



ALCHEMIE ORGANICS LTD.

ANNUAL REPORT 2000-2001

&

NOTICE CONVENING MEETING OF EQUITY SHAREHOLDERS

FOR APPROVAL OF SCHEME OF AMALGAMATION



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DIRECTORS

SHANTILAL T. SHAH
 MOHAN H. SAVLA
 HETAL C. GOGRI
 MANOJ M. CHHEDA
 PARIMAL H. DESAI
 MILAN H. MAHESHWARI
 BHAVESH D. SHETH

Chairman
 Wholetime Director
 Wholetime Director

AUDITORS

MESSRS. MADAN DEDHIA & ASSOCIATES
 4, CHHEDA BHAVAN, 2ND FLOOR,
 98, SURAT STREET,
 MASJID (EAST),
 MUMBAI-400 009.

BANKER

BANK OF INDIA
 CENTRAL BANK OF INDIA

REGISTERED OFFICE / FACTORY

K-18, M.I.D.C. INDUSTRIAL AREA, TARAPUR,
 DIST. THANE 401 506.

FACTORY ADDRESS

PLOT NO. 902, G.I.D.C. ESTATE,
 PHASE II, VAPI 396 195,
 DIST. VALSAD, GUJARAT

ADMINISTRATIVE / SECRETARIAL DEPT.

UDYOG KSHETRA
 IIND FLOOR, L.B.S. MARG,
 MULUND-GOREGAON LINK ROAD,
 MULUND (W),
 MUMBAI 400 080.

Shareholders are requested to bring their copy of the Annual Report/Notice convening meeting for approval of Scheme of Amalgamation alongwith them as the same will not be distributed at the Meeting.


ALCHEMIE ORGANICS LTD.

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of ALCHEMIE ORGANICS LIMITED will be held at the Registered Office of the Company at K-18, MIDC, Boisar, Taluka Palghar, Thane 401 506 on Tuesday, 11th Day of September, 2001 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri. Shantilal T. Shah, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri. Parimal H. Desai, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary** Resolution:
"RESOLVED THAT Ms. Hetal C. Gogri, who was appointed as Additional Director by the Board of Directors and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing pursuant to Section 257 of the Companies Act, 1956 has been received from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company."
6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary** Resolution:
"RESOLVED THAT Shri. Bhavesh D. Sheth, who was appointed as Additional Director by the Board of Directors and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing pursuant to Section 257 of the Companies Act, 1956 has been received from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary** Resolution:
"RESOLVED THAT, Shri. Milan H. Maheshwari, who was appointed as Additional Director by the Board of Directors and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing pursuant to Section 257 of the Companies Act, 1956 has been received from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."
8. To consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special** Resolution:
"RESOLVED THAT in accordance with the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to all such sanctions as may be necessary, the Company hereby approves the appointment of Shri. Milan Maheshwari, as the technical consultant of the Company for a period of five years with effect from 19th February, 2001 at remuneration by way of professional fee of an amount not exceeding Rs. 6457/- (Rs. Six Thousand Four Hundred Fifty Seven only) per month and provision of Company car."

BY ORDER OF THE BOARD OF DIRECTORS

Registered Office:
Plot No. K-18, MIDC
Tarapur, Boisar,
Thane 401 506.

Place : Mumbai, 2nd May, 2001

Sd/-
Shantilal T. Shah
CHAIRMAN

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

ITEM NOS. 5 to 7

Miss Hetal Gogri, was appointed as an Additional Director by the Board of Directors on 19th December, 2000 and Shri. Bhavesh D. Sheth and Shri. Milan Maheshwari were appointed as the additional Directors as on 19th February, 2001 pursuant to Section 260 of the Companies Act, 1956. They hold offices as the Additional Directors up to the date of ensuing Annual General Meeting. The Company has received notices in writing from members proposing their candidatures for the office of Director of the Company under section 257 of the Companies Act, 1956. Miss Hetal Gogri is B.E (Electronics) and holds diploma in management from IIMS, Ahmedabad having good experience in the business administration and financial management. She was also appointed as the Whole-time Director which was approved by the Company at its General Meeting held on 15.02.2001. Shri. Bhavesh Sheth is B.E. (Electronics) having 12 to 13 years experience in Chemical Industry and was involved in implementation of Enterprise Resource Planning for Chemical Industry. Shri. Milan Maheshwari was B.E. (Chemical) having 15 years experience in Chemical Industry. The Board thus recommends their appointment to the office of Directors.

Your Directors recommend the resolutions set out at Item Nos. 5 to 7 for your consideration and approval.

Ms. Hetal C. Gogri, Shri. Bhavesh Sheth and Shri Milan Maheshwari are interested in the resolution pertaining to their respective appointment as such. None of the other Directors of the Company is, in any way, concerned or interested in the resolution.

