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Alkyl Amines Chemicals Limited

Annual Report 2007-08

ALKYL**ANNUAL REPORT 2007-2008****ALKYL AVONNES CHEMICALS LIMITED****FINANCIAL HIGHLIGHTS OF THE LAST DECADE****Rs. in Lacs**

YEAR ENDING	31.03.1999	31.03.2000	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005	31.03.2006	31.03.2007	31.03.2008
GROSS REVENUE	8612.41	8298.00	7969.67	9409.50	10477.38	10515.21	11599.21	12954.62	15160.28	17998.29
OPERATING PROFIT (PBIDT)	2448.39	1707.88	660.30	1651.27	1865.94	1609.09	1463.30	1635.40	2491.26	2781.12
PROFIT BEFORE TAX	1639.97	872.84	-842.58	278.46	567.39	402.45	347.37	602.96	1123.66	1362.37
PROFIT AFTER TAX	1284.88	774.72	-842.69	172.25	331.39	241.31	289.64	410.19	865.97	956.31
GROSS FIXED ASSETS	5731.03	9292.66	9794.09	10033.48	10217.40	10794.89	10927.77	11209.65	13118.57	14735.43
NET FIXED ASSETS	3952.51	7250.72	7307.95	7092.05	6828.49	6927.22	6571.36	6368.29	7669.64	8659.21
NET CURRENT ASSETS	2991.04	4465.89	3744.62	3682.48	4034.19	3898.01	3090.71	5503.74	6949.13	7775.44
EQUITY SHARE CAPITAL	730.57	730.58	886.49	886.49	886.49	886.49	886.49	886.49	886.49	886.49
RESERVES & SURPLUS (Including Deferred Taxation (Net))	2925.71	3530.70	2967.20	3230.87	3653.08	3900.97	4040.86	4411.96	5232.42	5922.30
BOOK VALUE (Rs.)	50.05	58.33	43.47	46.45	51.21	54.00	55.59	59.77	69.02	76.80
EARNING PER SHARE-BASIC (RS.)	17.59	10.60	-9.51	1.94	3.74	2.72	3.27	4.63	9.06	10.00
EQUITY DIVIDEND (%)	40.00	20.00	—	—	12.00	12.00	15.00	18.00	22	25

MANAGEMENT TEAM

*Chairman &
Managing Director*
Yogesh M. Kothari

Executive Director
Kirat Patel

Executive Director
Suneet Y. Kothari

*Vice President
(Technical)*
Sameer S. Katdare

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

*General Manager
(P & A)*
S. S. Khade

*General Manager
(Materials)*
S. V. Dandekar

*General Manager
(Technology Develop-
ment)*
S. Saimani

*General Manager
(Projects)*
H. R. Joshi

*General Manager
(Marketing)*
Girish Naik

*General Manager
(R&D & Business Dev.)*
**Prasanna
Somalwar**

*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****Tarjani Wakil****N. Shankar (Nominee Director)****Registered Office :**

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

Ph. 67946618 • Fax : 67946666 • 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 - 413802, Maharashtra

Auditors

Messrs Bansi S. Mehta & Co.

Bankers

State Bank of India

Bank of Baroda

Axis Bank Ltd.

Registrar & Transfer Agents**Sharex Dynamic (India) Pvt. Ltd.**

Fort Office : 17/B, Dena Bank Building, 2nd floor, Horniman Circle, Fort,
Mumbai - 400 001. Ph.: 22702485, 22641376 • Fax : 022 22641349

Branch Office : Unit No. 1, Luthra Ind. Premises, Andheri Kurla Road,

Safed Pool, Andheri (E), Mumbai - 400 072

Ph.: 28515606, 28515644 • Fax : 022 2851 2885

Email : sharexindia@vsnl.com • Website : www.sharexindia.com

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ALKYL**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 28th 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 Thursday, the 31st July, 2008 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, 2008, Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To sanction declaration of dividends.
3. To appoint a Director in place of Mr. S.B. Ghia, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. P.N. Kapadia, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Ms. Tarjani Vakil, who retires by rotation and being eligible offers herself for reappointment.
6. 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.

NOTES

1. The relative explanatory statement pursuant to the provisions of Corporate Governance relating to the reappointment of Directors is enclosed.
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 24th July, 2008 to 31st July, 2008 (both days inclusive) for the purpose of Annual General Meeting and Dividend.
4. Dividend, if declared at the meeting, will be paid on or after 8th August, 2008 to those shareholders

whose names appear in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as at the close of their business hours on 31st July, 2008.

