

**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
Mr. Shreyas Mehta	Director
Mr. Girish R. Satarkar	Executive Director

**Company Secretary**

Mr. Bhavesh Ghaghda

**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 & 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](mailto:info@dacl.co.in)

Web Site : [www.dacl.co.in](http://www.dacl.co.in)

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**NOTICE**

**NOTICE** is hereby given that the Thirtyfourth 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 20th day of July, 2010 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, 2010 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 2010.
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 a Director in place of Mr. G.S.Venkatachalam who retires by rotation and being eligible, offers himself for re-appointment.
6. 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:**

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

“RESOLVED THAT Mr. Girish Satarkar who was appointed as an Additional Director of the Company on 13<sup>th</sup> April 2010 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 as a Director of the Company, liable to retire by rotation.”

8. 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 appointment of Mr. Girish R. Satarkar as Executive Director of the Company with effect from 13<sup>th</sup> April, 2010 upto 12<sup>th</sup> April, 2013 and for the payment of remuneration to him as per the terms and conditions setout in the Explanatory Statement annexed hereto, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment as may be agreed between the Board and Mr. Girish R. Satarkar.”

“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.”

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

“RESOLVED THAT Mr. Shreyas Mehta, who was appointed as an Additional Director of the Company on 29<sup>th</sup> January, 2010 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."

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

"RESOLVED THAT pursuant to the provisions of section 309 and other applicable provisions, if any, of the Companies Act, 1956, and subject to all permissions, sanctions, and approvals as may be necessary, approval of the Company be and is hereby accorded for payment of Commission to the Director(s) of the Company who are not in the whole time employment of the Company, in accordance with and upto the limits laid down under provisions of section 309(4) of the Act, computed in manner specified in the Act, for a period of 5 years from the financial year commencing from 1<sup>st</sup> April, 2011, in such manner and upto such extent as the Remuneration Committee of the Board may, from time to time, determine.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and /or Remuneration Committee constituted by the Board be and are hereby authorized to take all actions and do all such deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

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

"RESOLVED THAT in super-session of the Resolution passed at the Fifteenth Annual General Meeting of the Shareholders of the Company held on 13<sup>th</sup> September, 1991 and pursuant to Section 293(1)(d) of the Companies Act, 1956 and other enabling provisions, if any, of the said Act, Consent be and is hereby granted to and authority conferred upon the Board of Directors of the Company, to borrow from time to time from Financial Institutions/Banks and other agencies/parties by way of cash credit, advances, deposit or other loans/debentures/credit facilities etc., whether secured or unsecured by mortgage, charge, hypothecation or pledge of the Company's assets and properties whether movable or immovable or stock-in-trade (including raw-materials, stores, spare parts and components in stock or in transit) work in process and debts and advances not withstanding that sum or sums so borrowed together with the moneys, if any, already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves which have not been set apart for any specific purposes, provided however the total amount so borrowed shall not exceed Rs.200 Crores (Rupees Two Hundred Crores only)."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293(1)(a) and other applicable provisions of the Companies Act, 1956, to the creation by the Board of Directors on behalf of the Company of such mortgages, charges, hypothecations and floating charges in such form and such manner as may be agreed to between the Board of Directors and the Company's lenders on all or any of the immovable properties of the Company both present and future of every nature and kind whatsoever and the undertaking of the Company in certain events, to secure cash credit, advances, deposit or other loans/debentures/credit facilities etc. not exceeding Rs.200 crores (Rupees Two Hundred Crores only) from Financial Institutions/Banks and other agencies/parties with interest thereon, commitment charges, liquidated damages, charges, expenses and other monies, such mortgages and/or charges already created or to be created in future by the Company in such manner as may be thought expedient by the Board of Directors".

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

"RESOLVED THAT pursuant to the provisions of section 94, 95 and other applicable provisions, if any,

of the Companies Act, 1956, and subject to all permissions, sanctions, and approvals as may be necessary, approval of the Company be and is hereby accorded to reclassify 7,50,000 (Seven Lacs Fifty Thousand) Cumulative Redeemable Preference Shares of Rs.100/- each (Rupees One Hundred only) mentioned in the Authorized Capital of the Company into 75,00,000 (Seventy Five Lacs) Equity Shares of Rs.10/- each. (Rupees Ten only) and that the first sentence of existing clause V of the Memorandum of Association of the Company be and is hereby substituted with the words as follows:

"The Authorized Share Capital of the Company is Rs.17,50,00,000/- (Rupees Seventeen Crores Fifty Lacs) divided into 1,75,00,000 Equity Shares of Rs. 10/- (Rupees Ten Only) each."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 3 of the Article of Association of the Company be substituted with the following new Article 3 :

The Capital of Company will be as that specified in Clause V of the Memorandum of Association from time to time".

**Mumbai, Dated: May 21, 2010.**

**REGISTERED OFFICE:**

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

By Order of the Board

**Bhavesh Ghaghda**  
Company Secretary

**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 to 5 and 7 to 13 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 09.07.10 to 20.07.10 (both days inclusive).
- (d) Dividend on Equity Shares as recommended by the Directors for the financial year ended March 31, 2010 when declared at the meeting will be paid on or after 2nd August, 2010 :-
  - (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 09.07.2010, **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 09.07.2010.
- (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 09.07.2010 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](mailto: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 21, 2010.**

**REGISTERED OFFICE:**

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

By Order of the Board

**Bhavesh Ghaghda**  
Company Secretary

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**ANNEXURE TO THE NOTICE**

**Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 and 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 56 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. Mr. G. G. Chendwankar aged 71 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 19,825 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.

**ITEM NO. 5:**

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

Mr. G.S.Venkatachalam has been on the Board of the Company since, May 12, 2008. Mr. G.S. Venkatachalam, aged 55 years, is a Chartered Accountant and has about 25 years of experience in various industries in India and abroad.

The Board considers it beneficial and in the interest of the Company to continue to have the guidance and advice of Mr. G.S. Venkatachalam, and accordingly recommends his appointment as Director of the Company.

He holds 200 equity shares in the Company.

Mr. G. S.Venkatachalam does not hold directorship in any other company.

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

Resolution placed at item No 5 of the accompanying notice is recommended for your approval.

**ITEM NO. 7 and 8 :**

On 13/04/2010, the Board has appointed Mr. Girish R. Satarkar as Additional Director of the Company, Pursuant to Section 260 of the Companies Act,1956, read with 108 of the Articles of Association of the Company. Mr. Girish R. Satarkar holds office only upto the date of Annual General Meeting. The Company has received in Notice under section 257(1) of the Companies Act,1956, in writing from a member proposing the candidature of Mr. Girish R. Satarkar 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 of Directors has appointed Mr. Girish R. Satarkar as an Executive Director for the period from 13<sup>th</sup> April, 2010 to 12<sup>th</sup>, April, 2013 upon the terms and conditions including remuneration as set out hereunder.

Mr. Girish R. Satarkar does not hold directorship in 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 31.03.2010 | <table border="0"><tbody><tr><td>i. Turnover</td><td>:</td><td>Rs. 4341.54 lakhs</td></tr><tr><td>ii. Operating Profit (PBIDT)</td><td>:</td><td>Rs. 1867.79 lakhs</td></tr><tr><td>iii. Net Profit After Tax</td><td>:</td><td>Rs. 935.42 lakhs</td></tr><tr><td>iv. Debt Equity</td><td>:</td><td>0.89 :1</td></tr><tr><td>v. Current Ratio</td><td>:</td><td>1.90 :1</td></tr><tr><td>vi. Net Worth</td><td>:</td><td>Rs.2101.37 lakhs</td></tr></tbody></table> | i. Turnover  | :  | Rs. 4341.54 lakhs | ii. Operating Profit (PBIDT) | : | Rs. 1867.79 lakhs | iii. Net Profit After Tax | : | Rs. 935.42 lakhs | iv. Debt Equity | : | 0.89 :1 | v. Current Ratio | : | 1.90 :1 | vi. Net Worth | : | Rs.2101.37 lakhs |
| i. Turnover  | :   | Rs. 4341.54 lakhs  |  |                   |                              |   |                   |                           |   |                  |                 |   |         |                  |   |         |               |   |                  |
| ii. Operating Profit (PBIDT)                                     | :   | Rs. 1867.79 lakhs  |  |                   |                              |   |                   |                           |   |                  |                 |   |         |                  |   |         |               |   |                  |
| iii. Net Profit After Tax  | :   | Rs. 935.42 lakhs   |  |                   |                              |   |                   |                           |   |                  |                 |   |         |                  |   |         |               |   |                  |
| iv. Debt Equity  | :   | 0.89 :1  |  |                   |                              |   |                   |                           |   |                  |                 |   |         |                  |   |         |               |   |                  |
| v. Current Ratio   | :   | 1.90 :1  |  |                   |                              |   |                   |                           |   |                  |                 |   |         |                  |   |         |               |   |                  |
| vi. Net Worth  | :   | Rs.2101.37 lakhs   |  |                   |                              |   |                   |                           |   |                  |                 |   |         |                  |   |         |               |   |                  |
| 4) Export Performance  | For the year ended 31.03.10, the Company has made exports of Rs.229.23 lacs.  |  |  |                   |                              |   |                   |                           |   |                  |                 |   |         |                  |   |         |               |   |                  |
| 5) Foreign Investment or Collaboration                           | <table border="0"><tbody><tr><td>i. The Company is the first ever indigenous plant in its type.</td></tr><tr><td>ii. There is no Foreign investment or collaboration.</td></tr></tbody></table>   | i. The Company is the first ever indigenous plant in its type. | ii. There is no 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 Girish R Satarkar, age 46 years, is Masters of Science (Technology) or M.Sc. (Tech) in Textiles Chemistry (from UDCT, now known as ICT) and Masters in Marketing Management, from Mumbai University.

He has more than 21 years of experience in his core area of competence, Sales & Marketing (Industrial), and has a wide exposure to domestic and international markets, giving him a deep understanding of the dynamics of markets in different business environments (National and International). He has worked in different companies (from Multi National Companies to Large Indian Companies) thereby giving him hands-on experience of different Corporate cultures that exist and has thus enriched his profile on understanding human behaviour and different business practices. This has further helped him in developing effective communication and inter - personal skills.



During the course of his professional journey so far, on the strength of his technical qualifications and Industrial Marketing background, he has been instrumental in introducing various products and has helped in increasing the Market Shares and building - up of Capacities in various positions in different companies.

He has a wide experience of dealing in different products from industries such as Dyestuffs, Pigments, Textile Chemicals, Paper Chemicals, Paints & Polymer Additives, and, Speciality Chemicals. Besides his core area of operations he was also actively involved in other important functions such as Procurement, Vendor Development, Supply Chain Management and Logistics, Production Planning and in some cases, Finance. Thus, he has got an insight and over-view of all the major Management functions.

He is a widely - travelled person and has visited more than 14 countries giving him opportunities to enrich his experience in a variety of fields.

**B. ABSTRACT OF THE TERMS OF APPOINTMENT AND REMUNERATION OF MR. GIRISH R. SATARKAR AS AN EXECUTIVE DIRECTOR OF THE COMPANY:**

- a) Salary : In the range of Rs.1,00,000/- to Rs.1,60,000/- per month with authority to the Board of Directors to revise it from time to time.
- b) House Rent Allowance: Not exceeding 40% of the salary per month.
- c) Medical reimbursement: Reimbursement of actual medical expenses/ premium on Mediclaim Policy incurred for self and family not exceeding Rs.48,000/- per annum.
- d) Leave Travel Concession: Reimbursement of actual expenses for self and family once in a year to and fro to any place not exceeding Rs.54,000/- per annum.
- e) Use of company car for official and personal work.
- f) Reimbursement of driver's salary/telephone/entertainment expenses not exceeding Rs.7,500/- per month.
- g) Company's contribution to Provident Fund and Superannuation Fund as per rules of the company.
- h) Gratuity as per rules of the company.
- i) Leave as per rules of the company.

The Company shall pay commission on net profits at such percent to the Executive Director as determined by the Board from year to year provided that the total commission shall not exceed 0.25% of the net profits as calculated under the provisions of The Companies Act, 1956 or 25% of the annual basic salary, whichever is lower. In the event of loss or inadequacy of profits, he shall be paid the above remuneration, except commission on profits, provided that the total remuneration shall not exceed the ceilings mentioned in Schedule XIII of the Companies Act, 1956.

The Executive Director shall be entitled to be reimbursed in respect of actual expenses incurred by him (including travelling, entertainment, etc.) for and on behalf of the company.

