

ANNUAL REPORT 1996-97



**AEGIS CHEMICAL
INDUSTRIES LIMITED**

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AEGIS CHEMICAL INDUSTRIES LIMITED

BANKERS

Bank of Baroda
Dena Bank
Banque Indosuez

SOLICITORS & ADVOCATE

Little & Co., Mumbai

AUDITORS

C. C. Chokshi & Co., Mumbai
Chartered Accountants

REGISTERED OFFICE & PETROCHEM WORKS

National Highway No. 8,
Vapi-396 195,
Dist. Valsad,
Gujarat State.

CORPORATE & ADMINISTRATIVE OFFICE

Baldota Bhavan,
117, Maharshi Karve Marg,
Mumbai-400 020
Tel.: 022-2032059 Fax: 022-2062543

CHEMICAL STORAGE INSTALLATION

Trombay,
Mumbai-400 074.

OLEOCHEMICALS WORKS

Plot No. E-11,
Additional Jalgaon Industrial Area,
Jalgaon-425 001.

REGISTRAR & TRANSFER AGENTS

IIT Corporate Services Ltd.,
IIT House, Near Vazir Glass Works,
Off M. V. Road, J. B. Nagar,
Andheri (E), Mumbai-400 093.
Working hours: 9-30 to 12-45 and 1-30 to 3-00.
Except Saturday, Sunday and Holiday.
Tel.: 022-8225599 — Fax 022-8215352.

BOARD OF DIRECTORS**CHAIRMAN**

K. M. Chandaria

VICE-CHAIRMAN

A. M. Chandaria

MD	/		BKC	/
CS	/		DPY	/
RO	/		DIV	/
TRA	/		AC	/
AGM	/	/	SHI	/
YE	/	/		/

DIRECTORS

R. P. Chandaria

R. R. Khimasia

S. R. Khimasia

S. V. Ghatalia

C. M. Shah

S. S. Kumar

L. M. Shah (*Alternate to Shri A. M. Chandaria*)

R. K. Chandaria (*Alternate to Shri R. P. Chandaria*)

PRESIDENT

S. K. Hazra

COMPANY SECRETARY

P. Naithani

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Please address all correspondence regarding share transfer work to the Registrar & Transfer Agents and not to the Company's Registered Office.

Members are requested to bring their copy of the Annual Report to the Annual General Meeting.



AEGIS CHEMICAL INDUSTRIES LIMITED

AEGIS CHEMICAL INDUSTRIES LIMITED

National Highway No. 8, Vapi, Dist. Valsad, Gujarat State, 396 195

NOTICE

NOTICE is hereby given that the FORTIETH Annual General Meeting of the Members of AEGIS CHEMICAL INDUSTRIES LIMITED will be held at Pritam's Vapi Hotel, National Highway No. 8, Near G.I.D.C., Char Rasta, Vapi 396 195, Dist. Valsad, Gujarat State on Friday 28th November, 1997 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri Satish Khimasia who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.S. Kumar who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri S.V. Ghatalia who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS
ITEM NO. 7

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

"RESOLVED THAT in partial modification of the Resolution passed by the Members under Section 293(1)(e) of the Companies Act, 1956 in the 38th Annual General Meeting held on 27th September, 1995, the consent under Section 293(1)(e) of the Companies Act, 1956 be and is hereby accorded to the Board of Directors of the Company to contribute and subscribe during each Financial year commencing on or after 1st April, 1997 on behalf of the Company to Charitable and other funds not directly relating to the business of the Company or Welfare of its employees, provided however that the aggregate amount of such contribution shall not in any one financial year exceed Rs. 34 lakhs or 5% of its average net profit as determined in accordance with the provisions of Section 349 and 350 of the said Act, during three financial years immediately preceding, whichever is higher."

"FURTHER RESOLVED THAT excess contribution made to Charitable and other funds during the financial year 1996-97 of Rs. 6.41 lakhs be and is hereby approved, ratified and confirmed."

By Order of the Board of Directors

P. NAITHANI
Company Secretary

Mumbai

Dated: 21st August, 1997

NOTES:

1. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Special Business mentioned in Item No. 7 of the above Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

A proxy form in order to be effective must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting.

