



ALKYL AMINES CHEMICALS LTD.



ALKYL



ANNUAL REPORT 2009 - 2010

## FINANCIAL HIGHLIGHTS OF THE LAST DECADE

Rs. in Lakhs

| Year Ending                         | 31.03.2001 | 31.03.2002 | 31.03.2003 | 31.03.2004 | 31.03.2005 | 31.03.2006 | 31.03.2007 | 31.03.2008 | 31.03.2009 | 31.03.2010 |
|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Gross Revenue                       | 7,969.67   | 8,532.83   | 9,531.51   | 9,471.40   | 10,390.34  | 11,561.75  | 13,520.50  | 16,367.65  | 20,242.43  | 21,954.43  |
| Operating Profit                    | 660.29     | 1,794.45   | 1,857.92   | 1,609.10   | 1,463.30   | 1,635.38   | 2,491.26   | 2,781.12   | 2,690.41   | 3,646.52   |
| Profit before Tax                   | (842.58)   | 278.46     | 567.39     | 430.09     | 347.37     | 602.95     | 1,123.66   | 1,362.37   | 822.79     | 1,589.86   |
| Profit After Tax                    | (719.40)   | 164.24     | 351.21     | 238.77     | 261.02     | 416.92     | 865.97     | 956.23     | 402.20     | 1,003.68   |
| Gross Fixed Assets                  | 9,812.84   | 10,071.83  | 10,282.49  | 10,891.91  | 11,933.98  | 12,849.49  | 13,518.07  | 15,495.42  | 17,787.74  | 18,846.29  |
| Net Fixed Assets                    | 7,326.70   | 7,130.40   | 6,893.58   | 7,024.24   | 7,577.57   | 8,008.13   | 8,069.14   | 9,419.20   | 11,005.58  | 11,202.16  |
| Net Current Assets                  | 3,744.62   | 3,682.48   | 4,034.19   | 3,898.01   | 3,090.71   | 5,503.74   | 6,949.13   | 7,576.35   | 10,234.62  | 8,605.62   |
| Equity Share Capital                | 886.49     | 886.49     | 886.49     | 886.49     | 886.49     | 886.49     | 886.49     | 886.49     | 1,020.61   | 1,020.61   |
| Reserve & Surplus                   | 2,967.20   | 3,230.87   | 3,653.08   | 3,900.97   | 4,040.86   | 4,411.95   | 5,232.42   | 5,922.30   | 7,122.46   | 7,662.72   |
| (Incl. Deferred Taxation (Net)      |            |            |            |            |            |            |            |            |            |            |
| Book Value                          | 43.48      | 46.45      | 51.22      | 54.01      | 55.59      | 59.78      | 69.03      | 76.82      | 79.85      | 85.15      |
| Earning per Share - Basic           | (8.12)     | 1.85       | 3.96       | 2.69       | 2.94       | 4.70       | 9.58       | 10.00      | 3.94       | 9.84       |
| Equity Dividend (%)                 | -          | -          | 12.00      | 12.00      | 15.00      | 18.00      | 22.00      | 25.00      | 20.00      | 30.00      |
| <b>Financial Ratios</b>             |            |            |            |            |            |            |            |            |            |            |
| Net Sales to Gross Fixed Assets (%) | 77.70      | 82.01      | 89.24      | 83.68      | 83.42      | 86.10      | 95.34      | 100.70     | 109.53     | 113.44     |
| Return on Capital Employed (%)      | 2.33       | 14.31      | 15.15      | 14.06      | 11.79      | 13.87      | 20.45      | 22.99      | 18.86      | 25.05      |
| Return on Net worth (%)             | (18.66)    | 3.99       | 7.74       | 4.99       | 5.30       | 7.87       | 12.16      | 12.24      | 4.94       | 11.56      |
| PAT to Net Sales (%)                | (9.43)     | 1.99       | 3.83       | 2.62       | 2.62       | 3.77       | 6.72       | 6.13       | 2.06       | 4.69       |

**MANAGEMENT TEAM**

*Chairman &  
Managing Director*  
**Yogesh M. Kothari**

*Executive Director*  
**Kirat Patel**

*Executive Director*  
**Suneet Y. Kothari**

*Vice President  
(Technical)*  
**Sameer S. Kaldare**

*Vice President  
(Manufacturing)*  
**R. N. Iyer**

*General Manager  
(P & A)*  
**S. S. Khade**

*General Manager  
(Technology Develop-  
ment)*  
**S. Saimani**

*General Manager  
(Marketing)*  
**Girish Naik**

*General Manager  
(R&D & Business Dev.)*  
**Dr. Prasanna  
Somalwar**

*General Manager  
(Finance & Accounts)*  
**S. Giridhar**

*General Manager  
(Secretarial & Legal)*  
**K. P. Rajagopalan**

**Non-Executive Directors :**

**Hemendra M. Kothari**  
**Shyam B. Ghia**  
**Shobhan M. Thakore**  
**Dilip G. Piramal**  
**Premal N. Kapadia**  
**K. R. V. Subrahmanian**  
**Tarjani Vakil**  
**Rima Marphatia** (*Nominee Director*)

**Registered Office :**

401-407, Nirman Vyapar Kendra,  
Plot No. 10, Sector 17, DBC, Vashi, Navi Mumbai 400 703.  
Ph. 67946618 • Fax : 67946666 • Email : investorinfo@alkylamines.com

**Plants :****Patalganga Plant**

Plot No. A-7 & A-25,  
MIDC Patalganga Industrial Area, Dist. Raigad 410 220, Maharashtra

**Kurkumbh Plant :**

Plot No. D-6/1, MIDC Kurkumbh Industrial Area,  
Tal. Daund, Dist. Pune - 413802, Maharashtra

**Auditors**

Messrs Banshi S. Mehta & Co.

**Bankers**

State Bank of India  
Bank of Baroda  
Axis Bank Ltd.

**Registrar & Transfer Agents****Sharex Dynamic (India) Pvt. Ltd.**

**Fort Office :** 17/B, Dena Bank Building, 2nd floor, Horniman Circle, Fort,  
Mumbai - 400 001. Ph.: 22702485, 22641376 • Fax : 022 22641349

**Branch Office :** Unit No. 1, Luthra Ind. Premises, Andheri Kurla Road,  
Safed Pool, Andheri (E), Mumbai - 400 072

Ph.: 28515606, 28515644 • Fax : 022 2851 2885

Email : sharexindia@vsnl.com • Website : www.sharexindia.com

**CONTENTS****Page**

|   |                           |
|---|---------------------------|
| Financial Highlights.....               | <b>Inside Front Cover</b> |
| Notice of Annual General Meeting.....   | 2-4                       |
| Directors' Report .....                 | 5-19                      |
| Auditors' Report .....                  | 20-23                     |
| Balance Sheet.....                      | 24                        |
| Profit & Loss Account .....             | 25                        |
| Cash Flow Statement .....               | 26                        |
| Schedule 1 to 21.....                   | 27-50                     |
| Balance Sheet Abstract .....            | 51                        |
| Consolidated Financial Statements ..... | 52-72                     |
| Statement under Section 212 .....       | 73                        |



## ALKYL AMINES CHEMICALS LIMITED

Registered office: 401-407 Nirman Vyapar Kendra,  
Plot No. 10, Sector 17, DBC, Vashi, Navi Mumbai-400 703

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 30th Annual General Meeting of ALKYL AMINES CHEMICALS LIMITED will be held at Chandragupt Hall, 2nd Floor, Hotel Abbott, Sector 2, Vashi, Navi Mumbai 400 703 on Thursday, July 22, 2010 at 2.30 P.M. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010, Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To sanction declaration of dividend.
3. To appoint a Director in place of Mr. Suneet Y. Kothari, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Dilip G. Piramal, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr. Shyam B. Ghia, who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors to hold office 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 an Ordinary Resolution :

“RESOLVED THAT in supersession of the Ordinary Resolution passed at the Annual General Meeting of the Company held on 26th July, 2002 consent of the Company be and is hereby accorded pursuant to Section 293(1)(d) and other applicable provisions , if any, of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time, any sum or sums of money for the purposes of the Company upon such terms and conditions and

with or without security as the Board of Directors may in its discretion think fit, notwithstanding, that the money or monies to be borrowed by the Company (apart from the temporary loans obtained or to be obtained from time to time from the Company's bankers in the ordinary course of business) together with the money already borrowed, may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however that the sums so borrowed and remaining outstanding on account of principal shall not, at any time exceed Rs.250 crores (Rupees two hundred fifty crores only)”.

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

“RESOLVED THAT in supersession of the Ordinary Resolution passed at the Annual General Meeting of the Company held on 26th July, 2002 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 term loans/ working capital facilities/External Commercial Borrowings/Debentures etc. not exceeding Rs.250 crores (Rupees two hundred fifty 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”.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to finalise the documents for creating the aforesaid mortgages and/or charges and to do all such acts, things and matters as may be necessary for giving effect to the above resolution”.

By order of the Board

**K. P. RAJAGOPALAN**

General Manager (Secretarial & Legal)

**Registered Office :**

401-407, Nirman Vyapar Kendra, Plot No. 10,  
Sector 17,DBC, Vashi, Navi Mumbai 400 703.

Dated: May 31, 2010

**NOTES**

1. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 and also under Corporate Governance relating to the Business to be transacted at the meeting is annexed hereto.
2. 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 OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
3. The register of members and Share Transfer Books will remain closed from July 15, 2010 to July 22, 2010 (both days inclusive) for the purpose of Annual General Meeting and Dividend.
4. Dividend, if declared at the meeting, will be paid on or after July 29, 2010 to those shareholders whose names appear in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as at the close of their business hours on July 14, 2010.
5. Please note that pursuant to Section 205C of the Companies Act, 1956 all unclaimed/unpaid dividends upto July 2002 have been transferred to the Account of Central Government.
6. We have been offering the facility of electronic credit of dividend directly to the respective bank accounts of our shareholders, through Electronic Clearing Service (ECS). This is in addition to the Bank mandate facility that already exists whereby bank account details are printed on the dividend warrants. Shareholders who would like to avail of

the ECS facility or the Bank mandate facility (if not done earlier) are requested to complete and submit the ECS/Bank Mandate Form that is also sent with this Annual Report to the Company's Registrar and Transfer Agents so as to reach them latest by July 14, 2010. Kindly note that shareholders holding shares in dematerialised form would receive their dividend directly to the bank account nominated by them to their Depository Participant, as per SEBI directives.

7. The members are requested to notify change of address, if any, to the Company's Registrar and Transfer Agent.
8. The shareholders holding shares in physical form are once again advised to seek their shareholding changed to dematerialized form since in terms of SEBI and Stock Exchange guidelines no physical shares can be traded in the Stock Exchanges.
9. The members may note that the company's Equity Shares are listed on the Mumbai Stock Exchange and National Stock Exchange and the listing fees to the Stock Exchanges have been paid.

By order of the Board

**K. P. RAJAGOPALAN**

General Manager (Secretarial & Legal)

**Registered Office :**

401-407, Nirman Vyapar Kendra, Plot No. 10,  
Sector 17,DBC, Vashi, Navi Mumbai 400 703.

Dated: May 31, 2010

## **ANNEXURE TO THE NOTICE**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 AND ALSO UNDER CORPORATE GOVERNANCE

**ITEM 3**

At the Annual General Meeting held on July 25, 2007, the shareholders had approved appointment of Mr. Suneet Kothari as Executive Director for a period of 5 years. Mr. Suneet Kothari retires by rotation at the ensuing Annual General Meeting, and being eligible, has offered himself for reappointment.

Mr. Suneet Kothari aged 34 years, is a Chemical Engineer, Chemistry/Biochemistry Graduate from Cornell University, U.S.A. and MBA from INSEAD, France/Singapore. Prior to employment with us, he has one and half years' experience with Diamond Technology Partners, U.S.A. as a Management Strategy Consultant.

Mr. Suneet Kothari is working with us since January 15, 2001.

During his tenure with us since January 2001, he played a significant role in setting up the new product development effort and seeing it started off successfully.

Mr. Suneet Kothari is a director of the following companies:

- 1) Alkyl Speciality Chemicals Ltd.
- 2) Alkyl Amines Europe sprl, Belgium
- 3) Ambika Technologies Pte. Ltd., Singapore.
- 4) Purjeeko Investments & Trading Pvt. Ltd.
- 5) Accutest India Pvt. Ltd.

Mr. Suneet Kothari holds 76662 Equity Shares in the Company.

Mr. Yogesh Kothari and Mr. Hemendra Kothari, being relatives of Mr. Suneet Kothari, may be considered to be interested in this resolution.

#### ITEM 4

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

Mr. D.G. Piramal has been on the Board of the Company since October 18, 1980. He is also a member of our Remuneration Committee of Directors. Mr. D.G. Piramal, aged 60 years, is a leading industrialist and Chairman of VIP Industries Limited. He is also on the Board of the following Companies:

1. DGP Securities Limited
2. Kiddy Plast Limited
3. Gazelle Travels Pvt. Ltd.
4. DGP Enterprises Pvt. Ltd.
5. DGP Capital Management Ltd.
6. KEC International Ltd.

With his vast experience in the Industry, it will be in the interest of the Company that Mr. Piramal continues as Director of the Company. Except Mr. Piramal, no other Director is interested in this resolution.

#### ITEM 5

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

Mr. S.B. Ghia, aged 62 years, has been on our Board since October 18, 1980. Mr. Ghia is a member of our Audit Committee, Investors Grievance Committee and Remuneration Committee of Directors. He is the Chairman & Managing Director of Futura Polyesters Limited, Innovassynth Investments Limited and Chairman of Innovassynth Technologies (India) Limited. He is also on the Board of the following Companies:

1. Sonata Software Ltd.
2. AVT Natural Products Ltd.

In view of his vast experience in the Industry, It will be in the interest of the Company that Mr. Ghia continues as Director of the Company.

Except Mr. Ghia, no other Director is interested in his reappointment.

#### ITEM No. 6

In view of the increasing business operations of the company, it would be advisable to increase the borrowing powers of the Directors from Rs.150 crores to Rs.250 crores. The Board of Directors recommend passing of the Ordinary resolution.

None of the Directors of the company is, in any way, concerned or interested in this resolution.

#### ITEM NO. 7

In view of the increasing business operations and borrowings of the company, as aforesaid, the Company may have to create further charges/mortgages in favour of the lenders. Therefore, a resolution enabling the Directors to create charges/mortgages on the movable/immovable properties of the Company to the extent of Rs.250 crores is proposed.

None of the Directors of the company is, in any way, concerned or interested in this resolution.

By order of the Board

**K. P. RAJAGOPALAN**

General Manager (Secretarial & Legal)

#### Registered Office :

401-407, Nirman Vyapar Kendra, Plot No. 10,  
Sector 17, DBC, Vashi, Navi Mumbai 400 703.

Dated: May 31, 2010

**DIRECTORS' REPORT TO THE MEMBERS**

**Dear Shareholders,**

Your Directors take pleasure in presenting the 30th Annual Report and Audited Statement of Accounts of the Company for the financial year ended March 31, 2010.

**1. FINANCIAL RESULTS:**

|   | <b>2009-10<br/>Rs. In Lakhs</b> | <b>2008-09<br/>Rs. In Lakhs</b> |
|---|---------------------------------|---------------------------------|
| Total Income (gross)                            | <b>23740</b>                    | 22280                           |
| Profit before interest, depreciation & taxation | <b>3647</b>                     | 2690                            |
| Interest & financial expenses                   | <b>1204</b>                     | 1171                            |
| Depreciation                                    | <b>853</b>                      | 696                             |
| <b>Profit before tax</b>                        | <b>1590</b>                     | 823                             |
| Provision for tax                               | <b>483</b>                      | 272                             |
| <b>Net Profit after tax</b>                     | <b>1107</b>                     | 551                             |
| Previous year adjustments                       | <b>(103)</b>                    | (149)                           |
| Profit after adjustments                        | <b>1003</b>                     | 402                             |
| Add: balance profit b/f                         | <b>1749</b>                     | 1626                            |
| Profit available for appropriation              | <b>2752</b>                     | 2028                            |
| Transfer to General Reserve                     | <b>101</b>                      | 41                              |
| Equity Dividend                                 | <b>306</b>                      | 204                             |
| Tax on dividends                                | <b>52</b>                       | 35                              |
| Balance profit carried to balance sheet         | <b>2293</b>                     | 1749                            |

**2. DIVIDENDS:**

We recommend for your approval payment of dividend at Rs.3/- per Equity Share on Equity Shares of Rs.10/- each for the year ended March 31, 2010 (Previous Year: Rs.2/- per share). The total amount of dividend including Income tax thereon would amount to Rs. 358 lacs (Previous Year Rs.239 lacs).

**3. OPERATIONS:**

Though sales of chemicals in volume registered a 22% increase from 17372 MT of the previous year to 21152 MT, sales (gross) for the year 2009-10 was Rs.23166 lacs compared to Rs. 21520 lacs for the year 2008-2009 registering only an increase of 8% since we had to drop our prices due to competition both from imports and domestic players. Profit before tax (after interest and depreciation charges) increased to Rs.1590 lacs compared to Rs.823 lacs of the previous year, i.e. an increase of 93%. During the year 2009-2010 we have achieved profit after tax of Rs.1107 lacs compared to Rs. 551 lacs of the previous year, i.e. an increase of 101%.

Further details of operations are given in the Management Discussion and Analysis Report annexed (Annexure 1).

**4. EXPORTS:**

Despite the global slowdown which affected volumes, we achieved an export turnover of Rs. 4073 lacs (FOB) compared to Rs.3896 lacs (FOB) of the previous year, i.e. an increase of 5%.



**5. FOREIGN EXCHANGE OUTGO:**

During the year we have utilised a sum of approx. Rs.2006.25 lacs in foreign currency mainly to import raw materials etc.

**6. ASSOCIATE/SUBSIDIARY COMPANIES****a. Diamines & Chemicals Limited, Vadodara:**

Diamines and Chemicals Ltd., Vadodara, our associate company, has achieved a total income of Rs. 5538 lacs as against Rs. 3029 lacs of the previous year and a profit after tax of Rs. 935 lacs as against Rs. 136 lacs of the previous year. This year's income includes write-back of Rs.849 lacs of old liability no longer required. The Board of Directors of DACL has recommended a dividend of 20% for the year 2009-10.

**b. Alkyl Amines (Europe) SPRL:**

During last year, we had registered a wholly owned subsidiary company in the name of Alkyl Amines (Europe) SPRL in Belgium with an initial share capital of Euro 12400 with a view of expanding and consolidating the company's export business in Europe. The company has not yet started its business. As on March 3, 2010 this company has an accumulated loss of Euro 17668.

**c. Alkyl Speciality Chemicals Limited:**

This company was earlier engaged in marketing of speciality chemicals. As reported last year, to consolidate the operations of the group, we have decided to route the indenting and stock and sale business through our Company and hence, this company does not have any activities.

This company achieved a total income of Rs. 11.82 lacs (Previous Year: Rs. 6.84 lacs) and a profit after tax of Rs. 2.29 lacs (as against loss of Rs. 5.20 lacs for the previous year).

Pursuant to Accounting Standard AS21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial information of Diamines & Chemicals Limited, Alkyl Amines Europe SPRL and Alkyl Speciality Chemicals Limited. The Annual Accounts of the Subsidiary companies Alkyl Amines Europe SPRL and Alkyl Speciality Chemicals Limited and such other documents as annexed and attached to the Balance Sheet are available for inspection for a period of 21 days before the date of the Annual General Meeting by any member at the registered office during business hours.

**7. CONSERVATION OF ENERGY:**

Various measures taken by the company for conservation of energy include:

- de-bottlenecking to enhance plant capacity,
- planned production at optimum levels,
- regular monitoring of electricity and fuel consumption and taking corrective steps, wherever required
- utilisation of by-product steam.

Efforts are continuously being made to reduce water consumption and we have achieved reduction in water consumption for the year 2009-10 compared to 2008-09.

A carbon footprint study is being done for the years 07-08, 08-09 and 09-10. This is to identify the sources of direct and indirect GHG emission and its estimation. The estimation will follow 'World Business Council for Sustainable Development (WBCSD)' guidelines.

We have installed a chilling unit using heat from process, based vapour absorption principle, resulting in saving in electricity. This is a latest technology and this unit is eligible for getting credit for Carbon emission reduction under CDM Programme.

More details are given in Annexure 2 (Form A) annexed to this report.



**8. TECHNOLOGY ABSORPTION/ R & D**

We have a dedicated 25-person strong R&D team at our R&D Centre in Hadapsar. It offers a combination of both chemistry and process technology capabilities, which help us to regularly launch new products, and also improve cost efficiencies. With the help of our strong research capabilities, we have introduced two new products in the financial year 2009-2010, which have application in multiple industries. Some of the larger volume uses are in oil and gas, in electronics, in lubricants and in life sciences. We will be the first company in Asia and the third in the world to make one of the two products. We are in the process of patenting some of the technologies developed by our R&D Centre.

The information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in Annexure 3 (Form B) attached to this report.

**9. SAFETY, HEALTH AND ENVIRONMENT:****(a) Environment:**

We give utmost importance to Environment protection and adherence to pollution control norms. Environmental Management System at Patalganga has been Recertified to ISO 14001:2004 and we are in the process of implementing ISO 14001 for our Kurkumbh Plant.

- i) Air Emissions – We monitor regularly Emissions from various sources and are complying with statutory requirements. Projects are undertaken for reduction of emissions. Our co-gen plant at Kurkumbh is aiding the global quest for controlling GHG emission by using renewable fuel. The project is approved by Government of India, Ministry of Environment and Forests and is also registered with the Executive Board established under the Kyoto Protocol to the UNFCCC. \
- ii) Liquid waste Treatment – We have integrated Effluent Treatment Plants and we maintain outlet standards within the prescribed limits. Continuous efforts are made to minimise the quantity of effluent generated and feasibility of recycling of treated effluent is being studied. The company has made substantial investment for expanding its effluent treatment capacity to meet long term requirements. Our Company is also a member of the CETP located at Pataganga and Kurkumbh.
- iii) Solid Waste Management – Solid wastes are either incinerated or disposed off to secured landfill. The manufacturing sites at Patalganga and Kurkumbh are members of the Authorized Common Hazardous Waste Transport, Storage & Disposal Facility namely; Mumbai Waste Management Limited; Taloja, and Maharashtra Enviro Power Limited; Ranjangaon respectively.
- iv) Green belt –Tree plantation is one of the major activities carried out inside and outside the premises. We have so far planted nearly 6500 trees in and around our plant sites.
- v) Non conventional Energy and Natural Resource conservation–

We are pioneering at the staff colony the usage of Solar Water heaters, gravitational water supply, Sewage water gardening, Rain water harvesting, and number of GO GREEN activities.

- (b) Safety – We encourage a high level of awareness of safety issues among our employees and strive for continuous improvement. All incidents are analysed in safety committee meetings and corrective actions, wherever necessary, are taken immediately. Employees are trained in safe practices to be followed at workplace. Active participation is done in Mutual Aid scheme in the respective industrial areas. We are active and leading member of Local and District Crisis Group and have earned reputation amongst society around and statutory authorities for prompt technical support during Disaster Management events.
- (c) Health – Health of employees is also accorded importance. Periodic check up of all employees is done to monitor their health. Regular work area monitoring to check concentration of chemicals, noise level, and quality of ambient air is done. We also have Occupation Health Centres with staff at both manufacturing sites at Patalganga and Kurkumbh.

We have more than 30 % of our employees trained as FIRST AIDERS who contribute their skills while on duty as well as away from duties to serve the society. We are working towards obtaining ISO 18000.

**10. CORPORATE SOCIAL RESPONSIBILITY**

During the year, we continued with various community development activities in and around the rural areas situated in Kurkumbh as well as Patalganga Complexes and elsewhere as identified by our Corporate Social Responsibility Cell. The activities included :

- a) supplying infrastructure required by schools in and around rural areas in Kurkumbh and Patalganga and making a donation of Rs.5 lacs to a school in Tamil Nadu.
- b) Facilitating dialogue with various constituents, establishments and departments concerned with environment, safety and social welfare, with a view to achieve co-ordination and co-operation in successful implementation of the programme.
- c) Afforestation programmes in and around both the Complexes of the Company, (for environmental protection) thus minimizing the global warming scenario.
- d) Promoting and Sponsoring activities in the areas of Safety, Health and Environment, Education, Sports and Cultural Activities in co-ordination other agencies.
- e) encouraging research in the country by instituting the “Alkyl Amines Young Scientist Award” through UICT, Mumbai.

The Company has a Disaster Management Plan within the Company and to surrounding industry, either in the form of providing risk information to the community or to respond in case of any emergency, as a part of its social responsibility. As a part of Disaster Management Programme, to create awareness about the immediate and timely actions to be taken at the time of disasters like gas leak, accidents etc., mock drills are conducted.

During the year we have spent around Rs. 9 Lacs towards CSR activities.

**11. CODE OF CONDUCT:**

The Board of Directors has laid down a Code of Conduct applicable to the Board of Directors and Senior Management, which is available on the company's website. All Board Members and Senior Management personnel have affirmed compliance with the code of conduct.

**12. FIXED DEPOSITS:**

The Company has not accepted any fixed deposits from the public within the meaning of the Companies (Acceptance of Deposits) Rules 1975 during the year.

**13. INSURANCE**

The Properties and Assets of the Company are adequately insured.

**14. DIRECTORS:**

Mr. Suneet Kothari, Mr. Dilip G. Piramal and Mr. S.B. Ghia retire by rotation at the Annual General Meeting and, being eligible, have offered themselves for re-appointment. Your Directors recommend the re-appointment of all these Directors.

**15. AUDITORS:**

Members are requested to appoint Auditors and fix their remuneration. M/s. Bansi S. Mehta & Co., Chartered Accountants, the retiring Auditors, are eligible for re-appointment. The Company has received a Certificate from them to the effect that their appointment, if made, will be within the prescribed limit under Section 224(1-B) of the Companies Act, 1956.

**16. RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of The Companies Act, 1956:

- (a) That in the preparation of the annual accounts for the year ended March 31, 2010, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
- (b) That such accounting policies as mentioned in Schedule 20 to the annual accounts have been selected and applied consistently and judgements and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended on March 31, 2010 and of the profit of the company for that year;
- (c) That 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) That the Annual accounts for the year ended 31st March, 2010 have been prepared on a going concern basis.

**17. CORPORATE GOVERNANCE**

A separate detailed Corporate Governance report is attached herewith as Annexure 4.

**19. ACKNOWLEDGEMENTS:**

The Directors wish to place on record their appreciation of the continuous support received by the Company from the investors, participating Financial Institutions, Banks, Foreign Principals, Central/State Government Departments, its Customers and Suppliers.

