

ANNUAL REPORT 2001-02

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ALKYL

Alkyl Amines Chemicals Ltd.

ALKYL

ANNUAL REPORT 2001-2002

ALKYL AMINES CHEMICALS LIMITED

FINANCIAL HIGHLIGHTS OF THE LAST DECADE

YEAR ENDING	Rs. in Lacs									
	31.03.1993	31.03.1994	31.03.1995	31.03.1996	31.03.1997	31.03.1998	31.03.1999	31.03.2000	31.03.2001	31.03.2002
GROSS REVENUE	2567.00	2829.08	3401.38	4416.62	4998.04	6247.28	8612.41	8298.00	7969.67	9558.52
OPERATING PROFIT (PBDT)	490.86	617.09	590.52	909.61	1221.57	1176.56	2448.39	1707.88	660.30	1794.45
PROFIT BEFORE TAX	-77.74	144.99	160.04	483.25	648.13	488.98	1639.97	872.84	-842.58	278.46
PROFIT AFTER TAX	-77.74	144.97	160.04	483.25	527.93	428.79	1284.88	774.72	-842.69	172.25
GROSS FIXED ASSETS	2641.16	2933.04	3031.16	4013.65	5075.57	5335.66	5731.03	9292.66	9794.09	10033.48
NET FIXED ASSETS	2097.07	2080.69	2059.20	2914.22	3792.19	3826.84	3952.51	7250.72	7307.95	7092.05
NET CURRENT ASSETS	522.96	974.91	1175.28	1439.57	1777.94	2605.39	2991.04	4465.89	3744.62	3682.48
EQUITY SHARE CAPITAL	166.37	266.09	265.96	266.22	365.84	730.52**	730.57	730.58	886.49	886.49
RESERVES & SURPLUS	451.64	766.04	880.49	1289.95	2018.64	1986.14	2925.71	3530.70	2967.20	3230.87
BOOK VALUE (RS.)	37.08	38.46	42.92	58.39	64.87	36.35	50.05	58.33	43.47	46.45
EARNING PER SHARE (RS.)	-0.05	5.24	5.80	17.95	17.62	9.00*	17.59	10.60	-9.51	1.94
EQUITY DIVIDEND (%)	10.00	12.00	12.00	25.00	25.00	20.00**	40.00	20.00	—	—

* WEIGHTED AVERAGE BASIS ON INCREASED EQUITY BASE

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

ALKYL AMINES CHEMICALS LIMITED**ANNUAL REPORT 2001-2002****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
(Finance & IT)*
D. A. Pradhan

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

Non-Executive Directors :

Hemendra M. Kothari
Shyam B. Ghia
Shobhan M. Thakore
Dilip G. Piramal
Premal N. Kapadia
K. R. V. Subrahmanian
Anand S. Bhatt
T. A. N. Devalkar (Nominee Director) (upto 11.2.2002)

Auditors

Messrs Bansri S. Mehta & Co.

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.
Ph. 7890632 • Fax : 7890631
Email : investorinfo@alkylamines.com

Plants :**Patalganga Plant**

Plot No. A-7 & A-25,
MIDC Patalganga Industrial Area,
Dist. Raigad 410 220, Maharashtra

Kurkumbh Plant :

Plot No. D-6/1, MIDC Kurkumbh Industrial Area,
Tal. Daund, Dist. Pune, Maharashtra

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ALKYLWebsite : www.alkylamines.com 1



ALKYL AMINES CHEMICALS LIMITED

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 22nd Annual General Meeting of **ALKYL AMINES CHEMICALS LIMITED** will be held at Chandragupt Hall, 2nd Floor, Hotel Abbott, Sector 2, Vashi, Navi Mumbai 400 703 on Friday, the 26th July, 2002 at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2002, Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P.N. Kapadia, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Anand Bhatt, 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 next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. 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 198, 269, and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, and subject to any other approval as may be necessary, the Company hereby approves the terms of re-appointment and remuneration of Mr. Kirat Patel as Executive Director of the Company for a further period of five years from January 1, 2002 to December 31, 2006, on terms and conditions as set out in the Explanatory Statement annexed to the notice, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment as may be agreed between the Board and Mr. Kirat Patel."

