

**25th ANNUAL REPORT
2000-2001**

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DIAMINES AND CHEMICALS LIMITED

BOARD OF DIRECTORS

Shri Yogesh Kothari	Chairman
Shri Amit Mehta	Vice Chairman
Shri Kirat Patel	Director
Shri G. G. Chendwankar	Director
Shri Rajendra Chhabra	Director
Shri Munir Ahmed	Director

Company Secretary Shri Sunil Thakkar

Auditors C. C. Chokshi & Co. Chartered Accountants Ahmedabad

Bankers State Bank of India Bank of Baroda

Regd. Office, Factory & Share Department Plot No. 13, PCC Area, Near Polychem Ltd. P. O. Petrofils, BARODA - 391 347 .

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Diamines and Chemicals Ltd.

NOTICE

NOTICE is hereby given that the Twenty-Fifth Annual General Meeting of the Members of the Company will be held on Tuesday, the 4th September, 2001, at the Registered Office of the Company at Plot No. 13, PCC Area, P.O. Petrofils, Baroda 391 347 at 11:00 AM to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2001, Profit and Loss Account for the year ended on that date and Report of Directors' and Auditors' thereon.
2. To appoint C. C. Chokshi & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

3. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT Shri Yogesh Kothari, who was appointed as Additional Director of the Company by the Board of Directors and holds office as per 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 Director of the Company, liable to retire by rotation."

4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT Shri Amit Mehta, who was appointed as Additional Director of the Company by the Board of Directors and holds office as per 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 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 Kirat Patel, who was appointed as Additional Director of the Company by the Board of Directors and holds office as per 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 Director of the Company, liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT Shri G. G. Chendwankar, who was appointed as Additional Director of the Company by the Board of Directors and holds office as per 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 Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT Shri Rajendra Chhabra, who was appointed as Additional Director of the Company by the Board of Directors and holds office as per 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 Director of the Company, liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT Shri Munir Ahmed, who was appointed as Additional Director of the

Company by the Board of Directors and holds office as per 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 Director of the Company, liable to retire by rotation."

9. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 read with Articles of Association of the Company, approval of Company, be and is, hereby accorded to the extension of term of appointment of Shri P. S. Chhabra, as the Managing Director of the Company for a period of six months with effect from 1st December, 2000 to 31st May, 2001 at the remuneration and terms and conditions set out in the Explanatory Statement."

10. To consider and if thought fit, to pass, with or without modification, the following resolution as Special Resolution.

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and other provisions of the other statutes as applicable, and subject to such approvals, consents, permissions and sanctions, as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered as follows:

- (i) In the "Interpretation Clause", after the existing interpretation clause 2(O), the following new interpretation Clauses be added :

2(p) "Shareholders" or "Members" means the deemed registered holders from time to time of the Shares/Securities of the Company and includes every person whose name is entered as beneficial owner in the records of Depository.

2(q) "Depositories Act" means The Depositories Act, 1996 and includes where the context so admits, any

reenactment or statutory modifications thereof for the time being in force.

2(r) "Depository" means a Depository as defined under the Clause (e) of sub Section (1) and (2) of the Depositories Act, 1996.

2(s) "Beneficial Owner" shall have the meaning assigned thereto in clause (a) of sub Section (1) of Section 2 of the Depositories Act, 1996.

- (ii) After the existing Clause 49 of Articles, the following new Articles 49 (a) to 49(d) shall be inserted viz. :

49(a) Notwithstanding anything contained in this Articles, the Company shall be entitled to dematerialise its existing shares and other securities rematerialise its shares and other securities held with Depositories and/or offer its fresh shares and securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed there under and on the same being done the company shall further be entitled to maintain a register of members with the details of members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media either in respect of existing shares or any future issue and transfer or transmission of any shares or other securities held in material or dematerialised form.

49(b) The shares and other securities of the Company which are held in dematerialised form shall not be progressively numbered and provisions relating to the progressive numbering shall not apply to the shares or other securities of the Company which are dematerialised in future or issued in future in dematerialised form and no share certificates shall be issued in respect of the shares issued/held in dematerialised form with any depositories.

