

# A N N U A L R E P O R T 1 9 9 6 - 9 7



ALKYL

Alkyl Amines Chemicals Limited

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Alkyl Amines Chemicals Limited

**FINANCIAL HIGHLIGHTS OF THE LAST DECADE****Rs. in Lacs**

YEAR ENDING	31.12.87	31.03.89	31.03.90	31.03.91	31.03.92	31.03.93	31.03.94	31.03.95	31.03.96	31.03.97
GROSS REVENUE	684.84	1134.59	1015.17	1352.95	1827.69	2567.00	2829.08	3401.38	4416.62	<b>4998.04</b>
PROFIT BEFORE TAX	84.25	161.72	183.22	222.14	134.52	-77.74	144.99	160.04	483.25	<b>648.13</b>
PROFIT AFTER TAX	84.85	142.02	153.24	178.14	129.52	-77.74	144.97	160.04	483.25	<b>527.93</b>
GROSS ASSETS	519.52	683.04	898.56	1103.87	2683.70	2841.18	2933.04	3031.16	4013.65	<b>5075.57</b>
NET FIXED ASSETS	310.00	413.14	582.95	710.41	2164.85	2097.07	2080.69	2059.20	2914.22	<b>3792.19</b>
NET CURRENT ASSETS	213.86	230.42	256.51	572.41	387.49	522.96	974.91	1175.28	1439.57	<b>1777.94</b>
EQUITY SHARE CAPITAL	133.10	133.10	133.10	133.10	166.34	166.37	266.09	265.96	266.22	<b>365.84</b>
RESERVES & SURPLUS	0.00	60.62	196.03	342.69	552.86	451.64	766.04	880.49	1289.95	<b>2018.64</b>
EARNING PER SHARE (RS.)	6.33	9.22	11.35	13.22	7.44		5.24	5.80	17.95	<b>17.62*</b>
EQUITY DIVIDEND (%)		20.00	20.00	22.00	22.00	10.00	12.00	12.00	25.00	<b>25.00</b>

\*WEIGHTED AVERAGE BASIS ON INCREASED EQUITY BASE

## Alkyl Amines Chemicals Limited

**ALKYL****DIRECTORS**

Mr. Yogesh M. Kothari  
 Mr. Hemendra M. Kothari  
 Mr. Narendra N. Kapadia  
 Mr. Dilip G. Piramal  
 Mr. Shyam B. Ghia  
 Mr. Shobhan M. Thakore  
 Mr. S. K. Mahapatra  
 Mr. K. P. Gupte  
 Mr. M. G. Mhaskar  
 Mr. Kirat Patel

(Chairman &amp; Managing Director)

(Nominee Director)

(Nominee Director)

(Nominee Director)

(Executive Director)

MD	✓		BKC	✓
CS	✓		D.Y	✓
RO	✓		DEV	✓
TRA	✓	✓	AC	✓
AGM	✓	✓	SH	✓
IC	✓	✓		

**COMPANY SECRETARY**

Mr. K. P. Rajagopalan

**AUDITORS**

Messrs Bansi S. Mehta &amp; Company

**LEGAL ADVISORS**

Messrs Bhaishankar Kanga and Girdharlal

**BANKERS**

State Bank of India  
 Bank of Baroda

**REGISTERED OFFICE & SHARE DEPARTMENT**

401-407, Nirman Vyapar Kendra  
 Plot No.10, Sector 17, DBC, Vashi,  
 Navi Mumbai - 400 705

**PLANTS**

Plot No. A-7 & A-25  
 MIDC Patalganga Industrial Area  
 Dist. Raigad - 410 220  
 Maharashtra

Plot No. D-6/1,  
 MIDC Kurkumbh Industrial Area  
 Tal. Daund, Dist. Pune  
 Maharashtra

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**ALKYL****Alkyl Amines Chemicals Limited****NOTICE**

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of Alkyl Amines Chemicals Limited will be held at Nirman Vyapar Kendra, Plot No. 10, Sector 17, DBC, Vashi, Navi Mumbai 400 705 on Wednesday, September 10, 1997 at 10.00 A.M. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997, Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To declare dividend on Preference and Equity Shares.
3. To appoint a Director in place of Mr. Dilip G. Piramal, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Shyam B. Ghia, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Kirat Patel who was appointed as an Additional Director of the Company on December 17, 1996, under Article 140 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a shareholder proposing his candidature for the office of Director, be and is hereby reappointed as Director of the Company, liable to retire by rotation.

