

|     |                                     |  |     |                                     |
|-----|-------------------------------------|--|-----|-------------------------------------|
| MD  | <input checked="" type="checkbox"/> |  | BKC | <input checked="" type="checkbox"/> |
| CS  | <input checked="" type="checkbox"/> |  | DPY | <input checked="" type="checkbox"/> |
| RO  | <input checked="" type="checkbox"/> |  | DIV | <input checked="" type="checkbox"/> |
| TRA | <input checked="" type="checkbox"/> |  | AC  | <input checked="" type="checkbox"/> |
| AGM | <input checked="" type="checkbox"/> |  | SH  | <input checked="" type="checkbox"/> |
| YE  | <input checked="" type="checkbox"/> |  |     |                                     |

1997-98

# 22<sup>nd</sup> ANNUAL REPORT

Report  Junction.com



**Diamines and Chemicals Limited**



## DIAMINES AND CHEMICALS LIMITED

22nd ANNUAL REPORT 1997-98

|                           |                          |                              |
|---------------------------|--------------------------|------------------------------|
| <b>Board of Directors</b> | SHRI P. S. CHHABRA       | Chairman & Managing Director |
|                           | SHRI NARAYAN P. CHHABRIA | Director                     |
|                           | PROF. ROOSHIKUMAR PANDYA | Director                     |
|                           | SHRI KASHYAP R. MEHTA    | Director                     |
|                           | SHRI MUKESH B. BANKER    | Director                     |
|                           | SHRI U. B. NARKAR        | (Nominated by IDBI)          |

**Company Secretary  
cum Finance Manager** SHRI SURESH SINGHAL

**Bankers** STATE BANK OF INDIA  
BANK OF BARODA  
DENA BANK

**Legal Advisor** MAHESH K. THAKKAR, Advocate  
Baroda.

**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

**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 SECOND** ANNUAL GENERAL MEETING OF THE MEMBERS OF DIAMINES AND CHEMICALS LIMITED will be held as scheduled below :

**Date** : 29th September, 1998  
**Day** : Tuesday  
**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, 1998 and the Balance Sheet as on that date alongwith Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Narayan P. Chhabria, who retires by rotation and, being eligible, offers himself for re-appointment.
3. 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.

**SPECIAL BUSINESS**

4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :  
 "RESOLVED THAT Shri Kashyap R. Mehta, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office under Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
5. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :  
 "RESOLVED THAT Shri Mukesh B. Banker, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office under Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
6. To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution.  
 "RESOLVED THAT in accordance with the provisions of section 81 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory amendment/modification or re-enactment thereof from time to time in force and the relevant provisions of the Articles of Association of the Company as also the provisions of Listing Agreements entered into by the Company with the Stock Exchange and subject to the approvals, if required of the Central Government, Securities and Exchange Board of India (SEBI), Reserve Bank of India, Banks/Financial Institutions and such other authorities prescribed under any other applicable laws, rules and regulations of the time being in force and further subject to such terms, conditions, stipulations and modifications as may be prescribed, imposed or suggested by any of them in granting such approvals which the Board of Directors be and is hereby authorised to accept, consent of the Company be and is hereby accorded to the Board of Directors to create, issue/offer and allot, at its sole discretion Equity /Preference Shares, debentures whether fully or partly convertible or non-convertible, with or without detachable warrants (being and instrument entitling the holders thereof to such number of equity share(s) and/or fully



convertible debentures and at such price as the Board may determine and/or equity shares issued whether on conversion of debentures or otherwise and/or such other securities as may be permitted, at par and/or at such premium, at such time and on such terms and conditions as the Board may determine for an amount not exceeding Rs.6 crores (Rupees Six crores only) either to Promoters, members, employees, Non-resident Indians, financial institutions, foreign institutional investors, overseas corporate bodies, other bodies corporate, other entities and/or any other persons, whether shareholders or not through or by public issue, rights issue, private placement or preferential allotment or by any one or more of the above methods whether subscribed in Indian or foreign currency and in one or more series whether on the same terms and conditions or with varying terms and conditions and whether at one time or from time to time as may be deemed appropriate by the Board."