49(c) Save as herein otherwise provided, the company shall be entitled to treat



the person whose name appears as beneficial owner of the Shares/securities in the records of the depositories as the absolute owner thereof as regards the receipt of dividends or bonus or service of notice and all or any other matter connected with the Company and accordingly the Company shall not (except as ordered by Court of Competent jurisdiction or by law as required) be bound to recognise any benami trust or equity or equitable, contingent or other claims to or interest in such shares/securities on the part of any other person whether or not itself have expressed or implied notice thereof.

49(d) In the case of transfer or transmission of securities held by beneficial owners with depositories, the provisions relating to the normal transfer or transmission of securities in respect of the securities held in the physical mode shall not apply to the transfer or transmission of securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of the depository. In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates in respect thereof and where such shares or securities are being held in electronic and fungible form with a Depository, the provision of the Depositories Act, 1996 shall apply.

11. To consider and if thought fit, to pass, with or without modification, the following resolution as Special Resolution:

"RESOLVED THAT, the existing Article 1 of the Articles of Association of the Company be deleted and substituted by the following Article:

"1. The regulations contained in the Table 'A' in the First Schedule of the Companies Act, 1956 shall not apply to the Company. The clauses hereinafter contained and the Shareholders Agreement dated 14th March, 2001 annexed hereto shall constitute the regulations and the Articles

for the management of the Company and for observance of the members and their representatives.

Provided that in the event of any inconsistency between the clauses hereinafter contained and the provisions of the Shareholders Agreement annexed hereto, the provisions of the Shareholders Agreement will prevail".

12. To consider and if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution:

"RESOLVED THAT in pursuance of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company, be and is, hereby accorded to mortgaging and/or charging by the Board of Directors of all immovable and movable properties of the Company wherever situate, present and future in favour of State Bank of India (SBI) and Bank of Baroda (BOB) to secure various working capital facilities of Rs. 316 Lacs (Rupees Three Hundred Sixteen Lacs only) and Rs. 97.67 Lacs (Rupees Ninety Seven Lacs Sixty Seven Thousand only) respectively aggregating to Rs. 413.67 Lacs (Rupees Four Hundred Thirteen Lacs and Sixty Seven Thousand only) lent and advanced/agreed to be lent and advanced to the company by SBI and BOB together with the interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, costs, charges, expenses and other monies payable by the Company to the aforesaid Banks under the Loan Agreement/Joint Deed of Hypothecation/Working Capital Consortium Agreement entered into/to be entered by the Company in respect of the said working capital facilities."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is, hereby authorised to finalise and to execute consortium documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

By Order of the Board

Baroda
Dated 29th June, 2001

Sunil Thakkar
Company Secretary

NOTES :

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST REACH AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR MEETING.
- (2) The Explanatory Statement setting out all the material facts concerning the special business as mentioned under Item Nos. 3 to 12 is annexed hereto.
- (3) Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and share Transfer Books of the Company will remain closed from 21st August, 2001 to 4th September, 2001 (both days inclusive)
- (4) All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office at Plot no. 13, PCC Area, P. O. Petrofils, Baroda - 391 347 during the office hours on all working days except holidays, between 3:00 PM and 5:00 PM upto the date of Annual General Meeting.
- (5) 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.
- (6) Members are requested to bring their copy of Annual Report to the Meeting and hand over the Attendance Slip (given in the Annual Report at the end) duly filled in and signed, at the Entrance of Meeting Hall for attending the Meeting.
- (7) In its continued efforts to provide better Investor Services, the Company has signed tripartite agreements with both the Depositories namely NSDL and CDSL and also appointed MCS Ltd. as Company's Registrar to establish the required Electronic Connectivity for providing DEMAT Services to the Shareholders of the Company. The ISIN No. allotted to the securities of the Company is INE 591D01014, which may please be noted.
- (8) Investor Services (Share Transfer, Demat Services, Nomination Facility etc.) are being

provided at the Registered Office of the Company at Plot No. 13, PCC Area, P.O. Petrofils, Baroda 391 347.

With an endeavor to serve the Shareholders family, still in a better way, the Company has added a new section, namely "Investors' Helpdesk" which is given on last page of this Annual Report.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956:

In conformity with the provisions of Section 173 of the Companies Act, 1956, the following explanatory statement sets out all the material facts relating to the special business mentioned in the accompanying notice and should be taken as forming the part of notice.

Item No. 3 to 8 :

Shri Yogesh Kothari, Shri Amit Mehta, Shri Kirat Patel, Shri G. G. Chendwankar, Shri Rajendra Chhabra and Shri Munir Ahmed were appointed as Additional Directors in conformity with Share Purchase Agreement entered into with old promoters in the very context of change of Management.

