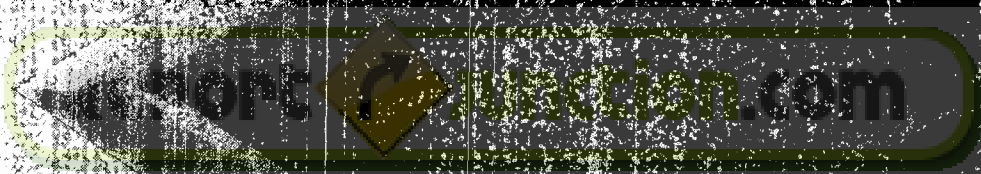


ANNUAL REPORT 1997-98

MR	✓	PKG	✓
CS	✓	DIV	✓
AC	✓	DIV	✓
AC	✓	AC	✓
SHU	✓	SHU	✓



ASHOK ALCO-CHEM LIMITED

ASHOK ALCO-CHEM

LIMITED

**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

KARTIK H. SHUKLA

BANKERS

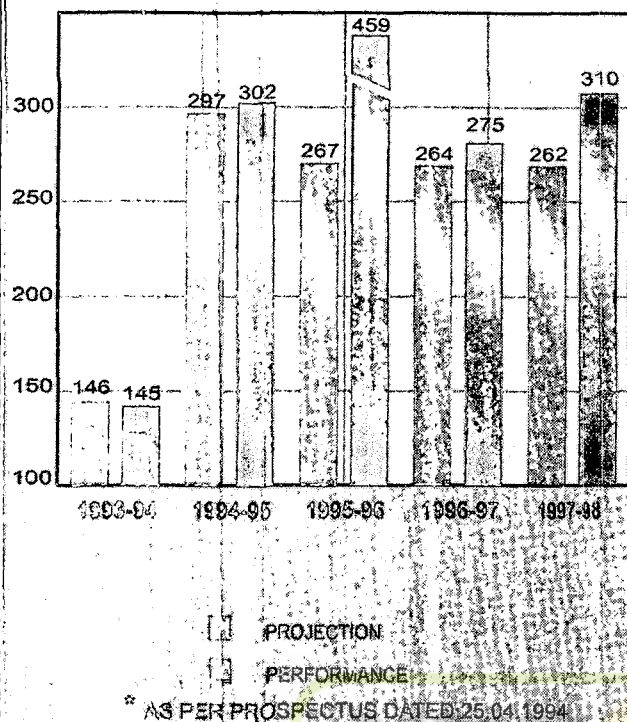
DENA BANK

AUDITORSN.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.
Tel.Nos. 2002236/56
Fax No. 2009456
Email : akadakia@giabm01.vsnl.net.in
Internet : http://www.indialog.com/ashok**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 AGENT**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**C O N T E N T S**

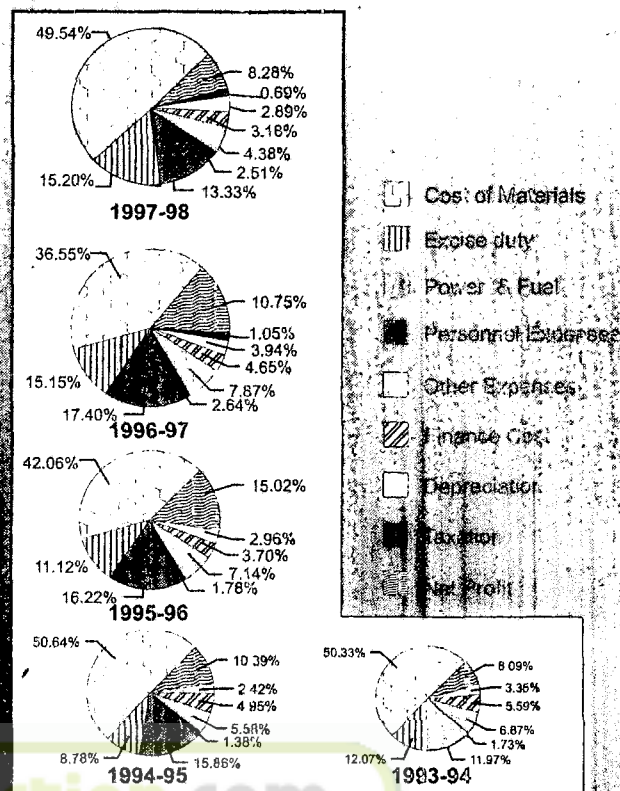
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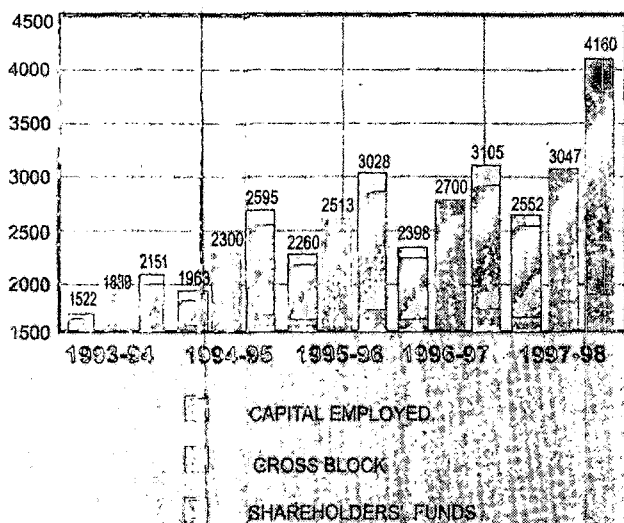
PROJECTION* V. PERFORMANCE NET PROFIT



