

AMINES & PLASTICIZERS LIMITED



AN ISO 9002 COMPANY

**Annual Report
2002-2003**

AMINES & PLASTICIZERS LIMITED**DIRECTORS**

HEMANT KUMAR RUIA Chairman & Managing Director

K.K. SEKSARIA

NIRMAL SUCHANTI

DR. M.K. SINHA

S.S. RUIA

DR. P.H. VAIDYA

ARUN S. NAGAR

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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NOTICE

Notice is hereby given that the Twenty-eighth Annual General Meeting of the Members of AMINES & PLASTICIZERS LIMITED will be held on Tuesday, the 30th September, 2003 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, 2003, 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. S.S. Ruia, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. M.K. Sinha, 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 an Ordinary Resolution:

"RESOLVED THAT in modification of the resolution passed by the Shareholders in the 27th Annual General Meeting of the Company, consent of the Company be and is hereby accorded for the re-designation of Mr. Hemant Kumar Ruia as "Chairman & Managing Director" of the Company instead of Executive Director with effect from 24th January, 2003 without any change in any of the terms and conditions of his re-appointment".
6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Arun S. Nagar who was appointed as an Additional Director of

the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds office upto the date of the ensuing Annual General Meeting and in respect of whom a notice in writing has been received from a member of the Company proposing his candidature for the office of Director be and is hereby appointed as Director of the Company liable to retire by rotation."

By Order of the Board
 For Amines & Plasticizers Ltd.

Place: Mumbai **AJAY PURANIK**
 Date : 19th August, 2003 (Company Secretary)

Registered Office:

Noonmati, Guwahati - 781 020,
 Assam.

NOTES:

- (1) 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.
- (2) 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.
- (3) 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 and 6 of the Notice is annexed hereto.
- (4) The Register of Members and Share Transfer Books of the Company will remain closed from Monday the 22nd September 2003 to Friday the 26th September 2003 (both days inclusive).
- (5) Members are requested to intimate change of address, if any, to the Company's Registrar

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& Share Transfer Agent, SHAREPRO SERVICES, Satam Estate, 3rd floor, above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400 099.

- (6) 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:

Since the office of Chairman & Managing Director had fallen vacant on the resignation of Mr. Dipak Himatsingka, the Board of Directors at its meeting held on 24th January, 2003, re-designated Mr. Hemant Kumar Ruia as Chairman & Managing Director of the Company without any change in any of the terms and conditions of his appointment. The Company had also obtained approvals of the Department of Company Affairs (DCA) and the Board for Industrial & Financial Reconstruction (BIFR) in this regard.

The Board feels that it will be in the interest of the Company to re-designate Mr. Hemant Kumar Ruia as Chairman & Managing Director till the expiry of his present term i.e. till 31st March, 2005 and hence, recommends the passing of the Ordinary Resolution mentioned at item no.5 of the Notice. The above may be treated as an abstract under Section 302 of the Companies Act, 1956 relating to the re-designation of Mr. Hemant Kumar Ruia as Chairman & Managing Director of the Company.

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

Item No. 6:

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, the Board has appointed Mr. Arun S. Nagar as an Additional Director of the Company in its meeting held on 24th January, 2003. Mr. Arun Nagar holds office upto the date of the ensuing Annual General Meeting.

The Company has received a Notice in writing under Section 257 of the Companies Act, 1956 from a Member of the Company proposing his candidature for the office of Director.

Mr. Arun Nagar has considerable and vast experience in the industry. He is a highly qualified person holding a degree in Law and also a Masters degree in English Literature. He is also a Licentiate of FII, Mumbai. The Board feels it will be in the interest of the Company to appoint Mr. Arun Nagar as Director and hence recommends the passing of the Ordinary Resolution proposed at item no.6 of the Notice.

Except Mr. Arun S. Nagar, no other Director of the Company is concerned or interested in the resolution.

By Order of the Board

For Amines & Plasticizers Ltd.

Place : Mumbai

Date : 19th August, 2003

AJAY PURANIK

Company Secretary

ANNUAL REPORT 2002-2003**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the **Twenty-Eighth** Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS	For the year ended 31.03.2003 (Rs.in Lacs)	For the year ended 31.03.2002 (Rs.in Lacs)
Income	6845.85	6328.81
Profit before Interest,		
Depreciation and taxes	455.71	423.48
Less : Interest	211.21	242.79
Depreciation	50.64	35.61
Net Profit before tax	193.86	145.08
Provision for deferred taxation	69.55	67.19
Balance of loss brought forward from the previous year	(499.68)	(652.09)
Balance of Loss carried to Balance Sheet	(311.71)	(499.68)

DIVIDEND :

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

OPERATIONS AND FUTURE PROSPECTS:

During the year under review, the total income recorded a growth of over 8% and the net profit registered an increase of about 60%. This was primarily due to the better acceptance of the Company's products in the International Markets. Your Directors are also glad to report that the Company's R & D efforts are well rewarded by way of development of a Pharmaceutical Intermediate Product which was exported during the year and well accepted in the International Markets, resulting in a substantial contribution in the Company's profitability.

