

For ARONI CHEMICAL INDUSTRIES LTD.

Jaysukh Shah
Director/Authorised Signatory



ARONI CHEMICAL INDUSTRIES LIMITED

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19TH ANNUAL REPORT
2003 - 2004



ARONI CHEMICAL INDUSTRIES LIMITED

BOARD OF DIRECTORS

Shri Ashwin Kumar Kothari
 Shri Nitin N. Mehta (Upto 4.8.2003)
 Shri Jaysukhlal N.Shah
 Shri Rohit Kothari
 Shri G. N. Maheshwari (w.e.f. 4.8.2003)

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

K.K. Chambers 4th Floor,
 Sir Purshothomdas, Thakurdas Marg,
 Fort, Mumbai - 400 001.

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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19th Annual Report 2003-2004

NOTICE

NOTICE is hereby given that 19th Annual General Meeting of the Members of ARONI CHEMICAL INDUSTRIES LIMITED will be held on Tuesday, 28th September, 2004 at 10.00 a.m. at the Registered Office of the Company at K.K. Chambers, Fourth Floor, Sir Purshottamdas, Thakurdas Marg, Fort, Mumbai - 400 001 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, 2004 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 Ashwin Kumar Kothari who retires by rotation and is eligible, for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification the following resolution as ordinary resolution:

"Resolved that Mr. G. N. Maheshwari who was appointed as an additional director of the company and 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 : 29.7.2004

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 Thursday , 23rd September 2004 to Tuesday, 28th September 2004 (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 4 is annexed here to.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT 1956**Item No 4**

Mr G N Maheshwari was appointed as an additional director of the company w.e.f 4.8.2003 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 Mr G N Maheshwari as a director of the company.

Mr G N Maheshwari is a Qualified Chartered Accountant and worked with several organizations on senior positions. And considering his varied experience in finance, management and administration it will be in the interest of the company to appoint him as a director. He is not holding any other directorship

Your Directors recommend the appointment of Mr G N Maheshwari as a director. None of the directors are interested or concerned in the resolution

Place: Mumbai
Date: 29.7.2004

BY ORDER OF THE BOARD

ASHWIN KUMAR KOTHARI
CHAIRMAN

Note on Director seeking appointment/re-appointment as required under clause 49VI(A) of Listing Agreement entered with Stock Exchanges
At the ensuing Annual General Meeting , Mr Ashwin Kumar Kothari retires by rotation and being eligible, offers himself for reappointment. His particulars are given below:

Mr. Ashwin Kumar Kothari aged 62 years is a Chemical Engineer from Massachusetts Institute of Technology, U.S.A. He is a Promoter Director of your company and has been on its Board since 1987 and is in the Chemical manufacturing and Finance Business since the last 25 years. He is also member of Audit Committee and Shareholder/Investor Grievance Committee of the Board. His other Directorships are as follows :

- | | | |
|--|---|---|
| 1. Sam-Jag-Deep Investment Pvt. Ltd. | 7. Meenakshi Steel Industries Ltd. | 13. Atofina Catalyst India Ltd. |
| 2. Four Dimensions Securities (India) Ltd. | 8. Jatayu Textile & Industries Ltd. | 14. Precision Wires India Ltd. |
| 3. Gwalior Chemical Industries Ltd. | 9. Sunayana Traders and Investment Co. Ltd. | 15. Mahavir Box Manufacturing Pvt. Ltd. |
| 4. Five Star Trading & Investment Co. Ltd. | 10. Essel Mining & Industries Ltd. | 16. Chematek India Pvt. Ltd. |
| 5. Rajashree Holding Ltd. | 11. Aditya Birla Health Services Ltd. | 17. Jacqart Chemical Industries Ltd. |
| 6. Park Avenue Engineering Ltd. | 12. Sambhav Finance and Trading Co. Ltd. | 18. Four Dimensions Capital Markets Pvt. Ltd. |