All these Directors are eminent persons with considerable professional expertise and experience. Shri Yogesh Kothari is a leading Industrialist, Shri Amit Mehta is having rich experience of around 30 years in the trading of Chemicals. Shri Kirat Patel is having over 24 years experience in Chemical and Consulting Industry and presently he is an Executive Director of Alkyl Amines Chemicals Ltd. Shri G. G. Chendwankar is Vice President of Alkyl Amines Chemical Ltd. and having around 40 years experience to his credit. Shri Rajendra Chhabra is a Chartered Accountant and having over 15 years professional experience to his credit and Shri Munir Ahmed is associated with Drugs and Pharmaceutical Industry for the last 34 years. He is presently heading Perfo Chem India Ltd. as President.

Needless to say, their wide expertise, visionary leadership and business acumen would be of great help to the Company and would go a long way in achieving the newer heights. The Company has received notice under Section 257 of the Companies Act, 1956 from the members signifying the intention of proposer/s. Your Directors recommend the resolution, as it would be in the best interest of the Company.



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None of the Directors, except to the extent of their appointments is in any way concerned or interested in the resolutions.

Item No. 9 :

At their meeting held on 20th September, 1996, the members had approved appointment of Shri P. S. Chhabra as Managing Director of the Company on 1st December, 1995 for a term of five years. The Board of Directors had, subject to approval of the members, extended Shri Chhabra's term upto the 31st May, 2001, on the same term and conditions as approved by the shareholders on 20th September, 1996, including remuneration as under:

A. SALARY :

The Managing Director shall be entitled to a salary of Rs.50,000/- per month.

B. PERQUISITES :

House rent allowance @ 30% of salary.

Contribution to provident Fund, Superannuation Fund and Annuity Fund to the extent these either singly or together are not taxable under the Income-tax Act, 1961.

Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

Encashment of leave at the end of the tenure.

Reimbursement of Medical expenses to the extent of Rs.20,000/- p.a.

Free use of a Company's car for Company's business and free telephone facility at residence.

Leave Travel Concession for himself and family once in a year as per rules of the Company

C. COMMISSION :

The Managing Director shall be entitled to commission of 1% of the net profits of the Company so that for any year in aggregate of salary, perquisites and commission shall not exceed the overall ceiling laid down under Section 198 and 309 of the Companies Act, 1956.

The Board of Directors at their discretion may expend the amount of commission as aforesaid for any financial year towards purchase of Deferred Annuity Policy (DAP) from Life

Insurance Corporation of India providing for payment of an annuity for a particular number of years and the first annuity payment to commence from the date of his retirement from the Company or from the date of his death whichever shall occur first, provided that no benefits shall accrue to the Managing Director or his dependents as the case may be nor shall be or his dependents be entitled to any benefits or for any right, lien or interest under the aforesaid policies until the date of the first payment of annuity.

Shri P. S. Chhabra, however, has expressed his inability to continue as Managing Director beyond 31st May, 2001 and accordingly, he has ceased to be the Managing Director and Director on the Board since 31st May, 2001. Your Directors recommend the passing of the Resolution in Item No. 9 as Ordinary Resolution.

None of the Directors is in any way concerned or interested in the said resolution.

Item No. 10 :

In its continued efforts to provide better Investor Services, the Company has signed tripartite agreements with both the Depositories namely NSDL and CDSL and also appointed MCS Ltd. as Company's Registrar to establish the required Electronic Connectivity for providing DEMAT Services to the Shareholders of the Company. The ISIN No. allotted to the securities of the Company is INE 591D01014, which has got activated w.e.f. 18/5/2001. The securities of the Company are now available to the Shareholders/Investors of the Company under the optionally DEMAT mode.

Since the Articles of Association of the Company contained the provisions pertaining to the transfer, transmission etc. of the shares in physical form only in line with the provisions of the Companies Act, 1956 and to take within its scope the post compulsory demat scenario, the alteration to the Articles of Association of the Company is proposed by way of additions of new articles relating to dematerialisation of shares. This will make the Articles of Association of the Company also in line with the Depositories Act, 1996.

Hence your Directors recommend the passing of the Resolution in Item No. 10 as a Special Resolution.