For and on behalf of the Board

Place: Mumbai  
Dated: May 31, 2010

**YOGESH M. KOTHARI**  
Chairman & Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ANNEXURE 1

#### INDUSTRY STRUCTURE AND DEVELOPMENT

We are a global supplier of amines and amine-based chemicals. We have two manufacturing sites, one at Patalganga and the other at Kurkumbh. We also have an R&D Centre at Pune. We have an excellent team of technical and commercial professionals with expertise in chemicals manufacture and marketing.

Our products have application in important industries like pharmaceuticals, agro-chemicals, water treatment chemicals, photography chemicals, rubber chemicals, etc. We cater to both domestic and international market. We have competition both from local producers and international producers.

For more details please refer to our web-site [www.alkylamines.com](http://www.alkylamines.com).

#### PERFORMANCE

Total Income gross amounted to Rs.23740 lacs compared to Rs.22280 of the previous year. Though sales in volume increased by nearly 22% over the previous year level, sales (gross) for the year 2009-10 was Rs.23166 lacs compared to Rs. 21520 lacs for the year 2008-2009 registering only an increase of 8%.

Production of specialty chemicals amounted to 29331 MT for the year 2009-2010 compared to 27387 M.T. for the year 2009-2010. We have been focusing more on products of better value addition.

Income from contract processing for 2009-10 was Rs. 2.11 crores compared to Rs. 1.76 crores of the previous year.

#### OPPORTUNITIES, THREATS, RISKS AND CONCERNS

The commodity nature of some of our products make them susceptible to fluctuations in raw material prices and exchange rates. The company is vulnerable to alcohol price volatility. Domestic alcohol prices are dependent on the cyclicity of the sugar industry. The international market prices of amines follow the petrochemicals cycle. However, Ethyl alcohol prices are now stable and with better crushing season, alcohol prices are expected to be stable in the medium term. Other petroleum based raw materials are subject to crude oil price fluctuation.

While there will be challenges, there are also plenty of opportunities that lie ahead. We enjoy leadership position in amines market, driven by strong in-house technology and research and development (R&D) capabilities and diversified product portfolio and customer base.

We offer activities like reductive amination (liquid and vapour phase), air oxidation, high pressure hydrogenation, peroxide oxidation, etc. for customers both domestic and international, which has very good growth potential. Our R&D Centre is enabling us to add new products to our product portfolio which will add to our contribution.

Threats and challenges also provide opportunities for growth. Since the chemicals industry is growing, we have a fair chance of improving our position as a reliable supplier of good quality chemicals. Our Core Competence in chemicals handling and manufacturing supported by an able Technical Team, should provide a lot of opportunities and scope to the company to improve its performance in an otherwise difficult business environment.

#### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The operating profit before tax amounted to Rs.15.90 crores compared to Rs. 8.23 crores reported last year.

During the year, our domestic sales amounted to Rs.181.95 crores compared to Rs. 166.72 crores of the previous year. Export sales increased to Rs. 40.73 crores (FOB) compared to Rs. 38.96 crores of the previous year.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The SAP-ERP system is being further streamlined. The system is helping the Managers to advantageously assimilate information and make more knowledge-based and efficiency-driven decisions. We have a good system of internal controls in all spheres of activities. The internal control is supplemented by effective internal audit being carried out by an external firm of chartered accountants. The Audit Committee of Directors regularly reviews the findings of the Internal Auditors and effective steps to implement the suggestions/observations of the Auditors are taken and monitored regularly. In the opinion of the Board, an effective internal control system adequate to the size of the Company exists.

#### Strategic Plans and Organizational Development:

We have outlined a three year growth plan and are working progressively to achieve the targets outlined in the plan.

We have framed strategies on both production and marketing fronts to meet the challenges thrown open by

the ongoing global recession. We are actively working towards setting up global scale manufacturing plants in speciality chemicals segment that provide economies of scale which would enable us to compete with manufacturers from other countries. We are also striving to become a true technology leader with a distinct product/process development capability and intellectual property rights.

We are focusing on continuous improvement in production processes, effective cost management, diversification into more value added products, improved management practices and introduction of new systems and further growth in export markets. We recognize that growth requires, both organic and inorganic growth and hence, we are also exploring opportunities for leveraging our core strengths by tie-up with other global suppliers of chemicals and also acquisitions where we have synergies.

### **HUMAN RESOURCES**

In today's knowledge driven dynamic business environment, people are the most critical drivers of growth. We recognize that human resources form an integral part of our company's strategy for growth and the competence and commitment of our people are the key drivers for growth of our company. Your company had a manpower strength of 317 as on March 31, 2010. There have been excellent relations between the employees at various levels and the management. Your Directors wish to acknowledge the sincere and dedicated efforts of the employees of the company and would like to thank them for the same.

Improving competence of employees is an ongoing process. This year we have taken specific steps to ensure this. The employees are given training by attending seminars/ workshops (both in house and outside) to enhance their skills and knowledge.

Further we have refocused on quality of entry level employees by identifying better colleges for recruitment of engineers, their academic achievements and their training after joining to ensure bench strength of competent employees.

Information required to be given pursuant to the provisions of Section 217(2A) of The Companies Act, 1956 is given in the Annexure, a copy of which can be obtained by the members from the Company's Registered Office on request.

### **OUTLOOK**

The year 2010-11 has its own sets of challenges and opportunities for us. With global recession and idle/new capacities abroad and a stronger rupee, there is increasing threat from imports. However, despite various adverse factors affecting the economy, it is expected that there will be growth in chemical industry.

The Pharmaceutical Sector in India is poised for further growth and it is likely to improve the volume of sales of our company. On the export front also, exports look promising for our basic products as well as for our newly developed intermediates.

This year we have added two new products to our product range. Further new products are being added to our product range with the efforts of our R&D and New Product Development Team (NPDT) and sales from these products are growing at a significant pace.

Our Annual Operating Plan is focused on improvement in efficiencies, margins, profitability and sales while re-looking at business strategies and models, wherever necessary. The new products, which we have added to our portfolio, are helping us in increasing sales and contribution and we are confident that this trend will remain. The strategies which we have adopted and are adopting should lead to enhancement in intrinsic value not only to all shareholders, but also to all stakeholders in the Company.

### **CAUTIONARY STATEMENT**

Statements made in the report, including those stated under the caption "Management Discussion and Analysis" describing the company's plans, projections and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

For and on behalf of the Board

Place : Mumbai

Dated : May 31, 2010

**YOGESH M. KOTHARI**

Chairman & Managing Director

## ANNEXURE 2

## FORM A

(Disclosure of Particulars with respect to Conservation of Energy for Balance Sheet)

| PARTICULARS                                  | 1.4.2009 to<br>31.3.2010 | 1.4.2008 to<br>31.3.2009 |
|--|--------------------------|--------------------------|
| <b>A. Power and Fuel Consumption:</b>        |                          |                          |
| <b>1. Electricity</b>                        |                          |                          |
| <b>1. a) Purchased</b>                       |                          |                          |
| Units(Kwh In Lakhs)                          | 142                      | 133                      |
| Total Amount(Rs In Lakhs)                    | 743                      | 602                      |
| <b>Avg.Rate/Unit</b>                         | 5.23                     | 4.52                     |
| <b>1. B) Own Gereration</b>                  |                          |                          |
| (I) Through Diesel Generator                 |                          |                          |
| Units (Kwh In Lakhs)                         | 5.15                     | 6.91                     |
| Units/Ltr Of Diesel Oil(Kwh)                 | 3.40                     | 3.52                     |
| <b>Cost/Unit(Rs./Kwh)</b>                    | 10.34                    | 10.72                    |
| (II) Through Steam Turbine/<br>Generator     |                          |                          |
| Units (Kwh In Lakhs)                         | 6.85                     | 13.74                    |
| Units/Kg Of Fuel                             |                          |                          |
| <b>Cost/Unit(Rs./Kwh)</b>                    | NIL                      | NIL                      |
| <b>2. Coal</b>                               |                          |                          |
| Qty(MT)                                      | 19888                    | 11960                    |
| Total Amount(Rs In Lakhs)                    | 934.11                   | 626.76                   |
| <b>Avg.Rate(Rs/MT)</b>                       | 4697                     | 5241                     |
| <b>3. Furnace Oil And LSHS</b>               |                          |                          |
| Qty(MT)                                      | 1953                     | 1595                     |
| Total Amount(Rs In Lakhs)                    | 447.88                   | 372.64                   |
| <b>Avg.Rate(Rs/MT)</b>                       | 22933                    | 23363                    |
| <b>4. Bagasse</b>                            |                          |                          |
| Qty(Mt)                                      | 29752                    | 59604                    |
| Total Amount(Rs In Lakhs)                    | 881.89                   | 678.86                   |
| <b>Avg.Rate(Rs/MT)</b>                       | 2964                     | 1139                     |
| <b>B. Consumption Per Unit Of Production</b> |                          |                          |
| Standards If Any                             | N.A.                     | N.A.                     |
| <b>Production:</b>                           |                          |                          |
| a) **Amines And Amines Derivatives(MT)       | 21395                    | 21387                    |
| b) Hydrogen(M3)                              | 2454558                  | 2278934                  |
| <b>Electricity Consumption/Unit:</b>         |                          |                          |
| a) Amines And Amines Derivatives(Kwh/MT)     | 685                      | 682                      |
| b) Hydrogen(Kwh/M3)                          | 0.233                    | 0.277                    |
| <b>Coal Consumption / Unit:</b>              |                          |                          |
| Amines And Amine Derivatives(MT/MT)          | 1.083                    | 1.165                    |
| <b>FO/LSHS Consumption / Unit:</b>           |                          |                          |
| Amines And Amine Derivatives(MT/MT)          | 0.091                    | 0.075                    |
| <b>Bagasse Consumption / Unit:</b>           |                          |                          |
| Amines And Amine Derivatives(MT/MT)          | 3.321                    | 5.807                    |

## ANNEXURE 3

## FORM B

- Specific area in which R & D carried out by the company:
  - Worked on the improvement of various processes/products already commercialised.
  - Development of processes for the manufacture of various new mixed amine derivatives which find use as Pharma & Agro-Intermediates.
  - Development of processes for the manufacture of various new mixed amine derivatives useful as Speciality Chemicals (using pilot vapour phase reactor).
  - Continued development of processes for manufacture of chemicals based on customer specific requirements.
- Benefits derived as a result of the above R & D.
  - Added 4 new mixed amine derivatives/products to the product range (for commercial/seed marketing).
- Future plans of action
  - Development of processes for the manufacture of new Pharma and Agro intermediates.
  - Scale up of the processes for mixed amines to be used in Pharma & Agro-chemical industries.
- Expenditure on R & D
  - Capital : Rs. 89.83 Lakhs
  - Revenue : Rs. 96.84 Lakhs
  - Total : Rs. 186.67 Lakhs
  - Total R & D Expenditure as a percentage of total turnover. : 0.8 %
- Technology absorption, adaptation and innovation
  - Efforts, in brief, made towards technology absorption, adaptation and innovation.
  - Benefits derived as a result of the efforts e.g. product improvement, cost reduction, product development, import substitution etc. } As stated above.
  - In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year following information may be furnished
    - Technology imported
    - Year of Import
    - Has technology been fully absorbed.
    - If not fully absorbed, areas where this has not taken place, reasons therefor, and future plans of action. } Not applicable

**ANNEXURE 4**
**CORPORATE GOVERNANCE REPORT**

- Our philosophy on Code of Governance is aimed at safeguarding and adding value to the interest of the various stakeholders of our company including shareholders, lenders, employees and public at large. At Alkyl Amines Chemicals Limited, ("ALKYL"), we are committed to Good Corporate Governance to ensure that all functions of the Company are discharged in a professionally sound and competent manner. Given below is the requisite information relating to corporate functioning of your Company at apex level for the purposes of due transparency on this aspect.

**2. BOARD OF DIRECTORS**
**i) Composition of Board:**

The Board of Directors of the Company consists of 11 members. Three of the Directors, i.e. the Chairman & Managing Director and two Executive Directors, are Executive Directors and rest of the 8 Directors are non-executive Directors, who bring a wide range of skills and experience to the Board. The Board of Directors of the Company as on 31st March, 2010 is as under:

| Name                    | Designation / Category                                 | No. of other Directorships and Committee Memberships / Chairmanships (excluding Pvt. Cos.) |                         |                           |
|-------------------------|--|--|-------------------------|---------------------------|
|                         |  | Other Director-ships   | *Committee Member-ships | *Committee Chairman-ships |
| Mr. Yogesh M. Kothari   | Chairman & Managing Director (Promoter)                | Three  | One                     | One                       |
| Mr. Hemendra M. Kothari | Non-Executive Director (Brother of Mr. Yogesh Kothari) | Four   | —                       | —                         |
| Mr. Shyam B. Ghia       | Non-Executive Director (Independent)                   | Five   | Three                   | Two                       |
| Mr. Shobhan M. Thakore  | Non-Executive Director (Independent)                   | Six  | Three                   | One                       |
| Mr. Dilip G. Piramal    | Non-Executive Director (Independent)                   | Five   | Two                     | -                         |
| Mr. Premal N. Kapadia   | Non-Executive Director (Independent)                   | Six  | Two                     | One                       |
| Mr. K.R.V. Subrahmanian | Non-Executive Director (Independent)                   | Two  | -                       | One                       |
| Ms. Tarjani Vakil       | Non-Executive Director (Independent)                   | Six  | Three                   | Four                      |
| Ms. Rima Marphatia      | Non-Executive Director (Independent)                   | -  | -                       | -                         |
| Mr. Kirat Patel         | Executive Director                                     | Two  | One                     | -                         |
| Mr. Suneet Kothari      | Executive Director (son of Mr. Yogesh Kothari)         | One  | -                       | -                         |

\*Member/Chairman of Audit Committees and Share Transfer/Investor Grievance Committees.

**ii) Attendance record of each Director:**

Four Board Meetings were held during the year 2009-10. These meetings were held on 20.05.2009, 29.07.2009, 27.10.2009 and 27.01.2010. The attendance record of all the Directors at the Board Meetings and the last Annual General Meeting between 01.04.2009 to 31.03.2010 is as under:-



| Name                    | No. BoD Meetings held | No. of BoD Meetings attended | Attended last AGM |
|-------------------------|-----------------------|------------------------------|-------------------|
| Mr. Yogesh M. Kothari   | Four                  | Four                         | Yes               |
| Mr. Hemendra M. Kothari | Four                  | Three                        | No                |
| Mr. Shyam B. Ghia       | Four                  | Two                          | No                |
| Mr. Shobhan M. Thakore  | Four                  | One                          | No                |
| Mr. Dilip G. Piramal    | Four                  | Two                          | No                |
| Mr. Premal N. Kapadia   | Four                  | Four                         | No                |
| Mr. K.R.V. Subrahmanian | Four                  | Four                         | Yes               |
| Ms. Tarjani Vakil       | Four                  | Three                        | No                |
| Mr. Kirat Patel         | Four                  | Three                        | No                |
| Ms. Rima Marphatia      | Four                  | Three                        | No                |
| Mr. Suneet Kothari      | Four                  | Four                         | Yes               |

### 3. COMMITTEES OF THE BOARD OF DIRECTORS

#### i) Audit Committee

The Company has an Audit Committee of the Board of Directors since April 2000. The Audit Committee comprises of five Directors, i.e. Mr. K.R.V. Subrahmanian, Mr. Shyam B. Ghia, Mr. Premal N. Kapadia and Mr. Shobhan M. Thakore (all being Non-Executive and independent) and also Mr. Kirat Patel. The Committee met 4 times during the year 2009-2010 on 20.05.2009, 29.07.2009, 27.10.2009 and 27.01.2010. The attendance of the Audit Committee Members is as under:-

| Name                    | No. of Audit Committee Meetings held | No. of Audit committee Meetings attended |
|-------------------------|--------------------------------------|--|
| Mr. K.R.V. Subrahmanian | Four                                 | Four                                     |
| Mr. Shyam B. Ghia       | Four                                 | Two                                      |
| Mr. Premal N. Kapadia   | Four                                 | Four                                     |
| Mr. Shobhan N. Thakore  | Four                                 | One                                      |
| Mr. Kirat Patel         | Four                                 | Three                                    |

Mr. K.P. Rajagopalan, General Manager (Secretarial & Legal) & Company Secretary of the Company acts as Secretary to the Audit Committee. The Account & Finance Officials of the Company, Statutory Auditors and Internal Auditors also attended the meetings of Audit Committee.

The terms of reference of Audit Committee include overview of the company's financial reporting process, review with management the various aspects of financial statements including quarterly, half yearly and annual results, adequacy of internal controls and internal audit function, various audit reports, significant judgements affecting the financial statements, compliance with accounting standards and Company's financial & risk management policies. It reports to the Board of Directors about its findings & recommendations pertaining to above matters. No personnel have been denied access to the Audit Committee.

#### ii) Remuneration Committee of the Board

a) The Company has also set up a Remuneration Committee of Directors, consisting of Mr. S.B. Ghia, Chairman, Mr. S.M. Thakore and Mr. Dilip G. Piramal. The main criteria for fixing remuneration of the Directors is performance and also practice in the industry. The terms of reference of the Remuneration Committee include review and recommendation to the board of directors of the remuneration paid to the directors. The Committee meets as and when required to consider remuneration of Directors. There is one meeting held on 13.05.2009 during the year 2009-2010.

b) Remuneration of Directors:

Remuneration paid/payable to the Directors for the year from 1.4.2009 to 31.3.2010 is given below:

(Rs. in Lakhs)

| Name                                      | Remuneration<br>(Rs.) | Sitting Fee<br>(Rs.) | Commission<br>Rs.* | Total<br>(Rs.) |
|---|-----------------------|----------------------|--------------------|----------------|
| Mr. Yogesh M. Kothari                     | 83.44                 | Nil                  | Nil                | 83.44          |
| Mr. Hemendra M. Kothari                   | Nil                   | 0.15                 | 2.09               | 2.24           |
| Mr. Shyam B. Ghia                         | Nil                   | 0.33                 | 2.09               | 2.42           |
| Mr. Shobhan M. Thakore                    | Nil                   | 0.24                 | 2.09               | 2.33           |
| Mr. Dilip G. Piramal                      | Nil                   | 0.12                 | 2.09               | 2.21           |
| Mr. Premal N. Kapadia                     | Nil                   | 0.40                 | 2.09               | 2.49           |
| Mr. K.R.V. Subrahmanian                   | Nil                   | 0.40                 | 2.09               | 2.49           |
| Ms. Tarjani Vakil                         | Nil                   | 0.15                 | 2.09               | 2.24           |
| Ms. Rima Marphatia (Payable to Exim Bank) | Nil                   | 0.15                 | 2.09               | 2.24           |
| Mr. Kirat Patel                           | 29.05                 | Nil                  | 15.49              | 44.54          |
| Mr. Suneet Y. Kothari                     | 23.41                 | Nil                  | 15.49              | 38.90          |

Remuneration to Executive Directors includes salary and perquisites. The Company does not have any stock option scheme.

\*Commission will be paid during the year 2010-2011.

Each of the Executive Directors namely, Mr. Kirat Patel and Mr. Suneet Kothari has been appointed for a period of five years upto December 31, 2011. The Chairman and Managing Director, Mr. Yogesh Kothari has been appointed for a period of Three years upto March 31, 2012. Either party is entitled to terminate the appointment by giving not less than six months' notice in writing to the other party.

### iii) Share Transfer/Investors' Grievance Committee

- The Share Transfer/Investors' Grievance Committee consists of Mr. Shobhan M. Thakore, Mr. Shyam B. Ghia and Mr. Yogesh M. Kothari, whose terms of reference include approval of share transfers and overview of investor grievance handling system. Mr. Shobhan M. Thakore is the Chairman.
- Total 13 meetings of shareholders/Investors' Grievance Committee were held during the year 2009-2010 on the following dates:

|            |            |            |            |
|------------|------------|------------|------------|
| 9/04/2009  | 23/06/2009 | 10/07/2009 | 24/08/2009 |
| 21/09/2009 | 8/10/2009  | 27/10/2009 | 3/12/2009  |
| 30/12/2009 | 30/01/2010 | 17/02/2010 | 8/03/2010  |
| 30/03/2010 |            |            |            |

- The attendance of the Shareholders / Investors' Grievance Committee Members is as under :-

| Name                   | Category           | No. of meetings<br>held | No. of meetings<br>Attended |
|------------------------|--------------------|-------------------------|-----------------------------|
| Mr. Shobhan M. Thakore | Independent        | 13                      | 12                          |
| Mr. Yogesh M. Kothari  | Executive Director | 13                      | 9                           |
| Mr. Shyam B. Ghia      | Independent        | 13                      | 11                          |

- Mr. K.P. Rajagopalan, General Manager (Secretarial & Legal) is the Compliance Officer.
- No. of shareholder complaints received during 2009-2010:

|  |        |
|--|--------|
| Relating to non-receipt of share certificates after transfer | : Two  |
| Relating to de-materialisation;                              | : Nil  |
| Relating to non-receipt of dividends/interest:               | : One  |
| Others:  | : Four |

- f) No. of shareholder complaints not solved to the satisfaction of the shareholders:
- |  |        |
|--|--------|
| relating to non-receipt of share certificates after transfer | : None |
| relating to de-materialisation                               | : None |
| relating to non-receipt of dividends/interest                | : None |
| Others   | : None |
- g) No. of pending share transfers as on 31.3.2010 : None

#### 4. GENERAL BODY MEETINGS.

- i) Location and time where last three Annual General Meetings were held and details of special resolutions passed:

| No. of AGM | VENUE  | DATE          | TIME    |
|------------|--|---------------|---------|
| 29th AGM   | Chandragupt Hall<br>Hotel Abbott, Sector 2, Vashi,<br>Navi Mumbai 400703, Maharashtra.<br><br>Special resolution was passed for:<br>a) Approving re-appointment & remuneration of<br>Mr. Yogesh M. Kothari as Chairman & Managing<br>Director.   | July 29, 2009 | 2.30PM  |
| 28th AGM   | Chandragupt Hall<br>Hotel Abbott, Sector 2, Vashi,<br>Navi Mumbai 400703, Maharashtra.<br><br>No special resolution was passed   | July 31, 2008 | 2.30 PM |
| 27th AGM   | Chandragupt Hall<br>Hotel Abbott, Sector 2, Vashi,<br>Navi Mumbai 400703, Maharashtra.<br><br>Special resolution was passed for:<br>a) Approving appointment of Mr. Suneet Kothari<br>as Executive Director; and<br>b) Reappointment of Mr. Kirat Patel for Executive<br>Director<br>c) Payment of commission to Part-time Director. | July 25, 2007 | 2.30 PM |

No special resolution by postal ballot was passed during last year and no special resolution is proposed by postal ballot.

#### 5. DISCLOSURES

- i) A list of transactions with related parties as per Accounting Standard AS 18 is mentioned in Schedule 21 to the Audited Accounts.
- ii) No. penalty/stricture was imposed on the Company by Stock Exchange(s), SEBI or any other authority, or any matter related to capital markets, during the last three years.
- iii) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements: The Company has complied with all mandatory requirements of Clause 49 of the Listing agreement.

#### 6. MEANS OF COMMUNICATION

- i) Company is publishing the results in National & Regional Newspapers like Economic Times and Maharashtra Times. Quarterly Results are also put on the Company's web-site, [www.alkylamines.com](http://www.alkylamines.com).
- ii) Management Discussion & Analysis is part of Annual Report 2009-2010.

**7. GENERAL SHAREHOLDER INFORMATION:**

## i) Annual General Meeting

Date : July 22, 2010

Time : 2.30 p.m.

Venue : Chandragupt Hall, 2nd Floor, Hotel Abbott, Sector 2, Vashi, Navi Mumbai 400 703.

## ii) Financial Year: April to March

## iii) Dates of Book Closure: From 15.7.2010 to 22.7.2010 (both days inclusive)

## iv) Dividend Payment Date: On and from July 29 , 2010

## v) The equity shares of the Company are listed on The Bombay Stock Exchange Limited and National Stock Exchange of India Ltd.

## vi) Stock code. (BSE): 506767 (NSE) : ALKYLAM

## vii) Market Price Data - High &amp; Low at BSE and NSE of the equity shares of the Company during each month for the year 2009-2010 as compared to BSE Sensex/Nifty are as under:

|           | BSE(Rs.) |       | Sensex    |           | NSE(Rs.) |       | Nifty    |          |
|-----------|----------|-------|-----------|-----------|----------|-------|----------|----------|
|           | High     | Low   | High      | Low       | High     | Low   | High     | Low      |
| April '09 | 53.25    | 47.75 | 11,492.10 | 9,546.29  | 54.95    | 46.20 | 3,484.15 | 3,060.35 |
| May '09   | 71.40    | 46.25 | 14,930.54 | 11,621.30 | 71.15    | 45.10 | 4,448.95 | 3,554.60 |
| June'09   | 74.00    | 61.00 | 15,600.30 | 14,016.95 | 74.00    | 58.00 | 4,655.25 | 4,235.25 |
| July '09  | 66.40    | 58.70 | 15,732.81 | 13,219.99 | 64.00    | 56.30 | 4,636.45 | 3,974.05 |
| Aug.'09   | 70.25    | 60.35 | 16,002.46 | 14,684.45 | 68.15    | 60.25 | 4,732.35 | 4,387.90 |
| Sept.'09  | 74.30    | 65.85 | 17,142.52 | 15,356.72 | 72.20    | 65.10 | 5,083.95 | 4,593.55 |
| Oct. '09  | 73.55    | 59.10 | 17,493.17 | 15,805.20 | 72.70    | 61.30 | 5,142.15 | 4,711.70 |
| Nov. '09  | 72.30    | 61.20 | 17,290.48 | 15,330.56 | 69.1     | 62.85 | 5,108.15 | 4,563.90 |
| Dec.'09   | 75.20    | 62.20 | 17,530.94 | 16,577.78 | 69.00    | 61.30 | 5,201.05 | 4,952.60 |
| Jan. '10  | 90.50    | 63.65 | 17,790.33 | 15,982.08 | 81.90    | 64.00 | 5,281.80 | 4,853.10 |
| Feb. '10  | 85.00    | 67.05 | 16,669.25 | 15,651.99 | 74.80    | 66.25 | 4,931.85 | 4,718.65 |
| Mar. '10  | 87.15    | 65.30 | 17,793.01 | 16,438.45 | 73.85    | 65.40 | 5,282.00 | 5,017.00 |

## viii) Share Transfer System:

Share transfers in physical form are registered and returned within the stipulated time, if documents are clear in all respects. The Committee of Directors for Share Transfers meets frequently to approve transfer of shares.