ITEM NO.8

Shri. Milan H. Maheshwari, B.E. (Chemical) has been technical consultant to the Company. In view of his appointment as Director of the Company, office held by him as such would fall within the meaning of "office or place of profit" under Section 314 of the Companies Act, 1956. The said Section 314 requires approval of the Company in General Meeting by way of special resolution to hold and continue to hold such office. The Board of Directors has thus finalised his appointment as such for a period of five years with effect from 19th February, 2001 at remuneration by way of professional fee of an amount not exceeding Rs. 6457/- (Rs. Six Thousand Four Hundred Fifty Seven only) per month and provision of Company car subject to the approval of the Company.

Your Directors thus recommend the resolution set out at Item No.8 for your consideration and approval to be passed as special resolution.

Except Shri. Milan H. Maheshwari, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and Share Transfer Books of the company will remain closed from Tuesday, 4th September, 2001 to Friday, 7th September, 2001.
3. Members/Proxies should bring the admission slip duly filled in for attending the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Registered Office:
Plot No. K-18, MIDC
Tarapur, Boisar,
Thane 401 506.

Place : Mumbai, 2nd May, 2001

Sd/-
Shantilal T. Shah
CHAIRMAN

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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO. 389 OF 2001**

In the matter of the Companies Act, 1956.

And

In the matter of Sections 391 to 394 of the Companies Act, 1956

And

In the matter of Alchemie Organics Limited and its members

And

In the matter of a Scheme of amalgamation of Alchemie Organics Limited and its members with Aarti Industries Limited and its members

Alchemie Organics Limited, a Company)
incorporated under the Companies)
Act, 1956 and having its Registered)
Office at K-18, M.I.D.C., Tarapur)
Dist. Thane 401 506, Maharashtra) ...Applicant Company

To

The Equity Shareholders of Alchemie Organics Ltd. the Applicant Company.

TAKE NOTICE that by an Order made on 1st day of August, 2001 the Bombay High Court has directed that a meeting of Equity Shareholders of the Applicant Company be held at the Registered Office of the Applicant Company at Plot No. K-18, M.I.D.C. Tarapur, Dist. Thane – 401 506 on Tuesday, the 11th day of September, 2001 at 11.30 a.m. for the purpose of considering, and if thought fit, approving with or without modification, proposed arrangement embodied in the Scheme of Amalgamation of Alchemie Organics Limited, the Transferor Company with Aarti Industries Limited, the Transferee Company.

TAKE FURTHER NOTICE that in pursuance of the said Order, a meeting of Equity Shareholders of the Applicant Company will be held at the Registered Office of the Applicant Company at Plot No. K-18, M.I.D.C. Tarapur, Dist. Thane – 401 506 on Tuesday, the 11th day of September, 2001 at 11.30 a.m. when you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you, is deposited at the Registered Office of the Applicant Company at Plot No. K-18, M.I.D.C., Tarapur, Dist. Thane – 401 506 not later than 48 hours before the meeting.

This Court has appointed Shri. Shantilal T. Shah, Director of the Applicant Company, and in his absence Shri. Parimal H. Desai, Director of the Applicant Company and in his absence Shri. Manoj M. Chheda, Director of the Applicant Company, to be the Chairman of the said meeting.

A copy each of the Scheme of Amalgamation, Statement under Section 393 of the Companies Act, 1956 and Form of Proxy is enclosed.

Dated this 6th day of August, 2001

Registered Office:
Plot No. K-18, M.I.D.C.
Tarapur, Dist. Thane-401 506.

Sd/-
Shantilal T. Shah
Chairman appointed for the meeting

[Note : All alterations made in the form of the Proxy should be intialled].

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO.389 OF 2001**

In the matter of the Companies Act, 1956.

And

In the matter of Sections 391 to 394 of the Companies Act, 1956

And

In the matter of Alchemie Organics Limited and its members

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In the matter of a Scheme of amalgamation of Alchemie Organics Limited and its members with Aarti Industries Limited and its members

Alchemie Organics Limited, a Company)
incorporated under the Companies)
Act, 1956 and having its Registered)
Office at K-18, M.I.D.C., Tarapur,)
Dist. Thane 401 506, Maharashtra) ...Applicant Company