This may please be treated as an abstract of the terms and conditions regarding the Appointment of Mr. Girish R. Satarkar as an Executive Director pursuant to the provisions of Section 302 of the Companies Act, 1956.

The remuneration payable to Mr. Girish R. Satarkar is in consonance with the remuneration being paid by the other companies of similar size in the industry to their managerial personnel.

**C. 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.



**D. Pecuniary Relationship:**

He is not related to any of the Promoters / Directors of the Company. Mr. Girish R. Satarkar holds 200 Equity Shares of the Company.

It will be in the interest of the Company that Mr. Girish R. Satarkar is appointed as Executive Director of the Company.

Resolution placed at item no. 7 & 8 of the accompanying notice is recommended for your approval.

Mr. Girish R. Satarkar is interested in this resolution since it relates to his appointment.

Draft of the agreement between the Company and the Executive Director is available for inspection at the Registered Office of the Company during business hours.

**ITEM NO. 9:**

On 29/01/2010, the Board has appointed Mr. Shreyas Mehta as Independent Director.

Mr. Shreyas Mehta, aged 59 years, is a Businessman and has about 25 years of experience in various industries in India and abroad.

Mr. Shreyas Mehta holds 6000 Equity Shares in the Company. Mr. Shreyas Mehta holds Directorship in the following companies;

1. Ornamentations (I) Pvt. Ltd.
2. Arech Markfin Pvt. Ltd.
3. Specular Marketing & Financing Ltd.
4. Image Computer Systems 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 Mr. Shreyas Mehta 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. Shreyas Mehta, and accordingly recommends his appointment as Director of the Company.

Mr. Shreyas Mehta 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 9 of the accompanying notice is recommended for your approval.

**ITEM NO. 10:**

Since acquisition of the Company by the present promoters in the year 2000, the Company has made steady progress under the superintendence, control and direction of the Directors of the Company.

The Company which was earlier a BIFR Company, has made its networth positive in 2003 – 2004 and is on the Dividend list for the last 6 years. The responsibilities of the Directors have considerably increased with the steady progress of the Company.

Hence, taking into account the responsibilities of the Directors, it is proposed that in terms of section 309 (4) of the Companies Act, 1956, the Directors of the Company {Part – Time Directors, i.e. Other than the Executive Director or the Whole Time Directors, if any} be paid, for each year of five financial years of the Company commencing 1<sup>st</sup> of April, 2011, remuneration not exceeding 1% per annum { one percent only } or 3% per annum (in the event the Company has no Managing/Whole time Director or Manager) of the net profits of the Company or such other percentages computed in accordance with the provisions of the Companies Act, 1956. The remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board.

All the Directors of the Company, (except Mr. Girish R. Satarkar) are concerned or interested to the extent of the remuneration that may be received by them.

Resolution placed at item No 10 of the accompanying notice is recommended for your approval.

**ITEM NO. 11:**

The Shareholders are aware that at the Fifteenth Annual General Meeting of the Shareholders of the Company held on 13<sup>th</sup> September, 1991 a resolution was passed authorizing the Board of Directors of the Company to borrow money/ies from time to time up to an amount not exceeding Rs.25 Crores (Rupees Twenty Five Crores only) for the purpose of business of the Company. Since then the volume of business has increased considerably and is expected to increase further and as such, it is further likely that the Company may require more funds in future and it will be necessary for the Company to borrow money/ies from time to time either from its bankers or from bodies corporate or from financial institutions or from others for its expanding activities. It is therefore, desirable to increase the said limit of Rs.25 Crores (Rupees Twenty Five Crores) to Rs.200 Crores (Rupees Two Hundred Crores).

Resolution placed at item No 11 of the accompanying notice is recommended for your approval.

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

**ITEM NO. 12:**

The Shareholders are aware that at the Fifteenth Annual General Meeting of the Shareholders of the Company held on 13<sup>th</sup> September, 1991 a resolution was passed authorizing the Board of Directors of the Company to create charges to secure borrowings of money/ies from time to time up to an amount not exceeding Rs.25 Crores (Rupees Twenty Five Crores only) for the purpose of business of the Company. Since then the volume of business has increased considerably and is expected to increase further and as such, it is further likely that the Company may require more funds in future and it will be necessary for the Company to borrow money/ies from time to time either from its bankers or from bodies corporate or from financial institutions or from others, for its expanding activities. It is therefore, desirable to increase the said limit of Rs.25 Crores (Rupees Twenty Five Crores) to Rs. 200 Crores (Rupees Two Hundred Crores).

Resolution placed at item No 12 of the accompanying notice is recommended for your approval

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

**ITEM NO. 13:**

The Company's Authorized Capital of Rs.17,50,00,000/- (Rupees Seventeen Crores Fifty Lacs) consists of 1,00,00,000 Equity Shares of Rs.10/- each amounting to Rs. 10,00,00,000/- (Rupees Ten Crores) and 7,50,000 Redeemable Preference Shares of Rs.100/- each amounting to Rs. 7,50,00,000/- (Rupees Seven Crores Fifty Lacs). The Company has already issued 65,22,160 Equity Shares of Rs.10/- each. In view of growing operations of the Company and also for future growth it may be necessary to issue further Equity Shares. Your Directors feel that it may be advisable to reclassify the existing Redeemable Preference Share. Capital mentioned in the Authorised Capital as Equity Shares Capital. This involves appropriate amendment to Capital Clause V of Memorandum of Association as mentioned in the resolution.

Resolution placed at item no.13 of the accompanying notice is recommended for your approval.

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

**ITEM NO. 14:**

The Company's Authorised Capital of Rs.17,50,00,000/- (Rupees Seventeen Crores Fifty Lacs) consists of 1,00,00,000 Equity Shares of Rs.10/- each amounting to Rs. 10,00,00,000/- (Rupees Ten Crores) and 7,50,000 Redeemable Preference Shares of Rs.100/- each amounting to Rs. 7,50,00,000/- (Rupees Seven Crores Fifty Lacs). The Company has already issued 65,22,160 Equity Shares of Rs.10/- each. In view of growing operations of the Company and also for future growth it may be necessary to issue further Equity Shares. Your Directors feel that it may be advisable to reclassify the existing Preference Share Capital mentioned in the Authorised Capital, as Equity Share Capital. This involves appropriate amendment to Article 3 of the Articles of Association as mentioned in the Special Resolution.

Resolution placed at item No 14 of the accompanying notice is recommended for your approval.

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

**Mumbai, Dated: May 21, 2010.**

**REGISTERED OFFICE:**

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

By Order of the Board

**Bhavesh Ghaghda**  
Company Secretary

**DIRECTORS' REPORT**

To the Members,

Your Directors present their 34th Annual Report together with the audited accounts for the financial year ended 31st March, 2010.

**1. FINANCIAL RESULTS:**

	<i>(Rs. in Lacs)</i>	
	<b>Current Year 31/03/10</b>	<i>Previous Year 31/03/09</i>
Operating Profit before interest and depreciation	<b>1867.79</b>	531.03
Interest and other financial charges	<b>257.58</b>	179.50
Profit before depreciation	<b>1610.21</b>	351.53
Depreciation & Amortization	<b>163.28</b>	141.94
Profit after interest & depreciation	<b>1446.93</b>	209.59
Less: Provision for taxation	<b>511.50</b>	73.26
Profit after Tax available for distribution	<b>935.42</b>	136.32
Proposed Dividend (including Dividend Tax)	<b>152.11</b>	76.30
Amount transferred to General Reserve	<b>70.15</b>	—
Balance of P&L A/c for the year	<b>713.15</b>	60.02
Debit balance of P&L A/c carried forward from last year	<b>(300.40)</b>	(360.41)
Profit/(Loss) carried to Balance Sheet.	<b>412.75</b>	<b>(300.40)</b>

**2. OPERATIONS:**

Your Company's total income for the year 2009-10 (net of excise) amounted to Rs.5538.47 lacs as compared to Rs. 3029.49 lacs of last year. The result for the year shows net profit after tax of Rs. 935.42 lacs as compared to the net profit of Rs. 136.32 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 20% {Re. 2 per share} on 6522160 Equity Shares of the Company for the financial year 2009 – 2010 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.

**7. BOARD OF DIRECTORS:**

Mr. Amit M. Mehta, Mr. G.G.Chendwankar and Mr. G.S.Venkatachalam 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.

On 29.01.2010 Mr. Shreyas Mehta was appointed as Independent Director of the Company. He holds office until the date of this Annual General Meeting, as per provisions of section 260 of the Companies Act, 1956.

On 13.04.2010 Mr. Girish R. Satarkar was appointed as Executive Director of the Company. He holds office until the date of this Annual General Meeting, as per provisions of 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 31<sup>st</sup> March, 2010, 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<sup>st</sup> March, 2010 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 31<sup>st</sup> March, 2010 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.

**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. The Company is also trying to go for Enterprise Resource Planning to enhance efficiency at over all organization level to improve accuracy of data generation.

**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-9001:2008)**

Your Company is certified for ISO 9001:2008 for "Manufacture and Sale of Amine based Industrial Chemicals." There was surveillance audit since the Company's certification by internationally reputed M/s. BVQI. In terms of improvement of effectiveness of QMS and its processes, system updated as per 9001:2008. Documentation changed to 3 levels of all the departments. In the current year also M/s. BVQI had conducted their audit to upgrade our existing certificate as per ISO: 9001:2008, guidelines and had certified for certification as per ISO:9001:2008 QMS.

The ISO 9001:2008 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. The Company is planning to instal Fire Hydrant System in its plant to enhance safety & security of its plant & workers.

**16. LISTING DETAILS:**

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

Bombay Stock Exchange Ltd.,

Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001.

**Code No.** 500120

The Company has paid the annual listing fees to the above Stock Exchange for the financial year 2010–2011.

**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 Common Agency for both DEMAT & Physical Share Transfer work, your Company has appointed and continued with M/s. MCS Ltd., 1<sup>st</sup> 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. 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.

**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 21, 2010.*

**ANNEXURE - 1**  
**FORM A**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Particulars	Current Year 2009 – 10	Previous Year 2008 – 09
<b>A. POWER AND FUEL CONSUMPTION:</b>		
<b>Electricity</b>		
a) Purchased Unit	2150780	1242611
Total Amount (Rs. in lacs)	123.78	69.93
Rate/Unit (Rs.)	5.75	5.63
b) Own Generation		
<b>Through Diesel generator</b>		
Units	18082	8512
Units/Ltr. Of Diesel Oil	1.90	1.66
Cost/Unit (Rs.)	20.75	20.48
<b>Coal</b>		
Quantity in tonnes	5540	2264
Total Cost (Rs. in lacs)	257.39	133.27
Average Rate Rs./Ton	4646	5887
<b>LDO &amp; FO</b>		
Quantity (In Tonnes)	473	399
Total cost (Rs. in lacs)	120.26	108.41
Avg. rate Rs./ Tonne	25448	27170
<b>Generation through Wind Turbine Generator</b>		
Units (KWH in thousand)	5922.01	4860.29
Total Amount (Rs. in lacs)	239.69	194.48
Average Rate (Rs. / Unit)	4.05	4.15
<b>B. CONSUMPTION PER TON OF PRODUCTION</b>		
Production of Speciality Chemicals (MT)	1788	1207
Electricity (Unit)	1202	1029
Coal (Tonnes)	3.09	1.88
FO/LDO (Tonnes)	0.26	0.33

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**FORM – B**  
**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF**  
**TECHNOLOGY, RESEARCH & DEVELOPMENT**

**I TECHNOLOGY ABSORPTION / DEVELOPMENT :**

**(A) Specific areas of significance in which R&D work was carried out by the company :**

1. R & D contributed significantly in developing & implementing process for manufacturing of Ethelene Amines.
2. Besides R & D is also involved in developing new Products / Piperazine derivatives.
3. Providing Technical support to marketing department.
4. Technical support to Q/A department for improving the quality of products.

**(B) Benefits derived from R&D:**

1. Improved the quality as well as shelf life of existing products.
2. **Commercialization of Technologies developed**  
Successfully establish the manufacturing process for the new Ethylene amines Plant via EDC route.
3. Technical support provided to production, marketing, and Q/A department to improve the business of the company.

**(C) Future plans of Action**

1. Development of Piperazine derivatives.
2. Production of Ethylene amines by MEA route.
3. To generate data for debottlenecking of Ethyleneamines production facilities, to increase the production capacity, quality improvement as well as cost reduction.
4. To produce higher homologues of Ethylene amines TETA, TEPA, & PA-Mix of international quality by distillation.

