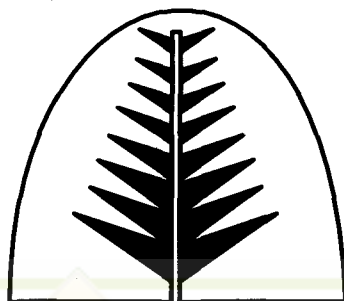


TWELFTH ANNUAL REPORT

2002-2003



Report **ARYAN** on.com

ARYAN PESTICIDES LIMITED

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ARYAN PESTICIDES LIMITED

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ARYAN PESTICIDES LIMITED

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION - NO. 347 OF 2003**

In the matter of the Companies Act, 1956;

And

In the matter of Sections 391 to 394 of
the Companies Act, 1956;

And

In the matter of Aryan Pesticides Limited

And

In the matter of the Scheme of
Amalgamation of Aryan Pesticides Limited
with Deepak Nitrite Limited

Aryan Pesticides Limited,

a Company incorporated under the Companies]

Act, 1956 and having its Registered Office at]

Plot Nos. 1, 2, 26 and 27, MIDC Industrial Area,]

Dhatav, Roha, 402 116, Dist. Raigad, Maharashtra] Applicant

NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS

To,

The Equity Shareholders of Aryan Pesticides Limited, the Applicant.

TAKE NOTICE THAT by an Order dated 13th August, 2003 in the above Company Application, the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the Equity Shareholders of the Applicant Company be convened and held at Hotel Mirage, At and Post Roha, Taluka Roha, Dist. Raigad - 402 116, Maharashtra on Thursday, the 18th day of September, 2003 at 12.30 p.m. for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Amalgamation of Aryan Pesticides Limited (the Applicant Company) with Deepak Nitrite Limited (the Transferee Company).

TAKE FURTHER NOTICE that in pursuance of the said Order, a meeting of the Equity Shareholders of the Applicant Company will be held at Hotel Mirage, At and Post Roha, Taluka Roha, Dist. Raigad - 402 116, Maharashtra on Thursday, the 18th day of September, 2003 at 12.30 p.m., at which time and place you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that the proxy in the prescribed form duly signed by you, is deposited at the Registered Office of the Applicant Company at Plot Nos. 1, 2, 26 and 27, MIDC Industrial Area, Dhatav, Roha - 402 116, District Raigad, Maharashtra, not later than forty eight (48) hours before the Meeting.

The Court has appointed Shri Harishkumar Natwarlal Shah and failing him, Shri Deepak Amratlal Desai and failing him, Shri Jyotindra Talakchand Vora to be the Chairman of the said Meeting.

A copy of each of the Statement under Section 393 of the Companies Act, 1956, Scheme of Amalgamation and a Form of Proxy are enclosed.

H. N. Shah

Chairman appointed for the Meeting

Mumbai

Dated this 18th day of August, 2003.

Registered Office :

Plot Nos. 1, 2, 26 and 27,

MIDC Industrial Area, Dhatav,

Roha - 402 116, District Raigad,

Maharashtra.

Note : All alterations made in the Form of Proxy should be initialed.



ARYAN PESTICIDES LIMITED

IN THE HIGH COURT OF JUDICATURE AT BOMBAY ORDINARY ORIGINAL CIVIL JURISDICTION COMPANY APPLICATION - NO. 347 OF 2003

In the matter of the Companies Act, 1956;

And

In the matter of Sections 391 to 394 of
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a Company incorporated under the Companies]

Act, 1956 and having its Registered Office at]

Plot Nos. 1, 2, 26 and 27, MIDC Industrial Area,]