During the year the prices of raw materials and inputs continued to increase substantially over the earlier financial year. However, the impact of the same could not be passed on to the customers, as the international prices of the finished products did not increase commensurate to the increase in raw material prices locally. Your Company continues to limit production on Plasticizers and

has utilized its Plant capacity for manufacture of other products, which gives better value addition. The Morpholine plant of the Company commissioned under the SPREAD Program is used regularly for the manufacture of speciality products, which have enjoyed a good market acceptance domestically and internationally.

The Company through its research and development is continuously in the process of developing new products and concentrates in developing high value products and pharmaceutical intermediates so as to increase the overall profitability of the Company. Your Company is also revamping the Plant put up under the SPREAD Program and its Plasticizers Plant so as to increase the production of speciality products substantially with its in-house technology. The Company has already established the market for these products and requires further capacity to exploit the full potential of the International Market. This revamp is expected to bear fruits in the near future.

INDUSTRIAL GASES DIVISION :

There is no improvement in the working of this Division and it continues to suffer losses. During the current year, the Agreement with BOC expired and

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negotiations are already in progress with BOC for better utilization of the Industrial Gases Division.

EXPORTS :

During the year under review, the Company has achieved an export turnover of over Rs.33 Crores, a growth of 39% over the previous year. The increase in the exports of the Company is due to the acceptance of the Company's products in the international markets as also introduction of speciality products as per the specific requirements of overseas customers. Your Company treats export as a thrust area and continues to pursue the same vigorously. The Export House Recognition granted to the Company is valid upto 31st March, 2007.

SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985 :

The Hon'ble BIFR circulated the modified Rehabilitation package submitted by the Operating Agency (OA). The Hon'ble BIFR was pleased to sanction the Rehabilitation Scheme and a copy of the order is awaited.

RESEARCH & DEVELOPMENT:

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

Your Company has successfully developed import substitutes and value based export oriented products in its R & D. During the year the Company has also commercialized a new pharmaceutical intermediate product, meeting the international specifications and commenced commercial production of the same. The development of new process for the existing products manufactured, has also yielded cost-effective benefits and reduced manufacturing time.

During the year under review, your Company provided value added services to its Gas Processing customers through supply of formulated Amines. The Company is expanding its customer base with this and expects to do

better in coming years.

Your Company will continue its efforts to develop new products, formulations and adopt newer technologies to its current products and processes so as to make your Company more competitive in local and overseas markets.

CORPORATE GOVERNANCE :

Your Company believes in setting highest standards in good and ethical corporate governance practices. Your Company is managed by the Chairman & Managing Director under the supervision of the Board of Directors. The Chairman & Managing Director is assisted by a team of qualified and experienced professionals.

Your Company and its employees have a commitment to its customers, suppliers, and shareholders to conduct business in an ethical, fair and legal manner. It includes:

- i) Knowledge, understanding and compliance with all laws, regulations and codes of conduct governing the operation of your Company's business;
- ii) Ensuring that all transactions are handled honestly and recorded accurately;
- iii) Protection of information that belongs to your Company, suppliers and fellow workers and;
- iv) Recognition of reputation of your Company and acting accordingly.

The Company has not attached a detailed Report on Corporate Governance as part of its Annual Report since the paid up capital of the Company is below the minimum required, as specified under Clause 49 of the Listing Agreement.

ISO 9002 CERTIFICATION:

The ISO 9002 certification obtained from M/s. Det Norske Veritas (DNV), is valid till 15th December, 2003. Your Directors are glad to inform you that the Company has started working towards obtaining ISO 9001:2000 certifications.

SHARE CAPITAL AND DEMATERIALISATION :

The Company's Equity Shares are listed on the Stock Exchanges of Mumbai, Kolkata and

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Guwahati and the annual listing fees have been duly paid. The Company's Equity Shares are tradable in the electronic form and the Company has established connectivity with the Central Depository Services (India) Limited (CDSL) with effect from 4th January, 2002. The ISIN No. allotted to the Company is INE275D01014. The Board recommends that the members should avail this facility and dematerialize their shares.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. S. S. Ruia and Dr. M. K. Sinha, Directors retire by rotation and being eligible offer themselves for re-appointment.

