



ARONI CHEMICAL INDUSTRIES LIMITED

BOARD OF DIRECTORS

Shri Ashwin Kumar Kothari
 Shri Nitin N. Mehta
 Shri Arastu Hussain
 Shri R G Dwivedi (Nominee - MPFC)

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DM	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AG	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		MI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

BANKERS

State Bank Of India

AUDITORS

M/s D L Mehta & Co.
 Chartered Accountants
 MUMBAI - 400 002

REGISTERED OFFICE

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

WORKS

Birlagram, Nagda - 456 331
 Madhya Pradesh

REGISTRARS & SHARE TRANSFER AGENT

MCS LIMITED
 'SRI VENKATESH BHAWAN'
 PLOT NO. 27 ROAD NO. 11
 MIDC AREA, ANDHERI (EAST)
 MUMBAI - 400 093.

NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the Members of ARONI CHEMICAL INDUSTRIES LIMITED will be held on Wednesday, 30th September 1998 at 10.00 A.M. at the Registered Office of the Company at 29, Bank Street, Fort, Mumbai - 400 023, to transact the following business.

ORDINARY BUSINESS

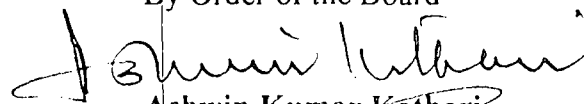
1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 1998, the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.
2. To declare Dividend on the Equity shares for the year ended 31st March 1998.
3. To appoint a Director in place of Shri Arastu Hussain, who retires by rotation and is eligible, 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 the following resolution as Ordinary Resolution :

“RESOLVED THAT Shri Nitin N. Mehta, an Additional Director of the Company, who shall hold office upto the date of this Annual General Meeting as per the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed a Director of the Company”.

By Order of the Board


Ashwin Kumar Kothari
Chairman

Place : Mumbai

Date : 11.8.98

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IN THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The instrument appointing a proxy should however 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 Friday, 25th September 1998 to Wednesday, 30th September 1998 (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 address.
 - ii. To bring the copy of the Annual Report with them as it may not be possible to supply extra copies at the meeting.
5. Member 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.
6. Explanatory statement pursuant to Section 173(2) of the Companies Act 1956 in respect of item no. Annexed hereto.

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

ITEM NO. 5

Shri Nitin N. Mehta was appointed as an Additional Director of the Company w.e.f. 14.10.1997 shall hold office upto the date of the ensuing Annual General Meeting of the Company.

The Company has received a Notice under Section 257 of the Companies Act, 1956 from a member signifying his intention for appointment of Shri Nitin N. Mehta as a Director of the Company.

Considering his varied experience in management and administration it will be in the interest of the Company to appoint him a Director.

Your Directors recommend appointment of Shri Nitin N. Mehta as a Director.

None of the Directors except Shri. Nitin N. Mehta is interested or concerned in the Resolution.

ARONI CHEMICAL INDUSTRIES LIMITED

DIRECTOR'S REPORT

TO THE SHAREHOLDERS OF ARONI CHEMICAL INDUSTRIES LIMITED

Dear Shareholders,

Your Directors have pleasure in submitting their Thirteenth Annual Report to the members together with the Audited Accounts for the year ended 31st March, 1998.

Financial Results	Current Year <u>1997 - 98</u>	(Rs. in Lacs) Previous year <u>1996 - 97</u>
Income (Sales & other income)	4120.39	4050.63
Profit before interest, Depreciation & tax	659.38	624.05
Less: Interest	188.36	222.69
Gross Profit after Interest	471.02	401.36
Less : Depreciation	145.64	126.69
Provision for taxation	23.00	23.50
Profit after tax	302.38	251.17
Add/Less Excess Provision of Income Tax For earlier year	3.24	2.47
Add / Less : Prior year Income / Expenditure	4.26	(1.23)
Add : Balance brought forward	69.15	0.24
Amount available for appropriation	372.55	252.65
<u>APPROPRIATIONS :</u>		
Proposed dividend on equity shares	42.00	35.00
Corporate Dividend Tax	4.20	3.50
Transfer to General Reserve	300.00	145.00
BALANCE CARRIED FORWARD	26.35	69.15
	372.55	252.65

DIVIDEND

Your Directors are pleased to recommend dividend for the year ended 31st March, 1998 at the rate of 21% on the existing Equity Share capital and 6% on Bonus shares issued during the year.

ISSUE OF BONUS SHARES

During the year the company has issued one Bonus Equity Share for every two Equity Shares held by its members.

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 four new WEG units at Jamgodrani Distt. Dewas (M.P.).

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.

FIXED DEPOSITS

The Company has not accepted any deposits from public.

