

AMINES & PLASTICIZERS LIMITED



AN ISO 9001:2000 COMPANY

**Annual Report
2003-2004**

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 & CO.

LODHA & CO.

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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ANNUAL REPORT 2003-2004**NOTICE**

Notice is hereby given that the Twentyninth Annual General Meeting of the Members of Amines & Plasticizers Limited will be held on Monday, the 27th September, 2004 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, 2004, 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 Dr. P.H.Vaidya who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Nirmal Suchanti who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

By Order of the Board

For Amines & Plasticizers Ltd.

AJAY PURANIK
(Company Secretary)

Place : Mumbai

Date : 23rd August, 2004

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 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 or Head Office at Mumbai not less than 48 hours before the commencement of the Annual General Meeting.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 16th September, 2004 to Thursday, the 23rd September, 2004 (both days inclusive).
- (4) The Company has in addition to Central Depository Services (India) Ltd. (CDSL) established connectivity with National Securities Depository Limited (NSDL) with effect from 23rd June, 2004 and ISIN No. is INE275D01014. Members are requested to dematerialize their shares for scrip less trading.
- (5) Members are requested to intimate change of address, if any, to the Company's Registrar & Share Transfer Agent, viz. M/s. 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.

AMINES & PLASTICIZERS LIMITED**Details of Directors seeking re-appointment in forthcoming Annual General Meeting**

Name of the Director	Pandurang Hari Vaidya	Nirmal Suchanti
Date of Birth	25.05.1939	28.01.1944
Date of Appointment	18.09.1998	15.12.1994
Expertise in specific functional area	Wide experience in HRD, Finance and General Management.	Wide experience in Finance, Capital Markets and Industry.
Qualifications	M.Com, Phd	B.Com
Number of outside Directorships held in Public Limited Companies as on 31st March, 2004	Arviva Industries (India) Ltd.	Concept Communication Ltd. Keynote Corporate Services Ltd. Cosy Mercantile Ltd. Fairgrowth Financial Services Ltd. Munga Holdings Ltd.
Chairman/ Member of the Committee of the Board of Public Companies on which he is a Director as on 31st March, 2004	Nil	Nil

ANNUAL REPORT 2003-2004**DIRECTORS' REPORT**

Your Directors are glad to present the **Twenty-ninth** Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS	For the year ended 31.03.2004 (Rs.in Lacs)	For the year ended 31.03.2003 (Rs.in Lacs)
Income	6040.83	6843.20
Profit before Interest, Depreciation and Taxes	493.28	455.71
Less : Interest	165.16	211.21
Depreciation	34.18	50.64
Net Profit before tax	293.95	193.86
Provision for deferred taxation	91.92	69.55
Balance of loss brought forward from the previous year	(311.71)	(499.68)
Balance of loss carried to Balance Sheet	(23.45)	(311.71)

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, though the sales of the Company have declined by about 12%, the Company achieved remarkable increase in its profits by over 62% compared to previous year.

The increase in profitability in the current year was achieved due to encouraging orders received for the value added products which were developed by the Company through its R & D efforts over the years. The steep hike in prices of Petroleum products globally and the consequent rise in the raw materials prices locally affected the exports of the Company's products to a major extent since the international prices of finished products did not rise commensurate to the increase in the local inputs.

However, in the current Financial Year, the international prices have already increased and there is a better realization and demand for the Company's products in the international markets. The strengthening of the dollar would also help the Company in better realizations and increase in its exports sales.

The Plant capacities have been further augmented by investing in the required equipments which would help in improving its operations in the current and future years. The increase in plant capacities would have considerable significance with the better demand position and higher realization.

EXPORTS :

During the year under review, the Company's exports declined to Rs. 18.77 Crores as compared to Rs. 35.84 Crores in the previous year. The reduction in the Company's export volume was primarily due to the stiff competition in the international market as prices internationally did not firm up during last year as commensurate to the increase in raw material prices locally and comparatively a weaker dollar. It is expected that in the current year, the exports of the Company products would be more favourable.

RESEARCH & DEVELOPMENT :

The Management continues treating R & D as a thrust area and constant research and development activity is pursued for the development of new products. A few more new products have been identified and are in various stages of development. Through the R & D efforts, the Company has been able to achieve more

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innovative ways of production thereby improving efficiency in operation and reducing manufacturing and utility costs.

ISO 9001:2000 CERTIFICATION :

The ISO 9002 certification obtained from M/s. Det Norske Veritas (DNV), was valid till 15th December, 2003 and the Company initiated the process of obtaining ISO 9001:2000 certification. Your Directors are glad to inform you that the Company has obtained ISO 9001:2000 certification from M/s. Det Norske Veritas which is valid up to 13th January, 2007.

SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985 :

During the year under review, the Hon'ble BIFR had sanctioned the Rehabilitation Scheme. The Banks/Financial Institutions and Statutory Authorities have finalized the repayment schedule as per the directions in the sanctioned scheme and the same have been regularly complied with as per the prescribed schedule.

SHARE CAPITAL AND DEMATERIALIZATION :

The Company's Equity Shares are tradable in the electronic form and the Company has established connectivity with the National Securities Depository Limited (NSDL) with effect from 23rd June, 2004. The Board recommends that the members should avail this facility and dematerialize their shares.

