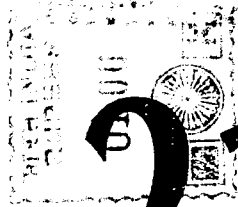


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| | | | | |
|-----|---|---|-----|-----|
| MD | ✓ | | BKG | ✓ |
| CS | ✓ | | DPY | N/A |
| RC | ✓ | | DIV | N/A |
| TRA | | | AC | ✓ |
| AGM | ✓ | ✓ | SEI | ✓ |
| YE | ✓ | ✓ | | |



Diamines and Chemicals Limited



DIAMINES AND CHEMICALS LIMITED

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| | | |
|---|--|--|
| Board of Directors | SHRI DINESH B. PATEL | Chairman |
| | SHRI P. S. CHHABRA | Managing Director |
| | SHRI ARUN P. PATEL | Director |
| | SHRI LAXMIKANT BHAGUBHAI | Director |
| | SHRI SUDHIR I. NAHAVATI | Director |
| | SHRI GAUTAM S. ADANI | Director |
| | SHRI NARAYAN P. CHHABRIA | Director |
| | SHRI SUSHILKUMAR HANDA | Director |
| | PROF. ROOSHIKUMAR PANDYA | Director |
| | SHRI U. B. NARKAR | (Nominated by IDBI w.e.f. 9th June, 1997) |
| | SHRI PRAÑAY A. PATEL | Wholetime Director (Till 29th Nov., 1996) |
| | SHRI A.V.S. HAMEED | (Nominated by IDBI upto 8th June, 1997) |
| Consulting Company Secretary | SHRI MANOJ R. HURKAT, Ahmedabad | |
| Bankers | STATE BANK OF INDIA BANK OF BARODA DENA BANK | |
| Legal Advisors | ASHWIN LALBHAI SHAH, Advocate Ahmedabad KANGA & CO., Solicitors Mumbai | |
| Corporate Advisor | SHRI KASHYAP R. MEHTA, Company Secretary Ahmedabad | |
| Auditors | C. C. CHOKSHI & CO. Chartered Accountants Ahmedabad | |
| Registered Office | In the Premises of SINTEX INDUSTRIES LIMITED Near Seven Garnala Kalol (N.G.) - 382 721 | |
| Ahmedabad Office | 1, National Chambers, 2nd Floor, Ashram Road, Ahmedabad - 380 009 | |
| Factory & Head Office | Plot No. 13, P. O. Petrofils, Baroda - 391 347 | |
| Mumbai Office | Pushpanjali Building Shop No. 6, Ground Floor, Gausala Lane, Malad East, Mumbai - 400 097 | |

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE **TWENTY FIRST** ANNUAL GENERAL MEETING OF THE MEMBERS OF DIAMINES AND CHEMICALS LIMITED will be held as scheduled below :

Date : 15th September, 1997
Day : Monday
Time : 12.00 Noon
Place : At the Registered Office
 In the Premises of Sintex Industries Limited
 Kalol (N.Guj.) - 382 721

to transact the following business :

ORDINARY BUSINESS

1. To receive and adopt Audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as on that date alongwith Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Arun P. Patel, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Laxmikant Bhagubhai, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Rooshikumar Pandya, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

Registered Office :

In the premises of
 Sintex Industries Limited
 Kalol (N.Guj.) - 382 721
 Date : 30th June, 1997.

By order of the Board

P.S. Chhabra
 Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF MEETING.
2. Pursuant to Section 154 of the Companies Act, 1956 Register of Members and Shares Transfer Books of the Company will remain closed from **Thursday, the 21st August, 1997 to Monday, the 15th September, 1997** (both days inclusive).
3. The Unclaimed Dividend for the financial years of the Company ended upto 31st March, 1993 have been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Shareholders who have not encashed the dividend warrants of the aforesaid year/s are requested to claim the amount from the Registrar of Companies Gujarat, Jeevabhai Chambers, Ashram Road, Ahmedabad-380 009.
4. Members intending to require information about the accounts at the meeting are requested to write to the Company atleast 10 days in advance of the Annual General Meeting.
5. Members are requested to :
 - a) Intimate, if Shares are held in the same name or in the same order and names, but in more than one account to enable the Company to club the said accounts into one account.
 - b) Notify immediately the change in their registered address, if any, to the Company.
6. Investor Services (receipt of call money, call encroachment, transfer of Share etc.) are being provided at Diamines and Chemicals Limited, Plot No. 13, Petrofils, P.C.C. Area, Baroda - 391 347.