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 311, and other applicable provisions, if any, of The Companies Act, 1956, the Company hereby accords its approval for the appointment of Mr. Kirat Patel as Executive Director with effect from January 1, 1997 for a period of five years upon terms and conditions including remuneration as set out in the agreement approved by the Board of Directors at its Meeting held on December 17, 1996.

8. To consider and, if thought fit, to pass, the following Resolution as a Special Resolution, with or without modifications :

"RESOLVED THAT pursuant to the provisions of Sections 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, the Directors of the Company (other than the Managing Director and the Executive Director) together be paid a commission of such an aggregate amount as may from time to time be determined by the Board of Directors but not exceeding 1% of the net profits of the relevant accounting year of the Company as computed in the manner prescribed under Section 198 of the said Act and the said aggregate amount shall be divided amongst such Directors in such proportion and in such manner as may be decided by the Board of Directors in that behalf".

"RESOLVED FURTHER THAT the commission as aforesaid shall be payable to the Directors (other than the Managing Director and the Executive Director) of the company, commencing from the accounting year beginning on 1st April, 1997 for a period of 5 years."

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"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take such steps as may be necessary and desirable to give effect to this Resolution".

9. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a Special Resolution :

"RESOLVED THAT in accordance with the relevant provisions of the company's Articles of Association, and subject to the necessary approvals from Regulatory Bodies if required, a sum not exceeding Rs.3,65,76,170/-(Rupees Three crores sixtyfive lacs seventysix thousand one hundred seventy only) out of the company's Reserves & Surplus, be and the same is hereby capitalized by issuing therefrom not exceeding 3657617 new equity shares of Rs.10 each credited as fully paid up as and by way of bonus shares in the proportion of one equity share for every one equity share held by the equity shareholders on a date to be determined by the Board.

RESOLVED FURTHER that the aforesaid bonus shares shall rank pari passu in all respects with the existing equity shares save and except such shares shall be entitled to dividend commencing from the year in which such shares are allotted but pro-rata for the year of allotment from the date of allotment.

RESOLVED FURTHER that the Board is hereby authorized to take all other steps as may be necessary to give effect to the aforesaid resolution and determine all other terms and conditions of the issue of bonus shares as the Board may in its absolute discretion deem fit."

10. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 16 and 94 and other applicable provisions of the Companies Act, 1956 :

(a) the Authorised Share Capital be and the same is hereby increased from Rs.5,50,00,000 (Rupees five crores fifty lakhs only) divided into 47,00,000 (forty seven lakhs) equity shares of Rs.10/- each and 80,000 (eighty thousand ) cumulative redeemable preference shares of Rs.100/-each to Rs.20,00,00,000/- ( Rupees Twenty Crores only) divided into 1,50,00,000 (one crore fifty lakhs) equity shares of Rs.10/-each and 5,00,000 (five lakhs) cumulative redeemable preference shares of Rs.100/- each.

(b) Existing Clause V(a) of the Memorandum of Association of the Company be altered by deleting the words and figures "is Rs.5,50,00,000 (Rupees five crores fifty lakhs only) divided in 47,00,000 (forty seven lakhs) equity shares of Rs.10/-each and 80,000 (eighty thousand ) cumulative redeemable preference shares of Rs.100/-each" and substituting in their place words and figures "is Rs.20,00,00,000/- ( Rupees Twenty Crores only) divided into 1,50,00,000 (one crore fifty Lacs) equity shares of Rs. 10/- each and 5,00,000 (five lakhs) cumulative redeemable preference shares of Rs.100/- each," free of company's tax but subject to deduction of tax at source at the prescribed rate."

11. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Article 3(a) of the Articles of Association of the Company be altered by deleting the words and figures "is Rs.5,50,00,000 (Rupees five crores fifty lakhs only) divided in 47,00,000 (forty seven lakhs) equity shares of Rs.10/-each and 80,000 (eighty thousand ) cumulative redeemable preference shares of Rs.100/-each" and substituted by, "the capital of the Company will be as that specified in clause V (a) of the Memorandum of Association from time to time."

12. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293(1) (a)

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and the other applicable provisions of the Companies Act, 1956, to the creation by the Board of Directors on behalf of the Company of such mortgages, charges, hypothecations and floating charges in such form and such manner as may be agreed to between the Board of Directors and the Company's lenders on all or any of the immovable and /or movable properties of the Company, both present and future, of every nature and kind whatsoever and the undertaking of the Company together with power to takeover the undertaking of the Company in certain events, to secure working capital facilities/ borrowings not exceeding Rs.30 crores from Financial Institutions/Banks together with interest thereon, commitment charges, liquidated damages, charges, expenses and other monies, such security to rank pari-passu with or second or subservient to the mortgages and /or charges already created or to be created in future by the Company in such manner as may be thought expedient by the Board of Directors :

"RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to finalise the documents for creating the aforesaid mortgages and /or charges and to do all such acts, things and matters as may be necessary for giving effect to the above resolution."

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 is annexed.
3. The Register of Members and Share Transfer Books will remain closed from Tuesday, August 12, 1997 to Tuesday, August 26, 1997 (both days inclusive) for the purpose of Annual General Meeting and declaration of dividend.
4. The Members are requested to notify change of address, if any, to the Company.
5. If any member has shares registered in the name or in the same order of names but in several folios, please let us know, so that, we may consolidate the several folios into one.
6. The dividend warrants will be issued after declaration of dividend at the Annual General Meeting to the members whose names appear in the Register of Members as on August 26, 1997.
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all unclaimed dividends for financial year 1992-93 have been transferred to the General Revenue Account of the Central Government. Those shareholders who have not yet claimed their dividends for the year 1992-93 may please approach the Registrar of Companies, Maharashtra, Mumbai. Unclaimed dividends for the year 1993-94 will be transferred to the General Revenue Account of the Central Government in the second week of November 1997.

Registered Office :  
401-407, Nirman Vyapar Kendra  
Plot No.10, Sector 17, DBC,  
Vashi, Navi Mumbai 400 705  
Dated : June 27, 1997

By Order of the Board

**K. P. RAJAGOPALAN**  
Company Secretary

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**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT**

(Pursuant to Section 173(2) of the Companies Act, 1956)

**ITEM NO.6**

At the Meeting of the Board of Directors held on December 17, 1996, Mr. Kirat Patel was appointed as an Additional Director of the Company. Pursuant to Section 260 of the Companies Act, 1956, read with Article 140 of the Articles of Association of the Company, Mr. Kirat Patel holds office only upto the date of forthcoming Annual General Meeting. Notice in writing has been received from a shareholder of the Company, pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Kirat Patel as candidate for the office of Director. As required by the said Section 257, the Shareholder giving notice has deposited a sum of Rs.500/- with the Company which shall be refunded to him if Mr. Kirat Patel is elected as Director.

None of the Directors, except Mr. Kirat Patel is concerned or interested in the Resolution.

**ITEM NO. 7**

Mr. Kirat Patel was also appointed at the aforesaid Board Meeting as an Executive Director from January 1, 1997 for a period of five years upon the terms and conditions including remuneration as set out in the Agreement between the Company and Mr. Kirat Patel referred to in the Resolution at Item No. 7 in the Notice.

The appointment of Mr. Kirat Patel as an Executive Director and the remuneration proposed to be paid or granted to him are in conformity with the provisions and requirements of Schedule XIII to the Companies Act, 1956. Accordingly no approval of the Central Government is required to be obtained to the appointment of Mr. Kirat Patel as an Executive Director.

Mr. Kirat Patel, aged 45, is B. Tech., Mechanical Engineering from Indian Institute of Technology, Mumbai and M.M.S. (Finance) from Jamnalal Bajaj Institute of Management, Mumbai and has been working with the Company since its inception. Prior to his appointment on the Board, he was Vice President - Operations.

The material terms of the draft agreement referred to in the resolution at item no. 7 of the notice are as under :

- a) Basic Salary of Rs.28,000/- per month
- b) **Housing 1:** Expenditure incurred by the company on hiring unfurnished accommodation will be subject to the ceiling of Rs. 15,000 /- per month.  
**Housing 2:** In case the accommodation is owned by the company, 10% of the salary shall be deducted by the company.  
**Housing 3:** In case no accommodation is provided by the company, a house rent allowance subject to the ceiling laid down in Housing 1 above shall be paid.
- c) **Medical reimbursement :** Reimbursement of actual medical expenses incurred for self and family not exceeding Rs. 10,000 /- per annum.
- d) **Leave Travel Concession :** Reimbursement of actual expenses for self and family once in a year to and fro to any place in India not exceeding Rs. 30,000 per annum.
- e) Premium on Personal Accident Insurance and premium on Mediclaim policy for self and family not exceeding Rs. 3,200 /- per annum.  
 For the purpose of perquisites listed at (c) (d) and (e), 'family' means the spouse, the dependent children and dependent parents.
- f) Free use of car and driver.