5. Please note that pursuant to Section 205C of the Companies Act, 1956 all unclaimed/unpaid dividends upto March 2000 have been transferred to the Account of Central Government.
6. We have been offering the facility of electronic credit of dividend directly to the respective bank accounts of our shareholders, through Electronic Clearing Service (ECS). This is in addition to the Bank mandate facility that already exists whereby bank account details are printed on the dividend warrants. Shareholders who would like to avail of the ECS facility or the Bank mandate facility (if not done earlier) are requested to complete and submit the ECS/Bank Mandate Form that is also sent with this Annual Report to the Company's Registrar and Transfer Agents so as to reach them latest by July 24, 2008. Kindly note that shareholders holding shares in dematerialised form would receive their dividend directly to the bank account nominated by them to their Depository Participant, as per SEBI directives.
7. The members are requested to notify change of address, if any, to the Company's Registrar and Transfer Agent.
8. 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 Exchanges.
9. The members may note that the company's Equity Shares are listed on the Mumbai Stock Exchange and National Stock Exchange India Ltd., and the listing fees to the stock exchanges have been paid.

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: June 26, 2008

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT AS REQUIRED UNDER CORPORATE GOVERNANCE****ITEM 3**

Mr. S.B. Ghia retires by rotation at the ensuing Annual General Meeting, and being eligible, has offered himself for reappointment.

Mr. S.B. Ghia, aged 60 years, has been on our Board since October 18, 1980. Mr. Ghia is a member of our Audit Committee, Investors Grievance Committee and Remuneration Committee of Directors. He is the Chairman & Managing Director of Futura Polyesters Limited. He is also on the Board of the following Companies:

1. Sonata Software Ltd.
2. AVT Natural Products Ltd.
3. Brahmasonic Sound Production Pvt. Ltd.
4. Chika Pvt. Ltd.
5. Chika Overseas Pvt. Ltd.
6. Innovassynth Technologies (India) Ltd.
7. Innovassynth Investments Ltd.
8. Kika Investments & Finance Pvt. Ltd.
9. Viraj Investments Pvt. Ltd.

In view of his vast experience in the Industry, it will be in the interest of the Company that Mr. Ghia continues as Director of the Company.

Except Mr. Ghia, no other Director is interested in his reappointment.

ITEM 4

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

Mr. Kapadia, aged 59 years, has been on the Board of the Company since July 28, 2000. He is a member of our Audit Committee of Directors. He is on the Board of the following Companies:

1. Technimont ICB Pvt. Ltd.
2. Harshadray Pvt. Ltd.
3. Farm Chemicals Pvt. Ltd.
4. Dryden Pvt. Ltd.
5. TUV India Pvt. Ltd.
6. Harshadray Investment P.Ltd.
7. De Nora India Limited

8. The West Coast Paper Mills Ltd.
9. Kaira Can Co. Ltd.
10. Silicon Interfaces Pvt. Ltd.
11. Silicon Interfaces America Inc.
12. Protos Engg.Co. Pvt. Ltd.
13. Sortimat Protos Automation Pvt. Ltd.
14. ThyssenKrupp Industries India Pvt. Ltd.
15. FirsteService (India) P. Ltd.
16. Integrated Industrial Quality Management Consultants Pvt.Ltd.
17. Rata Iron Ore & Materials Exports Pvt. Ltd.
18. Sujata Resources Pvt. Ltd.

With his vast experience in the Industry, it will be in the interest of the Company that Mr. Kapadia continues as Director of the Company. Except Mr. Kapadia, no other Director is interested in his reappointment.

ITEM 5

Ms. Tarjani Vakil retires by rotation at the ensuing Annual General Meeting, and being eligible, has offered herself for reappointment.

Ms. Tarjani Vakil, aged 71 years, is ex-Chairman of Export-Import Bank of India. She is also on the Board of the following companies:

1. Asian Paints (I) Ltd.
2. Mahindra Intertrade Ltd.
3. DSP Merrill Lynch Trustee Co. Pvt. Ltd.
4. I-flex Solutions Ltd.
5. Aditya Birla Nuvo Ltd.
6. Idea Cellular Ltd.

With her vast experience in international finance, it will be in the interest of the Company that Ms. Vakil continues as Director of the Company. Except Ms. Vakil, no other Director is interested in her reappointment.