The copy of agreement entered into with NSDL and CDSL and existing Memorandum and Articles of Association of the Company together with the

proposed alterations are available for inspection between 3:00 PM to 5:00 PM on all working days (except holidays) upto the date of the Annual General Meeting.

None of the Directors is in any way concerned or interested in the said resolution.

Item No. 11

When Articles of Association is registered, it becomes the contract between the Company and its Members inter se. Whenever the Company/ Promoters entered into any contract with each other, it becomes necessary and expedient to incorporate such agreement into the Articles of Association of the Company so as to make the same binding and enforceable.

The new promoters of your company have entered into a "Shareholders Agreement" regulating their relationship as Shareholders and regarding the Management of the Company as provided in the Agreement. In this backdrop, the alteration of Articles of Association is proposed to incorporate the Shareholders Agreement in the Articles of Association.

Hence your Directors recommend the passing of the Resolution in Item No. 11 as Special Resolution.

The copy of Shareholders Agreement entered into among the Promoters and existing Memorandum and Articles of Association of the Company are available for inspection between 3:00 PM to 5:00 PM on all working days (except holidays) upto the date of the Annual General Meeting.

None of the Directors, except Shri Yogesh Kothari, Shri Kirat Patel (being Directors of Alkyl Amines Chemicals Ltd.) and Amit Mehta, is in any way concerned or interested in the said resolution.

Item No. 12

The State Bank of India and Bank of Baroda, Consortium Bankers of the Company, vide their sanction letters have stipulated that the Company should create mortgage of its immovable properties in their favour to secure the working capital limits to the extent of Rs.413.67 Lacs.

Section 293(1)(a) of the Companies Act, 1956 inter alia provides that the Board of Directors of a public company shall not, without the consent of Members of such Company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the under taking of the Company.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid on favour of the above-referred Banks may be regarded as disposal of the Company's properties/ undertakings, it is necessary for the members to pass an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956.

Copy of the sanction letter bearing Ref no. IFB/CR/ BUJ/62 dated 31.3.2001 received from State Bank of India and letter bearing Ref. no. ELLIS/ADV/42 dated 27.6.2001 received from Bank of Baroda and copies of the relevant documents/correspondence between the said Banks and the Company, are open for inspection at the Registered Office of the Company between 10:30 AM to 12:30 PM on any working day upto the date of ensuing Annual General Meeting.

None of the Directors in any way, directly or indirectly, is concerned or interested in the said resolution.

By Order of the Board

Bardoa
Dated 29th June, 2001

Sunil Thakkar
Company Secretary

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DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the Twenty Fifth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2001.

1. FINANCIAL RESULTS :

	(Rs. in Lacs) Current year 2000-2001	Previous year 1999-2000
Operating Profit/(Loss) (before Interest & Depreciation)	(364.06)	(380.76)
Interest	184.09	315.10
(Loss) before Depreciation	(548.15)	(695.86)
Depreciation	66.54	66.41
(Loss) after Interest & Depreciation	(614.69)	(762.27)
Less : Provision for Tax	---	---
(Loss) after Tax	(614.69)	(762.27)
Add : Prior period and extraordinary items	21.85	288.39
Less : Transfer from General Reserve	---	48.80
Add: Loss brought forward from the previous year	2029.26	1027.40
(Loss) carried to Balance Sheet	(2665.80)	(2029.26)

2. DIVIDEND :

In view of the continued losses incurred by the Company, the directors do not recommend any dividend for the year ended 31st March, 2001.

3. OPERATIONS :

During the year 2000-2001, the company continued with toll manufacturing activities on behalf of Alkyl Finance and Trading Limited, the special purpose vehicle, created by the New Promoters, to facilitate takeover of this company.

Total Income for the year ended March 31, 2001 increased to Rs.446.12 lacs compared to Rs.386.88 lacs of the previous year. With an

endeavor to expand its network and to serve the Customers on wide canvass, the company added a new product i.e. Piperazine (Technical) in its range this year. The total toll production of Ethylene Amines was 1459.97 tones during the year. Your Company has been able to maintain its performance and the Company expects that performance will further improve in the times to come.

