

ARI CONSOLIDATED INVESTMENTS LIMITED



ANNUAL REPORT 2003-2004

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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 61st 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 Friday, the 31st December 2004 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 31st March, 2004 and Profit and Loss Account for the 9 months period ended on March 31, 2004 and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend for the 9 months period ended March 31, 2004.
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. Kavas Patel who retires by rotation and being eligible offers himself for re-appointment.

5. SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution;

"RESOLVED that pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as may be applicable and subject to such provisions, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered as follows

i. After the present Article 2 the following Article be inserted as Article 2A.

"Beneficial Owner" means Beneficial Owner as defined under clause (a) of sub-section (1) of section 2 of the Depositories Act, 1996;

"Depositories Act, 1996" shall include any statutory modification or re-enactment;

"Member" means the duly registered holder from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and the Beneficial Owner(s) as defined in clause (a) of sub-section 2 of the Depositories Act, 1996;

"Bye- Laws" means bye-laws made by a Depository under section 26 of the Depositories Act; 1996;

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"Record" includes the records maintained in the form of books or stored in computer or in such other form as may be determined by regulation made by SEBI in relation to the Depositories Act, 1996;

"Regulations" means the regulation made by the SEBI;

"Security" means such security as may be specified by the SEBI and

"SEBI" means Securities and Exchange Board of India."

- ii. After the present Article 22A the following Articles be inserted as Articles 22B, 22C, 22D, 22E, 22F, 22G and 22H.

"22B - Register of Transfers"

The Company shall cause to keep a Register and Index of Members in accordance with all applicable provisions of the Act and the Depositories Act, 1996, with details of shares held in material and dematerialized forms in any media as may be permitted by law, including in any form of electronic media. The Company shall be entitled to keep in any state or in any country outside India a branch Register of Members resident in that state or country."

"22C - Dematerialization of Shares"

Notwithstanding anything contained in these Articles, the Company shall, in accordance with the provisions of the Depositories Act, 1996, be entitled to dematerialize any or all its shares held with the Depository and/or offer the shares for subscription in a dematerialized form pursuant to the Depositories Act, 1996."

"22D - Register and Index of Members"

The Company shall maintain a Register and Index of Members in accordance with the Section 150 and 151 of the Act and the Depositories Act, 1996, with the details of shares held in materialized and dematerialized form in any media (including electronic media) as may be permitted by law. The Register and Index of Beneficial Owners maintained by a Depository under section 11 of the Depositories Act, 1996 shall be deemed to be the Register and Index of Members holding shares in a dematerialized form for the purpose of the Act."

"22E - Recognition of the Rights of Beneficial Owners"

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the shares in the records of the Depository as the absolute owner thereof and accordingly

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the Company shall not (except by an order of a court of competent jurisdiction or as required by law) be bound to recognize any benami trust or equitable, contingent or other interest in such shares on the part of any

other person whether or not it shall have express or implied notice thereof. Provided further that the Depository as the registered owner shall not have any voting rights or any other rights in respect of the shares held by the Depository and the Beneficial Owner shall be entitled to all such voting rights and other rights and benefits in respect of its shares held with a Depository."

"22F - Applicability of Depositories Act, 1996"

Notwithstanding anything provided hereinabove, in the case of transfer of shares, where the Company has not issued any certificates and where such shares, are being held in any electronic and fungible form the provisions of the Depositories Act, 1996, apply and accordingly Depository shall be deemed to be registered owner for the purpose for effecting transfer of ownership of shares, on behalf of the Beneficial Owner. Furthermore, nothing contained in section 108 of the Act or in these Articles shall apply to a transferor or transferee, both of whom are entered as Beneficial Owners in the records of a Depository."

"22G - Non-applicability of certain provisions of the Act"

In respect of shares, held by the Depository on behalf of the beneficial owner, the provisions of the Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall not apply."

"22H - Distinctive Numbers of Shares held with a Depository"

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for the shares issued by the Company shall apply to shares held with a Depository"

6. 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.

For and on behalf of the Board of Directors
ARI CONSOLIDATED INVESTMENTS LIMITED

Mumbai
Date: December 2, 2004

HEMRAJ C. ASHER
CHAIRMAN

ARI CONSOLIDATED INVESTMENTS LIMITED

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 Monday, 27th December 2004 to Friday, 31st December 2004 (both days inclusive) for the purpose of the of payment of dividend to be declared.*
- 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

Consequent upon the passing of the Depositories Act, 1996, certain provisions in the Articles of Association of the Company pertaining to the issue, holding transfer and other dealings in shares and securities and also issue of share certificate which were framed on the basis of the relevant provisions of the Companies Act, 1956, are being amended so as to facilitate the functioning of the Depository system. A resolution making alterations in the Articles of Association of the Company pertaining to the issue, holding and dealing in scrip less shares and securities so as to bring them in line with the relevant provisions of the Depository Act, 1996, and to give effect thereto is prepared with notice.

