues of Rs. 4040.45 Lacs. IDBI confirmed the said proposal of the Company vide its letter dated 13th May, 2011. The Company has since paid the said amount in stages and settled the dues of IDBI.
- c) Similarly Syndicate Bank vide letter dated 7th June, 2011 conveyed acceptance of the OTS proposal on payment of Rs. 12 Lacs against the total dues of Rs. 767.72 Lacs. The Company has since paid the said amount and also settled the dues of Syndicate Bank.
- d) Withdrawal of their respective applications pending before the DRT is awaited. Accordingly accounting effect of these settlements will be carried out in the Financial Year 2011-12.
- e) DRT, Mumbai issued a Demand Notice dated 22nd December, 2010 for the recovery of dues of Bank of Baroda aggregating to Rs. 785.92 Lacs and a Demand Notice dated 13th February, 2011 for the recovery of dues of Exim Bank of India aggregating to Rs. 831.92 Lacs.
- f) As reported earlier DRT directed to issue recovery certificate for the dues aggregating to Rs. 4834.70 Lacs of Bank of India vide order dated 28th May, 2010.



DIRECTORS' REPORT

4. FIXED DEPOSITS :

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

5. 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.

6. 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 ;

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departures.
- (ii) 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.
- (iii) 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.
- (iv) The Directors have prepared the Annual Accounts on a 'going concern' basis.

7. (a) 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.

(b) 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.

8. 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.

DIRECTORS' REPORT

9. LISTING OF SHARES :

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

10. 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, 2011 is annexed hereto.

11. 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.

12. 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.

13. 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.

14. SECRETARIAL COMPLIANCE :

Pursuant to the provisions of Section 383A of the Companies Act 1956, the compliance certificate dated 28th July, 2011, 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 : 28th July, 2011

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



MANAGEMENT DISCUSSION AND ANALYSIS

This report discusses the operations and financial performance of your Company.

1. OVERALL REVIEW :

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. 0.64 Lacs (previous year Rs. 40.75 Lacs). Loss was at Rs. 15.39 Lacs (against Rs. 1.89 Lacs in the previous year). The total Accumulated Loss as on 31st March, 2011 was of Rs. 9,888.68 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 : 28th July, 2011

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

REPORT ON CORPORATE GOVERNANCE

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

I. 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.

II. BOARD OF DIRECTORS :

A. 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 (88) 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 (70) holds B. Com. Degree. He is an Independent Director and joined the Board on 10th March, 2005.
- (3) Shri Vamanray M. Mehta (65) 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.

B. Board Procedure :

The Board meets at-least once a quarter to review the quarterly performance and financial results. Notice of the Board Meeting is given in writing to each Director.

C. Board Meetings and attendance of Directors :

During the financial year ended 31st March, 2011 Five Board meetings were held on (1) 12th April, 2010 (2) 23rd July, 2010 (3) 17th August, 2010 (4) 21st October, 2010 and 25th January, 2011. 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	Five	Yes
2	Shri Mahendra S. Shah	Five	Yes
3	Shri Vamanray M. Mehta	One	No



REPORT ON CORPORATE GOVERNANCE

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) 12th April, 2010 (2) 23rd July, 2010 (3) 21st October, 2010 (4) 25th January, 2011.

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.
- (ii) All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.
- (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.