**(D) Expenditure on R&D:**

- |                          |   |                         |
|--------------------------|---|-------------------------|
| a. Capital               | : | 6,97,989                |
| b. Revenue               | : | 9,44,157                |
| c. Total                 | : | 16,42,146               |
| d. Total R&D expenditure | : | 0.38% of total turnover |

**(E) 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.

**II FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Year ended March 31	2010 (In Rs.)	2009 (In Rs.)
Foreign exchange earnings	2,29,23,335	69,31,908
Foreign exchange outgo	23,75,11,186	13,50,64,566



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Industry Structure and Development:**

Your Company is a leading producer of Ethyleneamines in India having a plant at PCC Area, P.O. Petrochemicals, Vadodara – 391 346. Our products find application in important industry segments like pharmaceuticals, agro-chemicals, dyes & pigments, etc. The day-to-day management of the Company is looked by the Executive Director assisted by a team of competent technical & commercial professionals. Further details on the Company can be obtained by visiting the website [www.dacl.co.in](http://www.dacl.co.in).

### **Performance:**

Total income (net of excise) for the year 2009–2010 amounted to Rs.5538.47 lacs compared to Rs.3029.49 lacs of the previous year. Sales in quantity terms amounted to 1805.984MT compared to 1160.528 MT for the year 2008–09. During the year, your Company has made exports of its products amounting to Rs. 229.23 lacs.

### **Opportunities, Threats, Risks and Concerns:**

As is normal and prevalent for any business, the Company is likely to face competition from large-scale imports. There can be risks inherent in meeting unforeseen situations, not uncommon in the industry. Your Company is fully aware of these challenges and is geared to meet them.

Your Company also recognizes the risks associated with business and would take adequate measures to address the associated risks and concerns. Some of these factors include competition from multinational companies, duty free imports by customers against export obligations, our pricing strategy being mainly dependent on import tariffs and dependence on imported raw material.

### **Financial Performance with Respect to Operational Performance:**

The operating profit for the current year before depreciation, interest and tax stands at - Rs. 1867.79 Lacs as compared to Rs. 531.03 lacs, last year.

### **Internal Control Systems and their adequacy:**

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition. The internal control systems are supplemented by an extensive programme of internal audits, review by management, guidelines & procedures.

Company's control systems are time tested, documented and recognized under ISO Certification. On the financial side, periodic audits by Internal Auditors and External Auditors provide a means whereby weaknesses are exposed and rectified.

The Company has an independent internal audit system, covering on a continuous basis, the entire gamut of operations and services spanning major business functions. The internal audit functions include evaluation of all financial & major operating system controls. The internal audit findings and recommendations are reviewed by the Audit Committee and are then reported to the Board.

### **Human Resource/Industrial Relations:**

Human Resources Development, in all its aspects like training in safety and social values is under constant focus of the management. Relations between the management & the employees at all levels remained healthy & cordial throughout the year. The Management and the Employees are dedicated to achieve the corporate objectives and the targets set before the Company.

### **Business Outlook:**

The year 2010-2011 offers a positive picture in terms of the growth in all segments in comparison with previous years. Consequently the demand for our products will increase. At the same time on account of weakening of Indian Currency imports will become costlier, thus working to our advantage. Your Company has also identified and is focusing on some of its specialty products that would add to its application areas and increase the turnover.

### **Cautionary Statement:**

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations are "forward looking statements". Actual results might differ materially from those anticipated because of changing ground realities.

**For and on behalf of the Board**  
**YOGESH KOTHARI**  
**Chairman**

**Mumbai, Dated: May 21, 2010.**

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## CORPORATE GOVERNANCE

Your Company has always followed fair business and corporate practices. The Company believes that good Corporate Governance is a key factor in achieving long-term growth and success and helps build the confidence in the Company's integrity.

### BOARD OF DIRECTORS AND ITS COMPOSITION:

The Board of Directors of the Company comprises of 9 Non-Executive Directors and 1 Executive Director and amongst them 5 are Independent Directors, who bring in a wide range of skills and experience. The Board Members consists of persons with professional expertise and experience in various fields of Chemicals, Marketing, Finance, Management, Accountancy, etc. and the composition of the Board is in conformity with the amendments in the Listing Agreement.

Details of the Board of Directors are as under:

1.	Mr. Yogesh M. Kothari	Chairman
2.	Mr. Amit M. Mehta	Vice Chairman
3.	Mr. Girish R. Satarkar	Executive Director*
4.	Mr. G.G.Chendwankar	Director
5.	Mr. Kirat Patel	Director
6.	Mr. Dhruv Kaji	Director
7.	Mr. Rajendra Chhabra	Director
8.	Mr. G.S. Venkatachalam	Director
9.	Dr. Ambarish Dalal	Director
10.	Mr. Shreyas Mehta	Director**

\* Appointed as Executive Director w.e.f. 13.04.2010.

\*\* Appointed as Additional Director w.e.f. 29.01.2010.

### RESPONSIBILITIES OF BOARD OF DIRECTORS:

The Board has a variety of matters related to the operations of the Company for its consideration and decision, which includes reviewing corporate performance, ensuring adequate availability of financial resources and reporting to Shareholders. During the year under review, the Board met 5 {Five} times.

The Board of Directors ensures that their other responsibilities do not materially impact their responsibility as Directors of the Company. The Company has not entered into any materially significant transactions with its Directors or their relatives, etc. which affects the interest of the Company.

### ROLE OF INDEPENDENT DIRECTORS:

The Independent Directors play an important role in deliberations at the Board Meetings and bring to the Company their wide experience in the fields of Chemicals, Technology, Management, Finance, Accountancy, etc.

### TENURE OF BOARD OF DIRECTORS:

As per the Companies Act, 1956, two third of the Directors of a Company should be retiring Directors, of which one third of such Directors are required to retire every year and if eligible, they qualify for re-appointment.

Mr. Amit M. Mehta, Mr. G.G.Chendwankar and Mr. G.S.Venkatachalam retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

### BOARD MEETINGS:

The meetings of the Board of Directors are generally held at Mumbai & Vadodra. Meetings are scheduled well in advance. The Board meets at least once in three months to review the quarterly performance and the financial results of the Company. The Members of the Board have access to all information on the Company and are free to recommend inclusion of any matter in the agenda for discussion. Senior Management persons are also invited to attend the Board meetings and provide clarifications as and when required.

During the year under review, 5 Board Meetings were held viz : 15/05/2009, 21/07/2009, 27/10/2009, 11/12/2009 and 29/01/2010. Details of attendance at the Board Meetings and Annual General Meeting for each Director along with their other Directorships is as stated herein below:

## DIAMINES

Sr. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended out of 5 held	Attended last AGM held on 21.07.09
1	Mr. Yogesh M. Kothari	Chairman – NED	5	Yes
2	Mr. Amit M. Mehta	Vice Chairman – NED	4	Yes
3	Mr. G. G. Chendwankar	NED	5	Yes
4	Mr. Kirat Patel	NED	4	Yes
5	Mr. Dhruv Kaji	NED – I	2	No
6	Mr. Rajendra Chhabra	NED – I	5	Yes
7	Mr. G.S.Venkatachalam	NED – I	5	Yes
8	Dr. Ambarish Dalal	NED – I	4	Yes
9	Mr. Shreyas Mehta*	NED – I	-	-
10	Mr. Girish R. Satarkar**	ED	-	-

ED-Executive Director

NED–Non-Executive Director

NED-I : Non-Executive & Independent Director

\* Appointed as Additional Director w.e.f. 29.01.2010.

\*\* Appointed as Executive Director w.e.f. 13.04.2010.

### Details of Number of Directorships in other Bodies Corporate and Chairmanship(s)/Membership(s) held in Committees of Public Limited Companies:

Name of the Director(s)	No. of Directorships in other Companies (Excluding Pvt. Cos.)*	No. of Chairmanship(s) and Membership(s) of Committees of Public Ltd. Cos.**	
		Chairmanship in Committees in which Directors are Members	Memberships in Committees of Companies in which they hold Directorships
Mr. Yogesh M. Kothari	3	1	1
Mr. Amit M. Mehta	2	–	–
Mr. G. G. Chendwankar	–	–	2
Mr. Kirat Patel	2	–	1
Mr. Dhruv Kaji	5	1	1
Mr. Rajendra Chhabra	1	1	1
Mr. G.S.Venkatachalam	–	–	1
Dr. Ambarish Dalal	–	–	–
Mr. Shreyas Mehta	1	1	–
Mr. Girish R. Satarkar***	–	–	–

\* Excluding Diamines and Chemicals Limited.

\*\* The committees mentioned above includes only Audit Committee, Share holders Investors' Grievance Committee.

\*\*\* Mr. Girish R. Satarkar appointed on 13.04.2010.

- None of the Directors of the Company was a member of more than ten Committees of Boards as stipulated under Clause 49 of the Listing Agreement nor was a Chairman of more than five such committees across all companies in which he was a director.

### BOARD COMMITTEES:

To enable better and more focused attention on the affairs of the Company, the Board has appointed the following Committees:

**Audit Committee:**

The Audit Committee was formed on 14<sup>th</sup> March, 2001. The quorum of the said Audit Committee Meetings is 2 members.

The present composition of the Committee is as stated below:

Name	Designation	Category
Mr. Rajendra Chhabra	Chairman	Non-Executive & Independent Director
Mr. G. G. Chendwankar	Member	Non-Executive
Mr. G. S. Venkatachalam	Member	Non-Executive & Independent Director

The terms of reference of the Audit Committee include approving and implementing the audit procedures and techniques, reviewing the financial reporting systems, internal control systems and control procedures and ensuring compliance with the regulatory guidelines. The Audit Committee met prior to the finalisation of Accounts for the year ended 31<sup>st</sup> March, 2010.

Mr. Kirat Patel, Director, the Dy. General Manager (F&A) and Internal Auditor are permanent invitees to the Committee Meetings. The Statutory Auditors are also invited to attend the Meetings. The Company Secretary acts as the Secretary of the Committee.

The Committee members are paid a sitting fee of Rs. 5000/- for each meeting attended by them.

**Meetings and attendance during the year:**

The details of attendance of the Members at these Audit Committee Meetings are as follows:

Member	Attendance at Audit Committee Meetings held on:			
	15.05.09	21.07.09	23.10.09	29.01.10
Mr. Rajendra Chhabra	Yes	Yes	Yes	Yes
Mr. G.G.Chendwankar	Yes	Yes	Yes	Yes
Mr. G.S.Venkatachalam	Yes	Yes	Yes	Yes

Mr. Kirat Patel, Director of the Company and Mr. Girish Satarkar, Chief Executive Officer of the Company were Special Invitees to all the Audit Committee Meetings held during the year under review.

The Minutes of Audit Committee Meetings are noted by the Board of Directors at the Board Meetings. The Chairman of the Audit Committee was present at the 33rd Annual General Meeting held on 21st July 2009.

**Shareholders' / Investors' Grievance Committee of Directors**

Shareholders'/Investors' Grievance Committee comprises of 3 members who are Non-Executive Directors of the Company.

Mr. Yogesh M. Kothari who is the Chairman of the Company also chairs the Meeting. During the year under review, the Committee met 21 times.

The Shareholders' / Investors' Grievance Committee is responsible for approving and monitoring transfers, transmission, splitting and consolidation of shares issued by the Company. The Committee also monitors redressal of complaints from Shareholders relating to transfer of shares, non-receipt of balance sheets, etc.

The present composition of the Committee and attendance during the year is as follows:

Name of the Director	Executive / Non-Executive	No. of Meetings Attended
Mr. Yogesh M. Kothari	Non-Executive	21
Mr. G. G. Chendwankar	Non-Executive	20
Mr. Rajendra Chhabra	Non-Executive	21

Mr. Bhavesh Ghaghda, Company Secretary is the Compliance Officer.



**DISCLOSURES:**

The Company does not have any related party transactions that may have potential conflict with the interests of the Company at large. A list of transactions with related parties as per Accounting Standard AS 18 is given in note 9 of Schedule 19 to the Audited Accounts. Segment Reporting as per Accounting Standard AS – 17 applicable to the Company is given in note 8 of Schedule 19.

**REGULATORY COMPLIANCES:**

The Company has complied with all the requirements of regulatory authorities on capital markets and no penalties; strictures have been imposed against it by the Stock Exchange or SEBI.

**MEANS OF COMMUNICATION:**

The Company has approx. 10000 shareholders. The main source of information to the Shareholders is Annual Report of the Company, which includes *inter-alia*, the Report of the Board of Directors, Operational and Financial Review and the Audited Financial Results. Shareholders are also informed through press publication about the quarterly financial performance of the Company.

