



ARONI CHEMICAL INDUSTRIES LIMITED

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14TH ANNUAL REPORT
1998 - 1999



ARONI CHEMICAL INDUSTRIES LIMITED

BOARD OF DIRECTORS

Shri Ashwin Kumar Kothari
Shri Nitin N. Mehta
Shri Arastu Hussain
Shri Jaysukhlal N.Shah

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

M/s MCS LIMITED
'Sri Venkatesh Bhavan'
Plot No. 27 Road No. 11
MIDC Area, Andheri (East)
Mumbai – 400 093.

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NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the Members of ARONI CHEMICAL INDUSTRIES LIMITED will be held on Thursday, 30th September 1999 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 1999, 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 1999 , if any.
3. To appoint a Director in place of Shri Nitin N. Mehta 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 Jaysukhlal N. Shah an Additional Director of the Company, who shall hold office up to 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

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Place : Mumbai
Date : 11.8.99

Ashwin Kumar Kothari
Chairman

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 of the company.
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 Saturday, 25th September 1999 to Thursday, 30th September 1999 (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 dispatch any further communication at their correct address.
 - ii. To bring the copy of the 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.

**ARONI CHEMICAL INDUSTRIES LIMITED****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF OF THE
COMPANT ACT, 1956****ITEM No. 5**

Shri Jaysukhlal N. Shah was appointed as Additional Director of the company w.e.f. 29.01.1999 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 Jaysukhlal N.Shah 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 as a Director.

Your Director recommend appointment of Shri Jaysukhlal N. Shah as a Director.

None of the Director except Shri Jaysukhlal N. Shah is interested or concerned in the Resolution.

By Order of the Board

Place : Mumbai
Date : 11.8.99

Ashwin Kumar Kothari
Chairman



*14th Annual Report 1998-1999***DIRECTOR'S REPORT****TO THE SHAREHOLDERS OF
ARONI CHEMICAL INDUSTRIES LIMITED**

Dear Shareholders,

Your Directors have pleasure in submitting their Fourteenth Annual Report to the members together with the Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

	Current Year 1998 - 99	(Rs. in Lacs) Previous Year 1997 - 98
Income (Sales & Other income)	4622.29	4120.39
Profit before interest, Depreciation & Tax	1094.49	659.38
Less: Interest	151.68	188.36
Gross Profit after Interest	942.81	471.02
Less : Depreciation	165.96	145.64
Provision for taxation	151.50	23.00
Profit after tax	625.35	302.38
Add/Less Excess Provision of Income Tax for earlier year		(3.24)
Add / Less : Prior year Income / Expenditure	0.77	4.26
Add : Balance brought forward	26.35	69.15
Amount available for Appropriation	652.47	372.55
APPROPRIATIONS :		
Proposed dividend on equity shares	—	42.00
Corporate Dividend Tax	—	4.20
Transfer to General Reserve	600.00	300.00
BALANCE CARRIED FORWARD	52.47	26.35
	652.47	372.55

DIVIDEND

Your Directors are not recommending any dividend for the year ended 31st March, 1999 in view of ongoing restructuring plans of the company.

PROJECT EXPANSION

Your Directors are pleased to inform you that during the year Company has installed two more reactors, in view of the same installed capacity as well as licensed Capacity for manufacturing the Aluminium Chloride Anhydrous has been increased from 15000 MT to 18000 MT.

JOINT VENTURE

Your Directors are pleased to inform you that during the year company has entered into an agreement with M/s. Elf Atochem S.A. France, one of the largest manufacturers of Aluminium Chloride Anhydrous in the world. As per the terms of the agreement the company has to transfer its Aluminium Chloride business and Wind Power Generation business to a newly formed Joint Ventrue company M/S Nagda Orgo-Chem Pvt. Ltd. The company will hold 49% Share Capital in newly formed JV company.



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Necessary Petitions along with a Scheme of Arrangement under Section 391 & 394 of the Companies Act had been filed with Hon'ble High Court, Mumbai for getting the approval for transferring the above stated businesses from the Appointed Date 16th March, 1999. The Mumbai High Court had approved the said Scheme and passed the order for transferring these businesses to the JV company on 8th July, 1999. The company is in process to receive some other approvals from the Government Authorities. The company is still managing the affairs of these businesses and will formally transfer the businesses to the JV company after getting the approvals. The enclosed accounts however has been made considering that the transfer of businesses is completed w.e.f. from 16th March 1999.

