

33RD
ANNUAL REPORT
2008-09

DIAMINES

DIAMINES AND CHEMICALS LIMITED

FINANCIAL HIGHLIGHTS OF THE LAST DECADE

(Rs.in Lacs)

| FINANCIAL YEAR ENDING | 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 | 31.03.2009 |
|---|------------|--------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | (As per Note 3) | | | | | | | | |
| GROSS SALES (BASIC + EXCISE) | 361.58 | 2509.40 | 2177.11 | 1991.26 | 2345.53 | 1988.27 | 2373.60 | 2325.97 | 1931.41 | 3173.97 |
| OPERATING PROFIT (LOSS)(PBIDT) | (669.16) | 476.39 | 909.80 | 561.74 | 854.27 | 847.68 | 890.06 | 1045.97 | 599.83 | 531.03 |
| PROFIT (LOSS) BEFORE INCOME TAX (As per Note 2) | (1050.66) | 69.48 | 532.42 | 278.29 | 657.73 | 726.75 | 781.77 | 801.33 | 277.56 | 209.59 |
| PROFIT (LOSS) AFTER INCOME TAX (As per Note 2) | (1050.66) | 69.48 | 327.05 | 190.77 | 419.61 | 455.55 | 641.43 | 688.38 | 170.89 | 136.32 |
| GROSS FIXED ASSETS (As per Note 4) | 2202.30 | 2825.00 | 2865.13 | 2856.64 | 2921.38 | 3244.11 | 3839.68 | 4530.78 | 4566.49 | 4614.17 |
| NET FIXED ASSETS | 910.74 | 1440.58 | 1374.94 | 1285.12 | 1238.81 | 1450.94 | 1955.51 | 2485.36 | 2364.11 | 2319.15 |
| NET CURRENT ASSETS | (182.93) | (180.45) | (243.61) | (332.82) | (485.02) | (300.96) | (407.96) | 57.55 | 793.54 | 708.93 |
| EQUITY SHARE CAPITAL | 348.05 | 598.15 | 620.55 | 620.55 | 652.22 | 652.22 | 652.22 | 652.22 | 652.22 | 652.22 |
| RESERVES & SURPLUS (excluding revaluation reserve) | 239.65 | 239.65 | 718.84 | 718.84 | 776.62 | 822.18 | 883.32 | 952.17 | 966.23 | 966.23 |
| BOOK VALUE (Rs.) | (43.01) | (19.03) | (4.19) | (0.95) | 4.17 | 8.30 | 11.95 | 17.85 | 19.29 | 20.21 |
| EARNING PER SHARE (Rs.) | (30.19) | 2.02 | 5.36 | 3.05 | 6.54 | 6.97 | 9.36 | 10.54 | 2.61 | 2.09 |
| EQUITY DIVIDEND (%) | - | - | - | - | 20% | 25% | 50% | 40% | 10% | 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 | Director |
| Mr. Kirat Patel | Director |
| Mr. Dhruv Kaji | Director |
| Mr. Rajendra Chhabra | Director |
| Mr. G. S. Venkatachalam | Director |
| Dr. Ambarish Dalal | Director |

Chief Executive Officer

Mr. Girish R. Satarkar

Auditors

BANSI S. MEHTA & CO.

Chartered Accountants

11-13, Botawala Building, 2nd floor,
Horniman circle, Fort, Mumbai – 400 001**Bankers**

State Bank of India, Vadodara

Axis Bank Ltd., Vadodara

Registered Office & WorksPlot 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.cp.in

Web Site : www.dacl.co.in

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DIAMINES**NOTICE**

NOTICE is hereby given that the Thirtythird Annual General Meeting of the members 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 21st day of July, 2009 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, 2009 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 2009.
3. To appoint a Director in place of Mr. Yogesh M. Kothari who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Kirat Patel who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Bansi S. Mehta & 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.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to Article 124 of the Articles of Association of the Company and section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with schedule XIII of the Companies Act, 1956 as amended from time to time and subject to other approvals as may be necessary the Company hereby accords its consent and approval for the re-appointment of Shri G.G.Chendwankar as Executive Director of the Company w.e.f. 06th November, 2008 upto 31st March, 2009 and the payment of remuneration to him as per the terms and conditions set out in the Agreement dated 26/12/2008 executed between the Company and Shri G.G.Chendwankar.

