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A S H O K   A L C O - C H E M   L I M I T E D



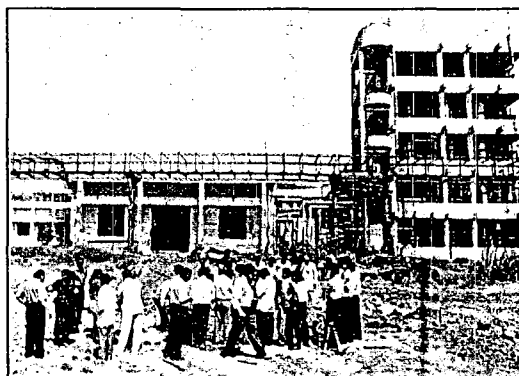
↔ Mr. Ashok M. Kadakia, *Chairman* answering shareholders' questions at the 4th Annual General Meeting.

*Seated next to him are*

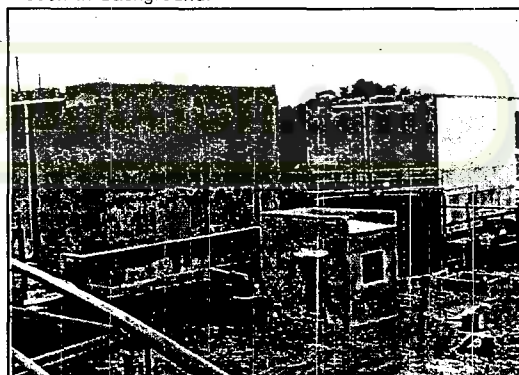
Dr. Anil M. Kadakia, Mr. Pankaj M. Kadakia,  
Mr. Harish N. Motiwala, Mr. Harish C. Pandya,  
Maj.Gen.R.K.Gupte(Retd.) Mr. Vipin P. Shah,  
Mr. Raj R Nangrani.



Recycled water from Effluent Treatment Plant put to agricultural purpose, with Distillery seen in background.↑



↑ Foundation being laid for Ester and Acid Recovery Plants at Mahad, with existing Acetic Acid Plant seen in background.



↑ Secondary Effluent Treatment Plant operating on energy-saving Trickling Filter



↔ Partial view of Employees' Housing Colony at Mahad.

**BOARD OF DIRECTORS**

ASHOK M. KADAKIA *Chairman*  
 PANKAJ M. KADAKIA *Vice Chairman*  
 DR. ANIL M. KADAKIA  
 MASASHIGE KATSU TAMBE  
 HARISH N. MOTIWALLA  
 PRAMOD M. CHAUDHARI  
 RAJ R. NANGRANI  
 HARISH C. PANDYA  
 DILIP K. PATEL *Nominee SICOM Ltd.*  
 VIPIN P. SHAH *Alternate to M. K. Tambe*  
 MAJ. GEN. K. M. UPADHYAYA *(Retd.) AVSM*  
 PRATAP R. MERCHANT

**VICE PRESIDENT (FINANCE)  
& COMPANY SECRETARY**

KARTIK H. SHUKLA

**BANKERS**

DENA BANK

**AUDITORS**

N. P. PATWA & CO. Mumbai  
*Chartered Accountants*

**SOLICITORS**

MULLA & MULLA & CRAIGIE  
 BLUNT & CAROE  
 Mumbai

**REGISTERED OFFICE**

406, Sharda Chambers,  
 33, New Marine Lines,  
 Mumbai-400 020.

**PLANTS**

ACETIC ACID UNIT  
 Plot No. A-22/2/1,  
 Mahad Industrial Area,  
 Village Kamble,  
 Mahad 402 301,  
 Dist. Raigad, Maharashtra,

DISTILLERY  
 Walchandnagar 413 114,  
 Dist. Pune, Maharashtra.

**SHARE TRANSFER AGENTS**

CONSOLIDATED SHARE SERVICES P. LTD.  
 Shanti Nagar, Cross Road A,  
 Near MIDC Bus Depot.  
 MIDC, Andheri (East), Mumbai - 400 093.  
 Phones : 837 1421 - 23, 821 3888  
 Fax : 838 13 84

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

# The Group



Saga of Kadakia Group began in early sixties with foray in Chemicals. The strong base of experience and expertise gave birth to a corporate entity **Ashok Organic Industries Limited** in the year 1973. Today, the corporate has blossomed into a conglomerate producing range of Organic and Inorganic chemicals at multiple locations. Synergy generated through integrated product lines adds values to produce high quality products from low cost materials.

