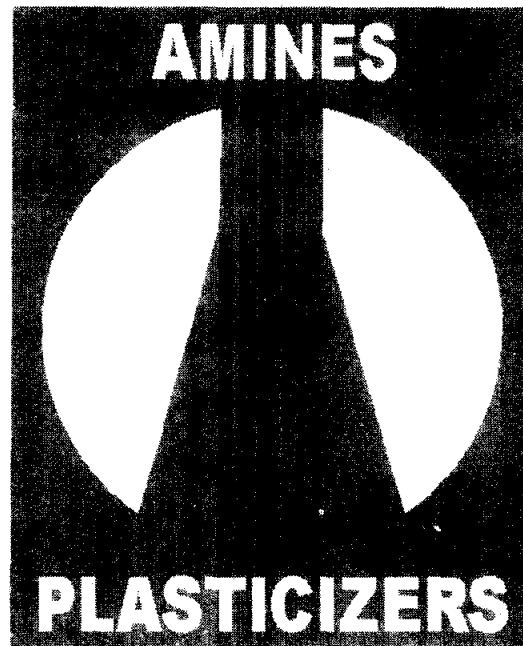


AMINES & PLASTICIZERS LIMITED



Report  junction.com

AN ISO 9002 COMPANY

**ANNUAL REPORT
2001-2002**

FORM OF PROXY

AMINES & PLASTICIZERS LIMITED

Registered Office:

Noonmati, Guwahati – 781 020, ASSAM

I/We _____ of _____ in the
 district of _____ a member/members of the above named
 Company, hereby appoint _____ of
 _____ in the district of _____ or failing him
 _____ as my/our proxy to vote for me/us on
 my/our behalf at the 27th Annual General Meeting of the Company to be held on
 Friday, the 27th day of September, 2002 or at any adjournment thereof.

Signed this _____ day of _____ 2002

Folio No.
DP ID.
Client ID.
No. of Shares held

30 Paise
Revenue
Stamp

(Signature)

- Notes:
1. The proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the annual general meeting.
 2. The proxy form should be signed across the stamp to enforce the validity.
 3. A proxy need not be a Member of the Company.

ANNUAL REPORT 2001-2002**DIRECTORS**

DIPAK HIMATSINGKA

Chairman & Managing Director

K.K.SEKARIA

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.

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AMINES & PLASTICIZERS LIMITED

NOTICE

Notice is hereby given that the Twentyseventh Annual General Meeting of the Members of AMINES & PLASTICIZERS LIMITED will be held on Friday the 27th September, 2002 at 3.00 P.M. at Hotel Nandan, Paltan Bazar, G.S.Road, Guwahati – 781 008, Assam to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2002, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Nirmal Suchanti, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. K.K.Seksaria, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956 and as directed by the Office of Registrar of Companies, Shillong, Article 29 of the Articles of Association of the Company be and is hereby substituted in the following manner:

Article 29:

All instruments of transfer which shall be registered shall be retained by the Company for a minimum period of 8 years and any instrument of transfer which the Board may decline to register shall be returned to the person depositing the same.

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended and subject to such approvals and sanctions as may be necessary, approval of the Members of the Company be and is hereby accorded to the re-appointment of Shri Hemant Kumar Ruia as the Whole Time Director of the Company designated as "Executive Director" for a period of five years with effect from 1st April, 2002 on such terms and conditions, including expressly the remuneration payable to him as set out here in below:

1. Period :

The appointment will be effective from 1st April, 2002

for a period of five years i.e. upto 31st March, 2007.

2. Overall Remuneration :

The remuneration payable to him shall be as follows:

- i) Salary : Rs.34,000/- per month with such annual increment as may be decided by the Board from time to time within the overall ceiling as may applicable at the relevant time.
- ii) Commission: One percent of the net profits of the Company computed in the manner laid down in Section 309 of the Companies Act, 1956 subject to a ceiling of the annual salary.
The Commission will be calculated with reference to the net profits of the Company in a financial year and will be such sum as may be decided by the Board of Directors after approval of annual accounts of the relevant financial year in the Annual General Meeting, subject to the said ceiling.
- iii) Perquisites : Perquisites are classified into three categories A,B,C as follows :

CATEGORY 'A'

i) Housing I :

The expenditure by the Company on hiring unfurnished accommodation will be subject to the following ceilings:

- a) Mumbai, New Delhi, Kolkata and Chennai: 50 % of the salary.
- b) Other places: 40% of the salary.

