

A E G I S
C H E M I C A L
I N D U S T R I E S
L I M I T E D

A N N U A L R E P O R T
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BOARD OF DIRECTORS

CHAIRMAN

K. M. CHANDARIA

VICE-CHAIRMAN

R. K. CHANDARIA

DIRECTORS

A. M. CHANDARIA

R. P. CHANDARIA

R. R. KHIMASIA

S. R. KHIMASIA

C. M. SHAH

S. S. KUMAR

V. B. GANGAR

D. J. KHIMASIA

R. J. KARAVADIA

KANWALJIT NAGPAL

(Alternate to Shri A. M. Chandaria)

MANAGING DIRECTOR

S. K. HAZRA

COMPANY SECRETARY

A. CHANDARANA

BANKERS

Bank of Baroda
Dena Bank

SOLICITORS & ADVOCATE

Little & Co., Mumbai

AUDITORS

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

REGISTERED OFFICE

502, 5th Floor,
Skylon Co-op. Hsg. Soc. Ltd.,
G.I.D.C., Char Rasta,
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

LIQUID TERMINAL DIVISION

Trombay,
Mumbai-400 074.

CHEMICAL DISTRIBUTION DIVISION

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-400 059.
Working hours: 9-30 to 12-45 &
1-30 to 3-00
Except Saturday, Sunday and Holiday,
Tel.: 022-8225599 – Fax : 022-8215352

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.

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HIGHLIGHTS FOR THE YEAR	
PROFIT AFTER TAX UP BY	49%
EBITDA (Rs. in crores)	10.49
EPS (Rs.)	2.24
ROCE AT	5%

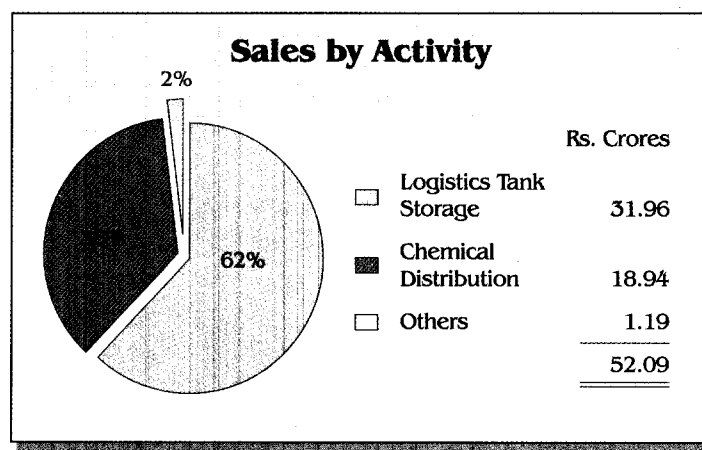
MANAGEMENT REVIEW

Aegis is a leader in logistics, storage and distribution of petroleum, gas and chemicals. With a 90,000 KL port installation at Mumbai and operation of a 20,000 MT Cryogenic Liquefied Petroleum Gas (LPG) Terminal, the Company is a key service provider in the supply chain for the automobile, steel, glass, ceramic, chemical and petrochemical sectors in India.

The Company's strategy is to expand its core liquid and gas storage business, increase stability of revenues through long-term contracts, acquire new sites for greenfield port terminal projects in Mumbai and other sites and grow in new markets such as oil and gas distribution.

FINANCIAL HIGHLIGHTS

Pre-tax profits increased by 23% compared to last year to 532 lakhs and net income after tax rose by 49% to 328 lakhs. Net Profit margins were 6% and Return on Capital Employed (ROCE) was 5% for the year. The Debt to Equity Ratio was reduced to 0.24 and Earnings per share has increased to Rs. 2.24 from Rs. 1.61 last year.



MAJOR DEVELOPMENTS DURING THE YEAR

The Company decided to expand the installed capacity of the Liquid Terminal Division by 40% in a major project. This is scheduled for completion in 2001/2 and will give Aegis a market leading position in western India in the logistics and distribution sector.