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- g) Telephone facilities at residence.
- h) **Provident Fund** : Company's contribution to Provident Fund/ Superannuation Fund not exceeding 25% of the salary.
- i) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- j) The Executive Director will be eligible for annual increments to his salary and perquisites at a rate not exceeding Rs.5000 /- per annum. The first annual increment shall accrue to him on 1st April 1998.
- k) The Company shall pay commission on net profits at such percent to the Executive Director as determined by the Board from year to year provided that the total commission shall not exceed 0.5 % of the net profits. In the event of loss or inadequacy of profits, he shall be paid the above remuneration, except commission on profits, provided that the total remuneration shall not exceed the ceilings mentioned in Schedule XIII of The Companies Act, 1956.
- l) The Executive Director shall be entitled, on full pay and allowances, as per rules of the company, not more than 36 day's leave per annum. The Leave accumulated but not availed of can be encashed by him. The other existing terms and conditions of employment of Mr. Kirat Patel shall remain unchanged.
- m) The Executive Director shall be entitled to be reimbursed in respect of all expenses incurred by him (including travelling, entertainment etc.) for and on behalf of the company.

As required under section 302 of The Companies Act, 1956, an abstract of the terms and conditions regarding the appointment of Mr. Kirat Patel as an Executive Director has been circulated to the members.

A copy of the agreement entered into between the company and Mr. Kirat Patel is open for inspection by the members during business hours at the Registered Office of the company.

Mr. Kirat Patel is interested in the Resolution since it relates to his own appointment.

**ITEM NO. 8**

Since the inception of the Company in the year 1979, no Director (except the Managing Director and Executive Director) is paid any remuneration and/or commission except sitting fees for attending the Meeting of the Board of Directors. Over the period of time, the business operations of the Company have substantially increased and as a result thereof the duties and responsibilities and the overall burden of the members of the Board have also gone up considerably. The expanding business activities of the Company require Directors to devote more time and attention. Hence, it is considered fair and proper to compensate the Directors (other than the Managing Director and the Executive Director) for the services rendered by them to the Company, by payment of appropriate amount by way of commission on the net profits of the Company.

The Board therefore proposes in accordance with the provisions of Section 309 of the Companies Act, 1956 and other applicable provisions of the said Act and the Articles of Association of the Company that the Directors (other than Managing Director and Executive Director) together be paid remuneration by way of commission at the rate not exceeding 1% of the net profit per year for a period of 5 years commencing from the accounting year beginning 1st April, 1997. The Directors recommend the approval of the Members to the Special Resolution as proposed.

All the Directors of the Company (except Mr. Yogesh M. Kothari, Mr. S. K. Mahapatra, Mr. K. P. Gupte and Mr. Kirat Patel) may be regarded as concerned or interested in the Resolution.

**ITEM NO. 9**

The Board of Directors, at their meeting held on June 27, 1997 recommended an issue of bonus shares in the proportion of one equity share for every one equity share held by the members on a date to be fixed by the Board by capitalizing a part of the Reserves. Under the Articles of Association of the company and the guidelines framed by SEBI for issue of bonus shares, it is necessary for the members to approve the issue



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of bonus shares.

Accordingly, the resolution at item 9 seeks the approval of the members to issue bonus shares on the terms and conditions set out in the resolution. The purpose of issuing the bonus shares is to bring the issued and paid up share capital of the company closer to the actual capital employed in the business.

The Directors may be considered to be interested in this resolution to the extent of the bonus shares that would be allotted to them.

**ITEM NO.10 & 11**

The present Authorised Capital of the Company is Rs.5,50,00,000/- ( Rupees Five Crores Fifty Lacs Only) divided into 47,00,000 (Forty Seven Lacs ) Equity Shares of rs.10/- each and 80,000 ( Eighty Thousand) Cumulative Redeemable Preference Shares of Rs.100/- each.

