

ANNUAL REPORT

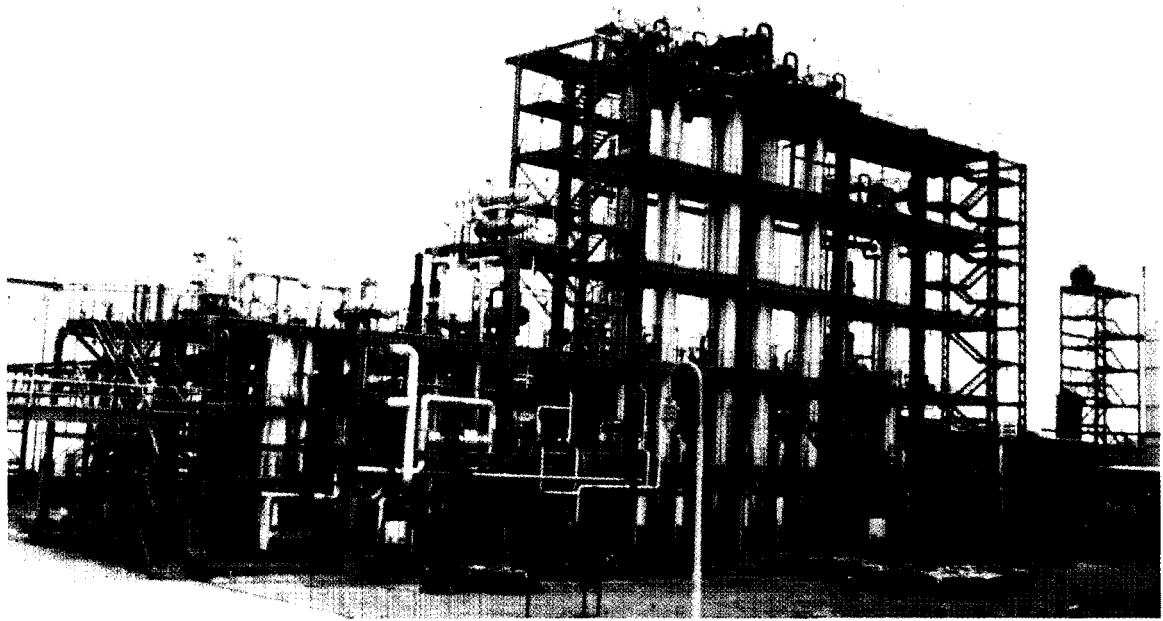
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ALKYL

Alkyl Amines Chemicals Limited

VIEW OF ETHYLAMINE PLANT AT KURKUMBH



VIEW OF BETAIN PLANT AT KURKUMBH



ALKYL

ALKYL AMINES CHEMICALS LIMITED

Registered office : 401-407 Nirman Vyapar Kendra, Plot No. 10, Sector 17, DBC Vashi, Navi Mumbai-400 703

June 9, 2000.

Dear Shareholder/s,

Re : Dematerialisation of Shares

We are pleased to inform you that the Company has entered into an agreement with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) to facilitate your holding and trading of the Company's equity shares in electronic form, in the Depository System.

In order to hold and trade your shares in the electronic form in the Depository System, you need to open an account with a Depository Participant (DP) (which is similar to opening a savings bank account) with any bank and dematerialise your shares. Dematerialisation is a process by which an investor's shareholding is converted into electronic form instead of holding them in physical share certificates.

In order to dematerialise your shares, you are required to submit a dematerialisation request along with the share certificates to a Depository Participant (DP) with whom you have opened an account. The DP in turn will send your share certificates to us for dematerialisation. Thereafter you will receive confirmation from the DP that the shares have been dematerialised and held in electronic form.

Once shares are dematerialised, the Depository System provides for trading in dematerialised shares i.e. an investor can purchase and sell dematerialised shares.

The Depository System also provides for rematerialisation of shares i.e. conversion of electronic holding of shares into physical form. To rematerialise your shares, you are required to submit a rematerialisation request to your DP who in turn will send your request to us. We will thereafter send you share certificate(s) in physical form.