Dhatav, Roha, 402 116, Dist. Raigad, Maharashtra] Applicant

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order dated 13th August, 2003 passed by the Hon'ble High Court of Judicature at Bombay in Company Application referred to above, a meeting of the Equity Shareholders of the Applicant Company is being convened and held at Hotel Mirage, At and Post Roha, Taluka Roha, Dist. Raigad - 402 116, Maharashtra on Thursday, the 18th day of September, 2003 at 12-30 p.m. for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Amalgamation of Aryan Pesticides Limited (the Applicant Company) with Deepak Nitrite Limited (the Transferee Company), which is annexed to the Notice. A certified copy of the said Order will be available for inspection at the Registered Office of the Applicant Company at Plot Nos. 1, 2, 26 and 27, MIDC Industrial Area, Dhatav, Roha - 402 116, District Raigad, Maharashtra between 11.00 a.m. and 1.00 p.m. on any working day of the Company except Saturday upto 17th September, 2003.
2. In this Statement, Aryan Pesticides Limited is hereinafter referred to as "the Transferor Company" and Deepak Nitrite Limited is hereinafter referred to as "the Transferee Company".
3. The Transferor Company was incorporated on the 28th day of August, 1991 as a private company limited by shares under the Companies Act, 1956 (the said Act). The Transferor Company's name was changed from Aryan Pesticides Private Limited to Aryan Pesticides Limited on 14th May, 1993.
4. After its incorporation, the Transferor Company commenced its business as appears in its Memorandum of Association and has since been carrying on the same. Presently, the Transferor Company is inter-alia, engaged in the business of manufacture, sale and distribution of various kinds and description of agro-chemical intermediates.
5. The Registered Office of the Transferor Company is situated at Plot Nos. 1, 2, 26 and 27, MIDC Industrial Area, Dhatav, Roha - 402 116, District Raigad, Maharashtra.
6. The Authorised, Issued, Subscribed and Paid up share capital of the Transferor Company as on 31st March, 2003 is as follows :

AUTHORISED : 1,00,00,000 Equity Share of Rs. 10/- each	RS. 10,00,00,000/-
ISSUED, SUBSCRIBED AND PAID UP : 50,28,200 Equity Shares of Rs. 10/- each	5,02,82,000/-

There is no change in the capital structure of the Transferor Company as on today.

7. Deepak Nitrite Limited (hereinafter referred to as "the Transferee Company") was originally incorporated on the 6th day of June, 1970 as a private company limited by shares under the said Act. The name of the Transferee Company was changed from Deepak Nitrite Private Limited to Deepak Nitrite Limited with effect from 7th April, 1971.
8. After its incorporation, the Transferee Company commenced its business as appears in its Memorandum of Association and has since been carrying on the same. Presently, the Transferee Company is, inter alia, engaged in the business of manufacture and sale of organic and inorganic intermediates, fine and speciality chemicals.
9. The Registered Office of the Transferee Company is situated at 9/10, Kunj Society, Alkapuri, Baroda - 390 007, Gujarat.
10. The Authorised and the Issued, Subscribed and Paid-up Capital of the Transferee Company as on 31st March, 2003 is as follows :

AUTHORISED :	RUPEES
3,00,00,000 Equity Shares of Rs. 10/- each	30,00,00,000/-
20,00,000 Preference Shares of Rs. 100/- each	20,00,00,000/-
ISSUED, SUBSCRIBED AND PAID UP :	
28,34,000 Equity Shares of Rs. 10/- each fully paid.	2,83,40,000/-
29,16,000 Equity Shares of Rs. 10/- each issued as fully paid up at a premium of Rs. 40/- per share on automatic conversion on 24/11/1991 of Part "A" of 12.5% Partly Convertible Debentures.	2,91,60,000/-
TOTAL	5,75,00,000/-

11. The amalgamation of the Transferor Company with the Transferee Company will be effected by a Scheme of Amalgamation (hereinafter referred to as "the Scheme") under Sections 391 to 394 of the said Act.
12. The main benefits of the Amalgamation of the Transferor Company with the Transferee Company will be as follows :
 - (a) The Transferor Company is a subsidiary of the Transferee Company and is carrying on the business of manufacture and sale of Agro-chemical intermediates. The Transferee Company is engaged in the business of manufacture and sale of Organic and inorganic intermediates, fine and speciality chemicals. The Board of Directors of both the companies have arrived at a decision that the operations of the two companies will result in effective and full utilisation of their potential strength by creating one large Company.
 - (b) The proposed amalgamation will pave the way for better, more efficient and economical control in the joint running of operations;
 - (c) The amalgamation will enable the two companies to avoid duplication of administrative and managerial overheads;
 - (d) The amalgamation will enable the two companies to pool their financial, managerial and technical resources in order to meet the challenges of the changing Economic Policy. In particular, for financing major schemes of expansion and diversification it will be necessary and

beneficial to pool the financial and other resources of the two companies as the magnitude of the investment contemplated may more easily be met or serviced by the amalgamated Company;

