



Alkyl Amines Chemicals Limited

ANNUAL REPORT 10-11

FINANCIAL HIGHLIGHTS OF THE LAST DECADE

Year Ending	Rs. in Lakhs									
	31.03.2002	31.03.2003	31.03.2004	31.03.2005	31.03.2006	31.03.2007	31.03.2008	31.03.2009	31.03.2010	31.03.2011
Total Income (Gross)	9,409.51	10,477.38	10,515.21	11,599.21	12,954.62	15,160.28	18,003.79	21,813.25	23,739.97	26,058.24
Profit before interest, depreciation & taxation	1,794.45	1,857.92	1,609.10	1,463.30	1,635.38	2,491.26	2,781.12	2,690.41	3,646.52	3,350.81
Profit before Tax	278.46	567.39	430.09	347.37	602.95	1,123.66	1,362.37	822.79	1,589.86	1,417.07
Profit After Tax	164.24	351.21	238.77	261.02	416.92	865.97	956.23	402.20	1,003.68	1,040.49
Gross Fixed Assets	10,071.83	10,282.49	10,891.91	11,933.98	12,849.49	13,518.07	15,495.42	17,787.74	18,846.29	20,396.19
Net Fixed Assets	7,130.40	6,893.58	7,024.24	7,577.57	8,008.13	8,069.14	9,419.20	11,005.58	11,202.16	12,171.90
Net Current Assets	3,682.48	4,034.19	3,898.01	3,090.71	5,503.74	6,949.13	7,576.35	10,234.62	8,605.62	8,821.52
Equity Share Capital	886.49	886.49	886.49	886.49	886.49	886.49	886.49	1,020.61	1,020.61	1,020.61
Reserve & Surplus (Incl. Deferred Taxation (Net))	3,230.87	3,653.08	3,900.97	4,040.86	4,411.95	5,232.42	5,922.30	7,122.46	7,662.72	8,199.97
Book Value	46.45	51.22	54.01	55.59	59.78	69.03	76.82	79.85	85.15	90.41
Earning per Share - Basic	1.85	3.96	2.69	2.94	4.70	9.58	10.00	3.94	9.84	10.20
Equity Dividend (%)	-	12.00	12.00	15.00	18.00	22.00	25.00	20.00	30.00	30.00
Financial Ratios										
Net Sales to Gross Fixed Assets (%)	82.01	89.24	83.68	83.42	86.10	95.34	100.70	109.53	113.44	113.67
Return on Capital Employed (%)	14.31	15.15	14.06	11.79	13.87	20.45	22.99	18.86	25.05	17.32
Return on Net worth (%)	3.99	7.74	4.99	5.30	7.87	12.16	12.24	4.94	11.56	11.28
PAT to Net Sales (%)	1.99	3.83	2.62	2.62	3.77	6.72	6.13	2.06	4.69	4.49

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
(Technology
Development)*
S. Saimani

*General Manager
(Marketing)*
Girish Naik

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

*General Manager
(Finance & Accounts)*
S. Girdhar

*General Manager
(Works)*
Milind Deshmukh

*General Manager
(Works)*
Sagar Bhongle

*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 Vakil
Rima Marphatia (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 : legal@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 Banshi S. Mehta & Co.

Bankers

State Bank of India
Bank of Baroda
Axis Bank Ltd.
Standard Chartered Bank

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

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

CONTENTS**Page**

Financial Highlights.....	Inside Front Cover
Notice of Annual General Meeting.....	2-4
Directors' Report	5-19
Auditors' Report	20-23
Balance Sheet.....	24
Profit & Loss Account.....	25
Cash Flow Statement	26
Schedule 1 to 21.....	27-54
Balance Sheet Abstract	55
Consolidated Financial Statements	56-79
Statement under Section 212	80

**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 31st 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, August 4, 2011 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, 2011, Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To sanction declaration of dividend.
3. To appoint a Director in place of Mr. Premal N. Kapadia, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Ms. Tarjani Vakil, who retires by rotation and being eligible offers herself for reappointment.
5. To appoint a Director in place of Mr. Shobhan M. Thakore, who retires by rotation and being eligible offers himself 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.
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 July 28, 2011 to August 4, 2011 (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 11th August, 2011 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 July 27, 2011.
5. Please note that pursuant to Section 205C of the Companies Act, 1956 all unclaimed/unpaid dividends upto July 2003 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 27, 2011. 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.

