

32ND
ANNUAL REPORT
2007-08

DIAMINES

DIAMINES AND CHEMICALS LIMITED

FINANCIAL HIGHLIGHTS OF THE LAST DECADE

(Rs.in Lacs)

FINANCIAL YEAR ENDING	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	31.03.2008
		(As per Note 3)								
GROSS SALES (BASIC + EXCISE)	299.05	361.58	2509.40	2177.11	1991.26	2345.53	1988.27	2373.60	2325.97	1931.41
OPERATING PROFIT (LOSS)(PBITD)	(225.98)	(669.16)	476.39	909.80	561.74	854.27	847.68	890.06	1045.97	599.83
PROFIT (LOSS) BEFORE INCOME TAX (As per Note 2)	(508.80)	(1050.66)	69.48	532.42	278.29	657.73	726.75	781.77	801.33	277.56
PROFIT (LOSS) AFTER INCOME TAX (As per Note 2)	(508.80)	(1050.66)	69.48	327.05	190.77	419.61	455.55	611.43	688.38	170.89
GROSS FIXED ASSETS (As per Note 4)	2219.21	2202.30	2825.00	2865.13	2856.64	2921.38	3244.11	3839.68	4530.78	4566.49
NET FIXED ASSETS	1230.13	910.74	1440.58	1374.94	1285.12	1238.81	1450.94	1955.51	2485.36	2364.11
NET CURRENT ASSETS	105.60	(182.93)	(180.45)	(243.61)	(332.82)	(485.02)	(300.96)	(407.96)	57.55	793.54
EQUITY SHARE CAPITAL	363.78	348.05	598.15	620.55	620.55	652.22	652.22	652.22	652.22	652.22
RESERVES & SURPLUS (excluding revaluation reserve)	239.55	239.65	239.65	718.84	718.84	776.62	822.18	883.32	952.17	966.23
BOOK VALUE (Rs.)	(10.73)	(43.01)	(19.03)	(4.19)	(0.95)	4.17	8.30	11.95	17.85	19.29
EARNING PER SHARE (Rs.)	(13.40)	(30.19)	2.02	5.36	3.05	6.54	6.97	9.36	10.54	2.61
EQUITY DIVIDEND (%)	-	-	-	-	-	20%	25%	50%	40%	10%

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
Mr. G.S.Venkatachalam	Director

Company Secretary

Mr. Bharatsinh C. Parmar

Auditors

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

Bankers

State Bank of India, Vadodara
Axis 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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DIAMINES**NOTICE**

NOTICE is hereby given that the Thirty Second 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 29th day of July, 2008 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, 2008 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 31st March 2008.
3. To appoint a Director in place of Mr. Rajendra Chhabra who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Dhruv S. Kaji who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Banshi S. Mehta & Co. Chartered Accountants from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration, in place of M/s. C. C. Chokshi & Co., Chartered Accountants, the retiring Auditors who have given the Company in writing of their unwillingness for re-appointment.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. G.S.Venkatachalam, who was appointed as an Additional Director by the Board under section 260 of the Companies Act, 1956 and Article 108 of the Articles of Association of the Company and who holds office only up to the date of this Annual General Meeting and in respect of whom the Company has received Notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed a Director of the Company, liable to retire by rotation.”

Mumbai, Dated: May 16, 2008.

REGISTERED OFFICE:

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

By Order of the Board

BHARATSIKH C. PARMAR
Company Secretary

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 18.07.08 to 29.07.08 (both days inclusive).
- (d) Dividend on Equity Shares as recommended by the Directors for the financial year ended March 31, 2008 when declared at the meeting will be paid on or after 8th August, 2008 :-
 - (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 18.07.2008, 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 18.07.2008.

- (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 18.07.2008 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@yahoo.com

- (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 16, 2008.

REGISTERED OFFICE:

Plot No.13, PCC Area,

P.O.: Petrochemicals,

Vadodara – 391 346.