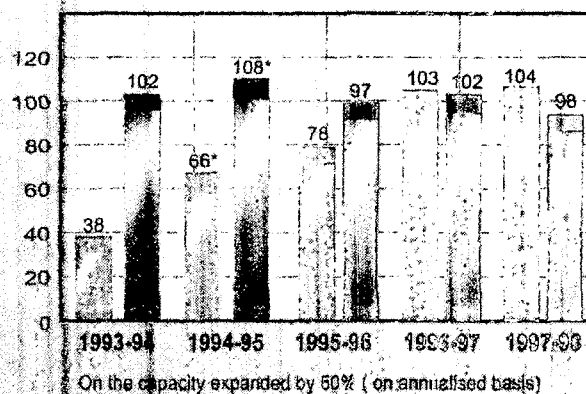
DISTRIBUTION OF INCOME



CAPITAL EMPLOYED, GROSS BLOCK & SHAREHOLDERS' FUNDS (Rs. in Lacs)

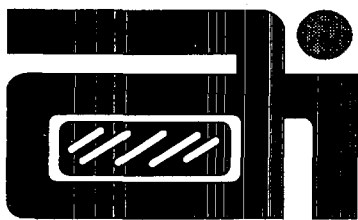


CAPACITY UTILISATION (%)



TO,

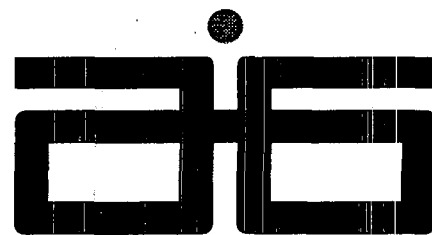
Report  junction.com



**ASHOK ORGANIC
INDUSTRIES LIMITED**



**KADAKIA ALKALIES
&
CHEMICALS**
(UNIT OF ASHOK ORGANIC
INDUSTRIES LIMITED)



**ASHOK ALCO-CHEM
LIMITED**

If Undelivered Please Return it to :-
406, Sharda Chambers,
33, New Marine Lines, Mumbai - 400 020.
Tel.Nos. 2002236/56, Fax No. 2009456
Email : akadakia@giasbm01.vsnl.net.in
Internet : <http://www.indialog.com/ashok>



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8516060
8510411

NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the members of ASHOK ALCO-CHEM LIMITED will be held at Kilachand Conference Room, Indian Merchants' Chamber, Churchgate, Mumbai - 400 020, on Friday, the 21st August, 1998 at 11.30 a.m. 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, 1998 and the Balance Sheet as at that date.
2. To appoint a Director in place of Mr. Harish N. Motiwalia who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pramod M. Chaudhari who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Raj R. Nangrani who retires by rotation and being eligible, offers himself for re-appointment.
5. 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

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

"RESOLVED THAT the Company be and is hereby authorised to continue with the listing of its equity shares on the stock exchange at Mumbai, and to seek de-listing of the equity shares on the stock exchanges at Ahmedabad and New Delhi."

By Order of the Board,

Mumbai,
19th June, 1998.