The DP levies certain charges, for the services rendered to the investor such as transaction processing charges, custody charges, etc.

Some of the benefits to the investors from the Depository System are :-

- ❖ Immediate effect to trading in securities i.e. no waiting period for delivery.
- ❖ No possibility of fake certificates or loss in transit of certificates.
- ❖ No delay in transfer.
- ❖ No stamp duty on securities sent for registration to companies.

Further we wish to inform you that based on the recommendation of the Working Groups constituted by SEBI, it has been decided to include the shares of your company for compulsory dematerialised trading for all investors from 28th August, 2000. From 28th August, 2000, delivery of shares of the company will be permitted only in dematerialised form and that the trading will be in dematerialised form. However, Shareholders are free to hold the shares in physical form.

Yours sincerely,

For **ALKYL AMINES CHEMICALS LTD.,**

YOGESH M. KOTHARI

CHAIRMAN & MANAGING DIRECTOR

ALKYL AMINES CHEMICALS LIMITED**ANNUAL REPORT 1999-2000****MANAGEMENT TEAM**

*Chairman &
Managing Director*
Yogesh M. Kothari

Executive Director
Kirat Patel

Vice President
G.G. Chendwankar

*Vice President
(Technical)*
Sameer S. Katdare

*Vice President
(Manufacturing)*
R. N. Iyer

*General Manager
(Information Technology)*
D. A. Pradhan

*General Manager
(Secretarial & Legal)*
K. P. Rajagopalan

Directors

Hemendra M. Kothari
Shyam B. Ghia
Shobhan M. Thakore
Dilip G. Pirmal
Premal N. Kapadia
K. R. V. Subrahmanian
Anand S. Bhatt
Aniruddha Limaye (*Nominee Director*)
T. A. N. Devalkar (*Nominee Director*)

Auditors

Messrs Bansi S. Mehta & Company

Legal Advisors

Messrs Bhaishankar Kanga and Girdharlal
Messrs Wadia Ghandy & Co.

Bankers

State Bank of India
Bank of Baroda
State Bank of Mauritius Ltd.
ICICI Bank Limited

Registered Office & Share Department

401-407, Nirman Vyapar Kendra,
Plot No. 10, Sector 17, DBC, Vashi,
Navi Mumbai 400 703.

Plants

Plot No. A-7 & A-25,
MIDC Patalganga Industrial Area,
Dist. Raigad 410 220, Maharashtra
Plot No. D-6/1, MIDC Kurkumbh Industrial Area,
Tal. Daund, Dist. Pune, Maharashtra

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FINANCIAL HIGHLIGHTS OF THE LAST DECADE

Rs. in Lacs

YEAR ENDING	31.03.1991	31.03.1992	31.03.1993	31.03.1994	31.03.1995	31.03.1996	31.03.1997	31.03.1998	31.03.1999	31.03.2000
GROSS REVENUE	1352.95	1827.69	2567.00	2829.08	3401.38	4416.62	4998.04	6247.28	8612.41	8298.00
OPERATING PROFIT (PBIT)	391.47	454.82	490.86	617.09	590.52	909.61	1221.57	1176.56	2448.39	1707.88
PROFIT BEFORE TAX	222.14	134.52	-77.74	144.99	160.04	483.25	648.13	488.98	1639.97	872.84
PROFIT AFTER TAX	178.14	129.52	-77.74	144.97	160.04	483.25	527.93	428.79	1284.88	774.72
GROSS ASSETS	1103.87	2683.70	2841.18	2933.04	3031.16	4013.65	5075.57	5335.66	5731.03	9292.66
NET FIXED ASSETS	710.41	2164.85	2097.07	2080.69	2059.20	2914.22	3792.19	3826.84	3952.51	7250.72
NET CURRENT ASSETS	572.41	387.49	522.96	974.91	1175.28	1439.57	1777.94	2605.39	2991.04	4465.89
EQUITY SHARE CAPITAL	133.10	166.34	166.37	266.09	265.96	266.22	365.84	730.52**	730.57	730.58
RESERVES & SURPLUS	342.69	552.86	451.64	766.04	880.49	1289.95	2018.64	1986.14	2925.71	3530.70
BOOK VALUE (Rs.)	35.75	42.43	37.08	38.46	42.92	58.39	64.87	36.35	50.05	58.33
EARNING PER SHARE (RS.)	13.22	7.44	—	5.24	5.80	17.95	17.62	9.00*	17.59	10.60
EQUITY DIVIDEND (%)	22.00	22.00	10.00	12.00	12.00	25.00	25.00	20.00**	40.00	20.00

