

ARI CONSOLIDATED INVESTMENTS LIMITED



ANNUAL REPORT 2001-2002

ARI CONSOLIDATED INVESTMENTS LIMITED

Regd. Office: Union Bank Building, Bombay Samachar Marg, Fort, Mumbai 400 023

PROXY FORM

I/Weof
.....in the
district of being a member(s) of the
abovenamed Company hereby appoint of
.....in the district of or failing
him of in the
district of or failing him of
.....in the district of as
my/our proxy to vote for me/us on my/our behalf at the 59th Annual General Meeting
of the Company to be held at the Registered Office at Union Bank Building, 4th Floor, 70,
Bombay Samachar Marg, Fort, Mumbai 400 023 on Wednesday, 26th February, 2003.

Signed this day of2003

Revenue Stamp Re. 1/-

Note: The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting. The Proxy need not be a member of the Company.

ARI CONSOLIDATED INVESTMENTS LIMITED

DIRECTORS

MR. HEMRAJ C. ASHER (Chairman)
MR. H.F. MEHTA
MR. C.K. THANAWALA
MR. KAVAS D. PATEL
MR. P.K. SAMPATHKUMAR

AUDITORS

M/S. K.S. AIYAR & COMPANY

BANKERS

UNION BANK OF INDIA
STATE BANK OF INDIA

REGISTERED & EXECUTIVE OFFICES

UNION BANK BUILDING
70, BOMBAY SAMACHAR MARG
FORT, MUMBAI 400 023

Members are requested to bring their copy of the Annual Report at the Annual General Meeting. Additional copies will not be distributed at the Annual General Meeting.

ARI CONSOLIDATED INVESTMENTS LIMITED**NOTICE**

NOTICE is hereby given that the Fifty Ninth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Union Bank Building, 4th Floor, 70, Bombay Samachar Marg, Fort, Mumbai 400 023 on Wednesday, the 26th February, 2003 at 3.30 p.m. for the purpose of transacting the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2002 and Profit and Loss Account for 15 months period from April 01, 2001 to June 30, 2002 and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend for the 15 months period from April 01, 2001 to June 30, 2002.
3. To appoint a Director in place of Mr. H.C.Asher who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. H.F.Mehta who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and / or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company, both present and future, in favour of State Bank of India, Commercial Branch, Mumbai, in connection with the substitution of security by the Company in place of mortgage of Thane Property of its Wholly Owned Subsidiary Company - Inarco Limited and for the various credit facilities sanctioned to Inarco Limited, to the tune of Rs. 9.20 crores (total of all advance limits):

(Rs.in crores)

(i) Under Cash Credit Account	4.00
(ii) Under Short Term Capital Loan	1.50
(iii) Under Medium Term Loan	1.20
Total Fund Base	6.70
(iv) Under Bank Guarantee Issued	1.00
(v) Under Letters of Credit	1.50
Total Non Fund Base	2.50
Total FB + NFB	9.20

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"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to execute the documents for creating the aforesaid mortgage and/or charge for reserving the aforesaid right and to do all such acts and things, as may be necessary, for giving effect to the above resolution".

By Order of the Board
For and on behalf of
ARI CONSOLIDATED INVESTMENTS LIMITED

HEMRAJ C. ASHER
CHAIRMAN

Mumbai, January 31, 2003

NOTES:

- A. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of himself and a proxy so appointed need not be a member. The proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
- B. The Register of Members and the Share Transfer Books will remain closed from Saturday, 22nd February 2003 to Wednesday, 26th February 2003.**
- C. Members desirous of getting any information in respect of accounts of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach us at least seven days before the date of the meeting so that the required information can be made available at the meeting.**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Regarding item no. 6

The Wholly Owned Subsidiary of the Company - Inarco Limited had requested to permit it to complete the transfer, grant development rights or dispose off Inarco's part of the land of its Loss making Thane plant. State Bank of India (SBI) which had extended the credit facilities of Long Term & Working Capital Loans to Inarco, agreed to release mortgage of Thane Plant of Inarco only in exchange of another security. Accordingly, on the request of Inarco, the Company decided to offer security by mortgage of the Company's present immovable properties comprising land, buildings and structures at Bhavnagar, secured by deposit of all title deeds of the existing immovable properties of the Company with intent to create a security thereon in favour of SBI by way of equitable mortgage of the existing immovable properties of the Company.