During the year under review, 11,02,000 Equity Shares of Rs.10/- each were issued to Promoters as per the directions in the Rehabilitation Scheme, sanctioned by the Hon'ble BIFR vide its Order dated 31-10-2003. The Company had complied with all pre and post allotment formalities prescribed in this regard. Further, the listing formalities of these additional securities were completed with all the three Stock Exchanges, and permissions /approvals have been received for listing.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and Articles of Association

of the Company, Dr. P.H.Vaidya and Mr. Nirmal Suchanti, Directors retire by rotation and being eligible offer themselves for re-appointment.

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. The Audit Committee of the Board has recommended the re-appointment of M/s. D. Basu & Co. & M/s. Lodha & Co. as Auditors of the Company.

OBSERVATIONS OF AUDITORS:

On evaluating the Rehabilitation Scheme submitted by the Operating Agency of EAP Industries Limited (EAPIL) viz. M/s. Industrial Development Bank of India (IDBI), the Hon'ble BIFR formed a prima facie opinion of winding up of EAPIL. In view of the winding up order of the Hon'ble BIFR, it was decided to write off investments of Rs. 37.72 lakhs, loan of Rs. 65 lakhs and the debit balance of Rs. 87.29 lakhs in the accounts of the Company during the year under review.

As already reported in earlier years the guarantees given by your Company to the Financial Institutions and Banks for loans taken by EAPIL were invoked and the stay granted before the Debt Recovery Tribunal (DRT) continues. However, a One Time Settlement of Rs. 468 lakhs is reached by the aforesaid lenders of EAPIL before the DRT. An initial instalment of 25% of the said amount is being paid and the balance is to be paid as per the stipulated terms. The Management is hopeful that the guarantees will be released as mentioned in the terms of settlement which is agreed by the aforesaid lenders.

STATUTORY DISCLOSURES:

Internal Audit :

Your Board has re-appointed M/s. Roshan Agarwal & Co., Chartered Accountants, as the Internal Auditors effective from 1st August, 2004 till 31st July, 2005.

ANNUAL REPORT 2003-2004**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 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 qualify under 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.

CORPORATE GOVERNANCE :

A report on Corporate Governance appears after this report. A certificate from M/s. Lodha & Co., Chartered Accountants, Statutory Auditors with regards to compliance of the Corporate Governance code by the Company is annexed hereto and forms part of this report. Further, a separate Management Discussion & Analysis Report is also enclosed with this report.

ACKNOWLEDGEMENTS :

Your Directors are grateful to the shareholders for their support and the confidence reposed in the Company and also place on record their sincere appreciation for the unstinted support and timely assistance extended by banks/financial institutions, suppliers and business associates. The Directors would also like to record their sincere appreciation to its motivated and committed workforce at all levels.

For and on behalf of the Board

HEMANT KUMAR RUIA

Chairman &

Managing Director

Place : Mumbai

Dated : 23rd August, 2004

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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 up-gradation in electrical system such as switchgears etc is done.
- ii) Regular preventive/predictive maintenance of electrical system is carried out to ensure minimal losses.
- iii) All incandescent lamps are replaced with energy efficient lamps.
- iv) Capacitor banks are increased to maintain unity Power factor. This has resulted in decrease in maximum demand. Also, this has enabled us to get rebate in bills from MSEB for maintaining the Power factor.

II) Furnace Oil/LDO Consumption:

- i) Capacity increase and 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) Insulation on piping and equipments are being changed on a continuous basis 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 on product mix for Ethanolamines (including Alkyl Alkanolamines), which is continuous process. In addition, frequent stoppages due to power failures, erratic water supply etc also affect the plant operation and thereby energy consumption.

The measures taken as mentioned above has resulted in maintaining the energy consumption despite lower level of production.

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.

ANNUAL REPORT 2003-2004**C. Foreign Exchange Earnings and Outgo :**

	Current Year 2003-2004 (Rs. in Lakhs)	Previous Year 2002-2003 (Rs. in Lakhs)
1. Foreign exchange earned		
Export of goods on FOB basis	1697.84	3306.50
2. Outgo of foreign exchange		
CIF value of Imports	730.16	1298.43
3. Expenditure in foreign currencies	93.02	47.28

For and on behalf of the Board

Place : Mumbai
Date : 23rd August, 2004

HEMANT KUMAR RUIA
Chairman & Managing Director

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AMINES & PLASTICIZERS LIMITED**FORM A****Form for disclosure of particulars with respect to conservation of energy.**

	For the year ended 31.03.2004	For the year ended 31.03.2003
A. Power and Fuel Consumption :		
1. Electricity		
(a) Purchased Units/Lakhs	26.32	26.69
Total amount (Rs. in Lakhs)	97.02	101.43
Cost per unit – Rs.	3.69	3.80
(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	2184	2314
Total amount – Rs. in Lakhs	221.57	240.06
Average rate – Rs. /K. Ltr.	10,145	10,374
4. Others/internal generation		
Light Diesel Oil – K Ltrs	389	449
Total amount – Rs. in Lakhs	68.46	55.93
Average rate – Rs. /K. Ltr.	17,599	12,457

B. Consumption per unit of Production:

	Standards (if any)	For the year ended 31.3.2004	For the year ended 31.3.2003
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PRODUCTS*** Plasticizers**

Electricity (per MT)	Units	200	200
Furnace Oil (per MT)	Ltrs	150	130

**** Ethanolamines**

Furnace Oil (per MT)	Ltrs	343	356
L.D.O. (per MT)	Ltrs	74	73
Electricity (per MT)	Units	375	378

* Utility consumption figures are maintained in spite of lower production. The Plasticizers plant is now being used for conducting manufacture/processing of other products.

** Ethanolamine Production includes mostly other Alkyl Alkanolamines like Methyl Diethanolamine, Methyl Monoethanolamine etc.