

AMINES & PLASTICIZERS LIMITED



AN ISO 9001:2000 COMPANY

**Annual Report
2004 - 2005**

HEMANT KUMAR RUIA *Chairman & Managing Director*

DIRECTORS

K.K. SEKSARIA
NIRMAL SUCHANTI
DR. M.K. SINHA
DR. P.H. VAIDYA
A. S. NAGAR

BANKER

STATE BANK OF INDIA

AUDITORS

D. BASU & CO.
LODHA & CO.

REGISTERED OFFICE

NOONMATI, GUWAHATI, 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 Thirtieth Annual General Meeting of the Members of AMINES & PLASTICIZERS LIMITED will be held on Wednesday, the 28th September, 2005 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, 2005, 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. A.S. Nagar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. K.K. Seksaria who retires by rotation and being eligible, offers himself for re-appointment.
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 terms of article 83 of the Articles of Association of the Company and 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 all other applicable provisions, if any, and subject to such approvals and sanctions as may be necessary, consent of the Members of the Company be and is hereby accorded for the re-appointment of Shri Hemant Kumar Ruia as Chairman & Managing Director of the Company for a period of 3 years with effect from 1st April, 2005 on such terms and conditions, including expressly the remuneration payable to him as set out here in below:

1. Period :

The appointment is effective from 1st April, 2005 for a period of three years i.e. up to 31st March, 2008.

2. Remuneration :

The remuneration payable to him shall be as follows:

- i) Salary: Rs. 44,000/- (Rupees Forty Four Thousand) 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) The above Managerial Personnel will be entitled to the following perquisites in addition to above remuneration:

CATEGORY 'A'

i) House Rent Allowance:

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, subject to an overall ceiling of 10% of annual salary.
- iii) Reimbursement of House maintenance expenses subject to a maximum of one months salary per year.

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- iv) Furnishing allowance: one months 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 & half months salary in a year or four & half months salary over a period of three years.
- vii) Leave Travel Concession: For self and family once in a 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. 5, 000/- in a year.

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

CATEGORY 'B'

The Chairman & Managing Director shall also be eligible to the following perquisites that shall not be included in the computation of the ceiling for the purpose of minimum remuneration.

- 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 months 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 Chairman & Managing Director shall be entitled to remuneration by way of salary, and perquisites not exceeding the limits specified above.

Shri 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 Chairman & Managing Director, entertainment, traveling and all other expenses incurred by him for the business of the Company.

Subject to the superintendence and control of the Board of Directors, he shall be responsible for the day-to-day management of the affairs of the Company.

The said re-appointment may be terminated by either party giving to the other party three months notice in writing.

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

By Order of the Board
For **Amines & Plasticizers Ltd.**

AJAY PURANIK
Company Secretary

Place : Mumbai
Date : 24th August, 2005

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 or Head Office at Mumbai not less than 48 hours before the commencement of the Annual General Meeting.
- (3) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of item no. 5 of the Notice is annexed hereto.
- (4) The Register of Members and Share Transfer Books of the Company will remain closed from



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Friday, the 16th September, 2005 to Friday, the 23rd September, 2005 (both days inclusive).

- (5) 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.
- (6) Members holding shares in physical form are requested to notify immediately any change

of address, if any, to the Company's Registrar & Share Transfer Agent and in case their shares are held in dematerialized form this information should be passed on directly to their respective depository participants and not to the Company/STA, without any delay.

- (7) Members desirous of getting any information on the accounts or operations of the Company, are requested to forward their queries to the Company at least seven working days prior to the meeting so that the required information can be made available at the meeting.

ANNEXURE TO NOTICE, EXPLANATORY STATEMENT

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

Item No. 5:

The Board of Directors at their meeting held on 27th January, 2005 on the recommendation of the Remuneration Committee, re-appointed Shri Hemant Kumar Ruia as Chairman & Managing Director w.e.f. 1st April, 2005 for a period of 3 years.

Shri Hemant Kumar Ruia is a graduate in Commerce and Law from Bombay University, having a varied and rich experience in various fields. He has been associated with the Company for past 24 years and is looking after all major policy decisions as well as day-to-day affairs of the Company. Under his leadership, the Company has grown from a domestic level Company to a Company of International repute. He was instrumental in obtaining the ISO 9001:2000 Certification in the year 2004 from M/s Det Norske Veritas (DNV) and in getting recognition as "One Star Export House" status for the Company.