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 EMPLOYEES

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 Arastu Hussain retires by rotation and being eligible offers himself for reappointment.

Shri Nitin N. Mehta was appointed as Additional Directors on 14.10.97 pursuant to Section 260 of the Companies Act 1956. They will vacate their office as such at the ensuing Annual General Meeting. The company have received notices from Shareholders under Section 257 of the Companies Act, 1956, signifying their intention to propose the name of Shri Nitin N. Mehta for the appointment as Directors at this meeting.

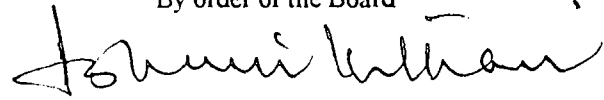
During the year Shri Pankajkumar J. Shah has resigned from the Board of Directors. Your Directors wish to place on record their appreciation for the valuable services rendered by him during their tenure.

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 : 11.08.98

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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.

		<u>1997-98</u>	<u>1996-97</u>
(A)	POWER AND FUEL CONSUMPTION		
1.	<u>ELECTRICITY</u>		
a.	PURCHASED		
	Units ('000 Kwh)	546	427
	Total Amount (Rs. '000)	2056	1676
	Rate/Unit (Rs. /Kwh)	3.77	3.92
b.	OWN GENERATION		
i.	Through Diesel Generator		
	Units ('000 Kwh)	49	178
	Total Amount (Rs. '000)	316	825
	Rate/Unit (Rs. /Kwh)	6.45	4.63
	ii Through Wind Mill		
	Units ('000 Kwh)	934	752
	Total Amount (Rs. '000)	2515	1850
	Rate/Unit (Rs. /Kwh)	2.69	2.46
c.	Consumption per unit of production (including energy used for domestic purpose at Factory)		
	(Standards)	-	-
	(Estimated)	-	-
	Products - Aluminium Chloride (Gross Productions) ('000 Kgs)	13772	13779
	Electricity (Kwh/Kgs)	0.041	0.044

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

Form for disclosure of particulars with respect to absorption RESEARCH AND DEVELOPMENT (R & 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) | Recurring |) | NIL |
| c) | Total |) | |
| d) | Total R & D expenditure as a percentage of total Turnover |) | |

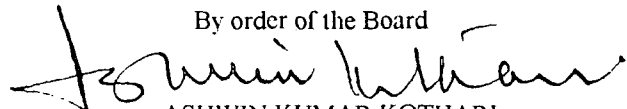
TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION)

- | | | | |
|----|---|---|-----|
| 1. | Efforts, in brief, made towards technology absorption, adaption 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. |) | |
| | 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 | 571.32 |
| 2. | Total foreign exchange used | 65.21 |

By order of the Board



ASHWIN KUMAR KOTHARI
CHAIRMAN

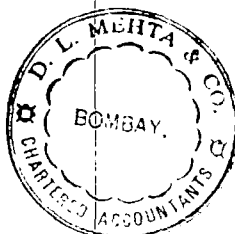
PLACE : MUMBAI
DATE : 11 AUG 1998

AUDITOR'S REPORT**TO THE MEMBERS OF
ARONI CHEMICAL INDUSTRIES LIMITED**

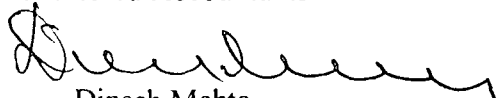
We have audited the attached Balance Sheet of ARONI CHEMICAL INDUSTRIES LIMITED as at 31st March 1998 and the Profit and Loss Account for the year ended on that date, annexed thereto, and report that :

1. As required by the Manufacturing and Other Companies (auditors 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 & 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 1998.
 - ii. In the case of Profit and Loss Account the Profit of the Company for the year ended on that date.

Place : Mumbai
Date : 11 AUG 1998



For D.L. MEHTA & CO.
Chartered Accountants


Dinesh Mehta
Partner

ANNEXURE TO THE AUDITOR'S 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, 1998)

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 physical stock and the book balances, which were not significant, have been properly dealt within the books of account. The procedures followed by the management for such physical verification are in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business. On the basis of our examination we are satisfied that the valuation of these stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
4. The Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 and 370 (I-C) of the Companies Act, 1956. We are informed that there are no companies under the same management within the meaning of Section 370 (I-B) of the Companies Act, 1956.
5. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956. We are informed that there are no companies under the same management within the meaning of Section (370 (I-B) of the Companies Act, 1956. The employees to whom loans or advances in the nature of interest free loans have been given by the company are repaying the principal amounts as per stipulations where applicable.
6. On the basis of our evaluation of the internal control procedure, it appears that there are adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials and other assets and for the sale of goods.
7. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods, materials or services and sale of goods, materials or services, made in pursuance of contracts or