"RESOLVED FURTHER THAT the said Equity/Preference Shares, Debentures or such other securities as may be permitted may be issued/offered, allotment or disposed of by the Board in its absolute discretion in such manner and on such terms and conditions as it may deem fit including offering or placing them with Indian or foreign banks / financial institutions / investment institutions / mutual funds or otherwise as the Board may consider proper and most beneficial to the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as they may, in their absolute discretion deem necessary, appropriate and desirable."

#### Registered Office :

In the premises of  
Sintex Industries Limited  
Kalol (N.Guj.) - 382 721  
Date : 28th July, 1998.

By order of the Board

**S. SINGHAL**

Company Secretary cum Finance Manager

#### 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. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business is annexed hereto.
3. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
4. Pursuant to Section 154 of the Companies Act, 1956 Register of Members and Share Transfer Books of the Company will remain closed from **Thursday, the 10th September, 1998, to Tuesday, the 29th September, 1998** (both days inclusive).
5. The Unclaimed Dividend for the financial years of the Company ended upto 31st March, 1994 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, C.G.O. Complex, Opp. Rupal Park, Behind Ankur Bus Stand, Naranpura, Ahmedabad-380 013.
6. 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.
7. 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.

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- b) Notify immediately the change in their registered address, if any, to the Company.
8. Investor Services (receipt of call money, call endorsement, transfer of Share etc.) are being provided at Diamines and Chemicals Limited, Plot No. 13, Petrofils, P.C.C. Area, Baroda - 391 347.

**EXPLANATORY STATEMENT**

The Explanatory Statement Under Section 173(2) of the Companies Act 1956 for item No. 4 to 6 of the accompanying Notice is as under :

**Item No. 4**

Shri Kashyap R. Mehta was appointed by the Board of Directors at their meeting held on 28th July, 1998 as Additional Director of the Company with effect from 28th July, 1998. In terms of Section 260 of the Companies Act, 1956 ("the Act"), he shall hold office only upto the date of the Annual General Meeting of the Company. The Company has received valid notice and requisite deposit from a member of the Company under Section 257 of the Act, proposing the candidature of Shri Kashyap R. Mehta for the office of the Director. In view of the background and valuable experience of Shri Kashyap R. Mehta, it will be in the interest of the Company that Shri Kashyap R. Mehta continues as Director of the Company.

The Directors recommend the resolution for approval of the shareholders.

Shri Kashyap R. Mehta is interested in the resolution as it relates to his appointment. None of the other Directors of the Company is, in any way, concerned or interested in the resolution.

**Item No. 5**

Shri Mukesh B. Banker was appointed by the Board of Directors at their meeting held on 28th July, 1998 as Additional Director of the Company with effect from 28th July, 1998. In terms of Section 260 of the Companies Act, 1956 ("the Act"), he shall hold office only upto the date of the Annual General Meeting of the Company. The Company has received valid notice and requisite deposit from a member of the Company under Section 257 of the Act, proposing the candidature of Shri Mukesh B. Banker for the office of Director. In view of the background and valuable experience of Shri Mukesh B. Banker, it will be in the interest of the Company that Shri Mukesh B. Banker continues as Director of the Company.

The Directors recommend the resolution for approval of the shareholders.

Shri Mukesh B. Banker is interested in the resolution as it relates to his appointment. None of the other Directors of the Company is, in any way, concerned or interested in the resolution.

**Item No. 6**

For funding requirement, the Company might go in for Preferential allotment of Equity/Preference shares or for Rights issue to existing shareholders of the Company or for issue of any other securities and the proposed resolution is recommended for seeking shareholders consent as per requirements of Section 81 of the Companies Act, 1956. The proposed resolution seeks shareholders' sanction for raising additional funds upto Rs. 6 Crores. The resolution proposes to delegate authority to the Board of Directors to do all such acts, deeds and matters incidental and connected with the proposed issue. The Directors, therefore, recommend the resolution for approval.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

**Registered Office :**  
In the premises of  
Sintex Industries Limited  
Kalol (N.Guj.) - 382 721  
Date : 28th July, 1998.