Registered Office :

In the premises of
 Sintex Industries Limited
 Kalol (N.Guj.) - 382 721
 Date : 30th June, 1997

By order of the Board

P.S. Chhabra
 Managing Director



DIRECTORS' REPORT TO THE MEMEBRS

Dear Shareholders,

The Directors present their TWENTY FIRST ANNUAL REPORT together with the Audited Statement of Account for the Financial Year 1996-97 ended on 31st March, 1997.

1. FINANCIAL RESULTS

| | (Rs. in Lacs) | |
|--|-------------------------|--------------------------|
| | For the year 1996-97 | Previous year 1995-96 |
| Operating profit/ (Loss) (before Interest & Depreciation) | (137.21) | 174.27 |
| Interest | 234.84 | 265.23 |
| Loss before Depreciation | 372.05 | 90.96 |
| Depreciation | — | — |
| Loss before Tax | 372.05 | 90.96 |
| Less : Provision for tax | — | — |
| Loss after Tax | 372.05 | 90.96 |
| Loss brought forward from Previous year | 235.53 | 144.57 |
| Transfer from Investment Allowance (Utilised) Reserve | 53.00 | — |
| Transfer from Revaluation | — | — |
| Reserve (Set Off) | 235.53 | — |
| Loss carried to Balance Sheet | 319.04 | 235.53 |

In view of the losses, no depreciation has been provided on any of the assets of the Company during the year under review.

2. DIVIDEND

In view of the losses suffered during the year, your Directors are unable to recommend Dividend for the year ended 31st March, 1997.

3. PRODUCTION, SALES AND WORKING RESULTS

During the period under review, the performance of the Company has been affected due to continuous reduction in import duties by the Government of India and supplies made by foreign manufacturers at low prices on one hand and substantial increase in raw material prices on the other. There was greater thrust given to liquidation of process and finished products stocks and hence production of Ethyleneamines for the year amounted to 1288 MT as against 1830 MT for the last year. The sales for the year amounted 1565 MT as against 1619 MT in the last year. The sales could have been higher but for the liquidity crunch arising out of a combination of adverse factors such as market conditions, non-profitable operations and so on.

Nevertheless, appropriate cost cutting measures have been taken leading to improvement in plant efficiencies in terms of lowering of specific norms of Raw Material consumption, reduction in fixed costs & so on. Systematic efforts on stocks reduction helped in meeting much of the cash losses without external support.

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4. RESEARCH AND DEVELOPMENT

As you already know that your Company has the Government recognised R & D Centre which has prime focus on new product development, process improvement and technology upgradation. The performance of R & D Centre has been elaborated in Annexure III which forms the part of this report. Incidentally, the Company has received renewal of recognition of Inhouse R & D for a period of 3 years i.e. upto 31st March, 2000.

5. PROMOTED COMPANY

The plant of Hindustan Biotech Limited (HBL), a Company jointly promoted with the Pradeshia Industrial and Investment Corporation of Uttar Pradesh Limited (PICUP) is ready for commercial production since quite some time.

However, due to financial crunch faced in the working of the Company, it was unable to provide funds to run Bulk Drug unit. In the meanwhile, your Company has been making efforts to generate financial support from other companies in similar line of business. As an alternative, your Company is also thinking of inducting some other joint venture partner and / or take up job work on contract basis.

6. STRATEGIC TIE-UP WITH A CO-PRODUCER

It is very heartening to report that your Company has succeeded in striking a strategic tie-up with one of the major co-producers of Ethyleneamines.

The said arrangement/tie-up is expected to help early turnaround of the Company and likely to pave way for growth of the Company in the near future.

7. FINANCE

7.1 The Company's Sales-tax Assessment has been completed upto the Assessment Year 1993-94.

7.2 The material changes and commitments affecting the financial position of the Company that have taken place after the date of this Balance Sheet and upto the date of this report are as under :

a) The Company has placed orders for capital items of Rs. 1 lacs.

8. REVALUATION

In order to reflect the replacement cost, your Company has revalued its Lease hold Land at Plot No. 13, Petrofils, P.C.C. Area, Baroda-391 347 and its Buildings by M/s. R. M. Sheth & Associates, Baroda an approved valuer. The Lease hold land has been revalued at Rs.2,35,85,323 as against Book Value Rs.8,82,495 and Buildings including the additions during the year have been revalued at Rs.3,23,54,991 as against Rs.76,44,135. Consequently a revaluation reserve of Rs.4,74,13,689 has been created in the Books of Accounts of the Company.

9. DIRECTORS

9.1 Board of Directors of your Company place on record deep sense of appreciation for contribution in the deliberations and guidance provided by Shri A.V.S. Hameed, hitherto Nominee Director of IDBI, at the various Meetings of the Board of Directors of the Company.

9.2 Your Directors also welcome Shri U. B. Narkar, substituted Nominee Director of IDBI, on the Board of your Company. Shri U. B. Narkar has replaced Shri A.V.S. Hameed on the Board with effect from 9th June, 1997.