- (e) The amalgamation would achieve business synergy due to economies of scale and integrated operations, resulting in efficiency in production and marketing;
- (f) The amalgamated Company would ensure higher retained earnings leading to enhanced intrinsic value of shareholding to the investors;
- (g) The amalgamated Company will be able to secure and absorb new technology and spend on research and development, market surveys, etc., more comprehensively;
- (h) The corporate restructuring resulting from the amalgamation will integrate all the activities leading to increased opportunities in all areas of business.
- (i) The amalgamated Company would have stronger fundamentals which will enhance its credit rating and resource raising ability in the financial markets.
- (j) The amalgamation of the two companies would bring in administrative and operational rationalisation resulting in economies such as reduced overheads and other expenses and optimal utilisation of various resources;
- (k) The amalgamated Company will be in a better position to generate/raise additional funds and diversify and expand into other profitable ventures with larger resources.

13. The salient features of the Scheme are as follows :

With effect from the Appointed Date i.e. 1st April, 2003 or such other date as may be fixed by the High Courts of Bombay and Gujarat :

- (a) the undertaking of the Transferor Company, as defined in the said Scheme, shall pursuant to the provisions contained in Section 394 and other applicable provisions of the said Act, stand transferred to and vest in or be deemed to be transferred to and vest in the Transferee Company without any further act, deed, matter or thing (save as provided hereunder) so as to become the property or liabilities of the Transferee Company, but subject to all charges affecting the same. Provided always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of by the Transferor Company and the Transferee Company shall not be obliged to create any further or additional security therefor after the Effective Date or otherwise.
- (b) all the movable assets of the Transferor Company shall be physically handed over by manual delivery to the Transferee Company to the end and intent that the ownership and property therein passes to the Transferee Company on such handing over. The amounts lying with the Banks to the credit of the Transferor Company as of the Appointed Date shall also be transferred to the Transferee Company. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Boards of Directors of the Transferor Company and the Transferee Company within thirty days from the date of the sealing of the respective Orders of the High Court at Bombay and Gujarat sanctioning the said Scheme.
- (c) subject to any corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company be required, the reserves and the balance in the Profit and Loss Account of the Transferor Company will be merged with those of the Transferee Company in the same form as they appear in the financial statements of the Transferor Company. In other words, the reserves and the balance in the Profit and Loss Account of the Transferor Company as on the Appointed Date shall be incorporated in the books and Balance Sheet of the Transferee Company. The difference between the amount recorded as fresh share capital issued by the Transferee Company on amalgamation and the amount of share capital of the Transferor Company shall be reflected in the reserves of the Transferee Company.
- (d) all the debts, liabilities, duties and obligations of the Transferor Company shall, pursuant to the Orders of the High Courts at Bombay and Gujarat under Section 394 and other applicable provisions of the said Act and without any further act or deed, be also transferred to and shall be deemed to be transferred to and vest in and be assumed by the Transferee Company, so as to become as from the Appointed Date, the debts, liabilities, duties and obligations of the

Transferee Company on the same terms and conditions as were applicable to the Transferor Company.