## ix) Distribution of Shareholding as on 31st March, 2010 :

| Shareholding of Nominal Value (Rs.) | No. of Holders | (%) of Holders | Total Amount     | % of Amt.  |
|-------------------------------------|----------------|----------------|------------------|------------|
| UPTO 5000                           | 6983           | 91.95          | 8345830          | 8.18       |
| 5001 TO 10000                       | 319            | 4.20           | 2348090          | 2.30       |
| 10001 TO 20000                      | 125            | 1.65           | 1821700          | 1.79       |
| 20001 TO 30000                      | 33             | 0.43           | 831330           | 0.82       |
| 30001 TO 40000                      | 25             | 0.33           | 879500           | 0.86       |
| 40001 TO 50000                      | 18             | 0.24           | 848980           | 0.83       |
| 50001 TO 100000                     | 45             | 0.59           | 3196870          | 3.14       |
| 100001 AND ABOVE                    | 46             | 0.61           | 83709660         | 82.08      |
| <b>TOTAL</b>                        | <b>7594</b>    | <b>100</b>     | <b>101981960</b> | <b>100</b> |

## x) Shareholding pattern as on 31st March, 2010

| No. | Category of shareholders  | No. of Shares held | % of share holding |
|-----|---|--------------------|--------------------|
| 01  | I) Indian Promoters/Persons acting in concert   | 7554018            | 74.072             |
|     | II) Foreign Promoter  | 12376              | 0.121              |
|     | Sub-Total (A)   | 7566394            | 74.193             |
| 02  | Mutual Funds  | 676                | 0.007              |
| 03  | Banks/Financial Institutions/ Insurance Cos., Central Govt./ State Govt. Institutions | 28                 | 0                  |
|     | Sub-Total (B)   | 704                | 0.007              |
| 04  | Private Corporate Bodies  | 207155             | 2.031              |
| 05  | NRIs/OCBs   | 26187              | 0.257              |
| 06  | Clearing members  | 2591               | 0.025              |
| 07  | Indian Public   | 2395165            | 23.486             |
|     | Sub-Total (C)   | 2631098            | 25.799             |
|     | Total Share Capital (A+B+C)   | 10198196           | 100                |

## xi) Shareholding of Directors as on 31st March, 2010

| Name                    | No. of Equity Shares held |
|-------------------------|---------------------------|
| Mr. Yogesh M. Kothari   | 6123311                   |
| Mr. Hemendra M. Kothari | 106700                    |
| Mr. Shyam B. Ghia       | -----                     |
| Mr. Shobhan M. Thakore  | 5540                      |
| Mr. Dilip G. Piramal    | -----                     |
| Mr. Premal N. Kapadia   | -----                     |
| Mr. K.R.V. Subrahmanian | -----                     |
| Ms. Tarjani Vakil       | -----                     |
| Ms. Rima Marphatia      | -----                     |
| Mr. Kirat Patel         | 26785                     |
| Mr. Suneet Y. Kothari   | 76662                     |

## xii) Dematerialisation of shares and liquidity:

Trading in Equity Shares of the Company is permitted only in dematerialised Form. All requests for dematerialisation of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within the stipulated time.

Other details are as under:

Approximate time taken for share transfer if the

documents are clear in all respects : 20 Days.

Demat ISIN Number for Equity Shares of the

Company in NSDL & CDSL ISIN - INE 150B01013.

Total No. of Shares as on 31.3.2010 - 10198196 Shares

Total No. of shares dematerialised upto 31.03.2010 - 9659009 Shares

Percentage to total paid up capital - 94.713 %

## xiii) Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity : Nil

## xiv) Plant locations:

**Patalganga Plant :**

A-7/A-25 MIDC, Patalganga Industrial Area,  
Village Kaire, Taluka Khalapur, Dist. Raigad.

**Kurkumbh Plant :**

D-6/1 MIDC, Kurkumbh Industrial Area, Taluka Daund, Dist. Pune.

**xv) Address for correspondence :**

Alkyl Amines Chemicals Ltd.,  
401/407 Nirman Vyapar Kendra Sector 17, Vashi, Navi Mumbai 400703. Maharashtra

**xvi) Company's Registrar & Share transfer Agents :-**

**SHAREX DYNAMIC (INDIA) PVT. LTD.**

**Fort office :-**

17 / B Dena Bank Building, 2nd floor,  
Horniman Circle, Fort, Mumbai – 400 001.  
Tel. Nos. : 022 22702485, 22641376 Fax No. : 022 22641349.

**Branch Office :**

Unit No.1, Luthra Industrial Premises,  
1st Floor, 44-E, M. VasANJI Marg, Andheri Kurla Road,  
Safed Pool, Andheri (East), Mumbai 400 072.  
Tel Nos. : 022 28515606, 28515644 Fax No. : 022 2851 2885  
Email Address :- sharexindia@vsnl.com Website :- www.sharexindia.com

**8. Code of Conduct:**

Your company has always encouraged and supported compliance to ethical business practices in personal and corporate behavior by its employees. Your company in order to further strengthen corporate governance practices has framed a specific code of conduct, for the members of the Board of Directors and Senior Management personnel of the Company.

For ALKYL AMINES CHEMICALS LTD.,

**K. P. RAJAGOPALAN**

General Manager (Secretarial & Legal)

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**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF  
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To the Members of ALKYL AMINES CHEMICALS LIMITED

We have examined the compliance of conditions of corporate governance by Alkyl Amines Chemicals Limited, for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said company with The Mumbai Stock Exchange Limited and National Stock Exchange of India Limited.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no Investor grievances were pending for a period of one month against the company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

Chartered Accountants  
Firm Registration No. 100991W

**Paresh H. Clerk**

Partner  
Membership No.36148

Place : Mumbai

Dated: May 31, 2010

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

To the Members of

**ALKYL AMINES CHEMICALS LIMITED**

1. We have audited the attached Balance Sheet of **ALKYL AMINES 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;
  - f. 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**Date :** May 31, 2010



**Annexure referred to in paragraph 3 of the Auditors' Report of even date to the members of ALKYL AMINES 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 maintaining proper records of fixed assets (except for additions during the year and of the preceding year, the records for which are being updated) to show full particulars, including quantitative details and situation of fixed assets.
- b. According to the information and explanations given to us, the fixed assets have been physically verified for the first time by the management during the year.

The management is in the process of reconciling the records as per physical verification with the books of account and only on the completion of such reconciliation, the Company will be in a position to determine material discrepancy, if any, and give effect thereto.

The management has decided to carry out the physical verification of all the fixed assets over a period of three years, which in our opinion, if carried out, will be at reasonable intervals having regard to the size of the company and nature of its business.

- c. The Company has not disposed off a substantial part of the fixed assets during the year.
- ii. a. Inventories have been physically verified by the management during or at the year-end. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its business. In case of stocks lying with third parties, certificates confirming such stocks have been received in respect of stocks held as on March 31, 2010.
  - 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. In our opinion and according to the information and explanation given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- 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 loans from ten parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.1894.71 Lakhs and the year end balance of loan taken from such parties was Rs.1844.51 Lakhs.

In our opinion, the rate of interest and other terms and conditions on which loans have been taken from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 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 the purchase of inventory, fixed assets and for the sale of goods. As informed to us, 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 weakness in the aforesaid areas of internal control system.
- v. a. According to the information and explanations given to us and the records of the Company examined by 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 there under, does not arise.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost Records in respect of the manufacture of hydrogen under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 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, Wealth-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                | Period to which the amount relates | Amount (Rs. in Lakhs) | Forum where dispute is pending                               |
|---------------------------------|-----------------------------------|------------------------------------|-----------------------|--|
| The Income-tax Act, 1961        | Income Tax and Interest           | 1996-1997 to 1998-1999             | 112.07                | The Income-tax Appellate Tribunal                            |
|                                 | Income Tax and Interest           | 2006-2007                          | 2.26*                 | The Commissioner of Income-tax (Appeals)                     |
| The Central Sales Tax Act, 1956 | Sales tax and Interest            | 2003-2004                          | 38.98                 | The Joint Commissioner of Sales Tax (Appeals)                |
| The Central Excise Act, 1944    | Cenvat, Interest and Penalty      | 2006-2007 and 2007-2008            | 7.40                  | The Commissioner of Central Excise (Appeals)                 |
| The Finance Act, 1994           | Service tax, Interest and Penalty | 2004-2005                          | 27.03                 | The Commissioner of Central Excise and Service Tax (Appeals) |

\* Amounts deposited under protest

- x. There are no accumulated losses of the Company as on March 31, 2010 and the Company has not incurred any cash losses during such financial year 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 as at the balance sheet date.
- 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 a society, Clause 4 (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 relating to the maintenance of the proper records of the transactions and contracts and making of timely entries therein 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 requirement 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 placed 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 utilised 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, the question of creating security or charges in respect thereof does not arise.
- xx. As the Company has not raised any money by public issues 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 (i.e. intentional material misstatements resultant from fraudulent financial reporting and misappropriation of assets) 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

**Date :** May 31, 2010

## BALANCE SHEET AS AT MARCH 31, 2010

|  |              |                  | As At<br>March 31, 2010 | As At<br>March 31, 2009 |
|--|--------------|------------------|-------------------------|-------------------------|
|  | Schedule     | Rs. in Lakhs     | Rs. in Lakhs            | Rs. in Lakhs            |
| <b>SOURCES OF FUNDS :</b>                        |              |                  |                         |                         |
| <b>Shareholders' Funds</b>                       |              |                  |                         |                         |
| Share Capital                                    | 1            | 1,020.62         |                         | 1,020.62                |
| Reserves and Surplus                             | 2            | 5,941.89         | 6,962.51                | 5,296.17                |
|  |              |                  |                         | 6,316.79                |
| <b>Loan Funds</b>                                |              |                  |                         |                         |
| Secured Loans                                    | 3            | 8,128.81         |                         | 10,218.83               |
| Unsecured Loans                                  | 4            | 3,229.08         |                         | 3,108.55                |
|  |              |                  | 11,357.89               | 13,327.38               |
| <b>Deferred Tax Liability (Net)</b>              |              |                  | 1,720.83                | 1,826.31                |
|  | <b>TOTAL</b> |                  | <b>20,041.23</b>        | <b>21,470.48</b>        |
| <b>APPLICATION OF FUNDS :</b>                    |              |                  |                         |                         |
| <b>Fixed Assets</b>                              |              |                  |                         |                         |
| Gross Block                                      | 5            | 17,493.70        |                         | 17,042.50               |
| Less : Accumulated Depreciation                  |              | 7,644.13         |                         | 6,782.16                |
| Net Block  |              | 9,849.57         |                         | 10,260.34               |
| Capital work-in-progress                         |              | 1,352.59         |                         | 745.24                  |
|  |              |                  | 11,202.16               | 11,005.58               |
| <b>Investments</b>                               | 6            |                  | 233.45                  | 230.26                  |
| <b>Current Assets , Loans and Advances</b>       |              |                  |                         |                         |
| Inventories                                      | 7            | 5,562.23         |                         | 7,251.19                |
| Sundry Debtors                                   | 8            | 3,898.05         |                         | 3,788.21                |
| Cash and Bank Balances                           | 9            | 332.80           |                         | 490.42                  |
| Loans and Advances                               | 10           | 2,215.69         |                         | 2,362.86                |
|  |              | <b>12,008.77</b> |                         | <b>13,892.68</b>        |
| <b>Less : Current Liabilities and Provisions</b> |              |                  |                         |                         |
| Current Liabilities                              | 11           | 2,820.30         |                         | 3,277.76                |
| Provisions                                       | 12           | 582.85           |                         | 380.28                  |
|  |              | <b>3,403.15</b>  |                         | <b>3,658.04</b>         |
| <b>Net Current Assets</b>                        |              |                  | 8,605.62                | 10,234.64               |
|  | <b>TOTAL</b> |                  | <b>20,041.23</b>        | <b>21,470.48</b>        |
| <b>Significant Accounting Policies</b>           | 20           |                  |                         |                         |
| <b>Notes to Accounts</b>                         | 21           |                  |                         |                         |

As per our Report of even date attached

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

Chartered Accountants

Firm Registration No.100911W

**PARESH H. CLERK**

Partner, Membership No. 36148

MUMBAI

Date : May 31, 2010

For and on behalf of the Board of Directors

**YOGESH M. KOTHARI**

Chairman &amp; Managing Director

**K. P. RAJAGOPALAN**

General Manager (Secretarial &amp; Legal)

MUMBAI

Date : May 31, 2010

**KIRAT PATEL**

Executive Director

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

|  | Schedule Rs. in Lakhs | For the Year ended on March 31, 2010<br>Rs. in Lakhs | For the Year ended on March 31, 2009<br>Rs. in Lakhs |
|--|-----------------------|--|--|
| <b>INCOME</b>                                  |                       |  |  |
| Sales (Gross) Less Returns                     | 23,165.53             |  | 21,520.15  |
| Less : Excise Duty on Sales                    | 1,785.54              |  | 2,038.04   |
| Sales (Net) Less Returns                       |                       | 21,379.99  | 19,482.11  |
| Miscellaneous Sales                            |                       | 120.73   | 210.92   |
| Other Income                                   | 13                    | 453.71   | 549.41   |
|  | <b>TOTAL</b>          | <b>21,954.43</b>                                     | <b>20,242.44</b>                                     |
| <b>EXPENDITURE</b>                             |                       |  |  |
| Cost of Materials                              | 14                    | 11,929.64  | 10,868.53  |
| Manufacturing Expenses                         | 15                    | 4,298.72   | 4,057.40   |
| Employee Cost                                  | 16                    | 1,067.83   | 848.68   |
| Selling & Administrative Expenses              | 17                    | 914.88   | 1,712.96   |
| Interest and Finance Cost                      | 18                    | 1,203.92   | 1,171.09   |
| Research and Development Expenses              | 19                    | 96.84  | 64.46  |
| Depreciation and Amortisation                  | 5                     | 852.74   | 696.53   |
|  | <b>TOTAL</b>          | <b>20,364.57</b>                                     | <b>19,419.65</b>                                     |
| <b>PROFIT BEFORE TAX</b>                       |                       | <b>1,589.86</b>                                      | <b>822.79</b>  |
| <b>LESS :</b>                                  |                       |  |  |
| Provision for Taxation                         |                       |  |  |
| Current  | 579.00                |  | 90.00  |
| Deferred                                       | (105.49)              |  | 169.94   |
| Fringe Benefit                                 | NIL                   |  | 11.95  |
| Current Tax adjustment of earlier year         | 9.19                  |  | -  |
|  |                       | <b>482.70</b>  | <b>271.89</b>  |
| <b>PROFIT AFTER TAX</b>                        |                       | <b>1,107.16</b>                                      | <b>550.90</b>  |
| (Less) / Add : Prior period items              |                       | (103.48)   | (148.70)   |
| <b>PROFIT AFTER TAX AFTER ADJUSTMENT</b>       |                       | <b>1,003.68</b>                                      | <b>402.20</b>  |
| <b>ADD :</b>                                   |                       |  |  |
| Balance brought forward from the previous year |                       | <b>1,748.72</b>                                      | <b>1,626.14</b>                                      |
| <b>AMOUNT AVAILABLE FOR APPROPRIATIONS</b>     |                       | <b>2,752.40</b>                                      | <b>2,028.34</b>                                      |
| <b>APPROPRIATIONS :</b>                        |                       |  |  |
| General Reserve                                |                       | 101.00   | 41.00  |
| Proposed Dividend                              |                       | 305.95   | 203.96   |
| Tax on Dividend                                |                       | 52.00  | 34.66  |
|  |                       | <b>458.95</b>  | <b>279.62</b>  |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>        |                       | <b>2,293.45</b>                                      | <b>1,748.72</b>                                      |
| Basic and Diluted Earnings Per Share of Rs. 10 |                       | <b>9.84</b>  | <b>3.94</b>  |
| Significant Accounting Policies                | 20                    |  |  |
| Notes to Accounts                              | 21                    |  |  |

As per our Report of even date attached

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

Chartered Accountants

Firm Registration No.100911W

**PARESH H. CLERK**

Partner, Membership No. 36148

MUMBAI

Date : May 31, 2010

**K. P. RAJAGOPALAN**

General Manager (Secretarial &amp; Legal)

MUMBAI

Date : May 31, 2010

For and on behalf of the Board of Directors

**YOGESH M. KOTHARI**

Chairman &amp; Managing Director

**KIRAT PATEL**

Executive Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

|   | For the Year ended<br>on March 31 2010<br>Rs. in Lakhs | For the Year ended<br>on March 31 2009<br>Rs. in Lakhs |
|---|--|--|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>               |  |  |
| Net Profit Before Tax   | 1,589.86   | 822.79   |
| <b>Adjustments for :</b>                                      |  |  |
| Loss on sale of Fixed Assets                                  | 6.09   | 4.68   |
| Depreciation  | 866.96   | 697.04   |
| Miscellaneous Expenses written off                            | NIL  | 13.82  |
| Interest expenses   | 1,203.92   | 1,171.44   |
| Dividend income   | (19.85)  | (19.85)  |
| Unrealised loss on Foreign Exchange                           | 35.20  | (302.79)   |
| Provision for Bad and Doubtful Debts                          | 30.41  | 45.43  |
| Prior Period Items  | (103.48)   | (148.70)   |
| Interest income   | (22.10)  | (23.78)  |
| <b>Operating Profit before working capital changes</b>        | <b>3,587.01</b>  | <b>2,260.08</b>  |
| <b>Adjustments for :</b>                                      |  |  |
| Trade and Other Receivables                                   | (44.93)  | 982.59   |
| Inventories   | 1,688.96   | (2368.96)  |
| Trade Payables and Other Provisions                           | (324.18)   | 1719.54  |
| <b>Cash generated from Operations</b>                         | <b>4,906.86</b>  | <b>2,593.25</b>  |
| Income Tax paid   | (571.55)   | (378.28)   |
| <b>Net cash from operating activities</b>                     | <b>4335.31</b>   | <b>2,214.97</b>  |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                 |  |  |
| Purchase to Fixed Assets                                      | (1075.95)  | (2292.32)  |
| Sale of Fixed Assets  | 6.32   | 4.23   |
| Sale/(Purchase) of Investments                                | (3.19)   | (4.24)   |
| Dividend received   | 19.85  | 19.85  |
| Interest received on Fixed Deposits                           | 22.10  | 23.78  |
| <b>Net cash from investing activities</b>                     | <b>(1030.87)</b>                                       | <b>(2248.70)</b>                                       |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                 |  |  |
| Deferred Sales Tax Payment                                    | (47.47)  | (215.53)   |
| Proceeds from long term Bank borrowings                       | (1,629.43)   | 1328.73  |
| Increase/Decrease of Cash/export Credit and                   | (292.59)   | 710.28   |
| Interest paid   | (1,253.94)   | (1,171.44)   |
| Dividend paid ( including Dividend Distribution Tax )         | (238.63)   | (329.48)   |
| <b>Net cash from financing activities</b>                     | <b>(3,462.06)</b>                                      | <b>322.56</b>  |
| <b>Increase in cash and cash equivalents (A+B+C+D)</b>        | <b>(157.62)</b>  | <b>288.83</b>  |
| <b>Cash and cash equivalents at the beginning of the year</b> | <b>490.42</b>  | <b>201.59</b>  |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>332.80</b>  | <b>490.42</b>  |

**Notes:**

- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3.
- Cash and cash equivalents includes cash, bank balances and fixed deposits with banks .
- Cash and cash Equivalents include Balance on Margin Accounts of Rs. 36.76 Lakhs (Previous Year Rs. 187.70 Lakhs) and Bank Balances maintained for Unpaid Dividend amounts of Rs. 14.53 Lakhs (Previous Year Rs. 11.65 Lakhs).
- Purchase of fixed assets include 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.100911W

**PARESH H. CLERK**

Partner, Membership No. 36148

MUMBAI

Date : May 31, 2010

For and on behalf of the Board of Directors

**YOGESH M. KOTHARI**

Chairman &amp; Managing Director

**K. P. RAJAGOPALAN**

General Manager (Secretarial &amp; Legal)

MUMBAI

Date : May 31, 2010

**KIRAT PATEL**

Executive Director

**SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010**

|   | Rs. in Lakhs | As At<br>March 31, 2010<br>Rs. in Lakhs | As At<br>March 31, 2009<br>Rs. in Lakhs |
|---|--------------|---|---|
| <b>SCHEDULE 1 : SHARE CAPITAL</b>   |              |   |   |
| <b>AUTHORISED:</b>  |              |   |   |
| 1,50,00,000 Equity Shares of Rs.10 each   |              | 1,500.00                                | 1,500.00                                |
| 15,00,000 Cumulative Redeemable Preference<br>Shares of Rs.100 each   |              | 1,500.00                                | 1,500.00                                |
|   |              | <b>3,000.00</b>                         | <b>3,000.00</b>                         |
| <b>ISSUED SUBSCRIBED AND PAID UP:</b>   |              |   |   |
| 1,01,98,196 (1,01,98,196) Equity Shares of Rs.10 each fully paid  | 1,019.82     |   | 1,019.82                                |
| Add: Shares forfeited   | 0.80         |   | 0.80                                    |
| Nil (10,00,000) 6% Cum Red. Optionally<br>Convertible Preference Shares ("OCPS") of Rs. 100/- each fully paid   |              | 1,020.62                                | 1,020.62                                |
| Less : Converted during the year  | NIL          |   | 1,000.00                                |
|   | NIL          |   | 1,000.00                                |
|   |              | NIL                                     | NIL                                     |
| Note : During the year ended March 31, 2009, Mr. Yogesh M Kothari, the promoter, exercising the option to convert 10,00,000 - 6% OCPS of Rs. 100 each, the Company allotted 13,33,333 Equity Shares of Rs. 10 each at a Premium of Rs. 65 each. |              | <b>1,020.62</b>                         | <b>1,020.62</b>                         |
| <b>SCHEDULE 2 : RESERVES AND SURPLUS</b>  |              |   |   |
| Capital Reserve   |              | 9.66                                    | 9.66                                    |
| Capital Redemption Reserve  |              | 25.00                                   | 25.00                                   |
| Securities Premium  |              |   |   |
| As per last Balance Sheet   | 1,290.96     |   | 424.30                                  |
| Add : On conversion of OCPS allotment of Equity Shares<br>(Refer Note in Schedule 1 above)  | NIL          |   | 866.66                                  |
|   |              | 1,290.96                                | 1,290.96                                |
| General Reserve   |              |   |   |
| As per last Balance Sheet   | 2,221.82     |   | 2,180.82                                |
| Add : Transfer from Profit and Loss Account   | 101.00       |   | 41.00                                   |
|   |              | 2,322.82                                | 2,221.82                                |
| Profit and Loss Account   |              |   |   |
| As per Account Annexed  |              | 2,293.45                                | 1,748.72                                |
|   |              | <b>5,941.89</b>                         | <b>5,296.17</b>                         |
| <b>SCHEDULE 3 : SECURED LOANS</b>   |              |   |   |
| From Financial Institutions   |              |   |   |
| Term Loans  |              | 633.00                                  | 105.58                                  |
| From Banks  |              |   |   |
| Cash Credit Facilities/Working Capital Demand Loan  |              | 4,650.40                                | 4,942.99                                |
| Buyers' Credit  |              | 301.13                                  | 2,078.06                                |
| Term Loans  |              | 2,519.45                                | 3,060.69                                |
| Others (See Note 4 below)   |              | 24.83                                   | 31.51                                   |
|   |              | <b>8,128.81</b>                         | <b>10,218.83</b>                        |



1. Cash Credits/Working Capital Demand Loan, from State Bank of India, Bank of Baroda and Axis Bank are secured by hypothecation of stocks of raw materials, semi-finished goods, finished goods, consumable stores and book debts of the Company, both, present and future, as mentioned in the joint deed of hypothecation dated December 29, 1989 as amended, as well as by the second mortgage of the specified immovable properties of the Company.
2. Term loans from Financial Institutions/Banks are secured by:
  - a. Mortgage of the Company's immovable properties specified in the relevant loan agreements;
  - b. Hypothecation of the Company's movable properties, both, present and future, save and except Book Debts and subject to prior charge created/or to be created in favour of the Company's Bankers, on stocks of raw materials, semi-finished goods, finished goods and consumables stores for working capital requirements. The mortgage and charges referred to above rank pari-passu inter se.
3. The Company has availed of a term Loan of Rs.800 Lakhs from Bank of Baroda to part finance Company's normal capital expenditure at Kurkumbh which is secured by creation of charges on properties listed at item 2(a) above and also a second charge by way of hypothecation of inventories, book debts, movable machineries etc.
4. Loans from Others are secured against specified assets.
5. Amounts due within one year  
 Term Loans : Rs. 949.21 Lakhs (Rs.1127.72 Lakhs)  
 Other Loans : Rs. 14.73 Lakhs (Rs. 16.38 Lakhs)

|  | Rs. in Lakhs    | As At<br>March 31, 2010<br>Rs. in Lakhs | As At<br>March 31, 2009<br>Rs. in Lakhs |
|--|-----------------|---|---|
| <b>SCHEDULE 4 : UNSECURED LOANS</b>                                |                 |   |   |
| Short Term Loans and Advances                                      |                 |   |   |
| From Directors   | 1,185.00        |   | 500.00                                  |
| From Intercompany Deposits   | <u>1,032.51</u> |   | <u>914.51</u>                           |
|  |                 | 2,217.51                                | 1,414.51                                |
| Other Loans and Advances   |                 |   |   |
| From Directors   |                 | NIL                                     | 635.00                                  |
| Sales Tax Deferral under the Package Scheme of Incentives, 1988 *  |                 | 28.68                                   | 76.15                                   |
| Sales Tax Deferral under the Package Scheme of Incentives, 1993 ** |                 | 982.89                                  | 982.89                                  |
|  |                 | <u>3,229.08</u>                         | <u>3,108.55</u>                         |

\* Is in respect of Patalganga Unit to be repayable in 5 equal installments beginning from April 30, 2003. The entire balance of Rs.28.68 Lakhs (Previous year Rs.76.15 Lakhs) is repayable by April 30, 2010, which has since been repaid

\*\* Is in respect of Kurkumbh Unit for which the Schedule of repayment has not yet started.