In its **Silver Jubilee Year**, Ashok Organic has a distinct position in the Chemical world and ranks among India's Top 500 Corporate Giants

The vision of **Founder Chairman Late Shri Manilal Harilal Kadakia "Papaji"** to create an Organisation with a sense of kinship and belonging has nurtured the workforce into a Parivar.

The process of liberalisation and globalisation has been welcomed as an opportunity and challenge rather than the compulsion to cope with. Foresight and Pragmatic approach, with deep-rooted concern for environment, have been successfully leading the group to the Twenty-first century.

## C O N T E N T S

Notice .....	3
Directors' Report .....	6
Auditors' Report .....	10
Balance Sheet .....	12
Profit and Loss Account .....	13
Schedules to Balance Sheet .....	14
Schedules to Profit and Loss Account .....	17
Significant Accounting Policies .....	19
Notes on Account .....	20



## NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the members of ASHOK ALCO-CHEM LIMITED will be held at Walchand Hirachand Hall, Indian Merchants' Chamber, Churchgate, Mumbai - 400 020, on Friday, the 27th June, 1997, at 12.00 noon to transact the following business:

1. To receive, consider and adopt the Directors' Report and the audited Profit & Loss Account of the Company for the year ended 31st March, 1997 and the Balance Sheet as at that date.
2. To appoint a Director in place of Mr. Masashige Katsu Tambe who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Harish C. Pandya who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

### SPECIAL BUSINESS

5. To appoint Maj. Gen. K.M. Upadhyaya (Retd.) as a Director of the Company.
6. To appoint Mr. Pratap R. Merchant as a Director of the Company.
7. To consider and, if thought fit, to pass, with or without modifications, as an Ordinary Resolution, the following:

"RESOLVED THAT pursuant to the provisions of Section 94 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 5,00,00,000/- (Rupees five crores) divided into 50,00,000 (fifty lacs) Equity Shares of Rs. 10/- each to Rs. 7,00,00,000/- (Rupees seven crores) divided into 50,00,000 (Fifty lacs) Equity Shares of Rs. 10/- each and 20,00,000 (twenty lacs) 11% Cumulative Redeemable Preference Shares of Rs. 10/- each".

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

"RESOLVED THAT pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the Company be and it is hereby altered by deleting the following words and figures:

"The Authorised Share Capital of the Company is Rs. 5,00,00,000/- (Rupees five crores) divided into 50,00,000 (Fifty lacs) Equity Shares of Rs. 10/- (Rupees ten) each with the rights, privileges and conditions attached thereto by the Articles of Association of the Company for the time being with power to increase and reduce the capital and to sub-divide for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company to vary,

modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, provided by the Articles of Association for the time being, and substituting therefor, the following:

"The Authorised Share Capital of the Company is Rs. 7,00,00,000/- (Rupees seven crores) divided into 50,00,000 (Fifty lacs) Equity Shares of Rs. 10/- (Rupees Ten) each and 20,00,000 (Twenty lacs) 11% Cumulative Redeemable Preference Shares of Rs. 10/- (Rupees Ten) each with the rights, privileges and conditions attached thereto by the Articles of Association of the Company for the time being with power to increase and reduce the capital and to sub-divide for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, Provided by the Articles of Association for the time being".

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 3 of the Articles of Association of the Company be and it is hereby altered by deleting the following words and figures:

"The Authorised Share Capital of the Company is Rs. 5,00,00,000/- (Rupees Five crores only) divided into 50,00,000 (Fifty lacs only) Equity Shares of Rs. 10/- (Rupees ten) each" and substituting therefor, the following:

"The Authorised Share Capital of the Company is Rs. 7,00,00,000/- (Rupees seven crores) divided into 50,00,000 (Fifty lacs) Equity Shares of Rs. 10/- (Rupees Ten) each and 20,00,000 (Twenty lacs) 11% Cumulative Redeemable Preference Shares of Rs. 10/- (Rupees Ten) each."

