

AMINES & PLASTICIZERS LIMITED



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ANNUAL REPORT 2000-2001

ANNUAL REPORT 2000 - 2001**DIRECTORS**

DIPAK HIMATSINGKA *Chairman & Managing Director*

K. K. SEKSARIA

NIRMAL SUCHANTI

DR. M. K. SINHA

S. S. RUIA

DR. P. H. VAIDYA

HEMANT KUMAR RUIA *Executive Director*

BANKER

STATE BANK OF INDIA

AUDITORS

D. BASU & COMPANY

LODHA & COMPANY

REGISTERED OFFICE

NOONMATI, GUWAHATI - 781 020, ASSAM

REGISTRAR & SHARE TRANSFER AGENT**SHAREPRO SERVICES**

Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala, Andheri (East)
Mumbai - 400 099

Content

Page Nos

Directors' Report	2
Auditors' Report	9
Balance Sheet	13
Profit and Loss Account	14
Schedules	15
Notes on Accounts	21
Balance Sheet Abstract	26
Cash Flow Statement	27

AMINES & PLASTICIZERS LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting the Twenty-sixth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

	For the year ended 31.03.2001 (Rs. in lacs)	For the year ended 31.03.2000 (Rs. in lacs)
Sales & Services	4073.37	5392.67
Profit before Interest, Depreciation and taxes	224.43	327.78
Less : Interest	184.59	
Depreciation	35.77	224.05
Net Profit before tax	4.07	103.73
Provision for Taxation for earlier year	---	---
Balance of loss brought forward from the previous year	(672.30)	(776.03)
Transfer from Investment Allowance (utilised) Reserve	16.14	---
Balance of Loss carried to Balance Sheet	(652.09)	(672.30)

DIVIDEND :

In view of the accumulated losses the Directors do not recommend any dividend for the year under report.

OPERATIONS :

Chemical Division :

During the year under review despite a reduction of approximately 25% in sales income, the Company has earned a marginal profit of Rs.4.07 lakhs.

The Ethanolamines sales increased by about 15% during the year, however, the sales of other amines, which the Company exports, dropped considerably due to the slackness in the international market. The demand for the Company's products internationally has since improved and the Order Book Position for the current year is satisfactory.

The products manufactured under the Strategic Alliance Agreement with The Dow Chemical Company, USA which were introduced last year were well accepted by the customers and the sales volume on this account was satisfactory.

The Company started manufacture of Di-Methyl Ethanolamine during the year under review and seed marketing of trial production has been conducted. The product has been well received and compares favourably in quality with international standards. It is expected that sales will pick up during the current year.

The Company has also been able to step up the utilization of the Speciality Chemicals Plant, set up with the assistance of ICICI under its Spread Programme, for the manufacture of specialized products based on the Company's R & D efforts. This activity is likely to provide substantial revenue in the coming years.

The utilization of the Plasticizers Plant continued to be poor so far as production of Plasticizers is concerned. However, the Company has utilized this Plant for re-processing of other products. This activity has been remunerative and the Company expects this activity to assume greater potential so as to utilize Plant capacity to the maximum extent during the current year.

INDUSTRIAL GASES :

The Company continues to do job work for BOC India Ltd. However, during the year under review there has been no improvement in the working of this division. Negotiations are constantly under review with BOC for better utilization of the said division. As a result, the Acetylene Plant has been utilized more effectively during the current year.

SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985 :

In the Rehabilitation Scheme of the Company submitted to the Hon'ble BIFR certain modifications were directed by the Hon'ble BIFR to be made and after the same were carried out by ICICI Ltd, the

ANNUAL REPORT 2000 - 2001

Operating Agency in consultation with the State Bank of India and other creditors, the revised Rehabilitation Scheme was resubmitted recently and the final sanction of the Hon'ble BIFR to the same is awaited.

FUTURE PROSPECTS :

During the year under review the Company's Strategic Alliance partners, The Dow Chemical Company, USA took over the operations of M/s. Union Carbide, USA, which has resulted in a reorganisation of the Product Portfolio being offered in India through them. The Company is in the final stages of incorporating the additional range of products in its Strategic Alliance Agreement with The Dow Chemical Company, USA, which will give it a wider range to cater to the customer requirements. The Company is also under advanced stages of negotiations with other potential users for these products which will bring about a significant improvement in this activity and the resultant increase in revenues and profits.