The Company also decided to enter into the marketing and distribution of LPG to industrial, commercial and domestic customers by using the fully refrigerated LPG storage facility of Hindustan Aegis LPG Bottling Company Ltd. in Mumbai. With the proposed dismantling of the

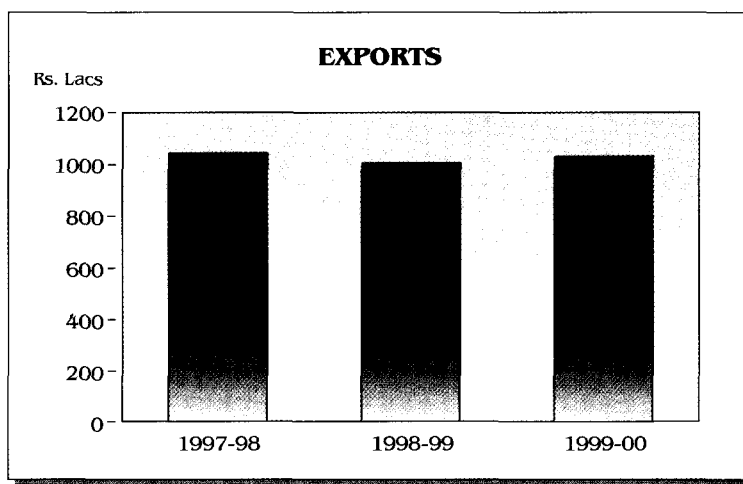
Administered Price Mechanism (APM) in 2002, the prospects for growth in LPG demand are good. Also, the Company is exploring the possible use of LPG in cars and taxis in view of the Union Cabinet decision to allow LPG in automobiles.

A new web-site aegisindia.com was set up during the year.

Finally, in view of the core focus on logistics and distribution, the Company has decided to change its name from Aegis Chemical Industries Ltd. to Aegis Logistics Ltd.

EXPORTS

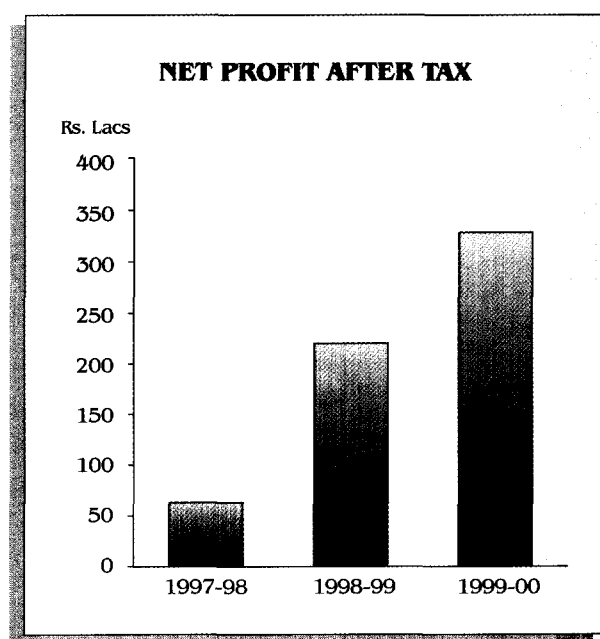
The Chemical Distribution Division has seen another good year with continuing penetration of oleochemical markets in the cosmetics sector in Japan, Europe and Latin America. The Company has also been approved as a Global Supplier by a Swiss Speciality Chemicals firm for an additive product.



SAFETY, HEALTH AND THE ENVIRONMENT

The Company is setting industry standards in the field of Safety and Environment Management at the terminal in Trombay. The Company has acquired substantial expertise in the field of Safety and Environment Management and has tied up with M/s. Entec Ltd., U.K. (formerly Cramer & Warner), a world leader in the field of Safety & Environment Management for offering comprehensive services to the processing industries in India.

The Company is also developing specialised software in the field of Safety and Environment and intend to market the same shortly.



CHARITY AND PHILANTHROPY

The Company continues to support the activities of ANARDE Foundation. ANARDE is involved in poverty eradication in rural areas of India.

FUTURE PROSPECTS

The Company expects to see strong growth in demand for logistic and distribution services in the next five years, with construction of world-scale petrochemical crackers in Maharashtra requiring critical feedstock and fuel linkages and greater use of petroleum, gas and chemicals by the automobile, steel, ceramic, chemical and power industries in western India.

