

# **ADVANCE PETROCHEMICALS LIMITED**



**20<sup>th</sup>  
Annual  
Report  
2004-2005**

**ADVANCE PETROCHEMICALS LIMITED****20TH ANNUAL REPORT****BOARD OF DIRECTORS**

Ashok Goenka	Chairman & Managing Director
Arvind Goenka	Director
J.K. Trivedi	Executive Director
Shailesh Singh Rajput	Director
Omprakash Jalan	Director
Gaurav Mittal	Director

**ANNUAL GENERAL MEETING**

On Friday, 30th September, 2005

Advance Synthetic Mills

Opp.Simla Hotel,

Narol Char Rasta,

Ahmedabad - 382 405.

At 11.00 A.M

**AUDITORS**

Pipara &amp; Co.

Chartered Accountants,

201 N.R. House,

Near Popular House,

Ashram Road,

Ahmedabad - 380 009.

**BANKERS**

State Bank of Saurashtra

IF Branch,

Ahmedabad.

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

**REGISTERED OFFICE**

36,Kothari Market,

Ahmedabad - 380 022.

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**NOTICE**

NOTICE is hereby given that 20th Annual General Meeting of the Members of Advance Petrochemicals Limited will be held on Friday, the 30th day of September, 2005 at the Advance Synthetic Mills, Opp. Simla Hotel, Narol Char Rasta, Ahmedabad-382405 at 11. 00 A.M. to transact the following business. :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and Profit & Loss Account for the financial year ended on that date together with the Report of the Board of Director and Auditors thereon.
2. To appoint a Director in place of Mr. Arvind Goenka, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditor's and fix their remuneration and in this connection to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT M/s. Pipara & Co., Chartered Accountant, Ahmedabad be and is hereby re-appointed as Statutory Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be decided mutually by the Board of Directors of the Company in consultation with the aforesaid firm of Auditors."

**SPECIAL BUSINESS**

To consider and if thought fit, to pass with or without modification, the following Resolution :

4. To Re-appoint M/s Harish P. Jain & Associates, practising Company Secretaries for giving secretarial Compliance Certificate for the financial year 2005-2006.

"RESOLVED THAT in Pursuant to section 383A of the Companies Act, 1956 read with companies (Secretarial Compliance Certificate) Rules, 2000, M/s. Harish P. Jain & Associates, Practising Company Secretaries, Ahmedabad be and is hereby re-appointed as such to provide Compliance Certificate for the financial year 2005-2006."

To consider and if thought fit, to pass with or without modification, the following Resolution:

5. RE-APPOINTMENT OF SHRI ASHOK GOENKA AS THE MANAGING DIRECTOR:-

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule xiii and all other provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to all such approvals and/or sanctions as may be deemed necessary, the consent of the Company be and is hereby accorded to the re-appointment of Shri Ashok Goenka, as non-rotating Director of the Company, designated as "Managing Director", who

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shall not be subject to retirement by rotation in terms of Section 255 read with other relevant provisions including section 257 of the Companies Act, 1956 for a period of 3(three) years with effect from 1st day of August,2005 on remuneration of Rs.20000/-by way of salary & commission,perquisites and allowances as per the existing terms,conditions and stipulations as are set out in the Agreement entered into between the Company and said Shri Ashok Goenka,extract of which is also set out in the Explanatory Statement to this notice in terms of Section 173(2) of the Companies Act,1956 a copy where of is available for inspection to the members of the Company and initialed by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter) referred to as "the Board" which term shall be deemed to include any committee which the Board may constitute to exercise its powers,including the powers conferred by this resolution) to alter and vary the terms and conditions of the said re-appointment and/or remuneration and/or agreement as may be agreed to between the Board and Shri Ashok Goenka,provided however that the remuneration payable to Shri Goenka shall not exceed the maximum limits for payment of managerial remuneration specified in the Schedule xiii of the Companies Act,1956 as amended as on date, including any statutory modifications or re-enactment there of, for the time being in force or any modifications and/or amendments that may hereafter be made thereto by the Central Government from time to time.