Considering his long association, vast experience of the activities of the Company and the exceptional contribution made by him, in the Company achieving its pre-eminent financial position, the

Board feels that it is in the interest of the Company to re-appoint Shri Hemant Kumar Ruia as Chairman & Managing Director for a further term of three years w.e.f. 1st April, 2005 and hence, recommends the passing of resolution mentioned at Item No.5.

Except Shri. Hemant Kumar Ruia, none of the Directors of the Company is in any way interested in the said resolution.

The terms and conditions detailed in the resolution proposed to be passed at Item No. 5 of the Notice be also considered as an abstract of the re-appointment of Shri Hemant Kumar Ruia and a memorandum as to the nature of concern or interest in the said re-appointment, as required under Section 302 of the Companies Act, 1956.

For Amines & Plasticizers Ltd.

AJAY PURANIK
Company Secretary

Place : Mumbai

Date : 24th August, 2005

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

| | | |
|---|---|---|
| Name of the Director | KAILASHCHANDRA SEKSARIA | ARUN SURYASHANKER NAGAR |
| Date of Birth | 03.04.1939 | 09.10.1946 |
| Date of Appointment / Re-appointment | 14.08.1984 | 24.01.2003 |
| Expertise in specific functional area | Wide experience in Business and Finance | Wide experience in General Insurance and Administration |
| Qualifications | B.Com | Bachelor of Law, Masters in English Literature (M.A) |
| Number of outside Directorships held in Public Limited Companies as on 31st March, 2005 | Ishwarshakti Holdings & Traders Ltd. | Nil |
| Chairman/ Member of the Committee of the Board of Public Companies on which he is a Director as on 31st March, 2005 | Nil | Nil |

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AMINES & PLASTICIZERS LIMITED

DIRECTORS' REPORT

Your Directors are glad to present the **Thirtieth** Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2005.

(Rupees in Lacs)

| FINANCIAL RESULTS | For the year ended 31.03.2005 | For the year ended 31.03.2004 |
|--|----------------------------------|----------------------------------|
| Income | 8559.84 | 6040.83 |
| Profit before Interest, Depreciation and Taxes | 471.44 | 493.28 |
| Less : Interest | 230.16 | 165.15 |
| Depreciation | 34.11 | 34.18 |
| Net Profit before tax | 207.17 | 293.95 |
| Provision for taxation : | | |
| > Current Tax | 33.99 | — |
| > Deferred Tax | 32.91 | 91.92 |
| Balance of loss brought forward from the previous year | (23.45) | (311.71) |
| Balance of profit/(loss) carried to Balance Sheet | 130.75 | (23.45) |

DIVIDEND:

In order to conserve reserves of the Company, the Directors do not recommend any dividend for the year under review.

OPERATIONS AND FUTURE PROSPECTS:

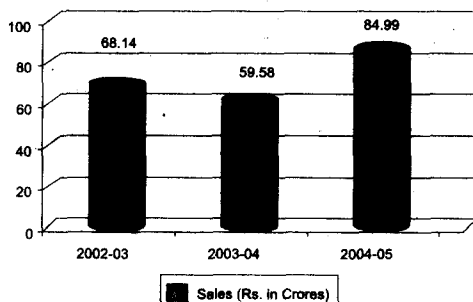
During the year under review, the income increased by 41.70% to Rs. 85.60 Crores as compared to previous years of Rs. 60.41 Crores. The increase in sales is primarily on account of higher exports, efficiency in production, full capacity utilization and sale of value added products in the international as well as in domestic markets.

However, severe increase in prices of major raw materials and fuel costs coupled with increase in the financial costs adversely affected the profitability of the Company. The prices of the major raw materials were increased by over 30% during the first 9 months of operations. However, the higher sales volume achieved was able to reduce the impact on profitability to a considerable extent.

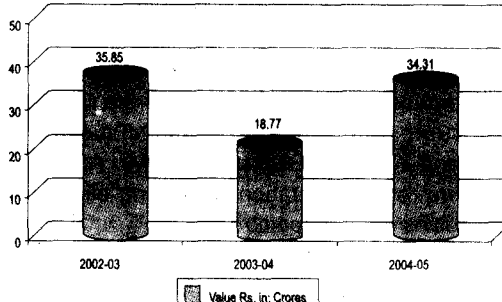
EXPORTS:

Amidst stiff competition internationally, the Company was able to promote its products in the international market. The export revenue increased to Rs. 34.31 Crores from Rs. 18.77 Crores thus, recording a significant growth of 82.79% over the previous year.

