

For ARONI CHEMICAL INDUSTRIES LTD.

Jaysukh Desai
Director/Authorised Signatory



ARONI CHEMICAL INDUSTRIES LIMITED

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18th ANNUAL REPORT
2002 - 2003



ARONI CHEMICAL INDUSTRIES LIMITED

BOARD OF DIRECTORS

Shri Ashwin Kumar Kothari
 Shri Nitin N. Mehta
 Shri Arastu Hussain (Upto 29.3.2003)
 Shri Jaysukhlal N.Shah
 Shri Rohit Kothari. (w.e.f.29.3.2003)

BANKERS

HDFC Bank
 State Bank Of India
 UCO Bank
 Global Trust Bank

AUDITORS

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

REGISTERED OFFICE

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

NAGDA OFFICE

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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18th Annual Report 2002-2003

NOTICE

NOTICE is hereby given that 18th Annual General Meeting of the Members of ARONI CHEMICAL INDUSTRIES LIMITED will be held on Tuesday, 30th September, 2003 at 2.30 p.m. at the Registered Office of the Company at 29, Bank Street, First Floor, 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, 2003 the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Jaysukhlal N Shah who retires by rotation and is eligible, for re-appointment.
3. To appoint a Director in place of Shri Nitin N Mehta who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

1. To consider and if thought fit to pass with or without modification the following resolution as ordinary resolution:
"Resolved that Shri Rohit Kothari an additional director of the company , who shall hold the office up to the date of annual general meeting as per the provisions of section 260 of Companies act 1956 be and is hereby appointed as a Director of company."

BY ORDER OF THE BOARD

**ASHWIN KUMAR KOTHARI
CHAIRMAN**

PLACE : Mumbai
DATE : 28.6.2003

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy in attend and vote instead of himself and a proxy need not be a member of the company.
2. The instrument appointing 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 the Share Transfer Register of the Company will remain closed from Tuesday, 23rd September 2003 to Tuesday, 30th September 2003 (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 Accounts to be explained at the meeting, are required to inform Company in writing and this must reach at least seven days in advance of the Annual General Meeting.
6. The relevant explanatory statement , pursuant to section 173 of the companies act 1956, in respect of Item no 5 is annexed here to.

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

Shri Rohit Kothari was appointed as an additional director of the company w.e.f 29.3.2003 and will hold office up to 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 Rohit Kothari as a director of the company.

Considering his varied experience in finance, management and administration it will be in the interest of the company to appoint him as a director. Your Director recommend the appointment of Shri Rohit Kothari as a director.

Except Mr Ashwin Kumar Kothari a director of the company , who is father of Shri Rohit Kothari and Mr Rohit Kothari himself, none of the directors are interested or concerned in the resolution.

BY ORDER OF THE BOARD

Place: Mumbai
Date: 28.6.2003

**Ashwin Kumar Kothari
Chairman**



ARONI CHEMICAL INDUSTRIES LIMITED

DIRECTORS REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

TO THE SHAREHOLDERS OF ARONI CHEMICAL INDUSTRIES LIMITED

Dear Shareholders,

Your Directors have pleasure in submitting their 18th Annual Report to the members together with the Audited Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	Current Year <u>2002 - 2003</u>	Previous Year <u>2001-2002</u>
Profit/(Loss)before interest, Depreciation & Tax	84.29	122.38
Less : Interest	1.25	0.71
Gross Profit/(Loss) after Interest	<u>83.04</u>	<u>121.67</u>
Less : Depreciation	0.70	0.89
Provision for taxation	<u>21.67</u>	<u>3.06</u>
Profit/(Loss) after tax	60.67	117.72
Add/Less : Prior year Expenditure		
Add : Balance brought forward	<u>28.62</u>	<u>10.90</u>
Amount available for Appropriation	<u><u>89.29</u></u>	<u><u>128.62</u></u>

APPROPRIATIONS :

Transfer to/(from) General Reserve	-	100.00
BALANCE CARRIED FORWARD	<u>89.29</u>	<u>28.62</u>
	<u><u>89.29</u></u>	<u><u>128.62</u></u>

DIVIDEND

Your Directors are not recommending any dividend for the year ended on 31st March 2003 to conserve the resources for future.

OPERATIONS & PERFORMANCE

The Directors are to report that the performance of your Company has been satisfactory during the year under review despite adverse market conditions. The steps taken by the Company in reducing its costs in all avenues of operations will be reflected in the fiscal results of the next year.

As you are aware that at present your Company is operating in investment and finance areas and the recession in the Indian & World economy as well led to the downfall in the company's opportunities in the field of finance and investments.

Now with the improved favourable conditions and activities in the finance sector, your Directors hope to improve the performance of the Company.

Although the company maintains adequate internal control systems covering all its operation areas, the Company's Audit Committee is reviewing these internal control systems in detail for their effectiveness and their adequacy in the present scenario.

FIXED DEPOSITS

The company has not accepted any deposits from public.