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3. Certified copy of the order dated 2nd April, 1997, passed by the High Court of Gujarat at Ahmedabad is available for inspection of Members at the Registered Office of the Company on any working day between 11.00 A.M. and 1.00 P.M.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday 7th November, 1997 to Thursday 27th November, 1997 (both days inclusive).
5. In case there is any correction/change in the address registered with the Company, the Members are requested to communicate immediately the same to the Company's Registrar and Transfer Agents M/s. IIT Corporate Services Limited, IIT House, Near Vazir Glass Works, Off M.V. Road, J.B. Nagar, Andheri (East), Mumbai 400 059.
6. Payment of dividend, if declared, will be made to those Members whose names appear on the Register of Members of the Company as on 27th November, 1997. Members are requested to intimate Dividend mandate to the Registrar and Transfer Agent on or before 20th November, 1997.
7. The dividend remaining unclaimed or unpaid for the Financial year ended on 31st March, 1994 is due to be transferred to the General Revenue Account of the Central Government on or before 15.11.1997 in terms of Section 205-A of the Companies Act, 1956. The Members can claim the same after 15.11.1997 from the Registrar of Companies, Gujarat, Ahmedabad.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956****ITEM NO. 7**

The Members in the 38th Annual General Meeting held on 27th September, 1995 approved contribution for Rural Development and to other charitable Institutions upto Rs. 24 lakhs or 5% of the average net profits as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956, during the three financial years immediately preceding, whichever is higher in any financial year. It is considered desirable by your Directors to continue to assist Rural Development and to the Charitable Institutions with increased monetary limit from Rs. 24 lakhs to Rs. 34 lakhs subject however to 5% of the Company's average net profits as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956, during three financial years immediately preceding, whichever is higher. The said increase is considered expedient in view of the merger of erstwhile Amit Alcohol & Carbon Dioxide Limited (AMIT) with the Company with effect from 1st April, 1996 as the erstwhile Amit had also been contributing since 1st April, 1996 to the Rural Development and other charitable purposes upto a monetary limit of Rs.10 lakhs.

During the financial year 1996-97 total donations made by the Company is Rs. 30.41 lakhs out of which Rs. 7.23 lakhs has been made by erstwhile Amit Alcohol & Carbon Dioxide Ltd. Thus there is excess donation of Rs. 6.41 lakhs from the limit provided by the above mentioned resolution. The resolution seeks the ratification of the donation made during the financial year 1996-97. The excess contribution has arisen as a result of amalgamation of accounts of Amit with those of the Company consequent upon the Amit's amalgamation with the Company.

The Resolution referred to above passed in the 38th Annual General Meeting is available for inspection by the Members of the Company at the Registered Office of the Company between 11.00 A.M. and 1 P.M. except Sunday and Public/Bank Holidays until the date of the Annual General Meeting.

None of the Directors of the Company is concerned or interested in the said Resolution.

By Order of the Board of Directors

P. NAITHANI
Company Secretary

Mumbai
Dated: 21st August, 1997



AEGIS CHEMICAL INDUSTRIES LIMITED

DIRECTORS' REPORT

To the Members of the Company

The Directors have pleasure in presenting the 40th Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 1997.

OPERATIONS AND PERFORMANCE

Some of the highlights of the year as listed below :

- Sales of your Company increased by 18% as compared to the previous year.
- Gross Profit before interest and depreciation for the year was Rs. 19.32 Crores as compared to Rs. 23.54 Crores in the previous year.
- The Net profit after extraordinary Items was Rs. 5.00 Crores compared to Rs. 5.32 Crores in the previous year.
- The reasons for reduction in Gross profit and as well as net profit of the Company was due to lower realisation on exports of Fatty Alcohols. There was a reduction in the price of Pentaerythritol due to reduction in Import duty levied by the Government.

FINANCIAL RESULTS

	(Rs. in Crores)	
	Current Year	Previous Year
Gross Turnover	114.09	96.09
Gross Profit (before Interest & Depreciation)	19.32	23.54
Interest	(7.11)	(7.85)
Gross Profit after Interest but before Depreciation	12.21	15.69
Depreciation	(3.84)	(2.66)
Profit before Tax	8.37	13.03
Provision of Taxation	(3.37)	(1.30)
Profit before Extraordinary Items	5.00	11.73
*Extraordinary Items after adjusting from General Reserve	—	(6.41)
Profit after Extraordinary Items	5.00	5.32
Balance in Profit & Loss Account B/F (including Rs. 1.19 Crores of erstwhile AMIT)	6.83	6.58
PROFIT AVAILABLE FOR DISTRIBUTION	11.83	11.90
Appropriations are as under :		
Debenture Redemption Reserve	—	1.34
General Reserve	0.60	1.25
Dividend	1.71	3.67
Additional tax on Distributed Profits	0.17	—
Balance carried to Balance Sheet	9.35	5.64
	11.83	11.90

*DECAPITALISATION OF INTEREST OF RS. 2.78 CRORES AND PROVISION OF EXTRA AND MULTIPLE SHIFT DEPRECIATION ON PLANT AND MACHINERY INSTALLED UPTO 31.3.93 RS. 1.35 CRORES IN ERSTWHILE AMIT ALCOHOL & CARBON DIOXIDE LTD. MERGED WITH AEGIS.

