

**28TH**  
**ANNUAL REPORT**

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**DIAMINES**

**DIAMINES AND CHEMICALS LIMITED**

**FINANCIAL HIGHLIGHTS OF THE LAST DECADE**

FINANCIAL YEAR ENDING —————>	31.03.95	31.03.96	31.03.97	31.03.98	31.03.99	31.03.00	31.03.01	31.03.02	31.03.03	31.03.04
						(As per Note : 3)				
GROSS SALES (BASIC + EXCISE)	2500.12	2159.55	2023.30	964.03	299.05	361.58	2509.40	2177.11	1991.26	2345.53
OPERATING PROFIT (LOSS)(PBIOT)	67.08	174.27	(137.21)	(217.04)	(225.98)	(669.16)	476.39	909.8	561.74	854.27
PROFIT (LOSS) BEFORE INCOME TAX (As per note :2)	(242.06)	(90.96)	(372.05)	(475.16)	(508.80)	(1050.66)	69.48	532.42	278.29	657.73
PROFIT (LOSS) AFTER INCOME TAX (As per note :2)	(242.06)	(90.96)	(372.05)	(475.16)	(508.80)	(1050.66)	69.48	327.05	190.77	419.61
GROSS FIXED ASSETS	1772.29	1780.32	2247.80	2232.84	2219.21	2202.30	2825.00	2865.13	2856.64	2921.38
			----- As per Note : 4 below -----							
NET FIXED ASSETS	758.98	767.06	1238.26	1235.99	1230.13	910.74	1440.58	1374.94	1285.12	1238.81
NET CURRENT ASSETS	656.67	857.48	679.64	371.11	105.60	(182.93)	(180.45)	(243.61)	(332.82)	(485.02)
EQUITY SHARE CAPITAL	189.86	355.11	363.73	363.78	363.78	348.05	598.15	620.55	620.55	652.22
RESERVES & SURPLUS (excluding revaluation reserve)	155.62	323.20	276.49	239.55	239.55	239.65	239.65	718.84	718.84	776.63
BOOK VALUE (As per note :5)	13.15	12.51	9.44	1.28	(10.73)	(43.01)	(19.03)	(4.19)	(0.95)	4.17
EARNING PER EQUITY SHARE (Rs.)	(12.75)	(4.79)	(9.80)	(12.51)	(13.40)	(30.19)	2.02	5.36	3.05	6.54
EQUITY SHARE DIVIDEND (%)	-	-	-	-	-	-	-	-	-	20%

- Notes:**
- Figures are rupees in lacs except book value and earning per share which are absolute rupee value per equity share and proposed dividend which is in percentage on equity share nominal value
  - Income tax includes, both, current and deferred Tax
  - Amalgamated figures after amalgamation with Alkyl finance and trading Ltd. (AFTL) with effect from 01.04.2000
  - Includes revaluation effected on 1.3.97 to Lease hold land & buildings.
  - Book value has been computed considering the networth i.e. share capital plus reserves and surplus less accumulated losses and miscellaneous expenditure.

**BOARD OF DIRECTORS**

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

**Chief Executive Officer**

Deepak Thaker

**Company Secretary**

Haresh Khilnani

**Auditors**

C. C. Chokshi &amp; Co.

Chartered Accountants

3rd Floor, 'Heritage', Near Gujarat Vidyapith,  
Off. Ashram Road, Ahmedabad - 380 014.

**Bankers**

State Bank of India

Bank of Baroda

**Registered Office & Works**

Plot No. 13, PCC Area, P.O. Petrochemicals,  
VADODARA - 391 346.

Tel : (91) (0265) - 2230 305 / 2230 406

2230 929 / 2230 708 / 2230 762

Fax : (91) (0265) - 2230 218 / 2230 708

email : info@dacl.co.in

Web site : www.dacl.co.in

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**DIAMINES****NOTICE**

**NOTICE** is hereby given that the Twenty-eighth Annual General Meeting of the Shareholders of Diamines and Chemicals Limited will be held at the Registered Office of the Company situated at Plot No. 13, PCC Area, P. O. Petrochemicals, Vadodara – 391 346 on Tuesday, the 20<sup>th</sup> day of July, 2004 at 3.00 p.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 2004 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31<sup>st</sup> March, 2004.
3. To appoint a Director in place of Mr. Yogesh Kothari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Amit Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. C. C. Chokshi & Co., Chartered Accountants, the retiring Auditors who are eligible for re-appointment, as Auditors of the Company from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

**Mumbai, Dated: May 14, 2004.**

**REGISTERED OFFICE:**

Plot No.13, PCC Area, P.O.: Petrochemicals,  
Vadodara – 391 346.