**SCHEDULE 5 : FIXED ASSETS**

| DESCRIPTION                                 | GROSS BLOCK          |                           |                     | DEPRECIATION AND AMORTISATION |                     |               | NET BLOCK                      |                     |
|---|----------------------|---------------------------|---------------------|-------------------------------|---------------------|---------------|--------------------------------|---------------------|
|   | As At April 01, 2009 | During the year Additions | For Sale/Adjustment | As At March 31, 2010          | Upto March 31, 2009 | For the year  | Withdrawal for Sale/Adjustment | Upto March 31, 2010 |
|   | 1.15                 | -                         | -                   | 1.15                          | -                   | -             | -                              | -                   |
| Freehold Land                               | 1.15                 | -                         | -                   | 1.15                          | -                   | -             | -                              | -                   |
| Leasehold Land (Note 1)                     | 348.29               | -                         | 45.09 (Note 3)      | 303.20                        | 44.84               | 3.68          | 0.58 (Note 3)                  | 47.94               |
| Buildings                                   | 2,005.95             | 79.66                     | -                   | 2,085.61                      | 517.56              | 58.41         | (0.58)                         | 576.55              |
| Plant, Machinery and Equipments (Note 2)    | 13,434.40            | 389.61                    | 52.06               | 13,771.95                     | 5,600.06            | 724.33        | 17.07                          | 6,307.32            |
| Furniture and Fixtures                      | 101.32               | 2.83                      | -                   | 104.15                        | 71.20               | 5.13          | -                              | 76.33               |
| Office Equipments                           | 398.00               | 17.86                     | 0.08                | 415.78                        | 265.54              | 27.80         | 0.04                           | 293.30              |
| Electrical Installations                    | 434.63               | -                         | -                   | 434.63                        | 174.12              | 20.64         | -                              | 194.76              |
| Electrical Equipments                       | 34.33                | 5.96                      | -                   | 40.29                         | 13.38               | 1.62          | -                              | 15.00               |
| Vehicles                                    | 128.01               | 5.52                      | 5.07                | 128.46                        | 50.85               | 11.13         | 2.57                           | 59.41               |
| <b>Reasearch and Development (R&amp; D)</b> |                      |                           |                     |                               |                     | 852.74        |                                |                     |
| <b>Assets</b>                               |                      |                           |                     |                               |                     |               |                                |                     |
| Tangible Assets                             |                      |                           |                     |                               |                     |               |                                |                     |
| Plant, Machinery and Equipments             | 55.78                | 41.23                     | -                   | 97.01                         | 13.84               | 4.82          | (14.69) (Note 4)               | 33.35               |
| Furniture and Fixtures                      | 52.18                | -                         | -                   | 52.18                         | 24.73               | 3.30          | -                              | 28.03               |
| Office Equipments                           | 17.41                | 0.31                      | -                   | 17.72                         | 3.90                | 0.77          | -                              | 4.67                |
| Electrical Equipments                       | 5.94                 | -                         | -                   | 5.94                          | 1.62                | 0.28          | -                              | 1.90                |
| Vehicles                                    | 5.35                 | 6.80                      | -                   | 12.15                         | 0.51                | 0.54          | -                              | 1.05                |
| Intangible Assets                           | 19.76                | 3.72                      | -                   | 23.48                         | 0.01                | 4.51          | -                              | 4.52                |
| <b>TOTAL (A)</b>                            | <b>17,042.50</b>     | <b>553.50</b>             | <b>102.30</b>       | <b>17,493.70</b>              | <b>6,782.16</b>     | <b>866.96</b> | <b>4.99</b>                    | <b>7,644.13</b>     |
| <b>CAPITAL WORK IN PROGRESS</b>             |                      |                           |                     |                               |                     |               |                                |                     |
| Other than R & D Assets                     | 683.77               | 998.39                    | 456.36              | 1,225.80                      | -                   | -             | -                              | -                   |
| R & D Assets                                | -                    | 8.53                      | 8.53                | -                             | -                   | -             | -                              | -                   |
| Tangible                                    | 61.47                | 69.04                     | 3.72                | 126.79                        | -                   | -             | -                              | -                   |
| Intangible                                  | -                    | -                         | -                   | -                             | -                   | -             | -                              | -                   |
| <b>TOTAL (B)</b>                            | <b>745.24</b>        | <b>1,075.96</b>           | <b>468.61</b>       | <b>1,352.59</b>               | -                   | -             | -                              | -                   |
| <b>GRAND TOTAL (A+B)</b>                    | <b>17,787.74</b>     | <b>1,629.46</b>           | <b>570.91</b>       | <b>18,846.29</b>              | <b>6,782.16</b>     | <b>866.96</b> | <b>4.99</b>                    | <b>7,644.13</b>     |
| Previous year                               | 15,495.42            | 4,611.53                  | 2,319.21            | 17,787.74                     | 6,076.21            | 720.46        | 14.51                          | 6,782.16            |

**Notes :**

- The Lease Deed from MIDC in respect of Plot Nos. D-6/2, R-1 and R-2 of the value of Rs.131.13 Lakhs is yet to be executed.
- Plant, Machinery and Equipments include Rs.390.87 Lakhs (Rs.333.17 Lakhs) being value of machinery installed at third party premises of Job Contractor, duly confirmed by them.
- Roads with the Gross Block of Rs.45.09 Lakhs and the Accumulated Depreciation of Rs. 0.58 Lakhs are transferred to Buildings and reflected in the column of "Additions" and "Depreciation-Withdrawal for Sale/Adjustment", respectively.
- Pilot Plant at Kurkumbh with the Gross Block of Rs. 39.81 Lakhs and the Accumulated Depreciation of Rs. 14.69 Lakhs are recognised as R & D Assets-Plant, Machinery and Equipments for the current year and reflected in the column of "Additions" and "Depreciation-Withdrawal for Sale/Adjustment", respectively.
- Adjustments to Capital Work-in-Progress represent capitalisation to Fixed Assets.
- Borrowing Costs Capitalised during the year Rs.58.13 Lakhs (Rs.49.02 Lakhs).

|  | Rs. in Lakhs | As At<br>March 31, 2010<br>Rs. in Lakhs | As At<br>March 31, 2009<br>Rs. in Lakhs |
|--|--------------|---|---|
| <b>SCHEDULE 6 : INVESTMENTS</b>                                      |              |   |   |
| <b>NON-TRADE</b>   |              |   |   |
| Long Term  |              |   |   |
| a) Unquoted  |              |   |   |
| In Subsidiary Companies :  |              |   |   |
| Alkyl Speciality Chemicals Limited                                   |              | 81.91                                   | 81.91                                   |
| 16,38,266 (16,38,266) Equity Shares of Rs.10 each                    |              |   |   |
| Alkyl Amines Europe SPRL   |              | 7.43                                    | 4.24                                    |
| 100 Equity Shares of Euros 124 each<br>(Previous year Euros 62 each) |              |   |   |
| b) Quoted  |              |   |   |
| Diamines and Chemicals Limited                                       |              | 144.11                                  | 144.11                                  |
| 19,85,331 (19,85,331) Equity Shares of Rs.10 each                    |              |   |   |
|  |              | <b>233.45</b>                           | <b>230.26</b>                           |
| Aggregate Market Value of Quoted Investments                         |              | <b>957.91</b>                           | <b>447.69</b>                           |
| <b>SCHEDULE 7 : INVENTORIES</b>                                      |              |   |   |
| (Taken, Valued and Certified by Management )                         |              |   |   |
| (Refer Note 6 to Schedule 20)  |              |   |   |
| Stock in Trade :   |              |   |   |
| Raw Materials  |              | 1,422.81                                | 1,775.85                                |
| Packing Materials  |              | 48.47                                   | 82.67                                   |
| Store, Spares, Furnace Oil, etc.                                     |              | 1,627.48                                | 2,122.04                                |
| Work in Progress   |              | 946.22                                  | 653.44                                  |
| Finished Goods   |              | 1,517.25                                | 2,617.19                                |
|  |              | <b>5,562.23</b>                         | <b>7,251.19</b>                         |
| <b>SCHEDULE 8 : SUNDRY DEBTORS</b>                                   |              |   |   |
| Unsecured and Considered Good  |              |   |   |
| - For a period exceeding six months                                  | 94.58        |   | 123.01                                  |
| - Others   | 3,803.47     |   | 3,665.20                                |
|  |              | 3,898.05                                | 3,788.21                                |
| Considered doubtful  |              |   |   |
| - For a period exceeding six months                                  | 178.44       |   | 150.01                                  |
| Less : Provision for Doubtful Debts                                  | 178.44       |   | 150.01                                  |
|  |              | NIL                                     | NIL                                     |
|  |              | <b>3,898.05</b>                         | <b>3,788.21</b>                         |
| <b>SCHEDULE 9 : CASH AND BANK BALANCES</b>                           |              |   |   |
| Cash on Hand   |              | 3.59                                    | 1.52                                    |
| Balance with Scheduled Banks   |              |   |   |
| - On Current Accounts  | 292.45       |   | 301.20                                  |
| - On Deposit Accounts  | 36.76        | 329.21                                  | 187.70                                  |
|  |              | <b>332.80</b>                           | <b>490.42</b>                           |

|  | Rs. in Lakhs | As At<br>March 31, 2010<br>Rs. in Lakhs | As At<br>March 31, 2009<br>Rs. in Lakhs |
|--|--------------|---|---|
| <b>SCHEDULE 10 : LOANS AND ADVANCES</b>                          |              |   |   |
| [Unsecured and Considered Good unless stated otherwise]          |              |   |   |
| Advances recoverable in cash or in kind for value to be received |              | 895.85                                  | 1,097.54                                |
| Balances with Excise and Service Tax Authorities                 |              | 683.67                                  | 618.10                                  |
| Advance to Suppliers   |              |   |   |
| Considered Good  | 184.72       |   | 158.17                                  |
| Considered Doubtful  | 5.94         |   | 4.06                                    |
| Less : Provision for doubtful advances                           | 5.94         |   | 4.06                                    |
|  |              | 184.72                                  | 158.17                                  |
| Taxes Paid   | 1,630.15     |   | 1,058.60                                |
| Less : Provision for Taxes                                       | 1,283.05     |   | 694.85                                  |
|  |              | 347.10                                  | 363.76                                  |
| Deposits   |              |   |   |
| Considered Good  | 104.35       |   | 125.30                                  |
| Considered Doubtful  | 5.91         |   | 6.01                                    |
| Less : Provision for doubtful advances                           | 5.91         |   | 6.01                                    |
|  |              | 104.35                                  | 125.30                                  |
|  |              | <b>2,215.69</b>                         | <b>2,362.86</b>                         |
| <b>SCHEDULE 11 : CURRENT LIABILITIES</b>                         |              |   |   |
| Sundry Creditors   |              |   |   |
| Micro and Small Enterprise (Refer Note 4 to Schedule 21)         | 24.52        |   | 34.78                                   |
| Subsidiary Companies   | 10.37        |   | 10.37                                   |
| others   |              |   |   |
| - For Capital Expenses   | 64.55        |   | 75.32                                   |
| - For Goods/Expenses   | 2,129.13     |   | 2,137.62                                |
|  |              | 2,228.57                                | 2,258.09                                |
| Other Liabilities  |              | 590.90                                  | 1,014.62                                |
| Book Overdraft   |              | 0.83                                    | 5.05                                    |
|  |              | <b>2,820.30</b>                         | <b>3,277.76</b>                         |
| <b>SCHEDULE 12 : PROVISIONS</b>                                  |              |   |   |
| (Refer Note 14 to Schedule 21)                                   |              |   |   |
| For Gratuity   |              | 158.63                                  | 84.51                                   |
| For Leave Encashment   |              | 66.27                                   | 57.15                                   |
| For Proposed Dividend  |              | 305.95                                  | 203.96                                  |
| For Tax on Dividend  |              | 52.00                                   | 34.66                                   |
|  |              | <b>582.85</b>                           | <b>380.28</b>                           |

## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

|   |              | For the Year<br>ended on<br>March 31, 2010 | For the Year<br>ended on<br>March 31, 2009 |
|---|--------------|--|--|
|   | Rs. in Lakhs | Rs. in Lakhs                               | Rs. in Lakhs                               |
| <b>SCHEDULE 13 : OTHER INCOME</b>       |              |  |  |
| Carbon Credit                           |              | -  | 175.51                                     |
| Toll Income                             |              | 211.13                                     | 175.52                                     |
| Export Incentives                       |              | 44.03                                      | 94.58                                      |
| Insurance Claims                        |              | 39.73                                      | 13.47                                      |
| Dividend Income                         |              | 19.85                                      | 19.85                                      |
| Interest on Deposits and others         |              | 22.10                                      | 23.78                                      |
| (Tax deducted at source Rs. 1.76 Lakhs) |              |  |  |
| (Previous year Rs. 2.54 Lakhs)          |              |  |  |
| Amounts/Excess Provision written back   |              | 81.33                                      | 35.53                                      |
| Miscellaneous Income                    |              | 35.54                                      | 11.17                                      |
|   |              | <b>453.71</b>                              | <b>549.41</b>                              |
| <b>SCHEDULE 14 : COST OF MATERIALS</b>  |              |  |  |
| Raw Materials                           |              |  |  |
| Opening Stock                           | 1,775.85     |  | 1152.92                                    |
| Add: Purchases                          | 10,178.93    |  | 11,251.19                                  |
|   | 11,954.78    |  | 12,404.11                                  |
| Less: Closing Stock                     | 1,422.81     |  | 1,775.85                                   |
|   |              | <b>10,531.97</b>                           | <b>10,628.26</b>                           |
| Packing Materials                       |              |  |  |
| Opening Stock                           | 82.67        |  | 83.08                                      |
| Add: Purchases                          | 591.10       |  | 719.63                                     |
|   | 673.77       |  | 802.71                                     |
| Less: Closing Stock                     | 48.47        |  | 82.67                                      |
|   |              | 625.30                                     | 720.04                                     |
| (Accretion)/Decretion of Stocks         |              |  |  |
| Finished Goods and Stock in Process     |              |  |  |
| Closing Stock                           |              |  |  |
| Finished Goods                          | 1,517.25     |  | 2,617.19                                   |
| Stock in process                        | 946.22       |  | 653.44                                     |
|   | 2,463.47     |  | 3,270.63                                   |
| Less : Opening Stock                    |              |  |  |
| Finished Goods                          | 2,617.19     |  | 1,851.89                                   |
| Stock in process                        | 653.44       |  | 994.77                                     |
|   | 3,270.63     |  | 2,846.66                                   |
|   |              | 807.16                                     | (423.97)                                   |
| Excise Duty Provision on Finished Goods |              |  |  |
| Closing Stock                           | 198.48       |  | 233.27                                     |
| Less : Opening Stock                    | 233.27       |  | 177.47                                     |
|   |              | (34.79)                                    | (55.80)                                    |
|   |              | <b>11,929.64</b>                           | <b>10,868.53</b>                           |

|  |       | For the Year<br>ended on<br>March 31, 2010<br>Rs. in Lakhs | For the Year<br>ended on<br>March 31, 2009<br>Rs. in Lakhs |
|--|-------|--|--|
| <b>SCHEDULE 15 : MANUFACTURING EXPENSES</b>              |       |  |  |
| Stores and Spares Consumed                               |       | 387.63   | 497.71   |
| Power, Fuel and Water Charges                            |       | 3,095.39   | 2,482.55   |
| Processing Charges                                       |       | 364.62   | 451.48   |
| Cogen & Boiler Expenses                                  |       | 221.30   | 207.87   |
| Testing Charges  |       | 18.36  | 7.50   |
| Repairs and Maintenance :                                |       |  |  |
| Building   | 20.20 |  | 15.93  |
| Plant and Machinery                                      | 72.69 |  | 260.45   |
| Others   | 77.19 |  | 92.81  |
|  |       | 170.08   | 369.19   |
| Insurance  |       | 41.34  | 41.10  |
|  |       | <b>4,298.72</b>  | <b>4,057.40</b>  |
| <b>SCHEDULE 16 : EMPLOYEE COST</b>                       |       |  |  |
| Directors' Remuneration                                  |       | 189.07   | 79.15  |
| Salaries, Wages and Benefits                             |       | 670.05   | 559.68   |
| Contribution to Provident Fund and Other Funds           |       | 63.49  | 48.41  |
| Staff Welfare Expenses                                   |       | 113.55   | 123.66   |
| Labour Charges   |       | 29.34  | 32.00  |
| Recruitment Charges                                      |       | 2.33   | 5.77   |
|  |       | <b>1,067.83</b>  | <b>848.68</b>  |
| <b>SCHEDULE 17 : SELLING AND ADMINISTRATIVE EXPENSES</b> |       |  |  |
| <b>SELLING EXPENSES</b>                                  |       |  |  |
| Sales Promotion Expenses                                 |       | 12.34  | 22.64  |
| Sales Tax Expenses                                       |       | 56.40  | 17.62  |
| Export Expenses  |       | 235.66   | 269.68   |
| Advertisement  |       | 6.04   | 4.80   |
| Freight and Forwarding                                   |       | 31.73  | 107.38   |
| Commission on Sales                                      |       | 129.36   | 118.83   |
|  |       | <b>471.53</b>  | <b>540.95</b>  |
| <b>ADMINISTRATIVE EXPENSES</b>                           |       |  |  |
| Rent   |       | 6.84   | 8.86   |
| Rates and Taxes  |       | 7.68   | 36.63  |
| Electricity Charges                                      |       | 15.81  | 12.15  |
| Directors' Sitting Fees                                  |       | 1.94   | 2.42   |
| Commission to Other Directors                            |       | 16.69  | 20.07  |
| Security Charges   |       | 34.65  | 32.86  |
| Legal Expenses   |       | 2.14   | 6.90   |
| Professional Charges                                     |       | 66.06  | 187.43   |

|  |        | For the Year<br>ended on<br>March 31, 2010<br>Rs. in Lakhs | For the Year<br>ended on<br>March 31, 2009<br>Rs. in Lakhs |
|--|--------|--|--|
| Auditors Remuneration                                    |        |  |  |
| Audit Fees   | 6.00   |  | 6.18   |
| Tax Audit Fees   | 1.90   |  | 1.72   |
| Taxation Matters   | 0.57   |  | NIL  |
| Others   | 1.20   |  | 1.50   |
|  |        | 9.67   | 9.40   |
| Printing and Stationery                                  |        | 13.27  | 10.82  |
| Postage and Telegrams                                    |        | 29.56  | 27.89  |
| Travelling and Conveyance                                |        | 43.67  | 38.91  |
| Donations  |        | 10.04  | 3.33   |
| Miscellaneous Expenses                                   |        | 57.28  | 56.37  |
| Foreign Exchange Loss ( Net )                            |        | 57.90  | 608.40   |
| Loss on Sale/Scrap of Assets                             |        | 6.09   | 4.68   |
| Provision for Doubtful Debts                             |        | 30.41  | 45.43  |
| Asset Written Off  |        | NIL  | 4.07   |
| Amounts Written Off                                      |        | 33.65  | 55.39  |
|  |        | <b>443.35</b>  | <b>1,172.01</b>  |
|  |        | <b>914.88</b>  | <b>1,712.96</b>  |
| <b>SCHEDULE 18 : INTEREST AND FINANCE COST</b>           |        |  |  |
| Interest   |        |  |  |
| On Cash Credit Facilities                                | 430.69 |  | 387.71   |
| On Bank Borrowings                                       | 359.35 |  | 330.00   |
| On Others  | 274.19 |  | 307.30   |
|  |        | 1,064.23   | 1,025.00   |
| Bank Charges   |        | 139.69   | 146.09   |
|  |        | <b>1,203.92</b>  | <b>1,171.09</b>  |
| <b>SCHEDULE 19 : RESEARCH &amp; DEVELOPMENT EXPENSES</b> |        |  |  |
| Raw Materials  |        | 0.05   | 0.03   |
| Manufacturing Expenses                                   |        | 2.21   | 5.80   |
| Employee Cost  |        |  |  |
| Salaries, Wages and Benefits                             | 54.63  |  | 35.43  |
| Staff Welfare Expenses                                   | 2.23   |  | 6.66   |
|  |        | 56.86  | 42.09  |
| Rent   |        | 9.60   | 6.40   |
| Rates & Taxes  |        | 0.18   | NIL  |
| Electricity Charges                                      |        | NIL  | 0.20   |
| Travelling and Conveyance                                |        | 2.80   | 3.14   |
| Vehicle Expenses   |        | 3.43   | 3.24   |
| Depreciation   |        | 14.22  | 0.51   |
| Miscellaneous Expenses                                   |        | 7.49   | 3.05   |
|  |        | <b>96.84</b>   | <b>64.46</b>   |



**SCHEDULE 20 : 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 the financial statements in conformity with the generally accepted accounting principles requires Management to make estimates and assumptions to be made that affect the reported amounts of revenues and expenses during the reporting period, the reported amounts of assets and liabilities and the disclosures relating to the contingent liabilities on the date of the financial statements. Examples of such estimates include useful lives of Fixed Assets, provision for doubtful debts/advances, deferred tax etc. Actual results could differ from those estimates. Such difference is recognised in the period/s in which the results are known / materialised.

**3. FIXED ASSETS:**

- a. Land (Freehold) is valued at cost;
- b. Land (Leasehold) is valued at cost less amortisation;
- c. Other Fixed Assets are valued at cost less accumulated depreciation. 'Cost' for the aforesaid purposes comprises of its purchase price and any attributable cost of bringing the asset to its working condition for its intended use, net of recoverable duties, if any.

**4. DEPRECIATION:**

Depreciation on assets installed/acquired after April 2, 1987 is provided pro-rata on straight line method at the rates and on the basis specified in Schedule XIV to the Companies Act, 1956, as revised by Notification No.G.S.R.756 (E) dated December 16, 1993 and further revised by Notification No.101 (E) of the Department of Company Affairs on the following basis:

- a. In respect of assets installed/acquired prior to April 1, 1993 at the rates computed by allocating the unamortized value of assets existing as on March 31, 1993 as per the Books of Account, over the remaining part of the specified period which is recomputed by applying to the original cost, the revised rates prescribed in Schedule XIV to the Companies Act, 1956.
- b. In respect of assets installed/acquired on/after April 1, 1993 at the rates prescribed in Schedule XIV to the Companies Act, 1956.

Leasehold land is being amortized over the period of lease.

**5. INVESTMENTS:**

- a. Investments, which are long term, are stated at cost. A provision for diminution, if any, is made to recognise a decline, other than temporary, in the value of investments.
- b. Profit or loss on sale of long term investments, if any, is calculated by considering the weighted average amount of the total holding of the investment.

**6. INVENTORIES:**

- a. Stores, Spares, Furnace Oil etc.:

As cost on net realisable value, whichever is lower. Cost for this purpose comprises of basic cost (net of CENVAT and VAT, if any) including transportation.

- b. Work-in-process:

At cost or net realisable value, whichever is lower. Cost, for this purpose, includes all direct costs and other related fixed overheads.

- c. Finished Goods:

At cost or net realisable value, whichever is lower. Cost, for this purpose, includes all direct costs, and other related factory overheads. Excise duty on goods awaiting clearance has been provided for

d. Raw Materials and Packing Materials:

At cost or net realisable value, whichever is lower on Weighted Average Method basis. Cost, for this purpose, includes basic cost (net of CENVAT and VAT, if any) and all direct expenses.

e. Traded goods:

At landed cost. Cost, for this purpose, includes Direct cost and Incidental expenses or net realisable value, whichever is lower.

f. Obsolescence of inventory, if any, is determined on material consumption pattern/specific review and is accordingly provided for.

## 7. TAXATION:

a. Current Tax: Provision for current tax is made on the estimated taxable income at the rate applicable to the relevant assessment year.

b. Deferred Tax: In accordance with the Accounting Standard 22 - "Accounting for Taxes on Income", the deferred tax for the timing differences is measured using the tax rates and tax laws that have been enacted or substantially enacted at the Balance Sheet date. Deferred tax assets arising from the timing differences are recognised only on the consideration of prudence.

c. Fringe Benefit Tax: Provision for Fringe Benefit Tax is made in accordance with the provisions of the Income-tax Act, 1961.

## 8. REVENUE RECOGNITION:

a. Sales of Manufactured Goods:

Sales of goods in respect of domestic sales are recognised on despatch of goods to the customer. 'Sales' include packing charges, excise duty and are net of returns.

Sales of goods in respect of export sales are recognised as and when the shipment of goods takes place.

b. Sales of traded Goods:

Sales of traded goods are recognised on despatch of goods to the customers and are net of returns.

c. Commission receivable on sales:

Commission on sales is accounted for on receipt of the necessary credit note /confirmation, on completion of transaction, from the principals.

d. Recognition of Export Benefits:

Export Benefit Entitlements under the Duty Entitlement Pass Book Scheme of the Government of India are recognised in the year in which the Export sales are accounted for.

Advance License Benefits on Exports are accounted in the year of utilisation of license.

e. Recognition of Income on Contract manufacturing:

Income on contract manufacturing is accounted on despatch to and acceptance of the prescribed goods by the Customer during the year; at the year end, income from Contract manufacturing is accounted on stock of goods in respect of which contract processing is completed.

f. Income from Certified Emission Reductions:

Income from Certified Emission Reduction (CERs) from the Project and certified by the Management in respect of the project registered with Executive Board established under the Kyoto Protocol to the UNFCCC is accounted in the basis of CERs generated from such project on a conservative estimate.

## 9. EMPLOYEE BENEFITS:

a. 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.

**b. 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 lumpsum 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 actual 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 employee gratuity fund managed by Life Insurance Corporation of India ("LIC"), except for the Managing Director, for which also the necessary provision is made based on an actuarial valuation.

**Compensated Absences-** The Company provides for the encashment of leave with pay based on policy of the Company in this regard. The employees are entitled to accumulate such leave subject to certain limits, for the future encashment. The Company records an obligation for Leave Encashment in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated leave 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.

**10. RESEARCH AND DEVELOPMENT COSTS:**

- a. Revenue expenditure on research, if any, is charged against the Profit of the year in which it is incurred.
- b. Development Expenditure :

- i. incurred on development of new processes for products which, as per the Management, are completed and are expected to generate future economic benefits, are shown as intangible assets;

The same is amortised on a straight-line basis over a period of five years from the time of capitalisation as an intangible asset;

- ii. incurred on development of new processes for products which, as per the Management, are yet to be completed, are reflected as capital work in progress;
  - iii. other development expenses are charged to the Profit and Loss Account in the year in which it is incurred.

An impairment of intangible asset is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is charged to the Profit and Loss Account.

**11. FOREIGN CURRENCY TRANSACTIONS:**

- a. Transactions in foreign currencies are recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- b. Monetary items which are denominated in foreign currency are translated at the exchange rates prevailing at the Balance Sheet date and profit/loss on translation thereon is credited/ charged to the Profit and Loss Account.
- c. Pursuant to the adoption of Companies (Accounting Standard) Rules, 2006, with effect from April 1, 2007, exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed asset are recognised in the Profit and Loss Account.
- d. In case of forward contracts, the exchange difference between the forward rate and the exchange rate at the date of transaction is recognised as income or expense over the life of the contract.
- e. As required by the recent Announcement of the Institute of Chartered Accountants of India on positions of derivatives, keeping in view the principle of prudence as per Accounting Standard 1 on "Disclosure of Accounting Policies", 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.