Housing II :

In case the accommodation is owned by the Company, 10% of the salary shall be deducted by the Company.

Housing III :

In case the Company does not provide accommodation, he shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

- ii) Gas, Electricity and Water expenses at actuals.
- iii) Reimbursement of House maintenance expenses subject to a maximum of one month's salary per year.
- iv) Furnishing allowance: one month's salary per year.
- v) Bonus @ 20% of the annual salary.
- vi) Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- vii) Leave Travel Concession: For self and family one basic per year according to the rules of the Company.
- viii) Club fees: Fees of clubs, subject to a maximum of two clubs but this will not include admission and life membership fees.
- ix) Personal Accident Insurance: Premium not to exceed Rs.4,000/- in a year.

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Explanation-Family means the spouse, the dependent children and dependant parents of the Executive Director.

CATEGORY 'B'

The Executive Director shall also be eligible to the following perquisites :

- a) Contribution to Provident Fund, Superannuation Fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- c) Encashment of leave at the end of the tenure.

CATEGORY 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites.

Earned Leave: On full pay and allowance as per the rules of the Company.

In case of loss or inadequacy of profits in any financial year, the Executive Director will be entitled to minimum remuneration by way of salary and perquisites as specified above subject to the limits specified in that regard in Schedule XIII to the Companies Act, 1956, from time to time.

Mr. Hemant Kumar Ruia will not be entitled to any sitting fees for attending meetings of the Board of Directors or Committees thereof.

He shall not be liable to retire by rotation.

The Company shall reimburse to the Executive Director, entertainment, travelling and all other expenses incurred by him for the business of the Company.

The appointment can be terminated by either party giving to the other party three-month's notice in writing.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be necessary to give effect to the above resolution".

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

"RESOLVED THAT in modification of the earlier resolution passed by the shareholders in the 24th Annual General Meeting held on 30th September, 1999 and in accordance with the provisions of Sections 198,309,310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended, the remuneration payable to Mr. Dipak Himatsingka, Chairman & Managing Director of the Company be and is hereby increased with effect from 1st April, 2002 for the remainder of the tenure of his

office i.e. till 31/05/2004 on such terms and conditions as set out herein below :

Overall Remuneration :

The revised remuneration payable to him shall be as follows:

- i) Salary: Rs.34,000/- per month with such annual increment as may be decided by the Board from time to time within the overall ceiling as may applicable at the relevant time.
- ii) Commission: One percent of the net profits of the Company computed in the manner laid down in Section 309 of the Companies Act, 1956 subject to a ceiling of the annual salary.

The Commission will be calculated with reference to the net profits of the Company in a financial year and will be such sum as may be decided by the Board of Directors after approval of annual accounts of the relevant financial year in the Annual General Meeting, subject to the said ceiling.

- iii) Perquisites : Perquisites are classified into three categories A,B,C as follows :

CATEGORY 'A'**Housing I :**

The expenditure by the Company on hiring unfurnished accommodation will be subject to the following ceilings:

- a) Mumbai, New Delhi, Kolkata and Chennai: 50 % of the salary.
- b) Other places: 40% of the salary.

Housing II :

In case the accommodation is owned by the Company, 10% of the salary shall be deducted by the Company.

Housing III :

In case the Company does not provide accommodation, he shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

- ii) Gas, Electricity and Water expenses at actuals.
- iii) Reimbursement of House maintenance expenses subject to a maximum of one month's salary per year.
- iv) Furnishing allowance: one month's salary per year.
- v) Bonus @ 20% of the annual salary.
- vi) Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- vii) Leave Travel Concession: For self and family one basic per year according to the rules of the Company.
- viii) Club fees: Fees of clubs, subject to a maximum of two clubs but this will not include admission and life membership fees.
- ix) Personal Accident Insurance: Premium not to exceed

AMINES & PLASTICIZERS LIMITED

Rs.4,000/- in a year.

Explanation-Family means the spouse, the dependent children and dependant parents of the Chairman and Managing Director.

CATEGORY 'B'

The Chairman and Managing Director shall also be eligible to the following perquisites:

- Contribution to Provident Fund, Superannuation Fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- Encashment of leave at the end of the tenure.

CATEGORY 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites.

Earned Leave: On full pay and allowance as per the rules of the Company.

In case of loss or inadequacy of profits in any financial year, the Chairman and Managing Director will be entitled to minimum remuneration by way of salary and perquisites as specified above subject to the limits specified in that regard in Schedule XIII to the Companies Act, 1956, from time to time.