By Order of the Board

**HARESH KHILNANI**  
Company Secretary

**NOTES:**

- (a) The relevant Explanatory Statement as required under Code of Corporate Governance in respect of items 3 & 4 is annexed hereto.
- (b) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The Proxy must be deposited at the Registered Office of the Company given hereunder, not less than 48 hours before the time for holding the Meeting.**
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from 13<sup>th</sup> July, 2004 to 20<sup>th</sup> July, 2004 (both days inclusive).
- (d) Dividend on Equity Shares as recommended by the Directors for the financial year ended March 31, 2004 when declared at the meeting will be paid:
  - (i) to those Members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company's Registrar & Share Transfer Agent on or before July 12, 2004, or
  - (ii) in respect of shares held in electronic form, to those "Deemed Members" whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as at the end of business hours on July 12, 2004.

- (e) Members are requested to encash their Dividend Warrants on receipt as Dividend remaining unclaimed for seven years are now required to be transferred to the Investor Education and Protection Fund established by the Central Government under Section 205C of the Companies Act, 1956. Once unclaimed dividends are transferred to this fund, Members will not be entitled to claim these dividends.
- (f) As mandated by the Securities and Exchange Board of India (SEBI), the Company will be providing ECS facility to the shareholders whereby they will be able to receive their dividend by direct electronic credit to their bank account. In the absence of availing the option by the shareholder, the Company shall send warrants for dividends. Shareholders are requested to fill the form provided along with the Annual Report and send it to the Company's Registrar & Share Transfer Agent, as to reach them latest by 8<sup>th</sup> July, 2004 and to their respective Depository Participants, in case the Shares are held in dematerialised form.
- (g) Non-Resident Indian Shareholders are requested to inform the Company immediately:
- (i) the change in the Residential Status on return to India for permanent settlement;
  - (ii) the particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
- (h) Members seeking any information or clarification on the Accounts and operation of the Company are requested to send in written queries to the Company, at least ten days before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.
- (i) Members / Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the meeting.
- (j) Members, who hold shares in the dematerialised form, are requested to bring their depository account number for identification.
- (k) Members are requested to immediately address their communications regarding transfer of shares, change of address, dividend mandates, etc. quoting their folio number(s) to the Company's Registrar & Transfer Agent:
- M/s. MCS Limited,  
1<sup>st</sup> Floor, Neelam Apartments,  
88, Sampatrao Colony,  
Vadodara 390 007
- Telephone (0265) 2339397 / 2314757  
Fax: (0265) 2341639  
email: [mcsbaroda@iqara.net](mailto:mcsbaroda@iqara.net)
- (l) Members holding shares in dematerialised form, may please note that while opening a depository account with participants they may have given their bank account details, which will be printed on their dividend warrants. However, if Members want to change/correct the bank account details, they should communicate the same immediately to the concerned Depository Participant. Members are also requested to furnish the MICR code of their bank to their Depository Participant. **The Company will not entertain any direct request from Members for deletion/change in the bank account details furnished by Depository Participants to the Company.**
- (m) Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility by filling Form 2B. Blank forms will be supplied by Company's Registrar & Transfer Agent on request. Members holding shares in dematerialised form may contact their Depository Participant for recording nomination in respect of their shares.
- (n) Members are requested to bring their copy of the Annual Report to the Annual General Meeting.

**Mumbai, Dated: May 14, 2004.**

**REGISTERED OFFICE:**

Plot No.13, PCC Area, P.O.: Petrochemicals,  
Vadodara – 391 346.

By Order of the Board

**HARESH KHILNANI**  
Company Secretary

**DIAMINES**

**ANNEXURE TO THE NOTICE**  
**Explanatory Statement under Code of Corporate Governance**

**ITEM NO.3:**

Mr. Yogesh Kothari retires by rotation at the ensuing Annual General Meeting, and being eligible, has offered himself for reappointment.

