



ASHOK ALCO - CHEM LIMITED

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Annual Report 1999 - 2000

C O N T E N T S

	Page No.(s)
Notice	2
Directors' Report	4
Auditors' Report	8
Balance Sheet	10
Profit and Loss Account	11
Schedules to the Balance Sheet	12
Schedules to the Profit & Loss Account	15
Accounting Policies	17
Notes on Accounts	18
Graphs	20

ASHOK ALCO - CHEM LIMITED**BOARD OF DIRECTORS**

ASHOK M. KADAKIA
PANKAJ M. KADAKIA
DR. ANIL M. KADAKIA

Chairman
 Vice Chairman
 Managing Director
w.e.f. 1.8.2000

MASASHIGE KAISU TAMBE
HARISH N. MOTIWALLA
PRAMOD M. CHAUDHARI
RAJ R. NANGRANI
HARISH C. PANDYA
VIPIN P. SHAH

Alternate to M.K. Tambe

PRATAP R. MERCHANT
MAJ. GEN. S.V. SHRIKHANDE (Retd.) AVSM
ASPI E. MEDHORA
MAJ. GEN. R.K. GUPTA (RETD.) PVSM

Nominee SICOM Ltd.

VICE PRESIDENT – FINANCE

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 Line, Mumbai - 400 020.
 Tel. Nos. 2002236/56, Fax No. 2009456
 E-mail: akadakia@vsnl.com
 Internet: <http://www.kadakiagroup.com>

PLANTS**ACETIC ACID & ESTER UNITS**

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

DISTILLERY & BIO-GAS UNITS

Walchandnagar - 413 114
 Dist: Pune, Maharashtra.

SHARE TRANSFER AGENT**INTIME SPECTRUM REGISTRY PVT. LTD.**

203, Daver House, 2nd floor,
 197/199, Dr. D.N. Road, Mumbai - 400 001.
 Phones : 265 6929/27

Shree Ganesh Industrial House,
 1st floor, 'B' Wing, W.T. Patil Marg,
 Chembur, Mumbai - 400 071.
 Phones : 558 1215, Fax: 558 1214
 E-mail: isrl@vsnl.com

260, Shanti Industrial Estate,
 Sarojini Naidu Road, Mulund (W),
 Mumbai - 400 080.
 Phones: 564 7731, 568 4590, Fax: 567 2393
 E-mail: isrl@vsnl.com

ASHOK ALCO - CHEM LIMITED

NOTICE

Notice is hereby given that the Eighth 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 29th September, 2000 at 11.00 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, 2000 and the Balance Sheet as at that date.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Masashige Katsu Tambe who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Harish N. Motiwala who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Pramod M. Chaudhari who retires by rotation and being eligible, offers himself for re-appointment.
6. 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

7. To consider and, if though fit, to pass, with or without modification(s), the following as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the Company in General Meeting hereby approves the appointment of Dr. Anil M. Kadakia as Managing Director of the Company for a period of 5 (five) years from 1st August, 2000 to 31st July, 2005 on the terms of appointment including the remuneration as set out in the draft agreement to be entered into between the Company and Dr. Kadakia, placed before the Meeting and initialled by the Chairman for the purpose of identification, which agreement is hereby specifically approved with liberty to the Board of Directors to alter and vary the said terms of appointment and remuneration in such manner as may be agreed to between Board of Directors and Dr. Kadakia, within the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments thereto".

Mumbai,
28th June, 2000

(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 Saturday, the 16th September, 2000 to Friday, the 29th September, 2000 (both days inclusive).
3. Members are requested to notify change, if any, in their address to the Registrars and Share Transfer Agents at the earliest.
4. Members are requested to hand-over the enclosed Attendance Slip, duly signed in accordance with their specimen signatures registered with the Company, for admission to the venue of the Meeting.
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)
1995 - 96	2nd Interim	20	25.03.1996
	Final	7	11.06.1996
1996 - 97	Interim / Final	35	27.03.1997
1997 - 98	Interim / Final	30	27.03.1998
1998 - 99	Final	30	24.09.1999

In view of this, Shareholders who may not have encashed the dividend warrant(s) should claim payment thereof from the Company by returning the relevant Dividend Warrant(s) 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.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

Item No. 7

Dr. Anil M. Kadakia has been Director of the Company since its inception and has been playing active role in its operations and growth. Board of Directors, at its meeting held on 28th June, 2000, has appointed Dr. Anil M. Kadakia as a whole-time Director designated as Managing Director, for a period of 5 (five) years with effect from 1st August, 2000.

