

**49<sup>TH</sup> ANNUAL REPORT**  
**2011-12**



**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 : [info@arunodaymills.in](mailto:info@arunodaymills.in)

Website Id : [www.arunodaymills.in](http://www.arunodaymills.in)

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## NOTICE

**NOTICE** is hereby given that the **49th** 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 - 360 002, on Saturday the 30th June, 2012 at 11.30 a.m. to transact the following business:

### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 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 consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**.

“RESOLVED THAT, pursuant to Section 224A of the Companies Act, 1956, M/s. J. C. Mistry, Chartered Accountants, (Registration No. 041971) be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration as agreed upon by the Board of Directors.”

### **SPECIAL BUSINESS :**

4. To consider, and if thought fit, to pass with or without modification(s) the following resolution as a **SPECIAL RESOLUTION** :

RESOLVED THAT pursuant to the provision of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, Regulation 74(2) of the Securities and Exchange Board of India (Issue of capital and disclosure requirements) Regulations, 2009 (“SEBI Regulations”) as in force, Relevant provisions of the memorandum and Articles of association of the Company, Listing Agreement entered into by the Company with Bombay Stock Exchange where the shares of the Company are listed, and subject to such approvals, consent, permissions as may be necessary, fresh consent of the members be and is hereby accorded for the issue of the specified securities as allotted by passing Special Resolution for preferential issue in its Extra Ordinary General Meeting held on 10th July 2002 and to authorize the Board of Directors of the Company to recalculate the price of the specified securities as issued by the Company in accordance with Regulation 76(1) of chapter vii of the Securities and Exchange Board of India (Issue of capital and disclosure requirements) Regulation, 2009 and Regulation 8(2) of SEBI (SAST) Regulation, 2011).

RESOLVED FURTHER THAT the relevant date in terms of the provisions of Regulation 71 of the SEBI(ICDR) Regulations, 2009 shall be 30th May, 2012; i.e. a date 30 days prior to the date of the Annual General Meeting of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution any of the director of the Company be and is hereby authorized to take any further approval, if necessary and to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard



## **NOTICE**

and to sign and execute all necessary documents, applications, returns and writing as may be deemed necessary, proper, desirable or expedient.”

### **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 explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd June, 2012 to 30th June, 2012 (both days inclusive) for the purpose of Annual General Meeting.
5. 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.
6. (a) 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.  
  
(b) The members holding shares in physical mode may also send their request to the Company by letter or by email at [info@arunodaymills.in](mailto:info@arunodaymills.in) to receive the soft copy of the annual report by email instead of hard copy.
7. 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.
8. 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 : 29th May, 2012

**Regd. Office :**

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

## NOTICE

### EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 and forming part of the notice convening the Annual General Meeting of the Company,

Your Company had sought the approval of the members for the issue of 500000 Equity Shares in its Extra Ordinary General meeting held on 10th July 2002 and thus, the Board of Directors of your Company proceeded to allot 500000 Equity Shares of Rs 10 each to Kanaru Investment Private Limited (Promoter Group Company) at face value of Rs. 10/- each in their Board Meeting held on 1st November, 2002.

The equity shares are listed with Bombay Stock Exchange and BSE at present suspended the script from trading, however, upon coordination with the exchange, it was brought to the notice of the Company that the Board of Directors of the Company allotted equity Shares on a date that was beyond 15 days from the date of Special Resolution passed at Extra Ordinary General Meeting held on 10th July, 2002 and increase in promoters holding by 6.27% in a financial year i.e. exceeding by more than 5%, as such the trading in the equity shares of the Company is currently under suspension. Thus, the Company was advised to take recourse of the provisions of Regulation 74(2) of the SEBI (ICDR) Regulations, 2009 which lays down that the Company has to seek fresh consent of the shareholders and fix a relevant date for determining the price of the specified securities with reference to the date of the resolution proposed to be passed at the members meeting. Thus, the Board of Directors of the Company have put forth the resolutions as stated above for your consideration and approval.