9.3 Your Board also place on record, its sincere thanks and gratitude to Shri P. A. Patel, Whole time Director and Shri Upendra M. Patel, Director of the Company, for having been associated with Company as the Whole Time Director and Director respectively.

9.4 Three of your Directors viz. Shri Arun P. Patel, Shri Laxmikant Bhagubhai and Shri Rooshikumar Pandya retire by rotation in terms of Article 109 and 110 of Articles of Association of the Company. They, however, being eligible offer themselves for re-appointment.



10. PERSONNEL AND H.R.D.

Your Directors are pleased to report that the industrial relations continued to be cordial and peaceful and your Company continued to give ever increasing importance to training at all levels and other aspects of H.R.D.

11. PROMISES VS. PERFORMANCE

As per Clause 43 of the Listing Agreement with the Stock Exchanges, we furnish the following information :

- 11.1 The proceeds of the Rights Issue have been deployed for meeting out the objects of the Issue; the unpaid Allotment Money as and when received will be deployed in furtherance of the objects of the Issue.
- 11.2 Against the projected Sales, Gross Profit, Profit after Tax and Reserves for the year 1996-97 of Rs. 3557.80 lacs, Rs. 404.93 lacs, Rs. 184.43 lacs and Rs. 460.28 lacs respectively, your Company has recorded Sales, Gross Loss, Loss after Tax and Reserve (with Revaluation Reserve) of Rs. 2023.29 lacs, Rs. 372.05 lacs, Rs. 372.05 lacs and Rs. 563.90 lacs respectively.

12. GENERAL

12.1 INSURANCE

The Company's properties including building, plant and machinery, stocks, stores etc. continue to be generally adequately insured against risks such as fire, riot, strike, civil commotion, malicious damages, loss of profit, machinery breakdown etc.

12.2 AUDITORS

The present Auditors of the Company M/s. C. C. Chokshi & Co., Chartered Accountants, Ahmedabad will retire at the ensuing Annual General Meeting. They have submitted certificate for their eligibility for re-appointment under Section 224 (1-B) of the Companies Act, 1956. The notes of the Auditors to the accounts are self-explanatory.

12.3 PARTICULARS OF EMPLOYEES

The information required to be submitted under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is at Annexure-I to this report.

12.4 DEPOSITS

At the end of the financial year under report, there are 12 unclaimed deposits amounting to Rs.65,000/-

13. PARTICULARS AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

A. Conservation of Energy

(a) Measures taken for Conservation of Energy :

- 180 HP Cooling tower pump operation changed down to 100 HP pump by proper water distribution in plant.
- Existing 100 HP motor for cooling tower pump replaced by higher efficiency 100 HP motor.
- Correction in HT Transformer tapping to reduce voltage from 450-470 V to 440 V.
- (b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy.

Proposals :

- Optimisation of Distillation columns for recycle control.
- Implementation of high Vacuum system by adding Booster ejector for recycle control, better quality.

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- Replacement of filtration system/elimination of filtration step.
- (c) Impact of the measures at (a) & (b) above for reduction of consumption and consequent impact on the cost of production of goods.
- Saving in Electrical consumption and steam consumption.
- (d) Total energy consumption and energy consumption per unit of production as per Form-A prescribed in the Rules is at Annexure-II to this report.

B. Technology absorption

- (e) Efforts made in technology absorption as per Form B prescribed in the Rules is at Annexure - III to this report.

C. Foreign Exchange Earnings and Outgo

- (f) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plan :

In the year 1996-97, Company's efforts resulted in export of 80 M.T. of Diethylenetriamines (DETA) and 20 M.T. each of Polymines (PA) and Amino Ethyl Piperazine (N-AEP) generating a revenue of Rs.77.98 Lacs equal to about US \$ 2,13,000.

Though it was targeted to export additional 80 M.T. of DETA worth Rs.60 Lacs (US \$ 1,68,000) prior to close of the year under review, export could not be effected mainly due to shortage in availability of raw material viz. Ethylenedichloride. (EDC)

Efforts continue to locate prospective buyers in the international market for Company's stock of Polymines Mix.

- (g) Total foreign exchange earned and used :

In the year 1996-97 the Company has earned foreign exchange of Rs.77.98 Lacs by way of exports and used Rs.285.12 Lacs for importing raw material and other expenses.

14. FUTURE OUTLOOK AND PLANS

Given the present scenario of inadequate competitive position against low priced imports the following strategic directions are being worked out for the Company to carry on its own.

