

SEVENTH ANNUAL REPORT

2000 - 2001



DEVARSA GAS - CHEM LIMITED

BOARD OF DIRECTORS

Ashok Jain (*Managing Director*)
Rajen N. Jhaveri
Sandeep Singhvi

BANKERS

Oriental Bank of Commerce
Vijaya Bank
Punjab National Bank

AUDITORS

BHANDARI & ASSOCIATES
Chartered Accountants

REGISTRARS

Choksh Infotech Ltd.
106, Mhada Shopping Complex,
2nd Floor, Near Oshiwara Police
Station, Jogeshwari (W),
Mumbai - 400102

REGISTERED OFFICE

16A/34, Samhita Complex,
Behind Crown Process,
Off- Saki Kurla Road,
Andheri (East),
Mumbai - 400 072

NOTICE

Notice is hereby given that the Seventh Annual General Meeting of the members of Devarsa Gas-Chem Limited will be held on 31st August, 2001, Friday at 1 p.m. at it's registered office at 16A/34, Samhita Complex, Behind Crown Process, Off- Saki Kurla Road, Andheri (East), Mumbai - 400 072 to transact the following business:

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps expedient to give effect to this resolution."

BY ORDER OF THE BOARD

Ordinary Business :

MUMBAI
July 14, 2001

ASHOK JAIN
MANAGING DIRECTOR

1. To receive, consider and adopt the audited accounts of the Company for the year ended 31st March, 2001 together with reports of the Auditors and Directors thereon.
2. To appoint a director in place of Shri Rajen N. Jhaveri, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

Special Business :

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions if any, of the Companies Act, 1956, read with Schedule - XIII thereto, as amended, the Company hereby approves the appointment of Shri Sandeep Singhvi as Executive Director of the Company for a period of 5 year with effect from 1-09-2001 upon the terms and conditions as set out in the draft agreement submitted to this meeting and signed by the Chairman there of for the purpose of identification which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Shri Sandeep Singhvi."

"RESOLVED FURTHER THAT Shri Sandeep Singhvi shall not be liable to retire by rotation."

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and such proxy need not be a member of the Company. The proxy form must be lodged at the registered office of the Company at least 48 hours before the time of the meeting.
2. The Register of Members and Transfer Books of the Company will remain close from August 29, 2001 to August 31, 2001. (both days inclusive).
3. Members are requested (a) to quote their folio number in all correspondence with the Company and (b) notify immediately to the Company any change in their addresses and the mandates.
4. The members are requested to bring the copy of Annual Report alongwith them at the meeting. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.
5. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 7 days in advance, so as to enable the Company to keep the information ready.
6. All communication relating to shares are to be addressed to the Company's Registrar M/s. Choksh Infotech Ltd., 106, Mhada Shopping Complex, 2nd Floor, Near Oshiwara Police Station, Jogeshwari (W), MUMBAI-400102.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

The Board of Directors have at their meeting held on March 6, 2001 appointed Shri Sandeep Singhvi as Additional Director of the Company. He is proposed to be appointed as Executive Director with effect from 1-09-2001 for a period of 5 years, subject to the approval of Shareholders on the remuneration and terms and conditions contained in the draft agreement submitted to this meeting and initiated by the Chairman for the purpose of identification. The principle terms of the appointment are as under:

- Period : Five year with effect from 1st September, 2001.
- Salary : Rs. 7000/- per month in the scale of Rs. 7000 - Rs. 1,000 - Rs. 12000 effective from 1st September, 2001

1. Perquisites as follows :

- Housing : Rent free accommodation will be provided to the appointee for which ten percent of the appointee's salary shall be recovered. In case no accommodation is so provided by the Company, House Rent allowance at twenty percent of the appointee's salary shall be paid. In addition, the appointee shall be allowed free use of the Company owned furniture and other consumer durables, if required.
- All medical expenses incurred by the appointee for self and their family shall be reimbursed.
- Leave Travel Allowance for the appointee and their family will be allowed once in a year as per the rules of the Company.
- Contribution to Provident Fund, Superannuation Fund, Annuity Fund to the extent the same are not taxable under the Income Tax Act.
- Gratuity as per the provisions of the Payment of Gratuity Act or as per the Gratuity Scheme of the Company, whichever is higher.
- The appointee will be entitled to one month's leave with full pay and allowances for every eleven months of service. Leave unavailed of to be allowed to be encashed as per rules of the Company.
- Provision of car with driver for use on Company's business and telephone at the residence.

d) Minimum Remuneration:

The above appointee shall be paid the same remuneration as stated above as minimum remuneration. In the event of inadequacy of profit subject to the ceiling on minimum remuneration as stated in Part II, Section II of Schedule XIII of the Companies Act, 1956 however, that the overall remuneration payable shall not exceed the limits specified under Section 198 and 309 of the Act.

Shri Sandeep Singhvi shall not, while he continues to be the Executive Director be subject to retirement by rotation pursuant to the provisions of Section 255 of the Companies Act, 1956.

Pursuant to the provisions of sections 269 read with Schedule XIII of the Companies Act, 1956, the approval of the members in General Meeting is required to be obtained with regard to the appointment of Shri Sandeep Singhvi as the Executive Director and to the remuneration as set out in item no 5 of the accompanying Notice.

Furthermore, approval of the members in General meeting is required to be obtained for payment of minimum remuneration, by way of salary and perquisites and allowances as specified above in the event of absence or inadequacy of profit in any financial year during the tenure of the appointment of Shri Sandeep Singhvi as the Executive Director of the Company.