Quarterly results of the Company have been announced within one month of the respective quarter. Whenever, the audited results are published for the fourth quarter, they are announced within 2 months of the quarter as prescribed.

Quarterly and Half yearly financial results are published in the Business Standard / Economics Times (in English) and either in Loksatta / Vadodara Samachar (Regional Language newspaper). These results are also immediately posted on the website of the Company at [www.dacl.co.in](http://www.dacl.co.in).

**GENERAL SHAREHOLDER INFORMATION:**

1. Book Closure Date	09.07.2010 to 20.07.2010 (both days inclusive)
2. Date, Time and Venue of the 34th Annual General Meeting	July 20, 2010 at 3.00 pm at Plot No. 13, PCC Area, P.O. Petro Chemicals, Vadodara – 391 346.
3. Listing on Stock Exchanges	Bombay Stock Exchange Ltd., Floor 25, P. J. Towers, Dalal Street, Mumbai 400 001. Tel: 022 – 2272 1233 / 34. Fax: 022 – 2272 2082/3132. (stock code: 500120).
4. Listing Fees	Paid to the above Stock Exchange for the Financial Year 2010 – 2011.
5. Registered Office	Plot No. 13, PCC Area, P. O. Petro Chemicals, Vadodara – 391 346. Tel: 0265 – 2230 305 / 406 / 929 Fax: 0265 – 2230 218 / 2230 708 e-mail: <a href="mailto:info@dacl.co.in">info@dacl.co.in</a> Website: <a href="http://www.dacl.co.in">www.dacl.co.in</a>
6. Place where Share Transfers are to be lodged:  (a) In Physical form     (b) In Electronic form	In view of the recent SEBI circular, every listed company is required to appoint one common agency for handling both Physical & Demat related services in respect of its shares. Accordingly, your Company has continued with and appointed M/s. MCS Ltd., Vadodara for the same w.e.f. 01.04.2003. <b>Mr. S. M. Gandhi - Authorised Person</b> M/s. MCS Ltd. 1st Floor, Neelam Apartments, 88, Sampatrao Colony, Vadodara 390 007 Telephone (0265) 2339397 / 2314757 Fax: (0265) 2341639 ——— As above ———
7. International Securities Identification Number (ISIN)	INE 591D01014

8. Compliance Officer	Mr. Bhavesh Ghaghda
9. Date, Time and Venue for the last 3 A.G.M.'s.	33rd A.G.M.- 21st July, 2009 at 3.00 p.m. held at the Registered Office of the Company 32nd A.G.M.- 29th July, 2008 at 3.00 p.m. held at the Registered Office of the Company 31st A.G.M.- 23rd July, 2007 at 3.00 p.m. held at the Registered Office of the Company. * No Postal Ballots were used/invited for voting at these meetings.
10. Special Resolutions passed	33rd A.G.M. – 1 Special Resolution was passed. 32nd A.G.M. – No Special Resolutions were passed. 31st A.G.M. – No Special Resolutions were passed. * No Postal Ballots were used/invited for voting at these meetings.
11. Closing Price of the Company's Shares on 31st March, 2010. - The Stock Exchange, Mumbai	Rs. 48.75
12. Financial Year	1st April to 31st March each year.
13. Dividend declared for current and earlier years	2009 - 10    2008 - 09    2007 - 08
	Final            20%            10%            10%
	Total            20%            10%            10%
14. Trading in Shares (Electronic Form) on Stock Exchanges	SEBI has made trading in the Company's Shares compulsory in electronic form for all categories of Investors.

**MARKET PRICE DATA:**

High and low during each month in the last financial year:

Sr.No.	Month	The Stock Exchange, Mumbai	
		High (Rs.)	Low (Rs.)
1	April, 2009	25.00	21.95
2	May, 2009	28.50	21.25
3	June, 2009	32.00	25.20
4	July, 2009	42.50	25.15
5	August, 2009	43.05	34.50
6	September, 2009	51.95	39.75
7	October, 2009	64.80	44.65
8	November, 2009	66.00	51.35
9	December, 2009	69.80	51.50
10	January, 2010	73.45	60.05
11	February, 2010	60.00	48.00
12	March, 2010	55.00	47.15



**DISTRIBUTION OF SHAREHOLDING: (as on 31st March, 2010)**

Shareholding of nominal value			Shareholders		Share Amount	
Rs.	Rs.		Number	% of total	Rs.	% of total
(1)			(2)	(3)	(4)	(5)
Upto	-	5,000	9388	95.54	8112030	12.44
5,001	-	10,000	209	2.13	1682680	2.58
10,001	-	20,000	104	1.06	1562680	2.40
20,001	-	30,000	40	0.41	982160	1.50
30,001	and	above	85	0.86	52882050	81.08
<b>TOTAL</b>			<b>9826</b>	<b>100.00</b>	<b>65221600</b>	<b>100.00</b>

**SHAREHOLDING PATTERN: (as on 31st March, 2010)**

Sr. No.	Category	No. of Shares Held	% of total Shares
1	Promoters & persons acting in concert	42,32,431	64.89%
2	Mutual Funds/Banks & FI's/ Insurance Co.	4,567	0.08%
3	Other Corporate Bodies	1,38,887	2.13%
4	Public	20,92,938	32.09%
5	NRI's	53,337	0.81%
6	Any Other	0	0.00%
	<b>TOTAL</b>	<b>65,22,160</b>	<b>100.00%</b>

**DEMATERIALISATION OF SHARES: (as on 31st March, 2010)**

Particulars	No. of Equity Shares	% to Share Capital
NSDL	56,19,202	86.16
CDSL	4,80,751	07.37
Physical	4,22,207	06.47
<b>TOTAL</b>	<b>65,22,160</b>	<b>100.00</b>

**Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on Equity:**

The Company has not issued any of these instruments.

**FOR DIAMINES AND CHEMICALS LTD.**

**YOGESH KOTHARI**  
*Chairman*

*Mumbai, Dated: May 21, 2010.*

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To  
The Members of  
**DIAMINES AND CHEMICALS LIMITED**

I have examined all relevant records of **Diamines and Chemicals Limited** for the purpose of certifying compliance of conditions of Corporate Governance under clause 49 of the listing agreement with Bombay Stock Exchange for the financial year ended on 31<sup>st</sup> March 2010. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. This certificate is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of the records produced, explanation and information furnished, I certify that the Company has complied with ;

- a) all the mandatory conditions of the said clause 49 of the listing agreement;
- b) the following non-mandatory requirements of the said Clause 49;
  - i) The Company has set up Remuneration Committee to determine remuneration package of executive director.

For Sandip Sheth & Associates  
Practising Company Secretaries

Sandip Sheth  
Membership No. FCS : 5467  
COP No. 4354

Ahmedabad, Dated: May 21, 2010.

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**AUDITORS' REPORT**  
**For the year ended March 31, 2010**

**To the Members of  
Diamines and Chemicals Limited**

1. We have audited the attached Balance Sheet of **DIAMINES AND CHEMICALS LIMITED** as at March 31, 2010 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraph 4 of the said Order.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report that:
  - a. We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e. On the basis of the written representations received from the public companies in which the Directors of the Company are directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

  - i. in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
  - ii. in the case of Profit and Loss Account, of the profit for the year ended on that date; and
  - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **BANSI S. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 100991W

**PARESH H. CLERK**  
Partner  
Membership No. 36148

Place : Mumbai  
Dated : May 21, 2010.

**Annexure referred to in paragraph 3 of the Auditors' Report of even date to the members of  
DIAMINES AND CHEMICALS LIMITED on the accounts for the year ended March 31, 2010.**

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

- i. a. The Company is generally maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.  
b. According to the information and explanations given to us, no physical verification of fixed assets has been conducted by the management during the year. Hence, we are unable to comment on any material discrepancy, if any, on fixed asset.  
c. The Company has not disposed off any substantial part of its fixed assets during the year.
- ii. a. The Inventory, except materials lying with third parties for which confirmations are obtained, has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.  
b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- iii. a. As per the information furnished, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register, maintained under Section 301 of the Companies Act, 1956;  
As the Company has not granted any such loans, Clause (iii)(b) of the Order relating to the rate of interest and other terms and conditions, whether prima facie prejudicial to the interest of the Company, Clause (iii)(c) relating to regularity of the receipt of principal amount and interest and Clause (iii)(d) relating to steps for recovery of overdue amount of more than rupees one lakh, are not applicable.  
b. As per the information furnished, the Company had taken unsecured inter corporate deposits from two companies covered in the register maintained under Section 301 of the Companies Act, 1956; The deposit of one such company was repaid during the year. The maximum amount involved during the year was Rs.2,25,87,157 and the year-end balance for one such company was Rs.28,40,732. In our opinion, the rate of interest and other terms and conditions of these deposits are not, prima facie, prejudicial to the interest of the Company.  
The Company is regular in repayment of the principal amounts as stipulated and as also in the payment of interest.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods. However, the Company is not engaged in the sale of any service. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v. a. According to the records of the Company examined by us and the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the Register required to be maintained under that Section; and  
b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time, wherever applicable.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year and hence, the question of complying with the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder, does not arise.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

- viii. As maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 for the products manufactured by the Company, the question of commenting on maintenance of such records does not arise.
- ix. a. According to the information and explanations given to us and the records examined by us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Service-tax, Customs duty, Excise duty, Cess and other material Statutory dues applicable to it and there were no arrears of such Statutory dues as on March 31, 2010 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, as may be applicable, given herein below are the details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess which have not been deposited on account of disputes and the forum where the dispute is pending:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relate	Forum where dispute is pending
Income-tax Act, 1961	Tax on account of disallowances	1,618,523	Assessment year 07-08	Assessing Officer

- x. There are no accumulated losses of the Company as on March 31, 2010, and the Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi. According to the information and explanations given to us and records of the Company examined by us, the Company has not defaulted in repayment of dues, if any, to a financial institution, bank or debenture holders.
- xii. According to the information and explanations given to us, the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. As the Company is not a chit fund, nidhi, mutual benefit fund or society, Clause (xiii) of the Order is not applicable.
- xiv. According to the information and explanations given to us, as the Company is not dealing or trading in shares, securities, debentures and other investments, the requirements of Clause 4(xiv) of the Order are not applicable.
- xv. According to the information and explanations given to us, as the Company has not given any guarantee for loans taken by others from banks or financial institutions, the requirements of Clause 4(xv) of the Order to comment on whether the terms and conditions, whereof are prejudicial to the interest of the Company, is not applicable.
- xvi. According to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilisation of the funds for the intended use.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that, the funds raised on short-term basis have not been used for long-term investments.
- xviii. According to the information and explanations given to us, as the Company has not made any preferential allotment of shares during the year, Clause 4(xviii) of the Order is not applicable.
- xix. According to the information and explanations given to us, as the Company has not issued any debentures, Clause 4(xix) of the Order is not applicable.
- xx. As the Company has not raised any money by public issue during the year, Clause 4(xx) of the Order is not applicable.
- xxi. Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **BANSI S. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 100991W  
**PARESH H. CLERK**  
Partner  
Membership No. 36148

Place : Mumbai  
Dated : May 21, 2010.