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: June 26, 2008

DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

We are presenting the 28th Annual Report and the Audited Statement of Accounts of the Company for the financial year ended March 31, 2008.

1. FINANCIAL HIGHLIGHTS & APPROPRIATION

	2007-2008 (Rs. in lacs)	2006-2007 (Rs. in lacs)
Gross Total Income	17998	15160
Profit before interest, depreciation & Taxation	2781	2492
Interest & financial expenses	790	757
Depreciation	629	611
Profit before tax	1362	1124
Provision for taxation:	406	258
Profit after taxation	956	866
Add: balance profit b/f	1096	564
Profit available for appropriation	2052	1430
Transfer to General Reserve	96	87
Preference Dividend	60	17
Equity Dividend	222	195
Tax on dividends	48	36
Balance profit carried to balance sheet	1626	1095

1. SHARE CAPITAL:

As per the decision taken by the shareholders at the Extraordinary General Meeting held on 27th November, 2006, the Directors had on December 18, 2006 allotted 10,00,000-6% Cumulative Redeemable Optionally Convertible Preference Shares of Rs.100/- each of the aggregate value of Rs.10 Crores to the Promoter Mr. Yogesh M. Kothari. These preference shares are convertible into equity shares at the option of the Shareholder, not later than 18 months from the date of allotment at a rate of Rs.75/- per equity share (i.e. Rs.10/- towards face value and Rs.65/- towards premium). Mr. Yogesh M. Kothari exercised his option to convert the preference shares into equity shares and accordingly the Directors have on April 16, 2008 allotted to him 13,33,333 equity shares of Rs.10 each. Consequently, the equity share capital of the company has increased to Rs.10.20 crores.

Pursuant to the provisions of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1998, Mr. Yogesh M. Kothari and persons acting in concert, have made an open offer to the equity shareholders. The Letter of Offer has been posted to the shareholders.

2. DIVIDENDS:

We recommend for your approval payment of dividend at 25% on Equity Shares of Rs.10/- each for the year ended March 31, 2008 (Previous Year: 22% on equity shares). The total amount of dividend including Income tax thereon would amount to Rs.259 lacs (Previous Year Rs.228 lacs).

Dividend @ 6% on the 10,00,000-6% Cumulative Redeemable Optionally convertible Preference Shares of Rs.100/- each for the year 2007-08 (including income tax thereon) amounts to Rs.70 lacs.

3. OPERATIONS:

Total income (gross) for the year 2007-08 was Rs.17998 lacs compared to Rs. 15160 lacs for the year 2006-2007 registering an increase of 19%. The Profit before tax (after interest and depreciation charges) increased to Rs. 1362 lacs compared to Rs. 1124 lacs of the previous year, i.e. an increase of 21%. During the year 2007-2008 we have achieved profit after tax of Rs. 956 lacs compared to Rs.866 lacs of the previous year, i.e. an increase of 10 %.

The Income for the year 2007-08 includes a sum of Rs. 244 lacs on account of carbon trading.

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

4. EXPORTS:

During the year 2007-2008, we achieved an export turnover of Rs.3649 lacs (FOB) compared to Rs.2499 lacs (FOB) of the previous year.

5. FOREIGN EXCHANGE OUTGO:

During the year we have utilised a sum of approx. Rs. 1866 lacs in foreign currency mainly to import raw materials.

6. ASSOCIATE/SUBSIDIARY COMPANIES**a. Diamines & Chemicals Limited, Vadodara:**

Diamines and Chemicals Ltd., Vadodara, our associate company, has achieved a total income of Rs.2242 lacs as against Rs. 2679 lacs of the previous year and a profit after tax of Rs. 171 lacs as against Rs.688 lacs of the previous year. The Board of Directors of DACL has recommended a dividend of 10% for the year 2007-08 as against 40% equity dividend of the previous year.

b. Alkyl Speciality Chemicals Limited:

This company was earlier engaged in marketing of speciality chemicals. As reported last year, to consolidate the operations of the group, we have decided to route the indenting and stock and sale business through our Company and hence, the activities of this company during the year 2007-08 were negligible. This company achieved a total income of Rs.34 lacs (Previous Year: Rs.230 lacs) and a loss of Rs. 90 lacs (as against profit after tax for the previous year of Rs.21 Lacs). Pursuant to Accounting Standard AS21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial information of the subsidiary company. The Annual Accounts of the Subsidiary is available for inspection by any member at the registered office during business hours.

c. Alkyl Amines Europe SPRL

In April 2008 we have registered a wholly owned subsidiary company called Alkyl Amines Europe SPRL in Belgium with an initial capital of Euro 18600 with a view of looking at future potential markets and also regulatory requirements.