By order of the Board  
  
**S. SINGHAL**  
Company Secretary cum Finance Manager



## DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

The Directors present their TWENTY SECOND ANNUAL REPORT together with the Audited Statement of Accounts for the Financial Year 1997-98 ended on 31st March, 1998.

### 1. FINANCIAL RESULTS

(Rs. in Lacs)

|  | For the year<br>1997-98 | Previous year<br>1996-97 |
|--|-------------------------|--------------------------|
| Operating Loss<br>(before Interest & Depreciation).      | 217.03                  | 132.21                   |
| Interest   | 258.12                  | 234.84                   |
| Loss before Depreciation                                 | 475.15                  | 372.05                   |
| Depreciation   | —                       | —                        |
| Loss before Tax  | 475.15                  | 372.05                   |
| Less.: Provision for tax                                 | —                       | —                        |
| Loss after Tax   | 475.15                  | 372.05                   |
| Loss brought forward from<br>Previous year               | 319.04                  | 235.53                   |
| Transfer from Investment<br>Allowance (Utilised) Reserve | 37.00                   | 53.00                    |
| Transfer from Revaluation<br>Reserve (Set Off)           | 238.60                  | 253.53                   |
| Loss carried to Balance Sheet                            | 518.59                  | 319.04                   |

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, 1998.

### 3. PRODUCTION, SALES AND WORKING RESULTS

During the period under review, the production of Ethyleneamines for the year amounted to 693 MT as against 1288 MT for the last year. The sales for the year amounted 775 MT as against 1565 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, unviable operations and so on. Although cost cutting measures were taken to reduce Fixed Cost substantially, final working results show higher cash losses due to significantly lower capacity utilisation. The manufacturing operations were found unviable due to increasing raw material and energy costs and pressure on selling prices due to dumping of imported products by foreign manufacturers, who in this case happen to be multinational with large capacities. The company turned to repacking through strategic alliance with foreign co-producer which however could not move to full scale as intended due to severe cash flow constraints. In view of the clause No. 20 of the Auditors' Report, your Directors are considering the issue under the Provisions of SICA Act, 1985 for revival/rehabilitation measures under the aegis of Financial Institutions and Banks.

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**4. PROMISES VS. PERFORMANCE**

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

- 4.1 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.
- 4.2 Against the projected Sales, Gross Profit after Tax and Reserves for the year 1997-98 of Rs. 4126.63 lacs, Rs. 479.48 lacs, Rs. 199.98 lacs and Rs. 584.33 lacs respectively, your Company has recorded Sales, Gross Loss, Loss after Tax and Reserves (with Revaluation Reserve) of Rs. 964.04 lacs, Rs. 475.15 lacs, Rs. 475.15 lacs and Rs. 288.35 lacs respectively. The reasons for inadequate performance are already explained above.

**5. RESEARCH AND DEVELOPMENT**

As you know your Company has In-house R & D Centre which is recognised by Department of Scientific & Industrial Research (DSIR) Government of India. It is engaged in the development of speciality and performance Chemicals from Ethyleneamines, and technology upgradation. The performance of R & D centre has been elaborated in Annexure III which forms part of this report. Incidentally the R & D centre filed 1st patent application on "Manufacturing process for Phosphate Salts of Ethyleneamines."

**6. PROMOTED COMPANY**

The plant of Hindustan Biotech Limited (HBL), a Company jointly promoted with the Pradeshiya 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 for disposal of the Unit or to obtain financial participation from other companies in similar line of business.