“RESOLVED FURTHER THAT subject to the approval of the members in the General Meeting of the Company, w.e.f. 01/04/2009, Mr. G. G. Chendwankar will continue to remain on the Board of the Company as Director (Non-executive) liable to retire by rotation pursuant to the relevant provisions of the Companies Act, 1956 and any other applicable provisions in this regard.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary to give effect to this resolution.”

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

“RESOLVED THAT Dr. Ambarish Dalal, 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 upto 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.”

Vadodara, Dated: May 15, 2009.

REGISTERED OFFICE:

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

By Order of the Board

G. G. CHENDWANKAR
Director

NOTES:

- (a) The relevant Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 and also Code of Corporate Governance in respect of items 3, 4, 6 and 7 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 10.07.09 to 21.07.09 (both days inclusive).
- (d) Dividend on Equity Shares as recommended by the Directors for the financial year ended March 31, 2009 when declared at the meeting will be paid on or after 1st August, 2009 :
 - (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 10.07.2009, 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 10.07.2009.
- (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, at the address mentioned herein below as to reach them latest by 10.07.2009 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.**

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- (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.

Vadodara, Dated: May 15, 2009.

REGISTERED OFFICE:

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

By Order of the Board

G. G. CHENDWANKAR
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. 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 share holders / Investors' Grievance Committee. He is also Chairman and Managing Director of M/s. Alkyl Amines Chemicals Ltd, which is one of the Promoters of the Company.

Mr. Yogesh Kothari is a leading Industrialist and has rich experience in Chemical business for the last 34 years. He is also on the Board of Alkyl Speciality Chemicals Limited, Alkyl Amines Europe SPRL and Anjyko Investments Pvt. Ltd.. Mr. Yogesh Kothari is Executive Committee member of Indian Chemical Council (ICC) and also member in the Management Committee of Indian Merchants Chamber. He holds 127411 equity shares in the Company.

It will be in the interest of the Company that Mr. Yogesh Kothari continues as Chairman of the Company.

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

Mr. Kirat Patel has been on the Board of the Company since, March 14, 2001. He is Executive Director of the Promoter Company Alkyl Amines Chemicals Ltd. He holds 7200 equity shares in the Company. He is also on the Board of the following companies:

- | | |
|---|--|
| 1) Alkyl Speciality Chemicals Limited | 2) Alkyl Amines Europe SPRL |
| 3) Anjyko Investments Pvt. Ltd. | 4) YMK Trading & Consultancy Pvt. Ltd. |
| 5) Niyoko Trading & Consultancy Pvt. Ltd. | 6) Purjeeko Investment & Trading Pvt. Ltd. |
| 7) SYK Trading & Consultancy Pvt. Ltd. | |

It will be in the interest of the Company to reappoint Mr. Kirat Patel as Director of the company with his 31 years of experience in the industry.

Mr. Kirat Patel is interested in this resolution since it relates to his reappointment as Director.

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

ITEM NO. 6:

The members had at the Annual General Meeting held on 23.06.2006 approved appointment of Mr. G. G. Chendwankar as Executive Director upto 5.11.2008. Considering his valuable contribution and able guidance, on the recommendation of Remuneration Committee, the Board of Directors at its meeting held on 24.10.2008 approved the reappointment of Mr.G.G. Chendwankar as Executive Director for the period from 06.11.2008 to 31.03.2009.

As resolved at the Board Meeting held on 24.10.2008, Mr.G.G.Chendwankar held his office as such from 06.11.2008 UPTO 31.03.2009, subject to the terms and conditions and remuneration as mentioned in the abstract reproduced at the end of this item. Thereafter, as resolved at the Board Meeting held on 31.03.2009, Mr. G. G. Chendwankar will continue as Director (Non-executive) on the Board of the Company w.e.f. 01.04.2009 and pursuant to the relevant provisions of the Companies Act, 1956 and other applicable

provisions in this regard. The other details regarding the performance of the Company and the appointee are as under:

After his continuance as Director (Non-executive) of the Company w.e.f. 01.04.2009, he is now a member of Audit Committee, Shareholders' / Investors Grievance Committee & Review Committee. He is not on the Board of any other Company.