**RESOLVED FURTHER THAT** the Managing Director shall not be entitled to any sitting fee for attending the meeting of the Board and/or committee thereof.

**RESOLVED FURTHER THAT** notwithstanding anything contained herein above wherein any financial year during the currency of the tenure of appointment of Shri Ashok Goenka as the Managing Director of the Company, the Company has no profits or its profit are inadequate, the Company shall pay to the Managing Director minimum remuneration per month by way of Salary, perquisites, dearness allowances and any other allowances subject to the maximum ceiling calculated in accordance with the scale laid down in section ii of part ii of Schedule xiii of the Companies Act,1956 as applicable to the Company at the relevant time depending upon the effective capital of the Company.

**RESOLVED FURTHER THAT** in the event of any statutory modifications, amendments, substitutions, relaxations or re-enactment by the Central Government to Schedule xiii of the said Act, board of Directors of the Company be and is hereby authorised and empowered to vary, alter or increase the remuneration including salary,commission, perquisites and/or allowances within the maximum limits for payment of managerial remuneration specified in Schedule xiii of the said Act in force for the time being or any statutory amendment or re-enactment thereto as may be made from time to time or the laws/guidelines in force for the time being.

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**RESOLVED THAT the Board of Directors be and is hereby authorised to perform all such acts, deeds and things as may be deemed necessary in connection therewith or/and incidental thereto or as may be desired necessary and expedient to give effect to this resolution to its logical conclusion."**

Registered Office  
36, Kothari Market,  
Ahmedabad - 380 022.  
Date : 31.08.2005

By order of the Board  
**For ADVANCE PETROCHEMICALS LTD.**

**(Ashok Goenka)**  
Managing Director

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**ADVANCE PETROCHEMICALS LTD.****NOTES**

1. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the business under item No.4 and 5 as set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY IN ORDER TO BE VALID NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM DULY FILLED IN AND SIGNED SHOULD BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE START OF THE MEETING.
3. The Register of Members and the Share Transfer Book of the Company will remain closed from Tuesday, the 27th day of September, 2005 to Friday, the 30th day of September, 2005 (Both days inclusive).
4. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered office of the Company on all working days except Saturday between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.
5. Members/proxies should bring their attendance slips duly filled in for attending the meeting.
6. Members who have not encashed their dividend warrants pertaining to earlier years may approach the share department of the Company for revalidating the warrants and for obtaining the duplicate warrants.
7. In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Arvind Goenka retire by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.  
Shri Arvind Goenka is serving since Incorporation as Director on the Board of your Company and has expressed his desire to be re-appointed.
8. Members are requested to intimate the change in their address, if any, to the Registered office of the Company writing their folio no.
9. Members holding shares in more than one folio in identical order of names are requested to write to the Registered office of the Company enclosing their share certificates to enable us to consolidate their holdings in one folio, to facilitate better service.
10. Members who have not forwarded earlier the details of their bank account number and the name and address of the bank are requested again to send the same.
11. Shareholders seeking any information on the account or operations are requested to write to the Company at an early date so as to enable the management to keep the information ready.

**EXPLANATORY STATEMENT IN TERMS OF SECTION 173(2) OF THE COMPANIES ACT, 1956  
ITEM NO.4**

Vide its Notification dated 11.06.2002, Ministry of Finance, Department of Company Affairs, Government of India, has made it Compulsory for all companies having their paid-

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up Capital exceeding Rs.10 lacs and up to Rs.2 Crores to obtain a Secretarial Compliance Certificate from a Company Secretary in WholeTime Practice and attach a Copy thereof with a Report of Board of Directors certifying Compliance by the Company of the all the provision of the Companies Act, 1956 during the year under certification. Since the paid-up Share Capital of the Company falls with the aforesaid ceiling, your Company was require to appoint a company Secretary in whole time practice. Hence the aforesaid resolution. None of the Directors of the Company is concerned or interested whether directly or indirectly or deemed to be concerned or interested in the aforesaid resolution.