Further, the following matters and measures will further advance profitability of the Company:

- a) The Company is in an advanced stage of finalisation of Agreement with a leading engineering consultancy Company in UK for marketing of its technologies internationally.
- b) The Company endeavours to improve its Speciality Chemicals Plant utilisation in a more remunerative way during the year under review.
- c) The Company has entered into MOUs with two international manufacturing companies for investigating the possibility of manufacturing their products at our facilities in the Plasticizers Plant, both for the domestic market as well as for the export. Preliminary work has commenced and substantial progress is expected during the current year.
- d) The Company has also started utilizing a part of the capacity of Plasticizers plant for toll processing of products for other companies.

EXPORTS :

During the year under report the Company has achieved a turnover of Rs.70 million as compared to Rs.93 million during the previous year. The decline in the exports of the Company is due to the slackness in demand in the international markets and the lower price realization in the face of international competition. During the current year, the Company expects larger volume of exports. Your Company continues to treat export as a thrust area

and continues to pursue the same vigorously.

RESEARCH & DEVELOPMENT :

Your Company is pursuing development of new products & formulations, which for our R&D is a continuous effort.

During the year under review your Company initiated activity in the area of providing value added services to its customers especially in the field of Gas Processing, through regular analysis of products, supplied by us and trouble shooting advice. These services have been appreciated and well received by the customers. This is expected to contribute significantly in keeping the customers on our order book.

Work on the development of products for use in the field of lubricants & paints, continues with the help of consultants, engaged by the Company. We are hopeful of launching some of these products during the current year. Your Company's R&D centre also continues its efforts in its areas of core competence.

EAP INDUSTRIES LIMITED :

The stay granted to your Company in the matters before the Debts Recovery Tribunal (DRT) continues.

A hearing was held in the month of June 2001, before the Hon'ble BIFR, wherein two fresh proposals for Rehabilitation of EAPIL were submitted to the Hon'ble Bench. The Hon'ble Bench has appointed IDBI as the Operating Agency and has directed them to review the proposals and revert back to them.

ISO 9002 AND INTERNAL CONTROL SYSTEMS :

Your Directors take pleasure in informing you that the Company is on the threshold of obtaining ISO 9002 certification. The certification process is in progress and it is hoped that the Company will be awarded ISO 9002 certification before the current year's Annual General Meeting.

The professional management skills of the Company have ensured adequate internal control system in all its functions and the Corporate Office has adequate MIS in place. Proper internal audit is carried out by an independent Chartered Accountant, in conjunction with the internal audit team of the Company.

DEMATERIALISATION OF SECURITIES :

The Stock Exchange, Mumbai (BSE) has made it obligatory for the Company to make available the equity shares of the Company in a demat mode. Accordingly, the Company is in the process of executing necessary agreements with the Central Depository Services of

AMINES & PLASTICIZERS LIMITED

India Limited (CDSL) and National Securities Depository Limited (NSDL) for making equity shares of the Company available in the Dematerialised form. The Company is also in the process of establishing the required electronic connectivity with M/s. Sharepro Services, Mumbai who are the Registrar and Share Transfer Agent for physical as well as demat segments.

DIRECTORS :

Dr. M.K.Sinha and Dr. P.H.Vaidya retire by rotation and being eligible offer themselves for re-appointment.

INSURANCE :

The Assets of your Company have been adequately insured.

FIXED DEPOSITS :

The Company has not accepted nor renewed any Deposits during the year under report.

LISTING ON STOCK EXCHANGES :

The Company's equity shares are listed on The Stock Exchange, Mumbai, The Calcutta Stock Exchange Association Ltd., Kolkata and The Gauhati Stock Exchange Ltd., Assam. The annual listing fees have been duly paid and there is no outstanding payment towards the Exchanges as on date.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Particulars required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are set out in Annexure 'A' to this Report.

PARTICULARS OF EMPLOYEES :

None of the employees of the Company attract the provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 during the year under report.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 the Board of Directors hereby states :

- 1) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- 2) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- 3) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- 4) that the Directors had prepared the annual accounts on a going concern basis;

INDUSTRIAL RELATIONS :

During the year under review, industrial relations remained cordial.

AUDITORS :

M/s. D.Basu & Co. and M/s. Lodha & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of this Annual General Meeting and are eligible for re-appointment.

The observations made by the Auditors, have been dealt with under Notes on Accounts which are self-explanatory, and therefore, in the opinion of the Board do not call for any further explanation.

APPRECIATION :

The Board places on record its sincere appreciation for the assistance and co-operation received from its Bankers - State Bank of India and the Operating Agency M/s. ICICI Ltd and thanks its suppliers, customers and shareholders for their continued support and trust reposed.