7. 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 wherever required and utilisation of by-product steam.

The operations of our cogeneration plant at Kurkumbh to meet captive power and steam requirement with the use of bagasse/coal as fuel, have been stabilised, thereby reducing fuel and power costs. The total steam requirement at Kurkumbh site is being reviewed, measures to reduce energy uses taken and upgradation of the co-generation plant is being considered.

We have also set up a boiler project at Patalganga which uses coal as fuel instead of fuel oil to alleviate the rising costs of furnace oil.

The benefits arising from these projects would be reflected in the results of the coming years.

More details are given in Annexure 2 (Form A) annexed to this report.

8. TECHNOLOGY ABSORPTION/ R & D

Our R&D Centre at Hadapsar, Pune, which employs around 30 scientists, is doing an excellent job and is expected to be a key driver for the future growth of the company. Over the last few years, the R&D Centre has developed new processes and products which have contributed immensely towards the growth of the company.

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.

9. SAFETY, HEALTH AND ENVIRONMENT:**(a) Environment:**

The Company also attaches importance to Environment protection and adherence to pollution control norms.

We have obtained certification for Environment Management System ISO 14001 for our Patalganga Plant. We are in the process of implementing ISO 14001 for our Kurkumbh Plant.

- i) Air Emissions – Emissions from various sources are monitored regularly and compliance to statutory requirement is ensured. Projects are undertaken for reduction of emissions. Our co-gen plant at Kurkumbh is aiding the global quest for controlling GHG emission by using renewable fuel. The project

is approved by Government of India, Ministry of Environment and Forests and is also registered with the Executive Board established under the Kyoto Protocol to the UNFCCC.

- ii) Liquid waste Treatment – The Company has integrated Effluent Treatment Plants and outlet standards are maintained within the prescribed limits. Continuous efforts are made to minimise the quantity of effluent generated and feasibility of recycling of treated effluent is being studied. The company has made substantial investment for expanding its effluent treatment capacity to meet long term requirements. Your Company is also a member of the CETP located at Patalganga and Kurkumbh.
- iii) Solid Waste Management – Solid wastes are either incinerated or disposed off to secured landfill. The manufacturing sites at Kurkumbh and Patalganga are members of the Mumbai Waste Management Limited Common Hazardous Waste Treatment, Storage & Disposal Facility.
- (b) Safety – We encourage a high level of awareness of safety issues among our employees and strive for continuous improvement. All incidents are analysed in safety committee meetings and corrective actions, wherever necessary, are taken immediately. Employees are trained in safe practices to be followed at workplace. Active participation is done in Mutual Aid scheme in the respective industrial areas.
- (c) Health – Health of employees is also accorded importance. Periodic check up of all employees is done to monitor their health. Regular work area monitoring to check concentration of chemicals, noise level, and quality of ambient air is done. We also have Occupation Health Centres with staff at both manufacturing sites at Patalganga and Kurkumbh. We are working towards obtaining ISO 18000 for safety and health.

10. CORPORATE SOCIAL RESPONSIBILITY

We have identified our role, responsibilities and obligations towards integrating social and environmental concerns of our stakeholders and public at large.

We have adopted a policy on Social Responsibility and undertaken community development activities in and around the rural areas situated in Kurkumbh as well as Patalganga Complexes. The community interests and the stakeholders are identified through a Corporate Social Responsibility Cell, recently set up by the Company.

The Company has a Disaster Management Plan within the Company and to surrounding industry, either in the form of providing risk information to the community or to respond in case of any emergency, as a part of its social responsibility. As a part of Disaster Management Programme, to create awareness about the immediate and timely actions to be taken at the time of disasters like gas leak, accidents etc., mock drills are conducted.