**BALANCE SHEET AS AT MARCH 31, 2010**

	Schedule	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share capital	1	65,221,600		65,221,600
Reserves and surplus	2	144,914,957		66,583,440
			210,136,557	131,805,040
<b>Loan Funds</b>				
Secured loans	3	184,155,982		152,054,298
Unsecured loans	4	2,399,837		22,541,084
			186,555,819	174,595,382
<b>Deferred Tax Liability (Net)</b>			38,343,371	31,900,391
		Total	435,035,747	338,300,813
<b>APPLICATION OF FUNDS</b>				
<b>Fixed assets</b>	5			
Gross block		546,106,387		461,417,454
Less: Accumulated Depreciation		245,830,536		229,501,892
Net block		300,275,851		231,915,562
Capital Work-in-progress		3,985,664		34,811,538
			304,261,515	266,727,100
<b>Investments</b>	6		967,115	967,115
<b>Current Assets, Loans and Advances</b>				
Inventories	7	132,731,672		102,374,615
Sundry Debtors	8	92,932,012		82,678,505
Cash and Bank Balances	9	35,276,530		29,009,096
Loans and Advances	10	12,372,854		22,676,454
		273,313,068		236,738,670
<b>Less : Current Liabilities and Provisions</b>	11			
Current Liabilities		123,969,773		155,831,190
Provisions		19,536,178		10,300,882
		143,505,951		166,132,072
<b>Net current assets</b>			129,807,117	70,606,599
<b>Profit and Loss Account</b>		NIL		30,040,828
<b>Less : Deduction against General Reserve - Per Contra</b>		NIL		(30,040,828)
			NIL	NIL
<b>Significant Accounting Policies</b>	18			
<b>Notes to the financial statements</b>	19			
	Total		435,035,747	338,300,813

As per our report of even date attached  
**For BANSIS. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No. 100991W  
**PARESH H. CLERK**  
Partner  
Membership No. 36148  
**Mumbai, Dated : May 21, 2010.**

For and on behalf of the Board  
**Yogesh Kothari** Chairman  
**Amit Mehta** Vice Chairman  
**Rajendra Chhabra** Director  
**Girish Satarkar** Executive Director  
**Bhavesh Ghaghda** Company Secretary

**Mumbai, Dated : May 21, 2010**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010**

	Schedule	Rupees	For the Year ended on March 31, 2010 Rupees	For the Year ended on March 31, 2009 Rupees
<b>INCOME</b>				
Sales (Gross) Less Return		468,621,674		317,397,905
Less : Excise Duty		<u>(34,467,123)</u>		<u>(34,499,118)</u>
Sales Less Returns			434,154,551	282,898,787
Tolling Charges			308,229	3,750,720
Windmill income (net of wheeling charges)			18,956,994	14,065,677
Other income	12		<u>100,428,147</u>	<u>2,234,635</u>
			553,847,921	302,949,819
Increase / (Decrease) in stock of finished Goods and Process stock	13		<u>10,054,600</u>	<u>(10,537,177)</u>
		Total	<u>563,902,521</u>	<u>292,412,642</u>
<b>EXPENDITURE</b>				
Cost of Materials			278,006,077	151,377,629
Employee Cost	14		18,869,492	18,294,904
Manufacturing Expenses	15		64,173,265	38,852,545
Administrative and Other Expenses	16		16,073,736	35,360,519
Interest and Finance Cost	17		25,758,042	17,950,746
Depreciation			<u>16,328,644</u>	<u>14,194,913</u>
		Total	<u>419,209,256</u>	<u>276,031,256</u>
<b>PROFIT BEFORE TAX</b>			<u>144,693,265</u>	<u>16,381,386</u>
Add : Prior period and Exceptional items			<u>NIL</u>	<u>4,577,983</u>
<b>PROFIT FOR THE YEAR BEFORE TAXATION</b>			<u>144,693,265</u>	<u>20,959,369</u>
<b>LESS : Provision for Taxation</b>				
Current		44,700,000		8,400,000
Deferred		6,442,979		(1,263,738)
Fringe Benefit		<u>NIL</u>		<u>167,212</u>
Adjustments relating to Prior Years		<u>7,951</u>		<u>23,407</u>
			<u>51,150,930</u>	<u>7,326,881</u>
<b>PROFIT AFTER TAX</b>			<u>93,542,335</u>	<u>13,632,488</u>
Add / (Less) : Balance brought forward from previous year			<u>(30,040,828)</u>	<u>(36,042,715)</u>
<b>AMOUNT AVAILABLE FOR APPROPRIATIONS</b>			<u>63,501,507</u>	<u>(22,410,228)</u>
<b>APPROPRIATIONS</b>				
General Reserve			7,015,675	NIL
Proposed Dividend			13,044,320	6,522,160
Corporate Dividend Tax			<u>2,166,498</u>	<u>1,108,441</u>
			<u>22,226,493</u>	<u>7,630,601</u>
<b>BALANCE CARRIED TO THE BALANCE SHEET</b>			<u>41,275,014</u>	<u>(30,040,828)</u>
<b>Basic and Diluted Earnings Per Share of Rs. 10</b>			<u>14.34</u>	<u>2.09</u>
(Refer Note-10 of Schedule - 19)				
<b>Significant Accounting Policies</b>	18			
<b>Notes to Accounts</b>	19			

As per our report of even date attached

**For BANSI S. MEHTA & CO.**

Chartered Accountants

Firm Registration No. 100991W

**PARESH H. CLERK**

Partner

Membership No. 36148

**Mumbai, Dated : May 21, 2010.**

For and on behalf of the Board

**Yogesh Kothari**

Chairman

**Amit Mehta**

Vice Chairman

**Rajendra Chhabra**

Director

**Girish Satarkar**

Executive Director

**Bhavesh Ghaghda**

Company Secretary

**Mumbai, Dated : May 21, 2010**



**CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2010**

	Rupees	For the Year ended on March 31, 2010 Rupees	For the Year ended on March 31, 2009 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit before tax		144,693,265	20,959,369
<b>Adjustment for :</b>			
Depreciation	16,328,644		14,194,913
Provision for Bad and Doubtful Debts	1,752,119		1,752,119
Foreign Exchange Fluctuation (Unrealised)	2,910,146		25,258,516
Interest Expenses	25,758,042		17,950,746
(Profit)/Loss on Sale of Fixed Assets	NIL		271,553
Interest/Dividend Received	(1,136,074)	45,612,877	(1,153,889)
Operating profit before working capital changes		190,306,142	79,233,327
<b>Adjustment for :</b>			
Trade and Other Receivables	(17,678,909)		(56,848,069)
Inventories	(30,357,057)		921,629
Trade Payables, Other Liabilities and Provisions	(30,387,127)	(78,423,093)	49,926,174
<b>Cash From Operating Activities</b>		111,883,049	73,233,060
Income Tax paid		(31,641,214)	(7,096,931)
<b>Net Cash From Operating Activities</b>		80,241,835	66,136,129
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets	(53,863,059)		(36,034,126)
Proceeds from the Sale of Fixed Assets	NIL		(271,553)
Interest Received	1,076,701		1,099,914
Dividend Received	59,373		53,975
<b>Net Cash From Investing Activities</b>		(52,726,985)	(35,151,790)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment of Dividend	(6,522,160)		(6,596,028)
Payment of Dividend Distribution Tax	(1,108,441)		(1,120,994)
Interest paid	(25,577,253)		(17,981,626)
Repayment of Borrowings	(42,132,955)		(30,742,000)
Proceeds from Borrowings	54,093,393		46,490,596
<b>Net Cash Generated in Financing Activities</b>		(21,247,416)	(9,950,052)
<b>Total (A+B+C)</b>		6,267,434	21,034,288
<b>D. Net changes in Cash &amp; Cash Equivalents</b>			
Cash & Cash Equivalents at the beginning of year	29,009,096		7,974,808
Cash and Cash Equivalents at the end of year	35,276,530		29,009,096
		6,267,434	21,034,288

**Notes:**

- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard -3.
- Cash and Cash Equivalents include Balance on Margin Accounts of Rs. 29,308,286 (Previous Year Rs. 26,765,533) and Bank Balances maintained for Unpaid Dividend amounts of Rs. 1,616,221 (Previous Year Rs. 1,488,743).
- Purchase of Fixed Assets includes movements of capital work in progress between the beginning and the end of the year.

As per our report of even date attached

**For BANSI S. MEHTA & CO.**

Chartered Accountants

Firm Registration No. 100991W

**PARESH H. CLERK**

Partner

Membership No. 36148

**Mumbai, Dated : May 21, 2010.**

For and on behalf of the Board

**Yogesh Kothari**

Chairman

**Amit Mehta**

Vice Chairman

**Rajendra Chhabra**

Director

**Girish Satarkar**

Executive Director

**Bhavesh Ghaghda**

Company Secretary

**Mumbai, Dated : May 21, 2010**

**Schedules to the Balance Sheet As At March 31, 2010**

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,00,00,000 Equity Shares of Rs.10 each	100,000,000	100,000,000
7,50,000 Cumulative Redeemable Preference shares of Rs.100 each	75,000,000	75,000,000
	<b>175,000,000</b>	<b>175,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
65,22,160 Equity share of Rs.10 each fully paid	65,221,600	65,221,600
	<b>65,221,600</b>	<b>65,221,600</b>
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>		
Capital reserve :		
As per last Balance Sheet	3,441,635	3,441,635
Capital Redemption Reserve :		
As per last Balance Sheet	1,407,000	1,407,000
Securities Premium Account :		
As per last Balance Sheet	18,857,360	18,857,360
General Reserve :		
As per last Balance Sheet	72,918,273	72,918,273
Add : Amount Transferred from Profit & Loss Account	7,015,675	NIL
Less : Shown as deduction from balance of Profit and Loss Account (Per Contra)	NIL	(30,040,828)
	<b>79,933,948</b>	<b>42,877,445</b>
Profit and Loss Account -		
As per Account Annexed	41,275,014	NIL
	<b>144,914,957</b>	<b>66,583,440</b>
<b>SCHEDULE 3 : SECURED LOANS</b>		
From banks		
Term loans	104,589,298	82,174,622
Working Capital including buyers' credit facilities	79,010,679	69,879,676
Others	556,005	NIL
	<b>184,155,982</b>	<b>152,054,298</b>
a. i. Term Loans from a bank amounting to Rs.82,546,874 are secured by way of first charge over the entire fixed assets, both, present and future, acquired out of the bank finance, including equitable mortgage over Land (Windmill) at Nandurbar, Maharashtra. ii. Working Capital facilities from the said bank secured by hypothecation of the entire current assets including stock of raw materials, stocks in process, finished goods, stores and spares etc. bills/book-debts/receivables and other current assets. iii. The above loans have collateral security by way of : - First charge over the company's land and building, plant and machinery at Baroda and windmill (as also land) at Kutch, Gujarat. - Second charge over Land (windmill) at Dhule, Maharashtra. b. Term loans from a bank amounting to Rs. 22,042,424 are secured by way of first charge as equitable mortgage over Land (windmill) at Dhule, Maharashtra and second charge over land (windmill) at Nandurbar, Maharashtra. c. Loans - Others is secured against hypothecation of specified vehicle.		
<b>SCHEDULE 4 : UNSECURED LOANS</b>		
Inter Corporate Deposit	2,300,000	22,300,000
From Others*	99,837	241,084
	<b>2,399,837</b>	<b>22,541,084</b>

\* Since no charge is created, the car loan has been shown as Unsecured.

## Schedules to the Balance Sheet As At March 31, 2010

## SCHEDULE 5 : FIXED ASSETS

Amounts in Rupees

DESCRIPTION	GROSS BLOCK (At Cost / As Revalued)			DEPRECIATION AND AMORTISATION			NET BLOCK	
	As At April 01, 2009	During the Year For the Year Adjustments	As At March 31, 2010	Up to March 31, 2009	For the Year Adjustments	Up to March 31, 2010	As At March 31, 2010	As At March 31, 2009
Freehold Land	3,154,055	-	3,154,055	-	-	-	3,154,055	3,154,055
Leasehold Land	23,585,328	-	23,585,328	2,211,124	327,574	2,538,698	21,046,630	21,374,204
Roads and Buildings	30,385,828	-	30,385,828	11,892,812	886,518	12,779,330	17,606,498	18,493,016
Plant and Machinery	233,725,049	81,493,660	315,218,709	174,278,644	6,699,531	180,978,175	134,240,534	59,446,405
Wind Electric Generator	148,502,975	-	148,502,975	23,600,611	7,846,341	31,446,952	117,056,023	124,902,364
Water Works	434,289	-	434,289	215,267	4,660	219,927	214,362	219,022
Furniture, Fixtures and Electrical Installations	20,130,360	2,460,143	22,590,503	16,503,472	408,624	16,912,096	5,678,407	3,626,888
Vehicles	1,499,570	735,130	2,234,700	799,962	155,396	955,358	1,279,342	699,608
<b>TOTAL</b>	<b>461,417,454</b>	<b>84,688,933</b>	<b>546,106,387</b>	<b>229,501,892</b>	<b>16,328,644</b>	<b>245,830,536</b>	<b>300,275,851</b>	<b>231,915,562</b>
<b>Previous Year</b>	<b>456,649,448</b>	<b>5,490,818</b>	<b>461,417,454</b>	<b>220,238,312</b>	<b>14,194,913</b>	<b>229,501,892</b>	<b>231,915,562</b>	
<b>Capital Work-in-progress</b>							<b>3,985,664</b>	<b>34,811,538</b>

Notes:

1. Capital Work-in-progress includes Capital Advances of Rs. 284,815 (Previous Year Rs. 10,260,918)
2. Capital Work-in-progress includes Borrowing Costs of Rs. 2,083,451 capitalised. (Previous Year Rs. 347,162)
3. Plant and Machinery includes Borrowing Costs of Rs. 169,474 capitalised. (Previous Year Rs. Nil)