**7. DIRECTORS**

- 7.1 Your Directors welcome Shri Kashyap R. Mehta, Company Secretary and Shri Mukesh B. Banker, Chartered Accountant on the Board with effect from 28th July, 1998.
- 7.2 Your Board also place on record its sincere thanks and gratitude to Shri Dineshchandra B. Patel and Shri Arun P. Patel Directors of the Company for having been associated with Company as Chairman and Director respectively.
- 7.3 Your Board also place on record its sincere thanks and gratitude to Shri Laxmikant Bhagubhai, Shri Sudhir I. Nanavati, Shri Gautam S. Adani, and Shri Sushilkumar Handa, Directors of the Company, for having been associated with Company as Directors.
- 7.4 Shri N. P. Chhabria, Director of your Company retire by rotation in terms of Articles 109 and 110 of Articles of Association of the Company. He however being eligible offer himself for re-appointment.

**8. 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. Furthermore your Directors would like to inform that 37 employees have opted for the V.R.S. Scheme during the year and up to the date of this report consequent upon Company's restructuring exercise.

**9. GENERAL****9.1 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.

## 9.2 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.

## 9.3 DEPOSITS

At the end of the financial year under report, there are 40 unclaimed deposits amounting to Rs.17,74,000/-.

## 10. 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 :

— 100 HP Cooling tower pump operation changed down to 60 HP pump by checking the total load of the plant.

— New 30 HP Cooling tower pump installed and operated for part running of the plant.

#### (b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy.

— Optimised Distillation columns for TEPA/PEHA rich cut.

— Implemented High Vacuum system by adding Booster ejector for recycle control, better quality of Higher homologues.

— Filtration step totally eliminated.

#### (c) Impact of the measures at (a) & (b) above for reduction of consumption and consequent impact on the cost of production of goods.

— Not visible since plant was running off & on due to cash flow constraints etc.

#### (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) Total foreign exchange earned and used :

In the year 1997-98 the Company has earned foreign exchange of Rs.41,84,826 by way of exports and used Rs.2,03,08,691 for importing raw materials and other expenses.

## 11. 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 : Kalol (N. G.)

P. S. Chhabra

Date : 28th July, 1998

Chairman

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## 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, 1998.

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<br>Management  | 9,44,789               | M.Tech.<br>(Chemical Engineering)<br>29 years | 01/12/1995                         | 52             | Corporate Advisor;<br>Total Management<br>Support Services;<br>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<br>April, 1997<br>March, 1998 | Previous Year<br>April, 1996<br>March, 1997 |
|-------------------------------|---|--|---|
| 1.                            | <b>Electricity</b>  |  |   |
|                               | a) Purchased  |  |   |
|                               | Unit  | 10,95,618.00                               | 38,49,945.00                                |
|                               | Total amount (Rs. in Lacs)  | 47.68                                      | 136.99                                      |
|                               | Rate/Unit Rs.   | 4.35                                       | 3.56  |
|                               | b) Own generation   |  |   |
|                               | Through Diesel Generator  |  |   |
|                               | Unit  | 1,39,585.00                                | 4,00,032.00                                 |
|                               | Unit per Ltr. of Diesel oil   | 1.67                                       | 3.17  |
|                               | Cost/Unit Rs.   | 6.73                                       | 2.48  |
| 2.                            | <b>Coal</b>   |  |   |
|                               | Quantity in tonnes  | 1,836.46                                   | 8,028.33                                    |
|                               | Total Cost (Rs. in lacs)  | 41.37 *                                    | 165.96                                      |
|                               | Average Rate Rs. /ton   | 2,253                                      | 2,067                                       |
|                               | * As D. G. Set was operated on part load, efficiency of the M/c. was lower. |  |   |
| 3.                            | <b>Furnace oil</b>  |  |   |
|                               | Quantity (Ltrs.)  | 69,662.00                                  | 95,063.00                                   |
|                               | Total amount (Rs. in Lacs)  | 4.91                                       | 6.66  |
|                               | Average rate Rs./Ltr.   | 7.05                                       | 6.97  |
| 4.                            | <b>LSHS</b>   |  |   |
|                               | Quantity (Kgs.)   | 1,90,170                                   | 6,70,770                                    |
|                               | Amount (Rs. in Lacs)  | 13.78                                      | 45.96                                       |
|                               | Average rate Rs./Kg.  | 7.24                                       | 6.85  |