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# **ARUNODAY MILLS LIMITED**



## **50<sup>TH</sup>**

## **ANNUAL REPORT**

## **2012-13**

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**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 **50th** 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 Tuesday the 16th July, 2013 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, 2013 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.”

### 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 12th July, 2013 to 16th July, 2013 (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. (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.
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.

## **NOTICE**

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 : 31st May, 2013

**Regd. Office :**

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

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors present herewith the **50th** Annual Report of the Company with the Audited Statement of Accounts for the financial year ended **31st March, 2013**.

### 1. FINANCIAL RESULTS :

	<b>Rs. in Lacs 2012 - 13</b>	Rs. in Lacs 2011 - 12
<b>Profit / (Loss) for the year</b>	<b>(18.18)</b>	(16.39)
<b>Balance carried to Balance Sheet</b>	<b>(9,923.25)</b>	(9,905.07)

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. 18.18 Lacs (Previous Year Rs. 16.39 Lacs). The total Accumulated Loss as on 31st March, 2013 was of Rs. 9923.25 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 Bank of India (BOI) and Exim Bank (Exim). The write back of secured loan on capital account of BOI aggregating to Rs. 3,302.31 Lacs and of Exim aggregating to Rs. 516.41 Lacs are credited to Capital Reserve as stated vide Note No. 2.
- c) 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. The Company has submitted OTS proposal to Bank of Baroda and await favourable outcome.

### 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 ;

## **DIRECTORS' REPORT**

- (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.

### **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, 2013 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.

## **DIRECTORS' REPORT**

### **12. CORPORATE GOVERNANCE :**

As per Clause 49 of the Listing Agreement with the Bombay Stock Exchange, Management Discussion and Analysis and Corporate Governance Practices followed by the Company together with a certificate from the Company's Auditors confirming compliance is set-out as separate Annexure to this 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 31st May, 2013 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 : 31st May, 2013

**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. 0.40 Lacs (previous year Rs. Nil). Loss was at Rs. 18.18 Lacs (against Rs. 16.39 Lacs in the previous year). The total Accumulated Loss as on 31st March, 2013 was of Rs. 9,923.25 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 : 31st May, 2013

#### **Regd. Office :**

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



## REPORT ON CORPORATE GOVERNANCE

### I. COMPANY'S PHILOSOPHY :

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 (90) (DIN 00202885) 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 (72) (DIN 01638857) holds B. Com. Degree. He is an Independent Director and joined the Board on 10th March, 2005
- (3) Shri Vamanray M. Mehta (67) (DIN 04292661) holds B. Sc., LLB 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, 2013 Five Board meetings were held on 27-04-2012, 29-05-2012, 12-07-2012, 10-10-2012 and 08-01-2013.

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	No
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 27-04-2012, 12-07-2012, 10-10-2012 and 08-01-2013.

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.