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

"RESOLVED THAT in accordance with Section 81 (I-A) and other applicable provisions of the Companies Act, 1956 and subject to the relevant provisions of the Memorandum and Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board to issue/allot such number of Cumulative Redeemable Preference Shares of Rs. 10/- each redeemable within a period of 10 years from the date of issue to such person(s) or body (ies) corporate, other than the existing shareholders, as may be decided by the Board of Directors of the Company".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to determine the exact number of the Preference Shares to be issued and to negotiate, finalise, decide or fix the terms and conditions governing the



issue or redemption of the preference shares and/or to make such amendments, modifications, variations and alterations in the terms and conditions governing the issue of the Preference Shares as the financial institutions and/or other body(ies) and/or any other authority may stipulate in that behalf".

"RESOLVED FURTHER THAT for the purpose of giving effect to the above the Board be and is hereby authorised to take all such actions and give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the offer, issue and allotment of the Preference Shares and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in this connection".

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

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to mortgage and/or charge subject to the existing charges in favour of lenders all the immovable and movable properties, present and future of the Company wheresoever situated and/or the whole of the undertaking of the Company, together with the power to take over the management of the business and concern of the Company in certain events or to create a charge or hypothecate the tangible movable assets of the Company, including movable machinery, spares, present and future and create such mortgage/charge in such form and manner as the Board of Directors may determine for the purpose of securing any debentures or any other long term loans raised from time to time, together with interest thereon, any further interest, if any, remuneration of trustees, costs, charges and all other monies payable to the trustees or lending institutions".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to prepare, finalise and execute with the trustees/lending institutions, documents, deeds, writings and agreements as may be necessary for creating mortgage and/or charges as aforesaid and to do all such act, deeds, matters and things as may be necessary and or expedient for giving effect to this resolution".

By Order of the Board,

Kartik H. Shukla

Vice President (Finance)  
& Company Secretary

Mumbai,  
9th May, 1997.

#### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll vote instead of him/her. A proxy need not be a member. Proxies in order to be effective, must be received by the Company at its Registered Office not later than 48 before the commencement of the Meeting.
2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the items of Special Business is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 21st June, 1997 to Friday, the 27th June, 1997 (both days inclusive).
4. Members are requested to notify changes, if any, in their address to the Registrars and Share Transfer Agents at the earliest.
5. Members are requested to handover the enclosed Attendance Slip, duly signed in accordance with their specimen signatures registered with the Company, for admission to the meeting hall.
6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, Unclaimed Dividend, the details of which are given hereunder will be transferred to the General Revenue Account of the Central Government:

Year	Per cent (per annum)	Date of Declaration/ Disbursement(Interim)
1994-95...	1st Interim 12	26.12.1994
	2nd Interim 15	30.03.1995
	Final and 7	27.07.1995
1995-96	1st Interim 8	
	15	25.03.1996
	2nd Interim 20	
	Final 7	11.06.1996

In view of this, Shareholders who may not have collected the Dividend(s) should claim payment thereof from the Company by returning the relevant Dividend Warrant(s) of the relevant period at the earliest

7. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary at least seven days in advance of the Meeting so that the information required can be made readily available at the Meeting.

## ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to sub-section 173(2) of the Companies Act, 1956.

### ITEM NO.5

Maj. Gen. K.M. Upadhyaya (Retd.) was appointed as Director of the Company with effect from 7th February, 1997 under Article 95 of the Articles of Association of the Company and as per the provisions of Section 262 of the Companies Act, 1956 to fill the casual vacancy on the Board caused by the resignation of Maj. Gen. R. K. Gupte (Retd.). Maj. Gen. K.M. Upadhyaya (Retd.) holds office as a Director of the Company upto the date upto which Maj. Gen. R.K. Gupte (Retd.) in whose place he was appointed, would have held office viz. upto the date of the ensuing Annual General Meeting of the Company.

A notice in writing has been received from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose Maj. Gen. K.M. Upadhyaya (Retd.) as a candidate for the office of Director of the Company. The requisite deposit of Rs.500/- has been received from the member. It is in the interest of the Company that the Board should continue to avail of the benefit of the experience and advice of Maj. Gen. K.M. Upadhyaya (Retd.). The Board commends his appointment.

Except Maj. Gen. K.M. Upadhyaya (Retd.), none of the Directors of the Company is, in any way, concerned or interested in the resolution.