3 Years Performance

(Rs. in Crores)

	1997/98	1998/99	1999/2000
Operating Results			
Sales and Other Income	105.68	67.52	54.66
Earnings before Interest, Tax, Depreciation, Provisions	9.35	10.85	10.49
Interest	4.10	3.19	2.21
Depreciation	3.98	3.34	2.96
Profit before tax	1.27	4.32	5.32
Tax	0.64	2.12	2.04
Profit after tax	0.63	2.20	3.28
Financial Position			
Capital	13.52	13.52	14.87
Reserves (less Revaluation Reserve)	25.26	33.33	37.28
Net Worth	38.78	46.85	52.15
Long Term Debt	25.76	14.42	12.48
Total Capital Employed	64.54	61.27	64.63
Net Fixed Assets (excl. revaluation reserve)	46.29	29.10	31.64
Investments	0.03	13.20	13.14
Net Working Capital	18.22	18.97	19.85
Total Net Assets	64.54	61.27	64.63
Ratios			
PAT to Net Sales %	0.60	3.26	6.00
Return on Capital Employed %	0.98	3.59	5.08
Debt: Equity	0.66	0.31	0.24
Current Ratio	1.18	1.69	2.18
EPS	0.46	1.61	2.24

AEGIS CHEMICAL INDUSTRIES LIMITED

502, 5th Floor, Skylon Co-op. Hsg. Soc. Ltd., G.I.D.C, Char Rasta,
Vapi – 396 195, Dist. Valsad, Gujarat State.

NOTICE

NOTICE is hereby given that the 43rd Annual General Meeting of the Members of AEGIS CHEMICAL INDUSTRIES LIMITED will be held at Hotel Galaxy Inn, National Highway No. 8, Near Koparli Cross Road, G.I.D.C., Vapi – 396 195, Dist. Valsad, Gujarat State on Friday, 22nd September, 2000 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, 2000 and 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 S. S. Kumar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S. R. Khimasia who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT subject to the provisions of Section 17 and all other applicable provisions of the Companies Act, 1956, the Objects Clause III of the Memorandum of Association of the Company be altered in the manner following :-

- (i) by adding after sub-para (a) of paragraph (1), the following as sub-para (aa) :-

(aa) To carry on the business of importers, purchasers, sellers, suppliers and distributors of petroleum and petroleum products and oil and oil products of every type and to carry on all related activities including providing terminal, storage and distribution facilities.

- (ii) by adding after paragraph (4), the following as paragraphs (4A) and (4B) :-

(4A) To design, modify, develop and manufacture, assemble and deal in computers, computer hardware and software, word processing and peripheral equipment; to provide a technical and advisory services for users and potential users of computers, word processors and other electric and automatic equipment; to device and supply programmes and other software with such users; to develop and put to profitable use information technology.

(4B) To act as business consultants, market research consultants, risk management consultants and generally to undertake and execute agencies and commissions of any kind.

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 149(2A) of the Companies Act, 1956, approval be given to the commencement by the Company, of new businesses as provided in new paragraphs (4A) and (4B) of Clause III of the Memorandum of Association of the Company."

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the company be altered as follows :-

- (A) Article 2 shall be altered to include the following definitions at appropriate places :-
- (ia) 'Beneficial Owner' shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.
 - (iia) 'Depositories Act, 1996' shall include any statutory modification or re-enactment thereof; and
 - (iiib) 'Depository' shall mean a Depository as defined in clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.
- (B) In Article 2 clause (vii), the definition of 'Member' shall be altered as follows :-
- 'Member' means the duly registered holder from time to time of the shares of the Company and includes the subscribers to the Memorandum of the Company and the beneficial owner as defined above.
- (C) Article 4 shall be substituted by the following as new Article 4 :-
4. The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Company may also keep a Foreign Register of Members and debenture-holders.
- (D) After Article 4, the following shall be added as new Article 4 A :-
- 4A. Save as herein otherwise provided, the Company shall be entitled to treat the person whose names appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent, future or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.
- No notice of any trust, express, implied or constructive shall be entered in the Register of Members or of debenture holders.
- (E) Article 15(1) shall be altered by adding at the end the words 'Provided however, that no share certificate(s) shall be issued in respect of the shares held in Depository.
- (F) A new Article 18A shall be inserted after existing Article 18 as under :-
- 18A. The Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities held in the Depositories and/or to issue its fresh shares, debentures and other securities, in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.
- (G) In Article 45 the words "held in material form" shall be inserted at the end.
- (H) After Article 53, the following shall be inserted as Articles 53A and 53B with the marginal notes :-
- | | |
|-------------------------------|--|
| Nomination by
shareholders | 53A. A holder or joint holders of shares in or debentures (including fixed deposit holder under Section 58A of the Companies Act, 1956), of the company may nominate, in accordance with the provisions of Section |
|-------------------------------|--|