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 19th Annual Report to the members together with the Audited Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	Current Year 2003 - 2004	Previous Year 2002-2003
Profit/(Loss) before interest, Depreciation & Tax	73.88	84.30
Less : Interest	-	1.25
Gross Profit/(Loss) after Interest	73.88	83.05
Less : Depreciation	0.53	0.70
Extra ordinary Expenses	27.36	-
Provision for taxation	29.98	21.67
Profit/(Loss) after tax	16.01	60.68
Add/Less : Prior year Expenditure	-	-
Add : Balance brought forward	89.30	28.62
Amount available for Appropriation	105.31	89.30
APPROPRIATIONS :		
BALANCE CARRIED FORWARD	105.31	89.30
	105.31	89.30

DIVIDEND

Your Directors are not recommending any dividend for the year ended on 31st March 2004 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. The steps are being taken by the Company to improve its performance in all avenues of its operations. Now with the new economic measures and activities in the finance and finance sectors, 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. The Directors are putting in their efforts and are hopeful of improved working during the years to come.

CHANGE IN REGISTERED OFFICE

The company for its administrative convenience has changed its registered office with effect from 20th May, 2004. from 29, Bank Street First Floor, Fort, Mumbai-400023 to K K Chambers, 4th Floor, Sir Purushottamdas Thakurdas Marg, Fort, Mumbai-400001

FIXED DEPOSITS

The company has not accepted any deposits from public.

DIRECTORS

Mr Ashwin Kumar Kothari, Director of the company retire by rotation and being eligible offers himself for re-appointment.

Mr Nitin N. Mehta a Director of the company has resigned from the board from 4th August 2003 on personal grounds. Your Directors wish to place on record their appreciation for valuable services rendered by him during his tenure.

Mr G N Maheshwari was appointed as Director of the company on 4th August 2003, pursuant to section 260 of the Companies Act 1956. He will hold his office as such till the ensuing general meeting. The company has received notice from shareholder under Section 257 of the Companies Act 1956, signifying his intention to propose the name of Mr G N Maheshwari 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 judgments 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 GOVERNANCE

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

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.

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 : 29.6.2004



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, and its customers. The Company also places due emphasis on regulatory compliance.

The Company believes that its systems must be integrated for enhancement of corporate performance resulting in the maximization of shareholder's 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, 2004. The Chairman of the board Mr Ashwin Kumar Kothari is a Promoter Non-Executive Director.

During the period ended March 31, 2004, seven (7) Board meetings were held on the following dates – 18th June 2003, 28th June 2003, 29th July 2003, 4th August 2003, 30th October 2003, 30th January 2004 and 27th February 2004.

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	18	5
Rohit A. Kothari	Promoter, Non-Executive	5	-
Jaysukhlal N. Shah	Non-Promoter, Non-Executive	3	-
Nitin N. Mehta (Till 4.8.2003)	Non-Promoter, Non-Executive	2	-
G N Maheshwari (Appointed on 4.8.2003)	Non-Promoter, Non-Executive	-	-

None of the Directors are members in more than ten committees and act as Chairman in more than 5 committees across all the companies in which they are a Director.

Attendance record of the Directors

Director	Board Meetings attended during the period	Attendance at last AGM (September 30 th , 2003)
Ashwin Kumar Kothari	7	Present
Jaysukhlal N. Shah	7	Present
Nitin N. Mehta	3	Absent
G N Maheshwari	3	Present
Rohit Kothari	7	Present

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	4	4
Jaysukhlal N. Shah	Non-Executive		
(Chairman from 4.8.2003)	Independent	4	4
Nitin N.Mehta	Non Executive		
(Chairman Till 4.8.2003)	Independent	2	2
G N Maheshwari	Non Executive		
(Member from 4.8.2003)	Independent	2	2

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 / consolidation / splitting of shares, issue of duplicate share certificates, dematerialisation of shares, allotment of shares and redressal of shareholders and/or investors grievances and such other like matters as the committee may deem fit. The share transfer / dematerialisation / re-materialisation, etc. as approved by the Committee are placed at the Board Meeting from time to time