**Further in terms of the SEBI (Issue of capital & disclosure requirements) Regulations, 2009 the following disclosures are being made:**

**Share-holding pattern before and after allotment of equity shares :**

Category	No. of shares held Pre allotment	% of shares Pre allotment	No. of shares held Post allotment	% of shares held post allotment
Promoters Group	1,552,036	31.04	2,052,036	37.31
Bank and Financial Institutions	50,100	1.00	50,100	0.91
Non residents	381,900	7.64	381,900	6.94
Public	3,015,964	60.32	315,964	54.84
<b>Total</b>	<b>5,000,000</b>	<b>100</b>	<b>5,500,000</b>	<b>100.00</b>

Share-holding pattern before and after issuing shares under preferential allotment vide item No. 4 i.e. Special Resolution.

The post share-holding includes allotment of 5,00,000 Equity shares to Kanaru Investment Pvt. Ltd., Promoter Group Company i.e. 9.09% of the issued capital. Overall promoters holding increased from 31.04% to 37.31% i.e. Increase by 6.27%.



## NOTICE

### Pricing of the issue:

The Relevant date for the purpose of recalculating the price at which the securities of the Company were issued at the Extra Ordinary General meeting of the Company held on 10th July 2002 shall be 30th May 2012, a date 30 days prior to the date of this Annual General Meeting scheduled to be held on 30th June 2012 of the Company. The price of the specified securities is calculated in accordance with clause 76 of chapter vii of the SEBI (issue of capital and disclosure requirements) Regulations 2009 and Regulation 8(2) of SEBI (SAST) Regulation, 2011.

### Auditor's certificate:

M/S J. C. Mistry, Chartered Accountant, Statutory Auditor of the Company have certified the pricing as calculated considering the new relevant date. A copy of the certificate will be available for inspection by the members of the Company at its registered office of the Company between 11.00 and 1.00 p.m. On any working days upto the date of Annual Meeting and will be placed before the shareholders for their consideration and approval.

**BY ORDER OF THE BOARD OF DIRECTORS**

**KANTILAL K. SHETH**  
**CHAIRMAN & MANAGING DIRECTOR**

Place : Mumbai

Dated : 29th May, 2012

### Regd. Office :

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

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors present herewith the **49th** Annual Report of the Company with the Audited Statement of Accounts for the financial year ended **31st March, 2012**.

### 1. FINANCIAL RESULTS :

	<b>Rs. in Lacs 2011 - 12</b>	Rs. in Lacs 2010 - 11
<b>Profit / (Loss) for the year</b>	<b>(16.39)</b>	(15.39)
<b>Balance carried to Balance Sheet</b>	<b>(9,905.07)</b>	(9,888.68)

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

### 2. YEAR IN RETROSPECT :

Loss for the year was at Rs. 16.39 Lacs (Previous Year Rs. 15.39 Lacs). The total Accumulated Loss as on 31st March, 2012 was of Rs. 9905.07 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) During the year under review the Company has completed One Time Settlement with IDBI and Syndicate Bank. The write back of secured loan on capital account of IDBI aggregating to Rs. 2139.73 Lacs and of Syndicate Bank aggregating to Rs. 485.95 Lacs are credited to Capital Reserve as stated vide Note No. 2.
- c) Further the Company has also submitted OTS proposal to Bank of Baroda, Exim Bank of India and Bank of India await favourable outcome.
- d) As reported earlier 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. Further 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.

### 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.



## **DIRECTORS' REPORT**

### **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.

### **9. LISTING OF SHARES :**

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

BSE advised the Company for fresh consent of the members for allotment of equity shares to Kanaru Investment Pvt. Ltd., the Promoter Group Company. The special resolution is placed for your approval.



## **DIRECTORS' REPORT**

### **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, 2012 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 29th May, 2012 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 : 29th May, 2012

**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. Nil (previous year Rs. 0.64 Lacs). Loss was at Rs. 16.39 Lacs (against Rs. 15.39 Lacs in the previous year). The total Accumulated Loss as on 31st March, 2012 was of Rs. 9,905.07 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 : 29th May, 2012

#### Regd. Office :

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