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 31, 2011

NOTES

1. The relevant Explanatory Statement under Corporate Governance relating to the Business to be transacted at the meeting is annexed hereto.

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 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: May 31, 2011

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT UNDER CORPORATE GOVERNANCE

ITEM 3

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

Mr. Kapadia aged 62 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 Chairman Emeritus of Tecnimont ICB Private Limited. He is also on the Board of the following Companies/interested in the following Concerns:

1. Harshadray Private Limited.
2. Farm Chemicals Private Limited
3. Dryden Private Limited
4. TUV India Private Limited
5. Harshadray Investment Private Limited
6. De Nora India Limited
7. The West Coast Paper Mills Limited
8. Kaira Can Company Limited
9. Silicon Interfaces Private Limited
10. Silicon Interfaces America Inc.

11. Protos Engineering Company Private Limited
12. Sortimat Technology Private Limited
13. ThyssenKrupp Industries India Private Limited
14. FirsteService (India) Private Limited
15. Integrated Industrial Quality Management Consultants Private Limited
16. Jain International Trade Organization
17. Sujata Enterprises
18. Rata Iron Ore and Minerals Exports Private Limited
19. Sujata Resources Private Limited
20. Puma Properties Limited
21. Virman Real Estate Private Limited
22. Virneesh Properties Developers Private Limited

He is also Chairman of Share Transfer Committee of Kaira Can Company limited and Member of Audit Committees of The West Coast Paper Mills Limited and Member of Remuneration Committee of De Nora India Limited.

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 4

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

Ms. Tarjani Vakil, aged 74 years, is ex-Chairman of Export-Import Bank of India. She is also on the Board of the following Companies:

1. Asian Paints Limited
2. Mahindra Intertrade Limited
3. DSP Black Rock Trustee Company private Limited
4. Aditya Birla Nuvo Limited
5. Idea Cellular Limited
6. Aditya Birla Trustee Company Private Limited
7. Birla Sun Life Insurance Company Limited

She is also Chairperson of Audit Committees of Asian Paints Limited, Aditya Birla Nuvo Limited and Mahindra Intertrade Limited and also Member of Audit Committees of Birla Sun Life Insurance Company Limited, Idea Cellular Limited and DSP Black Rock Trustee Company Private Limited and Member of Remuneration Committee of Asian Paints Limited and Member of Finance Committee of Birla Sun Life Insurance Company Limited

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.

ITEM 5

Mr. Shobhan M. Thakore retires by rotation at the ensuing Annual General Meeting, and being eligible, has offered himself for reappointment.

Mr. S. M. Thakore, aged 63 years, has been on our Board since April 19, 1988. He is Chairman of our Investors Grievances Committee and a Member of Finance Committee, Remuneration Committee and Audit Committee. Mr. Shobhan Thakore is on the Board of the following Companies.

1. Bharat Forge Limited
2. Carborundum Universal Limited
3. DSP Black Rock Investment Managers (Mauritius) Limited
4. Morarjee Textiles Limited
5. Uni Deritend Limited
6. Uni Klinger Limited

He is also Member of Audit Committees of Bharat Forge Ltd. and Morarjee Textiles Ltd. and Chairman and Member of Investor Grievance Committee of Morarjee Textiles Ltd and Member of Advisory Board of DSP Blackrock Investment Managers Limited.

Mr. S. M. Thakore is a well-known Solicitor and is a Partner of Talwar Thakore & associates, a leading Solicitor Firm. In view of his vast experience in the industry and profession, it will be in the interest of the Company that Mr. Thakore continues as Director of the Company. Mr. Thakore holds 5,540 equity shares in this Company. Except Mr. Thakore, no other Director is interested in his 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: May 31, 2011

DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

Your Directors take pleasure in presenting the 31st Annual Report and Audited Statement of Accounts of the Company for the financial year ended March 31, 2011.