**Schedules to the Balance Sheet As At March 31, 2010**

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
<b>SCHEDULE 6 : INVESTMENTS</b>		
<b>NON-TRADE</b>		
Long Term		
Quoted		
Equity Shares		
Sintex Industries Limited	967,115	967,115
53,975 equity shares of Rs.2.00 each, fully paid		
	<b>967,115</b>	<b>967,115</b>
Market Value of Quoted Investments	<b>15,884,843</b>	<b>5,300,345</b>

**SCHEDULE 7 : INVENTORIES**

Fuel	2,749,348	1,109,849
Stores and spares	2,315,204	1,993,282
Raw Materials	28,444,513	20,948,725
Stock in transit	26,553,148	15,343,089
Process Stock	46,728,597	27,789,900
Finished Goods	25,940,862	35,189,770
	<b>132,731,672</b>	<b>102,374,615</b>

**SCHEDULE 8 : SUNDRY DEBTORS**

Unsecured		
- For a period exceeding six months:		
Considered Good	7,772	39,835
Considered Doubtful	1,752,119	1,752,119
	<b>1,759,891</b>	<b>1,791,954</b>
- Others - Considered Good	92,924,240	82,638,670
	<b>94,684,131</b>	<b>84,430,624</b>
Less : Provision for Doubtful Debts	1,752,119	1,752,119
	<b>92,932,012</b>	<b>82,678,505</b>

**Schedules to the Balance Sheet As At March 31, 2010**

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
<b>SCHEDULE 9 : CASH AND BANK BALANCES</b>		
Cash on hand	84,502	46,798
Bank with Scheduled Banks :		
- On Current Accounts	5,883,742	2,196,765
- On Margin Accounts	29,308,286	26,765,533
	<b>35,276,530</b>	<b>29,009,096</b>
<b>SCHEDULE 10 : LOANS AND ADVANCES</b>		
Unsecured and Considered Good, unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received		
Considered good	13,513,439	10,617,212
Considered Doubtful	10,200	10,200
	<b>13,523,639</b>	<b>10,627,412</b>
Less : Provision for Doubtful Advances	10,200	10,200
	<b>13,513,439</b>	<b>10,617,212</b>
Balance with Central Excise and Customs	10,154,790	8,295,831
Taxes (including Fringe Benefit Tax) Paid	78,418,037	46,776,823
Less : Provision for Taxes	89,713,412	43,013,412
	<b>(11,295,375)</b>	<b>3,763,411</b>
	<b>12,372,854</b>	<b>22,676,454</b>
<b>SCHEDULE 11 : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities:</b>		
Acceptances	38,336,592	10,610,679
Sundry Creditors		
Dues to micro enterprises and small enterprises (Refer Note below)		
Dues of others	NIL	NIL
- For Capital Expenses	459,220	2,869,153
- For Expenses	68,154,989	35,308,727
	<b>68,614,209</b>	<b>38,177,880</b>
Advances received from/Other payables to Customers	1,296,006	95,348,946
Unclaimed dividend	1,616,221	1,488,743
Other liabilities	13,566,013	9,802,717
Interest Accrued but not due on Loans	540,732	402,225
	<b>123,969,773</b>	<b>155,831,190</b>
<b>Provisions :</b>		
For Gratuity	545,984	506,070
For Leave Encashment	1,317,828	1,164,211
For Commission Payable to Directors	1,461,548	NIL
For Contingencies	1,000,000	1,000,000
For Proposed Dividend	13,044,320	6,522,160
For Dividend Distribution Tax	2,166,498	1,108,441
	<b>19,536,178</b>	<b>10,300,882</b>

Note : The Company has not received any intimation from the suppliers regarding their status under the Micro Small and Medium Industries Act, 2006 and hence disclosure, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

**Schedules to the Profit and Loss Account for the year ended on March 31, 2010**

	<b>For the Year ended on March 31, 2010 Rupees</b>	<b>For the Year ended on March 31, 2009 Rupees</b>
<b>SCHEDULE 12 : OTHER INCOME</b>		
Interest [Tax deducted at source Rs.1,63,041/- (Previous year Rs. 2,68,412/-)]	<b>1,076,701</b>	1,099,914
Dividend	<b>59,373</b>	53,975
Accounts Written Back (Refer Note 3 to Accounts under Schedule 19)	<b>84,998,359</b>	NIL
Scrap Sales	<b>2,623,229</b>	1,080,746
Gain on Foreign Exchange (Net)	<b>11,670,485</b>	NIL
	<b>100,428,147</b>	2,234,635

**SCHEDULE 13 : INCREASE / (DECREASE) IN STOCK IN TRADE**

Closing stock :			
Finished goods	<b>25,940,862</b>		35,189,770
Process stock	<b>46,728,597</b>		27,789,900
		<b>72,669,459</b>	62,979,670
Less : Opening stock :			
Finished goods	<b>35,189,770</b>		33,525,584
Process stock	<b>27,789,900</b>		40,878,033
		<b>62,979,670</b>	74,403,617
		<b>9,689,789</b>	(11,423,947)
Excise duty provision on stock of Finished Goods			
Opening stock	<b>(3,851,345)</b>		(4,738,115)
Closing stock	<b>3,486,534</b>		3,851,345
		<b>(364,811)</b>	(886,770)
		<b>10,054,600</b>	(10,537,177)

**SCHEDULE 14 : EMPLOYEE COSTS**

Salaries, Wages, Bonus, etc.	<b>15,591,875</b>	15,905,495
Contribution to Provident Fund and Other Funds	<b>1,553,812</b>	1,224,471
Contribution to / Payment of Gratuity	<b>416,609</b>	189,552
Staff Welfare Expenses	<b>1,307,196</b>	975,386
	<b>18,869,492</b>	18,294,904

**Schedules to the Profit and Loss Account for the year ended on March 31, 2010**

	<b>For the Year ended on March 31, 2010 Rupees</b>	<b>For the Year ended on March 31, 2009 Rupees</b>
<b>SCHEDULE 15 : OTHER MANUFACTURING EXPENSES</b>		
Stores and Spares consumed	1,957,701	1,046,506
Power and Fuel	45,131,953	25,779,763
Repairs and Maintenance:		
- Machinery	4,581,031	2,963,877
- Building	574,609	322,960
- Others	368,337	877,023
	5,523,977	4,163,860
Jobwork Charges including freight	3,131,903	3,208,246
Insurance	831,947	860,845
Factory Expenses	1,417,602	426,942
Windmill Expenses	3,173,098	2,371,924
Material handling charges	3,005,084	994,459
	<b>64,173,265</b>	<b>38,852,545</b>
<b>SCHEDULE 16 : ADMINISTRATIVE AND OTHER EXPENSES</b>		
Rates and taxes	495,202	268,960
Stationery and Printing	368,859	257,868
Postage, Telegram, Telephone and Telex	686,497	505,763
Advertisement and Publicity	304,674	209,541
Commission on Sales	6,662	NIL
Selling Expenses	927,972	374,000
Travelling Expenses	3,335,832	1,988,328
Vehicle Expenses	215,414	306,937
Auditors' Remuneration		
- Audit Fees	275,000	235,000
- Tax Audit Fees	50,000	50,000
- Certification	120,000	90,000
	445,000	375,000
Directors' Sitting Fees & Commissions	2,329,548	577,500
Legal and Professional Charges	3,497,331	1,445,056
Custodial Fees	41,608	26,370
Miscellaneous Expenses	1,079,148	600,952
Miscellaneous Balances Written off	178,856	112,380
Cash and Quantity Discount	2,161,133	621,450
Loss on Foreign Exchange (Net)	NIL	27,418,861
Loss on Sale of Fixed Assets (Net)	NIL	271,553
	<b>16,073,736</b>	<b>35,360,519</b>
<b>SCHEDULE 17 : INTEREST AND FINANCE COST</b>		
Interest		
On Fixed Loans	11,338,774	12,149,899
On Bank Cash credit accounts	3,954,732	1,960,114
Bill Discounting Charges	1,631,230	373,740
Others	4,835,481	1,093,425
	21,760,217	15,577,178
Bank Charges	3,997,825	2,373,568
	<b>25,758,042</b>	<b>17,950,746</b>



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**SCHEDULE - 18**  
**SIGNIFICANT ACCOUNTING POLICIES****1. Accounting Convention**

The accounts are prepared on the basis of going concern under historical cost convention as also accrual basis and in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 1956.

**2. Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent amounts as at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include useful lives of Fixed Assets, provision for doubtful debts / advances, deferred tax, etc. Actual results could differ from these estimates. Such difference is recognized in the period/s in which the results are known / materialized.

**3. Fixed assets and depreciation:**

- i. Fixed Assets are stated at historical cost net of cenvat/value added tax less accumulated depreciation (except for (ii) below). Costs include all costs incurred to bring the assets to their present location and condition.
- ii. Land and buildings as on March 1, 1997 had been restated at Rs. 55,914,629 for its historical cost of Rs. 8,500,940, on the basis of their prevailing market rates as on that day as per valuation made by an approved external valuer.
- iii. Depreciation on fixed assets is provided on "Straight Line Method" at the rates prescribed in Schedule XIV to the Companies Act, 1956, as amended. Depreciation on additions to Fixed Assets is charged on pro rata basis.
- iv. Revalued amount of leasehold land is amortized over the remaining lease period.

**4. Investments**

Investments, being for long term, are stated at cost, except where there is a diminution in value other than temporary in which case the carrying value is reduced to recognize the decline.

**5. Inventories**

Inventories are valued as under:

- i. Raw materials: At lower of cost and net realizable value on first-in-first out basis;
- ii. Finished Goods and Process Stock: At lower of cost and net realizable value;
- iii. Fuel, Stores and Spares: At lower of cost and net realizable value on first-in-first out basis.

Cost of inventories comprises of costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

By-products are valued at net realisable value.

**6. Revenue recognition**

- a. Sales are recognised in accordance with Accounting Standard 9 on "Revenue Recognition", that is, when the seller has transferred to the buyer, the property in goods, for a price, or all significant risk and rewards of ownership have been transferred to the buyer without the seller retaining any effective control over the goods.
- b. Dividend income from investments is recognised when the share holders' right to receive payments is established.

**7. Foreign currency transaction**

All transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.

Monetary items, which are denominated in foreign currency, are translated at the exchange rates prevailing at the Balance Sheet.

Non-monetary items denominated in foreign currency which are carried at:

- fair value / net realisable value are translated at the exchange rate prevalent at the date when the fair value / net realisable value was determined;
- historical cost, are translated at the exchange rate prevalent at the date of transaction.

Exchange Differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed asset are recognized in the Profit and Loss Account.

In case of forward contracts, the exchange difference between the forward rate and the exchange rate at the date of transaction is recognized as income or expenses over the life of the contract.

Outstanding forward contracts at the Balance Sheet date are reflected by marking them to market and accordingly, the resulting mark to market losses are provided in the profit and loss account.

Any gains or losses on account of exchange difference either on settlement or on translation are recognized in the Profit and Loss Account.

**8. Employee benefits****i. Defined Contribution Plan**

Contribution as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 towards Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis.

**ii. Defined Benefit Plan**

Gratuity - In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("Gratuity Plan") covering all employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. Liability with regard to Gratuity Plan is accrued based on actuarial valuation at the Balance Sheet date carried out by an independent actuary. Actuarial gain or loss is recognized immediately in the statement of profit and loss as income or expense. The Company has an employees gratuity fund managed by the Life Insurance Corporation of India ("LIC").

Compensated Absences - The Company provides for the encashment of absence or absence with pay based on policy of the Company in this regard. The employees are entitled to accumulate such absences subject to certain limits, for the future encashment or absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the Balance Sheet date on the basis of an independent actuarial valuation.

**9. Borrowing Cost**

Borrowing cost that are attributed to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessary takes substantial of time to get ready for intended use. All other borrowing costs are charged to revenue.

**10. Taxes on Income**

- i. Income tax expense comprises of current tax and deferred tax charge/credit.
- ii. Provision for current tax is made on basis of the assessable income under the Income-tax Act, 1961.
- iii. Deferred tax is recognised, subject to consideration of prudence, on timing differences between taxable and accounting income which originates in one period and are capable of reversal in one or more subsequent periods (adjusted for reversals expected during tax holiday period). The tax effect is calculated on accumulated timing differences at the year end based on tax rates and laws enacted or substantially enacted as of the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

**11. Provision, contingent liabilities and contingent assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**12. Impairment of Assets :**

If internal / external indications suggest that an asset of the Company may be impaired, the recoverable amount of asset / cash generating unit is determined on the balance sheet date and if it is less than its carrying amount, the carrying amount of asset / cash generating unit is reduced to the said recoverable amount. Subsequently, if there is a change in the indication, since the last impairment was recognised, so that recoverable amount of an asset exceeds its carrying amount, an impairment recognised for an asset in prior accounting period is reversed. The recoverable amount is measured as the higher of the net selling price and value in use of such assets / cash generating unit, which is determined by the present value of the estimated future cash flows.