**12. LEASE RENTALS:**

Lease rentals are accounted consistent with the payment schedule provided in the lease agreement.

**13. BORROWING COSTS:**

Borrowing costs, attributable to the acquisition/construction of qualifying assets, are capitalised, net of income, if any. Other borrowing costs are charged as an expense in the period in which the same are incurred. Borrowing cost comprises of interest and other cost incurred in connection with borrowing of funds.

**14. PRIOR-PERIOD ITEMS:**

Income and expenditure pertaining to prior period, wherever material, are disclosed separately.

**15. DEFERRED REVENUE EXPENDITURE:**

Termination benefits paid to the employees are written off over a period of five years from the date of payment.

**16. 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 recognized, so that recoverable amount of an asset exceeds its carrying amount, an impairment recognized 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.

**17. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

- a. The Company recognizes as Provisions, the liabilities being present obligations arising from past events, the settlement of which is expected to result in an outflow of resources and which can be measured only by using a substantial degree of estimation.
- b. Contingent Liability is disclosed by way of a note to the financial statements after careful evaluation by the management of the facts and legal aspects of the matters involved.
- c. Contingent Assets are neither recognized nor disclosed.

**SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010 AND TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**
**SCHEDULE 21 : NOTES TO ACCOUNTS**

| 1. Sr. No. |   | As At<br>March 31, 2010<br>Rs. in Lakhs              | As At<br>March 31, 2009<br>Rs. in Lakhs       |
|------------|---|--|---|
| a.         | Estimated amount of contracts remaining to be executed on capital account and not provided for                                  | 735.47   | 119.65  |
|            | Less : Advances   | 267.86   | 62.36   |
|            | Net Estimated Amount  | 467.61   | 57.29   |
| b.         | Contingent Liabilities not provided for :-  |  |   |
| i.         | Bank Guarantees   | 27.36  | 30.70   |
| ii.        | Claims against the Company by Ex- employees in Labour Court not acknowledged as debts   | 39.50  | 33.00   |
| iii.       | Disputed liability in respect of Income Tax demand (including interest) matter under appeal ( Amount deposited Rs. 2.26 Lakhs ) | 114.33   | 112.07  |
| iv.        | Inter State Sales Tax against "C" Form  | 226.11   | 221.02  |
| v.         | Disputed liability in respect of Sales Tax Matters under appeal (Amount deposited Rs. Nil)                                      | 38.98  | 35.08   |
| vi.        | Disputed Liability in respect of Service Tax  | 44.62  | NIL   |
| vii.       | Export obligation against Advance licence   | <b>Amount is being ascertained by the Management</b> | Amount is being ascertained by the Management |

viii. By its order dated February 18, 2002, the Hon'ble High Court, Mumbai, has directed that no transport fee on denatured ethyl alcohol, one of the raw materials of the Company, shall be recovered from the Company by the State Excise Authorities until the final disposal of the petition. The petition is pending disposal by the High Court and the amount estimated on this account is Rs. 3.59 Crore (Previous Year Rs. 2.40 Crore).

2. The following expenses incurred during the year on development of new processes for products as for Intangible Assets (including Capital Work-in-Progress) :

| Nature of Expenses           | For the Year ended<br>March 31, 2010<br>Rs. In Lakhs | For the Year ended<br>March 31, 2009<br>Rs. In Lakhs |
|------------------------------|--|--|
| Raw Material and Chemicals   | 4.55   | 7.47   |
| Catalyst                     | 0.71   | 0.33   |
| Repairs, Stores and Spares   | 1.99   | 3.79   |
| Consumables                  | 2.96   | 0.76   |
| Electricity and Fuel Charges | 3.81   | 3.42   |
| Testing Charges              | 0.16   | 0.07   |
| Salaries                     | 54.86  | 58.54  |
| Depreciation                 | NIL  | 6.85   |
| <b>Total</b>                 | <b>69.04</b>   | <b>81.23</b>   |

3. The Company has called for balance confirmations from Sundry Debtors and Sundry Creditors. It has received a few of the confirmations which have been reconciled with the records of the Company. The other balances have been taken as per the records of the Company.

## 4. Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006:

| Sr. No. | Particulars   | As At<br>March 31, 2010<br>Rs. in Lakhs | As At<br>March 31, 2009<br>Rs. in Lakhs |
|---------|---|---|---|
| a.      | Principal amount remaining unpaid and interest due thereon  |   |   |
|         | - Principal Amount  | 24.52                                   | 34.78                                   |
|         | - Interest  | NIL                                     | NIL                                     |
| b.      | Interest paid in term of Section 16                         | NIL                                     | NIL                                     |
| c.      | Interest due and payable for the period of delay in payment | 0.08                                    | NIL                                     |
| d.      | Interest accrued and remaining unpaid                       | NIL                                     | NIL                                     |
| e.      | Interest due and payable even in succeeding years           | NIL                                     | NIL                                     |

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

## 5. Hitherto, the Company has been accounting for self-generated Certified Emission Reduction (CERs) on the basis of credits generated, though not certified. Based on the Exposure Draft of the Guidance Note on "Accounting for Self-Generated Certified Emission Reduction (CER)" issued by the Institute of Chartered Accountants of India, from the current year, the Company has decided not to recognise such Carbon Credits based on mere generation. Accordingly, Carbon Credit for 13,530 CERs for Rs. 98.51 lakhs (at the rate of 12.15 Euros per CER) has not been recognised as income for the current year. However, the carbon credit which has already been recognised upto March 31, 2009 is reflected, after giving effect on account of exchange rate difference of Rs. 45.06 lakhs, as an asset at Rs. 376.64 lakhs.

## 6. a. Computation of Net Profit under Section 198 of the Companies Act, 1956

|  | For the Year<br>ended<br>March 31, 2010<br>Rs. in Lakhs | For the Year<br>ended<br>March 31, 2009<br>Rs. in Lakhs |
|--|---|---|
| Profit after tax for the year  | 1,003.68  | 402.19  |
| <b>Add:</b> Provision for Tax  | 473.51  | 271.89  |
| Net Prior Period Expense   | -   | 148.70  |
| Directors' Remuneration  | 183.57  | 103.08  |
| Directors' Sitting Fees  | 1.94  | 2.41  |
| Loss on Sale of Fixed Assets   | 6.09  | 8.75  |
| Net Profit for the year  | <b>1,668.79</b>   | <b>937.02</b>   |
| <b>Remuneration:</b>   |   |   |
| i. Maximum remuneration permissible under the Companies Act, 1956 to Chairman and Managing Director and Executive Directors at 10% of Net Profit as computed above | 166.88  | 93.70   |
| Total remuneration (including commission) for the year   | 166.88  | 93.70   |
| ii. Maximum commission permissible under the Companies Act, 1956 to Non-Executive Directors at 1% of Net Profit as computed above                                  | 16.69   | 9.37  |
| Commission for the year  | 16.69   | 9.37  |

**b. Details of Directors' Remuneration and Commission:**

| Particulars  | For the Year ended<br>March 31, 2010<br>Rs. in Lakhs | For the Year ended<br>March 31, 2009<br>Rs. in Lakhs |
|--|--|--|
| Salaries   | 109.07   | 63.55  |
| Contribution to Provident Fund   | 8.91   | 5.47   |
| Reimbursement of Medical and Leave Travel Allowance  | 1.16   | 1.70   |
| Other Perquisites  | 16.77  | 3.61   |
| Commission to Chairman and Managing Director and Executive Directors (maximum permissible limit is 2% of the Profit as computed under section 349 in aggregate to the two executive directors as approved by the shareholders) | 30.97  | 19.38  |
| Commission to Non-Executive Directors  | 16.69  | 9.37   |
| <b>Total</b>   | <b>183.57</b>  | <b>103.08</b>  |

The total remuneration excludes contribution to gratuity fund, which is based on an actuarial valuation.

**7. Nature of Prior Period Items shown in the Profit and Loss Account :**

| Particulars                                   | For the Year ended<br>March 31, 2010<br>Rs. in Lakhs | For the Year ended<br>March 31, 2009<br>Rs. in Lakhs |
|---|--|--|
| <b>Income</b>                                 |  |  |
| <b>Other Income</b>                           |  |  |
| Refund from Excise authorities                | NIL  | 5.00   |
| Accounts written back                         | NIL  | 16.11  |
| Interest Others                               | 2.43   | NIL  |
| Profit on Sale of Fixed Assets                | 1.85   | NIL  |
| Total   | 4.28   | 21.11  |
| <b>Expenditure</b>                            |  |  |
| <b>Manufacturing Expenses</b>                 |  |  |
| Processing Charges                            | 0.35   | NIL  |
| Testing Charges                               | 0.13   | NIL  |
| Employee Cost                                 |  |  |
| Staff Welfare Expenses                        | (0.38)   | NIL  |
| <b>Selling and Administrative Expenses</b>    |  |  |
| <b>Selling Cost</b>                           |  |  |
| Sales Promotion Expenses                      | 8.99   | 118.05   |
| Sales Tax Expenses                            | 71.63  | NIL  |
| Freight and Forwarding                        | 4.89   | NIL  |
| Commission on Sales                           | 8.62   | NIL  |
| <b>Administrative Costs</b>                   |  |  |
| Professional Charges                          | 5.24   | 51.76  |
| <b>Auditors' Remuneration</b>                 |  |  |
| - Tax Audit Fees                              | 1.85   | NIL  |
| - Others                                      | 0.39   | NIL  |
| Printing and Stationery                       | 0.63   | NIL  |
| Miscellaneous Expenses                        | (0.28)   | NIL  |
| <b>Interest and Finance Cost</b>              |  |  |
| Bank Charges                                  | 5.70   | NIL  |
| <b>Total</b>                                  | <b>107.76</b>  | <b>169.81</b>  |
| <b>Prior Period Income / (Expenses) (Net)</b> | <b>(103.48)</b>                                      | <b>(148.70)</b>                                      |

**8. Employee Benefits:**

As required by Accounting Standard on "Employee Benefits" (AS 15), the following disclosures are made:

|  | For the<br>Year ended<br>March<br>31, 2010 | For the<br>Year ended<br>March<br>31, 2009 | For the<br>Year ended<br>March<br>31, 2010 | For the<br>Year ended<br>March<br>31, 2009 |
|--|--|--|--|--|
| <b>Reconciliation of opening and closing balances of the present value of the defined benefit obligation</b> | <b>Gratuity (Funded)</b>                   |  | <b>Compensated Absences (Unfunded)</b>     |  |
|  | <b>Rs. in Lakhs</b>                        |  | <b>Rs. in Lakhs</b>                        |  |
| Obligation at period beginning   | 159.82                                     | 173.22                                     | 57.15                                      | 43.77                                      |
| Current service cost   | 19.23                                      | 15.35                                      | 9.88                                       | 8.01                                       |
| Interest cost  | 13.51                                      | 14.83                                      | 5.06                                       | 3.75                                       |
| Actuarial (gain) / loss  | 64.01                                      | (37.20)                                    | 1.70                                       | 5.47                                       |
| Benefits paid  | (9.45)                                     | (6.38)                                     | (7.52)                                     | (3.85)                                     |
| <b>Obligations at the year end</b>   | <b>247.12</b>                              | <b>159.82</b>                              | <b>66.27</b>                               | <b>57.15</b>                               |
| <b>Change in plan assets</b>   |  |  |  |  |
| Plan assets at period beginning, at fair value   | 75.31                                      | 65.06                                      | Not Applicable                             | Not Applicable                             |
| Expected return on plan assets   | 6.85                                       | 5.75                                       | Not Applicable                             | Not Applicable                             |
| Actuarial gain / (loss)  | 0.79                                       | 0.88                                       | Not Applicable                             | Not Applicable                             |
| Contributions  | 15.00                                      | 10.00                                      | Not Applicable                             | Not Applicable                             |
| Benefits paid  | (9.45)                                     | (6.38)                                     | Not Applicable                             | Not Applicable                             |
| <b>Plan assets at the year end, at fair value</b>  | <b>88.50</b>                               | <b>75.31</b>                               | <b>Not Applicable</b>                      | <b>Not Applicable</b>                      |
| <b>Reconciliations of present value of the obligation and the fair value of plan assets</b>                  |  |  |  |  |
| Fair value of plan assets at the end of the year   | 88.50                                      | 75.31                                      | NIL  | NIL  |
| Present value of the defined benefit obligations at the end of the year                                      | 247.12                                     | 159.82                                     | 66.27                                      | 57.15                                      |
| <b>Liability/(Asset) recognised in the Balance Sheet</b>   | <b>158.62</b>                              | <b>84.51</b>                               | <b>66.27</b>                               | <b>57.15</b>                               |
| <b>Cost for the year</b>   |  |  |  |  |
| Current Service cost   | 19.23                                      | 15.35                                      | 9.88                                       | 8.01                                       |
| Interest cost  | 13.51                                      | 14.83                                      | 5.06                                       | 3.75                                       |
| Expected return on plan assets   | (6.85)                                     | (5.75)                                     | NIL  | NIL  |
| Actuarial (gain)/loss  | 63.22                                      | (38.07)                                    | 1.70                                       | 5.47                                       |
| <b>Net Cost recognised in the Profit and Loss Account</b>  | <b>89.11</b>                               | <b>(13.64)</b>                             | <b>16.64</b>                               | <b>17.23</b>                               |
| <b><u>Assumptions used to determine the benefit obligations:</u></b>   |  |  |  |  |
| Interest rate  | 8%   | 8%   | 8%   | 8%   |
| Estimated rate of return on plan assets  | 8%   | 8%   | Not Applicable                             | Not Applicable                             |
| Expected rate of increase in salary  | 5%   | 5%   | 5%   | 5%   |
| Actual return on plan assets   | 7.64                                       | 6.63                                       | Not Applicable                             | Not Applicable                             |



**9. Segment Reporting:**

In accordance with Accounting Standard 17, the Company's activities broadly fall into the category of Speciality Chemicals and hence, the Company has only one reportable segment.

**10. Related Party Disclosures:**

- a. Following transactions were carried out in the ordinary course of business with the parties referred to in (b) below:

Rs.In Lakhs

| Particulars   | Subsidiary Company | Associate Company | Key Managerial Personnel and their relatives | Entities over which Key Managerial Personnel has control | Enterprise on which relatives of Key Managerial Personnel has Control |
|---|--------------------|-------------------|--|--|---|
|   |                    |                   | [with b (I and II(i) below]                  | [with b (V) below]                                       | [with b (IV) below]   |
| <b>Income :</b>   |                    |                   |  |  |   |
| Other Income  |                    | 7.94<br>(NIL)     |  |  |   |
| Reimbursement of Expenses   | 1.91<br>(2.68)     |                   |  |  |   |
| <b>Expenses :</b>   |                    |                   |  |  |   |
| Processing Charges  |                    | 3.08<br>(20.57)   |  |  |   |
| Utility Charges   |                    | 27.69<br>(44.57)  |  |  |   |
| <b>Transactions on our behalf :</b>   |                    |                   |  |  |   |
| Cenvat Credit Paid  |                    | 24.43<br>(72.66)  |  |  |   |
| Cenvat Credit Availed   |                    | 2.90<br>(93.29)   |  |  |   |
| <b>Investments :</b>  |                    |                   |  |  |   |
| Subscription to Equity  |                    |                   |  |  |   |
| Alkyl Amines Europe SPRL, Belgium   | 4.32<br>(4.24)     |                   |  |  |   |
| <b>Unsecured Loans :</b>  |                    |                   |  |  |   |
| Loan from Directors -Received   |                    |                   |  |  |   |
| 1. Yogesh Kothari   |                    |                   | 50.00<br>(192.00)                            |  |   |
| 2. Kirat Patel  |                    |                   | 5.00<br>(10.00)                              |  |   |
| 3. Suneet Kothari   |                    |                   | NIL<br>(10.00)                               |  |   |
| Loan from Directors – Repaid  |                    |                   |  |  |   |
| 1. Yogesh Kothari   |                    |                   | NIL<br>(12.00)                               |  |   |
| 2. Kirat Patel  |                    |                   | 5.00<br>NIL                                  |  |   |
| Inter Corporate Deposits –Received<br>YMK Trading & Consultancy Private Limited |                    |                   |  | 80.00<br>(NIL)   | NIL<br>(30.00)  |
| Inter Corporate Deposits – Repaid YMK<br>Trading & Consultancy Private Limited  |                    |                   |  | 25.00<br>NIL   |   |
| Interest – Paid   |                    |                   |  | 19.11<br>(21.18)   | 40.03<br>(40.47)  |
| 1. Yogesh Kothari   |                    |                   | 129.85<br>(122.19)                           |  |   |
| 2. Kirat Patel  |                    |                   | 1.06<br>(0.79)                               |  |   |

| Particulars                                      | Subsidiary Company | Associate Company  | Key Managerial Personnel and their relatives | Entities over which Key Managerial Personnel has control | Enterprise on which relatives of Key Managerial Personnel has Control |
|--|--------------------|--------------------|--|--|---|
|  |                    |                    | [with b (I and II(i) below]                  | [with b (V) below]                                       | [with b (IV) below]   |
| 3. Suneet Kothari                                |                    |                    | 1.06<br>(0.79)                               |  |   |
| Dividend Received                                |                    | 19.85<br>(19.85)   |  |  |   |
| <b>Remuneration to key Managerial Personnel:</b> |                    |                    |  |  |   |
| 1. Yogesh Kothari                                |                    |                    | 83.44<br>(37.09)                             |  |   |
| 2. Kirat Patel                                   |                    |                    | 44.54<br>(31.69)                             |  |   |
| 3. Suneet Kothari                                |                    |                    | 38.90<br>(24.93)                             |  |   |
| 4. Hemandra Kothari                              |                    |                    |  |  |   |
| Sitting Fees                                     |                    |                    | 0.15<br>(0.10)                               |  |   |
| Commision  |                    |                    | 2.09<br>(1.17)                               |  |   |
| <b>Outstanding Balance As At March 31, 2010</b>  |                    |                    |  |  |   |
| Loans From Directors                             |                    |                    |  |  |   |
| 1. Yogesh Kothari                                |                    |                    | 1,165.00<br>(1,115)                          |  |   |
| 2. Kirat Patel                                   |                    |                    | 10.00<br>(10.00)                             |  |   |
| 3. Suneet Kothari                                |                    |                    | 10.00<br>(10.00)                             |  |   |
| Inter Corporate Deposits Taken                   |                    |                    |  |  |   |
| 1. YMK Trading & Consultancy Private Limited     |                    |                    |  | 219.50<br>(164.50)                                       |   |
| 2. Anjyko Investments Private Limited            |                    |                    |  | 25.00<br>(NIL)   |   |
| 3. Niyoko Trading & Consultancy Private Limited  |                    |                    |  | 0.01<br>(0.01)   |   |
| 1. Kamiko Investment & Trading Private Limited   |                    |                    |  |  | 80.00<br>(80.00)  |
| 2. DSP HMK Holdings Private Limited              |                    |                    |  |  | 125.00<br>(125.00)  |
| 3. ADIKO Investment Private Limited              |                    |                    |  |  | 125.00<br>(125.00)  |
| Investments                                      |                    | 144.11<br>(144.11) |  |  |   |
| 1. Alkyl Speciality Chemicals Limited            | 81.91<br>(81.91)   |                    |  |  |   |
| 2. Alkyl Amines Europe SPRL, Belgium             | 7.43<br>(4.24)     |                    |  |  |   |
| Debtors  |                    | 2.67<br>(2.67)     |  |  |   |
| Loans and Advances                               |                    |                    |  |  |   |
| Alkyl Amines Europe SPRL, Belgium                | 4.90<br>(5.58)     | 55.53<br>(105.60)  |  |  |   |
| Creditors and Other Liabilities                  |                    |                    |  |  |   |
| Alkyl Speciality Chemicals Limited               | 42.45<br>(44.36)   |                    |  |  |   |

**b. Relationships:**
**I. Subsidiary Company:**

- i. Alkyl Speciality Chemicals Limited
- ii. Alkyl Amines Europe SPRL, Belgium

**II. Associate Company:**

- i. Diamines and Chemicals Limited

**III. Key Managerial Personnel:**

- i. Yogesh M. Kothari
- ii. Kirat Patel
- iii. Suneet Y. Kothari

**IV. Relatives of Key Managerial Personnel:**

- i. Hemendra M. Kothari
- ii Mrs. Nini Y. Kothari

**V. Entities on which Key Managerial Personnel has Control:**

- i. Niyoko Trading & Consultancy Private Limited
- ii. YMK Trading & Consultancy Private Limited
- iii. Anjyko Investments Private Limited

**VI. Entities on which relatives of Key Managerial Personnel has control:**

- i. Kamiko Investment & Trading Private Limited
- ii. DSP HMK Holdings Private Limited
- iii. ADIKO Investment Private Limited

**11. Disclosure on Leases as per Accounting Standard 19 on "Accounting for Leases":**
**a. Where the Company is a Lessee:**

- i. The Company has taken residential, office and godown premises under operating lease or leave and licence agreements. These are generally cancellable and range between 11 months and five years under leave and licence, or longer for other leases and are renewable by mutual consent on mutually agreeable terms.
- ii. Lease/Rent payments are recognised in the Profit and Loss Account under 'Rent' in Schedule 17.
- iii. Future minimum lease rental payable is as under:

| Particulars                     | As At<br>March 31, 2010<br>Rs in Lakhs | As At<br>March 31, 2009<br>Rs in Lakhs |
|---------------------------------|--|--|
| Within 1 year                   | 9.60                                   | 9.60                                   |
| After 1 year but before 5 years | 3.20                                   | 12.80                                  |
| After 5 years                   | NIL                                    | NIL                                    |

- iv. Land taken on lease have been amortised over the respective lease period and Rs. 3.68 lakhs (Previous Year Rs. 3.33 lakhs) has been amortised during the year.

**12. Earnings Per Share as per Accounting Standard 20 :**

| Particulars  | For the Year ended<br>March 31, 2010<br>Rs in Lakhs | For the Year ended<br>March 31, 2009<br>Rs in Lakhs |
|--|---|---|
| <b>Numerator for Basic and diluted earnings per Share</b>            |   |   |
| Net Profit/ (Loss) after tax for the year before Preference Dividend | <b>1,003.68</b>                                     | 402.20  |
| Less :Preference Dividend and Tax thereon                            | <b>NIL</b>  | NIL   |
| Net Profit/ (Loss) after tax for the year (a)                        | <b>1,003.68</b>                                     | 402.20  |
| <b>Denominator for Basic and Diluted Earnings per Share</b>          |   |   |
| Weighted average number of Shares (b)                                | <b>1,01,98,196</b>                                  | 1,01,43,402   |
| <b>Basic and Diluted Earnings per Share [(a) / (b)]</b>              | <b>9.84</b>   | 3.94  |
| Face value per Share   | <b>Rs. 10</b>                                       | Rs.10   |

**13. Taxation:**

Deferred Tax:

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

| Items of Timing Difference                     | Accumulated Deferred Tax (Assets) / Liabilities<br>As At April 1, 2009 | Charge / (Credit) during the Year ended<br>March 31, 2010 | Accumulated Deferred Tax (Assets) / Liabilities<br>As At March 31, 2010 |
|--|--|---|---|
| <b>Deferred Tax Liabilities</b>                | Rs. in Lakhs   | Rs. in Lakhs  | Rs. in Lakhs  |
| Related to Fixed Assets                        | 1,912.98   | (52.24)   | <b>1,860.74</b>   |
| <b>Deferred Tax Assets</b>                     |  |   |   |
| Provision for doubtful debts and advances      | (54.41)  | (8.80)  | <b>(63.21)</b>  |
| Provision for Gratuity                         | (6.31)   | (46.38)   | <b>(52.69)</b>  |
| Provision for Leave Encashment                 | (19.42)  | (2.59)  | <b>(22.01)</b>  |
| Disallowance under section 43B                 | (6.51)   | 4.51  | <b>(2.00)</b>   |
| <b>Net Deferred Tax (Assets) / Liabilities</b> | <b>1,826.32</b>  | <b>(105.49)</b>   | <b>1,720.83</b>   |

**14. Disclosure in accordance with Accounting Standard (AS 29) Provisions, Contingent Liabilities and Contingent Assets:**

| Particulars              | As At<br>April 1, 2009<br>Rs. in Lakhs | Additions<br>during the year<br>Rs. in Lakhs | Amount paid/<br>reversed during<br>the year<br>Rs. in Lakhs | As At<br>March 31, 2010<br>Rs. in Lakhs |
|--------------------------|--|--|---|---|
| Leave Encashment         | 57.15                                  | 16.64  | 7.52  | <b>66.27</b>                            |
| Gratuity                 | 159.82                                 | 96.75  | 9.45  | <b>247.12</b>                           |
| Proposed Dividend        | 203.96                                 | 305.95                                       | 203.96  | <b>305.95</b>                           |
| Tax on Proposed Dividend | 34.66                                  | 52.00  | 34.66   | <b>52.00</b>                            |

**15. Financial and Other Derivative Instruments :**

- a. Derivative contracts entered into by the Company are for hedging foreign currency risks; the following contracts have remained outstanding:

| Particulars                            |       | Balance As At March 31, 2010 |              | Balance As At March 31, 2009 |              |
|--|-------|------------------------------|--------------|------------------------------|--------------|
|  |       | In Foreign Currency          | Rs. in Lakhs | In Foreign Currency          | Rs. in Lakhs |
| Forward Contracts for Export Debtors   | US \$ | 1,50,000                     | 66.98        | 5,50,000                     | 275.02       |
|  | Euro  | NIL                          | NIL          | 5,30,000                     | 345.71       |
| Forward Contracts for Import Creditors | US \$ | 3,55,000                     | 401.01       | 13,00,000                    | 677.15       |
|  | Euro  | 45,000                       | 27.47        | 1,00,000                     | 64.62        |
| Forward Contracts for FCNR (B) Loan    | US \$ | 8,86,328                     | 399.36       | 17,91,610                    | 899.14       |
| Buyers' Credits                        | US\$  | 5,35,000                     | 241.06       | 32,75,000                    | 1,707.30     |

- b. Foreign Currency exposure that are not hedged by the derivative instruments:

| Particulars                      |       | Balance As At March 31, 2010 |              | Balance As At March 31, 2009 |              |
|----------------------------------|-------|------------------------------|--------------|------------------------------|--------------|
|                                  |       | In Foreign Currency          | Rs. in Lakhs | In Foreign Currency          | Rs. in Lakhs |
| Export Debtors                   | US \$ | 6,16,484                     | 275.29       | 1,49,374                     | 75.82-       |
|                                  | Euro  | 5,55,727                     | 333.03       | 3,46,878                     | 232.75       |
| Import Creditors                 | US \$ | 89,084                       | 40.14        | NIL                          | NIL          |
|                                  | Euro  | 11,627                       | 7.10         | 91,719                       | 61.78        |
| Interest on FCNR(B) Loan Payable | US \$ | 950                          | 0.43         | 8,553                        | 4.38         |
| Buyers' Credits                  | US \$ | 1,33,313                     | 60.06        | 1,94,507                     | 99.57        |

All outstanding derivatives are marked to market on the balance sheet date and accordingly, mark to market profit of Rs. 23.38 Lakhs (Previous Year loss of Rs. 34.87 Lakhs) has been recognised.