For and on behalf of the Board

DIPAK HIMATSINGKA

Chairman & Managing Director

Place : Mumbai

Dated : August 9, 2001

ANNUAL REPORT 2000 - 2001**ANNEXURE 'A'**

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. Conservation of Energy**a. Energy Conservation measures taken :****i) Electrical Energy**

- i) We are continuously trying to increase the concentration levels of reaction mixtures to ensure higher throughput thereby minimising the electrical usage in pumps.
- ii) Regular preventive maintenance is done to ensure minimal losses.
- iii) Auto start/stop have been installed in places where intermittent use of power is there.
- iv) Insulation has been improved so that in cold areas temperatures are maintained by preventing heat losses thereby reducing the working of cooling systems and in hot areas to conserve the heat being lost.

ii) Furnace Oil/LDO Consumption

- i) The dilution factor of reaction mixtures is being studied so that higher concentration of reactants can be used. This will result in lower water percentages in reaction for removal and consequent lesser fuel requirements.
- ii) Insulation on equipments is being renewed to prevent excessive heat losses.
- iii) Usage of fuel additives to ensure better combustion & thereby better heat generation efficiency.
- iv) Usage of Boiler Water additives to reduce scaling for better heat transfer.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy : NO**c. Impact of the measures at (a) and (b) for reduction of Energy consumption and consequent impact on the cost of production :**

The consumption of energy, however, depends on the product mix specially in so far as the Amines Plant is concerned, which is a continuous Plant.

Further, the energy consumption also depends on the quality of power & the number of power failures experienced, as this upsets stable running of the plants & restabilisation of production parameters results in higher energy consumptions.

**d. Total energy consumption and energy consumption per unit of production.
As per Form 'A'**

AMINES & PLASTICIZERS LIMITED

FORM A

Form for disclosure of particulars with respect to conservation of energy.

	For the Year ended 31.03.2001	For the Year ended 31.03.2000
A. Power and Fuel Consumption:		
1. Electricity		
(a) Purchased Units/Lakhs	21.95	24.76
Total amount (Rs.in Lakhs)	92.00	107.62
Cost per unit - Rs.	4.19	4.35
(b) Own Generation		
(i) Through Diesel Generator Set:		
Units generated/Lakhs	Negligible	Negligible
Units per Ltr. of Diesel Oil	Negligible	Negligible
Cost - Rs./Unit	Negligible	Negligible
(ii) Through Steam Turbine/Generator	NIL	NIL
2. Coal (specify quality and where used)	NIL	NIL
3. Furnace Oil & L.S.H.S.		
Quantity - K.Ltrs.	19.98	20.47
Total amount - Rs. in Lakhs	193.28	169.37
Average rate - Rs./K.Ltr.	9,674	8,274
4. Others/internal generation		
Light Diesel Oil - K. Ltrs.	4.08	4.61
Total amount - Rs. in Lakhs	47.53	40.03
Average rate - Rs. / K. Ltr.	11,649	8,683

B. Consumption per unit of Production :

	Standards (if any)	For the Year ended 31st March, 2001	For the Year ended 31st March, 2000
PRODUCTS:			
Plasticizers			
Electricity (per MT)	Units	150	150
Furnace Oil (per MT)	Ltrs.	120	115
Ethanolamines			
Furnace Oil (per MT)	Ltrs.	397	316
L. D. O. (per MT)	Ltrs.	91	84
Electricity (per MT)	Units	432	368

C. Foreign Exchange Earnings and Outgo :

The information on foreign exchange earnings and outgo is furnished in the accounts.

For and on behalf of the Board

Place : Mumbai
Date : 9th August, 2001

DIPAK HIMATSINGKA
Chairman & Managing Director

ANNUAL REPORT 2000 - 2001**FORM B****Form for disclosure of particulars with respect to absorption**

1. Specific areas in which R&D carried out by the Company

Our R & D efforts are presently focused on :

 - a) Developing products based on Ethylene Oxide, Propylene Oxide and Cyclic Amines, Aliphatic Amines – addition products.
 - b) Continuing development in the range of Plasticizers and Esters.
 - c) Development of products in the fields of Paints and Lubricants.
 - d) Development of downstream products using existing products of the Company as raw materials.
 - e) Upgradation of existing product quality and technology to reduce/optimize cost of manufacture.
 - f) Development of import substitute/export oriented products.
 - g) Conservation of Energy/Fuel and Water.
2. Benefits derived as a result of the above R & D
 - a) The Company has commercialised the manufacture of Di-methyl Ethanolamine and has started marketing of the same in the domestic market. The product has been well received. This is expected to increase the plant utilisation.
 - b) The Company has been able to export some of the speciality products developed by its R & D department, in commercial quantities and expect the export volume to grow in the years to come.
 - c) The Company is able to offer shorter delivery periods to its overseas customers as a result of the Amines Plant revamping, thereby increasing its effectiveness in the export market..
3. Future plan of action
 - 1) To continue further development of range of Alkanolamines.
 - 2) To develop further range of Plasticizers and Esters for Industrial applications especially in the areas of paints and lubricants.
 - 3) Development of Speciality products used in the pharma sector based on existing products of the Company.
4. Expenditure on R & D