Statement as required under the Provisions of the Companies Act, 1956:

I) General Information:

- 1) Nature of Industry Manufacturing range of Ethyleneamines at its factory situated at Plot. No. 13, P.C.C Area, P.O. Petrochemicals, Baroda – 391 346.
- 2) Date of Commencement of commercial production 28. 01. 1982
- 3) Financial Performance for the financial year ended 31.03.2009

| | | |
|------------------------------|---|-------------------|
| i. Turnover | : | Rs. 2828.99 lakhs |
| ii. Operating Profit (PBITD) | : | Rs. 531.03 lakhs |
| iii. Net Profit After Tax | : | Rs. 136.32 lakhs |
| iv. Debt Equity | : | 1.33 :1 |
| v. Current Ratio | : | 1.43 :1 |
| vi. Net Worth | : | Rs.1318.05 lakhs |
- 4) Export Performance For the year ended 31.03.09, the Company has made exports of Rs.69.31 lacs.
- 5) Foreign Investment or Collaboration
 - i. The Company is the first ever indigenous plant in its type.
 - ii. There is no Foreign investment or collaboration.

2. Information about the appointee:

A. Background details :

Mr. G. G. Chendwankar has been on the Board of the Company, since March 14, 2001. During continuance of his office as Director of the Company but before his appointment as Executive Director on 20.10.2005, he was Vice President of the Promoter Company, Alkyl Amines Chemicals Ltd. Since his appointment as such he has resigned from the services of the Promoter Company. Mr. G. G. Chendwankar is a post graduate in personnel management having more than 46 years of rich experience in different industries such as textiles, engineering, chemical, petrochemical etc, out of which for more than 28 years, he had been on various managerial and senior management positions. During this tenure, he was responsible for various functions related with H.R Personnel and Admn, Industrial Relations, Manufacturing, and also supervising the marketing, purchase, imports and exports functions etc.

"ACHIEVEMENTS" : Framed personnel policies for a number of Organizations, handled labour disputes, signed long-term settlements, handled strikes and go slow situations successfully, streamlined production with the help of technical team, reduced cost by adopting various measures including VRS SCHEMES in two companies, took lot of efforts to turn around our Company (which was earlier a BIFR admitted Company) to a profit making company.

B. ABSTRACT OF THE TERMS OF APPOINTMENT AND REMUNERATION OF MR. G. G. CHENDWANKAR AS AN EXECUTIVE DIRECTOR OF THE COMPANY:

- A) Basic Salary: Rs. 1,30,000/- Per Month
- B) Commission: 0.5% of Net Profits calculated under companies Act,1956.
- C) Perquisites/Amenities:
 - i. HRA: Rs. 25,000/- per month
 - ii. Medical reimbursement: Rs. 25,000/- per annum
 - iii. Leave Travel Concession: Rs. 40,000/- per annum
 - iv. Reimbursement of Contribution paid towards P.P.F.Rs 70,000/- per annum.
 - v. Premium on Mediclaim Insurance for self and family not exceeding the limit prescribed by the Board from time to time. For the purpose of this category 'family' means the spouse, the dependent children and dependent parents.
 - vi. Premium on Personal Accident Insurance for Rs.5 Lacs.
 - vii. Full use of Company car and driver,
 - viii. Telephone facilities at residence,

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- ix. Leave with full pay and encashment of leave at the end of tenure.
- x. Conveyance and communication facilities
- xi. Other Perquisites

Subject to overall ceiling on remuneration mentioned in Schedule XIII of the companies Act, 1956, he may be given any other allowances, benefits and perquisites as the Board of Directors may decide from time to time.

C) Minimum Remuneration:

In the event of loss or inadequacy of profits in any financial year during the currency or tenure of his service, the payment of remuneration shall be governed by the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment thereof.

D) Job Profile and his suitability:

As an Executive Director, he is responsible for the day to day management of the Company and assisted by Senior Executives. He is working under the superintendence and control of the Board of Directors. He is responsible for all the day to day activities of the Company.

E) Pecuniary Relationship:

He is not related to any of the Promoters / Directors of the Company.

3. Other Information :**Reasons of loss or inadequate profits :**

Before acquisition of the Company, the Company was a Sick Company, having incurred huge losses. The losses or the inadequate profits presently shown in the Balance Sheet of the Company are the previous years losses i.e. losses before acquisition of the Company by the present promoters.

Steps taken or proposed to be taken for improvement.

Since the acquisition the Company, it has been putting all its efforts, to improve its financial position and thereby it has also declared dividend for the last two years i.e. 2007 – 2008 {10%} and 2006–2007 {40 %} including Interim Dividend for 2006-2007 {15%}.