Mr. Yogesh Kothari is the Chairman of the Company since March 14, 2001. He is also Chairman of our Investors' Grievance Committee. He is also Chairman and Managing Director of M/s. Alkyl Amines Chemicals Ltd, which is one of the Promoters of our Company.

Mr. Yogesh Kothari is a leading Industrialist and has rich experience in Chemical business for the last 29 years. He is also on the Board of DSP Merrill Lynch Ltd. and Alkyl Speciality Chemicals Limited. He is also an Executive Committee member of the Indian Chemical Manufacturers Association (ICMA) and also represents ICMA in the Management Committee of Indian Merchants Chamber.

It will be in the interest of the Company that Mr. Yogesh Kothari continues as Director of the Company. Mr. Yogesh Kothari is interested in this resolution since it relates to his reappointment.

**ITEM NO.4:**

Mr. Amit Mehta retires by rotation at the ensuing Annual General Meeting, and being eligible, has offered himself for reappointment.

Mr. Amit Mehta is the Vice-Chairman of the Company since March 14, 2001. He is also one of the Promoters of Company. Mr. Amit Mehta is a leading businessman and has vast experience in marketing & trading of various Chemical items since last 33 years. He is also partner in S. Amit & Co., Mumbai. He is also on the Board of the following Companies:

1. Perfo Chem (I) Pvt. Ltd.
2. Brom Chem (I) Pvt. Ltd.
3. Finorga (I) Pvt. Ltd.
4. Value Healthcare Ltd.
5. Etcefra Lifestyle Ltd.
6. Insight Health Scan Pvt. Ltd.

It will be in the interest of the Company that Mr. Amit Mehta continues as Director of the Company. Mr. Amit Mehta is interested in this resolution since it relates to his reappointment.

**Mumbai, Dated: May 14, 2004.**

**REGISTERED OFFICE:**

Plot No.13, PCC Area, P.O.: Petrochemicals,  
 Vadodara – 391 346.

By Order of the Board

**HARESH KHILNANI**  
 Company Secretary

**DIRECTORS' REPORT**

To the Members,

Your Directors present their 28th Annual Report together with the audited accounts for the financial year ended 31st March, 2004.

1. FINANCIAL RESULTS:	(Rs. in Lacs)	
	Current Year 31/03/04	Previous Year 31/03/03
Operating Profit before interest and depreciation	854.27	561.76
Interest and other financial charges	85.50	188.72
Profit before depreciation	768.77	373.04
Depreciation & Amortization	111.04	94.75
Profit after interest & depreciation	657.73	278.29
Less: Income tax (Deferred Tax)	238.12	87.52
Profit after Tax available for distribution	419.61	190.77
Proposed Dividend (including Dividend Tax)	145.98	—
Amount transferred to General Reserve	41.96	—
Balance of P & L A/c for the year	231.67	—
Debit balance of P&L A/c carried forward from last year	(1387.13)	(1,577.91)
Loss carried to Balance Sheet	(1155.46)	(1,387.13)

2. **OPERATIONS:**

Your Company's net sales for the year amounted to Rs. 2026.19 lacs as compared to Rs. 1,722.50 lacs of last year. The result for the year shows net after tax profit of Rs. 419.61 lacs as compared to the net profit of Rs. 190.77 lacs in the previous year. With consistently good performance over last four financial years the net worth of the Company has become positive during the financial year ending 31st March, 2004. Your Company has communicated to Board for Industrial & Financial Reconstruction (BIFR) about the said fact to bring it out of the purview of BIFR. Further details of operations are given in the management discussion and analysis report, which forms part of this report.

3. **DIVIDEND:**

Your Directors are pleased to recommend for your approval Dividend @ 20% on Equity Shares for the financial year 2003-04 after paying dividend @ 9% to Preference Shareholders. The total amount of dividend including Income tax thereon would amount to Rs. 145.98 Lacs (approx.). Forfeited Shares reissued during the year shall carry right to dividend on proportionate basis i.e. from the date of allotment. Due to cumulative nature of preference shares, the cumulative dividend is paid from the date of allotment till 31st March, 2004 on pro-rata basis.

