

**31ST  
ANNUAL REPORT  
2006-07**

**DIAMINES**

**DIAMINES AND CHEMICALS LIMITED**

## FINANCIAL HIGHLIGHTS OF THE LAST DECADE

(Rs.in Lacs)

FINANCIAL YEAR ENDING	31.03.1998	31.03.1999	31.03.2000	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005	31.03.2006	31.03.2007
			(As per Note 3)							
GROSS SALES (BASIC + EXCISE)	964.03	299.05	361.58	2509.40	2177.11	1991.26	2345.53	1988.27	2373.60	2325.97
OPERATING PROFIT (LOSS)(PBITD)	(217.04)	(225.98)	(669.16)	476.39	909.80	561.74	854.27	847.68	890.06	1045.97
PROFIT (LOSS) BEFORE INCOME TAX (As per Note*2)	(475.16)	(508.80)	(1050.66)	69.48	532.42	278.29	657.73	726.75	781.77	801.33
PROFIT (LOSS) AFTER INCOME TAX (As per Note 2)	(475.16)	(508.80)	(1050.66)	69.48	327.05	190.77	419.61	455.55	611.43	688.38
GROSS FIXED ASSETS (As per Note 4)	2232.84	2219.21	2202.30	2625.00	2865.13	2856.64	2921.38	3244.11	3839.68	4530.78
NET FIXED ASSETS	1235.99	1230.13	910.74	1440.58	1374.94	1285.12	1238.81	1450.94	1955.51	2485.36
NET CURRENT ASSETS	371.11	105.60	(182.93)	(180.45)	(243.61)	(332.82)	(485.02)	(300.96)	(407.96)	57.55
EQUITY SHARE CAPITAL	363.78	363.78	346.05	598.15	620.55	620.55	652.22	652.22	652.22	652.22
RESERVES & SURPLUS (excluding revaluation reserve)	239.55	239.55	239.65	239.65	718.84	718.84	776.62	822.18	883.32	952.17
BOOK VALUE (Rs.)	1.28	(10.73)	(43.01)	(19.03)	(4.19)	(0.95)	4.17	8.30	11.95	17.85
EARNING PER SHARE (Rs.)	(12.51)	(13.40)	(30.19)	2.02	5.36	3.05	6.54	6.97	9.36	10.54
EQUITY DIVIDEND (%)	-	-	-	-	-	-	20%	25%	50%	40%

## 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**

Mr. Yogesh Kothari	Chairman
Mr. Amit Mehta	Vice Chairman
Mr. G. G. Chendwankar	Executive Director
Mr. Kirat Patel	Director
Mr. Dhruv Kaji	Director
Mr. Rajendra Chhabra	Director

**Auditors**

C. C. Chokshi & Co.  
Chartered Accountants  
31, Nutan Bharat Society, Alkapuri,  
Vadodara - 390 007.

**Bankers**

State Bank of India, Vadodara  
UTI Bank Ltd., Vadodara

**Registered Office & Works**

Plot No. 13, PCC Area, P. O. Petrochemicals,  
VADODARA - 391 346.  
Tel : (91) (0265) - 2230 305 / 2230 406 / 2230 929  
Fax : (91) (0265) - 2230 218 / 2230 708  
email : info@dacl.co.in  
Web site : www.dacl.co.in

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**NOTICE**

**NOTICE** is hereby given that the Thirty-first 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 Monday, the 23rd day of July, 2007 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 31st March, 2007 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To confirm declaration of Interim Dividend on Equity Shares and declare Final Dividend on the Equity Shares and Preference Shares of the Company for the financial year ended 31st March, 2007.
3. To appoint a Director in place of Mr. Amit M. Mehta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. G.G.Chendwankar 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 12, 2007.**

**REGISTERED OFFICE:**

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

By Order of the Board

**G.G.CHENDWANKAR**  
Executive Director

**NOTES:**

- (a) The relevant Explanatory Statement as required under Code of Corporate Governance in respect of items 3 and 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 13.07.07 to 23.07.07 (both days inclusive).
- (d) Dividend on Equity Shares as recommended by the Directors for the financial year ended March 31, 2007 when declared at the meeting will be paid on or after 1st August, 2007:-
  - (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 13.07.2007, 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 13.07.2007.
- (e) Members are requested to encash their Dividend Warrants on receipt as Dividend remaining unclaimed for seven years are 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 17.07.2007 and to their respective Depository Participants, in case the Shares are held in dematerialized 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 dematerialized 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,**

1st 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 dematerialized 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 dematerialized 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 12, 2007.**

**REGISTERED OFFICE:**

Plot No.13, PCC Area,

P.O.: Petrochemicals,

Vadodara – 391 346.