* WEIGHTED AVERAGE BASIS ON INCREASED EQUITY BASE

** AFTER ISSUE OF BONUS SHARES IN THE RATIO OF 1:1

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their Report and Audited Accounts of the Company for the year ended March 31, 2000.

1. FINANCIAL HIGHLIGHTS & APPROPRIATION

	1999-00 (Rs. in lacs)	1998-99 (Rs. in lacs)
Profit before interest, depreciation & taxation	1707	2448
Interest & financial expenses	567	554
Depreciation	267	254
Provision for taxation	98	355
Profit after taxation	775	1285
Add: Balance Profit b/f	1928	1141
(Less)/Add: Adjustments relating to earlier years	(4)	(19)
Surplus available for appropriation	2699	2407
Transfer to Preference Shares Redemption Reserve	3	3
Transfer to General Reserve	2000	150
Dividends:		
Equity Dividends:		
Interim Dividend paid on Equity Shares	146	161
Dividend paid on Preference Shares redeemed	4	4
Provision for proposed dividend on Equity Shares	-	146
Tax on Interim Dividends Paid	16	16
Balance Profit carried to Balance Sheet	530	1928

2. DIVIDENDS

On redemption of preference shares, we have paid preference dividend amounting to Rs.3.5 lacs. Further, as the members are aware, in December 1999, we had declared an interim dividend of 20% amounting to Rs.146 lacs on Equity Shares. Considering the need to conserve resources after the large capital expenditure incurred by the Company during the year, the Board has not proposed any final dividend and accordingly, the interim dividend of 20% on equity shares declared and paid in December 1999 shall be treated as final dividend. You are requested to approve the same.

3. EQUITY SHARE CAPITAL:

We have on April 1, 2000 allotted 15,59,050 equity shares of Rs.10/- each at a premium of Rs.10/- per share to the employees and promoters on conversion of the equity warrants. As a result, the paid up share capital of the company as on date is Rs.8,86,48,630/-.

4. OPERATIONS:

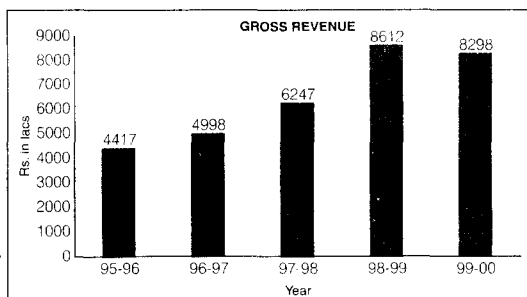
We have earned a total income of Rs.8298 lacs for the year 1999-2000 compared to Rs.8612 lacs for the year 1998-99. Profit after tax for the year amounted to Rs.775 lacs compared to Rs.1285 lacs of the previous year.

A. AMINES: Sales of Amines for the year 1999-2000 amounted to Rs.5862 lacs compared to Rs.6998 lacs of the previous year. Our margins during the current year were adversely affected due to lower price realisation in the context of lower international prices. Moreover, the sales mix has shifted more towards domestic sales in view of the absence of a major export order which

ANNUAL REPORT 1999-2000**ALKYL AMINES CHEMICALS LIMITED**

comprised a substantial portion of last year's sales. Production of Amines amounted to 9639 MT for the year 1999-2000 compared to 9946 MT for the year 1998-99.

- B. AMINE DERIVATIVES:** During 1999-2000, we produced 2932 MT of various amine derivatives at our Kurkumbh Plant, compared to 1584 MT of the previous year. We could achieve total sales of amine derivatives of the value of Rs.1740 lacs compared to Rs.1004 lacs of the previous year. With increased sales of amine derivatives, the contribution from Kurkumbh facilities is expected to be much more in the coming years.