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

The Directors have nothing to report on the aforesaid matter as during the year the company is not engaged in any manufacturing, has no foreign collaboration and has not exported or imported any goods and services.

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 Jaysukhlal N Shah and Shri Nitin N Mehta, Directors of the company retires by rotation and being eligible offers themselves for re-appointment.

During the year Mr Arastu Hussain has resigned from the board, your directors wish to place on record their appreciation for valuable services rendered by him during his tenure.

Shri Rohit Kothari was appointed as additional director on 29.3.2003 , pursuant to section 260 of the companies act 1956. he will vacate his office as such at the ensuing 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 Rohit Kothari for the appointment as director at this meeting

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 the Board of Directors hereby state :

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed.
2. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period .
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the annual accounts on a going concern basis.

AUDITORS

M/s. D.L. Mehta & Co., Chartered Accountants, retire at the end of the ensuing Annual General Meeting being eligible offers themselves for the appointment.

CORPORATE GOVERNANACE

As per clause 49 of the Listing agreement with Stock Exchanges, a separate report on Corporate Governance along with a certificate from the Company's Statutory Auditors confirming the compliance of the conditions of Corporate Governance and is attached to this report

APPRECIATION

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

BY ORDER OF THE BOARD

**ASHWIN KUMAR KOTHARI
CHAIRMAN**

Place : Mumbai
Date : 28.6.2003



ARONI CHEMICAL INDUSTRIES LIMITED

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Aroni Chemical Industries Ltd. believes that good Corporate Governance is essential to achieve long-term corporate goals and to enhance shareholders value. The Company's philosophy on Corporate Governance envisages attainment of high-level transparency, accountability and integrity in the functioning of the Company and the conduct of its business, its relationship with employees, shareholders, creditors, customers and institutional and other lenders. The Company places due emphasis on regulatory compliance.

The Company believes that its systems and actions must be integrated for enhancement of corporate performance resulting in the maximization of shareholders' value in the long run.

2. BOARD OF DIRECTORS

Composition of Board

The Company's current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and to separate the functions of governance and management. The Board consists of four Directors including two Promoter Non-executive Directors and two non promoter non- executive Directors as on March 31, 2003. The Chairman of the Board Mr Ashwin Kumar Kothari is a Non-Executive Director.

During the period ended March 31, 2003, ten Board meetings were held on the following dates – 11th April 2002, 22nd April 2002, 29th July 2002, 12th August 2002, 26th August 2002, 30th October 2002, 4th January 2003, 28th January 2003, 14th February 2003 and 29th March 2003.

The composition and category of members of the Board and the number of their other directorships are set out below :

Director	Category	Number of Directorships held in other Companies	Committee Member-ship/Chair man-ships held in other Companies
Ashwin Kumar Kothari	Promoter, Non-Executive	20	5
Arastu Hussain (Upto 29.3.2003)	Non-Promoter, Non-Executive	-	-
Jaysukhlal N. Shah	Non-Promoter, Non-Executive	3	-
Nitin N. Mehta	Non-Promoter, Non-Executive	2	-
Rohit A. Kothari (Appointed on 29.03.2003)	Promoter, Non-Executive	7	-

None of the Directors is a member in more than ten committees and acts as Chairman in more than 5 committees across all the companies in which he is a Director.

Attendance record of the Directors

Director	Board Meetings attended during the period	Attendance at last AGM (September 30 th , 2002)
Ashwin Kumar Kothari	10	Present
Jaysukhlal N. Shah	10	Present
Nitin N. Mehta	8	Present
Arastu Hussain	3	Absent
Rohit Kothari	1	Absent

3. COMMITTEES OF THE BOARD**AUDIT COMMITTEE**

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee has been constituted as a sub-committee to the Board.

Functions of the Committee

The functions of the Audit Committee include :

- Reviewing the Company's financial and risk management policies.
- Reviewing the adequacy of internal control systems and the Internal Audit Reports, and their compliance thereof.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible, and
- Reviewing audit plans, audited and unaudited financial results and findings of the statutory auditors and recommends to the Board for its approval.

Composition of the Committee

Name of Director	Executive / Non Executive/ Independent	No. of Meetings held	
		Held	Attended
Ashwin Kumar Kothari	Non-Executive	3	3
Jaysukhlal N. Shah	Non-Executive		
	Independent	3	3
Nitin N.Mehta	Non Executive		
Chairman	Independent	3	3

SHAREHOLDER/INVESTORS GRIEVANCE COMMITTEE

As a measure of good Corporate Governance and to focus on the shareholders grievances and towards strengthening investor relations, the Company has a Shareholder/Investor Grievance Committee as a sub-committee to the Board of Directors.

Functions of the Committee

The functions of the committee mainly include approval of transfer / transmission / transposition / consolidation / splitting of shares, issue of duplicate share certificates, dematerialisation of shares, allotment of shares and shareholders and/or investors grievances relating to non-receipt of balance sheet, declared dividends and such other like matters as the committee may deem fit.