By Order of the Board

**G.G.CHENDWANKAR**

Executive Director

**ANNEXURE TO THE NOTICE**

**Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 & also under Corporate Governance**

**ITEM NO.3:**

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

Mr. Amit M. Mehta is the Vice Chairman of the Company since March 14, 2001. He is also one of the Promoters of the Company. Mr. Amit Mehta aged 53 years, is a successful businessman, having over 35 years' experience in the business of chemicals. His skills and knowledge is of immense help to the Company in achieving desired sales target and in maintaining cordial relations with customers at large.

Mr. Amit Mehta holds 5,74,662 equity shares in the Company. Mr. Amit Mehta holds directorship in 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. Etcetra Lifestyle Limited
6. Insight Health Scan Pvt. Ltd.
7. Topnotch Reality Pvt. Limited
8. Hi-End Property Developers Pvt. Ltd.
9. Pinami Reality Pvt. Ltd.
10. Capelin Investment and Trading Pvt. Ltd.

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

Resolution placed at item No 3 of the accompanying notice is recommended for your approval.

**ITEM NO.4:**

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

Mr. G.G.Chendwankar has been on the Board of the Company since, March 14, 2001. Effective from November 6, 2005, we have appointed him as Executive Director, which has been approved by the shareholders at the Annual General Meeting held on 23rd June, 2006. Mr. G. G. Chendwankar aged 68 years, is a post graduate in personnel management and has more than 43 years of rich experience in allied industries like textiles, engineering, chemicals and petrochemicals. He has been to his credit, of managing at senior management level, experience of about 30 years in managing affairs like HR, Administration, Industrial relations and other commercial matters, and General Management. His skills and knowledge is of immense help to the Company.

He holds 18,050 equity shares in the Company.

Mr. G. G. Chendwankar does not hold directorship in any other company.

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

Resolution placed at item No 4 of the accompanying notice is recommended for your approval.

**Mumbai, Dated: May 12, 2007.**

**REGISTERED OFFICE:**

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

By Order of the Board

**G.G.CHENDWANKAR**  
Executive Director

**DIRECTORS' REPORT**

To the Members,

Your Directors present their 31st Annual Report together with the audited accounts for the financial year ended 31st March, 2007.

**1. FINANCIAL RESULTS:**

	<b>(Rs. in Lacs)</b>	
	<b>Current Year 31/03/07</b>	<b>Previous Year 31/03/06</b>
Operating Profit before interest and depreciation	<b>1045.97</b>	890.06
Interest and other financial charges	<b>83.39</b>	3.49
Profit before depreciation	<b>962.58</b>	886.57
Depreciation & Amortization	<b>161.25</b>	104.80
Profit after interest & depreciation	<b>801.33</b>	781.77
Less: Provision for taxation	<b>112.95</b>	170.33
Profit after Tax available for distribution	<b>688.38</b>	611.43
Interim Dividend (including Dividend Tax)	<b>111.55</b>	111.55
Proposed Dividend (including Dividend Tax)	<b>192.24</b>	261.74
Amount transferred to General Reserve	<b>68.83</b>	61.14
Balance of P&L A/c for the year	<b>315.74</b>	177.00
Debit balance of P&L A/c carried forward from last year	<b>(755.82)</b>	(932.83)
Loss carried to Balance Sheet	<b>(440.08)</b>	(755.82)

**2. OPERATIONS:**

Your Company's total income for the year 2006-07 (net of excise) amounted to Rs.2382.15 lacs compared to Rs.2132.86 lacs. The result for the year shows net profit after tax of Rs. 688.38 lacs as compared to the net profit of Rs. 611.43 lacs in the previous year.

Further details of operations are given in the management discussion and analysis report, which forms part of this report.

**3. DIVIDEND:**

- a) The Board has declared and paid in March 2007 an interim Dividend @ 15% on Equity Shares for the financial year 2006- 07.
  - The members are requested to confirm the above interim dividend at the ensuing Annual General Meeting of the Company.
- b) Considering the financial results achieved during the year under review, the Board of Directors has recommended the following final dividend for the financial year 2006 – 2007 out of the net profit available for distribution :
  - i. Final Dividend @ 9 % on 14070 Cumulative Preference shares of the Company,
  - ii. On 6522160 equity shares dividend @ 25% {Rs. 2.50 per share (25%)} per share which together with aforesaid interim dividend shall aggregate to Rs.4/- per share {(40%)} {Pre. year Rs.5/- per share / 50 %}.