1. FINANCIAL RESULTS:

	2010-11 Rs. In Lakhs	2009-10 Rs. In Lakhs
Sales (Gross)	25475	23165
Misc. Sales & Other Income	583	575
Total Income (Gross)	26058	23740
Profit before interest, depreciation & Taxation	3350	3647
Interest & financial expenses	1032	1204
Depreciation	901	853
Profit before tax	1417	1590
Provision for tax	320	483
Net Profit after tax	1097	1107
Previous year adjustments	(56)	(103)
Profit after adjustments	1040	1003
Add: balance profit b/f	2293	1749
Profit available for appropriation	3333	2752
Transfer to General Reserve	105	101
Equity Dividend	306	306
Tax on dividends	50	52
Balance profit carried to balance sheet	2872	2293

2. DIVIDENDS:

We recommend for your approval payment of dividend at Rs.3/- per Equity Share on Equity Shares of Rs.10/- each for the year ended March 31, 2011 (Previous Year: Rs.3/- per share). The total amount of dividend including Income tax thereon would amount to Rs.356 lacs (Previous Year Rs.358 lacs).

3. OPERATIONS:

Sales of chemicals registered a 9% increase in volume from 21152 MT of the previous year to 23171 MT and sales in value increased by 10% from Rs.23165 lakhs to Rs.25475 lakhs. Profit before tax (after interest and depreciation charges) declined to Rs.1417 lakhs compared to Rs.1590 lakhs of the previous year. During the year 2010-2011 we have achieved profit after tax of Rs.1097 lakhs compared to Rs. 1107 lakhs of the previous year. Margins were adversely affected by increased input costs which could not be passed on to the customers.

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

4. NEW PROJECTS:

We have mechanically completed construction of the new plant to produce ALKAN, a chemical, which has applications in pharma and agrochemical sectors. Trial runs are in progress.

5. EXPORTS:

We achieved an export turnover of Rs. 4678 lacs (FOB) compared to Rs.4073 lacs (FOB) of the previous year, i.e. an increase of 15%.

6. FOREIGN EXCHANGE OUTGO:

During the year we have utilised a sum of approx. Rs.2976.08 lacs (compared to Rs.2006.25 lacs) in foreign currency mainly to import raw materials etc.

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

Diamines and Chemicals Ltd., Vadodara, our associate company, has achieved gross income of Rs.9120 lacs as against Rs. 5883 lacs of the previous year and a profit after tax of Rs.1470.99 lakhs as against Rs. 935.42 lakhs of the previous year. The Board of Directors has declared a Bonus Issue in the ratio of one equity share for every two equity shares. They have also recommended a final dividend of 45% for the year 2010-11 (making total dividend of 60%) compared to 20% of the last year.

b. Alkyl Amines (Europe) SPRL:

In 2009 we had registered a wholly owned subsidiary company in the name of Alkyl Amines (Europe) SPRL in Belgium with an initial share capital of Euro 12400 with a view of expanding and consolidating the company's export business in Europe. As on March 31, 2011 this company has an accumulated loss of Euro 15283.80 equivalent to Rs. 8.67Lacs.

c. Alkyl Speciality Chemicals Limited:

This company is engaged in marketing of new products of the Holding Company.

This company achieved a total income of Rs.6.34 lacs (Previous Year: Rs. 11.81 lacs) and a loss of Rs. 5.68 lacs (Previous Year; Profit of Rs.2.28 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 Diamines & Chemicals Limited, Alkyl Amines Europe SPRL and Alkyl Speciality Chemicals Limited.

The Annual Accounts of the Subsidiary companies Alkyl Amines Europe SPRL and Alkyl Speciality Chemicals Limited are available for inspection by any member at the registered office during business hours. The Company will send copies thereof to the shareholders who may, if required, write to the company.

8. CONSERVATION OF ENERGY:

Various measures taken by the company for conservation of energy include:

- De-bottlenecking to enhance plant capacity,
- Planned production at optimum levels,
- Regular monitoring of electricity and fuel consumption and taking corrective steps, wherever required
- Utilisation of by-product steam.
- Heat recovery from process for saving of steam
- Survey for identifying heat losses through pipes and subsequently eliminating those by providing appropriate insulations

In spite of increase in production volumes, we have maintained water consumption for the 2010-11 at the same level as 2009-10. Further efforts are being made to contain water consumption by adopting new technologies.