- (e) the Scheme, though operative from the Effective Date, shall become effective from the Appointed Date. "The Effective Date" means the last of the dates on which the sanctions and approvals and orders sanctioning the Scheme referred to in Clause (1) of Part III of the Scheme are obtained. In other words, "The Effective Date" means the later of the dates on which the certified copies of the Orders of the Bombay High Court within whose territorial jurisdiction the Registered Office of the Transferor Company is situate and of the Gujarat High Court within whose territorial jurisdiction the Registered Office of the Transferee Company is situate are filed with the Registrar of Companies, Maharashtra at Mumbai and the Registrar of Companies, Gujarat at Ahmedabad under Sections 391 to 394 of the Act.
- (f) all permanent employees of the Transferor Company immediately preceding the Effective Date shall become the permanent employees of the Transferee Company on and from the Effective Date on the basis that :
 - (i) their services shall be deemed to have been continuous and not have been interrupted by reason of the transfer of the Undertaking;
 - (ii) the terms and conditions of service applicable to such employees after such transfer shall not in any way be less favourable than those applicable to them immediately preceding the said transfer;
 - (iii) as far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund created or existing for the benefit of such permanent employees of the Transferor Company is concerned, on and from the Effective Date, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever in relation to the obligation to make contributions to such Funds in accordance with the provisions of such Funds according to the terms provided in the respective Trust Deeds. It is the aim and intent that all the rights, duties, powers and obligations of the Transferor Company in relation to such Funds shall become those of the Transferee Company. It is clarified that the services of such permanent employees of the Transferor Company will be treated as having been continuous and not interrupted for the purpose of such Funds.
- (g) With effect from the Appointed Date and upto and including the Effective Date, the Transferor Company shall :
 - (i) carry on and be deemed to carry on all its business and activities and stand possessed of its properties and assets for and on account of and in trust for the Transferee Company and all the profits accruing to the Transferor Company or losses arising or incurred by it shall for all purposes be treated as the profits or losses of the Transferee Company, as the case may be;
 - (ii) carry on its business with reasonable diligence and shall not without the prior written consent of the Transferee Company alienate, charge or otherwise deal with or dispose of the Undertaking or any part thereof except in the ordinary course of its business;
 - (iii) not vary the terms and conditions of service of its permanent employees except in the ordinary course of its business;
 - (iv) not, without the prior written consent of the Transferee Company, undertake any new business or a substantial expansion of its existing business.
- (h) With effect from the Appointed Date and upto and including the Effective Date the Transferee Company :
 - (i) shall carry on its business with reasonable diligence and shall not without the prior written consent of the Transferor Company alienate or otherwise deal with or dispose of its business or all or a substantial part of the assets pertaining thereto except in the ordinary course of its business;

- (ii) shall not vary the terms and conditions of service of its permanent employees except in the ordinary course of its business.
 - (i) Dividends, profits, bonus/right shares :
 - (i) Dividends may be declared or paid by the Transferor Company or Transferee Company after mutual consultation with each other.
 - (ii) Neither the Transferor Company nor the Transferee Company shall issue or allot after the Appointed Date any right shares, bonus shares or other out of their respective authorized or unissued share capital for the time being, without the consent of each other.
 - (j) Issue and Allotment of Shares by Transferee Company :
 - (i) Upon the Scheme becomes finally effective, in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme, the Transferee Company shall, without any further application, act or deed issue and allot equity shares of Rs. 10/- each credited as fully paid up in the capital of the Transferee Company to every equity shareholder of the Transferor Company whose name appears in the Register of Members on a date ("Record Date") to be fixed by the Board of Directors of the Transferee Company in the proportion of, for every 5 (five) Equity Share of Rs. 10/- (Rupees Ten only) each fully paid up of the Transferor Company, 1 (One) Equity Share of Rs. 10/- (Rupees Ten only) each fully paid up of the Transferee Company (other than those held by the Transferee Company in the Transferor Company) in terms of this Scheme which shall be subject to the Memorandum and Articles of Association of the Transferee Company and shall rank for dividend, voting rights and in other respects *pari passu* with the existing equity shares of the Transferee Company
 - (ii) The proposed share exchange ratio whereunder every shareholder of the Transferor Company will receive allotment of shares from the Transferee Company has been jointly worked out by M/s. N. M. Raiji & Co., Chartered Accountants and M/s. B. K. Khare & Co., Chartered Accountants. The Board of Directors of the Transferor Company and Transferee Company have, based on and relying upon the aforesaid expert advice and on the basis of their independent evaluation and judgment, accepted the suggested ratio.
 - (iii) The shares of the Transferor Company held by the Transferee Company shall stand cancelled.
 - (iv) No fractional coupons / shares shall be issued by the Transferee Company in respect of fractional share entitlement, if any, to which the shareholders of the Transferor Company may be entitled to, under the Scheme. On issue and allotment of shares by the Transferee Company as aforesaid, the Board of the Transferee Company shall consolidate such fractional entitlements to which the shareholders of the Transferor Company may be entitled and shall issue and allot shares in lieu thereof to a director or an officer, and such director or officer to whom such shares shall be allotted, shall sell the same in the market at the best available price and pay to the Transferee Company the net sale proceeds thereof and the Transferee Company shall distribute such net sale proceeds to those shareholders of the Transferor Company in the proportion in which they are entitled to such fractional entitlements.
 - (v) Every shareholder of the Transferor Company shall surrender to the Transferee Company for cancellation, the relevant share certificates held by him/her in the Transferor Company and take all steps to obtain from the Transferee Company certificates for the equity shares in the Transferee Company which he/she may be entitled to in terms of the Scheme.
 - (vi) For the purpose aforesaid, the Transferee Company shall, if and to the extent required, apply for and obtain the consent of the Securities and Exchange Board of India and other concerned authorities, to the issue and allotment of equity shares to the shareholders of the Transferor Company.
14. The said Scheme has been approved by the Board of Directors of the Transferor Company at its meeting held on 4th June, 2003 as well as by the Board of Directors of the Transferee Company at its meeting also held on 4th June, 2003.