**16. ADDITIONAL INFORMATION PURSUANT TO THE PROVISION OF THE PARAGRAPHS 3, 4C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956 (AS CERTIFIED BY MANAGEMENT) :**
**a. Sales**

| Particulars             |     | For the Year ended March 31, 2010 |                  | For the Year ended March 31, 2009 |                  |
|-------------------------|-----|-----------------------------------|------------------|-----------------------------------|------------------|
|                         |     | Quantity                          | Value            |                                   | Value            |
|                         |     |                                   | Rs. in Lakhs     |                                   | Rs. in Lakhs     |
| i. Speciality Chemicals | MT. | 21,151.90                         | 22,865.66        | 17,372.49                         | 21,208.48        |
| ii. Industrial Gases    | M3  | 12,54,898                         | 299.87           | 11,53,930                         | 311.67           |
| <b>TOTAL</b>            |     |                                   | <b>23,165.53</b> |                                   | <b>21,520.15</b> |

**b. Finished Stocks**  
**Opening Stock**

|     |                      |     | For the Year ended<br>March 31, 2010 |                 | For the Year ended<br>March 31, 2009 |                 |
|-----|----------------------|-----|--------------------------------------|-----------------|--------------------------------------|-----------------|
|     | Particulars          |     | Quantity                             | Value           |                                      | Value           |
|     |                      |     |                                      | Rs. in Lakhs    |                                      | Rs. in Lakhs    |
| i.  | Speciality Chemicals | MT. | 2,672.11                             | 2,617.19        | 1,436.28                             | 1,847.15        |
| ii. | Industrial Gases     | M3  | NIL                                  | NIL             | 23,142                               | 4.74            |
|     | <b>TOTAL</b>         |     |                                      | <b>2,617.19</b> |                                      | <b>1,851.89</b> |

**Closing Stock**

|     |                      |     | For the Year ended<br>March 31, 2010 |                 | For the Year ended<br>March 31, 2009 |                 |
|-----|----------------------|-----|--------------------------------------|-----------------|--------------------------------------|-----------------|
|     | Particulars          |     | Quantity                             | Value           | Quantity                             | Value           |
|     |                      |     |                                      | Rs. in Lakhs    |                                      | Rs. in Lakhs    |
| i.  | Speciality Chemicals | MT. | 1,669.13                             | 1,512.94        | 2,672.11                             | 2,617.19        |
| ii. | Industrial Gases     | M3  | 6,537                                | 0.15            | NIL                                  | NIL             |
|     | <b>TOTAL</b>         |     |                                      | <b>1,513.09</b> |                                      | <b>2,617.19</b> |

**c. Capacities and Production**

**i. Licensed and Registered Capacity**

|  | Particulars          |     | For the Year ended<br>March 31, 2010 | For the Year ended<br>March 31, 2009 |
|--|----------------------|-----|--------------------------------------|--------------------------------------|
|  | Speciality Chemicals | MT. | N.A.                                 | N.A.                                 |
|  | Industrial Gases     | M3  | N.A.                                 | N.A.                                 |

**ii Installed Capacity**

(As certified by Management)

|  | Particulars          |     | For the Year ended<br>March 31, 2010 | For the Year ended<br>March 31, 2009 |
|--|----------------------|-----|--------------------------------------|--------------------------------------|
|  | Speciality Chemicals | MT. | 38,115                               | 32,500                               |
|  | Industrial Gases     | M3  | 48,00,000                            | 48,00,000                            |

**iii Actual Production**

|  | Particulars          |     | For the Year ended<br>March 31, 2010 | For the Year ended<br>March 31, 2009 |
|--|----------------------|-----|--------------------------------------|--------------------------------------|
|  | Speciality Chemicals | MT. | 29,331                               | 27,387                               |
|  | Industrial Gases     | M3  | 24,54,558                            | 22,78,934                            |

**d. Captive Consumption**

|  | Particulars          |     | For the Year ended<br>March 31, 2010 | For the Year ended<br>March 31, 2009 |
|--|----------------------|-----|--------------------------------------|--------------------------------------|
|  | Speciality Chemicals | MT. | 9,182.19                             | 8,778.68                             |
|  | Industrial Gases     | M3  | 1,193.12                             | 1,148.46                             |

**e. Cost of Materials**
**i. Raw Material Consumed\***

|  |                  |    | For the Year ended<br>March 31, 2010 |                  | For the Year ended<br>March 31, 2009 |                  |
|--|------------------|----|--------------------------------------|------------------|--------------------------------------|------------------|
|  | Particulars      |    | Quantity                             | Value            | Quantity                             | Value            |
|  |                  |    |                                      | Rs. in Lakhs     |                                      | Rs. in Lakhs     |
|  | Alcohols         | KL | 33,967.52                            | 7,387.37         | 32156.00                             | 7,173.00         |
|  | Industrial Gases | M3 | 1,67,579.65                          | 885.25           | 2,95,955.19                          | 1,044.72         |
|  | Others           |    |                                      | 2,259.35         |                                      | 2,371.76         |
|  | <b>TOTAL</b>     |    |                                      | <b>10,531.97</b> |                                      | <b>10,556.48</b> |

\* Consumption of Raw Materials includes cost of Raw Materials sold.

**ii. Consumption of Raw Materials**

|  |              |  | For the Year ended<br>March 31, 2010 |                  | For the Year ended<br>March 31, 2009 |                  |
|--|--------------|--|--------------------------------------|------------------|--------------------------------------|------------------|
|  | Particulars  |  | Percentage                           | Value            | Percentage                           | Value            |
|  |              |  |                                      | Rs. in Lakhs     |                                      | Rs. in Lakhs     |
|  | Imported     |  | 26.49%                               | 2,789.62         | 25.33%                               | 2,673.80         |
|  | Indigenous   |  | 73.51%                               | 7,742.35         | 74.67%                               | 7,882.68         |
|  | <b>TOTAL</b> |  |                                      | <b>10,531.97</b> |                                      | <b>10,556.48</b> |

**f. Stores and Spares Consumed**

|  |              |  | For the Year ended<br>March 31, 2010 |               | For the Year ended<br>March 31, 2009 |               |
|--|--------------|--|--------------------------------------|---------------|--------------------------------------|---------------|
|  | Particulars  |  | Percentage                           | Value         | Percentage                           | Value         |
|  |              |  |                                      | Rs. in Lakhs  |                                      | Rs. in Lakhs  |
|  | Imported     |  | 0%                                   | NIL           | 1.00%                                | 6.67          |
|  | Indigenous   |  | 100%                                 | 395.63        | 99.00%                               | 496.57        |
|  | <b>TOTAL</b> |  |                                      | <b>395.63</b> |                                      | <b>503.24</b> |

**g. Value of Imports calculated on C.I.F. basis**

| Particulars       | For the Year ended<br>March 31, 2010<br>(Rs in Lakhs) | For the Year ended<br>March 31, 2009<br>(Rs in Lakhs) |
|-------------------|---|---|
| Raw Materials     | 1,806.23  | 4,051.33  |
| Stores and Spares | 3.42  | 6.67  |
| <b>TOTAL</b>      | <b>1,809.65</b>                                       | <b>4,058.00</b>                                       |

**h. Expenditure in Foreign Currency**

| Particulars               | For the Year ended<br>March 31, 2010<br>(Rs in Lakhs) | For the Year ended<br>March 31, 2009<br>(Rs in Lakhs) |
|---------------------------|---|---|
| Interest and Bank Charges | 92.12   | 133.04  |
| Others                    | 104.48  | 81.67   |
| <b>TOTAL</b>              | <b>196.60</b>   | <b>214.71</b>   |

**i. Earnings in Foreign Currency**

| Particulars                     | For the Year ended<br>March 31, 2010<br>(Rs in Lakhs) | For the Year ended<br>March 31, 2009<br>(Rs in Lakhs) |
|---------------------------------|---|---|
| Export of Goods at F.O.B. value | 4,073.26  | 3,896.23  |
| Other Income                    | 7.74  | NIL   |
| <b>TOTAL</b>                    | <b>4,081.00</b>                                       | <b>3,896.23</b>                                       |

17. The previous year's figures, wherever necessary, have been regrouped, reclassified and recast to conform to the current year's classification. Figures in bracket indicate those of previous year.

As per our Report of even date attached  
For **BANSI S. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No.100911W

**PARESH H. CLERK**  
Partner, Membership No. 36148  
MUMBAI  
Date : May 31, 2010

For and on behalf of the Board of Directors  
**YOGESH M. KOTHARI**  
Chairman & Managing Director

**K. P. RAJAGOPALAN**  
General Manager (Secretarial & Legal)  
MUMBAI  
Date : May 31, 2010

**KIRAT PATEL**  
Executive Director



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

|                    |   |            |            |   |    |
|--------------------|---|------------|------------|---|----|
| Registration No.   | : | 21796      | State Code | : | 11 |
| Balance Sheet Date | : | 31.03.2010 |            |   |    |

**II. Capital Raised during the year (Amount in Rupees Thousand)**

|              |   |     |                   |   |     |
|--------------|---|-----|-------------------|---|-----|
| Public Issue | : | NIL | Rights Issue      | : | NIL |
| Bonus Issue  | : | NIL | Private Placement | : | NIL |

**III. Position of Mobilisation and Deployment of Funds (Amount in Rupees Thousand)**

|                   |   |         |              |   |         |
|-------------------|---|---------|--------------|---|---------|
| Total Liabilities | : | 2344438 | Total Assets | : | 2344438 |
|-------------------|---|---------|--------------|---|---------|

**Sources of Funds****Application of Funds**

|                                  |   |        |                                  |   |         |
|----------------------------------|---|--------|----------------------------------|---|---------|
| Paid-up Capital                  | : | 102062 | Net Fixed Assets                 | : | 1120216 |
| Reserves & Surplus               | : | 594189 | Investments                      | : | 23345   |
| Secured Loans                    | : | 812881 | Current Assets, Loans & Advances | : | 1200877 |
| Unsecured Loans                  | : | 322908 | Misc. Expenditure                | : | NIL     |
| Deferred Taxation (Net)          | : | 172083 | Accumulated Losses               | : | NIL     |
| Current Liabilities & Provisions | : | 340315 |                                  |   |         |

**IV. Performance of Company (Amount in Rupees Thousand)**

|                             |   |         |
|-----------------------------|---|---------|
| Turnover                    | : | 2150072 |
| Other Income                | : | 45371   |
| Total Expenditure           | : | 2036457 |
| Profit before tax           | : | 158986  |
| Profit after tax            | : | 100368  |
| Earning per Share (Basic)   | : | 9.84    |
| Earning per Share (Diluted) | : | 9.84    |
| Dividend Rate (Equity)      | : | 30%     |

**V. Generic Names of Principal Products of the Company (As per monetary terms)**

|                                    |   |      |
|------------------------------------|---|------|
| Item Code No. (ITC Code)           | : | 2921 |
| Aliphatic Amines & its derivatives |   |      |

For and on behalf of the Board of Directors

**YOGESH M. KOTHARI**

Chairman &amp; Managing Director

**K. P. RAJAGOPALAN**

General Manager (Secretarial &amp; Legal)

MUMBAI

Date : May 31, 2010

**KIRAT PATEL**

Executive Director

# CONSOLIDATED FINANCIAL STATEMENTS FINANCIAL HIGHLIGHTS - YEAR 2009-2010

(Rs in Lakhs)

| PARTICULARS                           | Alkyl Amines<br>Chemicals Ltd. | Alkyl Speciality<br>Chemicals Ltd. | Alkyl Amines<br>Europe Sprl | Diamines and<br>Chemicals Ltd. |
|---------------------------------------|--------------------------------|------------------------------------|-----------------------------|--------------------------------|
| Status of Investee                    | -                              | Subsidiary<br>Company              | Subsidiary<br>Company       | Associate<br>Company           |
| % Of Holding Of AACL (Approx.)        | -                              | 100%                               | 100%                        | 31%                            |
| Share Capital                         | 1020.62                        | 163.83                             | 7.43                        | 652.22                         |
| Reserve & Surplus                     | 7662.72                        | 51.10                              | -                           | 1832.58                        |
| ( Including Deferred Taxation (Net) ) |                                |                                    |                             |                                |
| Debit Balance Of Profit & Loss A/c.   | -                              | (129.57)                           | (10.59)                     | -                              |
| Total Assets                          | 20041.23                       | 214.93                             | (3.16)                      | 4350.36                        |
| Total Liability                       | 20041.23                       | 214.93                             | (3.16)                      | 4350.36                        |
| Investments                           | 233.45                         | -                                  | -                           | 9.67                           |
| Net Income                            | 21954.43                       | 11.82                              | 0.68                        | 5538.48                        |
| Operating Profit (PBIDT)]             | 3646.52                        | 4.86                               | (5.03)                      | 1867.80                        |
| Profit Before Tax                     | 1589.86                        | 4.86                               | (5.03)                      | 1446.93                        |
| Provision For Taxation                | 482.70                         | 2.37                               | -                           | 511.51                         |
| Profit After Tax                      | 1107.16                        | 2.49                               | (5.03)                      | 935.42                         |
| Dividend                              | 30%                            | -                                  | -                           | 20%                            |

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF ALKYL AMINES CHEMICALS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS**

1. We have audited the attached Consolidated Balance Sheet of ALKYL AMINES CHEMICALS LIMITED ("the Company") and its subsidiaries and its associate as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
3. We or any other auditor did not audit the financial statements of a subsidiary (which were prepared for the purpose of consolidation) whose financial statements reflect total negative net assets of Rs. 3.16 lakhs as at March 31, 2010, total revenue of Rs. 0.68 lakhs and net cash outflow of Rs. 0.88 lakhs. The financial statements of the subsidiary as drawn as on December 31, 2009 have been audited by other auditor whose report has been furnished to us, and the same has been reviewed by us as a reference for the purpose of this consolidation.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standards 21 (AS 21) - "Consolidated Financial Statements" and Accounting Standard 23 (AS 23) - "Accounting for Investments in Associates in Consolidated Financial Statements", as referred to in Section 211 (3C) of the companies Act, 1956, which have been notified by the Companies (Accounting Standards) Rules, 2006.
5. On the basis of the information and explanations given to us, and on the consideration of the separate audit report on individual audited financial statements of the Company, its subsidiaries and associate, we are of the opinion that the said consolidated financial statements, read together with Significant Accounting Policies in Schedule 20 and notes thereon in Schedule 21, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. In the case of the Consolidated Balance Sheet, of the state of affairs of the Company, its subsidiaries and associate, as at March 31, 2010;
  - b. In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company, its subsidiaries and associate for the year ended on that date; and
  - c. In the case of the Consolidated Cash Flows statement, of the consolidated cash flows of the Company, its subsidiaries and associate 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  
Date : May 31, 2010

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

|  |          |                  | As At<br>March 31, 2010 | As At<br>March 31, 2009 |
|--|----------|------------------|-------------------------|-------------------------|
|  | Schedule | Rs. in Lakhs     | Rs. in Lakhs            | Rs. in Lakhs            |
| <b>SOURCES OF FUNDS :</b>                        |          |                  |                         |                         |
| <b>Shareholders' Funds</b>                       |          |                  |                         |                         |
| Share Capital                                    | 1        | 1,020.62         |                         | 1,020.62                |
| Reserves and Surplus                             | 2        | 6,386.95         |                         | 5,570.54                |
|  |          |                  | 7,407.57                | 6,591.16                |
| <b>Loan Funds</b>                                |          |                  |                         |                         |
| Secured Loans                                    | 3        | 8,128.81         |                         | 10,218.83               |
| Unsecured Loans                                  | 4        | 3,229.08         |                         | 3,108.55                |
|  |          |                  | 11,357.89               | 13,327.38               |
| <b>Deferred Tax Liability (Net)</b>              |          |                  | 1,720.83                | 1,826.31                |
|  | Total    |                  | <b>20,486.29</b>        | <b>21,744.85</b>        |
| <b>APPLICATION OF FUNDS :</b>                    |          |                  |                         |                         |
| <b>Fixed Assets</b>                              |          |                  |                         |                         |
| Gross Block                                      | 5        | 17,493.70        |                         | 17,042.50               |
| Less : Accumulated Depreciation                  |          | 7,644.13         |                         | 6,782.16                |
| Net Block  |          | 9,849.57         |                         | 10,260.34               |
| Capital work-in-progress                         |          | 1,352.59         |                         | 745.24                  |
|  |          |                  | 11,202.16               | 11,005.58               |
| <b>Investments</b>                               | 6        |                  | 596.32                  | 422.86                  |
| <b>Current Assets , Loans and Advances</b>       |          |                  |                         |                         |
| Inventories                                      | 7        | 5,562.23         |                         | 7,251.19                |
| Sundry Debtors                                   | 8        | 3,897.31         |                         | 3,768.18                |
| Cash and Bank Balances                           | 9        | 340.91           |                         | 498.24                  |
| Loans and Advances                               | 10       | 2,250.45         |                         | 2,421.80                |
|  |          | <b>12,050.90</b> |                         | <b>13,939.41</b>        |
| <b>Less : Current Liabilities and Provisions</b> |          |                  |                         |                         |
| Current Liabilities                              | 11       | 2,780.24         |                         | 3,242.72                |
| Provisions                                       | 12       | 582.85           |                         | 380.28                  |
|  |          | <b>3,363.09</b>  |                         | <b>3,623.00</b>         |
| <b>Net Current Assets</b>                        |          |                  | 8,687.81                | 10,316.41               |
|  | Total    |                  | <b>20,486.29</b>        | <b>21,744.85</b>        |
| <b>Notes on Consolidated Financial Statement</b> | 20       |                  |                         |                         |

As per our Report of even date attached

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

Chartered Accountants

Firm Registration No.100911W

**PARESH H. CLERK**

Partner, Membership No. 36148

MUMBAI

Date : May 31, 2010

For and on behalf of the Board of Directors

**YOGESH M. KOTHARI**

Chairman & Managing Director

**K. P. RAJAGOPALAN**

General Manager (Secretarial & Legal)

MUMBAI

Date : May 31, 2010

**KIRAT PATEL**

Executive Director

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

|   |          |              | For the Year<br>ended on<br>March 31, 2010 | For the Year<br>ended on<br>March 31, 2009 |
|---|----------|--------------|--|--|
|   | Schedule | Rs. in Lakhs | Rs. in Lakhs                               | Rs. in Lakhs                               |
| <b>INCOME</b>   |          |              |  |  |
| Sales (Gross) Less Returns                            |          | 23,165.53    |  | 21520.15                                   |
| Less : Excise Duty and Sales Tax on Sales             |          | 1,785.54     |  | 2,038.04                                   |
| Sales (Net) Less Returns                              |          |              | 21,379.99                                  | 19,482.11                                  |
| Miscellaneous Sales                                   |          |              | 120.73                                     | 210.92                                     |
| Share of Profit of Associate Company                  |          |              | 193.30                                     | 41.50                                      |
| Other Income  | 13       |              | 445.67                                     | 536.40                                     |
|   | Total    |              | <b>22,139.69</b>                           | <b>20,270.94</b>                           |
| <b>EXPENDITURE</b>                                    |          |              |  |  |
| Cost of Materials                                     | 14       |              | 11,929.64                                  | 10,868.53                                  |
| Manufacturing Expenses                                | 15       |              | 4,298.72                                   | 4,057.40                                   |
| Employee Cost   | 16       |              | 1,067.83                                   | 848.68                                     |
| Selling and Administrative Expenses                   | 17       |              | 926.88                                     | 1,729.21                                   |
| Interest  | 18       |              | 1,203.92                                   | 1,171.10                                   |
| Research and Development Expenses                     | 19       |              | 96.84                                      | 64.46                                      |
| Depreciation  | 5        |              | 852.74                                     | 696.53                                     |
|   | Total    |              | <b>20,376.57</b>                           | <b>19,435.90</b>                           |
| <b>PROFIT BEFORE TAX</b>                              |          |              | <b>1,763.12</b>                            | <b>835.04</b>                              |
| <b>LESS :</b>   |          |              |  |  |
| Provision for Taxation                                |          |              |  |  |
| Current   |          | 579.00       |  | 90.00                                      |
| Deferred  |          | (105.49)     |  | 169.94                                     |
| Fringe Benefit  |          | NIL          |  | 11.95                                      |
| Current tax adjustments of earlier years              |          | 11.57        |  | -  |
|   |          |              | <b>485.08</b>                              | <b>271.89</b>                              |
| <b>PROFIT AFTER TAX</b>                               |          |              | <b>1,278.04</b>                            | <b>563.15</b>                              |
| (Less) / Add : Prior period items                     |          |              | (103.68)                                   | (150.05)                                   |
| <b>PROFIT AFTER TAX AFTER ADJUSTMENTS</b>             |          |              | 1,174.36                                   | 413.10                                     |
| <b>ADD :</b>  |          |              |  |  |
| Balance brought forward from the previous year        |          |              | 1,635.08                                   | 1,501.60                                   |
| <b>AMOUNT AVAILABLE FOR APPROPRIATIONS</b>            |          |              | <b>2,809.44</b>                            | <b>1,914.70</b>                            |
| <b>APPROPRIATIONS :</b>                               |          |              |  |  |
| General Reserve                                       |          |              | 101.00                                     | 41.00                                      |
| Proposed Dividend                                     |          |              | 305.95                                     | 203.96                                     |
| Tax on Dividend                                       |          |              | 52.00                                      | 34.66                                      |
|   |          |              | <b>458.95</b>                              | <b>279.62</b>                              |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>               |          |              | <b>2,350.49</b>                            | <b>1,635.08</b>                            |
| <b>Basic and Diluted Earnings Per Share of Rs. 10</b> |          |              | <b>11.52</b>                               | <b>4.05</b>                                |
| <b>Notes on Consolidated Financial Statement</b>      | 20       |              |  |  |

As per our Report of even date attached

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

Chartered Accountants

Firm Registration No.100911W

**PARESH H. CLERK**

Partner, Membership No. 36148

MUMBAI

Date : May 31, 2010

**K. P. RAJAGOPALAN**

General Manager (Secretarial &amp; Legal)

MUMBAI

Date : May 31, 2010

For and on behalf of the Board of Directors

**YOGESH M. KOTHARI**

Chairman &amp; Managing Director

**KIRAT PATEL**

Executive Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

|   | For the Year ended<br>on March 31 2010<br>(Rs. in Lakhs) | For the Year ended<br>on March 31 2009<br>(Rs. in Lakhs) |
|---|--|--|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                 |  |  |
| Net Profit Before Tax   | 1,763.12   | 835.04   |
| <b>Adjustments for :</b>                                      |  |  |
| Loss on sale of Fixed Assets                                  | 6.09   | 5.99   |
| Depreciation  | 866.95   | 697.04   |
| Share of Profit from Associate Company                        | (193.30)   | (41.50)  |
| Misc Expenses written off                                     | NIL  | 14.22  |
| Interest expense  | 1,203.93   | 1,171.44   |
| Dividend income   | NIL  | NIL  |
| Unrealised loss on Foreign Exchange                           | 34.51  | (302.79)   |
| Provision for Bad and Doubtful Debts                          | 36.24  | 52.38  |
| Prior Period Items  | (103.68)   | (150.05)   |
| Interest income   | (25.31)  | (24.13)  |
| <b>Operating Profit before working capital changes</b>        | <b>3,588.73</b>  | <b>2,257.62</b>  |
| <b>Adjustments for :</b>                                      |  |  |
| Trade and Other Receivables                                   | (6.61)   | 743.80   |
| Inventories   | 1,688.96   | (2,368.95)   |
| Trade Payables and Other Provisions                           | (370.15)   | 1,960.21   |
| <b>Cash generated from Operations</b>                         | <b>4,900.93</b>  | <b>2,592.68</b>  |
| Income Tax paid ( including Fringe Benefit Tax )              | (571.55)   | (378.28)   |
| <b>Net cash from operating activities</b>                     | <b>4,329.38</b>  | <b>2,214.40</b>  |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                 |  |  |
| Additions to Fixed Assets                                     | (1,075.95)   | (2,292.32)   |
| Sale of Fixed Assets  | 6.32   | 4.22   |
| Sale/(Purchase) of Investments                                | NIL  | NIL  |
| Dividend received   | 19.85  | 19.85  |
| Interest received on Fixed Deposits                           | 25.13  | 24.13  |
| <b>Net cash from investing activities</b>                     | <b>(1024.65)</b>   | <b>(2244.11)</b>   |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                 |  |  |
| Deferred Sales Tax Payment                                    | (47.47)  | (215.53)   |
| Proceeds from long term Bank borrowings                       | (1,629.43)   | 1,328.77   |
| Increase/Decrease of Cash/export Credit and                   | (292.59)   | 710.28   |
| Increase in Capital   |  |  |
| Interest paid   | (1,253.94)   | (1,171.44)   |
| Dividend paid ( including Dividend Distribution Tax )         | (238.63)   | (329.48)   |
| <b>Net cash from financing activities</b>                     | <b>(3,462.06)</b>  | <b>322.60</b>  |
| <b>Increase in cash and cash equivalents (A+B+C+D)</b>        | <b>(157.33)</b>  | <b>292.89</b>  |
| <b>Cash and cash equivalents at the beginning of the year</b> | <b>498.24</b>  | <b>205.35</b>  |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>340.91</b>  | <b>498.24</b>  |

**Notes:**

- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3.
- Cash and cash equivalents includes cash, bank balances and fixed deposits with banks.
- Cash and cash Equivalents include Balance on Margin Accounts of Rs. 36.76 Lakhs (Previous Year Rs. 187.70 Lakhs) and Bank Balances maintained for Unpaid Dividend amounts of Rs. 14.53 Lakhs (Previous Year Rs. 11.65 Lakhs).
- Purchase of fixed assets include 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.100911W

**PARESH H. CLERK**

Partner, Membership No. 36148

MUMBAI

Date : May 31, 2010

For and on behalf of the Board of Directors

**YOGESH M. KOTHARI**

Chairman &amp; Managing Director

**K. P. RAJAGOPALAN**

General Manager (Secretarial &amp; Legal)