The services of Shri Sandeep Singhvi as the Marketing Manager of the Company have been of great benefit to the Company and the Directors, therefore, recommend his appointment.

None of the Directors except Shri Sandeep Singhvi himself is in any way concerned or interested in the resolution mentioned in item no. 4 of the notice. The terms and conditions mentioned in items No. 4 of the Notice may also be taken as abstract of the draft agreement made by the Company with Shri Sandeep Singhvi pursuant to section 302 of the Companies Act, 1956.

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors are presenting the Seventh Annual Report together with audited accounts of the Company for the year ended March 31, 2001.

FINANCIAL RESULT

Sales/Income from operations
Profit / (Loss) before Extra Ordinary item, Interest, Depreciation and Tax
Interest
Depreciation
Extra Ordinary item
Net Profit/(Loss) carried to Balance Sheet

(Rs. in Lacs)	
Current Year	Previous Year
187.02	470.82
(5.59)	64.12
9.30	35.73
94.33	130.05
17.28	-
(128.51)	(101.66)

OPERATIONS

The Company could achieve lower Income from operations as compared to previous year. This is due to :

- higher raw material cost (LPG) which could not be passed on to the consumers due to easy availability of PSU's subsidised domestic cylinders at very low prices than ours and competition from other parallel marketer giant like Reliance Petroleum Limited. Bulk LPG prices have gone up substantially by approx. 60% than previous year which compelled us to hike our selling price of LPG which resulted into lower demand from consumers.
- Almost negligible new connections due to higher refill price of our LPG and almost instant new connections given by PSU Oil Companies of subsidised domestic cylinders.
- Under-utilisation of LPG tankers due to lower upliftment of LPG by us and other clients and higher running and maintenance cost due to hike in diesel, oil & tyres prices which compelled us to sale whole LPG Tanker division.

FUTURE PLANS

To ensure better capacity utilisation of its bottling plants; Company is doing contract filling of cylinders of other companies on job work basis alongwith bottling of own branded cylinders. Refilling activity can generate profits only if Government phase out subsidy on domestic cylinders. As per plan; Government is expected to decontrol this sector by March, 2002 which may increase Company's profitability.

SAFETY

Your Company has taken all statutory approvals related to safety of its plants and personnel. Utmost care is taken and highest safety standards are ensured to carry out accident free operations. Necessary fire detection, prevention and fire fighting systems have been installed and adequate training has been imparted to its employees to achieve the safety standards.

MEMBERS' RELATIONS

Your company has strived to give efficient and quicker service to its valued members. The Company constantly monitors the response time taken by its share transfer agents as well as its secretarial department and is taking effective steps to further improve the services. Company has provided demoting of its shares option recently.

FIXED DEPOSITS

During the financial year under consideration, your company had neither accepted nor renewed any deposit from public within the meaning as Section 58-A of the Companies Act, 1956.

DIRECTORS

Shri B.R. Maheshwari, Shri H.C. Goyal, and Shri R.K. Mittal, Directors of the Company have resigned during the year. Company has greatly benefitted during their tenure with their knowledge and experience. The Board acknowledges the co-operation given by them.

AUDITORS

Messrs Bhandari and Associates, Chartered Accountants, retire as auditors of your Company on the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC., FOREIGN EXCHANGE EARNING AND OUTGO

Pursuant to Section 217 (1) (e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Directors' Report) Rules, 1988, your Directors are pleased to furnish the required information as follows which forms part of this report :

A. CONSERVATION OF ENERGY

The requirement for disclosure with respect to conservation of energy, under Form A is not applicable to the Company for the year under review.

B. TECHNOLOGY ABSORPTION

Disclosure of particulars in Form B, with respect to Technology absorption: RESEARCH AND DEVELOPMENT

The Company is constantly putting its efforts to improve the techniques and standards of LPG bottling and distribution. These efforts have helped the Company to improve overall efficiency and increase customer satisfaction. The Company shall continue with these programmes with its aim of improving the safety standards.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company has fully absorbed the technology for bottling of LPG at its plants. The Company has not imported any technology or process know-how.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no earnings or outgo of foreign exchange during the year under review.

PARTICULARS OF EMPLOYEES

The particulars of employees as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are not applicable as none of the employees drew remuneration beyond the limits specified.

DIRECTORS' RESPONSIBILITY STATEMENT

The Company is in compliance with various accounting and financial reporting requirements in respect of the financial statements for the period under review. Pursuant to Section 217 (2AA) of the Companies Act, 1956, and in respect of the annual accounts for the period under review, the Directors hereby confirm that :

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- Appropriate accounting policies have been selected and applied consistently (except as hereinafter stated) and judgment and estimates that are reasonable and prudent have been 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 and of the loss of the Company for that period.
- Proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities have been taken to the best of their knowledge and ability.
- The annual accounts have been prepared on a "going concern basis."

CORPORATE GOVERNANCE

The Company is taking necessary steps for full implementation of the Corporate Governance in terms of clause 49 of the listing agreement which is required to be complied by March, 2002.

The Audit Committee of the Directors as required under section 292 A of the Companies (Amendment) Act, 2000 has been constituted by the Board.

ACKNOWLEDGEMENTS

The Directors acknowledge the co-operation received from the various Government agencies and timely financial assistance and support given by banks during the year. The Directors also thank the distributors and dealers for the co-operation extended to the Company. The Directors also place on record their appreciation of the devoted services rendered by the employees of the Company at all levels.

For and on behalf of the Board

Mumbai
July 14, 2001

Managing Director