

ALKYL AMINES CHEMICALS LTD.

Annual Report 2012-13



ALKYL



GROWTH WITH SOCIAL RESPONSIBILITY

FINANCIAL HIGHLIGHTS

₹ in Lakhs

Year Ending	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Gross Revenue (Including Excise Duty & Sales tax)	22,280.48	23,739.97	26,058.24	31,836.94	40,667.01
Operating Profit	2,690.41	3,646.52	3,309.74	4,473.11	5,890.03
Profit before Tax	822.79	1,589.86	1,360.68	2,368.25	3,592.82
Profit After Tax	402.20	1,003.68	1,040.49	1,716.38	2,393.20
Gross Fixed Assets	17,787.74	18,846.29	20,344.44	21,913.58	23,576.45
Net Fixed Assets	11,005.58	11,202.16	12,120.15	12,798.36	13,503.01
Net Current Assets	10,234.62	8,605.62	7,636.74	8,949.42	12,103.24
Equity Share Capital	1,020.61	1,020.61	1,020.61	1,020.60	1,020.60
Reserve & Surplus	7,122.46	7,662.72	8,199.97	9,535.58	11,492.20
[Including Deferred Taxation (Net)]					
Book Value (₹)	79.85	85.15	90.41	103.51	122.70
Earning per Share - Basic (₹)	3.94	9.84	10.20	16.83	23.47
Equity Dividend (%)	20.00	30.00	30.00	40.00	50.00
Financial Ratios					
Net Sales to Gross Fixed Assets (%)	109.53	113.44	113.96	128.47	152.26
Return on Capital Employed (%)	18.86	25.05	18.29	24.58	29.29
Return on Net worth (%)	4.94	11.56	11.28	16.26	19.13
PAT to Net Sales (%)	2.06	4.69	4.49	6.10	6.67

Note: Financial Highlights are prepared for 2010-11, 2011-12 and 2012-13 based on Revised Schedule VI

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. Giridhar

General Manager (Works)
Milind Deshmukh

General Manager (Works)
Sagar Jadhav

General Manager (Commercial)
Sameer Deshpande

*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****Meena Verma** (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 & D-6/2, MIDC Kurkumbh Industrial Area,
Tal. Daund, Dist. Pune - 413802, Maharashtra

Auditors

Messrs Banshi S. Mehta & Co.

Bankers

State Bank of India
Axis Bank Ltd.
Standard Chartered Bank

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

Unit No. 1, Luthra Ind. Premises, 1st Floor,
44-E, M. Vasanji Marg, 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 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 33rd 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 Wednesday, August 7, 2013 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, 2013, Statement of Profit and Loss for the year ended on that date and the reports of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2013.
3. To appoint a Director in place of Mr. Shyam B. Ghia, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Dilip G. Piramal, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. P. N. Kapadia, 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.

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 July 31, 2013 to August 7, 2013 (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 14th August, 2013 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 30, 2013.
5. Please note that pursuant to Section 205C of the Companies Act, 1956 all unclaimed/unpaid dividends upto 2004-05 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 30, 2013. 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 Bombay 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 16, 2013

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 65 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, Innovassynth Investments Limited and Chairman of Innovassynth Technologies (India) Limited. He is also on the Board of the following Companies:

1. Sonata Software Ltd.
2. AVT Natural Products Ltd.
3. FPL Property Developers 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. D. G. Piramal retires by rotation at the ensuing Annual General Meeting, and being eligible, has offered himself for reappointment.

Mr. D.G. Piramal has been on the Board of the Company since October 18, 1980. He is also a member of our Remuneration Committee of Directors. Mr. D.G. Piramal, aged 63 years, is a leading industrialist and Chairman of VIP Industries Limited. He is also on the Board of the following Companies:

1. DGP Securities Limited
2. Kiddy Plast Limited
3. Gazelle Travels Pvt. Ltd.
4. DGP Enterprises Pvt. Ltd.
5. DGP Capital Management Ltd.
6. KEC International Ltd.

With his vast experience in the Industry, it will be in the interest of the Company that Mr. Piramal continues as Director of the Company.

Except Mr. Piramal, no other Director is interested in this resolution.

ITEM 5

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

Mr. Kapadia, aged 63 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. Harshadray Investment Pvt. Ltd.
4. Dryden Pvt. Ltd.
5. TUV India Pvt. Ltd.
6. Integrated Industrial Quality Management Consultants Pvt. Ltd.
7. Kaira Can Co. Ltd.