MUMBAI

Date : May 31, 2010

**KIRAT PATEL**

Executive Director

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2010

|   | Rs. in Lakhs | As At<br>March 31, 2010<br>Rs. in Lakhs | As At<br>March 31, 2009<br>Rs. in Lakhs |
|---|--------------|---|---|
| <b>SCHEDULE 1 : SHARE CAPITAL</b>   |              |   |   |
| <b>AUTHORISED</b>   |              |   |   |
| 1,50,00,000 Equity Shares of Rs.10 each   |              | 1,500.00                                | 1,500.00                                |
| 15,00,000 Cumulative Redeemable Preference Shares of Rs.100 each  |              | 1,500.00                                | 1,500.00                                |
|   |              | <u>3,000.00</u>                         | <u>3,000.00</u>                         |
| <b>ISSUED, SUBSCRIBED AND PAID UP</b>   |              |   |   |
| 1,01,98,196 (1,01,98,196) Equity Shares of Rs.10 each fully paid  | 1,019.82     |   | 1,019.82                                |
| Add: Shares forfeited   | 0.80         |   | 0.80                                    |
| Nil (10,00,000) 6% Cumulative Redeemable Optionally Convertible Preference Shares ("OCPS") of Rs. 100/- each fully paid   | NIL          | 1,020.62                                | 1,020.62                                |
| Less : Converted during the year  | NIL          |   | 1,000.00                                |
|   |              | NIL                                     | 1,000.00                                |
|   |              |   | <u>NIL</u>                              |
| Note : During the year ended March 31, 2009, Mr. Yogesh M Kothari, the promoter, exercising the option to convert 10,00,000 - 6% OCPS of Rs. 100 each, the Company allotted 13,33,333 Equity Shares of Rs. 10 each at a Premium of Rs. 65 each. |              |   |   |
|   |              | <u>1,020.62</u>                         | <u>1,020.62</u>                         |
| <b>SCHEDULE 2 : RESERVES AND SURPLUS</b>  |              |   |   |
| Capital Reserve   |              | 142.68                                  | 142.68                                  |
| Capital Redemption Reserve  |              | 25.00                                   | 25.00                                   |
| Securities Premium  |              |   |   |
| As per last Balance Sheet   | 1,290.96     |   | 424.30                                  |
| Add: On conversion of OCPS allotment of Equity Shares (Refer Note in Schedule 1 above)  | NIL          |   | 866.66                                  |
|   |              | 1,290.96                                | 1,290.96                                |
| General Reserve   |              |   |   |
| As per last Balance Sheet   | 2,476.82     |   | 2,440.37                                |
| Add : Accretion / (Decretion) to value of investment in Associate Company   | NIL          |   | (4.55)                                  |
| Add : Transfer from Profit and Loss Account   | 101.00       |   | 41.00                                   |
|   |              | 2,577.82                                | 2,476.82                                |
| Profit and Loss Account   |              |   |   |
| As per Account Annexed  |              | 2,350.49                                | 1,635.08                                |
|   |              | <u>6,386.95</u>                         | <u>5,570.54</u>                         |
| <b>SCHEDULE 3 : SECURED LOANS</b>   |              |   |   |
| From Financial Institutions   |              |   |   |
| Term Loans  |              | 633.00                                  | 105.58                                  |
| From Banks  |              |   |   |
| Cash Credit Facilities  |              | 4,650.40                                | 4,942.99                                |
| Buyers' Credit  |              | 301.13                                  | 2,078.06                                |
| Term Loans  |              | 2,519.45                                | 3,060.69                                |
| Others (See Note 4 below)   |              | 24.83                                   | 31.51                                   |
|   |              | <u>8,128.81</u>                         | <u>10,218.83</u>                        |

1. Cash Credits/Working Capital Demand Loan from State Bank of India, Bank of Baroda and Axis Bank are secured by hypothecation of stocks of raw materials, semi-finished goods, finished goods, consumable stores and book debts of the Company, both, present and future, as mentioned in the joint deed of hypothecation dated December 29, 1989 as amended, as well as by the second mortgage of the specified immovable properties of the Company.
2. Term loans from Financial Institutions / Banks are secured by:
  - a. Mortgage of the Company's immovable properties specified in the relevant loan agreements;
  - b. Hypothecation of the Company's movable properties, both, present and future, save and except Book Debts and subject to prior charge created/or to be created in favour of the Company's Bankers, on stocks of raw materials, semi-finished goods, finished goods and consumables stores for working capital requirements. The mortgage and charges referred to above rank pari-passu inter se.
3. The Company has availed of a Term Loan of Rs.800 Lakhs from Bank of Baroda to part finance Company's normal capital expenditure at Kurkumbh which is secured by creation of charges on properties listed at item 2 (a) above and also a second charge by way of hypothecation of inventories, book debts, movable machineries, etc.
4. Loans from Others are secured against specified assets.
5. Amounts due within one year  
 Term Loans : Rs. 949.21 Lakhs (Rs.1,127.72 Lakhs)  
 Other Loans : Rs. 14.73 Lakhs (Rs. 16.38 Lakhs)

|  | As At<br>March 31, 2010<br>Rs. in Lakhs | As At<br>March 31, 2009<br>Rs. in Lakhs |
|--|---|---|
| <b>SCHEDULE 4 : UNSECURED LOANS</b>                                |   |   |
| Short Term Loans and Advances                                      |   |   |
| From Directors   | 1,185.00                                | 500.00                                  |
| From Others (Intercompany Deposits)                                | 1,032.51                                | 914.51                                  |
|  | 2,217.51                                | 1,414.51                                |
| Other Loans and Advances   |   |   |
| From Directors   | NIL                                     | 635.00                                  |
| Sales Tax Deferral under the Package Scheme of Incentives, 1988 *  | 28.68                                   | 76.15                                   |
| Sales Tax Deferral under the Package Scheme of Incentives, 1993 ** | 982.89                                  | 982.89                                  |
|  | <b>3,229.08</b>                         | <b>3,108.55</b>                         |

\* Is in respect of Patalganga Unit to be repayable in 5 equal installments beginning from April 30, 2003. The entire balance of Rs.28.68 Lakhs (Previous year Rs.76.15 Lakhs) is repayable by April 30, 2010, which has since been repaid.

\*\* Is in respect of Kurkumbh Unit for which the Schedule of repayment has not yet started.



**SCHEDULE 5 : FIXED ASSETS**

| DESCRIPTION  | GROSS BLOCK             |                 |                     | DEPRECIATION           |                 |                     | NET BLOCK              |                         |
|--|-------------------------|-----------------|---------------------|------------------------|-----------------|---------------------|------------------------|-------------------------|
|  | As At April<br>01, 2009 | During the year |                     | Upto March<br>31, 2009 | During the year |                     | Upto March<br>31, 2010 | As At March<br>31, 2009 |
|  |                         | Additions       | Sale/<br>Adjustment |                        | For the year    | Sale/<br>Adjustment |                        |                         |
| Freehold Land  | 1.15                    | -               | -                   | -                      | -               | -                   | 1.15                   | 1.15                    |
| Leasehold Land (Note 1)                                | 348.29                  | -               | 45.09<br>(Note 3)   | 44.84                  | 3.68            | 0.58<br>(Note 3)    | 255.26                 | 303.45                  |
| Buildings  | 2,005.95                | 79.66           | -                   | 517.56                 | 58.41           | (0.58)              | 1,509.06               | 1,488.39                |
| Plant, Machinery and<br>Equipments (Note 2)            | 13,434.40               | 389.61          | 52.06               | 5,600.06               | 724.33          | 17.07               | 7,464.63               | 7,834.34                |
| Furniture and Fixtures                                 | 101.32                  | 2.83            | -                   | 71.20                  | 5.13            | -                   | 27.82                  | 30.12                   |
| Office Equipments                                      | 398.00                  | 17.86           | 0.08                | 265.54                 | 27.80           | 0.04                | 122.48                 | 132.46                  |
| Electrical Installations                               | 434.63                  | -               | -                   | 174.12                 | 20.64           | -                   | 194.76                 | 260.51                  |
| Electrical Equipments                                  | 34.33                   | 5.96            | -                   | 13.38                  | 1.62            | -                   | 15.00                  | 20.95                   |
| Vehicles   | 128.01                  | 5.52            | 5.07                | 50.85                  | 11.13           | 2.57                | 69.05                  | 77.16                   |
| <b>Research and Development<br/>(R &amp; D) Assets</b> |                         |                 |                     |                        | 852.73          |                     |                        |                         |
| Tangible Assets  | -                       | -               | -                   | -                      | -               | -                   | -                      | -                       |
| Plant, Machinery and<br>Equipments                     | 55.78                   | 41.23           | -                   | 13.84                  | 4.82            | (14.69)<br>(Note 4) | 63.66                  | 41.94                   |
| Furniture and Fixtures                                 | 52.18                   | -               | -                   | 24.73                  | 3.30            | -                   | 24.15                  | 27.45                   |
| Office Equipments                                      | 17.41                   | 0.31            | -                   | 3.90                   | 0.77            | -                   | 13.05                  | 13.51                   |
| Electrical Equipments                                  | 5.94                    | -               | -                   | 1.62                   | 0.28            | -                   | 4.04                   | 4.32                    |
| Vehicles   | 5.35                    | 6.80            | -                   | 0.51                   | 0.54            | -                   | 11.10                  | 4.84                    |
| Intangible Assets                                      | 19.76                   | 3.72            | -                   | 0.01                   | 4.51            | -                   | 18.96                  | 19.75                   |
|  |                         |                 |                     |                        | 14.22           |                     |                        |                         |
| <b>TOTAL (A)</b>                                       | <b>17,042.50</b>        | <b>553.50</b>   | <b>102.30</b>       | <b>6,782.16</b>        | <b>866.95</b>   | <b>4.99</b>         | <b>7,644.13</b>        | <b>10,260.34</b>        |
| <b>CAPITAL WORK IN PROGRESS</b>                        |                         |                 |                     |                        |                 |                     |                        |                         |
| Other than R & D Assets                                | 683.77                  | 998.39          | 456.36              | -                      | -               | -                   | 1,225.80               | 683.77                  |
| R & D Assets   | -                       | -               | -                   | -                      | -               | -                   | -                      | -                       |
| Tangible   | 61.47                   | 69.04           | 3.72                | -                      | -               | -                   | 126.79                 | 61.47                   |
| Intangible   | -                       | -               | -                   | -                      | -               | -                   | -                      | -                       |
| <b>TOTAL (B)</b>                                       | <b>745.24</b>           | <b>1,067.43</b> | <b>460.08</b>       | <b>6,782.16</b>        | <b>866.95</b>   | <b>4.99</b>         | <b>1,352.59</b>        | <b>745.24</b>           |
| <b>GRAND TOTAL (A+B)</b>                               | <b>17,787.74</b>        | <b>1,620.93</b> | <b>562.38</b>       | <b>13,564.32</b>       | <b>1,733.90</b> | <b>0.01</b>         | <b>8,996.72</b>        | <b>10,705.58</b>        |
| Previous year  | 15,499.40               | 4,611.53        | 2,323.19            | 6,078.88               | 720.46          | 0.79                | 10,989.19              |                         |

**Notes :**

- The Lease Deed from MIDC in respect of Plot Nos. D-6/2, R-1 and R-2 of the value of Rs.131.13 Lakhs is yet to be executed.
- Plant, Machinery and Equipments include Rs.390.87 Lakhs (Rs.333.17 Lakhs) being value of machinery installed at third party premises of Job Contractor; duly confirmed by them.
- Roads with the Gross Block of Rs.45.09 Lakhs and the Accumulated Depreciation of Rs. 0.58 Lakhs are transferred to Buildings and reflected in the column of "Additions" and "Depreciation-Withdrawal for Sale/Adjustment", respectively.
- Pilot Plant at Kurkumbh with the Gross Block of Rs. 39.81 Lakhs and the Accumulated Depreciation of Rs. 14.69 Lakhs are recognised as R & D Assets-Plant, Machinery and Equipments for the current year and reflected in the column of "Additions" and "Depreciation-Withdrawal for Sale/Adjustment", respectively.
- Adjustments to Capital Work-in-Progress represent capitalisation to Fixed Assets.
- Borrowing Costs Capitalised during the year Rs.58.13 Lakhs (Rs.49.02 Lakhs).

|   |                 | As At<br>March 31, 2010<br>Rs. in Lakhs | As At<br>March 31, 2009<br>Rs. in Lakhs |
|---|-----------------|---|---|
| <b>SCHEDULE 6 : INVESTMENTS</b>                   |                 |   |   |
| <b>NON-TRADE</b>                                  |                 |   |   |
| Long Term   |                 |   |   |
| Quoted  |                 |   |   |
| Diamines and Chemicals Limited                    |                 | 144.11                                  | 144.11                                  |
| 19,85,331 (19,85,331) Equity Shares of Rs.10 each |                 |   |   |
| Add: Accumulated Income                           |                 | 452.20                                  | 278.75                                  |
|   |                 | <b>596.31</b>                           | <b>422.86</b>                           |
| Aggregate Market Value of Quoted Investments      |                 | <b>957.91</b>                           | <b>447.69</b>                           |
| <b>SCHEDULE 7 : INVENTORIES</b>                   |                 |   |   |
| Stock in Trade :                                  |                 |   |   |
| Raw Materials                                     |                 | 1,422.81                                | 1,775.85                                |
| Packing Materials                                 |                 | 48.47                                   | 82.67                                   |
| Store, Spares, Furnace Oil, etc.                  |                 | 1,627.48                                | 2,122.04                                |
| Stock in Progress                                 |                 | 946.22                                  | 653.44                                  |
| Finished Goods                                    |                 | 1,517.25                                | 2,617.19                                |
|   |                 | <b>5,562.23</b>                         | <b>7,251.19</b>                         |
| <b>SCHEDULE 8 : SUNDRY DEBTORS</b>                |                 |   |   |
| Unsecured and Considered Good                     |                 |   |   |
| - For a period exceeding six months               | 93.84           |   | 132.64                                  |
| - Others debts                                    | <u>3,803.47</u> |   | <u>3,629.71</u>                         |
|   |                 | 3,897.31                                | 3,762.35                                |
| Considered doubtful                               |                 |   |   |
| - For a period exceeding six months               | 178.44          |   | 166.39                                  |
| Less : Provision for Doubtful Debts               | <u>178.44</u>   |   | <u>160.56</u>                           |
|   |                 | NIL                                     | 5.83                                    |
|   |                 | <b>3,897.31</b>                         | <b>3,768.18</b>                         |
| <b>SCHEDULE 9 : CASH AND BANK BALANCES</b>        |                 |   |   |
| Cash on Hand                                      |                 | 3.59                                    | 1.52                                    |
| Balance with Scheduled Banks                      |                 |   |   |
| - On Current Accounts                             | 296.59          |   | 305.26                                  |
| - On Deposit Accounts                             | <u>40.73</u>    | <u>337.32</u>                           | <u>191.46</u>                           |
|   |                 | <b>340.91</b>                           | <b>498.24</b>                           |

|   |          | As At<br>March 31, 2010<br>Rs. in Lakhs | As At<br>March 31, 2009<br>Rs. in Lakhs |
|---|----------|---|---|
| <b>SCHEDULE 10 : LOANS AND ADVANCES</b>                             |          |   |   |
| [Unsecured, Considered Good, unless stated otherwise]               |          |   |   |
| Advances recoverable in cash or in kind<br>for value to be received |          | 904.10                                  | 1,127.88                                |
| Balances with Excise and<br>Service Tax Authorities                 |          | 683.67                                  | 618.10                                  |
| Advance to Suppliers  |          |   |   |
| Considered good   | 184.72   |   | 158.17                                  |
| Considered doubtful   | 5.94     |   | 4.06                                    |
| Less : Provision for doubtful advances                              | 5.94     |   | 4.06                                    |
|   |          | 184.72                                  | 158.17                                  |
| MAT Credit Available  |          | 1.90                                    | 1.90                                    |
| Taxes Paid  | 1,632.87 |   | 1,063.41                                |
| Less : Provision for Taxes  | 1,284.16 |   | 695.96                                  |
|   |          | 348.71                                  | 367.45                                  |
| Deposits (including intercorporate deposits)                        |          |   |   |
| Considered good   | 127.35   |   | 148.30                                  |
| Considered doubtful   | 5.91     |   | 6.01                                    |
| Less : Provision for doubtful advances                              | 5.91     |   | 6.01                                    |
|   |          | 127.35                                  | 148.30                                  |
|   |          | <b>2,250.45</b>                         | <b>2,421.80</b>                         |
| <b>SCHEDULE 11 : CURRENT LIABILITIES</b>                            |          |   |   |
| Sundry Creditors  |          |   |   |
| Micro and Small Enterprise<br>(Refer Note C4 to Schedule 20)        | 24.52    |   | 34.78                                   |
| Others  |          |   |   |
| - For Capital Expenses  | 64.55    |   | 75.32                                   |
| - For Goods/Expenses  | 2,132.05 |   | 2,141.69                                |
|   |          | 2,221.12                                | 2,251.79                                |
| Other Liabilities   |          | 558.29                                  | 985.87                                  |
| Book Overdraft  |          | 0.83                                    | 5.05                                    |
|   |          | <b>2,780.24</b>                         | <b>3,242.72</b>                         |
| <b>SCHEDULE 12 : PROVISIONS</b>                                     |          |   |   |
| (Refer Note C15 to Schedule 20)                                     |          |   |   |
| For Gratuity  |          | 158.63                                  | 84.51                                   |
| For Leave Encashment  |          | 66.27                                   | 57.15                                   |
| For Proposed Dividend   |          | 305.95                                  | 203.96                                  |
| For Tax on Dividend   |          | 52.00                                   | 34.66                                   |
|   |          | <b>582.85</b>                           | <b>380.28</b>                           |

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

|   |                  | For the Year<br>ended on<br>March 31, 2010 | For the Year<br>ended on<br>March 31, 2009 |
|---|------------------|--|--|
|   | Rs. in Lakhs     | Rs. in Lakhs                               | Rs. in Lakhs                               |
| <b>SCHEDULE 13 : OTHER INCOME</b>               |                  |  |  |
| Carbon Credit                                   |                  | NIL  | 175.51                                     |
| Toll Income                                     |                  | 211.13                                     | 175.52                                     |
| Export Incentives                               |                  | 44.03                                      | 94.58                                      |
| Insurance Claims                                |                  | 39.73                                      | 13.47                                      |
| Dividend Income                                 |                  | NIL  | NIL  |
| Interest on Deposits and Others                 |                  | 25.13                                      | 26.96                                      |
| (Tax deducted at source Rs. 2.06 lakhs)         |                  | -  | -  |
| (Previous year Rs. 3.18 lakhs)                  |                  | 90.11                                      | 39.20                                      |
| Amounts/Excess Provision written back           |                  | 35.54                                      | 11.16                                      |
| Miscellaneous Income                            |                  | <b>445.67</b>                              | <b>536.40</b>                              |
| <b>SCHEDULE 14 : COST OF MATERIALS CONSUMED</b> |                  |  |  |
| Raw Materials                                   |                  |  |  |
| Opening Stock                                   | 1,775.85         |  | 1152.92                                    |
| Add: Purchases                                  | 10,178.93        |  | 11,251.19                                  |
|   | <u>11,954.78</u> |  | <u>12,404.11</u>                           |
| Less: Closing Stock                             | <u>1,422.81</u>  |  | <u>1,775.85</u>                            |
|   |                  | 10,531.97                                  | 10,628.26                                  |
| Packing Materials                               |                  |  |  |
| Opening Stock                                   | 82.67            |  | 83.08                                      |
| Add: Purchases                                  | 591.10           |  | 719.63                                     |
|   | <u>673.77</u>    |  | <u>802.71</u>                              |
| Less: Closing Stock                             | <u>48.47</u>     |  | <u>82.67</u>                               |
|   |                  | 625.30                                     | 720.04                                     |
| (Accretion)/Decretion of Stocks                 |                  |  |  |
| Finished Goods and Stock in Process             |                  |  |  |
| Closing Stock                                   |                  |  |  |
| Finished Goods                                  | 1,517.25         |  | 2,617.19                                   |
| Stock in process                                | 946.22           |  | 653.44                                     |
|   | <u>2,463.47</u>  |  | <u>3,270.62</u>                            |
| Less : Opening Stock                            |                  |  |  |
| Finished Goods                                  | 2,617.19         |  | 1,851.89                                   |
| Stock in process                                | 653.44           |  | 994.77                                     |
|   | <u>3,270.63</u>  |  | <u>2,846.66</u>                            |
|   |                  | 807.16                                     | (423.97)                                   |
| Traded Goods                                    | -                | -  |  |
| Excise Duty Provision on Finished Goods         |                  |  |  |
| Opening Stock                                   | 233.27           |  | 177.47                                     |
| Closing Stock                                   | <u>198.48</u>    |  | <u>233.27</u>                              |
|   |                  | (34.79)                                    | (55.80)                                    |
|   |                  | <b>11,929.64</b>                           | <b>10,868.53</b>                           |

|  |       | For the Year<br>ended on<br>March 31, 2010<br>Rs. in Lakhs | For the Year<br>ended on<br>March 31, 2009<br>Rs. in Lakhs |
|--|-------|--|--|
| <b>SCHEDULE 15 : MANUFACTURING EXPENSES</b>              |       |  |  |
| Stores and Spares Consumed                               |       | 387.63   | 497.71   |
| Power, Fuel and Water Charges                            |       | 3,095.39   | 2,482.55   |
| Cogen and Boiler Expenses                                |       | 221.30   | 207.87   |
| Process Charges  |       | 364.62   | 451.48   |
| Testing Charges  |       | 18.36  | 7.50   |
| Repairs and Maintenance :                                |       |  |  |
| Building   | 20.20 |  | 15.93  |
| Plant and Machinery                                      | 72.69 |  | 260.45   |
| Others   | 77.19 |  | 92.81  |
|  |       | 170.08   | 369.19   |
| Insurance  |       | 41.34  | 41.10  |
|  |       | <b>4,298.72</b>  | <b>4,057.40</b>  |
| <b>SCHEDULE 16 : EMPLOYEE COST</b>                       |       |  |  |
| Directors' Remuneration                                  |       | 189.07   | 79.15  |
| Salaries, Wages and Benefits                             |       | 670.05   | 559.68   |
| Contribution to Provident Fund and Other Funds           |       | 63.49  | 48.41  |
| Staff Welfare Expenses                                   |       | 113.55   | 123.66   |
| Labour Charges   |       | 29.34  | 32.00  |
| Recruitment Charges                                      |       | 2.33   | 5.77   |
|  |       | <b>1,067.83</b>  | <b>848.68</b>  |
| <b>SCHEDULE 17 : SELLING AND ADMINISTRATIVE EXPENSES</b> |       |  |  |
| <b>SELLING EXPENSES</b>                                  |       |  |  |
| Sales Promotion Expenses                                 |       | 12.34  | 22.64  |
| Sales Tax Expenses                                       |       | 56.40  | 17.62  |
| Export Expenses  |       | 235.66   | 269.68   |
| Advertisement  |       | 6.04   | 4.80   |
| Freight and Forwarding                                   |       | 31.73  | 107.38   |
| Commission on Sales                                      |       | 129.36   | 118.83   |
|  |       | <b>471.53</b>  | <b>540.95</b>  |
| <b>ADMINISTRATIVE EXPENSES</b>                           |       |  |  |
| Rent   |       | 10.14  | 12.28  |
| Rates and Taxes  |       | 7.68   | 37.23  |
| Electricity Charges                                      |       | 15.81  | 12.15  |
| Directors' Sitting Fees                                  |       | 1.94   | 2.42   |
| Commission to Other Directors                            |       | 16.69  | 20.07  |
| Security Charges   |       | 34.65  | 32.86  |
| Legal Expenses   |       | 2.14   | 6.90   |
| Professional Charges                                     |       | 66.18  | 187.78   |

|                                  |      | For the Year<br>ended on<br>March 31, 2010<br>Rs. in Lakhs | For the Year<br>ended on<br>March 31, 2009<br>Rs. in Lakhs |
|----------------------------------|------|--|--|
| Auditors' Remuneration           |      |  |  |
| Audit Fees                       | 8.48 |  | 7.78   |
| Tax Audit Fees                   | 1.90 |  | 1.72   |
| Taxation Matters                 | 0.57 |  | NIL  |
| Others                           | 1.20 |  | 1.50   |
|                                  |      | 12.15  | 11.00  |
| Printing and Stationery          |      | 13.27  | 10.83  |
| Postage and Telegrams            |      | 30.35  | 28.29  |
| Travelling and Conveyance        |      | 43.67  | 38.91  |
| Donations                        |      | 10.04  | 3.33   |
| Miscellaneous Expenses           |      | 57.43  | 57.59  |
| Foreign Exchange Loss ( Net )    |      | 57.22  | 608.40   |
| Loss on Sale/Scrap of Assets     |      | 6.09   | 5.99   |
| Provision for Doubtful Debts     |      | 36.24  | 52.38  |
| Asset Written Off                |      | NIL  | 4.07   |
| Amounts Written Off              |      | 33.65  | 55.39  |
| Preliminary Expenses Written off |      | NIL  | 0.40   |
|                                  |      | <b>455.35</b>  | <b>1,188.26</b>  |
|                                  |      | <b>926.88</b>  | <b>1,729.21</b>  |

**SCHEDULE 18 :**
**INTEREST AND OTHER FINANCE COST**

|                           |  |                 |                 |
|---------------------------|--|-----------------|-----------------|
| Interest                  |  |                 |                 |
| On Cash Credit Facilities |  | 430.69          | 387.71          |
| On Banks Borrowings       |  | 359.35          | 330.00          |
| On Others                 |  | 274.19          | 307.30          |
| Bank Charges              |  | 139.69          | 146.09          |
|                           |  | <b>1,203.92</b> | <b>1,171.10</b> |

**SCHEDULE 19 :**
**RESEARCH AND DEVELOPMENT EXPENSES**

|                              |       |              |              |
|------------------------------|-------|--------------|--------------|
| Raw Materials                |       | 0.05         | 0.03         |
| Manufacturing Expenses       |       | 2.21         | 5.80         |
| Employee Cost                |       |              |              |
| Salaries, Wages and Benefits | 54.63 |              | 35.43        |
| Staff Welfare Expenses       | 2.23  |              | 6.66         |
|                              |       | 56.86        | 42.09        |
| Rent                         |       | 9.60         | 6.40         |
| Rates and Taxes              |       | 0.18         | NIL          |
| Electricity Charges          |       | NIL          | 0.20         |
| Travelling and Conveyance    |       | 2.80         | 3.14         |
| Vehicle Expenses             |       | 3.43         | 3.24         |
| Depreciation                 |       | 14.22        | 0.51         |
| Miscellaneous Expenses       |       | 7.49         | 3.05         |
|                              |       | <b>96.84</b> | <b>64.46</b> |

**SCHEDULE 20**
**NOTES ON CONSOLIDATION FINANCIAL STATEMENTS**
**A. BASIS OF CONSOLIDATION**
**1. Basis of Preparation**

The Consolidated financial statements are prepared in accordance with Accounting Standard 21 (AS 21) – “Consolidated Financial Statements” and Accounting Standard 23 (AS 23) – “Accounting for Investments in Associates in Joint Ventures” as referred to in Section 211 (3C) of the Companies Act, 1956, which have been notified by the Companies (Accounting Standards) Rules, 2006.