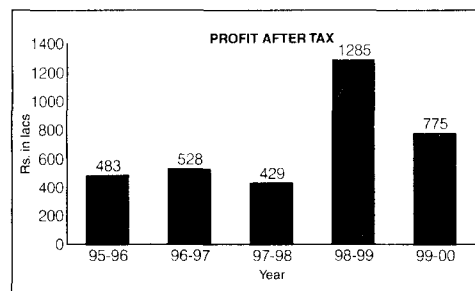


- C. SPECIALITIES:** Our Specialities Division continued with marketing of Speciality Chemicals of Foreign Principals. The speciality chemicals include additives for Industries like Petroleum, Paints, PU Foams, etc. We achieved a trading turnover (exclusive of indenting business) of Rs.260 lacs against Rs.61 lacs of the previous year.

5. EXPORTS/ FOREIGN EXCHANGE:

During the year 1999-2000, we achieved an export turnover of Rs.1735 lacs (FOB) compared to Rs.2491 lacs (FOB) of the previous year. As stated above, though export of amines suffered, we could achieve an export sales turnover of Rs.1001 lacs of amine derivatives compared to Rs.427 lacs of the previous year.

During the year we have utilised a sum of Rs.1308 lacs in foreign currency, out of which a sum of Rs.467 lacs was utilised to import the hydrogen plant and the balance amount to import raw materials, stores, spares, etc.



As regards the remarks of Auditors regarding recognition of export benefits of Rs.51,59,159/-, your Directors wish to state that the said accounting practice is necessary keeping in mind the matching of cost to revenue principle and the Company has been consistently following the said accounting policy for the last few years. The realisation of export benefits has generally been more than the provision made therefor.

6. NEW PROJECTS

A. New Ethylamines Plant at Kurkumbh:

We are pleased to report that our new 10000 MTPA Ethylamines Plant at Kurkumbh was commissioned in March 2000. This plant has been successfully commissioned in a commendable time period of 11 months by our own technical team. With the commissioning of the new plant at Kurkumbh, our total production capacity of various amines at Patalganga and Kurkumbh will be in the range of 25000 MT to 30000 MT p.a. Before commissioning of this plant, we used to produce amines on campaign basis in the plant at Patalganga, but, with the commissioning of the new plant at Kurkumbh, we will be able to have dedicated runs of various amines, in different plants, which will increase the production substantially with reduction in costs due to economies of scale.

B. Hydrogen Plant at Kurkumbh:

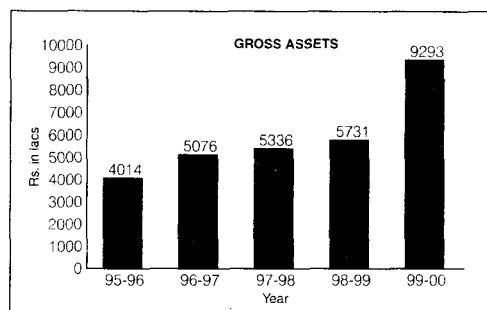
We also commissioned a Hydrogen Plant at Kurkumbh. The commissioning of the Hydrogen Plant is strategic to the company as it will not only reduce its dependence to procure hydrogen, which is a key raw material to us, but it will also generate income by selling the surplus production at a better price realisation. Besides, we are also developing products where the process involves hydrogenation.

C. Goldschmidt Alkyl Speciality Chemicals Ltd.

In our last report, we had informed you of our forming a 50:50 Joint Venture company called Goldschmidt Alkyl Speciality Chemicals Ltd. in collaboration with our principals Goldschmidt AG of Germany. This JV company has initially taken up business of betaines, pearlisng agents and other industrial surfactants. These products are toll manufactured in our facilities at Kurkumbh with equipments leased from the JV company. Trial runs of the new plant are in progress and we are in the process of obtaining approval from major customers of the quality of the products. Some quantity of betains has been sold during the year.