6. 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 Sections 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, the Directors of the Company (other than the Managing Director and the Executive Director) together be paid a commission of such an aggregate amount as may from time to time be determined by the Board of Directors but not exceeding 1% of the net profits of the relevant accounting year of the Company as computed in the manner prescribed under section 198 of the said Act and the said aggregate amount shall be divided amongst such Directors in such proportion and in such manner as may be decided by the Board of Directors in that behalf".

"RESOLVED FURTHER that the commission as aforesaid shall be payable to the directors (other than the Managing Director and the Executive Director) of the Company, commencing from the accounting year beginning on 1st April, 2002 for a period of 5 years".

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take such steps as may be necessary and desirable to give effect to this Resolution".

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

"RESOLVED THAT in supersession of the Ordinary Resolution passed at the Annual General Meeting of the Company held on 24th September, 1991, consent of the Company be and is hereby accorded pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time, any sum or sums of money for the purposes of the Company upon such terms and conditions and with or without security as the Board of Directors may in its discretion think fit, notwithstanding, that the money or monies to be borrowed by the Company (apart from the temporary loans obtained or to be obtained from time to time from the Company's bankers in the ordinary course of

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business) together with the money already borrowed, may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however that the sums so borrowed and remaining outstanding on account of principal shall not, at any time exceed Rs.150 crores (Rupees one hundred fifty crores only)".

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

"RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293(1)(a) and other applicable provisions of the Companies Act, 1956, to the creation by the Board of Directors on behalf of the Company of such mortgages, charges, hypothecations and floating charges in such form and such manner as may be agreed to between the Board of Directors and the Company's lenders on all or any of the immovable properties of the Company both present and future of every nature and kind whatsoever and the undertaking of the Company in certain events, to secure term loans/working capital facilities/External Commercial Borrowings/Debtentures etc. not exceeding Rs.150 crores (Rupees one hundred fifty crores only) from Financial Institutions/Banks and other agencies/parties with interest thereon, commitment charges, liquidated damages, charges, expenses and other monies, such mortgages and/or charges already created or to be created in future by the Company in such manner as may be thought expedient by the Board of Directors".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to finalise the documents for creating the aforesaid mortgages and/or charges and to do all such acts, things and matters as may be necessary for giving effect to the above resolution".

NOTES

1. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
3. The register of members and Share Transfer Books will remain closed from 19th July, 2002 to 26th July, 2002 (both days inclusive) for the purpose of Annual General Meeting.
4. The members are requested to notify change of address, if any, to the Company.
5. The shareholders holding shares in physical form are once again advised to seek their shareholding changed to dematerialized form since in terms of SEBI and Stock Exchange guidelines no physical shares can be traded in the Stock Exchanged. If you have any query and need help in this regard, please write to the Share Department at the Registered office of the Company.
6. The members may note that the company's Equity Shares are listed on the Mumbai stock exchange and the company has paid the listing fees to the stock exchange in time and has never made any default in the payment of listing fees in the past.

By order of the Board

K. P. RAJAGOPALAN

General Manager (Secretarial & Legal)

Registered Office :

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

Dated May 18, 2002.

ANNUAL REPORT 2001-2002**ALKYL AMINES CHEMICALS LIMITED****ANNEXURE TO THE NOTICE**

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

ITEM 2

Shri P.N. Kapadia retires by rotation at the ensuing Annual General Meeting, and being eligible, has offered himself for reappointment.

Shri P.N. Kapadia has been on our Board since July 20, 1999. Shri P.N. Kapadia is the Chairman and Managing Director of Tecnimont ICB Pvt. Limited, one of the leading project consultancy companies in India. He is also on the Board of the following companies.

