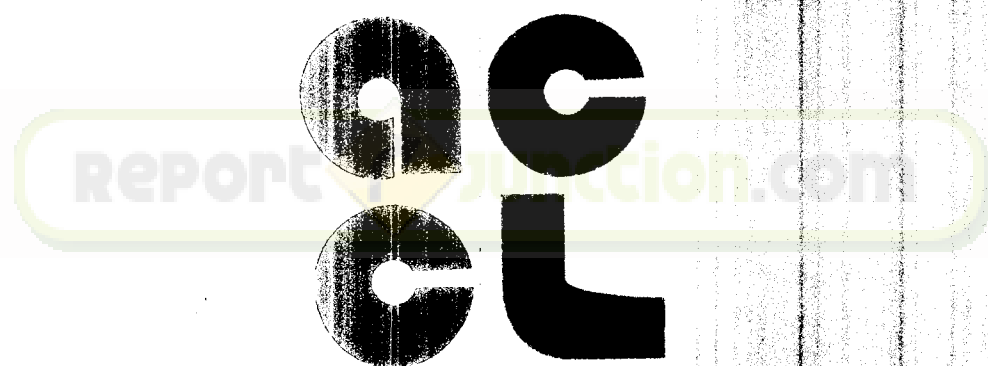


23

REPORT JUNCTION



ARONI CHEMICALS

**BOARD OF DIRECTORS**

Shri Ashwin Kumar Kothari  
 Shri Pankaj Kumar J Shah  
 Shri Arastu Hussain  
 Shri R G Dwivedi (Nominee - MPFC)

**BANKERS**

State Bank of India  
 UCO Bank

**AUDITORS**

M/s D L Mehta & Co.  
 Chartered Accountants

**REGISTERED OFFICE**

29, Bank Street, 1st Floor,  
 Fort, Mumbai - 400 023.

**WORKS**

Birlagram, Nagda - 456 331  
 Madhya Pradesh

**REGISTRARS & SHARE  
TRANSFER AGENT**

Birla Consultancy & Software Services  
 Plot No.15, Street No.10,  
 II nd Phase MIDC Andheri (East),  
 Mumbai - 400 093.

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## NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the Members of **ARONI CHEMICAL INDUSTRIES LIMITED** will be held on Saturday, 27th September 1997 at 10.30 A.M. at the Registered Office of the Company at 29, Bank Street, Fort, Mumbai - 400 023, to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 1997, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on the Equity Shares for the year ended 31st March 1997.
3. To appoint a Director in place of Shri Ashwin Kumar Kothari who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS :

5. 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 provisions of Article 168 of the Articles of Association of the Company and subject to the guidelines issued/as may be issued from time to time by the Securities and Exchange Board of India (SEBI) and subject to the approval of such other appropriate authorities as may be necessary, a sum of Rs. 87,50,000/- (Rupees Eightyseven Lacs Fifty Thousand Only) representing the Share Premium Account of the Company as on 31st March 1997 be and the same is hereby capitalised and set free for distribution among the holders of the existing Equity Shares of the Company whose names appear on the Register of Members of the Company on such date as may be fixed by the Board of Directors of the Company (including any committee thereof) in that behalf on the basis that such Members would become entitled thereto as Capital and not as Income by paying up in full on their behalf for 8,75,000 (Eight Lacs Seventyfive Thousand) Equity Shares of Rs. 10/- each at par out of the Un-issued Share Capital of the Company to be distributed and allotted to them as Fully paid-up Bonus Shares in the proportion of One Bonus Share for every Two existing Equity Shares held/to be held by them."

"RESOLVED FURTHER THAT the respective entitlements of the holders of Zero Interest Unsecured Fully Convertible Debentures (FCDs) and Detachable Warrants of the Company be increased proportionately in the ratio of Bonus Shares to be issued and allotted to the holders of Equity Shares of the Company, for extension of benefits of Bonus Shares to the holders of the said securities which shall be issued and allotted on conversion of the said FCDs and on exercise of entitlement by the warrant holders to apply for and acquire Equity Shares of the Company during the fifth year from the date of allotment thereof i.e. 31st October 1994 as per the terms and conditions of the issue and allotment of the said securities."