D. Takeover of Diamines & Chemicals Limited, Baroda:

Last year, we had reported that we (alongwith Messrs. Amit Mehta and Associates) have agreed to acquire from M/s. Sintex Industries Ltd. and their Associate, BVM Finance Ltd., their controlling stake in Diamines & Chemicals Ltd., Baroda (DACL), subject to clearance from Board for Industrial and Financial Reconstruction (BIFR). We have received necessary clearance from BIFR and are in the process of acquiring the controlling interest in DACL. DACL is also in the process of formalising its agreements with Institutions, Banks, raw material supplier, creditors etc.



Pending clearance of the proposal by BIFR, we had entered into a toll manufacturing arrangement with DACL through our Affiliate Company, Alkyl Finance & Trading Ltd.(AFTL). AFTL is a 50:50 Joint Venture Company between our Company and Mr. Amit Mehta, which is being used as a vehicle for the toll manufacturing arrangement. AFTL (with financial assistance from us and from Mr. Amit Mehta) imports raw material from abroad, get the products toll manufactured by DACL and sells the final products to the customers. The final products are piperazine, ethylenediamine, diethylene tetramine, etc. which have very good market potential. After we take control of DACL, AFTL is planned to be merged with DACL.

7. CONSERVATION OF ENERGY :

Considering the importance of energy conservation, your Company has taken various measures for conservation of energy. These measures have helped us to reduce energy costs. The efforts over the last few years for energy conservation at Patalganga have resulted in reduction in electricity consumption per unit of production of amine / amine derivatives from 712 KW for the year 1999-2000 to 626 KW and in consumption of furnace oil/LSHS from 0.84 MT to 0.62 MT. More details are given in Form A annexed to this report.

8. TECHNOLOGY ABSORPTION/ R&D :

Efforts made for absorption of technology of our collaborators have been completed and improvements with inhouse R&D and process engineering has enabled us to have our production capacity beyond its guaranteed limits. Moreover, independent development of processes for amine derivatives has been the focus of our R & D and has resulted in new products contributing to atleast 22% of our current turnover. Further details are mentioned in Form B annexed to this Report.

9. SAFETY, HEALTH AND ENVIRONMENT :

We continue to accord high priority to safety, health and environment protection. It is the policy of the company to provide for all employees safe working conditions, to take adequate precaution while transporting the finished goods and to comply with the applicable laws and regulations.

We have conducted authorised training courses in handling of hazardous chemicals for our own transport operators and also for outside transporters. We have also conducted various mock drills to enhance alertness and knowledge of safety aspects.

ANNUAL REPORT 1999-2000**ALKYL AMINES CHEMICALS LIMITED****10. FIXED DEPOSITS :**

The Company has not accepted any fixed deposits from the public within the meaning of the Companies (Acceptance of Deposits) Rules 1975 during the year.

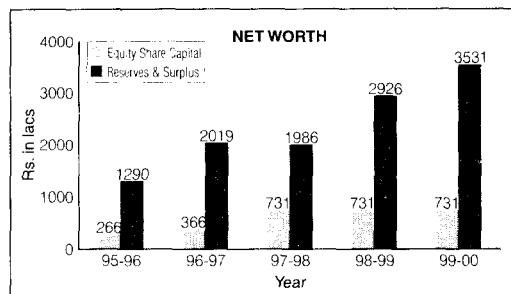
11. DIRECTORS :

As we have already informed you, Mr. N.N. Kapadia expired on June 14, 1999. Mr. Kapadia was a member of the Board right from the inception of the company. We had received valuable guidance and advice from Mr. N.N. Kapadia during his tenure. Mr. Premal N. Kapadia, was appointed as Director in the vacancy caused by the sad demise of Mr. N.N. Kapadia.

Mr. K.R.V. Subrahmanian and Mr. Anand Bhatt were appointed as Additional Directors during the year.

Mr. P.N. Kapadia, Mr. K.R.V. Subrahmanian and Mr. Anand Bhatt hold their office upto the Annual General Meeting and being eligible, have offered themselves for reappointment. Your Directors recommend reappointment of Mr. Kapadia, Mr. Subrahmanian and Mr. Bhatt.

Mr. Dilip G. Piramal and Mr. S.M. Thakore retire by rotation at the Annual General Meeting and, being eligible, have offered themselves for re-appointment. Your Directors recommend the re-appointment of Mr. Piramal and Mr. Thakore.

