

1998-99

23rd ANNUAL REPORT

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Diamines and Chemicals Limited



DIAMINES AND CHEMICALS LIMITED

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Board of Directors	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

Auditors C. C. CHOKSHI & CO.
Chartered Accountants
Ahmedabad

Registered Office In the Premises of
SINTEX INDUSTRIES LIMITED
Near Seven Garna
Kalol (N.G.) - 382 721

**Factory,
Head Office &
Share Department** 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 THIRD ANNUAL GENERAL MEETING** OF THE MEMBERS OF DIAMINES AND CHEMICALS LIMITED will be held as scheduled below :

Date : 27th September, 1999
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, 1999 and the Balance Sheet as on that date alongwith Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Rooshikumar Pandya, 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.

Registered Office :
 In the premises of
 Sintex Industries Limited
 Kalol (N.Guj.) - 382 721
 Date : 27th May, 1999.

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. 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 2nd September, 1999 to Monday, the 27th September, 1999.** (both days inclusive)
3. 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.
4. 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.
5. 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.

Registered Office :
In the premises of
Sintex Industries Limited
Kakol (N.Guj.) - 382 721
Date : 27th May, 1999.

By order of the Board

S. SINGHAL
Company Secretary cum Finance Manager

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DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders,

Your Directors have pleasure in presenting their Report and Audited Accounts of the Company for the Year ended 31st March, 1999.

1. FINANCIAL RESULTS

	For the year	(Rs. in Lacs)
	1998-99	Previous year 1997-98
Operating Profit/(Loss) (before Interest & Depreciation)	(198.51)	(217.03)
Interest	282.84	258.12
Loss before Depreciation	481.35	475.15
Depreciation	—	—
Loss before Tax	481.35	475.15
Less : Provision for tax	—	—
Loss after Tax	481.35	475.15
Short Provision for Tax	27.45	—
Loss brought forward from Previous year	518.60	319.04
Transfer from Investment	—	—
Allowance (Utilised) Reserve	—	37.00
Transfer from Revaluation Reserve (Set Off)	—	238.60
Loss carried to Balance Sheet	1027.40	518.59

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, 1999.

3. WORKING RESULTS AND RESTRUCTURING

During the period under review, the production of Ethyleneamines for the year amounted to 167 MT as against 693 MT for the last year. The sales for the year amounted 234 MT as against 775 MT in the last year. The plant was operated for very short period due to severe financial crunch and unviable operations at such low capacity. The company has given greater thrust on the other hand for business and financial restructuring through strategic alliance with a foreign co-producer as well as support from existing promoters viz. Sintex Industries Limited and likely New Promoters namely M/s. Alkyl Amines Chemicals Limited and Mr. Amit Mehta & his associates who have recently entered into a share purchase agreement with the Existing Promoters for taking over the company subject to approval from the Financial Institutions, Banks and BIFR.

As a part of the re-structuring process appropriate modifications have been undertaken in the plant so that future operations would become viable and profitable.



4. PROMOTED COMPANY

Your Company is making all efforts for disposal, leasing of facilities or to obtain financial participation from other companies in similar line of business for the Unit of Hindustan Biotech Limited (HBL), a company jointly promoted with the PICUP.

5. REGISTRATION WITH BIFR

As the Net Worth of the Company is fully eroded as per Section 3(1) (o) of Sick Industrial Companies Act, 1985 as per the duly Audited Annual Accounts of the Company for the financial year ended 31st march, 1998, the Company had made a reference to Board for Industrial and Financial Reconstruction (BIFR) on 22nd September, 1998. The Company was declared Sick Company in terms of Section 3 (1) (o) of the Act by Board for Industrial and Financial Reconstruction at first hearing which was held on 5th March, 1999 and the Company was given two month's time to finalise a package U/S. 17(2) of the Act having consent of all its secured as well as Unsecured creditors.

Accordingly, the company has submitted a detailed revival package on 4th may, 1999 and requested 60 days extension for the approval of the package U/S. 17(2) by its creditors which was acceded to by BIFR.

6. CHANGE IN PROMOTERS

Your Directors are pleased to inform you that with the intention to revive the company and to rehabilitate the company M/s. Alkyl Amines Chemicals Ltd., Mumbai and Mr. Amit Mehta and his Associates pursuant to an MOU and share purchase agreement executed with the Existing Promoters have proposed to acquire their entire shareholding and management of this company subject to clearance / approval / sanction of the revival scheme of the company including the change in the management of the company from Financial Institutions, Banks and BIFR.