Shri. Dipak Himatsingka will not be entitled to any sitting fees for attending meetings of the Board of Directors or Committees thereof.

He shall not be liable to retire by rotation.

The Company shall reimburse to the Chairman & Managing Director, entertainment, travelling and all other expenses incurred by him for the business of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be necessary to give effect to the above resolution".

By Order of the Board
For Amines & Plasticizers Ltd.

AJAY PURANIK
(Company Secretary)

Place : Mumbai
Date : 8th August, 2002

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- Instrument of proxy in order to be effective must be deposited at the Company's Registered Office at Noonmati, Guwahati, Assam not less than 48 hours before the commencement of the Annual General Meeting.
- The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the business set out in the item nos. 5, 6 & 7 of the Notice is annexed hereto.
- The Register of Members and Share Transfer Books of the Company will remain closed from 24th September 2002 to 26th September 2002 (both days inclusive).
- Members are requested to intimate change of address, if any, to the Company's Registrar & Share Transfer Agent, SHAREPRO SERVICES, Satam Estate, 3rd floor, above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400 099.
- Members are requested to send queries, if any, at its Mumbai Office at least seven days before the date of the Annual General Meeting.

ANNEXURE TO NOTICE, EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Item No. 5:

The existing Article no. 29 of the Articles of Association of the Company provides that the instruments of Transfer may be destroyed upon the expiration of one year or such other period as the Board may from time to time determine. The Registrar of Companies, Shillong has advised to amend the said Article so as to conform to the requirement of Section 209 (4A) of the Companies Act, 1956.

The said Article is, therefore, being amended so as to comply with the directions given by the ROC, Shillong.

Item No. 6:

The Board of Directors at its meeting held on 15th March, 2002 on the recommendation of the Remuneration Committee, re-appointed Shri Hemant Kumar Ruia as Executive Director w.e.f. 1st April, 2002, on a remuneration of Rs. 75,000/- per month for a period of 5 years subject to the approval of the Central Government and of the Members of the Company.

Shri Hemant Kumar Ruia is a double graduate (Commerce and Law) from Bombay University, having a varied and rich experience of over 22 years in various fields. He has been associated with the Company since 1982 and presently is in charge of finance, accounts,

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purchase, exports and administration departments and is responsible for the day-to-day affairs of the Company. Under his able guidance, the Company has grown from a Domestic level Company to a Company of International repute.

Since the terms of re-appointment of Shri Hemant Kumar Ruia did not comply with the latest requirement of amended Schedule XIII of the Companies Act, 1956, the Company has made application to the Central Government for its approval for the re-appointment of Shri Hemant Kumar Ruia.

The Board feels that it will be in the interest of the Company to re-appoint Shri Hemant Kumar Ruia as Executive Director for a further term and hence, recommends passing the resolution mentioned at Item No.6.

No other Director of the Company, except Shri. Hemant Kumar Ruia may be deemed to be concerned or interested in the said resolution.

- The above may be treated as an abstract under Section 302 of the Companies Act, 1956 relating to the re-appointment of Shri Hemant Kumar Ruia as Executive Director of the Company.

ITEM NO. 7:

Shri Dipak Himatsingka was re-appointed as the Chairman & Managing Director of the Company on 1st June, 1999 for a period of 5 years. In view of multiple & complex responsibilities handled by him, the Board of Directors at its meeting held on 15th March, 2002 on the recommendation of the Remuneration Committee decided to increase the remuneration payable to Shri Dipak Himatsingka w.e.f. 1st April, 2002 for the remainder of his term i.e till 31st May, 2004 subject to the approval of the Central Government and of the Members of the Company.

Shri Dipak Himatsingka is a graduate in Chemical Engineering and studied at the IIT, Mumbai. He is a Member of the Indian Institute of Chemical Engineers, Institute of Engineers, The American Institute of Chemical Engineers and other professional Trade Organisations. He has been associated with the Company since 1974 as a Managing Director of the Company.

Under his able guidance, the Company has grown from a Manufacturer of Ethanolamines & Plasticizers to an internationally recognized Manufacturer of a basket of products which encompasses ethanol amines, substituted ethanol amines, a large range of Plasticizers and speciality morpholine derivatives. The Company has also become a technology service provider having supplied turnkey plants both in India and Abroad.

Since the terms of revision in the remuneration of Shri

Dipak Himatsingka did not comply with the latest requirement of amended Schedule XIII of the Companies Act, 1956 the Company has made an application to the Central Government for its approval for increase in the remuneration of Shri Dipak Himatsingka.