SALES PERFORMANCE FOR THE LAST 3 YEARS



EXPORT PERFORMANCE FOR LAST 3 YEARS



AMINES & PLASTICIZERS LIMITED



The Company has been awarded a "One Star Export House" status with effect from 1st April, 2004 to 31st March, 2009.

RESEARCH & DEVELOPMENT:

The Research & Development Department plays a crucial role in the Company's performance. The Department's persistent efforts have achieved innovative ways of production, enhanced quality of the products, improved end result efficiency and cutback of cost.

The R&D Department's constant effort resulted in the development of new value based products which were added to the product range of the Company. In addition, the revamping of the existing plant, equipment and processes has resulted in improved yields and quality.

EAP INDUSTRIES LIMITED:

As reported last year, a settlement was reached between M/s. EAP Industries Ltd. and its Bankers and Financial Institutions, under which 25% of the agreed amount was paid to them by an interested party. The remaining balance 75% of the amount has also been deposited in full by the said party with the Receiver appointed by the Hon'ble DRT, Kolkata. Your Company now awaits release of its guarantees in view of the settled amount being deposited.

SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985:

During the year under review, the Company has complied with the re-payment schedule and other directives as provided in the sanctioned Rehabilitation Scheme and all dues were paid in time as per the prescribed schedule.

DIRECTORS:

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

The Board of Directors has re-appointed Mr. Hemant Kumar Ruia as Chairman & Managing

Director, subject to the approval of the members at the ensuing Annual General Meeting for a further term of three years w.e.f. 01/04/2005 to 31/03/2008.

The Directors express their profound grief on the sad demise of Shri. S.S. Ruia on 9/12/2004. Shri. S.S. Ruia was an active member of the Board since 19th February, 1998 and contributed immensely to the Company's growth. The Board places on record their appreciation for the valuable service rendered by him during his tenure as a Director of the Company.

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.

STATUTORY DISCLOSURES:

INSURANCE:

The assets of your Company have been adequately insured.

FIXED DEPOSITS:

The Company has not accepted or renewed any Deposits from public 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



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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 fall 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 regard 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 would like to express their grateful appreciation for the assistance and co-operation received from State Bank of India, ICICI Bank, suppliers, business associates and Government Authorities. Your Directors are also grateful to the shareholders for their continued support and the faith reposed in the Company and also place on record their sincere appreciation for the committed services of the workforce at all levels.

For and on behalf of the Board

HEMANT KUMAR RUIA

Chairman &

Managing Director

Place : Mumbai

Dated : 24th August, 2005

AMINES & PLASTICIZERS LIMITED**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) Regular preventive/predictive maintenance of electrical system is carried out to ensure minimal losses.
- iii) Maintaining higher level of power factor has resulted in reduction in maximum demand charges and this had resulted in reduction of energy consumption.

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) 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 :

1. It is proposed to improve the efficiency of distillation columns by modifying the internals resulting in reduction of energy consumption. Modifications are expected to be carried out in the ensuing shutdown period.
2. Automatic Power Factor controller is proposed to be installed, which will result in controlling the power factor as per load conditions.

c. Impact of the measures at (a) and (b) for reduction of Energy consumption and consequent impact on the cost of production :

Consumption of energy depends on product mix for Ethanolamines, Methyl Diethanolamine & other Alkyl Alkanolamines, which is continuous process. The measures taken as mentioned above has resulted in higher throughputs from plants and lower energy consumption.

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

As per Form 'A' of the Annexure.

B. Technology Absorption:**e. Efforts made in technology absorption as per Form 'B' of the Annexure.****C. Foreign Exchange Earnings and Outgo :**

| | Current Year 2004-2005 (Rs. in Lakhs) | Previous Year 2003-2004 (Rs. in Lakhs) |
|--------------------------------------|--|---|
| 1. Foreign exchange earned | | |
| Export of goods on FOB basis | 3383.35 | 1697.84 |
| 2. Outgo of foreign exchange | | |
| CIF value of Imports | 870.51 | 730.16 |
| 3. Expenditure in foreign currencies | 56.16 | 93.02 |

For and on behalf of the Board

HEMANT KUMAR RUIA
Chairman & Managing Director

Place : Mumbai
Date : 24th August, 2005