"RESOLVED FURTHER THAT the new equity shares shall be subject to the Memorandum and Articles of Association of the Company and shall in all respects rank pari passu with the existing fully paid up equity shares of the company except that in respect of dividend declared for the financial year of the Company in which the said equity shares are allotted, they shall qualify for dividend only on a pro rata basis from the date of allotment."

"RESOLVED FURTHER THAT no fractional certificate shall be issued to the members/persons in respect of their respective fractional entitlement of bonus shares but all the fractions remaining after allotment if the bonus shares as aforesaid shall be consolidated into full bonus shares which shall be allotted at the discretion of the Directors to any person or persons in trust for the benefit of those members who are entitled to fractional entitlements of bonus shares, for the purpose of selling such consolidated full bonus shares as soon as possible in the market and that the net sale proceeds of such consolidated full bonus shares after deducting therefrom the costs, charges and expenses of sales, shall be divided and distributed proportionately amongst those members who would be entitled to fraction entitlements of such full bonus shares."

"RESOLVED FURTHER THAT the Members/Persons to whom Bonus Equity Shares are allotted as above and/or who are paid their respective Shares are in the net sales proceeds in respect of any fraction(s) to which they may be entitled to, shall accept the same in full satisfaction of their respective rights and interests in the said capitalised sum."

"RESOLVED FURTHER THAT no letter of allotment shall be issued in respect of the said bonus shares but the certificates in respect of the new equity shares to be allotted as fully paid-up bonus shares as aforesaid shall be delivered within three months of the date of allotment thereof."

"RESOLVED FURTHER THAT the issue and allotment of the said bonus shares and/or payment of any sum in cash in lieu of fractional bonus shares as aforesaid to the extent they relate to the non-resident members of the Company, will be subject to the prior permission of the Reserve Bank of India, being obtained under the Foreign Exchange Regulation Act, 1973 and to the conditions, if any, as the said authority may impose in granting the permission."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for the removal of any doubts or difficulties, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and to give from time to time such directions as may be necessary, expedient, usual or proper and to settle any question or doubt that may arise in relation thereto or otherwise reconsider the matter with the changed circumstances, if any, as the Board in its absolute discretion may think fit and its decision shall be final and binding on all members and other interested persons."

"RESOLVED FURTHER THAT the present intention of the Board of Directors to recommend, barring unforeseen circumstances and subject to the provisions of the Companies (Transfer of Profit to Reserves) Rules, 1975 that the dividend to the members on the expanded equity capital of the company in the year immediately after the bonus issue, shall not be less than 10% be and is hereby recorded."

Report Junction.com

By Order of the Board

Place : Mumbai  
Date : 7th August 1997

**Ashwin Kumar Kothari**  
Chairman

#### NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IN THE MEETING IS ALSO ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
3. The register of members and share transfer books of the Company will remain close from Saturday, 20th September 1997 to Saturday, 27th September 1997 (both days inclusive).
4. Members are requested :
  - (i) To inform the Company, of any change in their addresses immediately so as to enable the Company to despatch any further communication at their correct addresses.
  - (ii) To bring the copy of the Report with them as it may not be possible to supply extra copies at the meeting.
5. Members intending to seek any information on the Annual Account to be explained at the meeting, are requested to inform the Company in writing and this must reach at least seven days in advance of the Annual General Meeting.
5. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No. 5 is annexed hereto.



**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1955.****Item No.5**

The Subscribed and Paid-up Capital of the Company as at 31st March, 1997, is Rs. 17,50,00,000/- divided into 17,50,000 Equity Shares of Rs.10/- each.

There has all along been a steady and continued growth and expansion in the Company's operations and profitability which has resulted into considerable appreciation in the Company's Reserves.