The Board feels that it is necessary and will be in the interest of the Company to increase the remuneration payable to Shri Dipak Himatsingka and hence, recommends passing the resolution mentioned at Item No. 7.

No other Director of the Company, except Shri Dipak Himatsingka may be deemed to be concerned or interested in the said resolution.

The above may be treated as an abstract under Section 302 of the Companies Act, 1956 relating to the increase in the remuneration of Shri Dipak Himatsingka, Chairman & Managing Director of the Company.

By Order of the Board
For Amines & Plasticizers Ltd.

AJAY PURANIK
(Company Secretary)

Place : Mumbai
Date : 8th August, 2002

AMINES & PLASTICIZERS LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the **Twenty-seventh** Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

		For the year ended 31.03.2002 (Rs. in lacs)	For the year ended 31.03.2001 (Rs.in lacs)
Sales & Services (Gross)		6769.31	4073.37
Profit before Interest, Depreciation and Taxes		423.48	224.43
Less : Interest	242.79		
Depreciation	35.61	278.40	220.36
Net Profit before tax		145.08	4.07
Provision for deferred taxation		67.19	—
Balance of loss brought forward from the previous year		(652.09)	(672.30)
Transfer from Investment Allowance (utilised) Reserve		—	16.14
Balance of Loss carried to Balance Sheet		(499.68)	(652.09)

DIVIDEND :

In view of the brought forward losses, the Directors do not recommend any dividend for the year under review.

OPERATIONS: -

Chemical Division:

During the year under review, the sales volume for the products manufactured in the Amines Plant saw a substantial growth, both on the domestic front as also for Exports.

Your Directors are glad to inform you that the Company's products have been well accepted internationally and export volumes touched an all time high.

Costs of raw materials and inputs have however increased from the last quarter of the financial year and the prices of finished products have not increased in the international market, because of a generally weak global demand and excess world capacity, putting the exports of the Company under pressure. Your Company is however, aggressively pursuing its export thrust.

Your Company has curtailed the manufacture of Plasticizers in view of adverse market conditions. It is however, utilizing a major part of this plant capacity for other value added activity.

The plant commissioned under the 'SPREAD' programme of ICICI which was established a few years back has been

used regularly both for process development and optimization as also for the manufacture of low volume, high value down stream products.

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 of which we are hopeful during the current year.

FUTURE PROSPECTS:

Prior to liberalization, the Company was engaged in the manufacturing of Products aimed at domestic market. After liberalization and reduction in duties, the Company found it difficult to earn profits because of drop in prices and margin of all its products.

The Company has over the years been able to, through its in house research & development changed its product-mix substantially, thereby increasing its product range and manufacturing capacities. Your Company at present is engaged in the production of its speciality range of performance products, which were launched in the national and international markets and are receiving good response.

In the last couple of years, the Company has concentrated on maximizing exports of its products and presently the Company has been successful in increasing its export

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turnover, which is approximately 40% of its total turnover. This has resulted in the Company achieving a turnaround and posting profits during the period under review.

In addition:

- The Company continued its efforts alongwith a leading engineering consultancy Company in UK for marketing of its technologies internationally.
- The Company endeavors to improve its Specialty Chemicals Plant utilisation in a more remunerative way during the year under review.
- The Company has entered into MOUs with two international manufacturing companies for investigating the possibility of manufacturing their products at our facilities, both for the domestic market as well as for the export. Preliminary work has commenced and further progress is expected during the current year.

EXPORTS:

During the year under review, the Company has achieved an export turnover of around Rs.25 Crores, nearly a growth of 350% over the previous year. The increase in the exports of the Company is due to the increased penetration of the International markets, consistent quality & service and competitive prices of products. Your Company continues to treat export as a thrust area and continues to pursue the same vigorously.

The Company, alongwith other major consumers of Ethylene Oxide (E.O.) have approached the Government of India for reconsidering the DEPB entitlements for export products based on E.O. where DEPB entitlement on the E.O. component is presently disallowed for calculation because of a notification to this effect by the Government of India in 1996. Your Company is hopeful of favourable response to these representations.

EXPORT HOUSE RECOGNITION:

The Company has been granted an EXPORT HOUSE status in view of the volume of exports achieved. This Export House Recognition is valid upto 31st March, 2007.

SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985:

During the year, the Rehabilitation matter has been heard by the Hon'ble BIFR in the presence of Senior Officials of ICICI Ltd (Operating Agency) and the State Bank of India (Creditors). The Hon'ble BIFR has agreed to consider the modified Rehabilitation Scheme submitted to it and the final sanction of the scheme is still awaited.