KARTIK H. SHUKLA
Vice President - Finance

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 hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 11th August, 1998 to Friday, the 21st August, 1998 (both days inclusive).
3. Members are requested to notify changes, if any, in their address to the Registrars and Share Transfer Agents at the earliest.
4. 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.
5. 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	Rate	Date of Declaration / Disbursement (Interim)	
1994-95	Final	7	} 27.07.1995
	&		
1995-96	1st Interim	8	
1995-96	2nd Interim	20	25.03.1996
1995-96	Final	7	11.06.1996
1996-97	Interim	35	27.03.1997
	(There was no further dividend for the year)		
1997-98	Interim	30	27.03.1998
	(Further dividend for the year is not recommended)		

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.

6. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company 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. 6

Equity shares of the Company are listed on stock exchanges at Mumbai, Ahmedabad and New Delhi, in pursuance of the terms and conditions mentioned in the prospectus dated 25.04.1994.

The shares are regularly traded on Stock Exchange at Mumbai and on National Stock Exchange.

However, the continuity of listing on the stock exchanges at Ahmedabad and New Delhi is not considered necessary in the absence of any trading taking place on these stock exchanges.

The resolution is recommended for approval of the shareholders.

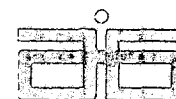
None of the Directors of the Company is, in any way, concerned or interested in the resolution.

By Order of the Board,

Mumbai,
19th June, 1998.

KARTIK H. SHUKLA
Vice President - Finance

ASHOK ALCO-CHEM
LIMITED



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ASHOK ALCO-CHEM
LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors have great pleasure in presenting to you the Sixth Annual Report and Audited Statements of Account for the year ended on 31st March, 1998.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)
Gross Turnover	3743
Profit before Interest & Depreciation	563
Less : Interest	119
Depreciation	108
Profit before Tax	336
Less : Provision for Taxation	26
Net Profit for the Year	310
Balance in Profit & Loss Account	155
Balance Available for Appropriation	465

APPROPRIATIONS

Dividend	98
Provision for Corporate Dividend Tax	10
Transfer to - Debenture Redemption Reserve	100
- General Reserve	150
Balance Carried to Balance Sheet	107

DIVIDEND

Your Directors had declared dividend for the year 1997-98 @ 30 % as interim dividend on 32,75,343 Equity Shares of Rs.10 /- each. The dividend was disbursed on 27th March, 1998.

OPERATIONS

Distillery Unit

Distillery produced 104.29 lac litres of Industrial Alcohol during the year, as compared to 103.82 lac litres produced during the previous year. The utilisation of the capacity accordingly stood at 104% vis-à-vis 103% in the previous year.

Acetic Acid Unit

Production of Glacial Acetic Acid during the year stood at 8830 MT compared to 9180 MT produced during the previous year. The utilisation of the capacity accordingly was 98 % vis-à-vis 102 % in the previous year.

Bio-gas Unit

Operation of Bio-gas (Methane Gas) Unit during the year continued to be good. This has resulted in substantial savings in the cost of fuel.

PERFORMANCE

Company has achieved optimum capacity utilisation at all the plants during the year.

Demand for acetic acid remained stable during the year. There were, however, sectoral changes in respect of the demand from consuming industries of

acetic acid. Purified Terephthalic Acid (PTA) witnessed increase in capacities. Demand from other consuming industries, however, remained subdued due to general industrial slow-down.

Realisations on an average remained better as compared to the previous year. The upward revision in prices was in line with the increase in cost of molasses, the raw material.

Your Company, which operates as a process industry, has accordingly marginally improved the level of performance.

FINANCE

Your Company repaid during the year instalments of term borrowings aggregating to Rs.106.64 lacs.

During the year, 15.75 % Secured Redeemable Non-convertible Debentures of Rs.600 lacs were privately placed by the Company. Term Loan of Rs.270 lacs was sanctioned during the year by SICOM Ltd. for the new projects.

PROJECTS

Your Directors are pleased to report completion / progress of the projects undertaken during the year. The projects are based on the Group's in-house technical and process know-how.

Ester

Plant has been set up to achieve high value-addition from the captively produced alcohol and acetic acid. The 3600 tpa plant is the Group's second ester plant.

Acid Recovery

Dilute acetic acid generated as by-product is processed for high level of purity for better realisation. The capacity of 900 tpa is second of its kind in the Group.

