

**1999-2000**

# **24<sup>th</sup>** ANNUAL REPORT

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**Diamines and Chemicals Limited**



**DIAMINES AND CHEMICALS LIMITED**  
**24th ANNUAL REPORT 1999-2000**

<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

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

**Registered Office** In the Premises of  
SINTEX INDUSTRIES LIMITED  
Near Seven Gamala  
Kalol (N.G.) – 382 721

**Factory,** Plot No. 13,  
**Head Office &** P. O. Petrofils,  
**Share Department** 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 FOURTH ANNUAL GENERAL MEETING** OF THE MEMBERS OF DIAMINES AND CHEMICALS LIMITED will be held as scheduled below :

**Date** : 28th September, 2000  
**Day** : Thursday  
**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, 2000 and the Balance Sheet as on that date alongwith Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Kashyap R. Mehta, 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(s) the following resolution as a Special Resolution:—

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be altered in the following manner."

**1. Article 54A and 54B be inserted after Article 54.**

**Article 54A. Nomination**

- 1) Every shareholder, debenture holder or depositor of the Company, may at any time, nominate, in the prescribed manner, a person to whom his shares, debentures or deposits of the Company shall vest in the event of his death.
- 2) Where the shares, debentures or deposits of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares, debentures or the deposits of the Company as the case may be, shall vest in the event of death of all the joint holders.
- 3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, debentures or deposits of the Company, where a nomination made in the



prescribed manner purports to confer on any person the right to vest the shares in, debentures or deposits of the Company, the nominee shall, on the death of the shareholder, debentureholder or depositor, as the case may be, or on the death of the jointholders, become entitled to all the rights in such shares, debentures or deposits, as the case may be, to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner.

- 4) Where the nominee is a minor, it shall be lawful for the holder of the shares, debentures or deposits, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in debentures or the deposits of the Company, in the event of his death, during the minority.

**54B. Transmission of Securities by nominee.**

'A nominee, upon production of such evidence as may be required by the Board and subject to as hereinafter provided, elect, either —

- (i) to be registered himself as holder of the share(s) or debenture(s), as the case may be; or
- (ii) to make such transfer of the share(s) or debenture(s), as the case may be, as the deceased shareholder or debentureholder, could have made; or
- (iii) if the nominee elects to be registered as holder of the share(s) or debenture(s), himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased share(s)holder as the case may be; or
- (iv) A nominee shall be entitled to the same dividends and other advantages to which he would be entitled, to, if he were the registered holder of the share(s) or debenture(s) except that he shall not, before being registered as the member in respect of his share(s) or debenture(s), be entitled in respect of it to exercise as right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share(s) or debenture(s), and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share(s) or debenture(s), until the requirements of the notice have been complied with.

- 5) To consider and if thought fit, to pass with or without modification(s) the following resolution as a special resolution :—

"RESOLVED that the registered office of the Company be shifted from In the Premises of the Sinfex Industries Limited, Kalol (N.G.) 382721 to Plot No. 13, PCC Area, P.O. Petrofils, Baroda-391 347 with effect from 29th September, 2000."

"RESOLVED FURTHER that Shri P. S. Chhabra, Managing Director and/or Shri S. Singhal, Secretary of the Company be and are hereby severally authorised to do all acts, deeds and things for effective implementation of this resolution."

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"RESOLVED FURTHER THAT change in the place of registered office be made in the name plates or board affixed at the registered office as also in the letter heads, official publications, documents etc. pursuant to the provisions contained in section 147 of the Companies Act, 1956."

**Registered Office :**

In the premises of  
Sintex Industries Limited  
Kalol (N.Guj.) - 382 721  
Date : 29th July, 2000.