**4. FIXED DEPOSITS:**

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

**5. CORPORATE GOVERNANCE:**

As per various amendments made in clause 49 of the Listing Agreement the Company has adopted the Code of conduct which is also available on the website of the Company. All the

Board members and senior management personnel have affirmed compliance with the Code of Conduct.

Pursuant to the clause 49 of the Listing Agreement, a separate section forming part of this report and titled as "Corporate Governance" is attached 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. Amit Mehta and Mr. G.G.Chendwankar 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.

Your Directors recommend re – appointment of these Directors.

**8. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement of section 217(2AA) of the Companies Act, 1956, with regard to Directors' Responsibility Statement, it is hereby confirmed that :

- (a) in the preparation of the annual accounts for the year ended 31st March, 2007, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (b) the accounting policies selected have been applied consistently and judgements and estimates made are reasonable and prudent 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, 2007 and of the Profit of the Company for that period;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities;
- (d) the Annual Accounts for the year ended 31st March, 2007 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 re-appointment, 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 ABSORPTION, 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.

**12. 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.

**13. INDUSTRIAL RELATIONS:**

The Company has been regularly monitoring its policy for enhancement in the skills of its employees by providing need based training.

Industrial Relations between the management & the employees at all levels remained healthy and cordial throughout the year, resulting in constant co – operation by all the employees in day to day work and implementing policies of your Company.

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

Your Company is certified for ISO 9001:2000 for "Manufacture and Sale of Amine based Industrial Chemicals". There was 5th surveillance audit since the Company's certification by internationally reputed M/s. BVQI. In the current year also M/s.BVQI had conducted their audit and had recertified for continuance of ISO 9001 : 2000 QMS.

The ISO 9001 certification has enabled your Company to project a better image and inspire greater confidence amongst its customers & other business associates.

**15. 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 upgraded liquid effluent treatment facilities are properly maintained & liquid & air pollution standards are always maintained below the permissible level as set by the Gujarat Pollution Control Board.

**16. LISTING DETAILS:**

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

Bombay Stock Exchange Ltd.,  
25th Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 001.

**Code No. 500120**

The Company has paid the annual listing fees to the above Stock Exchange for the financial year 2007-2008.

**17. DETAILS REGARDING DEPOSITORY:**

Your Company has an Agreement with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for dematerialization of its Equity Shares in accordance with the provisions of the Depository Act, 1996. As on date, approximately 92% of the shares are held in the dematerialized form.

**18. 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., 1st Floor, Neelam Apartment, 88, Sampatrao Colony, Alkapuri, Vadodara 390 007, as a R&T Agent for both DEMAT & Physical Share Transfer work w.e.f. 1st 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.

**19. 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.

Your 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

**YOGESH KOTHARI**  
Chairman

Mumbai, Dated: May 12, 2007.

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

Particulars	Current Year 2006 – 07	Previous Year 2005 – 06
<b>A. POWER AND FUEL CONSUMPTION:</b>		
<b>Electricity</b>		
a) Purchased Unit	1389628	1418783
Total Amount (Rs. in lacs)	67.03	68.25
Rate/Unit (Rs.)	4.83	4.81
b) Own Generation		
<b>Through Diesel generator</b>		
Units	18380	17080
Units/Ltr. Of Diesel Oil	2.76	3.07
Cost/Unit (Rs.)	12.66	10.11
<b>Coal</b>		
Quantity in tonnes	2248	3234
Total Cost (Rs. in lacs)	93.32	119.30
Average Rate Rs./Ton	4151	3688
<b>LDO &amp; FO</b>		
Quantity In Tonnes	394.53	485.29
Total cost (Rs. in lacs)	77.08	77.75
Avg. rate Rs./ Tonne	19537	16021
<b>Generation through Wind Turbine Generator</b>		
Units (KWH in thousand)	3919.23	1153.45
Total Amount (Rs. in lacs)	148.91	52.75
Average Rate (Rs. / Unit)	3.80	4.56
<b>B. CONSUMPTION PER TON OF PRODUCTION</b>		
Production of Speciality Chemicals (MT)	824	1129
Electricity (Unit)	1686	1257
Coal (Tonnes)	2.73	2.86
FO/LDO (Tonnes)	0.48	0.43