None of the Directors of the Company, are in any way, concerned or interested in the said resolution except to the extent of their being shareholders of the Company. Directors recommended the resolution for approval of members.

ARI CONSOLIDATED INVESTMENTS LIMITED**DIRECTORS' REPORT**

To,
The Members of
ARI Consolidated Investments Limited,

Your Directors present their 61st Report with the Audited Accounts of the Company for the 9 months period from July 01, 2003 to March 31, 2004.

1. FINANCIAL PERFORMANCE

| | <u>9 Months</u> <u>July 01,2003</u> <u>to March</u> <u>31,2004</u> <u>Rs.</u> | <u>12 Months</u> <u>July 01,2002</u> <u>to June</u> <u>30,2003</u> <u>Rs.</u> |
|---|--|--|
| Profit before Depreciation and Income Tax | 3,181,991 | 3,806,700 |
| Depreciation | 576,461 | 773,828 |
| Profit before Income Tax | 2,605,530 | 3,032,872 |
| Provision for Income tax | 1,425,000 | 1,525,000 |
| Profit after Income Tax | 1,180,530 | 1,507,872 |
| Balance brought forward | 20,562,131 | 19,665,467 |
| Add: Proposed Dividend of 01-02 being unapproved written back | -- | 618,810 |
| Less: Short provision of Income Tax of earlier years | 162,392 | -- |
| Available for Appropriation | 21,580,269 | 21,792,149 |
| Appropriation: | | |
| Proposed Dividend | 618,810 | 990,096 |
| Tax on Distributed Profits | 80,880 | 126,832 |
| Transfer to General Reserve | 29,515 | 113,090 |
| Balance carried to Balance Sheet | 20,851,064 | 20,562,131 |

2. REVIEW OF OPERATIONS

The current period's accounts are for 9 months period from July 01, 2003 to March 31, 2004 as compared to previous year accounts which were for 12 months period from July 01, 2002 to June 30, 2003, and hence not comparable.

The Company registered pre-tax profit of Rs. 26.06 lacs for the current period as compared to Rs. 30.33 lacs of last year.

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During the period under consideration the Company continued earning rent income from its assets at Bhavnagar and dividend income from investments.

The Company's Accounts under consideration are being presented along with the Consolidated Accounts after receiving the Annual Accounts of its wholly owned Subsidiary Company - Inarco Limited on October 26, 2004. In compliance with the requirements of the of the Section 210 of the Companies Act, 1956, the Company has received permission from the Registrar of Companies, Maharashtra, Mumbai, to grant the extension to hold the Annual General Meeting of the Company on or before December 31, 2004.

3. DIVIDEND

The Directors recommend a dividend of 10% i.e. Rs.10/- per Equity Share of Rs. 100/- each. (Previous year - recommended 16%).

4. AUDITORS' REPORT

The observations made by the Auditors in their report on the revaluation reserve have been duly clarified in the relevant notes forming part of the Annual Accounts, which are self-explanatory.

5. SUBSIDIARY COMPANY

The Report and Accounts of the Subsidiary Company are annexed to this report along with the statement pursuant to Section 212 of the Companies Act, 1956.

6. 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.

7. DIRECTORS

In accordance with provisions of section 256 of the Companies Act, 1956, Mr. H.C.Asher and Mr. Kavas Patel retire by rotation at the 61st Annual General Meeting and being eligible offer themselves for re-appointment.

8. AUDITORS

Messrs. K.S. Aiyar & Company, Chartered Accountants retire as Auditors of the Company and are eligible for re-appointment.

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9. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that to the best of their knowledge and belief and according to the information and explanations made available to them:

- (a) in the preparation of the 9 months Accounts, the applicable Accounting Standards have been followed;
 - (b) appropriate accounting policies have been selected and applied consistently, and have 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 as at March 31, 2004 and the profit of the Company for the 9 months period from July 1, 2003 to March 31, 2004;
 - (c) proper and sufficient care has been taken 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; and
 - (d) the 9 months accounts have been prepared on a going concern basis.
10. Information required on the Balance Sheet Abstract and the Company's General Business Profile under Part IV of Schedule VI to the Companies Act, 1956, inserted by notification no. GSR 388(E), dated 15.5.1995 is given in Annexure I to this report.

For and on behalf of the Board of Directors
ARI CONSOLIDATED INVESTMENTS LIMITED

Mumbai
Date: December 2, 2004

HEMRAJ C. ASHER
CHAIRMAN