The Company has so far been managed under the direction, control, supervision and guidance of the Board of Directors.

8TH ANNUAL REPORT 1999-2000

Having commenced the operations in the year 1993, with Distillery of 65 lac litres p.a. and Acetic Acid Unit of 6000 tpa, the capacities of both the units have since been more than doubled and Ester Unit has also been set up. The Board of Directors, accordingly, considers it necessary and desirable to have a whole-time director responsible for the management and affairs of the Company.

The terms of appointment and remuneration payable to Dr. Anil M. Kadakia are in accordance with Schedule XIII of the Companies Act, 1956 and are set out in the draft agreement placed before the Meeting. Dr. Anil Kadakia, as Managing Director, will be responsible for the management and affairs of the Company, subject to the superintendence, control and directions of the Board of Directors.

The terms of salary and perquisites payable to Dr. Anil M. Kadakia will be as under :

- (i) Salary of Rs. 30,000/- per month.
- (ii) Commission as may be fixed by the Board, subject to the limits of 5% and 10% of the net profits of the Company, as the case may be, as laid down in Section 309 of the Companies Act, 1956.
- (iii) Perquisites and allowances equivalent to the annual salary or as may be decided by the Board from time to time. These perquisites and allowances will be in addition to those mentioned in item (v) below.
- (iv) Retirement Benefits in the form of Company's Contribution to Provident Fund, Superannuation Fund or Annuity Fund (to the extent, singly or put together, not taxable under the Income-tax Act, 1961). Gratuity payable as per the rules of the Company and Encashment of Leave at the end of the tenure.
- (v)
 - a. Furnished accommodation, or in the absence thereof, entitlement to suitable house rent allowance/ expenditure on maintenance of self-occupied house,
 - b. Medical expenses for self and family,
 - c. Club Membership Fees (excluding Admission and Life Membership fees (subject to maximum of two clubs),
 - d. Leave benefits and leave travel concession for self and family,
 - e. Personal accident insurance policy,
 - f. Provision of car and telephone at residence, for official use.
 - g. Long service benefits as per the policy of the Company.

The aforesaid remuneration is subject to the limits of 5% and 10% of the net profits of the Company, as the case may be, as

laid down in Section 309 of the Companies Act, 1956 and the overall limit of 11% of the net profits as laid down in Section 198 of the Companies Act, 1956.

Dr. Anil M. Kadakia shall not be paid sitting fees for attending the meetings of the Board of Directors or Committee(s) thereof.

The Board of Directors is authorised to alter and vary the aforesaid terms and conditions in such manner as may be agreed to between the Board of Directors and Dr. Anil M. Kadakia, is as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956, as existing, or as amended, modified or re-enacted from time to time.

Where in any Financial Year during the currency of tenure of Dr. Anil M. Kadakia, the Company has no profits or its profits are inadequate, the remuneration by way of salary, allowances, perquisites and retirement benefits shall be paid in accordance with the provisions of Section 11 of Part II of Schedule XIII of the Companies Act, 1956, in force from time to time, as minimum remuneration.

Dr. Anil M. Kadakia shall not be liable to retire by rotation as long as he holds office as Managing Director.

The Board is of the opinion that the appointment of Dr. Anil M. Kadakia as Managing Director would be in the interest of the Company.

In compliance of the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the terms of appointment of Dr. Anil M. Kadakia, Managing Director of the Company, are placed before the Members in General Meeting for their approval.

The Draft of the Agreement to be entered into between the Company and Dr. Anil M. Kadakia, is available for inspection by the Members at the Registered Office of the Company between 10.30 a.m. and 12.30 p.m. on any working day.

Except Dr. Anil M. Kadakia himself and Mr. Ashok M. Kadakia and Mr. Pankaj M. Kadakia, being relatives, none of the Directors of the Companies, in any way, are concerned or interested in the proposed resolution.

