

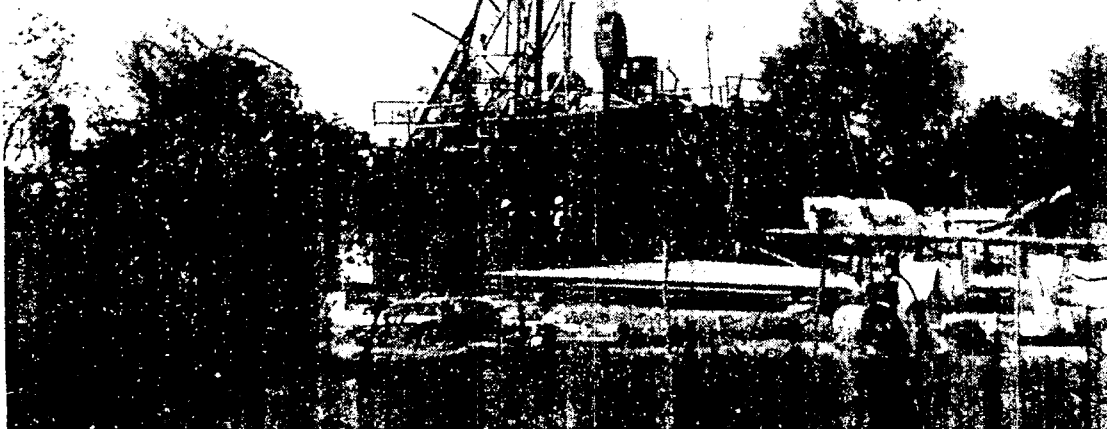
12th
Annual
Report
1996-97



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For Advance Petrochemicals Ltd.
Authorised Signatory



ADVANCE PETROCHEMICALS LIMITED



ADVANCE PETROCHEMICALS LIMITED

ADVANCE PETROCHEMICALS LIMITED
12TH ANNUAL REPORT

BOARD OF DIRECTORS

Ashok Goenka
(Managing Director)
Kailashchandra Agarwal
Pawan Murarka
J.K. Trivedi

ANNUAL GENERAL MEETING
On Tuesday, 30th September, 1997
93, New Cloth Market,
Ahmedabad - 380 002.
At 11.00 a.m.

Auditors.
Pipara & Co.
Chartered Accountants,
201, N.R House
Near Popular House
Ashram Road.
Ahmedabad 380 009
BANKERS :
State Bank of Saurashtra
IF Branch
Ahmedabad 380 009

Shareholders are requested to bring their copy of the Annual Report along with them at the Meeting, as the copies of the Report will not be distributed at the meeting.

Report

REGISTERED OFFICE
93, New Cloth Market
Ahmedabad 380 002.

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PLANT

1. Plot No.167
Pirana Approach
Village Piplej
Ahmedabad
2. 15 Uma Industrial
Estate
Village Vasna Evava
Taluka : Sanand
Dist : Ahmedabad

ADVANCE PETROCHEMICALS LIMITED

NOTICE

NOTICE is hereby given that 12th Annual General Meeting of the Members of Advance Petrochemicals Limited will be held on Tuesday, the 30th September, 1997, at 93, New cloth Market, Ahmedabad - 380 002 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Director's Report and Balance sheet of the Company as at 31st March, 1997 and Profit & Loss Account for the year ended on that date and Auditor's Report thereon.
- (2) To appoint a Director in place of Shri Pawan Murarka, who retires by rotation and being eligible offers himself for re-appointment.
- (3) To appoint Auditors and authorise Board to fix their remuneration.

SPECIAL BUSINESS:-

4. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution.:

Appointment and payment of remuneration to Ashok Goenka as Managing Director.

"Resolved that pursuant to the provisions of sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 the Company hereby approves the terms and conditions of appointment including remuneration of Shri Ashok V Goenka, a Director of the Company as Managing Director, for a period of 5 years from 02/08/97, as set out in the draft Agreement submitted to this meeting and for identification purpose initialed by the chairman, specifically sanctioned with power to the Board to alter or determine the conditions thereof, in such manner as may be agreed to between the parties and within the limits prescribed by the Central Govt.

Further Resolved that the Board of Director be and is hereby authorised to alter and vary any or all of the terms and conditions as approved vide this Resolution as it deem fit from time to time which may have the effect of increasing the remuneration or perquisites or benefits and for the purpose of giving effect to this Resolution the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper in the best interest of the Company."

5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution.:

RE-APPOINTMENT & APPROVAL OF REMUNERATION OF SHRI V.N.GOENKA AS MANAGING DIRECTOR.

"Resolved that pursuant to the provisions of sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 the Company hereby approves the terms and conditions of appointment including remuneration of Shri Vishwanath Goenka, a Director of the Company as Managing Director, for a period of 5 years w.e.f. from 01/01/97, as set out in the draft Agreement submitted to this meeting

ADVANCE PETROCHEMICALS LIMITED

and for identification purposinitialed by the chairman specifically sanctioned with power to the Board to alter or determine the conditions thereof.in such manner as may be agreed to between the parties and within the limits prescribed by the Central Govt.