8. Protos Engg.Co. Pvt. Ltd.
9. Silicon Interfaces Pvt. Ltd.
10. Silicon Interfaces America Inc.
11. Providian Global Solutions Pvt. Ltd.
12. De Nora India Limited
13. The West Coast Paper Mills Ltd.
14. ThyssenKrupp Industries India Pvt. Ltd.
15. Nimco Rata Iron Ore & Mineral Exports Pvt. Ltd.
16. Sujata Resources Pvt. Ltd.
17. Virman Real Estate Pvt. Ltd.
18. Virneesh Properties Developers Pvt. Ltd.
19. Suproha Properties Pvt. Ltd.
20. Sujata Commodities International Ltd.

21. Sujata Commodities Services DMCC, Dubai.
22. Lucror Analytics Pte. Ltd., Singapore.

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 this 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 400 703.

Dated: May 16, 2013

DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

Your Directors take pleasure in presenting the 33rd Annual Report and Audited Statement of Accounts of the Company for the financial year ended March 31, 2013.

1. FINANCIAL RESULTS:

The financial performance of the Company for the year ended March 31, 2013 is summarised below:

	2012-13 ₹ In Lakhs	2011-12 ₹ In Lakhs
Total Revenue (including Excise & Sales tax)	40667	31837
Total Revenue (net of taxes)	36720	29031
Profit before interest, depreciation & Taxation	5890	4473
Interest & financial expenses	1294	1214
Depreciation	1003	891
Profit before tax	3593	2368
Provision for tax	1200	652
Net Profit after tax	2393	1716
Add: balance profit b/f	3942	2872
Profit available for appropriation	6335	4588
Transfer to General Reserve	239	172
Equity Dividend	510	408
Tax on dividends	86	66
Balance profit carried to balance sheet	5500	3942

2. DIVIDENDS:

We recommend for your approval payment of dividend at ₹ 5/- per Equity Share on Equity Shares of ₹ 10/- each for the year ended March 31, 2013 (Previous Year: ₹ 4/- per share). The total amount of dividend including Income tax thereon would amount to ₹ 596 lacs (Previous Year: ₹ 474 lacs).

3. OPERATIONS:

Total Income (Gross) registered a 27.74% increase from ₹ 31837 lacs to ₹ 40667 lacs. Profit before tax (after interest and depreciation charges) increased to ₹ 3593 lacs compared to ₹ 2368 lacs of the previous year. During the year 2012-2013 we have achieved profit after tax of ₹ 2393 lacs compared to ₹ 1716 lacs of the previous year.

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

4. NEW PROJECTS:

During the year 2012-13, we commissioned a new Boiler at Kurkumbh at a cost of around ₹ 6 crores which will help the company by reducing its utility costs.

We had reported last year commissioning of our new plant to produce Acetonitrile, a chemical, which has applications in pharma and agrochemical sectors. During the year 2012-13, we have added some balancing equipments to the said plant, which have helped us to cater to the demands of some of the specific customers who wanted higher quality of the material and will further boost our sales. During the year 2013-14, we

expect to invest upto ₹ 18 crores approx. to enhance the production capacity of this plant. This investment and other normal capital expenditure of ₹ 13 crores, aggregating ₹ 31 crores, will be financed by borrowings and internal cash generation.

Keeping in view our future expansion plans, we have recently acquired land at the cost of approx. ₹ 12 crores at Dahej, Gujarat.

5. EXPORTS:

During the year 2012-13, we achieved an export turnover of ₹ 7725 lacs (FOB) compared to ₹ 6361 lacs (FOB) of the previous year, i.e. an increase of 21 %.

6. FOREIGN EXCHANGE OUTGO:

During the year 2012-13, we have utilised a sum of approx. ₹ 2316 lacs (compared to ₹ 2555 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 a total income (Gross) of ₹ 6411 lacs as against ₹ 7290 lacs of the previous year and a profit after tax of ₹ 170 lacs as against ₹ 360 lacs of the previous year. The Board of Directors of Diamines & Chemicals Ltd. has recommended a dividend of 5% for the year 2012-13.

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, 2013 this company has an accumulated loss of Euro 6702.22.

c. Alkyl Speciality Chemicals Limited:

This company is engaged in marketing of our new products.

This company achieved a total income of ₹ 22.82 lacs (Previous Year: ₹ 29.96 lacs) and a profit after tax of ₹ 13.06 lacs as against ₹ 25.52 lacs of the previous year.

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:

Energy conservation continues to be an active focus area for your Company since it is not only a major cost in the manufacturing process but, more importantly, a significant part of your Company's corporate social responsibilities. Your Company has taken several initiatives at each plant level in order to conserve energy which is in line with our policy of conservation of natural resources.