CONVERSION OF DEBENTURES

During the year company has allotted 15,00,000 Equity shares of Rs. 10/- each on conversion of 5,00,000 Unsecured Zero Interest Fully Convertible Debentures on 17.12.98

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 Nitin N. Mehta retires by rotation and being eligible offers himself for re-appointment.

Shri Jaysukhlal N. Shah was appointed as Additional Director on 29.01.1999 pursuant to Section 260 of the Companies Act 1956. He will vacate his 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 Jaysukhlal N. Shah for the appointment as Director at this meeting.

During the year Shri R.G.Dwivedi (Nominee - MPFC) has resigned from the Board. Your Directors wish to place on record their appreciation for the valuable services by him during his 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.

PLACE : MUMBAI

DATE : 11.8.99

By order of the Board
ASHWIN KUMAR KOTHARI
 CHAIRMAN

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>1998-99</u>	<u>1997-98</u>
(A) POWER AND FUEL CONSUMPTION			
1. ELECTRICITY			
a. PURCHASED			
Units	('000 Kwh)	745	546
Total Amount	(Rs. '000)	2630	2056
Rate/Unit	(Rs. /Kwh)	3.53	3.77
b. OWN GENERATION			
i. Through Diesel Generator			
Units	('000 Kwh)	73	49
Total Amount	(Rs. '000)	440	316
Rate/Unit	(Rs. /Kwh)	6.03	6.45
ii Through Wind Mill			
Units	('000 Kwh)	1334	934
Total Amount	(Rs. '000)	3600	2515
Rate/Unit	(Rs. /Kwh)	2.70	2.69
c. Consumption per unit of production (including energy used for domestic purpose at Factory)			
(Standards)		-	-
(Estimated)		-	-
Products - Aluminium Chloride (Gross Productions) ('000 Kgs)		14295	13772
Electricity	(Kwh/Kgs)	0.057	0.043

(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



ARONI CHEMICAL INDUSTRIES LIMITED

- | | | |
|--|---|-----|
| 4. Expenditure on R & D | | |
| a) Capital | | |
| b) Recurring | | |
| c) Total | : | N.A |
| d) Total R & D expenditure as a percentage of total Turnover | | |

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

- | | | |
|--|---|-----|
| 1. Efforts, in brief, made towards technology absorption, adaptions 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 | 353.06 |
| 2. Total foreign exchange used | 121.63 |

By order of the Board

ASHWIN KUMAR KOTHARI
CHAIRMAN

PLACE : MUMBAI

DATE : 11.8.99

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 1999 and the Profit and Loss Account for the year ended on that date, annexed thereto, and reports 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 1999.
 - 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

Place : Mumbai
Date : 11.8.99

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, 1999)

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



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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 arrangements entered in the register maintained under Section 301 and aggregating during the year to Rs.50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
8. The Company has not accepted any deposits from the public within the meaning of Section 58 A of the Companies Act, 1956 and the rules framed thereunder.
9. The Company's operations at present do not give rise to any realisable scrap or by products.
10. The Company has an internal audit system commensurate with its size and nature of its business.
11. As informed to us the Company has not been required to maintain cost records under Section 209(1) (d) of the Companies Act, 1956.
12. The Company has been regularly depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.
13. According to the information and explanations given to us and books and records examined by us there was no amount outstanding as on 31st March, 1999 in respect of undisputed income tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.
14. The Company has a policy of authorising expenditure based on reasonable checks and balances, the policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to the Company's business needs and exigencies in terms of these observations, we have not come across any expenses charged to Revenue Account which, in our opinion and judgment and to the best of our knowledge and belief, could be regarded as personal expense.
15. The Company is not a Sick Industrial Company within the meaning of Clause (O) of Section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.

For **D.L. MEHTA & CO.**
Chartered Accountants

Place : Mumbai
Date : August 11, 1999

DINESH MEHTA
Partner