1. Harshadray Pvt. Ltd.
2. Farm Chemicals Pvt. Ltd.
3. Dryden Pvt. Ltd.
4. TUV India Pvt. Ltd.
5. Harshadray Investment Pvt. Ltd.
6. Modern Machinery and Equipment Ltd.
7. Titanor Components Ltd.
8. ICB Contractors Pvt. Ltd.
9. West Coast Paper Mills Ltd.
10. Kaira Can Company Ltd.
11. Silicon Interfaces Pvt. Ltd.
12. Silicon Interfaces America Inc., U.S.A.
13. Protos Engineering Co. Pvt. Ltd.
14. Delimon Protos India Pvt. Ltd.
15. Sortimat Protos Automation Pvt. Ltd.
16. Krupp Industries India Pvt. Ltd.
17. Firsteservice.com (India) Pvt. Ltd.
18. Integrated Industrial Quality Management Consultants Pvt. Ltd.

It will be in the interest of the Company that Shri P. N. Kapadia continues as Director of the Company. Shri P. N. Kapadia is interested in the Resolution, since it relates to his own re-appointment.

ITEM 3

Shri Anand Bhatt retires by rotation at the ensuing Annual General Meeting, and being eligible, has offered himself for reappointment.

Shri Anand Bhatt has been on the Board of the Company since October 11, 1999. Shri Anand Bhatt is a leading Solicitor and is the partner of Wadia Ghandy & Company, Mumbai. He is also on the Board of the following companies:

1. Alkyl Technology Ventures Ltd.
2. The Bombay Incorporated Law Society
3. DSP Merrill Lynch Trustee Co. Pvt. Ltd.
4. Click Investments & Trading Co. Pvt. Ltd.
5. e-serve International Ltd.

It will be in the interest of the Company that Shri Anand Bhatt continues as Director of the Company. Shri Anand Bhatt is interested in the Resolution, since it relates to his own re-appointment.

ITEM 5

At the Annual General Meeting held on September 10, 1997 the shareholders had approved appointment of Mr. Kirat Patel as Executive Director for a period of 5 years from January 1, 1997 to December 31, 2001. The Board of Directors at its meeting held on October 30, 2001 has reappointed Mr. Kirat Patel as Executive Director for a further period of 5 years from January 1, 2002 to December 31, 2006 upon the terms and conditions including remuneration as set out in the Agreement between the Company and Mr. Kirat Patel. As required under section 302(7) of The Companies Act, 1956, abstract and memorandum has already been posted to the shareholders on January 1, 2002. The Board of Directors at its meeting held on May 18, 2002 has varied the terms of reappointment of Mr. Kirat Patel as hereinafter mentioned.

The reappointment of Mr. Kirat Patel as an Executive Director and the remuneration proposed to be paid or granted to him are in conformity with the provisions and requirements of Schedule XIII to the Companies Act, 1956. Accordingly no approval of the Central Government is required to be obtained to the appointment of Mr. Kirat Patel as an Executive Director.

Mr. Kirat Patel, aged 49, is B.Tech., Mechanical Engineering from Indian Institute of Technology, Bombay, and M.M.S. (Finance) from Jannalal Bajaj Institute of Management, Mumbai, and has been working with the Company since its inception. He is also director on the board of the company's Associate companies, i.e. Diamines & Chemicals Limited and Goldschmidt Alkyl Speciality Chemicals Pvt. Ltd. and on the board of the company's subsidiary company, Alkyl Technology Ventures Ltd. The material terms of the draft agreement referred to in the resolution at item no.5 of the notice are as under :

- a) Salary : In the range of Rs.48,000/- to Rs.1,00,000/- per month with authority to the Board of Directors to revise it from time to time.
- b) House Rent Allowance: Not exceeding 35% of the salary.
- c) Medical reimbursement - Reimbursement of actual medical expenses incurred for self and family within such limit as may be fixed by the Board of Directors.
- d) Leave Travel Concession - Reimbursement of actual expenses for self and family once in a year to and fro to any place not exceeding the limit prescribed by the Board from time to time.
- e) Premium on Personal Accident Insurance and premium on Mediclaim Policy for self and family not exceeding the limit prescribed by the Board from time to time.
For the purpose of this category, 'family' means the spouse, the dependent children and dependent parents.
- f) Use of company car and re-imbursement of driver's salary, if any.