ARI CONSOLIDATED INVESTMENTS LIMITED**DIRECTORS' REPORT**

To,
The Members of
ARI Consolidated Investments Limited,

Your Directors present their Fifty Ninth Report with the Audited Accounts of the Company for the 15 months period from April 01, 2001 to June 30, 2002.

	<u>15 Months</u> <u>April 01, 2001</u> <u>to June 30, 2002</u>	<u>12 Months</u> <u>April 01, 2000 to</u> <u>March 31, 2001</u>
	<u>Rs.</u>	<u>Rs.</u>
1. FINANCIAL PERFORMANCE		
Income before Depreciation and Income Tax	8,387,372	7,827,825
Depreciation on Fixed Assets	214,503	828,261
Profit before tax	8,172,869	6,999,564
Provision for Income tax	3,450,000	3,125,000
Profit after tax	4,722,869	3,874,564
Balance brought forward	15,797,552	13,139,609
Available for Appropriation	20,520,421	17,014,173
Appropriation:		
Proposed Dividend	618,810	928,215
Tax on Distributed Profits	—	94,678
Transfer to General Reserve	236,144	193,728
	854,954	1,216,621
Balance carried to Balance Sheet	19,665,467	15,797,552

2. REVIEW OF OPERATIONS

The current year's performance is for 15 months period from April 01, 2001 to June 30, 2002 as compared to previous year performance for 12 months period from April 01, 2000 to March 31, 2001.

The Company registered Pre-Tax Profit of Rs. 81.73 lacs for the 15 months period from April 01, 2001 to June 30, 2002 as compared to Rs. 70.00 lacs of last year.

During the 15 months period from April 01, 2001 to June 30, 2002 the Company continued earning rent income from its assets at Bhavnagar and Dividend Income from investments.

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The Company in its Board of Directors Meeting dated December 30, 2002 decided to prepare and present the financials of the Company for 15 months period i.e. from April 01, 2001 to June 30, 2002.

3. DIVIDEND

The Directors recommend a Dividend of 10% i.e. Rs. 10/- per Equity Share of Rs. 100/- each. (Previous year - Dividend Rs. 15/- per Equity Share of Rs. 100/- each).

4. SUBSIDIARY COMPANY

The Report and Accounts of the Subsidiary Company are not annexed to this report along with the statement pursuant to Section 212 of the Companies Act, 1956.

At the AGM of Inarco Limited- its Wholly Owned Subsidiary held on December 30, 2002, Inarco had shown its inability to complete its Audited Accounts for the year ended March 31, 2002 on account of the labour problem arising due to the closure of its loss making Thane Plant on May 18, 2002.

As a result of closure, the ex-employees of the Thane Plant had filed cases in the Labour Court at Thane & High Court at Mumbai for interim relief on account of alleged illegal closure. Both courts rejected the interim relief request made by the ex-employees terming the closure as legal. As a consequence of the court verdicts in favour of Inarco, the ex-employees of the Thane Plant started using unfair means to prevent the Inarco officials accessing the property of Inarco including documents and records. Inarco was able to access its records only on December 20, 2002 and hence the delay in finalizing the accounts for the year 2002.

In view of above, the Company has applied to the Company Law Affairs Department to grant it an exemption/waiver for compliance U/S 212 - to annex Annual Accounts of the Wholly Owned Subsidiary Company. The permission is awaited as of date.

5. STATUTORY INFORMATION

- (i) There are no employees covered under section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.
- (ii) Since the Company does not have any manufacturing activity the provisions of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.
- (iii) The Company has earned commission Income in foreign currency amounting to Rs. 426,326 /- (Previous year Rs. 29,86,589/-). There is no outgo of foreign exchange.