- (i) Your Company will continue liquidation of process amines and cake stock through conversion of salable products to enable cash flow generation and the increase in capacity utilisation.
- (ii) Your Company proposes to take advantage of the low priced products from the whole range of Ethyleneamines, which may be dumped from time to time by overseas manufacturer, through appropriate swap deals with co-producer(s) abroad.
- (iii) As mentioned above Company has been able to strike a strategic tie-up with a co-producer which may facilitate early turnaround and bring up new opportunities for growth.

15. ACKNOWLEDGMENT

Your Directors express their sincere gratitude for the assistance and co-operation extended by Promoters, Financial Institutions, Banks, Government Authorities, Employees, Shareholders, Suppliers and Customers.

For and on behalf of the Board,

Place : Ahmedabad.

Dinesh B. Patel

Date : 30th June, 1997

Chairman



ANNEXURE - I

Statement containing information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended on 31st March, 1997.

Employed throughout the year under review and were in receipt of remuneration aggregating to not less than Rs. 3,00,000/-.

| Sr. No. | Name | Designation and nature of duties | Gross remuneration Rs. | Qualification and Experience | Date of commencement of employment | Age (in years) | Designation and name of previous employer & period |
|---------|--------------------|----------------------------------|------------------------|---|------------------------------------|----------------|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1. | Shri P. S. Chhabra | Managing Director Management | 9,72,000 | M.Tech. (Chemical Engineering) 28 years | 01/12/1995 | 51 | Corporate Advisor; Total Management Support Services; 3 years |

Note : Employment of Shri P. S. Chhabra is contractual.

ANNEXURE - II

FORM - A

Disclosure of particulars with respect to Conservation of Energy

| A. Power and fuel Consumption | | Current Year April, 1996 March, 1997 | Previous Year April, 1995 March, 1996 |
|-------------------------------|-----------------------------|--|---|
| 1. | Electricity | | |
| | a) Purchased | | |
| | Unit | 38,49,945.00 | 43,20,704.00 |
| | Total amount (Rs. in Lacs) | 136.99 | 120.55 |
| | Rate/Unit Rs. | 3.56 | 2.79 |
| | b) Own generation | | |
| | Through Diesel Generator | | |
| | Unit | 4,00,032.00 | 3,93,207.00 |
| | Unit per Ltr. of Diesel oil | 3.17 | 2.89 |
| | Cost/Unit Rs. | 2.48 | 2.69 |
| 2. | Coal | | |
| | Quantity in tonnes | 8,028.33 | 11,579.00 |
| | Total Cost (Rs. in lacs) | 165.96 | 248.55 |
| | Average Rate Rs. /ton | 2,067 | 2,146 |
| 3. | Furnace oil | | |
| | Quantity (Ltrs.) | 95,063.00 | 19,406.00 |
| | Total amount (Rs. in Lacs) | 6.66 | 1.01 |
| | Average rate Rs./Ltr. | 6.97 | 5.21 |

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| | | |
|---|-----------------------------|----------|
| 4. LSHS | | |
| Quantity (Kgs.) | 6,70,770 | 8,02,982 |
| Amount (Rs. in Lacs) | 45.96 | 46.34 |
| Average rate Rs./Kg. | 6.85 | 5.77 |
| B. Consumption per ton of Production | | |
| Products | Ethyleneamines & Piperazine | |
| Electricity Unit | 3,017 | 2,379 |
| Coal Tonnes | 6.05 | 6.38 |

ANNEXURE — III

FORM - B

Disclosure of Particulars with respect to absorption of technology

1) Research and Development (R&D) in the field of :

- New products developments.
- Process development/improvement in existing plant.
- Technical Support to plant with focus on inventory reduction.
- Pollution control/abatement.
- Quality improvement.
- Technical support to Marketing Department.

2) Benefits derived as a result of the above R&D :

- Pilot plant production of Bitumen Emulsifier, Di-O-Fix and anti-stripping agent as per market demand.
- Recovery of Ethyleneamines from P.A. Cakes (Plant scale)
- Separation of Amines in salable form from Mix Amines Stock by high vacuum distillation (Plant Scale).
- Improvement in production yield and quality.
- Substantial reduction of Sodium Oleate in Plant at reaction stage.
- Direct high vacuum distillation of purge (Lab Bench Scale development and plant trials) to eliminate filtration step.
- Distillation of Piperazine (International Quality) from Piperazine-amines Mix at 20 ltr. glass assembly.
- EDA recycle in plant in established reactors for more DETA production (Plant trial).

3) Future Plan of Action :

- Commercial production of Bitumen Emulsifier and Di-O-Fix, Antistripping agent.
- Development of Value added products.
- Distillation of piperazine (International Quality) from piperazine mix (Commercial Scale)
- Improvement in the quality (International) and production of Piperazine (Commercial Scale).
- Recovery of PA (M) from PA Cake (Commercialisation)