In view of this, your Directors are of the view that there is a strong case for issue of Bonus Shares by capitalisation of the Company's Free Reserves which would enable broad-basing of the Company's subscribed and Paid-up Share Capital and also removal of the disparity between the existing paid-up share capital and the total capital employed in the business of the Company.

The Directors of the Company, therefore, recommend, subject to the compliance with the guidelines of the Securities and Exchange Board of India (SEBI) in this behalf, that a sum of Rs.87,50,000/- representing the Share Premium Account as at 31st March 1997 be capitalised for issue of 8,75,000 Equity Shares of Rs. 10/- each out of the Un-issued Share Capital of the Company as Fully paid-up Bonus Shares to the holders of the existing Equity Shares of the Company whose names appear on the Register of Members of the Company on such date as may be fixed by the Board of Directors of the Company in that behalf, in the ratio of 1 New fully paid-up Equity Share of Rs. 10/- each for every 2 existing Equity Shares of Rs. 10/- each in the Issued, Subscribed & Paid-up Share Capital of the Company.

At the same time, pursuant to the Special Resolution passed by the Members of the Company at their Annual General Meeting held on 1st August 1994 for the issue of Zero interest Unsecured Fully Convertible Debentures (FCDs) alongwith Detachable Warrants (Warrants) carrying entitlement to apply for and acquire Equity Shares of the Company and the Guidelines for Bonus Shares dated 15th April 1994 as issued by the Securities and Exchange Board of India, it is also necessary to extend the benefit of the said issue of bonus shares to the holders of such securities by increasing the entitlement for allotment of equity shares towards the conversion of FCDs and warrants and on exercise of entitlement to apply for and acquire equity shares of the Company, proportionately in the ratio of Bonus Shares being issued and allotted to the holders of equity shares of the Company, as and when such allotment of equity shares to the holders of the said securities becomes due as per the terms and conditions of the issue thereof i.e. during the fifth year from the date of allotment of the said FCDs and Warrants viz. 31st October 1994.

The allotment of Bonus Shares shall be made to the Members/holders of FCDs and Warrants on the basis that such Members/Persons would become entitled thereto as Capital and not as Income by paying up in full on their behalf.

The new equity shares shall be subject to the Memorandum and Articles of Association of the Company and shall in all respects rank pari passu with the existing fully paid up equity shares of the company except that in respect of dividend declared for the financial year of the Company in which the said equity shares are allotted, they shall qualify for dividend only on a pro rata basis from the date of allotment.

The issue of Bonus Equity Shares and the distribution of the net sale proceeds relating to the fractional entitlement to those Members who are foreign nationals or resident outside India, will require the permission of the Reserve Bank of India (RBI) under the Foreign Exchange Regulation Act, 1973. Necessary application will be submitted by the Company to the RBI in due course.

The Board recommends the adoption of the said resolution.

The Directors of the Company are interested in the resolution to the extent of their respective entitlement for bonus shares in relation to their respective holding of equity shares in the Company.

By Order of the Board

Place : Mumbai  
Date : 7th August 1997

Ashwin Kumar Kothari  
Chairman

## DIRECTORS' REPORT

TO THE SHAREHOLDERS OF  
**ARONI CHEMICAL INDUSTRIES LIMITED**

Dear Shareholders,

Your Directors have pleasure in submitting their Twelfth Annual Report to the members together with the Audited Accounts for the year ended 31st March, 1997.