This Explanation, together with the accompanying Notice, is and be treated as an abstract under Section 302 of the Companies Act, 1956.

By Order of the Board,

Mumbai,
28th June, 2000

(KARTIK H. SHUKLA)
Vice President – Finance



ASHOK ALCO - CHEM LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the Eighth Annual Report and Audited Statements of Account for the year ended on 31st March, 2000.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)	
	1999-00	1998-99
Gross Turnover	4724	5375
Profit before Interest & Depreciation	433	517
Less : Interest	392	162
Depreciation	179	129
Profit/(Loss) before Tax	(138)	226
Less : Provision for Taxation	-	14
Net Profit/(Loss) for the Year	(138)	212
Balance in Profit & Loss Account	61	107
Transfer from General Reserve	120	-
Balance Available for Appropriation	43	319
APPROPRIATIONS		
Dividend	33	98
Provision for Corporate Dividend Tax	6	10
Transfer to - Debenture Redemption Reserve	-	100
- General Reserve	-	50
Balance Carried to Balance Sheet	4	61

DIVIDEND

Your Directors recommend the payment of dividend for the year 1999-2000 @ 10% (Re.1.00 per share) on 32,75,343 Equity Shares of Rs.10/- each. The dividend, when approved by the Members at the Annual General Meeting, will absorb a sum of Rs.32.75 lacs. The Dividend Tax, borne by the Company, on the year's dividend is Rs.6.88 lacs.

OPERATIONS

Distillery Unit

Distillery produced 115.30 lac litres of Industrial Alcohol during the year, as compared to 96.67 lac litres produced during the previous year.

Acetic Acid Unit

Production of Glacial Acetic Acid during the year stood at 6878 MT as compared to 8752MT produced during the previous year.

Ester Unit

The Plant produced 2839 MT of Ester as compared to the production of 1883 MT in the previous year.

Bio-gas Unit

Generation of Bio-gas (Methane Gas) continued to be satisfactory. The plant, operating on discharge from Distillery Unit, has been substituting the requirement of fuel, the prices of which have been steadily increasing.

PERFORMANCE

Your Company has, during the span of six years of operations, strived to establish its strong foundation. The strength has mainly

emanated from economies of scale.

Your management, for the reasons beyond its control, could not maintain the track-record of optimum capacity utilisation during the year under review.

Due to labour unrest, the expanded capacity of Acetic Acid remained idle for major part of the year and all the down-stream units at Mahad remained closed for nearly two months.

It was a set-back for the Company which had, consequent to the implementation of large expansion and diversification projects, expected significant increase in volume of operations. The level of operation actually achieved was disproportionate to the burden of overheads which had increased, the cost of interest on existing as well as fresh borrowings and the enhanced charge of depreciation on the newly created assets.

FINANCE

Your Company repaid during the year instalments of term borrowings aggregating to Rs.94 lacs.

PROSPECTS

Realisations of acetic acid and down-stream products have improved and been steady. This has been an encouraging factor, especially consequent to the eight-year bottom witnessed in the prices of acetic acid.

All the units have been operating at optimum capacities at both the locations.

Your Company has its own standards of operational efficiencies, which fact has got itself reflected in the performance achieved since inception.

Your management is optimistic of reverting back to the level of performance achieved in earlier years.

FIXED DEPOSITS

Your Company has not accepted any fixed deposit from public.

INSURANCE

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

BOARD OF DIRECTORS

Maj. Gen. K.M. Upadhyaya (Retd.) relinquished his directorship during the year. Maj. Gen. R.K. Gupte (Retd.) has been appointed as director in the vacancy arising from the resignation of Maj. Gen. Upadhyaya (Retd.).

Mr. Aspi E. Medhora was appointed as nominee of SICOM Ltd. in place of Mr. Dilip K. Patel.

Board wishes to place on record its deep appreciation for the valuable contributions made by Gen. K.M. Upadhyaya (Retd.) and Mr. Dilip K. Patel during the tenure of their directorships.

Board of Directors has appointed Dr. Anil M. Kadakia as Managing Director w.e.f. 1st August, 2000. The approval of the members is sought to the appointment at the ensuing general meeting.

Mr. Masashige Katsu Tambe, Mr. Harish N. Motiwalla and Mr.