**SCHEDULE - 19****NOTES FORMING PART OF THE ACCOUNTS**

1. The previous year's figures, wherever necessary, have been regrouped, reclassified and recast to conform to the current year's classification.

		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Particulars			
2. a.	Estimated amount of contracts remaining to be executed on capital account and not provided for	1,619,534	21,617,468
	Less: Advances	212,500	7,308,847
	Net Estimated Amount	1,407,034	14,308,621
b.	Contingent liabilities not provided for :		
i.	Guarantees issued by the bankers on behalf of the Company. These are covered by a charge created in favour of the bankers by way of hypothecation of stocks and debtors	1,146,934	1,046,934
ii.	In respect of the various advance license issued to the Company, the Company is in the process of fulfilling the export obligations & other related customs formalities. The Company is advised that liabilities in this respect are not likely to be significant and hence, no provision therefore has been made in the accounts.	1,779,410	359,820

Particulars	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
iii. Demand (including interest thereon) by the Provident Fund Authorities pending before the Gujarat High Court (Net of Provisions for Contingencies of Rs. 1,000,000)	1,750,000	1,600,000
iv. Demand raised in respect of Income Tax (Amount Deposited Rs. NIL)	1,618,523	Nil
v. Other claims not acknowledged as debts	610,000	2,096,000
3. Credit balances remaining unclaimed beyond the limitation period are written back except where obligations are perceived by management to be reasonably confirmed. Balances of creditors/advances from customers are subject to confirmation and consequent adjustments, if any. In terms of the above, among other amounts, a sum of Rs. 84,165,854 (Previous Year Rs. NIL) received from a supplier as advance has remained unclaimed beyond the limitation period has been written back and reflected as Accounts Written Back under "Other Income" [see Schedule 12].		
4. Prior Period and Exceptional Items:		
a. Prior Period item includes Rs. NIL (Previous Year Rs. 43,306) relating to interest income for year 2007-08.		
b. Exceptional Item represents writeback of Rs. NIL (Previous Year Rs. 4,534,677) being the excess depreciation provided on Fixed Assets in earlier years.		
5. Computation of Net Profits under Section 198 of the Companies :		
A. Computation of Net Profits under Section 198 of the Companies Act, 1956:		
	For the Year ended March 31, 2010 Rupees	For the Year ended March 31, 2009* Rupees
Profit before tax	93,542,335	13,632,488
Add: Provision for Tax	51,150,930	7,326,881
Directors' Remuneration	1,461,548	2,424,382
Directors' Sitting Fees	868,000	577,500
Loss on Sale of Fixed Assets	Nil	271,553
Net Profit for the year	147,022,813	24,232,804
a. Maximum Remuneration permissible to the Executive Director @ 5% of Net Profit as computed above	N.A.	1,211,640
b. Maximum Commission permissible to Non-Executive Directors at 1% of Net Profit as computed above	1,470,228	Nil
Commission for the year	1,461,548	Nil
B. Details of Managerial Remuneration :		
a. Basic Salary	Nil	1,925,000
b. Perquisites	Nil	499,382
c. Commission to Other Directors	1,461,548	Nil
Total	1,461,548	2,424,382

\*In view of inadequacy of profits for the year, the remuneration paid to the Executive Director for his term upto March 31, 2009, over and above what is permitted as per Section 198 of the Companies Act 1956, was by way of minimum remuneration within the limits prescribed in Schedule XIII of the Companies Act, 1956, and was as per the approval of the shareholders.

**6. Payment to Auditors :**

a) Audit Fees (including for limited review)	395,000	325,000
b) Tax Audit Fees	50,000	50,000
c) Taxation Matters	Nil	Nil
	<b>445,000</b>	<b>375,000</b>

**7. Employee Benefits:**

Consequent to adoption of Accounting Standard 15 (Revised 2005) on "Employee Benefits" issued by the Companies (Accounting Standards) Rules, 2006, as required by the Standard, the following disclosures are made:

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation**

	Gratuity (Funded)		Leave Encashment	
	For the Year ended on March 31, 2010 Rupees	For the Year ended on March 31, 2009 Rupees	For the Year ended on March 31, 2010 Rupees	For the Year ended on March 31, 2009 Rupees
Obligation at period beginning (April 1, 2009)	5,078,851	4,909,027	1,164,211	1,014,620
Current Service cost	319,985	253,040	138,365	146,070
Interest cost	380,914	392,722	87,316	81,170
Actuarial (gain) / loss	138,734	(99,127)	(11,568)	30,749
Benefits paid	(91,795)	(376,811)	(60,496)	(108,398)
<b>Obligations at the year end (March 31, 2010)</b>	<b>5,826,689</b>	<b>5,078,851</b>	<b>1,317,828</b>	<b>1,164,211</b>
<b>Change in plan assets</b>				
Plan assets at period beginning, at fair value	4,572,781	4,258,667	-	-
Expected return on plan assets	342,959	340,693	-	-
Actuarial gain / (loss)	80,065	40,204	-	-
Contributions	376,695	310,029	60,496	108,398
Benefits paid	(91,795)	(376,811)	(60,496)	(108,398)
<b>Plan assets at the year end, at fair value</b>	<b>5,280,705</b>	<b>4,572,781</b>	<b>-</b>	<b>-</b>
<b>Reconciliations of present value for the obligation and the fair value of plan assets</b>				
Fair value of plan assets at the end of the year	<b>5,280,705</b>	<b>4,572,781</b>	<b>-</b>	<b>-</b>
Present value of the defined benefit obligations at the end of the year	5,826,689	5,078,851	1,317,828	1,164,211
<b>Liability/(Asset) recognized in the Balance Sheet</b>	<b>545,984</b>	<b>506,070</b>	<b>1,317,828</b>	<b>1,164,211</b>
<b>Cost for the year</b>				
Current service cost	319,985	253,040	138,365	146,070
Interest cost	380,914	392,722	87,316	81,170
Expected return on plan assets	(342,959)	(340,693)	-	-
Actuarial (gain) / loss	58,669	(139,331)	(11,568)	30,749
<b>Net Cost recognized in the Profit and Loss Account</b>	<b>416,609</b>	<b>165,738</b>	<b>214,113</b>	<b>257,989</b>
<b>Assumptions used to determine the benefit obligations :</b>				
Interest rate	8.25%	7.50%	8.25%	7.50%
Estimated rate of return on plan assets	8.25%	7.50%	8.25%	7.50%
Expected rate of increase in salary	4.50%	4.50%	4.50%	4.50%
Actual return on plan assets	<b>423,024</b>	<b>380,897</b>	<b>-</b>	<b>-</b>

**8. Segment Reporting:**

The Company has two reportable segments viz. Speciality Chemicals and Power Generation. Segments have been identified and reported taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

<b>PARTICULARS</b>	<b>For the Year ended March 31, 2010 Rupees</b>	<b>For the Year ended March 31, 2009 Rupees</b>
<b>Segment Revenue (Sales/Services to external customers) :</b>		
(a) Speciality Chemicals	434,462,780	286,649,507
(b) Power Generation		
Total Power generated	23,969,199	19,449,588
Less: Captive Power used for Speciality Chemicals	5,012,205	5,383,911
Net as per accounts	18,956,994	14,065,677
<b>Total</b>	<b>453,419,774</b>	<b>300,715,184</b>
<b>Segment Results :</b>		
Profit / (Loss) before Tax and Interest		
(a) Speciality Chemicals		
[(Excluding charge for Captive Power consumed of Rs. 5,012,205 (Previous Year Rs. 5,383,911); including Accounts Written Back of Rs. 84,165,854 (Previous Year Rs. NIL) (Refer Note 3 to Accounts under Schedule 19)]	159,110,924	36,359,668
(b) Power Generation		
Total	12,726,541	8,828,167
Less : Of Captive Power	2,522,232	2,853,626
Net as per accounts	10,204,309	5,974,541
<b>Total</b>	<b>169,315,233</b>	<b>42,334,209</b>
Less: a. Interest Expense	25,758,042	17,950,746
b. Exceptional Items	Nil	4,577,983
Add : a. Interest and Dividend Income	1,136,074	1,153,889
	24,621,968	21,374,840
Profit before Tax	<b>144,693,265</b>	<b>20,959,369</b>
Current Tax	44,707,951	8,423,407
Fringe Benefit Tax	Nil	167,212
Deferred Tax	6,442,979	(1,263,738)
	51,150,930	7,326,881
<b>Profit after Tax</b>	<b>93,542,335</b>	<b>13,632,488</b>
<b>C. Other Information :</b>		
<b>Segment Assets</b>		
a. Speciality Chemicals	444,208,961	332,011,003
b. Power Generation	130,020,958	136,643,229
c. Others - Unallocated	967,115	967,115
<b>Total</b>	<b>575,197,034</b>	<b>469,621,347</b>

<b>PARTICULARS</b>	<b>For the Year ended March 31, 2010 Rupees</b>	<b>For the Year ended March 31, 2009 Rupees</b>
<b>Segment Liabilities</b>		
a. Speciality Chemicals	144,146,951	166,132,072
b. Power Generation	Nil	Nil
c. Others - Unallocated	Nil	Nil
<b>Total</b>	<b>144,146,951</b>	<b>166,132,072</b>
<b>Capital Expenditure during the year</b>		
a. Speciality Chemicals – Tangible Fixed Assets	88,674,597	39,579,544
b. Power Generation	Nil	Nil
c. Others - Unallocated	Nil	Nil
<b>Total</b>	<b>88,674,597</b>	<b>39,579,544</b>
<b>Depreciation during the year</b>		
a. Speciality Chemicals	8,482,203	1,454,910
b. Power Generation	7,846,341	7,808,670
c. Others - Unallocated	Nil	Nil
<b>Total</b>	<b>16,328,644</b>	<b>9,263,580</b>

**9. Related Party transactions:**

- a. Following transactions were carried out in the ordinary course of business with the parties referred to in (b) below. There were no amounts written off or written back from such parties during the year.

The related parties included in the various categories above, where transactions have taken place are given below:

<b>Particulars</b>	<b>Associate</b>		<b>Key Managerial Personal</b>		<b>Subsidiary of Associate</b>	
	<b>For the Year ended March 31, 2010 Rupees</b>	<b>For the Year ended March 31, 2009 Rupees</b>	<b>For the Year ended March 31, 2010 Rupees</b>	<b>For the Year ended March 31, 2009 Rupees</b>	<b>For the Year ended March 2010 Rupees</b>	<b>For the Year ended March 31, 2009 Rupees</b>
<b>Expenditure Recovered on Tolling arrangement</b>						
Utility Charges	2,768,762	4,457,507	-	-	-	-
Cenvat Credit Paid	2,443,147	7,266,329	-	-	-	-
Service Income-tolling arrangement	308,229	2,057,020	-	-	-	-
Remuneration	-	-	-	2,424,382	-	-
<b>Expenditure</b>						
Technical Consultancy	794,160	-	-	-	-	-
Interest	-	-	-	-	281,750	281,750
Dividend paid	1,985,331	1,985,331	-	-	-	-
Cenvat Credit Availed	289,905	9,329,427	-	-	-	-
Outstanding at Balance Sheet Date	-	-	-	-	-	-
Amounts due from	-	-	-	-	-	-
Amounts due to	5,553,070	9,129,784	-	-	2,840,732	2,587,157

b.