A carbon footprint study has been taken up for the years 07-08, 08-09 and 09-10. This is to identify the sources of direct and indirect GHG emission and its estimation. The estimation will follow 'World Business Council for Sustainable Development (WBCSD)' guidelines. Proposals are being prepared based on the outcome of the study for reduction in carbon footprint.

Proposal is being prepared for improving the boiler efficiency by utilizing the waste heat from flue gases. This will further reduce the fuel consumption.

9. TECHNOLOGY ABSORPTION/ R & D

Your Company views its Research and Development activities as an integral component of its growth plans. We have a dedicated 28-person strong R&D team at our R&D Centre in Hadapsar. It offers a combination of both chemistry and process technology capabilities, which help us to regularly launch new products, and also improve cost efficiencies. With the help of our strong research capabilities, we have introduced new products, which have application in multiple industries. 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.

10. SAFETY, HEALTH AND ENVIRONMENT:

(a) Environment:

We give utmost importance to Environment protection and adherence to pollution control norms. Environmental Management System at Patalganga has been re-certified to ISO 14001:2004 and at Kurkumbh, we have completed successfully the certification audit and are declared as ISO 14001:2004 certified organization, in April 11.

Environment protection and adherence to pollution control norms is of high concern for our company.

i) **Air Emissions** – We monitor regularly Emissions from various sources and are very particular about compliance with statutory requirement. Projects are undertaken for reduction of emissions. Our co-gen plant 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** – We have integrated Effluent Treatment Plants and we maintain outlet standards within the prescribed limits.

Continuous efforts are made to minimize the quantity of effluent generated and feasibility of recycling of treated effluent is being studied.

The company has planned substantial investment for expanding its effluent treatment capacity to meet long term requirements. Our 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 Patalganga and Kurkumbh are members of the Authorized Common Hazardous Waste Transport, Storage & Disposal Facility.

iv) **Green belt** – Tree plantation is one of the major activities carried out inside and outside the premises. So far we have planted nearly 6500 trees in and around our plant sites.

v) **Non conventional Energy and Natural Resource conservation** – We have at the staff colony the usage of Solar Water heaters, gravitational water supply, Sewage water gardening, Rain water harvesting, and number of GO GREEN activities.

Water audit is carried out tabulating the entire water circuit at Patalganga site. Various measures for reducing water consumption, reusing and recycling water are being implemented.

(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. We are active and leading member of Local and District Crisis Group and have earned reputation amongst society around and statutory authorities for prompt technical support during Disaster Management events.

We carried out an off-site consequence analysis study for Patalganga site and the suggested measures for reducing consequences and improving reliability of safety infrastructure are being implemented.

External safety audit was carried out through an outside agency at our Kurkumbh site and the audit recommendations are being implemented.

Consistent safety performance is maintained at site with active participation from staff and workers. Safety promotional activities such as celebration of national safety week, safety bulletin, and participation in regional safety competition are regularly carried out.

(c) Health:

Health of employees is of utmost 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 a well equipped Occupation Health Center with appropriate staff and own AMBULANCE Vehicles at both manufacturing sites at Patalganga and Kurkumbh.

We have a team of employees trained as FIRST AIDERS who contribute their skills while on duty as well as away from duties to serve the society. We are working towards obtaining ISO 18000.

11. CORPORATE SOCIAL RESPONSIBILITY:

During the year, we continued with various community development activities in and around the rural areas situated in Kurkumbh as well as Patalganga Complexes and elsewhere as identified by our Corporate Social Responsibility Cell. The activities include:

- a) Supplying infrastructure required by schools/hospitals in and around rural areas in Kurkumbh and Patalganga
- b) Encouraging deserving students by giving scholarships
- c) 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.
- d) Promoting and sponsoring activities in the areas of Safety, Health and Environment, Education, Sports and Cultural Activities in co-ordination other agencies.
- e) Encouraging research in the country by instituting the "Alkyl Amines Young Scientist Award" through UICT, Mumbai.

During the year 2010-11 we have spent about Rs. 10 Lacs towards CSR activities.

12. 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.

13. 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.

14. INSURANCE

The Properties and Assets of the Company are adequately insured.

15. DIRECTORS:

Mr. S.M. Thakore, 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.

16. 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.