4. CHANGE OF MANAGEMENT & SHARE CAPITAL :

In accordance with the order of Board for Industrial & Financial Reconstruction (BIFR) dated 7th April, 2000 approving the Change of Management and Rehabilitation package submitted by New Promoters namely Alkyl Amines Chemicals Limited and M/s. Amit Mehta & Associates, the change in management took place at the meeting of Board of Directors of the Company held on 14th March, 2001, effecting/ approving the transfer of 12,06,950 Equity Shares of Rs.10/- each from the old promoters to new promoters followed by resignation of four Directors nominated by old promoters and appointment of six new Directors by new promoters of the Company.

In conformity with the special resolution, approving the preferential allotment, passed by the members of the Company at their Meeting held on 15th May, 1999, the Board of Directors allotted 25,00,000 Equity Shares of Rs.10/- each fully paid up to the new promoters at its meeting held on 14th March, 2001 on preferential basis. With this, the Subscribed and Paid-up Equity Capital of the Company stood increased to Rs. 613.88 Lacs at the close of the Financial Year.

5. AMALGAMATION OF ALKYL FINANCE & TRADING LTD. WITH THE COMPANY :

In accordance with the order of the Hon'ble High Court of Gujarat, a meeting of Equity Shareholders/Members of the Company was convened to approve amalgamation of Alkyl Finance & Trading Ltd. with this Company and at the aforesaid meeting, the Members of the Company have unanimously approved the scheme of amalgamation of Alkyl Finance & Trading Ltd. with this Company w.e.f. 1st April, 2000. In this backdrop, the business of Alkyl

Finance & Trading Ltd. (the special purpose vehicle created by the new promoters to facilitate take-over of this company) is to be transferred to this company. Pending the approval of the Scheme by concerned Authorities, the accounts of Alkyl Finance & Trading Ltd. have yet been merged with the accounts of this Company.

6. ONETIME SETTLEMENT WITH INSTITUTIONS & RESTRUCTURING WITH BANKS :

- a. The company has made One Time Settlement (OTS) with all Financial Institutions under the revival scheme as approved by BIFR and has paid to the extent of 62% of the crystallised OTS. The Company has not taken effect of waiver of interest in the financial statement of current year since the same would be accounted for in the Financial Year 2001-02 when all dues would have been fully paid off. Accordingly, during the current year, the interest on interest/penal interest has not been provided for.
- b. The Restructuring Plans for the dues payable to Banks, as earlier approved was revised & accordingly Working Capital Term Loan repayment has been rescheduled effective from December, 2001.

7. RESEARCH AND DEVELOPMENT :

Manufacture and Marketing of Piperazine (Technical) had been started with the support of in house Research & Development (R&D) Department of the Company. The Company's R&D is engaged in the development of the derivatives of Piperazine and Ethylene Amines for specialty and performance chemicals.

The performance of R&D Dept. is elaborated in Annexure forming part of this report.

8. FIXED DEPOSITS :

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and Rules made there under during the year.

9. DIRECTORS :

The Board of Directors, at its Meeting held on 14th March, 2001, appointed Shri Yogesh Kothari, Shri Amit Mehta, Shri Kirat Patel, Shri G. G. Chendwankar, Shri Rajendra Chhabra

and Shri Munir Ahmed as Additional Directors in conformity with Share Purchase Agreement followed by resignation of four directors which were nominated by of Old Promoters. All the newly appointed directors will hold office as directors upto the date of ensuing Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 proposing their appointment as directors, subject to retirement by rotation.

Pursuant to the provisions of the Share Purchase Agreement between the old promoters and the new promoters, Mr. N.P. Chhabaria, Prof. Rooshikumar Pandya, Mr. K.R. Mehta and Mr. M.B. Banker resigned from the Board w.e.f. 15th March, 2001. The IDBI has also withdrawn the nomination of Mr. U.B. Narkar as its Nominee Director w.e.f. 10th April, 2001. Your Directors place on record their sincere appreciation for the valuable advice and guidance, the Company has received from Mr. N.P. Chhabaria, Prof. Rooshikumar Pandya, Mr. K.R. Mehta, Mr. M.B. Banker and Mr. U.B. Narkar.

The term of appointment of Shri P. S. Chhabra as Managing Director expired on 31st May, 2001. He expressed his inability to continue as Managing Director beyond the above date, in view of his pre-commitments. Your Directors place on record their sincere appreciation for the valuable services and worthy contribution, made by him to this Company.

10. DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of The Companies Act, 1956:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards had been followed along with proper explanation relating to material departure;
- (ii) that the directors had selected such accounting policies as mentioned in Schedule 19 to the annual accounts and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and



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