	Current Year 1996 - 97	(Rs. in Lacs) Previous Year 1995 - 96
<b>Financial Results</b>		
Income (Sales & other income)	4045.25	3385.35
Profit before interest, depreciation & tax	624.05	471.98
Less : Interest	222.69	133.36
Gross Profit after Interest	401.36	338.62
Less : Depreciation	126.69	61.80
Less : Provision for taxation	23.50	2.24
Profit after tax	251.17	274.58
Add Excess Provision of Income Tax written back	2.47	—
Add : Prior year Income / Expenditure	(1.23)	(2.70)
Add : Balance brought forward	0.24	1.86
Amount available for appropriation	252.65	273.74
<b>APPROPRIATIONS :</b>		
Proposed dividend on equity shares	35.00	31.50
Corporate Dividend Tax	3.50	—
Transfer to General Reserve	145.00	242.00
<b>BALANCE CARRIED FORWARD</b>	<b>69.15</b>	<b>0.24</b>
	<b>252.65</b>	<b>273.74</b>

### DIVIDEND

Your Directors are pleased to recommend dividend for the year ended 31st March, 1997 at the rate of 20% as against 18% for the previous year on the Equity Share capital.

### OPERATIONS

During the year under review the Company has rationalized and consolidated its production capacity to achieve optimum productions, resulting in an improved turnover and profitability. The total production during the year has increased by 19.88% to 13779.485 MT i.e. 91.86% of installed capacity.

The Directors are gratified to report that even due to persistent recessionary trend, the turnover of the Company grew by 20.01% to Rs. 3983 Lacs. The operating profit of the company increased by 18.53% to Rs. 401.36 Lacs.

### ENVIRONMENTAL PROTECTION

The Directors are pleased to inform that during the year Company has set up an Effluent Treatment Plant jointly with M/s. Gwalior Chemical Industries Ltd. (a group company) which is an effective step towards environmental protection & meets standards of Pollution as prescribed by M. P. Pollution Control Board.

## 12th Annual Report

**EXPANSIONS**

The Company proposes to set up new Project for further expansion of Aluminium Chloride with the capacity of 5400 TPA and a new formation product having capacity of 3600 TPA at different site but within the same State within the radius of 10-15 Kms from the existing site.

**POWER PROJECT EXPANSION**

In commemoration with the State Government policies for promoting Non-Conventional power generating sources in the state, during the year under review the company has further installed one new WEG unit at the same place.

**OTHER PROJECTS**

In order to consolidate further the Company plans for diversification in to different products CPC green, other dyes and chemicals which will ensure a reasonable quantity of usage of Aluminium Chloride in house.

**SUBSIDIARY COMPANIES**

Annual Reports and Accounts of two subsidiary companies and statement as required under Section 212 of the Companies Act, 1956 are annexed.

**AUDITORS**

M/S D. L. MEHTA & CO., Chartered Accountants, retire at the end of the ensuing Annual General Meeting being eligible offer themselves for the appointment.

**AUDITORS REPORT**

The notes on accounts referred to in the Auditor's Report are self explanatory and therefore do not call for any further comments on the Auditor's Report under section 217(3) of the Companies Act, 1956.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies Disclosure of particulars in the Report of Board of Directors Rules, 1988 is Annexed and marked Annexure "A" which forms part of this report.

**PARTICULARS OF EMPLOYERS**

Provisions of section 217(2A) of the Companies Act, 1956 are not applicable as no employee was in receipt of remuneration to the extent laid down therein.

**DIRECTORS**

Shri Ashwin Kumar Kothari retires by rotation and being eligible offers himself for re-appointment.

**APPRECIATION**

The Directors wish to place on record their appreciation of services of the workers, staff and the executives of the Company which have contributed to the good management of the Company's affairs and administration.

The Directors further wish to express their thanks to the bankers and financial institutions for their continued support.

By order of the Board

Ashwin Kumar Kothari  
Chairman

Place : Mumbai  
Date : 30th June, 1997

### ANNEXURE "A" TO THE DIRECTORS' REPORT

Additional information as required under the Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988.

#### (A) CONSERVATION OF ENERGY :

##### FORM "A"

Form for disclosure of particulars with respect to conservation of energy.