Expected increase in productivity and profits in measurable terms :

Considering the current market scenario it is expected that the Company will be able to report better result for the year 2009-10. The members are requested to approve reappointment of Mr. Chendwankar for the period from 6.11.2008 to 31.3.2009, as Executive Director and thereafter, w.e.f. 01.04.2009, as Director (NON-EXECUTIVE).

Mr. G. G. Chendwankar is interested in this resolution since it relates to his appointment. He holds 14050 equity shares.

A copy of the agreement between the Company and the Executive Director is available for inspection at the Registered office of the Company during business hours.

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

ITEM NO. 7:

On 31.03.2009, Dr. Ambarish Dalal was appointed as Independent Director of the Company.

Dr. Ambrish Dalal, MBBS, D.M.R.E., Diplomate American Board of Radiology, is a Senior Practising radiologist. Dr. Dalal is 59 years of age. He is a director of Insight Healthscan Pvt. Ltd.

He holds office until the date of this Annual General Meeting, as per the provisions of 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 Dr. Dalal 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 Dr. Dalal, 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.

Dr. Dalal is concerned and is interested in his appointment and none of the other Directors is interested or concerned in the said appointment. Dr. Dalal holds 11050 Shares in the Company.

Resolution placed at item No 7 of the accompanying notice is recommended for your approval.

Vadodara, Dated: May 15, 2009.

REGISTERED OFFICE:

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

By Order of the Board

G. G. CHENDWANKAR
Director

DIRECTORS' REPORT

To the Members,

Your Directors present their 33rd Annual Report together with the audited accounts for the financial year ended 31st March, 2009.

1. FINANCIAL RESULTS:

| | <i>(Rs. in Lacs)</i> | |
|---|----------------------------------|-----------------------------------|
| | Current Year 31/03/09 | Previous Year 31/03/08 |
| Operating Profit before interest and depreciation | 531.03 | 611.43 |
| Interest and other financial charges | 179.50 | 154.51 |
| Profit before depreciation | 351.53 | 456.92 |
| Depreciation & Amortization | 141.94 | 179.36 |
| Profit after interest & depreciation | 209.59 | 277.56 |
| Less: Provision for taxation | 73.26 | 106.67 |
| Profit after Tax available for distribution | 136.32 | 170.89 |
| Interim Dividend paid (including Dividend Tax) | --- | --- |
| Proposed Dividend (including Dividend Tax) | 76.30 | 77.15 |
| Amount transferred to Capital Redemption Reserve | --- | 14.07 |
| Amount transferred to General Reserve | --- | --- |
| Balance of P&L A/c for the year | 60.02 | 79.67 |
| Debit balance of P&L A/c carried forward from last year | (360.41) | (440.08) |
| Loss carried to Balance Sheet | (300.40) | (360.41) |

2. OPERATIONS:

Your Company's total income for the year 2008-09 (net of excise) amounted to Rs. 3029.49 lacs as compared to Rs. 1938.30 lacs of last year. The result for the year shows net profit after tax of Rs. 136.32 lacs as compared to the net profit of Rs. 170.89 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:

Considering the financial results achieved during the year under review, the Board of Directors has recommended the final dividend of 10% (Re. 1 per share) on 6522160 equity shares of the Company for the financial year 2008 – 2009 out of the net profit available for distribution.

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.

DIAMINES**7. BOARD OF DIRECTORS:**

Mr. Yogesh M. Kothari and Mr. Kirat Patel 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.

The Board of Directors at its Meeting held on 24.10.2008 approved the reappointment of Mr. G. G. Chendwankar as Executive Director for the period from 06.11.2008 to 31.03.2009, subject to the approval of members at General Meeting.

As resolved in the Board Meeting held on 31.03.2009, after the expiry of his term as Executive Director of the Company, Mr. G. G. Chendwankar will continue to hold office as Director (Non-executive) on the Board of the Company w.e.f. 01.04.2009.

On 31.03.2009, Dr. Ambarish Dalal was appointed as Independent Director of the Company. He holds office until the date of this Annual General Meeting, as per the provisions section 260 of the Companies Act, 1956.

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, 2009, 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 31st March, 2009 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, 2009 have been prepared on a going concern basis.

9. AUDITORS:

M/s. Bansi S. Mehta & 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.