15. The equity shares of the Transferor Company are listed on the Stock Exchange, Mumbai and the Over the Counter Exchange of India (OTCEI). The Stock Exchange, Mumbai and OTCEI, Mumbai have pursuant to the applications made in that behalf by the Transferor Company granted their no objection to the said Scheme of Amalgamation.
16. The equity shares of the Transferee Company are listed on the Stock Exchange, Mumbai and Vadodara Stock Exchange. The Stock Exchange, Mumbai as well as Vadodara Stock Exchange have pursuant to the applications made in that behalf by the Transferee Company granted their no objection to the said Scheme of Amalgamation.
17. Application to the High Courts at Bombay and Gujarat :
On the Scheme being approved by the requisite majority of shareholders of the Transferor Company and the Transferee Company respectively representing the required value, the Transferor Company and the Transferee Company shall, with all reasonable despatch, apply under Sections 391 and 394 of the Act to the High Court at Bombay and Gujarat as the case may be for sanctioning the Scheme and for such further order or orders thereunder as the High Courts at Bombay and Gujarat may deem fit for carrying the Scheme into effect and for dissolution of the Transferor Company without winding up.
18. The Scheme is conditional on and subject to:
 - (a) the sanction or approval of all persons or authorities concerned including the Securities and Exchange Board of India (SEBI) and the Stock Exchange being obtained and granted in respect of any of the matters provided for or relating to the Scheme for which such sanction or approval is required;
 - (b) the approval of the Scheme by the requisite majorities representing the required values of the shareholders of the Transferor Company and of the Transferee Company;
 - (c) the sanctions of the High Court at Bombay and Gujarat under Sections 391 and 394 of the Act and to the necessary Orders under Section 394 of the Act being obtained;
 - (d) the approval of any Competent Authority including Reserve Bank of India, if and to the extent required, being obtained to the issue and allotment of equity shares in the Transferee Company in accordance with the provisions of the Scheme; and
 - (e) certified copies of the Orders of the High Courts at Bombay and Gujarat sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra, and with Registrar of Companies, Gujarat, by the Transferor Company and the Transferee Company respectively.
19. Modifications or Amendments to the Scheme :
 - (a) The Transferor Company and the Transferee Company through their respective Board of Directors may in their full and absolute discretion assent to any modifications or amendments to the Scheme which the High Courts at Bombay and Gujarat as the case may be, shareholders of the Transferor Company and/or Transferee Company and/or any other Competent Authority may deem fit to approve and may give such directions as they may consider necessary or desirable for settling any question, doubt or difficulty arising under the Scheme or in regard to its implementation or in any matter connected therewith (including any question, doubt or difficulty arising in connection with any deceased or insolvent shareholder of the Transferor Company or the Transferee Company) and to do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect. In the event that any modification or amendment to the Scheme is unacceptable to the Transferor Company and/or the Transferee Company for any reason whatsoever the Transferor Company and/or Transferee Company shall be entitled to withdraw from the Scheme.
 - (b) For the purpose of giving effect to the Scheme or to carry out any modification or amendment thereto, the Board of Directors of the Transferor Company and the Transferee Company or any Committee thereof is authorised to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question, doubt or difficulty whatsoever that may arise.
 - (c) The Transferor Company shall be dissolved without winding up, subject to and Order to be made by the High Courts of Bombay and Gujarat under Section 394 of the said Act.