The proposed acquirers also made the requisite public offer for acquisition of shares as per their letter of offer dated the 2nd of December, 1998 in accordance with the regulations of the Securities and Exchange Board of India pertaining to takeovers and have completed the process thereof.

However, to minimise the incidence of further losses to the company the company has entered into a toll manufacturing arrangement for the processing of certain products by the company for and on behalf of Alkyl Finance and Trading Limited (a company jointly owned and managed by the acquirers).

7. RESEARCH AND DEVELOPMENT

Your directors are pleased to inform that the Company has obtained letter of intent for Soft Term Loan to the tune of Rs.2 Crores from Technology Development Board towards meeting part of the cost of project envisaged as a result of restructuring process under way. This was made possible with the efforts of the In-house R&D Centre which is recognised by Deptt. of Science and Industrial Research (DISR), Govt. of India.

Your Company's in-house R&D Centre is engaged in the development of speciality and performance chemical from Ethylamines and technology upgradation. The performance of R&D Centre has been elaborated in Annexure-III which forms part of this report.

During the year your R&D filed patent Application for "Manufacturing process of non Formaldehyde (Eco-friendly) cationic Dye Fixing Agent."

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8. Y2K COMPLIANCE

We have taken effective steps to be Y2K Compliant. The Costs incurred/to be incurred in this connection are not likely to be significant.

9. DIRECTORS

- 9.1 Board for Industrial and Financial Reconstruction have appointed Shri P.V. Swaminathan as a special Director on the Board with effect from 22nd April, 1999.
- 9.2 Shri Rooshi Kumar Pandya, Director of your Company retires by rotation in terms of Article 109 and 110 of Articles of Association of the Company. He However being eligible offers himself for re-appointment.

10. PERSONNEL AND H.R.D.

It is a matter of satisfaction, in time of difficult situation in the working of the Company the employees have extended all co-operation for implementation of VRS plan in the long interest of the Company. Your Directors are pleased to inform that the 47 employees has opted for Voluntary Retirement Scheme bringing down the final number of employees to 92.

11. GENERAL**11.1 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.

11.2 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.

11.3 DEPOSITS

At the end of the financial year under report, there are 45 unclaimed deposits amounting to Rs.19,69,000/-.

12. 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 :**

- Non-continuous load pumps operation was controlled by installing hours meter and monitoring operation hours on daily basis.
- High Voltage incoming supply from Gujarat Electricity Board was controlled and like that energy losses reduced i.e. KWH consumption reduced.
- During non-operational activity in the plant. Plant lighting ckt. was controlled so that consumption can be reduced.

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



- No investment against conservation of Energy.
- (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 :
During the year there is no Foreign Exchange Earning and Outgo.

13. 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 : Baroda
Date : 27th May, 1999

P. S. Chhabra
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, 1999.

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	9,53,325	M.Tech. (Chemical Engineering) 30 years	01/12/1995	53	Corporate Advisor, Total Management Support Services; 3 years

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

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ANNEXURE - II

FORM - A

Disclosure of particulars with respect to Conservation of Energy

A. Power and fuel Consumption		Current Year April, 1998 March, 1999	Previous Year April, 1997 March, 1998
1.	Electricity		
a)	Purchased		
	Unit	4,16,067	10,95,618
	Total amount (Rs. in Lacs)	22.37	47.68
	Rate/Unit Rs.	5.37	4.35
b)	Own generation		
	Through Diesel Generator		
	Unit	75,815	1,39,585
	Unit per Ltr. of Diesel oil	2.28	1.67
	Cost/Unit Rs.	4.95	6.73
2.	Coal		
	Quantity in tonnes	805.33	1,836.46
	Total Cost (Rs. in lacs)	19.33	41.37
	Average Rate Rs. /ton	2,400	2,253
3.	Furnace oil		
	Quantity (Ltrs.)	38,317.00	66,662.00
	Total amount (Rs. in Lacs)	2.68	4.91
	Average rate Rs./Ltr.	7.00	7.05
4.	LSHS		
	Quantity (Kgs.)	66,820	1,90,170
	Amount (Rs. in Lacs)	4.677	13.78
	Average rate Rs./Kg.	7.00	7.24
B.	Consumption per ton of Production		
	Products	Ethyleneamines & Piperazine	
	Electricity Unit	6,875	1,770
	Coal Tonnes	11.256	2.63