Further Resolved that the Board of Director be and is hereby authorised to alter and very any or all of the terms and conditions as approved vide this Resolution as it deem fit from time to time which may have the effect of increasing the remuneration or perquisites or bebefits and for the purpose of giving effect to this Resolution the Board of Directors be and is hereby authorised to do all such acts,deeds,matters and things as it may in its absolute discretion deem necessary, expedient.usual or proper in the best interest of the Company."

NOTES:

- (1) The relevant explanatory statement pursuant to Section 173 of the Companies Act,1956, in respect of the business at items 4 to 5 is annexed hereto.
- (2) A MEMBER ENTITLED TO ATTEND AND VOTE, IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HERSELF AND PROXY NEED NOT BE A MEMBER,PROXIES IN ORDER TO BE EFFECTIVE,MUST BE RECEIVED BY THE COM PANY NOT LESS THAN 48 HOURS BEFORE THE MEETING AT THE REGISTERED OFFICE OF THE COMPANY.
- (3) The Register of Members and Share Transfer Book of the Company shall remain closed from 22-09-1997 to 30-09-1997 (Both days inclusive).
- (4) Share holders are requested to give intimation with their Folio numbers about he changes in their addresses, if any, to the company.

Registered office
93, New Cloth Market
Ahmedabad - 380 002.
Date : 29th August,1997.

**By Order of the Board of Directors
FOR ADVANCE PETROCHEMICALS LIMITED
ASHOK V GOENKA
(Managing Director)**

ADVANCE PETROCHEMICALS LIMITED

ANNEXURE TO NOTICE :

Explanatory Statement :-

The following explanatory statement, as required by section 173 of the Companies Act, 1956 set out all materials facts relating to items 4 & 5 mentioned in the accompanying notice dated 29th August, 1997.

Item 4

Due to the sudden demise of the present Managing Director Shri Vishwanath N Goenka, the Director at their meeting held on 02/08/97 decided to avail the service of Shri Ashok V Goenka as Managing Director of the Company due to his vast experience in Textile Industry and take benefit from his valuable service. Therefore they have fixed the terms and conditions of appointment of Shri Ashok V Goenka, as Managing Director effective for a period of 5 years from 02/08/97, subject to the approval of shareholders and such other sanctions as may be necessary. The terms of Appointment of Shri Ashok V Goenka are in accordance with section 269 read with schedule XIII of the Companies Act, 1956 and hence the approval of Central Govt. is not required.

Shri Ashok V Goenka is well qualified and has wide and varied experience in the areas of Production, Marketing and Finance. The Board of Directors are of the opinion that Shri Ashok V Goenka with his knowledge, experience and insight of Textile Industry will be ably suited for the position of Managing Director. The Directors therefore recommend the present terms and conditions including remuneration for your approval.

The terms and conditions of the appointment of Shri Ashok V Goenka are set out in the draft agreement, which is placed before the meeting. The salient terms of the draft agreement are as under :-

1. Shri Ashok V Goenka is to carry on such function as entrusted to him by management.
2. Shri Ashok V Goenka to devote his whole time and attention to the business of the Company.
3. Remuneration payable to Shri Ashok V Goenka w.e.f. 02/08/97 is
4. Salary Rs.5,000/- per month (in the grade Rs.5,000-1,000-10,000/-)
5. Perquisites : Perquisites shall be allowed in addition to salary/commission. Perquisites in part-A and in excess of exemption from Income tax in part -B shall be restricted to an amount not exceeding Rs . 4,50,000 per annum .

Unless the context otherwise requires perquisites are classified into three categories ' A ', ' B ' and ' c ' as follows :-

Category A

This will comprise housing, medical reimbursement , leave travel concession, club fees and other benefits, allowances, expenses etc.

These may be provided for as under :-

1.Housing

- (a) The expenditure by the Company on hiring unfurnished accommodation subject to a ceiling of sixty percent of the salary.

ADVANCE PETROCHEMICALS LIMITED

- (b) In case the accommodation is owned by the Company, ten percent of the salary of the appointee shall be deducted by the Company.
- (c) In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling laid down in Housing (a).
- ii Payment of gas, electricity, water expenses and furnishing to be valued as per Income tax Rules, 1962.
- iii Medical/Hospitalisation Expenses Reimbursement :
Expenses incurred for the appointee and the family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- iv Leave Travel Concession :
Leave Travel Concession for self and family two times in a block of four years incurred in accordance with the rules of the company.
- v Club Fees :
Fees of clubs subject to a maximum of two clubs. Admission and life membership fees to be paid as per rules of the Company.
- vi Personal Medical/Accident Insurance :
Personal Accident Insurance of an amount, the annual premium of which shall be paid as per rules of the Company.
- vii Any other benefits, facilities, allowances and expenses as may be allowed under Company rules/schemes and available to other employees.