**12. AUDITORS :**

Members are requested to appoint Auditors and fix their remuneration. M/s. Bansil S. Mehta & Co., Chartered Accountants, the retiring Auditors, are eligible for re-appointment. The Company has received a Certificate from them to the effect that their appointment, if made, will be within the prescribed limit under Section 224(1-B) of the Companies Act, 1956.

13. EMPLOYEES

During the year, we settled the charter of demands of non-management employees at Patalganga, Vashi and Worli. Employee relations continue to be cordial. Your Directors wish to acknowledge the sincere and dedicated efforts of the employees of the company and would like to thank them for the same.

Information required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 is given in the Annexure a copy of which can be obtained by the members from the Company's Registered Office on request.

14. ACKNOWLEDGEMENTS:

The Directors wish to place on record their appreciation of the continuous support received by the Company from the participating Financial Institutions, Banks, Foreign Collaborators, Central/State Government Departments, its Customers and Suppliers.

For and on behalf of the Board.

Place: Mumbai
Dated: 9th June, 2000

YOGESH M. KOTHARI
Chairman & Managing Director

ALKYL AMINES CHEMICALS LIMITED**ANNUAL REPORT 1999-2000****FORM A.****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.**

	1.4.1999 to 31.3.2000	1.4.1998 to 31.3.1999
A. Power and Fuel Consumption :		
1. Electricity		
a. Purchased		
Units (KWH in lacs)	77.00	80.76
Total Amount (Rs. in lacs)	323.00	321.98
Average rate per Unit (Rs./KWH)	4.19	3.98
b. Own Generation		
1. Thru.Diesel Generator		
Units (KWH in lacs)	1.67	1.62
Units/litre of diesel oil (KWH)	2.51	2.58
Cost/Unit Rs./KWH	5.58	4.21
2. Furnace Oil and LSHS Qty (MT)	7807	9762
Total Amount (Rs.in lacs)	726	571
Average Rate/tonne of oil (Rs.)	9299	5849
B. Consumption per Unit of Production		
Production of		
Aliphatic Amines & Amine Derivatives etc. (MT)	12571	11573
Electricity Consumption -{KW / MT}	626	712
Furnace Oil/LSHS Consumption -MT/MT	0.62	0.84

FORM B.

1. Specific area in which R & D carried out by the company.
 - a. Continued to work on the improvement of various processes already developed.
 - b. Continued with development of processes for the manufacture of various new Mixed Amine Derivatives which find use as Pharma & Agro-Intermediates.
 - c. Continued with development of processes for the manufacture of various new mixed amine derivatives useful as Speciality Chemicals (using mini vapour phase reactor).
 - d. Refined the process for manufacture of a speciality chemical in the surfactant area.
2. Benefits derived as a result of the above R & D.
 - a. achieved reduction in cost of production of various amine derivatives
 - b. added new mixed amine derivatives to the product range (seed marketing).
3. Future plans of action
 - a. Development of processes for the manufacture of new Pharma, Agro and Cosmetics intermediates.
 - b. Scale up of the processes for mixed amines to be used in Cosmetics, Pharma- & Agro-chemical industry.
 - c. Development of process for various amine derivatives useful as Speciality Chemicals in the area of fatty-amines.
 - d. To enter in the field of development of processes based on customer specific requirements.
4. Expenditure on R & D
 - a. Capital : Rs.31.03 lacs
 - b. Revenue : Rs.29.39 lacs
 - c. Total : Rs.60.42 lacs
 - d. Total R & D Expenditure as a percentage of total turnover. : 0.76%
5. Technology absorption, adaption and innovation
 1. Efforts, in brief, made towards technology absorption, adaption and innovation.
 2. Benefits derived as a result of the efforts e.g. product improvement cost reduction product development, import substitution etc. } As stated above.
 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year following information may be furnished) } Not applicable
 - a. Technology imported
 - b. Year of Import
 - c. Has technology been fully absorbed.
 - d. If not fully absorbed, areas where this has not taken place, reasons therefore, and future plans of action. } Not applicable