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. Explanatory statement as required under Section 173(2) of the Companies Act, 1956 in respect of the business under items 4 to 5 setout above is annexed hereto.
3. Pursuant to Section 154 of the Companies Act, 1956 Register of Members and Share Transfer Books of the Company will remain closed from **Monday, the 18th September, 2000 to Thursday, the 28th September, 2000.** (both days inclusive)
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. All documents referred to in the accompanying Notice and Explanatory statement are open for inspection at Head Office at Plot No. 13, P.O. Petrofils, Baroda - 391 347 during office hours on all working days except Saturdays and Holidays, between 10.00 a.m. and 1.00 p.m. up to the date of the General Meeting.
6. 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.
7. **INVESTOR SERVICES (CALL ENDORSEMENT, TRANSFER OF SHARES ETC.) ARE BEING PROVIDED AT DIAMINES AND CHEMICALS LIMITED, PLOT NO. 13, PETROFILS, P.C.C. AREA, BARODA - 391 347.**



## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### Item No. 4

By the Companies (Amendment) Ordinance, 1999 the holders of security of the Company have been given an option to nominate a person to whom the rights of security holders of the Company shall vest in the event of his death. It would be beneficial if such nomination clause is included in the Articles of Association of the Company.

It has, therefore, become necessary to alter the Articles of Association of the Company as proposed in the Resolution set out at Item No. 4 of the accompanying Notice.

The Directors recommend the Resolution for approval of the Members.

No Director of the Company is concerned or interested in the said Resolution except to the extent of his/her shareholding.

#### Item No. 5

As the members are aware, pursuant to the share purchase agreement dated 15th April, 1999, the existing promoters, i.e. Sintex Industries Limited and its associate B.V.M. Finance Limited, had agreed to sale their controlling interest in the company to the new promoters, i.e. M/s. Alkyl Amines Chemicals Limited and Mr. Amit Mehta and Associates, subject to approval of the Board for Industrial and Financial Reconstruction (BIFR). The company has already received the order Under Section 17(2) of Sick Industrial Companies Act, (SICA) from BIFR vide its letter dated 7th April, 2000 approving the change of management of the company from the "Existing Promoters" to "New Promoters" from the date of the order. The takeover formalities are being discussed between the existing promoters and the new promoters.

The Board of Directors is of the view that, for administrative convenience, it is desirable to shift the Registered office of the company to the factory premises at Baroda.

The Board of Directors accordingly recommend the Resolution for approval of the members. Any change in Registered Office within the state requires approval of the shareholders. Hence the proposed special resolution.

None of the Directors of the Company is interested or concerned in the resolution.

#### Registered Office :

In the premises of  
Sintex Industries Limited  
Kalol (N.Guj.) - 382 721  
Date : 29th July, 2000.

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, 2000.

**1. FINANCIAL RESULTS**

	For the year 1999-2000	(Rs. in Lacs) Previous year 1998-99
Operating Profit/(Loss) (before Interest & Depreciation)	(380.76)	(198.51)
Interest	315.10	282.84
Loss before Depreciation	695.86	481.35
Depreciation	66.41	—
Loss before Tax	762.27	481.35
Less : Provision for tax	—	—
Loss after Tax	762.27	481.35
Short Provision for Tax for Earlier years	—	27.45
Add : Prior period and extra ordinary items	288.39	—
Loss brought forward from Previous year	1027.40	518.60
Loss carried to Balance Sheet	2078.06	1027.40

The substantial increase in the losses from the previous year is mainly on account of the accumulated depreciation provided for in this year as well as decrease in valuation of slow moving stocks.

**2. DIVIDEND**

In view of the continued losses the Directors cannot recommend Dividend for the year ended 31st March, 2000.

**3. OPERATIONS**

Consequent upon business and financial restructuring process set in motion as reported last year, the Piperazine retrofit project implementation was completed during the first half of the financial year with trial operations having started in September, 1999. The financing of the project was made good by Alkyl Finance and Trading Ltd. which is a special purpose vehicle promoted by the New promoters M/s. Alkyl Amines Chemicals Limited and Mr. Amit Mehta and Associates and the equipments handed over for operations under lease agreement between Alkyl Finance and Trading Limited and the Company. Subsequently under the toll manufacturing arrangement the plant was commissioned and the operations streamlined meeting quality & capacity requirements effective January, 2000.