By Order of the Board

BHARATSINH C. PARMAR

Company Secretary

DIAMINES**ANNEXURE TO THE NOTICE**

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

ITEM NO.3:

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

Mr. Rajendra Chhabra has been on our Board since March 14, 2001. He is a Practising Chartered Accountant. He is the Chairman of Audit Committee & member of the Shareholders' / Investors' Grievance Committee of the Company.

Mr. Rajendra Chhabra holds 5200 Equity shares in the company.

He is also on the Board of the following companies:

1. Value Healthcare Ltd.
2. Insight Healthscan Pvt. Ltd.

It will be in the interest of the Company that Mr. Rajendra Chhabra continues as Director of the Company.

Mr Rajendra Chhabra 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. Dhruv S. Kaji retires by rotation at the ensuing Annual General Meeting, and being eligible, has offered himself for reappointment.

Mr. Dhruv Kaji, is a Chartered Accountant . He is also the member of Audit Committee of the Company.

Mr. Dhruv Kaji holds 200 Equity shares in the company.

He is also on the Board of the following companies—

1. Pashmina Holdings Ltd.
2. RVL Packaging Middle East FZC, UAE.
3. Balaji Telefilms Ltd.
4. Colorplus Fashions Ltd.
5. Plug – In Sales Ltd.
6. Balaji Motion Pictures Ltd.

It will be in the interest of the Company that Mr. Dhruv S. Kaji continues as Director of the Company. Mr.

Dhruv S. Kaji 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.

ITEM NO. 6:

On 12-05-2008, the Board has appointed Mr. G. S. Venkatachalam as Independent Director.

Mr. G.S. Venkatachalam, aged 53 years, is a Chartered Accountant and has about 25 years of experience in various industries in India and abroad

He holds office until the date of this Annual General Meeting, as per the provisions section 260 of the Companies Act, 1956. The Company has received a notice under section 257 (1) of the Companies Act, 1956, in writing from a member proposing the candidature of Mr. G.S. Venkatachalam for the office of Director liable to retire by rotation vide Article 110 of the Articles of Association of the Company along with the deposit of Rs.500.00 as prescribed under the section.

The Board considers it beneficial and in the interest of the Company to continue to have the guidance and advise of Mr. G.S. Venkatachalam, and accordingly recommends his appointment as Director of the Company. This may also be treated as notice under sub - section (1A) of section 257 of the Companies Act, 1956.

Mr. G.S. Venkatachalam is concerned and is interested in his appointment and none of the other Directors are interested or concerned in the said appointment.

Resolution placed at item No 6 of the accompanying notice is recommended for your approval.

Mumbai, Dated: May 16, 2008.

REGISTERED OFFICE:

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

By Order of the Board

BHARATSINH C. PARMAR
Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors present their 32nd Annual Report together with the audited accounts for the financial year ended 31st March, 2008.

1. FINANCIAL RESULTS:

	(Rs. in Lacs)	
	Current Year 31/03/08	Previous Year 31/03/07
Operating Profit before interest and depreciation	599.83	1045.97
Interest and other financial charges	142.91	83.39
Profit before depreciation	456.92	962.58
Depreciation & Amortization	179.36	161.25
Profit after interest & depreciation	277.56	801.33
Less: Provision for taxation	106.67	112.95
Profit after Tax available for distribution	170.89	688.38
Interim Dividend paid (including Dividend Tax)	—	111.55
Proposed Dividend (including Dividend Tax)	77.15	192.24
Amount transferred to Capital Redemption Reserve	14.07	—
Amount transferred to General Reserve	—	68.83
Balance of P&L A/c for the year	79.67	315.74
Debit balance of P&L A/c carried forward from last year	(440.08)	(755.82)
Loss carried to Balance Sheet	(360.41)	(440.08)