4. **FIXED DEPOSITS:**

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

5. **CORPORATE GOVERNANCE:**

The Securities and Exchange Board of India has introduced a code of corporate governance for implementation by all listed companies vide an amendment to the listing agreement. As per this requirement, the compliance of this code and also the Management Discussion and Analysis Report as on 31<sup>st</sup> March, 2004 forms part of this report and are sent herewith.

6. **PARTICULARS OF EMPLOYEES:**

There is no employee attracting the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

7. **BOARD OF DIRECTORS:**

Mr. Yogesh Kothari and Mr. Amit Mehta are directors liable to retire by rotation at the ensuing annual general meeting and being eligible, have expressed their willingness to be re-appointed as directors.

8. **DIRECTORS' RESPONSIBILITY STATEMENT:**

To the best of their knowledge and belief and according to the information and explanations obtained



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by them, your directors make the following statement in terms of section 217(2AA) of The Companies Act, 1956:

- (a) That in the preparation of the annual accounts for the year ended March 31, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) That such accounting policies as mentioned in Schedule 19 to the annual accounts have been selected and applied consistently and judgements and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2004 and of the Profit of the Company for that period;
- (c) That proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities;
- (d) That the Annual Accounts for the year ended 31<sup>st</sup> March, 2004 have been prepared on a going concern basis.

**9. AUDITORS:**

M/s. C. C. Chokshi & Co., Chartered Accountants, Auditors of the Company who retire at the forthcoming Annual General Meeting are eligible for re-appointment and have expressed their willingness to accept office, if re-appointed. They have given a certificate to the effect that the reappointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. Your directors recommend their re-appointment.

**10. AUDITORS' REPORT:**

In the opinion of the directors, the notes to the accounts are self-explanatory and adequately explain the matters, which are dealt with by the auditors.

**11. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY AGSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The particulars as prescribed under subsection 1(e) of Section 217 of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are set out in the Annexure - 1 (Form-A & B) in this report.

**11. INFORMATION TECHNOLOGY:**

The Company has set up an integrated on-line information system in all major operating areas. In order to accelerate the acceptance of electronic mail and facilitate sharing of various data, all major offices, warehouses and stores, in each of the offices have been provided with connectivity facility for information sharing.

**12. INDUSTRIAL RELATIONS:**

As was reported last year the Union had submitted a fresh charter of demand, which was taken up for negotiation by the Management, and finally a settlement was arrived w.e.f. 01.01.2003. The new settlement was signed on 19.03.2004 for three and half years. There has been good relations between the management and employees at all levels.

**13. COMPANYS' QUALITY SYSTEM (ISO-9001:2000)**

Your Company is certified for ISO 9001:2000 for "Manufacture and Sale of Amine based Industrial Chemicals". There have been two surveillance audits since the Company's certification by internationally reputed M/s. BVQI. The ISO 9001 certification has enabled the Company to project a better image and inspire greater confidence amongst its customers and other business associates.

**14. SAFETY & ENVIRONMENT:**

Your Company believes in maintaining highest standards of safety. The Company is committed to operating plants with safety features in mind, using safe working procedures and practices, meeting the applicable statutory requirements in all respects, monitoring the plant and ambient environment to maintain a clean and safe environment in and around the plants and conducting periodical safety audits as well as medical check-up of employees. Safety training is imparted regularly for personnel working in the plant. This well planned training cultivates safety awareness in employees, which ultimately results in prevention of accidents. Necessary Personal Protection Equipments are available at site. The entire liquid effluent treatment facilities were upgraded during the year.

**15. LISTING DETAILS:**

At present, your Company's securities are listed on:



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The Stock Exchange, Mumbai  
 Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001.  
 Code No. 120

The Company has paid the annual listing fees to the above Stock Exchange for the financial year 2004-2005. During the year under review, your Company had applied for delisting of its securities from "The Stock Exchange, Ahmedabad" in lines of SEBI guidelines, 2003 for voluntary delisting of securities, as a cost reduction measure and has received the confirmation about delisting from the said Exchange w.e.f. 18.03.2004.

**16. DETAILS REGARDING DEPOSITORY:**

Your Company has an Agreement with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for dematerialisation of its Equity Shares in accordance with the provisions of the Depository Act, 1996. As on date, approximately 85% of the shares are held in the dematerialised form.