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- g) Telephone facilities at residence.
- h) Provident Fund - Company's contribution to Provident Fund/ Superannuation Fund not exceeding 27% of the basic salary.
- i) Education Allowance: Rs.12,000 per annum.
- j) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

The Company shall pay commission on net profits at such percent to the Executive Director as determined by the Board from year to year provided that the total commission shall not exceed 1% of the net profits. In the event of loss or inadequacy of profits, he shall be paid the above remuneration, except commission on profits, provided that the total remuneration shall not exceed the ceilings mentioned in Schedule XIII of The Companies Act, 1956. The Executive Director shall be entitled on full pay and allowance, as per rules of the company, not more than 36 days' leave per annum. The leave accumulated but not availed of can be encashed by him.

The Executive Director shall be entitled to be reimbursed in respect of all expenses incurred by him (including travelling, entertainment, etc.) for and on behalf of the company.

This may please be treated as an abstract of the terms and conditions regarding the re-appointment of Mr. Kirat Patel as an Executive Director pursuant to the provisions of section 302 of The Companies Act, 1956.

A copy of the agreement entered into between the company and Mr. Kirat Patel and the revised draft of the agreement proposed to be entered into with Mr. Kirat Patel are open for inspection by the members during business hours at the Registered Office of the company.

Mr. Kirat Patel is interested in the Resolution, since it relates to his own re-appointment.

ITEM NO. 6

At the Annual General Meeting held on September 10, 1997 the shareholders had approved payment of a commission not exceeding 1% of the net profits of the company to the Directors (other than Managing Director and the Executive Director) for the period commencing from the accounting year beginning from 1st April, 1997. As the provision for payment of commission was applicable upto the Accounting Year ended on March 31, 2002, a fresh resolution is proposed approving payment of commission not exceeding 1% of the net profits to the Directors (other than Managing Director and the Executive Director) for a further period of 5 years commencing from the accounting year beginning 1st April 2002.

As per the resolution passed on September 10, 1997, the Directors were paid commission, for the accounting years 1997-1998, 1998-1999 and 1999-2000. No commission has been paid for the years 2000-2001 and 2001-2002 in view of the loss/inadequate profits.

The increasing business activities of the company require the Board of Directors to devote more time and attention. Hence, it is considered fair and proper to compensate the

Directors for the services rendered by them to the company, by paying of the appropriate amount by way of commission on the net profits of the company.

All the Directors of the company (except Mr. Yogesh Kothari and Mr. Kirat Patel) may be regarded as concerned or interested in the Resolution.

ITEM No. 7

In view of the increasing business operations of the company, it would be advisable to increase the borrowing powers of the Directors from Rs.100 crores to Rs.150 crores. Moreover, the company is exploring ways and means to reduce the interest cost by borrowings fresh funds to replace the existing high interest bearing loans, and hence, the total borrowings might increase during certain period, the existing limit of Rs.100 crores. The Board of Directors recommend passing of the Ordinary resolution.

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

ITEM NO. 8

In view of the increasing business operations and borrowings of the company, as aforesaid, the Company may have to create further charges/mortgages in favour of the lenders. Therefore, a resolution enabling the Directors to create charges/mortgages on the movable/immovable properties of the Company to the extent of Rs.150 crores is proposed.

Since the mortgaging by the Company of its immovable and movable properties, as aforesaid, in favour of the Institutions/Banks may be regarded as disposal of the Company's properties / undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of the said charges/mortgages.

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

By Order of the Board

K.P. RAJAGOPALAN

General Manager (Secretarial & Legal)

Registered Office :

401-407, Nirman Vyapar Kendra

Plot No.10, Sector 17, DBC,

Vashi, Navi Mumbai 400 705

Dated: May 18, 2002.

ANNUAL REPORT 2001-2002**ALKYL AMINES CHEMICALS LIMITED****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, 2002.

1. FINANCIAL HIGHLIGHTS & APPROPRIATION

	2001-2002 (Rs. in lacs)	2000-2001 (Rs. in lacs)
Profit/(Loss) before interest, depreciation & taxation	1794	660
Interest & financial expenses	1061	1059
Depreciation	455	444
Provision for taxation:		
a. Current Income tax/wealth tax	7	-
b. Deferred Income tax	99	-
Profit/(Loss) after Taxation	172	(843)
(Less)/Add: Adjustments relating to earlier years	(8)	124
Add: Balance Profit/(Loss) b/f	(189)	530
Balance Loss carried to Balance Sheet	(25)	(189)

2. DIVIDENDS:

Considering the need to conserve resources for the operations of the company, the Directors have not recommended any dividend for the year 2001-2002.