RESEARCH & DEVELOPMENT:

Your Company is pursuing development of new products & formulations and as a result, your Company is hopeful of launching some new products during the current year.

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 expanding the customer base in coming years.

Your Company has been able to increase the manufacturing capacity of various Alkanolamines significantly through innovations achieved as a result of sustained R & D efforts. Thus, the overall manufacturing efficiencies have improved significantly.

Further, development of products for the use in field of Lubricants and Paints is also on the verge of commercialization as we obtain approvals for our products from customers.

Your Company continues its efforts to develop new products and processes based on present raw materials availability, having good marketing potential both domestically as well as internationally.

EAP INDUSTRIES LIMITED:

The Hon'ble BIFR, which is considering proposals for revival of EAPIL, has appointed IDBI as the Operating Agency (OA) and directed them to review the proposals for the revival of EAP Industries Ltd. Your Company has signed a tripartite agreement with "M/s. EAP Industries Ltd." and an Entrepreneur from the West Bengal for the revival of EAP Industries Ltd.

As regards matters before the Debts Recovery Tribunal (DRT), the stay granted to your Company in those matters continues.

CORPORATE GOVERNANCE:

The Clause 49 of the Listing Agreement with the Stock Exchanges requires every Company, which has a paid up capital of Rs. 3 crores and above to attach a Report on Corporate Governance along with the Directors' Report. Since your Company has a paid up Capital less than the prescribed limit, the said Report is not enclosed herewith.

Your Directors would, however, like to report that there is a complete transparency and integrity in the functioning of the Company and Directors are discharging their responsibility in the best possible manner and in the interest of the Company.

ISO 9002 CERTIFICATION:

Your Directors take pleasure in informing you that the Company has obtained ISO 9002 certification from M/s Det Norske Veritas (DNV), which is valid till 15th December, 2003.

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 Guwahati Stock Exchange, Assam. The annual listing fees have been duly paid and there is no outstanding payment towards the Exchanges as on date.

As on 24th April, 2002 the Stock Exchange, Mumbai has suspended trading in the Securities of the Company, since the Company could not dematerialize the shares with the NSDL and did not publish financial results for a particular quarter of the last financial year in newspapers. Your

AMINES & PLASTICIZERS LIMITED

Directors regret this and wish to inform you that necessary steps have been taken to revoke the suspension and to demat shares with the NSDL.

DEMATERIALISATION OF SECURITIES:

As the Members are aware, the Company's shares are tradable in the electronic form under ISIN No.INE275D01014 and for this purpose, the Company has established connectivity with the Central Depository Services (India) Limited (CDSL) with effect from 4th January, 2002.

As regards dematerialisation of securities with the National Securities Depository Limited (NSDL) is concerned, the NSDL has refused to establish connectivity because of a negative net worth of the Company. Your Company has taken up the matter with the senior officials of SEBI/NSDL and is awaiting their response.

The Members may contact their Depository Participants associated with the CDSL for dematerialisation of equity shares of the Company held by them.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Nirmal Suchanti and Mr. K.K. Seksaria, Directors 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 review and there is no unpaid or unclaimed deposits lying with the Company.

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 is annexed hereto as Annexure 'A' and forms part of 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 judgments 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.

OBSERVATIONS OF AUDITORS:

As regards Company's involvement in EAP Industries Ltd. by way of a loan of Rs. 65 lacs, debts of Rs.87.29 lacs and Guarantees given amounting to Rs. 513.73 lacs, the Management is hopeful of recovering / realising the above referred amount in due course of time and that it would not be liable in respect of the above referred guarantees in view of the Rehabilitation Schemes submitted to the BIFR, which are being evaluated by the Industrial Development Bank of India. Further, with increased demand of the EAPIL's products in view of the commencement of Haldia Petrochemicals Complex, the above dues would be recovered and that the Company would not be liable for the aforesaid guarantees. Hence, no provision for the same is considered by the Management.

As regards recoverability of long overdue debts considered good by the Management amounting to Rs.166.73 Lacs, the Management has taken appropriate steps including filing of legal suits to recover the said dues.

AUDITORS:

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

ACKNOWLEDGEMENTS:

The Directors wish to place on record appreciation of the operating Agency (ICICI Ltd), Banks (State Bank of India) for their continued assistance and support to the Company and the Company's staff for their unstinting co-operation.

For and on behalf of the Board

DIPAK HIMATSINGKA

CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai
Dated: 8th August, 2002