		1996-97	1995-96
<b>(A) POWER AND FUEL CONSUMPTION</b>			
<b>1. ELECTRICITY</b>			
<b>a. PURCHASED</b>			
Units	('000 Kwh)	427	492
Total Amount	(Rs. '000)	1676	1322
Rate/Unit	(Rs. /Kwh)	3.92	2.68
<b>b. GENERATED (Through Diesel Generator)</b>			
Units	('000 Kwh)	178	71
Total Amount	(Rs. '000)	825	456
Rate/Unit	(Rs. /Kwh)	4.63	6.42
<b>c. Consumption per unit of production (including energy used for domestic purpose at Factory)</b>			
(Standards)			
(Estimated)			
Products - Aluminium Chloride			
(Gross Productions)		13779	11494
('000 Kgs)			
Electricity	(Kwh/Kg)	0.044	0.049



## 12th Annual Report

**(B) TECHNOLOGY ABSORPTION****FORM - B**

Form for disclosure of particulars with respect to absorption RESEARCH AND DEVELOPMENT (R &amp; D)

- |  |   |     |
|--|---|-----|
| 1. Specific areas in which R & D carried out by the Company  | ) | N.A |
| 2. Benefits derived as a result of the above R & D           | ) |     |
| 3. Future plan of action                                     | ) |     |
| 4. Expenditure on R & D                                      | ) |     |
| a) Capital   | ) |     |
| b) Recuring  | ) | NIL |
| c) Total   | ) |     |
| d) Total R & D expenditure as a percentage of total Turnover | ) |     |

**TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION**

- |   |   |      |
|---|---|------|
| 1. Efforts, in brief, made towards technology absorption, adaptations and innovation  | ) |      |
| 2. Benefits derived as result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.                    | ) | N.A. |
| 3. In case of imported technology (Imported during the last 5 years reckond from the beginning of the financial year) following information may be furnished. | ) |      |
| a) Technology imported  | ) |      |
| b) Year of import   | ) |      |
| c) Has technology been fully absorbed ?   | ) |      |
| d) If not fully absorbed, areas where this has not taken place reasons thereof, and future plans of action  | ) |      |

**(C) FOREIGN EXCHANGE EARNING AND OUTGO**

- |                                   |               |
|-----------------------------------|---------------|
|                                   | (Rs. in lacs) |
| 1. Total foreign exchange earning | 784.75        |
| 2. Total foreign exchange used    | 480.52        |

By order of the Board

Ashwin Kumar Kothari  
Chairman

Place : Mumbai

Date : 30th June, 1997

## Auditors' Report

TO THE MEMBERS OF  
ARONI CHEMICAL INDUSTRIES LIMITED

We have audited the attached Balance Sheet of ARONI CHEMICAL INDUSTRIES LIMITED as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date, annexed thereto, and report that

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in Annexure a statement on the matters, specified in paragraph 4 and 5 of the said Order, on the basis of such checks of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of our audit;
2. Further to our comments in Annexure referred to in paragraph 1 above, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - c. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - d. In our opinion and to the best of our information and according to explanations given to us, the Accounts read together with the accounting policies and the other notes given in Schedule 'S' give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
    - i) In the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 1997
    - ii) in the case of Profit and Loss Account the Profit of the Company for the year ended on that date.

For D. L. Mehta & Co.  
Chartered Accountants

**Dinesh Mehta**  
Partner

Place : Mumbai  
Date : 30th June, 1997

## ANNEXURE TO THE AUDITORS' REPORT

(\* Referred to in paragraph 1 of our Report of even date on the accounts of Aroni Chemical Industries Limited for the year ended 31st March, 1997)

1. The Company has maintained proper records of Fixed Assets showing full particulars including quantitative details and situations thereof. The fixed assets of the Company at all locations have been physically verified by the management during the year and as informed to us, no significant discrepancies were noticed between physical stock and the book records.
2. None of the fixed assets have been revalued during the year.
3. The physical verification of finished goods, stores and spare part packing materials, raw materials etc. has been verified by the management during the year and as informed to us, the discrepancies noticed between