**STATEMENT UNDER SECTION 393 OF THE
COMPANIES ACT, 1956**

1. Pursuant to an Order dated 1st day of August, 2001 passed by the Hon'ble High Court of Bombay, in the Company Application referred to above, meetings of the Equity Shareholders, Unsecured Creditors and Secured Creditors of the Applicant Company are being convened and held at the Registered Office of the Applicant Company at Plot No. K-18, MIDC, Tarapur, Dist. Thane – 401 506 on Tuesday, 11th day of September, 2001 at 11.30 a.m., 12.00 noon and 12.30 p.m. respectively for the purpose of considering, and if thought fit, approving, with or without modifications, the arrangement embodied in the Scheme of Amalgamation (the "Scheme") between Alchemie Organics Limited, the Transferor Company and Aarti Industries Limited, the Transferee Company which is annexed to the Notice. A certified copy of the said Order will be available for inspection at the Registered Office of the Company at the said Address between 11.00 a.m. and 1.00 p.m. on any working day of the Company from 10th August, 2001 to 11th September, 2001. A copy of the proposed Scheme of Amalgamation is enclosed herewith.
2. In this Statement, Alchemie Organics Limited (i.e. the Applicant Company) is referred to as "the Transferor Company" and/or "ALOL" and Aarti Industries Limited is hereinafter referred to as "the Transferee Company" and/or "AIL".
3. (a) ALOL was incorporated on 22nd October, 1984 under the said Act as a Private Limited Company under the name Alchemie Organics Private Limited. ALOL was, later on, converted into Public Limited Company under Section 44 and other applicable provisions, if any, of the said Act, on 1st March, 1993.
(b) The Registered Office of ALOL is situate at K-18, MIDC, Tarapur, Dist. Thane 401 506.



ALCHEMIE ORGANICS LTD.

- (c) AIL was incorporated on 28th September, 1984 under the said Act as a Private Limited Company under the name Aarti Organics Private Limited". AIL was, later on, converted into Public Limited Company under Section 44 and other applicable provisions, if any, of the said Act, on 12th October, 1990. The Name of AIL was, later on, changed to "Aarti Industries Limited" on 11th October, 1994.
- (d) The Registered Office of AIL is situate at Plot Nos. 801, 801/23, Phase III, G.I.D.C., Vapi 396 195, Dist. Valsad, Gujarat.
- (e) The Share Capital of AIL and the Share Capital of ALOL as at 31st March, 2001 are set out in Clauses 2(a) and 2(b) of the Scheme respectively. ALOL is subsidiary of AIL which holds 55.21% of the share capital of ALOL.
- (f) The main objects for which ALOL has been established are set out in its Memorandum of Association. ALOL is presently engaged in the business of manufacturing and sale of Agro-Chemicals, dye intermediates and drugs intermediates.
- (g) The main objects for which AIL has been established are set out in its Memorandum of Association. AIL is presently engaged in the business of manufacturing, buying, selling and exporting of basic industrial Chemicals and allied products.
4. The Scheme of Amalgamation referred to herein (hereinafter called "the said Scheme") has been proposed and approved by the respective Board of Directors of AIL and ALOL.
5. The circumstances that have necessitated the proposed arrangement embodied in the said scheme and the objects sought to be achieved by the said scheme which make it beneficial for all concerned including the members of all the concerned Companies are as follows :
- (a) In the present times of liberalisation and globalisation, to effectively face the challenge of the dynamic and competitive economic environment, it was considered necessary to have the bigger size of the Company by increasing the product range and further diversifying to consolidate / strengthen / rationalize the business and to achieve volume growth for sustained profitability and further distributing exposure of the companies to the specific risk factors affecting any single product / industry.
- (b) The Transferor Company is engaged in manufacture of Agro-chemicals, drug intermediates, bulk pharmaceuticals and formulations which will increase the products range of the amalgamated company. Further, the main raw material used by the Transferor Company to manufacture agro-chemicals and intermediate chemicals is manufactured and supplied by the Transferee Company.
- (c) The Transferor Company plant facility is located just opposite to the plant facility of the Transferee Company at GIDC Estate, Vapi, Gujarat which will also have logistic/location advantages.
- (d) The Transferee Company has Research and Development facility/centers at Vapi, Gujarat and Navi Mumbai, Maharashtra engaged in developing pharmaceuticals as well as Speciality Chemical products.
- (e) The Transferor Company has machinery which can be used to manufacture various speciality chemicals. The Transferor Company also has plant facility at Tarapur, Dist. Thane, Maharashtra manufacturing bulk pharmaceuticals/ formulations. The Transferee Company can use these facilities to manufacture additional products based on its existing products as also new bulk pharmaceutical products and/or formulations to the benefit of both the companies.
- (f) The amalgamation of the Transferor Company with the Transferee Company would thus :
- (i) lead to diversification of operations so as to spread the risk on different products lines/ markets;
- (ii) achieve better and more efficient utilization of resources and funds and would effect internal economies;
- (iii) lead to economy in the administrative and management cost, resulting in improving overall profitability;
- (iv) lead to stronger net worth so as to raise larger funds in future for leveraging and to enhance capability of the amalgamated Company to invest in larger and sophisticated projects for achieving rapid and sustained growth;
- (v) Consolidate the strategic strength of the amalgamated Company;
- (vi) Generate more confidence in the investors and the persons dealing with the amalgamated Company.
6. The Transferee Company and the Transferor Company approached Messrs. Rajendra & Co., and Messrs. SNK & Co. the reputed firms of Chartered Accountants in Mumbai and Surat to ascertain the fair and reasonable basis of such amalgamation. By their Reports dated 14th June, 2001 and 26th June, 2001 respectively and the said firms of Chartered Accountants recommended that their opinion on the fair basis of amalgamation i.e. ratios of exchange for allotment of Equity shares to the Shareholders of the Transferor Company which the Board of Directors of the Transferee Company and the Transferor Company have accepted as provided in the scheme after considering the accounts of both the Companies for the last several years and various other factors affecting the valuation of the Companies such as profits, future prospects, finance, net assets and prevailing market prices.
7. The salient features of the proposed Scheme are as under :