The Company has evolved and implemented and is in the process of implementing programmes based on adherence to social values such as –

- Undertaking Clean Development Mechanism (CDM) Project to reduce carbon and green house emissions. We were amongst the first few companies in the country to be part of the CDM to be actually issued encashable CERs.
- Facilitating dialogue with various constituents, establishments and Departments concerned with environment, safety and social welfare, with a view to achieve co-ordination and co-operation in successful implementation of the programme.
- Afforestation programmes in and around both the Complexes of the Company, (for environmental protection) thus minimizing the global warming scenario.
- Promoting and Sponsoring activities in the areas of Safety, Health and Environment, Education, Sports and Cultural Activities.
- Promoting primary/secondary/tertiary education through interaction with the schools /colleges and universities.
- Providing employment and self-employment opportunities through development on ancillary industries, both to local community and to others.
- Encouraging research in the country by instituting the “Alkyl Amines Young Scientist Award” through UICT
- Creating awareness about HIV/AIDS etc.

11. CODE OF CONDUCT:

The Board of Directors has laid down a Code of Conduct applicable to the Board of Directors and Senior

Management, which is available on the company's website. All Board Members and Senior Management personnel have affirmed compliance with the code of conduct.

12. 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.

13. INSURANCE

The properties and assets of the Company are adequately insured.

14. DIRECTORS:

Mr. S.B. Ghia, Mr. P.N. Kapadia and Ms. Tarjani Vakil retire by rotation at the Annual General Meeting and, being eligible, have offered themselves for re-appointment. Your Directors recommend the re-appointment of all these Directors.

15. 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.

16. 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, 2008, 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, 2008 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, 2008 have been prepared on a going concern basis.

17. CORPORATE GOVERNANCE

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

18. 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.

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.

19. 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: June 26, 2008

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ANNEXURE 1

INDUSTRY STRUCTURE AND DEVELOPMENT

We are one of the leading producers of aliphatic amines, amine derivatives and other speciality chemicals. We have two manufacturing sites, one at Patalganga and the other at Kurkumbh. We also have an R&D Centre at Pune. We have an excellent team of technical and commercial professionals with expertise in chemicals manufacture and marketing.

Our products have application in important industries like pharmaceuticals, agro-chemicals, water treatment chemicals, photography chemicals, rubber chemicals, etc. We cater to both domestic and international market. We have competition both from local producers and international producers.

For more details please refer to our web-site www.alkylamines.com.

PERFORMANCE

Gross Sales for the year 2007-2008 registered a 19% increase at around Rs. 172 crores compared Rs.145 crores of the previous year.

Production of amines and amine derivatives amounted to 21005 MT for the year 2007-2008 compared to 15074 M.T. for the year 2006-2007. We have been focusing more on products of better value addition.

Income from contract processing for 2007-08 was Rs. 123 lacs compared to Rs.206 lacs of the previous year.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

We enjoy a pre-eminent position in various amines and amine derivative markets, which we intend to consolidate. We offer activities like reductive amination (liquid and vapour phase), air oxidation, high pressure hydrogenation, peroxide oxidation, etc. for customers both domestic and international, which has very good growth potential. On the finished products front, further reduction in customs tariffs as well as strengthening of rupee, can be a matter of concern and competition from a few established players globally can be a threat to maintain the turnover and profitability. On the raw materials front, in view of supply-demand mismatch, prices of ethyl alcohol are volatile.

Threats and challenges also provide opportunities for growth. Since the chemicals industry is growing, we have a fair chance of improving our position as a reliable supplier of good quality chemicals. 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

The operating profit before tax amounted to Rs. 1362 lacs compared to Rs.1124 lacs reported last year.

During the year, our domestic sales amounted to Rs.13778 lacs compared to Rs.11826 lacs of the previous year. Export sales increased to Rs. 3649 lacs (FOB) compared to Rs.2499 lacs of the previous year.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The SAP-ERP system introduced in 2006 is being streamlined. The system would enable Managers to advantageously assimilate information and make more knowledge-based and efficiency-driven decisions. The company has 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. However, considering the growing operations of the Company, the scope of the internal audit is being enhanced to make internal audit a tool for better management decision making.

Strategic Plans and Organizational Development :

Being a global player, we need to be strong in three dimensions: one, become a worldclass marketing company by building distinctive customer service competencies that go beyond the production and distribution of products e.g. being provider of solutions and services; two, become a cost leader by actively working towards setting up global scale manufacturing plants in speciality chemicals segment that provide economies of scale and enable us to compete with manufacturers from other countries; and, third, become a true technology leader with a distinct product/process development capability.

Given the scenario, our company is consciously focusing on leveraging our inherent strengths in terms of availability of a qualified technical team and the processes developed by them, our ability to handle hazardous