**ITEM NO.5**

The present term of Shri Ashok Goenka as non-rotating Managing Director of the Company not liable to retire by rotation, was expire by efflux of time on 31st day of July, 2005. The Board of Directors at their meeting held on 25th day of July, 2005 re-appointed Shri Goenka as non-rotating Managing Director of the Company for a fresh term of 3 years commencing on and from 1st day of August, 2005 and upto 31st day of July, 2008. Remuneration payable to Shri Goenka was approved on 31st July, 2005 at the meeting of the remuneration Committee of the Board. Remuneration are fixed in accordance with Schedule xiii of the Companies Act, 1956 and are subject to approval of the Shareholders at the General Meeting for which purpose Resolution as set out under item No.5 in the notice is proposed.

The Remuneration Committee of the Board of Directors has fixed the following remuneration to be paid to the Managing Director due in the fresh term, with power to make such variation or increase there in as may be thought fit from time to time, but within the ceiling laid down in schedule xiii of the said Act or any statutory amendment or relaxation thereof :

1. **SALARY :-** Salary of Rs.20,000/- (Rupees Twenty thousand only) per months.
2. **PERQUISITES :-** Shri Goenka will be entitled to the following perquisites in addition to salary restricted to an amount equal to the annual salary of Shri Goenka or Rs.4,50,000/- per annum whichever is less.

Unless the context otherwise requires, perquisites are classified into three categories A, B, and C as follows. :

**CATEGORY A :-**

This will comprise of house rent allowance, leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. These may be provided for as under :

1. **HOUSING :-**
  - (A) The expenditure incurred by the Company on hiring furnished accommodation for Shri Goenka subject a ceiling of 60% of Salary, over above 10% payable by Shri Goenka.
  - (B) In case the accommodation is owned by the Company, 10% of the salary of Shri Goenka shall be deducted by the Company.



(C) In case no accommodation is provided by the Company, Shri Goenka shall be entitled to house rent allowance subject to the ceiling laid down in housing (A).

**1. Explanation :-**

The expenditure incurred by the Company in Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962.

**2. Medical/Hospitalisation expenses reimbursement :-**

Expenses incurred for Shri Goenka and his family subject to a ceiling of one month's salary in a year of three month's salary over a period of three years.

**3. Leave travel concession :-**

For self and family two times in a block of four years incurred in accordance with the Rules of the Company.

**4. Club fees :-**

Fees for clubs subject to a maximum of two clubs. Admission fees and life membership fees to be paid as per the rules of the Company.

**5. Personal/Medical/Accident Insurance :-**

Personal Medical Accident Insurance of an amount, the annual premium of which shall be paid as per the rules of the Company.

6. 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 the Income Tax Rules, wherever applicable.

**CATEGORY B :-**

1. 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 taken together, are not taxable under the Income tax, Act, 1961.
2. Gratuity payable should not exceed half a month's salary for each completed year service, subject to such ceiling as may be fixed by the Government from time to time and will not be included in the computation of the ceiling on perquisites.
3. Encashment of Leave at the end of the tenure will be permitted as per the rules of the Company and 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 Shri Goenka.

**1. OVERALL REMUNERATION**

Subject to an overall limit of 5% of the net profits individually and 10% of the net



profits collectively payable to the Managing Director and Executive Director(s) as calculated in accordance with Section 198 and 309 and other applicable provisions of the Companies Act, 1956 read with Schedule xiii to the said Act, as may for the time being in force.