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(a) It is proposed in the said Scheme that with effect from 1st April, 2001 (Appointed Date), the undertaking(s) of the Transferor Company including all their assets and liabilities shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company free from all encumbrances but subject to the subsisting charges;

(b) All suits, actions and proceedings by or against the Transferor Company pending and/or arising on or before the date on which the Scheme becomes finally effective, i.e. the "Effective Date", shall be continued and enforced by or against the Transferee Company.

(c) All contracts, obligations, etc. of the Transferor Company shall also be taken over by the Transferee Company;

(d) The Transferee Company shall issue and allot to the members of the Transferor Company equity shares in the proportion of 1 (One) equity share of Rs.10/- each at par credited as fully paid up for every 4 (Four) equity shares of Rs.10/- each fully paid up held by them in the Transferor Company on the Record Date. No such allotment shall be made in respect of the Equity Shares of the Transferor Company which are held by the Transferee Company and the same shall be cancelled;

(e) Services of all the employees of the Transferor Company are to be transferred to the Transferee Company as provided in the Scheme;

(f) The coming into effect of the Scheme is subject to requisite sanctions as may be required under law, including the statutory sanctions and sanctions/approvals of the Hon'ble High Courts;

(g) Other consequential provisions for the purpose of giving effect to the Scheme have also been made. What is stated above is not the complete Scheme and the members/creditors are advised to read a copy of the Scheme of Amalgamation which is enclosed.

8. The Directors of the Transferor Company, may be deemed to be concerned or interested in the said Scheme to the extent of the shares held by them in the Transferor Company and the Transferee Company, either singly and/or jointly where their names appear first in the order as detailed below :

DIRECTORS NAME	NO. OF SHARES HELD IN	
	ALOL	AIL
DIRECTORS OF ALOL		
Shri. Shantilal T. Shah	11440	276276
Shri. Mohan H. Savla	70400	120200
Shri. Manoj M. Chheda	—	100190
Miss. Hetal C. Gogri	—	281548
Shri. Parimal H. Desai	—	45723
Shri. Bhavesh D. Sheth	—	—
Shri. Milan H. Maheshwari	3749	—
DIRECTORS OF AIL		
Shri. Chandrakant V. Gogri	66850	225566
Shri. Rajendra V. Gogri	54700	314049
Shri. Parimal H. Desai	Nil	45723
Shri. Shantilal T. Shah	11440	276276
Shri. Ramdas M. Gandhi	—	2000
Shri. Vijay H. Patil	—	1200
Shri. Laxmichand K. Jain	100	2200
Shri. Manoj M. Chheda	—	100190
Shri. Rashesh C. Gogri	58050	474140
Shri. Kirit R. Mehta	100	966
Shri. Ravindra P. Gokhale	—	—
(Nominee of ICICI Ltd.)		

9. The following documents will be open for inspection at the Registered Office of the Transferor Company on any working day (except Saturday) between during 11.00 a.m. to 1.00 p.m. up to 11th September, 2001.

- Order dated 1st August, 2001 of the High Court of Bombay convening the meeting(s) in Company Application No. 389 of 2001;
- Scheme of Amalgamation;
- Memorandum and Articles of Association of ALOL and AIL;
- Balance Sheet and Profit and Loss Account for the last three financial years of ALOL and AIL;
- Copies of the valuation reports of Messrs. Rajendra & Co, Chartered Accountant, Mumbai and SNK & Co. Chartered Accountants, Surat.

Registered Office:
Plot No. K-18, M.I.D.C.
Tarapur, Dist. Thane-401 506.

Sd/-
Shantilal T. Shah
Chairman appointed for the meeting

Mumbai, Dated this 6th day of August, 2001