Note : (i) For the purpose of perquisites stated hereinabove, "family" means spouse, dependent children and dependent parents of the appointee.

(ii) Perquisites shall be evaluated as per Income-tax Rules wherever applicable.

Category B

- i Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income-tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of services.
- ii Earned Leave : On full pay and allowances as per the rules of the Company.
- iii Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category C

- Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the appointee.
- 6. Shri Ashok V. Goenka shall not be entitled to sitting fees for attending the meeting of the Board or committee thereof. He shall, however, be reimbursed the actual travelling expenses incurred by him for attending meeting of the Board of Directors and/or committee thereof.
- 7. The remuneration referred to in clause (3) and any addition thereof from time to time is subject to the overall limit of 10% of net profits of the Company as computed in the

ADVANCE PETROCHEMICALS LIMITED

manner referred to in section 198(1). Provided, however, that in the event of absence or inadequacy of profit Shri Goenka shall be paid remuneration mentioned in 3(9) above and the perquisites as above within the minimum remuneration specified in section II of part II of schedule XIII of the Companies Act, 1956.

8. In the event of cessation of office during any financial year, a rateable proportion of the aforesaid remuneration shall be payable by the Company.
9. Shri Ashok V Goenka shall be entitled to reimbursement of expenses, incurred by him in connection with the business of the Company.
10. Shri Ashok V Goenka, may resign office, subject to three months notice.
11. In the event of termination of office, Shri Ashok V Goenka would be entitled to compensation in accordance with section 318 of the Companies Act, 1956.
12. In the event of any dispute between Shri Ashok V Goenka and the Company, the same be settled by arbitration under the Arbitration Act, 1940 Shri Ashok V Goenka is interested in the Resolution to the extent of remuneration proposed to be paid to him. No other Director is interested in or concerned with this Resolution.

The above statement be treated as an abstract of terms and memorandum of interest under section 302 of the Companies Act, 1956.

Inspection :

The above mentioned agreement is available for inspection of members at the Registered Office of the Company on any working day between 10.30 A.M. and 12.30 P.M.

Item 5

The Director at their meeting held on 01/01/97 decided to Reappoint Shri Vishwanath Goenka as Managing Director of the Company due to his vast experience to Textile Industry and take benefit from his valuable service. Therefore they have fixed the terms and conditions of Re-appointment of Shri Vishwanath Goenka, as Managing Director effective for a period of 5 years from 01/01/97, subject to the approval of shareholders and such other sanctions as may be necessary. In terms of section 269 read with schedule XIII of the Companies Act, 1956 and hence the approval of Central Govt. is not required.

Shri Vishwanath Goenka is well qualified and has wide and varied experience in all the areas of Corporate activities including production, Marketing and Finance. He is the man who has brought the Company at its present stage. The Board of Directors are of the opinion that Shri Vishwanath Goenka with his knowledge, experience and insight of Textile Industry and his long association with the Company will be undisputably suited for the position of Managing Director. The Directors therefore recommend the terms and conditions including remuneration for your approval.

The terms and conditions of the Re-appointment of Shri Vishwanath Goenka are set out in the draft agreement, which is placed before the meeting. The salient terms of the draft agreement are as under:-

ADVANCE PETROCHEMICALS LIMITED

1. Shri Vishwanath Goenka is to carry on such function as entrusted to him by management.
2. Shri Vishwanath Goenka to devote whole time and attention to the business of the Company.
3. Remuneration payable to Shri Vishwanath Goenka w.e.f. 01/01/97 is
4. Salary Rs.5,000/- per month (in the grade Rs.5,000-1,000-10,000/-)
5. Perquisites : Perquisites shall be allowed in addition to salary/commission. Perquisites in part-A and in excess of exemption from Income tax in part -B shall be restricted to an amount not exceeding Rs . 4,50,000 per annum .

Unless the context otherwise requires perquisites are classified into three categories

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Category A

This will comprise housing, medical reimbursement , leave travel concession, club fees and other benefits, allowances, expenses etc.

These may be provided for as under :-

1.Housing

- (a) The expenditure by the Company on hiring unfurnished accomodation subject to a ceiling of sixty percent of the salary.
- (b) In case the accomodation is owned by the Company,ten percent of the salary of the appointee shall be deducted by the Company .
- (c) In case no accomodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling laid down in Housing (a).
- ii Payment of gas, electricity,water expenses and furnishing to be valued as per Income tax Rules, 1962.
- iii Medical/Hospitalisation Expenses Reimbursement :
Expenses incurred for the appointee and the family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years .
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Personal Accident Insurance of an amount,the annual premium of which shall be paid as per rules of the Company .
- vii Any other benefits,facilities,allowances and expenses as may be allowed under Company rules/schemes and available to other employees.

Note : (i) For the purpose of perquisites stated hereinabove , "family" means spouse,dependent children and dependent parents of the appointee .

(ii) Perquisites shall be evaluated as per Income-tax Rules wherever .