In view of the proposed Bonus issue and in view of the fact that the Company may in future be required to strengthen its Capital base by issue of further Equity Shares and/ or Convertible Debentures for its on going project in Kurkumbh or any future project which the Company may take up, it is proposed to increase the Authorised Share Capital from Rs. 5,50,00,000/- (Rupees Five Crores Fifty Lacs) to Rs.20,00,00,000/- (Rupees Twenty Crores only)

Consequential amendment will need to be made in Clause V (a) of the Memorandum of Association and Article 3(a) of the Articles of Association of the Company. The Resolution at Item 8 is proposed as Special Resolution in view of the provisions of Section 31 of the Companies Act, 1956.

A copy of the Memorandum of Association and Articles of Association together with the proposed ammendments refered to in the Resolution at Item Nos. 10 & 11 of the Notice will be available for inspection by the Shareholders at the Registered Office of the Company between 10 a.m. and 12.00 a.m. on any working day except Saturday.

**ITEM NO.12**

We have to create a second charge on our immoveable properties in favour of State Bank of India and Bank of Baroda, and such other Bank as may be joining in the consortium towards security for our working capital facilities not exceeding Rs.20 crores with them. We have also to create mortgage in favour of State Bank of Mauritius towards security for External Commercial Borrowing to the extent of US\$3 Million.

Since the mortgaging by the Company of its immovable and movable properties, as aforesaid, in favour of the Institutions/Banks may be regarded as disposal of the Company's properties / undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of the said charges/mortgages.

Registered Office :  
401-407, Nirman Vyapar Kendra  
Plot No.10, Sector 17, DBC,  
Vashi, Navi Mumbai 400 705  
Dated: June 27, 1997

By Order of the Board

**K. P. RAJAGOPALAN**  
Company Secretary

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## Alkyl Amines Chemicals Limited

**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have pleasure in presenting their Report and Audited Accounts of the Company for the year ended March 31, 1997.

**1. FINANCIAL RESULTS**

	<b>1996-97</b> <b>(Rs. in lacs)</b>	<b>1995-96</b> <b>(Rs. in lacs)</b>
Total Income	<b>4998.04</b>	4416.62
Gross sales	<b>4879.01</b>	4301.89
Other Income	<b>119.03</b>	114.73
Profit before depreciation & Taxation	<b>832.96</b>	611.99
Depreciation	<b>184.83</b>	128.74
Provision for taxation	<b>120.20</b>	—
Profit after taxation	<b>527.93</b>	483.25
Add : Balance Profit b/f	<b>531.54</b>	230.42
(Less)/Add: Adjustments relating to earlier years	<b>1.50</b>	(2.03)
Surplus available for appropriation	<b>1060.97</b>	711.64
Transfer to Capital Redemption Reserve	—	20.00
Transfer to Debenture Redemption Reserve	<b>35.56</b>	35.56
Transfer to Preference Shares Redemption Reserve	<b>2.78</b>	2.78
Transfer to General Reserve	<b>55.00</b>	50.00
Dividends :		
Paid on 11% Preference Shares redeemed	—	1.77
Provision for:		
Dividend on 14% Preference Shares	<b>3.50</b>	3.50
On Equity Shares	<b>75.00</b>	66.49
Tax on dividends	<b>7.85</b>	—
Balance profit Carried to Balance Sheet	<b>881.28</b>	531.53

**2. DIVIDENDS**

We are also pleased to recommend for your approval payment of dividend @ 25% on 3655765 Equity Shares. 996185 Equity Shares which were allotted on August 12, 1996 will be eligible for pro-rata dividend from the date of allotment and on the amount paid up.

We are pleased to recommend for your approval payment of dividend @ Rs.14/- per share (subject to tax) on 25,000-14% Preference shares of Rs.100/- each amounting to Rs.3.50 lacs.

**3. BONUS SHARES:**

We are also pleased to recommend for your approval issue of Bonus shares in the ratio of one equity share for every one equity share held by the shareholders on the record date to be fixed for this purpose.

**4. SHARE CAPITAL**

Pursuant to the provisions of the Letter of offer dated May 21, 1993, on August 12, 1996, 996,185 tradeable equity warrants were converted into equity shares of Rs. 10/- at a premium of Rs.30/- per share. With the proposed Bonus Issue, the paid up equity share capital is expected to be around Rs.731 lacs.

**5. OPERATIONS**

Aggregate sales for the year 1996-97 amounted to Rs. 4879 lacs compared to Rs.4302 lacs for the year ended March 31, 1996, an increase of 13%. The operations have resulted in a profit before tax of