### ITEM NO.6

Mr. Pratap R. Merchant was appointed as an Additional Director of the Company with effect from 9th May, 1997 under Article 89 of the Articles of Association of the Company and as per the provisions of Section 260 of the Companies Act, 1956. Mr. Pratap R. Merchant holds office as an Additional Director of the Company upto the date of the ensuing Annual General Meeting of the Company.

A notice in writing has been received from a member of the Company under section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Pratap R. Merchant as a candidate for the office of Director of the Company. The requisite deposit of Rs.500/- has been received from the member. It is in the interest of the Company that the Board should continue to avail of the benefit of the experience and advice of Mr. Pratap R. Merchant. The Board commends his appointment.

Except Mr. Pratap R. Merchant, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

### ITEM NOS.7, 8, 9 & 10

To finance part of the long-term working capital requirements and/or the cost of various expansion projects undertaken or to be undertaken by the Company, it may become necessary to raise funds by issue of Cumulative Redeemable Preference Shares upto an aggregate amount of Rs.Two crores.

To enable the Company make such issue of Preference Shares, it is necessary to increase the Company's Authorised Capital from the existing Rs.5.00 crores to Rs.7.00 crores divided into 50,00,000 Equity Shares of Rs.10/- each and 20,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each. Approval of the shareholders has been sought by means of an Ordinary Resolutions as set out at Item 7 for the proposed increase of Authorised Capital of the Company and Item 8 for the consequential amendment in the Capital Clause (Clause 5) of the Memorandum of Association of the Company and by means of a Special Resolution as set out at Item 9 for the consequential

amendment in Article 3 of the Articles of Association of the Company.

Under Section 81 (1A) of the Companies Act, 1956, whenever it is proposed to increase the subscribed capital of the Company by allotment of further shares, such further shares are required to be offered to the existing Equity Shareholders of the Company by way of rights unless the Company in general meeting approves by means of a Special Resolution under sub-section (1A) of the said Section, the offer, issue and allotment of the Shares of the Company to others in any other manner.

The Special Resolution at item 10 seeks to provide enabling authority to the Board of Directors of the Company to issue Cumulative Redeemable Preference Shares of an aggregate value not exceeding Rs.2.00 crores, in one or more tranches, otherwise than by way of rights on such terms and to such person or persons as the Board may deem proper.

The resolutions are recommended for approval of the shareholders.

The nominee Directors of Lending Institution(s)/Bank(s) might be deemed to be concerned or interested in the resolutions to the extent of the Preference Shares of the Company that the Institution(s)/Bank(s) might agree to take. Save as aforesaid, none of the Directors of the Company is, in any way, concerned or interested in the resolutions.

### ITEM NO.11

Section 293 (1) (a) of the Companies Act, 1956 provides inter alia, that the Board of Directors of a public company shall not, without the consent of such public company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of any such undertaking.

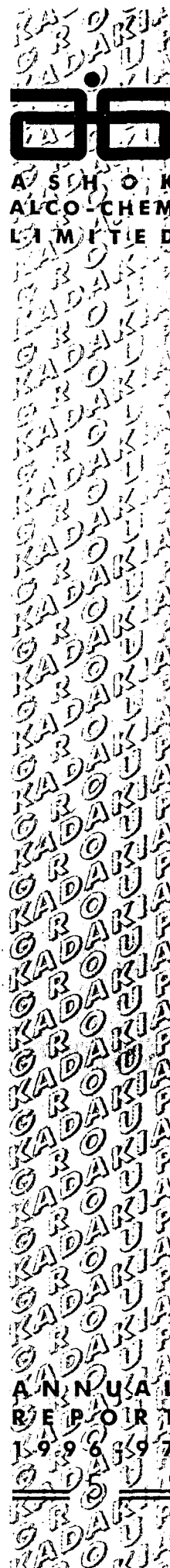
The operations of the Company have increased significantly and the Company has further expansion plans. The Company will therefore have to resort to further borrowings from Financial and other Lending Institution(s)/Bank(s). As security for such borrowings, the immovable and movable properties of the Company pertaining to any one or more of its units will have to be mortgaged/charged in favour of Financial and other Lending Institution(s)/Bank(s) with a right to take over the management and concern of the Company in certain events. Mortgaging/charging by the Company of its immovable properties in favour of Lending Institution(s)/Bank(s) as aforesaid may be regarded as disposal of the whole or substantially the whole of the said undertaking (s) of the Company and therefore requires consent of the Company pursuant to section 293 (1) (a) of the Companies Act, 1956.