109A of the Companies Act, 1956, (including amendment thereto or any re-enactment thereof) and in the manner prescribed thereunder, any person to whom all the rights in the shares in or debentures of the Company shall vest in the event of death of such holder(s). Any nomination so made shall be dealt with by the Company in accordance with and in manner prescribed under the provisions of Section 109B of the Companies Act, 1956 or any other statutory modification or re-enactment thereof for the time being in force.

Transmission
of securities
by nominees

53B. A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided :-

- (i) elect, either to be registered himself/herself as holder of the share or debenture or to make such transfer of the share or debenture as the deceased shareholder or debenture holder, as the case may be, could have made.
- (ii) If the nominee elects to be registered as holder of the share or debenture, himself/herself, as the case may be, he/she shall deliver or send to the Company a notice in writing signed by him/her stating that he/she so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be;
- (iii) A nominee, upon becoming entitled to a share or debenture by reason of the death of the holder, shall be entitled to the same dividends and other advantages to which he/she would be entitled to, if he/she were the registered holder of the share or debenture except that he/she shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself/herself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

(I) A new Article 60A shall be inserted after the existing Article 60 as under :-

60A. In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

(J) After Article 67, the following shall be inserted as new Article 67A with the marginal note :-

Power to issue
shares with
differential rights 67A. The company shall have power to introduce a voluntary scheme of stock option for all permanent/regular employees and executives who are not of a casual/daily wage nature, in pursuance thereof, subject to the applicable rules and procedure.

(K) After Article 68, the following be inserted as new Article 68A :-

68A. Notwithstanding anything containing in these Articles but Power of the Company to buy back its own securities subject to the provisions of Sections 77A, 77AA, 77BB and Section 217 (2B) of the Act, the company shall have power to buy-back its shares or other specified securities out of its free reserves or its securities premium account or from the proceeds of any shares or other specified securities; Provided that no buy-back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or the same kind of other specified securities.

(L) After Article 70, the following be inserted as Article 70A :-

70A. (a) Every person subscribing to securities offered by or acquiring or holding securities of the Company shall have the option to receive and hold security certificates or to

hold the securities with the Depository. Such a person who is the Beneficial Owner of the securities can at anytime opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the rules and regulations made thereunder and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required certificates of securities.

- (b) If a person who has entered into an agreement under Section 5 of the Depositories Act, 1996 opts to hold the security with the Depository, the Company, in case of a new security to be allotted, on allotment and in case of an existing security on surrender of the certificate of security by the holder and on cancellation thereof by the Company, intimate the Depository the details of such allotment of the new security or dematerialisation of an existing security. On receipt of the information the Depository shall enter in its record the name of the allottee or the holder as the case may be as the Beneficial Owner of the security.
- (c) All securities held by the Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to the Depository in respect of the securities held by the Depository on behalf of the Beneficial Owners.
- (d) (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting the transfer of ownership of the security on behalf of the Beneficial Owner.
- (ii) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (iii) Every person whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his/her securities which are held by the Depository.
- (e) Notwithstanding anything in the Depositories Act, 1996 or these Articles to the contrary where the securities are held by a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
- (f) Nothing contained in Section 108 of the Companies Act, 1956, or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
- (g) Notwithstanding anything in the Companies Act, or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
- (h) The Register and Index of Beneficial Owners, maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a part of the Register and Index of Members for the purposes of these Articles.
- (M) In Article 120(1) delete the reference to "Section 372" and substitute in its place the words "Section 372A".
- (N) In Article 13a(18) delete the references to Sections "370" and "372" and substitute it with Sections "370A" and "372A"

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

"RESOLVED THAT the name of the Company be changed from Aegis Chemical Industries Ltd. to Aegis Logistics Ltd."