**17. AGENCY FOR SHARE TRANSFER / DEMAT PURPOSE:**

Pursuant to SEBI Directive in respect of appointment of Common Agency for both DEMAT & Physical Share Transfer work, your Company has appointed and continued with M/s. MCS Ltd. Neelam Apartment, 88, Sampatrao Colony, Alkapuri, Vadodara 390 007, as a R&T Agent for both DEMAT & Physical Share Transfer work w.e.f. 1<sup>st</sup> April, 2003. Accordingly, all the shareholders are requested to take note of the same and send all future correspondences / queries to the M/s. MCS Ltd., at the abovementioned address.

**18. ACKNOWLEDGEMENT:**

Your Directors thank the Company's valued customers and various Government, Semi-Government and Local Authorities, suppliers and other business associates, vendors, as well as the various banks for their continued support to the Company's growth and look forward to their continued support in the future also.

Yours Directors place on record their appreciation of the contribution made by the employees at all levels across the Company towards the efficient working and operations of the Company. Last but not the least, the Board of Directors wish to thank the Investor Shareholders for their unstinted support, co-operation and faith in the Company.

For and on behalf of the Board

Mumbai, Dated: May 14, 2004.

**YOGESH KOTHARI**  
*Chairman*

**ANNEXURE-1****FORM A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Particulars	Current Year 2003 - 04	Previous Year 2002 - 03
<b>A. POWER AND FUEL CONSUMPTION:</b>		
<b>Electricity</b>		
a) Purchased Unit	1463179	1475019
Total Amount (Rs. in lacs)	68.65	69.25
Rate/Unit (Rs.)	4.69	4.69
b) Own Generation		
<b>Through Diesel generator</b>		
Units	38260	22420
Units/Ltr. Of Diesel Oil	3.41	2.49
Cost/Unit (Rs.)	8.35	9.86
<b>Coal</b>		
Quantity in tonnes	3257	2744.85
Total Cost (Rs. in lacs)	87.50	71.70
Average Rate Rs./Ton	2686	2612

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<b>LDO &amp; FO</b>		
Quantity (K.Ltrs)	623.57	603.57
Total cost (Rs. in lacs)	71.29	71.36
Avg. rate Rs./ K.Ltr.	11433	11823
<b>B. CONSUMPTION PER TON OF PRODUCTION</b>		
Production of Speciality Chemicals (MT)	1120.261	988.904
Electricity (Unit)	1340	1493
Coal (Tonnes)	2.91	2.78
FO/LDO (K.Ltrs.)	0.56	0.61

**FORM – B****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY, RESEARCH & DEVELOPMENT****TECHNOLOGY ABSORPTION:****Specific areas of significance in which R&D work was carried out by the Company:**

- Development of Speciality and performance chemicals from ethylene amines and allied products.
- Pollution abatement/Treatability studies as well as recovery of products from non-saleable stocks.
- Rendering technical support to Marketing Department.
- Proactive technical support for ISO 9001-2000.
- Upgradation of R&D facilities.

**Benefits derived as results of R&D:**

- Improved the quality of Ethyleneamine products.
- Retrofit Effluent Treatment Plant is commissioned which is helpful in treating liquid effluent from the plant & maintaining pollution norms below the permissible level as required by Pollution Board.
- Developed new valued products from the homologue of Ethyleneamines.

**Future plans of Action**

- To generate data for the manufacture of new value added products.
- Innovate the process for better quality of products & reduction of costs.

**Expenditure on R&D:**

a. Capital	:	Rs. 52,024/-
b. Revenue	:	Rs. 5,76,755/-
c. Total	:	Rs. 6,28,779/-
d. Total R&D expenditure	:	0.31% of total turnover

**Technology absorption, adoption and innovation.**

Efforts towards technology absorption and innovation – As stated above.

Benefits derived as result of the above efforts – As stated above.

Absorption and adoption of imported technology - Not Applicable.

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Year ended March 31	2004 (In Rs.)	2003 (In Rs.)
Foreign exchange earnings	15,84,765	47,38,505
Foreign exchange outgo	4,10,26,973	1,83,37,431