<b>S.No.</b>	<b>Relation</b>	<b>Name of Related Party</b>
1	Associate	Alkyl Amines and Chemicals Ltd.
2	Key Management Personnel	Mr.G.G.Chendwankar (upto March 31, 2009)
3	Enterprises over which key management personnel exercise significant influence	None
4	Enterprises over which Associate exercises significant influence - Subsidiary of Associate	Alkyl Speciality Chemicals Limited



**10. Earnings Per Share:**

	<b>For the Year ended March 31, 2010 Rupees</b>	<b>For the Year ended March 31, 2009 Rupees</b>
<b>a. Numerator for Basic and Diluted Earnings per share:</b>		
Net Profit/ (Loss) after tax for the year	<b>93,542,335</b>	13,632,488
<b>b. Denominator for Basic and Diluted Earnings per share</b>		
Number of equity shares	<b>6,522,160</b>	6,522,160
<b>c. Basic and Diluted earnings per share [(a) / (b)]</b>	<b>Rs. 14.34</b>	Rs. 2.09
<b>d. Nominal value of share</b>	<b>Rs. 10.00</b>	Rs. 10.00

**11. Deferred Taxes :**

As required by Accounting Standard 22 on "Accounting for Taxes on Income", Deferred Taxes have been recognized in respect of the following items:

	<b>Accumulated Deferred Tax Assets / (Liabilities) As At April 1, 2009 Rupees</b>	<b>(Charge)/Credit during the Year ended on March 31, 2010 Rupees</b>	<b>Accumulated Deferred Tax Assets / (Liabilities) As At March 31, 2010 Rupees</b>
i. Deferred Tax Liabilities			
Depreciation	(40,111,729)	(6,367,668)	(46,479,397)
ii. Deferred Tax Assets			
a. Contested Disallowances	6,458,100	(146,775)	6,311,325
b. Provision for doubtful debts, loans and advances	598,944	(13,612)	585,332
c. Others	1,154,294	85,076	1,239,370
	<u>8,211,338</u>	<u>(75,311)</u>	<u>8,136,027</u>
<b>Net Deferred Tax Assets / (Liabilities)</b>	<b>(31,900,391)</b>	<b>(6,442,979)</b>	<b>(38,343,370)</b>

**12. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part-II of Schedule VI to the Companies Act, 1956.****a. Capacity production :**

		<b>As at March 31, 2010 Installed*</b>	<b>Actual Production**</b>	<b>As at March 31, 2009 Installed</b>	<b>Actual Production</b>
Ethylene diamines / amines and derivatives *					
Through EDC Plant	MT	2600**	68.225	2600**	Nil
Through CPA Plant		2900	1901.727	2900	1501.353
			<u>1969.952</u>		<u>1501.353</u>

\* As certified by the management

\*\* Presently EDC Plant is being operated and will be ready for commercial production by June-2009. However at any given point of time either EDC or CPA route will be in operation.

\*\* Includes production of 182.390 MT (Previous Year 294.151 MT) on account of tolling arrangement entered with third party

**b. Turnover (Gross) :**

		<b>For the year ended March 31, 2010</b>	<b>For the year ended March 31, 2009</b>
<b>Manufacturing Products</b>	<b>Unit</b>	<b>Quantity</b>	<b>Rs.</b>
Ethylene diamines / amines and derivatives	MT	1805.984	468,621,674
		1160.528	317,397,905

**c. Raw Materials Consumed:**

Manufacturing Products	Unit	For the year ended March 31, 2010		For the year ended March 31, 2009	
		Quantity	Rs.	Quantity	Rs.
Polyamine Mix	MT	4511.330*	263,804,878	1609.776	142,141,145
Other Products			14,201,199		9,236,484
<b>Total</b>			<b>278,006,077</b>		<b>151,377,629</b>

\* Inclusive of materials consumed through EDC plant commenced its commercial production in September, 2009

**d. Value of Raw Material &**
**Store and Spare consumed:**

A. Raw Material Consumed		%	Rs.		%	Rs.	
Imported		95	263,804,878		94	142,141,145	
Indigenous		5	14,201,199		6	9,236,484	
<b>Total</b>		<b>100</b>	<b>278,006,077</b>		<b>100</b>	<b>151,377,629</b>	
<b>B. Stores and Spares Consumed</b>							
Imported		Nil	Nil		Nil	Nil	
Indigenous		100	1,957,701		100	1,046,506	
<b>Total</b>		<b>100</b>	<b>1,957,701</b>		<b>100</b>	<b>1,046,506</b>	

**e. Stock:**

A. Closing Stock :	Qty	Rs.		Qty	Rs.	
Ethylene diamines / amines and derivatives (MT)	225.417	25,940,862		247.240	35,189,770	
<b>B. Opening Stock :</b>						
Ethylene diamines / amines and derivatives (MT)	247.240	35,189,770		200.56	33,525,584	

**f. Value of imports calculated on CIF basis:**

Raw Materials	234,020,195	134,040,708
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**g. Expenditure in foreign currency:**

Traveling Expenses	1,228,298	633,384
Interest and Bank Charges	902,491	Nil
<b>Total</b>	<b>2,130,789</b>	<b>633,384</b>

The above expenditure does not include Technical Consultancy Fees of Rs. 870,907 paid but capitalised.

**h. Earnings in foreign exchange:**

Export of goods on FOB basis	22,923,335	6,931,908
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**i. Foreign currency exposure that is not hedged by derivative instruments as on March 31, 2010 is as follows:**

	Amount in US Dollar		Amount in Euro		Amount in Rs.	
	For the Year ended March 31, 2010	For the Year ended March 31, 2009	For the Year ended March 31, 2010	For the Year ended March 31, 2009	For the Year ended March 2010	For the Year ended March 31, 2009
Buyers' Credit facilities	NIL	1,023,519	NIL	NIL	NIL	52,762,423
Advance received from/other payable to customer	NIL	1,741,843	1,120	NIL	68,643	89,792,006
Supply against usance	907,818	NIL	NIL	NIL	41,378,361	NIL
<b>Net</b>	<b>907,818</b>	<b>2,765,362</b>	<b>1,120</b>	<b>NIL</b>	<b>41,447,004</b>	<b>142,554,429</b>

As per our report of even date attached

**For BANSI S. MEHTA & CO.**

Chartered Accountants

Firm Registration No. 100991W

**PARESH H. CLERK**

Partner

Membership No. 36148

**Mumbai, Dated : May 21, 2010.**

For and on behalf of the Board

**Yogesh Kothari**

Chairman

**Amit Mehta**

Vice Chairman

**Rajendra Chhabra**

Director

**Girish Satarkar**

Executive Director

**Bhavesh Ghaghda**

Company Secretary

**Mumbai, Dated : May 21, 2010**

Additional information as required under Part IV of Schedule VI to the companies Act, 1956 of India

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details :**

Registration No.	2905	State Code	04
Balance Sheet Date	31.03.2010		

**II. Capital raised during the Year (Amount Rs. in thousands)**

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

**III. Position of Mobilisation and Deployment of Funds (Amount Rs.in thousands)**

Total Liabilities	435036	Total Assets	435036
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**Source of Funds**

Paid up Capital	65222	Reserves and Surplus	144915
Secured Loans	184156	Unsecured Loans	2400
		Deferred Income tax liability	38343

**Application of Funds**

Net Fixed Assets	304262	Investments	967
Net Current Assets	129807	Misc. Expenditure	Nil
Accumulated Losses	Nil		

**IV. Performance of Company (Amount Rs.in thousands)**

Turnover & Other Income	553848	Total Expenditure	409155
Profit (Loss) before Tax	144693	Profit (Loss) after tax	93542
Earning per share Rs.	14.34	Dividend %	20%

**V. Generic Name of Principal Product of Company**

Item Code No.	(ITC Code)
292121	Speciality Chemicals
2716	Electrical Energy

For and on behalf of the Board

**Yogesh Kothari**

Chairman

**Amit Mehta**

Vice Chairman

**Rajendra Chhabra**

Director

**Girish Satarkar**

Executive Director

**Bhavesh Ghaghda**

Company Secretary

**Mumbai, Dated : May 21, 2010**

To,  
M/s. MCS Limited,  
1st Floor, Neelam Apartments,  
88, Sampatrao Colony, Vadodara 390 007

**FORM FOR ECS MANDATE / BANK MANDATE**

(Not to be filled by Shareholders holding shares in dematerialised form)

I/We, \_\_\_\_\_ do hereby  
authorize Diamines & Chemicals Ltd. to :

- Credit my dividend amount directly to my Bank Account as per details furnished below by Electronic Clearing Service (ECS) - ECS Mandate\*
  - Print the details of my Bank Account as furnished below, on my dividend warrant which will be mailed to me - Bank Mandate\*
- (\*Strike out whichever is not applicable)

**Folio No** \_\_\_\_\_

A. Bank Name										
B. Branch										
C. Bank Address										
D. Bank Account Number										
E. Account Type (Savings / Current)										
F. 9 Digit Code number of the bank & branch as appearing on the MICR Cheque (for ECS Mandate only). Please attach photocopy of the Cheque	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>									
G. STD code & telephone number of shareholder (optional)										

I/We shall not hold the Company responsible if the ECS mandate could not be implemented for reasons beyond the control of the Company.

\_\_\_\_\_  
Signature of Shareholders(s)  
(as per specimen lodged with the Company)



**ATTENDANCE SLIP****DIAMINES AND CHEMICALS LTD.**

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

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL.  
I/We hereby record my/our presence at the 34<sup>th</sup> Annual General Meeting held at Plot No. 13, PCC Area, P.O. Petrochemicals, Vadodara – 391 346, at 3.00 p.m. on Tuesday, the 20<sup>th</sup> July 2010.

DP ID No.* :	L.F No. :
Client ID No.* :	No. of shares held :

<b>Name and address of the shareholder(s)</b>	
<b>If Shareholder(s), Please sign here</b>	<b>If Proxy, Please sign here</b>

**FORM OF PROXY****DIAMINES AND CHEMICALS LTD.**

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

DP ID No.* :	L.F No. :
Client ID No.* :	No. of shares held :

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a Member / Members of the above named Company hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ as my/our proxy/proxies to vote for me/us on my/our behalf at the 34<sup>th</sup>  
Annual General Meeting of the Company to be held on Tuesday, the 20<sup>th</sup> July 2010 at 3.00 p.m. and at any  
adjournment thereof.

Signed this ..... day of .....2010.

Signature .....

Affix a  
1 Re.  
Revenue  
Stamp

**Notes:**

1. The form should be signed across the stamp as per specimen signature (s) registered with the Company.
  2. The Proxy Form must be deposited at the Registered office of the company not less than 48 (Forty-Eight) hours before the time fixed for holding the Meeting.
  3. A proxy need not be a Member.
- \* Applicable for investors holding shares in electronic form.

Book - Post

To

*If undelivered, please return to*



**DIAMINES AND CHEMICALS LIMITED**

Regd Office :

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





34TH  
ANNUAL REPORT  
2009-2010



DIAMINES AND CHEMICALS LIMITED

**FINANCIAL HIGHLIGHTS OF THE LAST DECADE**
**(Rs.in Lacs)**

FINANCIAL YEAR ENDING	31.03.2001 (As per Note 3)	31.03.2002	31.03.2003	31.03.2004	31.03.2005	31.03.2006	31.03.2007	31.03.2008	31.03.2009	31.03.2010
GROSS SALES (BASIC + EXCISE)	2509.40	2177.11	1991.26	2345.53	1988.27	2373.60	2325.97	1931.41	3173.97	4686.21
OPERATING PROFIT (LOSS)/(PBIT)	476.39	909.80	561.74	854.27	847.68	890.06	1045.97	599.83	531.03	1867.79
PROFIT (LOSS) BEFORE INCOME TAX (As per Note 2)	69.48	532.42	278.29	657.73	726.75	781.77	801.33	277.56	209.59	1446.93
PROFIT (LOSS) AFTER INCOME TAX (As per Note 2)	69.48	327.05	190.77	419.61	455.55	611.43	688.38	170.89	136.32	935.42
GROSS FIXED ASSETS (As per Note 4)	2825.00	2865.13	2856.64	2921.38	3244.11	3839.68	4530.78	4566.49	4614.17	5461.06
NET FIXED ASSETS	1440.58	1374.94	1285.12	1238.81	1450.94	1955.51	2485.36	2364.11	2319.15	3002.75
NET CURRENT ASSETS	(180.45)	(243.61)	(332.82)	(485.02)	(300.96)	(407.96)	57.55	793.54	708.93	1298.07
EQUITY SHARE CAPITAL	598.15	620.55	620.55	652.22	652.22	652.22	652.22	652.22	652.22	652.22
RESERVES & SURPLUS (excluding revaluation reserve)	239.65	718.84	718.84	776.62	822.18	883.32	952.17	966.23	966.23	1449.15
BOOK VALUE (Rs.)	(19.03)	(4.19)	(0.95)	4.17	8.30	11.95	17.85	19.29	20.21	32.22
EARNING PER SHARE (Rs.)	2.02	5.36	3.05	6.54	6.97	9.36	10.54	2.61	2.09	14.34
EQUITY DIVIDEND (%)	-	-	-	20%	25%	50%	40%	10%	10%	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.