**2. Principles of Consolidation**

- a. The consolidated financial statements relate to Alkyl Amines Chemicals Limited (“the Company”), its subsidiary Alkyl Speciality Chemicals Limited, Alkyl Amines Europe SPRL and its associate Diamines and Chemicals Limited (“the Group”). The financial statements of the subsidiary companies and associate used in consolidation are drawn/prepared for consolidation upto the same reporting date as the Company.

The consolidated statements are prepared on the following basis:

- i. The financial statements of subsidiary companies have been combined on line to line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions and the unrealised profits/losses as per AS-21.
- ii. In case of a foreign subsidiary, being non-integral foreign operations, revenue items, not being material, and all assets and liabilities are converted at the rate prevailing at the end of the year.
- iii. The difference between the cost of investments in subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be.
- iv. The investment in the associate company is accounted for in the consolidated financial statements using the Equity Method of accounting as contained in AS- 23.
- b. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s standalone financial statements.

**3. Companies included in Consolidation**

The following companies are considered for the consolidated financial statements:

| Name of Company                    | Subsidiary / Associate | Country of incorporation | % of holding |
|------------------------------------|------------------------|--------------------------|--------------|
| Alkyl Speciality Chemicals Limited | Subsidiary             | India                    | 100          |
| Alkyl Amines Europe SPRL           | Subsidiary             | Belgium                  | 100          |
| Diamines and Chemicals Limited     | Associate              | India                    | 30.44        |

**B. 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 notified by the Companies (Accounting Standards) Rules, 2006, and in accordance with the requirements of the Companies Act, 1956.

**2. USE OF ESTIMATES:**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires Management to make estimates and assumptions to be made that affect the reported amounts of revenues and expenses during the reporting period, the reported amounts of assets and liabilities and the disclosures relating to the contingent liabilities on the date of the financial statements. Examples of such estimates include useful lives of Fixed Assets, provision for doubtful debts/advances, deferred tax etc. Actual results could differ from those estimates. Such difference is recognised in the period/s in which the results are known / materialised.

**3. OTHER SIGNIFICANT ACCOUNTING POLICIES AND ADDITIONAL INFORMATION:**

The other Significant Accounting Policies are set out in Significant Accounting Policies as given in the Standalone Financial Statements of the Holding Company, Alkyl Amines Chemicals Limited and its subsidiaries i) Alkyl Speciality Chemicals Limited and ii) Alkyl Amines Europe SPRL. Additional information not impacted by Consolidation of accounts is also set out in the Notes on Accounts of the Holding Company and Subsidiary Companies, respectively.

**C. NOTES TO ACCOUNTS (CONSOLIDATED)**
**1.**

| Sr. No.                      |   | As At<br>March 31, 2010<br>Rs. in Lakhs              | As At<br>March 31, 2009<br>Rs. in Lakhs |
|------------------------------|---|--|---|
| 1                            | Estimated amount of contracts remaining to be executed on capital account and not provided for  | 735.47   | 119.65                                  |
|                              | Less : Advances   | 267.86   | 62.36                                   |
|                              | Net Estimated Amount  | 467.61   | 57.29                                   |
| 2                            | Contingent Liabilities not provided for :-  |  |   |
| i.                           | Bank Guarantees   | 27.36  | 30.70                                   |
| ii.                          | Claims against the Company by Ex- employees in Labour Court not acknowledged as debts   | 39.50  | 33.00                                   |
| iii.                         | Disputed liability in respect of Income Tax demand (including interest) matter under appeal (Amount deposited Rs. 2.26 Lakhs)   | 114.33   | 112.07                                  |
| iv.                          | Inter State Sales Tax against "C" Form  | 226.11   | 221.02                                  |
| v.                           | Disputed liability in respect of Sales Tax Matters under appeal (Amount deposited Rs. Nil)  | 52.36  | 35.08                                   |
| vi                           | Disputed Liability in respect of Service Tax  | 44.62  | NIL                                     |
| vii                          | Export obligation against Advance licence   | Amount is being ascertained by Mgmt                  | Amount is being ascertained by Mgmt     |
| viii.                        | By its order dated February 18,2002, the Hon'ble High Court, Mumbai, has directed that no transport fee on denatured ethyl alcohol, one of the raw materials of the company, shall be recovered from the Company by the State Excise Authorities until the final disposal of the petition. The petition is pending disposal by the High Court and the amount estimated on this account is Rs.3.59 Crore. (Previous Year Rs. 2.40 Crores). |  |   |
| 2.                           | The following expenses incurred during the year on development of new processes for products as for Intangible Assets (including Capital Work-in-Progress):   |  |   |
| Nature of Expenses           | For the Year ended<br>March 31, 2010<br>Rs. In Lakhs  | For the Year ended<br>March 31, 2009<br>Rs. In Lakhs |   |
| Raw Material and Chemicals   | 4.55  | 7.47   |   |
| Catalyst                     | 0.71  | 0.33   |   |
| Repairs, Stores and Spares   | 1.99  | 3.79   |   |
| Consumables                  | 2.96  | 0.76   |   |
| Electricity and Fuel Charges | 3.81  | 3.42   |   |
| Testing Charges              | 0.16  | 0.07   |   |
| Salaries                     | 54.86   | 58.54  |   |
| Depreciation                 | NIL   | 6.85   |   |
| <b>Total</b>                 | <b>69.04</b>  | <b>81.23</b>   |   |



3. The Company has called for balance confirmations from Sundry Debtors and Sundry Creditors. It has received a few of the confirmations which have been reconciled with the records of the Company. The other balances have been taken as per the records of the Company.
4. **Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006:**

| Sr. No. | Particulars   | As At<br>March 31, 2010<br>Rs. in Lakhs | As At<br>March 31, 2009<br>Rs. in Lakhs |
|---------|---|---|---|
| a.      | Principal amount remaining unpaid and interest due thereon  |   |   |
|         | - Principal Amount  | 24.52                                   | 34.78                                   |
|         | - Interest  | NIL                                     | NIL                                     |
| b.      | Interest paid in term of Section 16                         | NIL                                     | NIL                                     |
| c.      | Interest due and payable for the period of delay in payment | 0.08                                    | NIL                                     |
| d.      | Interest accrued and remaining unpaid                       | NIL                                     | NIL                                     |
| e.      | Interest due and payable even in succeeding years           | NIL                                     | NIL                                     |

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

5. Hitherto, the Company has been accounting for self-generated Certified Emission Reduction (CERs) on the basis of credits generated, though not certified. Based on the Exposure Draft of the Guidance Note on "Accounting for Self-Generated Certified Emission Reduction (CER)" issued by the Institute of Chartered Accountants of India, from the current year, the Company has decided not to recognise such Carbon Credits based on mere generation. Accordingly, Carbon Credit for 13,530 CERs for Rs. 98.51 lakhs (at the rate of 12.15 Euros per CER) has not been recognised as income for the current year. However, the carbon credit which has already been recognised upto March 31, 2009 is reflected, after giving effect on account of exchange rate difference of Rs. 45.06 lakhs, as an asset at Rs. 376.64 lakhs.
6. Nature of Prior Period Items shown in the Profit and Loss Account :

| Particulars                                | For the Year ended<br>March 31, 2010<br>Rs in Lakhs | For the Year ended<br>March 31, 2009<br>Rs in Lakhs |
|--|---|---|
| <b>Income</b>                              |   |   |
| <b>Other Income</b>                        |   |   |
| Refund from Excise authorities             | NIL   | 5.00  |
| Accounts written back                      | NIL   | 16.11   |
| Interest Others                            | 2.43  | NIL   |
| Profit on Sale of Fixed Assets             | 1.85  | NIL   |
| Other Income                               | 0.03  | NIL   |
| <b>Total</b>                               | <b>4.31</b>   | <b>21.11</b>  |
| <b>Expenditure</b>                         |   |   |
| <b>Manufacturing Expenses</b>              |   |   |
| Processing Charges                         | 0.35  | NIL   |
| Testing Charges                            | 0.13  | NIL   |
| <b>Employee Cost</b>                       |   |   |
| Staff Welfare Expenses                     | (0.38)  | NIL   |
| <b>Selling and Administrative Expenses</b> |   |   |
| <b>Selling Cost</b>                        |   |   |
| Sales Promotion Expenses                   | 8.99  | 118.05  |

| Particulars                                   | For the Year ended<br>March 31, 2010<br>Rs in Lakhs | For the Year ended<br>March 31, 2009<br>Rs in Lakhs |
|---|---|---|
| Sales Tax Expenses                            | 71.74   | NIL   |
| Freight and Forwarding                        | 4.89  | NIL   |
| Commission on Sales                           | 8.62  | NIL   |
| <b>Administrative Costs</b>                   |   |   |
| Professional Charges                          | 5.24  | 51.76   |
| Auditors' Remuneration                        |   |   |
| - Tax Audit Fees                              | 1.85  | 1.35  |
| - Others                                      | 0.39  | NIL   |
| Printing and Stationery                       | 0.63  | NIL   |
| Miscellaneous Expenses                        | (0.21)  | NIL   |
| <b>Interest and Finance Cost</b>              |   |   |
| Bank Charges                                  | 5.75  | NIL   |
| <b>Total</b>                                  | <b>107.99</b>                                       | <b>171.16</b>                                       |
| <b>Prior Period Income / (Expenses) (Net)</b> | <b>(103.68)</b>                                     | <b>(150.05)</b>                                     |

7. The shares of the associate company were acquired on March 14, 2001. The value of investment in the associate company is valued at Rs. 596.32 Lakhs (Rs. 422.86 Lakhs) as per AS – 23.
8. Capital Reserves include grant received by the subsidiary company from the erstwhile Co- promoter as per agreement dated June 17, 2003 to meet its obligations.
9. The Group has adopted Accounting Standard 15 (AS-15) on "Employee Benefits". These consolidated financial statements include the obligations as per the requirement of the Standard. Since subsidiary companies do not have any employee, Disclosures as per AS 15 for the Group is the same as that of the Company.

**10. Segment Reporting:**

In accordance with Accounting Standard 17, the Company's activities broadly fall into the category of Speciality Chemicals and hence, the Company has only one reportable segment.

**11. Related Party Disclosures:**

- a. Following transactions were carried out in the ordinary course of business with the parties referred to in (b) below:

Rs.In Lakhs

| Particulars                    | Key Managerial Personnel and their relatives | Entities over which Key Managerial Personnel has control | Enterprise on which relatives of Key Managerial Personnel has Control |
|--------------------------------|--|--|---|
|                                | [with b (I and II(i)) below]                 | [with b (V) below]                                       | [with b (IV) below]   |
| <b>Unsecured Loan</b>          |  |  |   |
| Loan from Directors - Received |  |  |   |
| 1. Yogesh Kothari              | 50.00  |  |   |
|                                | (192.00)                                     |  |   |
| 2. Kirat Patel                 | 5.00   |  |   |
|                                | (10.00)                                      |  |   |
| 3. Suneet Kothari              | NIL  |  |   |
|                                | (10.00)                                      |  |   |
| Loan from Directors - Repaid   | 5.00   |  |   |
|                                | (12.00)                                      |  |   |
| 1. Yogesh Kothari              | NIL  |  |   |
|                                | (12.00)                                      |  |   |
| 2. Kirat Patel                 | 5.00   |  |   |
|                                | NIL  |  |   |

| Particulars                                      | Key Managerial Personnel and their relatives | Entities over which Key Managerial Personnel has control | Enterprise on which relatives of Key Managerial Personnel has Control |
|--|--|--|---|
|  | [with b (I and II(i)) below]                 | [with b (V) below]                                       | [with b (IV) below]   |
| Inter Corporate Deposits - Received              |  | 80.00  | NIL   |
| YMK Trading & Consultancy Private Limited        |  | (NIL)  | (30.00)   |
| Inter Corporate Deposits -Repaid                 |  | 25.00  |   |
| YMK Trading & Consultancy Private Limited        |  | NIL  |   |
| Interest –Paid                                   |  | 19.11  | 40.03   |
|  |  | (21.18)  | (40.47)   |
| 1. Yogesh Kothari                                | 129.85                                       |  |   |
|  | (122.19)                                     |  |   |
| 2. Kirat Patel                                   | 1.06   |  |   |
|  | (0.79)                                       |  |   |
| 3. Suneet Kothari                                | 1.06   |  |   |
|  | (0.79)                                       |  |   |
| Dividend Received                                |  |  |   |
|  |  |  |   |
| <b>Remuneration to key Managerial Personnel:</b> |  |  |   |
| 1. Yogesh Kothari                                | 83.44  |  |   |
|  | (37.09)                                      |  |   |
| 2. Kirat Patel                                   | 44.54  |  |   |
|  | (31.69)                                      |  |   |
| 3. Suneet Kothari                                | 38.90  |  |   |
|  | (24.93)                                      |  |   |
| 4. Hemendra Kothari                              |  |  |   |
| Sitting Fees                                     | 0.15   |  |   |
|  | (0.10)                                       |  |   |
| Commission                                       | 2.09   |  |   |
|  | (1.17)                                       |  |   |
| <b>Outstanding Balance As At March 31, 2010</b>  |  |  |   |
| Loan From Directors                              |  |  |   |
| 1. Yogesh Kothari                                | 1165.00                                      |  |   |
|  | (1115)                                       |  |   |
| 2. Kirat Patel                                   | 10.00  |  |   |
|  | (10.00)                                      |  |   |
| 3. Suneet Kothari                                | 10.00  |  |   |
|  | (10.00)                                      |  |   |
| Inter Corporate Deposits Taken                   |  |  |   |
| 1. YMK Trading & Consultancy Private Limited     |  | 219.50   |   |
|  |  | (164.50)   |   |
| 2. Anjyko Investments Private Limited            |  | 25.00  |   |
|  |  | (NIL)  |   |
| 3. Niyoko Trading & Consultancy Private Limited  |  | 0.01   |   |
|  |  | (0.01)   |   |
| 1. Kamiko Investment & Trading Private Limited   |  |  | 80.00   |
|  |  |  | (80.00)   |
| 2. DSP HMK Holdings Private Limited              |  |  | 125.00  |
|  |  |  | (125.00)  |
| 3. ADIKO Investment Private Limited              |  |  | 125.00  |
|  |  |  | (125.00)  |

**b. Relationships:**
**I. Key Managerial Personnel:**

- i. Yogesh M. Kothari
- ii. Kirat Patel
- iii. Suneet Y. Kothari

**II. Relatives of Key Managerial Personnel:**

- i. Hemendra M. Kothari
- ii. Mrs. Nini Y. Kothari

**III. Entities on which Key Managerial Personnel has Control:**

- i. Niyoko Trading & Consultancy Private Limited
- ii. YMK Trading & Consultancy Private Limited
- iii. Anjyko Investments Private Limited

**IV. Entities on which relatives of Key Managerial Personnel has control:**

- i. Kamiko Investment & Trading Private Limited
- ii. DSP HMK Holdings Private Limited
- iii. ADIKO Investment Private Limited

**12. Disclosure on Leases as per Accounting Standard 19 on “Accounting for Leases”:**
**a. Where the Company is a Lessee:**

- i. The Company has taken residential, office and godown premises under operating lease or leave and licence agreements. These are generally cancellable and range between 11 months and five years under leave and licence, or longer for other leases and are renewable by mutual consent on mutually agreeable terms.
- ii. Lease/Rent payments are recognised in the Profit and Loss Account under ‘Rent’ in Schedule 17.
- iii. Future minimum lease rental payable is as under:

| Particulars                     | As At<br>March 31, 2010<br>Rs in Lakhs | As At<br>March 31, 2009<br>Rs in Lakhs |
|---------------------------------|--|--|
| Within 1 year                   | 9.60                                   | 9.60                                   |
| After 1 year but before 5 years | 3.20                                   | 12.80                                  |
| After 5 years                   | NIL                                    | NIL                                    |

- iv. Land taken on lease have been amortised over the respective lease period and Rs. 3.68 lakhs (Previous Year Rs. 3.33 lakhs) has been amortised during the year.

**13. Earnings Per Share as per Accounting Standard 20 :**

| Particulars  | For the Year ended<br>March 31, 2010<br>Rs in Lakhs | For the Year ended<br>March 31, 2009<br>Rs in Lakhs |
|--|---|---|
| <b>Numerator for Basic and diluted earnings per Share</b>            |   |   |
| Net Profit/ (Loss) after tax for the year before Preference Dividend | <b>1,174.36</b>                                     | 413.11  |
| Less :Preference Dividend and Tax thereon                            | <b>NIL</b>  | NIL   |
| Net Profit/ (Loss) after tax for the year (a)                        | <b>1,174.36</b>                                     | 413.11  |
| <b>Denominator for Basic and Diluted Earnings per Share</b>          |   |   |
| Weighted average number of Shares (b)                                | <b>1,01,98,196</b>                                  | 1,01,98,196   |
| <b>Basic and Diluted Earnings per Share [ (a) / (b) ]</b>            | <b>11.52</b>  | 4.05  |
| Face value per Share   | <b>Rs.10</b>  | Rs.10   |

**14. Taxation:**
**Deferred Tax:**

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

| Items of Timing Difference                     | Accumulated Deferred Tax (Assets) /Liabilities<br>As At April 1, 2009 | Charge/(Credit) during the Year ended<br>March 31, 2010 | Accumulated Deferred Tax (Assets) / Liabilities<br>As At March 31, 2010 |
|--|---|---|---|
| <b>Deferred Tax Liabilities</b>                | Rs. in Lakhs  | Rs. in Lakhs  | Rs. in Lakhs  |
| Related to Fixed Assets                        | 1912.98   | (52.24)   | <b>1860.74</b>  |
| <b>Deferred Tax Assets</b>                     |   |   |   |
| Provision for doubtful debts and advances      | (54.41)   | (8.80)  | <b>(63.21)</b>  |
| Provision for Gratuity                         | (6.31)  | (46.38)   | <b>(52.69)</b>  |
| Provision for Leave Encashment                 | (19.42)   | (2.59)  | <b>(22.01)</b>  |
| Disallowance under section 43B                 | (6.51)  | 4.51  | <b>(2.00)</b>   |
| <b>Net Deferred Tax (Assets) / Liabilities</b> | <b>1826.32</b>  | <b>(105.49)</b>   | <b>1720.83</b>  |

**15. Disclosure in accordance with Accounting Standard (AS 29) Provisions, Contingent Liabilities and Contingent Assets:**

| Particulars              | As At<br>April 1, 2009<br>Rs. in Lakhs | Additions<br>during the year<br>Rs. in Lakhs | Amount paid/reversed<br>during the year<br>Rs. in Lakhs | As At<br>March 31, 2010<br>Rs. in Lakhs |
|--------------------------|--|--|---|---|
| Leave Encashment         | 57.15                                  | 16.64  | 7.52  | <b>66.27</b>                            |
| Gratuity                 | 159.82                                 | 96.75  | 9.45  | <b>247.12</b>                           |
| Proposed Dividend        | 203.96                                 | 305.95                                       | 203.96  | <b>305.95</b>                           |
| Tax on Proposed Dividend | 34.66                                  | 52.00  | 34.66   | <b>52.00</b>                            |

**16. Financial and Other Derivative Instruments :**

- a. Derivative contracts entered into by the Company are for hedging foreign currency risks; the following contracts have remained outstanding:

| Particulars                            |       | Balance As At March 31, 2010 |              | Balance As At March 31, 2009 |              |
|--|-------|------------------------------|--------------|------------------------------|--------------|
|  |       | In Foreign Currency          | Rs. in Lakhs | In Foreign Currency          | Rs. in Lakhs |
| Forward Contracts for Export Debtors   | US \$ | 1,50,000                     | 66.98        | 5,50,000                     | 275.02       |
|  | Euro  | NIL                          | NIL          | 5,30,000                     | 345.71       |
| Forward Contracts for Import Creditors | US \$ | 3,55,000                     | 401.01       | 13,00,000                    | 677.15       |
|  | Euro  | 45,000                       | 27.47        | 1,00,000                     | 64.62        |
| Forward Contracts for FCNR (B) Loan    | US \$ | 8,86,328                     | 399.36       | 17,91,610                    | 899.14       |
| Buyers' Credit                         | US \$ | 5,35,000                     | 241.06       | 32,75,000                    | 1,707.30     |

- b. Foreign Currency exposure that are not hedged by the derivative instruments:

| Particulars                      |       | Balance As At March 31, 2010 |              | Balance As At March 31, 2009 |              |
|----------------------------------|-------|------------------------------|--------------|------------------------------|--------------|
|                                  |       | In Foreign Currency          | Rs. in Lakhs | In Foreign Currency          | Rs. in Lakhs |
| Export Debtors                   | US \$ | 6,16,484                     | 275.29       | 1,49,374                     | 75.82-       |
|                                  | Euro  | 5,55,727                     | 333.03       | 3,46,878                     | 232.75       |
| Import Creditors                 | US \$ | 89,084                       | 40.14        | NIL                          | NIL          |
|                                  | Euro  | 11,627                       | 7.10         | 91,719                       | 61.78        |
| Interest on FCNR(B) Loan Payable | US \$ | 950                          | 0.43         | 8,553                        | 4.38         |
| Buyers' Credits                  | US \$ | 1,33,313                     | 60.06        | 1,94,507                     | 99.57        |

All outstanding derivatives are marked to market on the balance sheet date and accordingly, mark to market profit of Rs. 23.38 Lakhs (Previous Year loss of Rs. 34.87 Lakhs) has been recognised.

17. The previous year's figures, wherever necessary, have been regrouped, reclassified and recast to conform to the current year's classification. Figures in bracket indicate those of previous year.

As per our Report of even date attached

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

Chartered Accountants

Firm Registration No.100911W

**PARESH H. CLERK**

Partner, Membership No. 36148

MUMBAI

Date : May 31, 2010

For and on behalf of the Board of Directors

**YOGESH M. KOTHARI**

Chairman & Managing Director

**K. P. RAJAGOPALAN**

General Manager (Secretarial & Legal)

MUMBAI

Date : May 31, 2010

**KIRAT PATEL**

Executive Director

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956 RELATING TO THE COMPANY'S INTEREST IN THE SUBSIDIARY**

|   |  |   |                                       |
|---|--|---|---------------------------------------|
| 1 | Name of the Company  | ALKYL SPECIALITY<br>CHEMICALS LIMITED   | ALKYL AMINES EUROPE sprl              |
| 2 | The financial year of the Subsidiary Company ended on  | 31st March, 2010                        | 31st March, 2010                      |
| 3 | a) No. of the Equity Shares held by Alkyl Amines Chemicals Limited in the subsidiary company at the end of the financial year of the Subsidiary.   | 16,38,266 Equity Shares of Rs.10/- each | 100 Equity Shares of Euros 124/- each |
|   | b) Capital and Reserve of the subsidiary as at the end of the financial year of the Subsidiary.  |   |                                       |
|   | i) Capital   | Rs.163.83 Lakhs                         | Rs.7.43 Lakhs<br>(Euros 12400)        |
|   | ii) Reserves & Surplus   | Rs. 51.10 Lakhs                         | Rs.NIL                                |
|   | c) Extent of interest of Alkyl Amines Chemicals Limited in the capital of the Subsidiary at the end of the financial year of Subsidiary.   | 100%                                    | 100%                                  |
| 4 | Net aggregate amount, so far as it concerns the members of Alkyl Amines Chemicals Limited and is not dealt with in the Company's Accounts, of the Subsidiary's profits after deducting its losses, or losses after deducting its profits;                          |   |                                       |
|   | a) Profit/(Loss) for the Subsidiary's Financial year ended on 31st March 2010  | Rs.2.29 Lakhs                           | (Rs.5.20 Lakhs)                       |
|   | b) Profit/(Loss) for the previous Financial Years of the Subsidiary since it became the Subsidiary of Alkyl Amines Chemicals Limited   | (Rs.131.85 Lakhs)                       | (Rs.5.56 Lakhs)                       |
| 5 | Net aggregate amount of the profits of the Subsidiary after deducting losses, or losses of the Subsidiary after deducting profits, so far as those profits are not dealt with, or provision is made for those losses, in Alkyl Amines Chemicals Limited's Accounts |   |                                       |
|   | a) Profit/(Loss) for the Subsidiary's Financial year ended on 31st March 2010  | Rs.2.29 Lakhs                           | (Rs.5.20 Lakhs)                       |
|   | b) Profit/(Loss) for the previous Financial Years of the Subsidiary since it became the Subsidiary of Alkyl Amines Chemicals Limited   | (Rs.131.85 Lakhs)                       | (Rs.126.65 Lakhs)                     |
| 6 | Net aggregate amount of the profits of the Subsidiary after deducting losses or losses of the Subsidiary after deducting profits, so far as those profits are dealt with or provision is made for those losses, in Alkyl Amines Chemicals Limited Accounts         |   |                                       |
|   | a) Profit for the Subsidiary's Financial year ended on 31st March 2008   | Nil                                     | Nil                                   |
|   | b) Profit for the previous Financial Year of the Subsidiary since it became the Subsidiary of Alkyl Amines Chemicals Limited   | Nil                                     | Nil                                   |
| 7 | Material changes between the end of the Financial Year of the Subsidiary and the end of the Holding Company's Financial Year in respect of the Subsidiary's  |   |                                       |
|   | 1) Fixed Assets  | Not Applicable                          | Not Applicable                        |
|   | 2) Investments   | Not Applicable                          | Not Applicable                        |
|   | 3) Money lent by the Subsidiary  | Not Applicable                          | Not Applicable                        |
|   | 4) Money borrowed by the Subsidiary  | Not Applicable                          | Not Applicable                        |

For and on behalf of the Board of Directors  
**YOGESH M. KOTHARI**  
Chairman & Managing Director

**K. P. RAJAGOPALAN**  
General Manager (Secretarial & Legal)  
MUMBAI  
Date : May 31, 2010

**KIRAT PATEL**  
Executive Director