a) Capital	-----
b) Recurring	Rs. 27.57 Lakhs
c) Total	Rs. 27.57 Lakhs
d) Total R & D expenditure as a percentage of total turnover	0.68 %
5. Technology absorption, adaptation and innovation
 - a) Efforts, in brief, made towards technology absorption, adaptation and innovation

The Company continues in its endeavours in providing our customers innovative solutions, especially in the field of sour gas desulfurisations technology; based on the inputs provided by the Dow Chemical Company.

The Company's personnel have now greater experience in trouble shooting and providing expert advice to our customers.

Our technical personnel have also been sent to various seminars & conferences in this connection.

The Company is also hopeful that the manufacture of speciality formulated Gas Treatment Solvents and Technology associated with it will bring in a change in the user industry, viz: Refineries and Fertilizers and should result in reduced energy costs, increased capacity and long life of the equipment used.

AMINES & PLASTICIZERS LIMITED

- b) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

Revamping of the Plant & Equipment and Processes has resulted in improved product quality and commercialisation of new products. We have been able to reduce costs thereby becoming more competitive in the international markets.

- c) In case of imported Technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished

- a) Technology imported
b) Year of import
c) Has technology been fully absorbed
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans and actions.

No technology imported in last five years.

N.A.

N.A.

N.A

For and on behalf of the Board

Place : Mumbai
Date : 9th August, 2001

DIPAK HIMATSINGKA
Chairman & Managing Director

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ANNUAL REPORT 2000 - 2001**AUDITORS' REPORT TO THE MEMBERS OF AMINES & PLASTICIZERS LIMITED**

We have audited the attached Balance Sheet of **AMINES & PLASTICIZERS LIMITED** as at 31st March, 2001 and also the annexed Profit and Loss Account for the year ended on that date and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 (hereinafter referred to as the 'Act') and on the basis of such checks as were considered appropriate and according to the information and explanations given to us during the course of our audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit *subject to our comment in paragraph 'h' below ;*
 - b) *subject to Note No. B-9 in Schedule 14 regarding accounting of acceptances of Bills of Exchange*, in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) the Balance Sheet and Profit and Loss Account have been prepared in compliance with the Accounting Standards as referred to in Section 211 (3C) of the Act, to the extent applicable;
 - e) the Company's involvement in EAP Industries Ltd. (EAPIL) :
 - i) *by way of investment in its equity shares at a cost of Rs.37.72 Lacs. An undertaking has been given in favour of financial institutions agreeing not to dispose off these equity shares without their prior approval;*
 - ii) *by way of loan of Rs.65 Lacs and debts of Rs.87.29 Lacs;*
 - iii) *for guarantees given amounting to Rs.513.73 Lacs and incidental finance cost, if any, in respect of various loans taken by EAPIL from financial institutions/bankers.*
Despite EAPIL's heavy accumulated losses, closed operations since last several years and its case having been reinstated before BIFR under the Sick Industrial Companies (Special Provisions) Act, 1985, the Management is hopeful of recovering/realising the above referred amounts in due course of time and that it would not be liable in respect of the above referred guarantees for the reasons stated in Note No.B-6 in Schedule 14.
We are unable to express an opinion as to the extent the Company would be able to realise/recover the amounts referred to in paragraphs (e) (i) and (e) (ii) above and to what extent it would be liable for the guarantees as mentioned in paragraph (e) (iii) above;
 - f) *the accumulated losses of the Company has exceeded its paid-up share capital and free reserves. However, the accounts have been prepared on a 'going concern basis' as explained by the Management in Note No.B-5 in Schedule 14.*
 - g) *we are unable to express an opinion as to the extent of recoverability of the long overdue debts considered good by the Management amounting to Rs.153.40 Lacs. It was explained that the Company has taken suitable measures to recover the said dues including filing of legal cases wherever considered appropriate and that, therefore, no provision is considered necessary at this stage (Refer Note No.B-7 in Schedule 14);*