2. OPERATIONS:

Your Company's total income for the year 2007-08 (net of excise) amounted to Rs.1986.34 lacs as compared to Rs. 2382.15 lacs of last year. The result for the year shows net profit after tax of Rs. 170.89 lacs as compared to the net profit of Rs. 688.38 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) Considering the financial results achieved during the year under review, the Board of Directors has recommended the following final dividend for the financial year 2007 – 2008 out of the net profit available for distribution :

- Dividend @ 9% on 14070 Cumulative Preference Shares of the Company, till date of redemption.
- On 6522160 equity shares, dividend @10% {Rs. 1 per share (10%)} per share. {Pre. year Rs.4.00 per share / 40 %}.

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.

FINANCIAL STATEMENTS

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, 1985.

7. BOARD OF DIRECTORS:

Mr. Rajendra Chhabra and Mr. Dhruv Kaji are directors liable to retire by rotation at the ensuing Annual General Meeting and being eligible, have expressed their willingness to be re-appointed.

Year	Current Year
2007-08	2008-09
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 31 st March, 2008, 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 judgments 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 31 st March, 2008 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, 2008 have been prepared on a going concern basis.

9. AUDITORS

M/s. C. C. Chokshi & Co. Chartered Accountants, Statutory Auditors of the Company, who retire at the forthcoming Annual General Meeting have expressed their unwillingness to accept office, if re-appointed. In place of M/s. C. C. Chokshi & Co. the retiring auditors another Statutory Auditor needs to be appointed at the ensuing annual general meeting. In this respect, M/s. Bansi S. Mehra & Co. Chartered Accountants have given a certificate to the effect that their appointment as Statutory Auditors is valid, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. Your directors recommend their 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) of Section 207 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. COMPANY'S QUALITY SYSTEM (ISO-9001:2000)

Your Company is certified for ISO 9001:2000 for "Manufacture and Sale of Amino based Industrial Chemicals". There was 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.,

Phiroze Jeejeebhoy Towers,

Dalal Street, Mumbai 400 001.

Code No. 500320

The Company has paid the annual listing fees to the above Stock Exchange for the financial year 2008-2009.

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 93% 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 a Depository Participant (DP) for Physical Share Transfer work, your Company has appointed and entered into an agreement with M/s. MCS Ltd., 88th Floor, New Apartment, 88, Sampatrao Colony, Alkapuri, Vadodra-390 001. Agent for both DEMAT & Physical Share Transfer work w.e.f. 1st April, 2003 (earliest date in the 8A. Shareholders are requested to take note of the same and send all future queries to the M/s. MCS Ltd., at the abovementioned address.

DIAMINES**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 16, 2008.

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

Particulars	Current Year 2007 - 08	Previous Year 2006 - 07
A. POWER AND FUEL CONSUMPTION:		
Electricity		
a) Purchased Unit	976336	1389628
Total Amount (Rs. in lacs)	51.39	67.03
Rate/Unit (Rs.)	5.26	4.83
b) Own Generation		
Through Diesel generator		
Units	10233	18380
Units/Ltr. Of Diesel Oil	2.14	2.76
Cost/Unit (Rs.)	16.82	12.66
Coal		
Quantity in tonnes	1724	2248
Total Cost (Rs. in lacs)	78.52	93.32
Average Rate Rs./Ton	4554	4151
LDO & FO		
Quantity (In Tonnes)	212.93	394.53
Total cost (Rs. in lacs)	41.54	77.08
Avg. rate Rs./ Tonne	19202	19537
Generation through Wind Turbine Generator		
Units (KWH in thousand)	3515.71	3919.23
Total Amount (Rs. in lacs)	184.03	148.91
Average Rate (Rs. / Unit)	5.23	3.80
B. CONSUMPTION PER TON OF PRODUCTION		
Production of Speciality Chemicals (MT)	702	824
Electricity (Unit)	1390	1686
Coal (Tonnes)	2.45	2.73
FO/LDO (Tonnes)	0.30	0.48