During the year the Company appointed Mr. A.S. Nagar as an Additional Director, who holds office till the date of ensuing Annual General Meeting of the Company. Your Board recommends his appointment as Director.

Mr. Dipak Himatsingka resigned as Chairman & Managing Director and as Director from your Company's Board and his resignation was accepted at a meeting of the Board held on 28th November, 2002.

Mr. Hemant Kumar Ruia has been re-designated as the Chairman and Managing Director of the Company in the Board Meeting held on 24th January, 2003.

INSURANCE :

The assets of your Company have been adequately insured.

FIXED DEPOSITS :

The Company has not accepted or renewed any Deposits during the year under review and there is no unpaid or unclaimed deposits lying with the Company.

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE :

Information pursuant to Department of Company Affairs Notification dated May 15, 1995, relating to the Balance Sheet Abstract and Company's

General Business Profile is given in the Annual Report for the information of the Shareholders.

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.

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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 the ensuing Annual General Meeting and are eligible for re-appointment.

OBSERVATIONS OF AUDITORS:

During the year under review, the Operating Agency for EAPIL viz. IDBI, which had received proposals for the revival of EAP Industries Limited is in the process of evaluating these proposals and will submit its Report to the Hon'ble BIFR for their consideration. 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 / realizing the above referred amount in due course of time and is of the view that it would not be liable in respect of the above referred guarantees in view of the fresh Rehabilitation Schemes submitted to the Operating Agency for the revival of EAPIL which are under active consideration of Hon'ble BIFR. As regards matters before the

Debts Recovery Tribunal (DRT), Kolkata the stays granted to your Company in those matters continues.

As regards recoverability of long overdue debts considered good by the Management amounting to Rs. 165.57 Lacs, the Management had taken appropriate steps to recover the said dues and is hopeful of recovering the same in near future.

ACKNOWLEDGEMENTS :

Your Directors wish to place on record their sincere appreciation of the assistance and support extended by the customers, suppliers, vendors, financial institutions, banks and government departments associated with the activities of your Company.

The Directors of your Company believe that your Company could not have achieved the above results without the dedication and hard work by all ranks of employees and are sure that the shareholders would like to join them in conveying their appreciation for their untiring efforts in achieving the same.

For and on behalf of the Board

HEMANT KUMAR RUIA

Chairman &

Managing Director

Place : Mumbai

Dated : 19th August, 2003

ANNUAL REPORT 2002-2003**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) Regular upgradation in electrical system is done so as to minimize electrical consumption.
- ii) Temperature controller provided for cooling tower fans to ensure optimum running of motors.
- iii) Regular preventive/predictive maintenance of electrical system is carried out to ensure minimal losses.
- iv) Incandescent lamps are being replaced with energy efficient lamps.
- v) Improvement in power factor has resulted in decrease in maximum demand charges.

II) Furnace Oil/LDO Consumption:

- i) Improvement in manufacturing techniques and optimum use of plant has resulted in increased product mix capacity and thereby resulting in reduced consumption of fuel oil.
- ii) Damaged or ineffective insulation on piping and equipments is changed as and when required to reduce heat losses.
- iii) Usage of fuel additives and boiler water additives is being continued to obtain better heat generation efficiency.

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 depends not only on the product mix but also depends on the quality of power. Frequent power failures and their duration affect the stable running of the plant resulting in higher power consumption.

In spite of these problems, measures taken as mentioned above and higher throughputs from plants especially in Ethanolamines Plant have resulted in reduced energy consumption and thereby reduced cost of production. However, this is partly nullified because of increase in Fuel oil costs.

d. Total energy consumption and energy consumption per unit of production.

As per Form 'A'

B. Technology Absorption:**e. Efforts made in technology absorption as per form 'B' of the Annexure.**

AMINES & PLASTICIZERS LIMITED**C. Foreign Exchange Earnings and Outgo :**

	Current Year 2002-2003 (Rs. in Lakhs)	Previous Year 2001-2002 (Rs. in Lakhs)
1. Foreign exchange earned		
Export of goods on FOB basis	3306.50	2381.47
2. Outgo of foreign exchange		
Value of imports (CIF)		
a) Raw Materials	182.30	45.71
b) Materials for Re-sale and Repacking	1116.13	460.38
c) Capital goods	—	—
3. Expenditure in foreign currencies	47.28	111.73

For and on behalf of the Board

Place : Mumbai
Date : 19th August, 2003

HEMANT KUMAR RUIA
Chairman & Managing Director


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