Our company has taken various measures for conservation of energy. These include the following :

- Reduction in consumption of steam, electricity and cooling water by debottlenecking of various plants, improvement in yields and planned increase in throughput.
- Improved steam condensate recovery by installing new design of traps and monitoring trap performance.
- Utilization of by-product steam.
- New Coal fired Boiler is commissioned thereby reducing FO consumption and improved Fuel to Steam ratio.

9. SAFETY, HEALTH AND ENVIRONMENT:

Keeping in line with the core values of being a responsible corporate citizen, an effective Occupational Health Management System (OHMS) has been established by your Company. We are committed to:

- Our employees by continuously improving our safety performances and offering them a healthy and motivating work environment.
- Our customers by continuously improving the production and development of innovative, high quality and sustainable products.
- The environment by continuously improving our production and logistic processes in terms of energy and material efficiency, water usage, air emissions and land preservation.
- The whole society by integrating social, environmental and economic concerns into our operations and strategies well beyond all legal laws and regulations.

(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. Kurkumbh unit was certified as ISO 14001:2004 in April 2011. We have completed successfully the surveillance audits.

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 design of which is also being upgraded to minimise the impact of SPM in air.
 - 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 as well as upgrading its effluent treatment capacity to meet long term requirements. Our Company is also a member of the CETP located at Pataganga and Kurkumbh. Pilot Plant trials of RO system were conducted to confirm the suitability of RO process for recovering water from treated effluent and recycle it for process use. We plan to implement it after completion of 1st phase up-gradation of ETP.
 - 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 namely; Mumbai Waste Management Limited, Taloja, and Maharashtra Enviro Power Limited, Ranjangaon respectively. We have successfully implemented further Solid waste reduction in some plants in terms of High Boilers generation by process modification.
 - iv) Green belt – Tree plantation inside and outside the factory premises is given utmost importance. So far we have planted nearly 8320 trees in and around our plant sites.
 - v) Non conventional Renewable Energy and Natural Resource conservation – We use Solar Water heaters at the staff colony. Measures like gravitational water supply, Sewage water gardening, Rain water harvesting, and number of GO GREEN activities are also undertaken at the staff colony.
- (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.

External safety audit is carried out by outside agencies and the audit recommendations are being implemented.

Safety promotional activities such as celebration of national safety week, world environment day, fire service day, and participation in regional safety competition are done regularly.

The Company conducted Mock drill for onsite emergency scenario in presence of Observers from Directorate of Industrial Safety and Health and experts from other industries. The systematic mitigation actions were appreciated by the observers.

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.

- (c) **Health** : Health of employees is of utmost importance. Periodic check up of 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 well equipped Occupation Health Centers with appropriate staff and own AMBULANCE Vehicle at both manufacturing sites at Patalganga and Kurkumbh. We have team of employees trained as FIRST AIDERS who contribute their skills while on duty as well as away from duties to serve the society. Occupational Health and Safety issues are continuous focus points for your Company. Both sites are certified to OHSAS 18001:2007.

10. RESPONSIBLE CARE®:

Responsible Care® is a wide-ranging voluntary initiative of International Council of Chemical Associations, being implemented in India by Indian Chemical Council to safely handle the products from inception in the research laboratory, through manufacture and distribution, to ultimate reuse, recycle and disposal, and to involve the public in the decision making processes. We have launched Responsible Care® initiative in September 2012 and we are in the process of getting our company certified for Responsible Care®. Various programs and studies related to Safety, environment and health have been taken up and are being implemented.

11. CORPORATE SOCIAL RESPONSIBILITY:

Your Company recognises the fact that, beyond the day to day conduct of its business, as a responsible corporate citizen it has to discharge its duties towards the larger society in which it operates. The core areas identified by your Company to improve the society are Health Care, Basic Education, Women Empowerment and the Environment.

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:

- Constructing class rooms/supplying furniture/equipments/uniforms/books etc. required by schools and other institutions in and around rural areas in Kurkumbh and Patalganga.
- Conducting Career Guidance Workshop for 10th and 12th Students.
- 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.
- Tree Plantation programmes in and around both the Complexes of the Company and also nearby village (for environmental protection) helping to minimize the global warming scenario
- Promoting and sponsoring activities in the areas of Safety, Health and Environment, Education, Sports and Cultural Activities in co-ordination with other agencies.
- Encouraging research in the country by instituting the "Alkyl Amines Young Scientist Award" through ICT, Mumbai.

Kurkumbh is a drought affected area. To help the local population in such a situation, we have recently provided water tankers to 20 villages.

Over and the above the various initiatives under Responsible Care by the company, during the year 2012-13 we have spent about ₹ 5.00 lacs towards CSR activities.