Distillery De-bottlenecking

Capacity of the Distillery has been augmented by 33% to 133 lac litres p.a. This will partially cope with the enhanced requirement of alcohol for downstream products.

Acetic Acid

Additional capacity of 4000 tpa is nearing completion and will cater to the enhanced requirements of the product - both captive and for merchant sale. This will be the fifth acetic acid plant of the Group.

PROSPECTS

Acetic acid finds its application in variety of intermediate and final products. Purified Terephthalic Acid (PTA) represents the segment, the capacities of which have been consistently rising and additional ones are being implemented / planned. Demand from other segments viz. Vinyl Acetate Monomer (VAM), Acetic Anhydride, Dyes and Dye-intermediates which have been stable, is expected to escalate with revival of the economy.

Ester of acetic acid has applications in products like paints, packaging, aluminium foils, pharmaceuticals, adhesives and electronics.

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Further, there are good prospects for exports.

Acetic acid produced through renewable organic route has advantage over the one sourcing its material through exhaustible petro-route.

FIXED DEPOSITS

Your Company has not accepted any fixed deposit.

INSURANCE

The properties and insurable assets of the Company including buildings, plant and machinery and inventories are adequately insured.

BOARD OF DIRECTORS

Mr. Harish N. Motiwalla, Mr. Pramod M. Chaudhari and Mr. Raj R. Nangrani, Directors of the Company, retire by rotation and, being eligible, offer themselves for re-appointment.

AUDITORS

M/s. N.P. Patwa & Company, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

COST AUDIT

In pursuance of the Directives of the Central Government, Mr. D.G. Kelkar, Cost Accountant was appointed as Cost Auditor to conduct the cost audit of the accounts in respect of industrial alcohol for the year ended on 31st March, 1997.

EMPLOYEES

Your Company's work-force and management continue to work with mutual respect and co-operation.

OTHER INFORMATION

Information as per section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this Report is annexed.

During the year, there is no employee whose information is required to be given as per Section 217 (2A) read with Companies (Particulars of Employees) Rules, 1975, as amended.

Pursuant to Clause 32 of the Listing Agreement with the Stock Exchanges, Cash Flow Statement, together with the Auditors' Certificate thereto, is annexed to this Report.

ACKNOWLEDGMENT

The Board acknowledges with thanks the assistance and support received from the Government, Local Authorities, Financial Institutions and Banks, Collaborators, Suppliers, Valued Customers and, of course, the Shareholders.

Group continues to provide over-all support, with special emphasis on technical and process know-how.

For and on behalf of the Board

Mumbai,
19th June, 1998.

Ashok M. Motiwalla
CHAIRMAN

INFORMATION AS PER SECTION 217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.

A. CONSERVATION OF ENERGY

(a) Measures taken

The Company undertook various energy conservation measures at its manufacturing units which, inter alia, include :

- (i) Boiler at Distillery has been largely operating on bio-gas generated from Primary ETP.
- (ii) Secondary ETP & Distillery have been operating on energy-saving trickling filter process.
- (iii) Additional Accessories attached to cooling tower has improved the performance.
- (iv) Power factor improved through installation of capacitors.
- (v) Modification in cooling water return headers has resulted in saving in utilities.

(b) Additional Investments & Proposals

- (i) Painting and Insulation of pipelines and equipments,
- (ii) Replacement of out-dated / old parts and accessories.

(c) Impact of the measures :

The measures will bring down the energy consumption per unit.

(d) Total energy consumption and energy consumption per unit of production

I) POWER & FUEL CONSUMPTION

	1997-98	1996-97
1) ELECTRICITY		
(a) Purchased -		
Unit (kwh in lacs)	60.18	60.48
Total Amount (Rs.in lacs)	227.17	209.40
Cost per Unit	Rs. 3.77	Rs. 3.46
(b) Own Generation -		
Through Diesel Generator		
Units (kwh in lacs)	1.00	0.02
Units per Ltr. of Diesel Oil	3.57	2.82
Cost per Unit	2.85	3.30
2) FURNACE OIL		
Quantity (K.Ltrs.)	2337.57	2396.70
Total Amount (Rs.in lacs)	147.02	147.42
Average Rate (per K. Ltrs.)	Rs. 6,289	6,151
3) DIESEL OIL		
Quantity (K.Ltrs.)	28.07	0.55
Total Amount (Rs.in lacs)	2.85	0.05
Average Rate (per K. Ltrs.)	Rs.10,159	9,298

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