3. OPERATIONS:

Total income for the year 2001-2002 was Rs.9559 lacs as against Rs.7970 lacs for the year 2000-2001 registering an increase of 20%. The Profit before tax (after interest and depreciation charges) was Rs.278 lacs as against loss of Rs. 843 Lacs for the year 2000-2001. During the year 2001-2002 we have achieved a profit after tax of Rs. 172 lacs compared to the loss of Rs.843 lacs of the previous year.

Further details of operations are given in the Management Discussion and Analysis Report annexed (Annexure 1).

4. EXPORTS/ FOREIGN EXCHANGE:

During the year 2001-2002, we achieved an export turnover of Rs.2407 lacs (FOB) compared to Rs.2024 lacs (FOB) of the previous year, an increase of 19%. During the year we have utilised a sum of Rs. 809 lacs in foreign currency mainly to import raw materials, trading material, stores, spares, etc.

5. ASSOCIATE COMPANIES**a. Diamines & Chemicals Limited, Baroda:**

As the members are aware, we had acquired 32% of the shareholding of Diamines and Chemicals Ltd., Baroda, which is a BIFR company, under revival. Alkyl Finance & Trading Ltd. (the special purpose vehicle created for investment in DACL pending clearance of BIFR) was also amalgamated with DACL. For the year 2001-2002 DACL has achieved a sales turnover of Rs.2177 lacs. The outstanding loans of term lenders have been paid off.

b. Goldschmidt Alkyl Speciality Chemicals Private Ltd.

This is the joint venture company with Goldschmidt AG of Germany (a Degussa Group Company). For the year 2001-2002 this company has achieved a sales turnover of Rs.34 lacs.

6. CONSERVATION OF ENERGY:

Considering the importance of energy conservation, your Company has taken various measures for conservation of energy. These include de-bottlenecking to enhance plant capacity, planned production at optimum levels, regular monitoring of electricity and fuel consumption and corrective steps where required and utilisation of by-product steam. These measures have helped us to reduce energy costs. The efforts during the year for energy conservation have resulted in further reduction in electricity consumption per unit of production from 730 KW per MT of amines and amine derivatives of the previous year to 680 KW per MT. We also could reduce furnace oil/LSHS consumption per unit of production from 0.69 MT for the year 2000-2001 to 0.66 MT for the year 2001-2002. More details are given in Annexure 2 (Form A) annexed to this report.

7. TECHNOLOGY ABSORPTION / R & D

In line with the company's policy of diversifying into knowledge based industries, the company has set up

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a new R&D Centre at Pune.

The information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in Annexure 3 (Form B) attached to this report.

8. SAFETY, HEALTH AND ENVIRONMENT:

We are committed to being a socially responsible corporate citizen. We are making all efforts to maintain high safety and security standards for environment protection and preservation. We strictly adhere to pollution control norms and encourage advance technology initiatives for implementation.

9. 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.

10. DIRECTORS:

The SICOM has withdrawn the nomination of Mr. T.A.N. Devalkar as its nominee Director on our Board. We wish to place on record our appreciation of the valuable guidance and advice, which we have received from Mr. Devalkar during his tenure.

Mr. P.N. Kapadia and Mr. Anand Bhatt 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. P.N. Kapadia and Mr. Anand Bhatt.

11. AUDITORS:

Members are requested to appoint Auditors and fix their remuneration. M/s. Bansi 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.

As regards the remarks of Auditors regarding non-provision of Sales Tax and recognition of export benefits, your Directors wish to state that notes no. 4 (b) and 8 of Schedule 19 are self-explanatory.

12. RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of The Companies Act, 1956:

- (a) That in the preparation of the annual accounts for the year ended March 31, 2002, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
- (b) That such accounting policies as mentioned in Schedule 18 to the annual accounts have been selected and applied consistently and judgements and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended on March 31, 2002 and of the profit of the company for that year;
- (c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and to prevent and detect fraud and other irregularities;
- (d) That the Annual accounts for the year ended 31st March, 2002 have been prepared on a going concern basis.

13. CORPORATE GOVERNANCE

A separate detailed Corporate Governance report is attached herewith as Annexure 4.

14. EMPLOYEES

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.

During the year, there were no employees who drew remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956.

15. ACKNOWLEDGEMENTS:

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

For and on behalf of the Board.

YOGESH M. KOTHARI

Chairman & Managing Director

Place: Mumbai

Dated: May 18, 2002

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Website : www.alkylamines.com 7

ANNUAL REPORT 2001-2002 ALKYLAMINES CHEMICALS LIMITED**Management Discussion and Analysis Report****ANNEXURE 1****INDUSTRY STRUCTURE AND DEVELOPMENT**

We are one of the leading producers of speciality chemicals, i.e. aliphatic amines, amine derivatives etc. We have our plants at Patalganga and Kurkumbh. We cater to both domestic and international market. Our products have application in important industries like pharmaceutical, agro-chemical, rubber chemicals etc. We have a good team of technical and commercial professionals with expertise in chemicals manufacture and marketing. For more details please refer to our web-site www.alkylamines.com.

Some of our products are imported into the country. There are also a few domestic producers for some of the products.

PERFORMANCE**Manufactured Products:**

Sales of manufactured products for the year 2001-2002 increased from Rs.7478 lacs of the previous year to Rs.9015 lacs, i.e. an increase of 21%. Sales in quantity also increased from 9980 MT of the previous year to 11575 MT for the year 2000-2001 (16%).

Production of speciality chemicals increased from 15046 MT for the year 2000-2001 to 17011 M.T. for the year 2001-2002 (13%). Due to lower capacity utilisation of our amine plants, we had to re-deploy/restructure the workforce to reduce the overheads.

Trading:

We also 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 turnover of Rs.145 lacs as against Rs 146 lacs of the previous year.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

The Company continues to consolidate its pre-eminent position in various amines and amine derivatives markets. A new Division, Custom Synthesis Division, offers many opportunities for the Company to grow and diversify. This Division undertakes activities like reductive amination (liquid and vapour phase), air oxidation, high pressure hydrogenation, peroxide oxidation, etc. for customers both domestic and international.

The proposed reduction in customs tariffs as per WTO, can be a matter of concern to a Company like yours and competition from a few established players globally can be a threat to maintain the turnover and profitability.

Our Core Competence in chemicals handling and manufacturing supported by an able Technical Team, focussing more on customer relationship management should provide a lot of opportunities and scope to the company to improve its performance in an otherwise difficult business environment.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

We are pleased to report that, despite the recession in chemical industry, the operating profit before tax amounted to Rs. 278 lacs compared to the loss of Rs.843 lacs reported last year.

This achievement was possible due to better volume by proper utilization of facilities, tight cost control measures effected by the Company, better sourcing, better marketing strategies etc.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has installed a good system of internal controls in all spheres of its activity. The internal control is supplemented by effective internal audit being carried out by an external firm of chartered accountants. The Audit Committee of Directors regularly reviews the findings of the Internal Auditors and effective steps to implement the suggestions/observations of the Auditors are taken and monitored regularly. In the opinion of the Board, an effective internal control system adequate to the size of the Company exists.

HUMAN RESOURCE/INDUSTRIAL RELATIONS

There have been excellent relations between the employees at various levels and the management. The Company has initiated many steps in the career and personality development of the employees belonging to different departments. The employees attend seminars/ workshops to enhance their skills and knowledge. For continual improvement of the working of the company and to encourage employees participation, the Company had introduced a Suggestion Scheme which has received a good response. Some of the suggestions approved by the management have been implemented.

OUTLOOK

The outlook for the year 2002-2003, may have to be viewed considering the effects of various external and internal factors on the working of the Company. We are trying to maintain our market share and also increase our export market. We have achieved a sales turnover of Rs.12.6 crores for the period April to May 18, 2002.