DIVIDEND

The Directors are pleased to recommend the Equity dividend of Rs. 1.25 per share (previous year Rs. 3.00 per share). The dividend on 11,83,400 equity shares allotted to the Shareholders of Amit Alcohol & Carbon Dioxide Ltd., pursuant to Scheme of Amalgamation and High Court Order of Gujarat at Ahmedabad dated 2.4.97 shall be on *pari passu* basis.

PROSPECTS**PETROCHEM DIVISION**

The Division has continued to perform satisfactorily with full capacity utilisation in all plants. However, competition from both Foreign and Domestic manufacturers was strong and is expected to continue as such. The Company is in process of finalising a Joint Venture for the manufacture of Pentaerythritol, which will enhance the capacity to 15,000 MTS per annum, with the latest technology. The proposed joint venture partner Perstorp AB of Sweden, is the World leader in Pentaerythritol technology.

CHEMICAL STORAGE DIVISION

The Division has shown a satisfactory performance during most of the year with the exception of the first quarter, when both imports and exports were affected by the prevailing political and economic uncertainty in the country. The division continues to face competition from new terminals at JNPT but the Management is confident of maintaining the profitability of this activity.

OLEOCHEMICALS DIVISION

The Division has consolidated the gains made in the previous year in terms of production and sales. However, due to stiff competition in the export and domestic market, no major changes are expected in performance of this division.

FIXED DEPOSITS

Fixed Deposits received from shareholders, employees and public in general as at the close of the financial year amounted to Rs. 102.67 lakhs. Deposits of Rs. 3.31 lakhs which fell due for repayment before the close of the financial year remained unclaimed by the depositors at the close of the accounting year. There were no overdue deposits other than those unclaimed at the year end.

DIRECTORS

Shri R.S. Khimasia and Shri K.S. Khimasia have resigned from the Directorship and in their place Shri Ramesh R. Khimasia and Shri Satish R. Khimasia were appointed in the casual vacancies. The Board records its sincere appreciation for the valuable contribution made by Shri R.S. Khimasia and Shri K.S. Khimasia during their tenure as Directors of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Satish R. Khimasia, Shri S.S. Kumar and Shri S.V. Ghatalia retire by rotation and are eligible for re-appointment.

MERGER

Pursuant to the scheme of Amalgamation approved by the Members and Order of High Court of Gujarat at Ahmedabad dated 2.4.97, Amit Alcohol & Carbon Dioxide Ltd. (AMIT) has been merged with the Company. Further pursuant to the Order of High Court, Company has allotted 11,83,400 Equity Shares of Rs. 10/- each to the Shareholders of AMIT in the ratio of one equity share for every four equity shares of AMIT.

AUDITORS

The auditors of the Company, M/s. C.C. Chokshi & Co., Chartered Accountants, Mumbai, retire and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are attached herewith in Annexure I and forms part of this report.



AEGIS CHEMICAL INDUSTRIES LIMITED

	Current Year Apr '96-Mar '97	Previous Year Apr '95-Mar '96
3. Furnace Oil		
Quantity (KL)	13,636	9,205
Total Cost (Rs.)	8,69,80,777	4,96,39,772
Average Rate Rs./KL	6,379	5,393
4. Others (LSHS-FUEL)		
Quantity (MT)	N.A.	N.A.
Total Cost (Rs.)	N.A.	N.A.
Average Rate Rs./MT	N.A.	N.A.

FORM B

1. Specific areas in which R&D carried out:-
 - (a) Yield improvement
 - (b) Quality improvement
 - (c) Process debottlenecking
 - (d) Product diversification
 - (e) Cost reduction
 - (f) Energy Saving
2. Benefits have been derived in these areas.
3. Future plans:
 - To work on catalyst system.
 - To work on resin system for colour improvement.
 - To work on synthesis yield on Penta.
 - To produce Formic Acid.
 - The dipentaerythritol successfully separated and planning is now being done for setting up of a production unit.
4. Expenditure of R & D: Details are given in Schedule-18, Note No. B-8.
5. Technology Absorption, Adaptation and Innovation
 - (i) Efforts in brief made towards Technology, Absorption, Adaptation and Innovation:
Continuous efforts being made to improve quality, grades of Pentaerythritol, Industrial Alcohol and Fatty Alcohols for local and export market.
 - (ii) Benefits derived as a result of above efforts: Quality of Pentaerythritol and Fatty Alcohols manufactured by Aegis is widely accepted in International market.
 - (iii) Information regarding technology imported during last five years: Not applicable.
6. The division R & D laboratories are recognised by Department of Scientific and Industrial Research, Ministry of Science and Technology.

For and on behalf of the Board

K. M. CHANDARIA
Chairman

Mumbai

Dated: 21st August, 1997