It is considered desirable that the shareholders of the Company accord to its Board/Committee of Directors omnibus authority under the said Section upto a limit of Rs.100 crores. The resolution is accordingly recommended for approval.

The nominee Directors of the Lending Institution(s)/Bank(s) might be deemed to be concerned or interested in the resolution to the extent of financial assistance by way of loans or subscription to Debentures or otherwise requiring to be secured on the properties of the Company under the authority of this resolution. Save as aforesaid, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

By Order of the Board,  
Kartik H. Shukla  
Vice President (Finance)  
& Company Secretary

Mumbai,  
9th May, 1997.





## DIRECTORS' REPORT

Your Directors have great pleasure in presenting to you the Fifth Annual Report and Audited Statements of Account for the year ended on 31st March, 1997.

### FINANCIAL HIGHLIGHTS

(Rs.in lacs)

Gross Turnover	2557.00
Profit before Interest & Depreciation	521.33
Less: Interest	118.86
Depreciation	100.82
Profit before Tax	301.65
Less: Provision for Taxation	26.95
<b>Net Profit for the Year</b>	<b>274.70</b>
Balance in Profit & Loss Account	154.78
Balance Available for Appropriation	429.48

### APPROPRIATIONS

Dividend	114.64
Transfer to General Reserve	160.00
Balance Carried to Balance sheet	154.85

### DIVIDEND

During the year under review, your Directors declared an interim dividend @ 35% on 32,75,343 equity shares of Rs.10/- each.

The dividend was disbursed on 27th March, 1997, the record date being 20th March, 1997.

### OPERATIONS

#### Distillery Unit

Distillery produced 103.82 lac litres of Industrial Alcohol during the year, compared to 78.21 lac litres produced during the previous year. The utilisation of the capacity accordingly stood at 104% vis-a-vis 78% in the previous year.

#### Acetic Acid Unit

Production of Glacial Acetic Acid during the year stood at 9180 MT compared to 8736 MT produced during the previous year. The utilisation of the capacity accordingly was 102% vis-a-vis 97% in the previous year.

#### Bio-gas Unit

Operation of Bio-gas (Methane Gas) Unit showed marked improvement during the year. This, apart from fulfilling the requirement of primary processing of the effluent, resulted in substantial savings in fuel.

### PERFORMANCE

The level of operations at all the units were on higher scale during the year as compared to the previous year.

Initial months of the year witnessed abundance in supply of cane-molasses, consequent to record sugar production in the previous sugar season.

The prices of finished products, in tune with the cost of raw materials, found downward revision. The turn-over in value terms is accordingly lower.

The decline in selling prices, however, was more than proportionate as compared to the decline in cost of materials. Although there was gradual rise in cost of materials, the selling prices recovered only partially.

The Company accordingly achieved a normal level of performance, especially as compared to the previous year.

### EXPORTS

Exports witnessed manifold rise by execution of orders worth Rs.102 lacs vis-a-vis Rs.10.93 lacs executed during the previous year.

It is noteworthy that the despatches were to multiple destinations and for diversified end-use.

### PROSPECTS

Alcohol-based Chemical Industry, which sources its material from agro-route, derives its strength from high value addition. This is how the industry has been successfully meeting the challenge of global competition.

Acetic Acid has variety of applications. The bulk of the demand generates from requirement in Purified Terephthalic Acid (PTA), Acetic Anhydride and Vinyl Acetate Monomer (VAM). The capacities for PTA have witnessed large additions during the year. Moreover, plants with large capacities are nearing completion and new projects are also under consideration. Similarly, demand for Acetic Anhydride and VAM have been steadily increasing.

Further, down-stream products like Ethyl Acetate and Monochloro-acetic Acid have excellent prospects in domestic and global market.

Preference for Acetic Acid produced through agro-route vis-a-vis petro-route, continues to dominate the industries like food processing and confectionery.

### FINANCE

Company re-paid during the year the principal amount of Rs.118.24 lacs towards the term borrowings.

The low level of term borrowing is now being advantageously used for structuring the financing pattern of new projects.

Company continues to receive support from Dera Bank for credit facilities which have been utilised in the best possible manner.

### PROJECTS

Integration of processes by producing down-stream products is your Group's forte. This results in high