**2. MINIMUM REMUNERATION**

In the event of loss or inadequacy of profits in any financial year during the currency to tenure of office of Shri Goenka, the Company may pay him remuneration by way of salary, perquisites and allowances as specified above subject to the limits laid down under Section II of Part II of Schedule XII to the Companies Act, 1956 now in force and as may be amended from time to time.

The perquisites specified in paragraph 2 of Section II of Part II of Schedule XII to the Act, however shall not be included in the computation of the ceiling on the minimum remuneration specified under Para I of Section II of Part II of Schedule XIII to the Act.

**3. SITTING FEE**

Shri Goenka shall not so long as he acts as the Managing Director of the Company be paid any sitting fees for attending any meetings of the Board or any Committee thereof.

**4. OTHER TERMS**

Shri Goenka shall not during the continuance of his employment hereunder of at any time thereafter, divulge or disclose to any person or make use whatever for his own or for any other purpose any confidential information or knowledge acquired by him during his employment under the Company as to the business of affairs of the Company or as to any trade secret or secrets, processes of the Company and shall during the continuance of his employment hereunder use his best endeavors to prevent any other person from doing so.

Shri Goenka hereby undertakes that so long as he functions as the Managing Director of the Company he shall not become interested or otherwise concerned directly or indirectly, or through his wife and/or minor children in any selling agency of the Company in future without, revise or modify any of the terms of appointments and remunerations from time to time within the limits laid down in Schedule XIII to the Act.

**5. RETIREMENT BY ROTATION**

Shri Goenka shall not be liable to retire by rotation. If at any time Shri Goenka ceases to be a Director of the Company for any cause whatsoever he shall cease to be a Managing Director of the Company.

**6. TERMINATION**

Notwithstanding anything contained in the Agreement, either party, shall be entitled to determine the agreement by giving six calendar month's notice in writing in that behalf to that behalf to the other party and on the expiry of the period of such notice, the agreement shall stand terminated. The Company shall also be entitled without assigning any reason whatsoever terminate the Agreement on giving to the appointee six month's salary as specified above in lieu of six calendar month's notice required to be given under

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this clause.

### 7. SERVICE IF NOTICE

Any notice to be given hereunder shall be sufficiently given or served in the case of Shri Goenka by being delivered either personally to him or left for him at his address last known to the Company or sent by registered post addressed to him at such address and in the case of the Company by being delivered at or sent by registered post addressed to its registered office; any such notice if so posted shall be deemed served on the day following that on which it was posted.

In compliance with the provisions of Section 198, 269, 309 and other applicable provisions of the Companies Act, 1956 an Ordinary Resolution in terms as set out in item no.5 of the accompanying notice is now being placed before the Members for their approval. The Board recommends passing of the Resolutions set out in item no.5 of the accompanying notice.

### 8. MEMORANDUM OF INTEREST

Save and except Shri Ashok Goenka and Shri Arvind Goenka being close relatives to each other, none of the Directors of the Company are, in any way concerned or interested or deemed to be concerned and interested in this Resolution.

### 9. INSPECTION OF DOCUMENTS

The draft copy of the service agreement proposed to be entered into between the Company and Shri Goenka in connection with his appointment as Managing Director is available for inspection of the members at the Registered Office of the Company on any working day between 12.00 A.M and 2.00 P.M upto same will also be available at the meeting.

### 10. ABSTRACT OF TERMS AND CONDITIONS OF APPOINTMENT UNDER SECTION 302 OF THE COMPANIES ACT, 1956

The terms and conditions of appointment and remuneration payable to Shri Goenka as Managing Director to the accompanying, as set out in the agreement and Explanatory Statement, duly annexed to the accompanying Notice should be treated as in "ABSTRACT" of the terms of this appointment and Memorandum of interest Section 302 of the Companies Act, 1956.

Registered Office  
36, Kothari Market  
Ahmedabad - 380 022.  
Date : 31.08.2005

By order of the Board  
**For ADVANCE PETROCHEMICALS LTD.**

**Ashok Goenka**  
(Managing Director)