The total production of the Ethyleneamines which now consists of Piperazine as the main product amounted to 613.22 MT for the year and the sales 111.82 MT. The sales of Piperazine which were initially subdued, have of late picked up and the performance for the current year is therefore expected to improve vastly on all fronts.



#### 4. BIFR APPROVAL AND CHANGE IN MANAGEMENT

Your Directors inform you that the company has received the order under Section 17(2) of Sick Industrial Companies Act (SICA) from Board for Industrial and Financial Reconstruction vide its letter dated 7th April, 2000 approving the change of Management of the company from the "Existing Promoters" to "New Promoters" from the date of the order. BIFR also approved the share purchase agreement entered into between Existing promoters, New promoters, Alkyl Finance and Trading Limited and the company and also allowed the company to register 12,06,950 Equity Shares of Rs.10/- each in the name of the New Promoters. As per the Share purchase Agreement the Existing Promoters had undertaken to arrange for the transfer of Hindustan Biotech Limited (A Company jointly promoted with The Pradeshia Industrial and Investment Corporation of U.P. Ltd.) on or before the receipt of the BIFR approval. The Existing promoters are taking steps to divest the shares of HBL and have requested for an extension of time.

#### 5. SHARE FORFEITURE

During the year the Board of Directors after complying with the listing requirements forfeited 3,17,763 Equity Shares which were allotted Under Rights Issue of the company in 1995 on which "Allotment Money" inspite of sending reminders was not forthcoming. The Board may re-issue the shares in consultation with the Stock Exchanges on which shares of the company are listed.

#### 6. RESEARCH AND DEVELOPMENT

It goes to the credit of R&D capabilities of the Company that the retrofit plant for the manufacture of Piperazine (Anhydrous) and other ethylene amines designed & set up on the basis of inhouse R&D, was successfully commissioned & quality production established to the rated capacity.

The recognition of in-house R&D Centre is renewed upto 31st March, 2003 by Department of Scientific and Industrial Research (DSIR) Govt. of India.

Your Company's R&D Deptt. is predominantly engaged in the development of speciality and performance chemicals as well as to get valuable products from by-product streams.

The performance of R&D Deptt. is elaborated in Annexure-III which forms part of this report.

#### 7. DIRECTORS

Shri Kashyap R. Mehta, 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.

#### 8. PERSONNEL AND H.R.D.

The personnel relations were maintained cordial throughout the year. The welfare benefits, which were earlier suspended during the period of low activity in operations, were restored.

#### 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,



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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 37 unclaimed deposits amounting to Rs.22,73,000/-.

## 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 :

- Power factor of the plant load was maintained at 0.99.
- High Voltage incoming supply from Gujarat Electricity Board was controlled and power consumption reduced.
- Plant operations were optimised to reduce fuel consumption as well as power loading to suit our maximum demand.

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

- Presently No Investment against conservation of Energy is envisaged.

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

- Due to 475 KVA (Maximum Demand), we were in lower slab of Electricity cost than earlier. Additionally, power factor control helps in reduction of energy bill. Optimization of operations have reduced the unit energy consumption norms. :

## (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 1999-2000 the company has earned Foreign Exchange of Rs.4,04,106/- by way of exports and there is no Foreign Exchange outgo.

## 11. ACKNOWLEDGEMENTS

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

For and on behalf of the Board,

Place : Baroda  
Date : 29th July, 2000

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, 2000.

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	9,50,954	M.Tech. (Chemical Engineering) 31 years	01/12/1995	54	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	Previous Year
		April, 1999 March, 2000	April, 1998 March, 1999
1.	<b>Electricity</b>		
	a) Purchased		
	Unit	12,53,491	4,16,067
	Total amount (Rs. in Lacs)	62.50	22.37
	Rate/Unit Rs.	4.96	5.37
	b) Own generation		
	Through Diesel Generator		
	Unit	15,258	75,815
	Unit per Ltr. of Diesel oil	1.95	2.28
	Cost/Unit Rs.	5.68	4.95
2.	<b>Coal</b>		
	Quantity in tonnes	439.67	805.33
	Total Cost (Rs. in lacs)	10.10	19.33
	Average Rate Rs. /ton	2,297	2,400