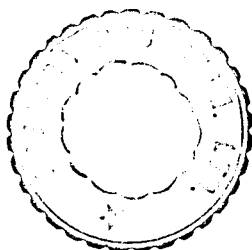




DEVARSA GAS - CHEM LTD.

Report  junction.com



FOR DEVARSA GAS CHEM. LTD.


DIRECTOR / Authorised Signatory

10th

ANNUAL REPORT

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DEVARSA GAS - CHEM LIMITED**BOARD OF DIRECTORS**

- : Mr. Nitin Khara (Director from 20.02.04)
- : Mr. Elesh Khara (Director from 20.02.04)
- : Mr. Jitendra Jain (Independent Director)
- : Mr. Suman Sutaria (Independent Director)
- : Mr. Ashok Jain (Managing Director upto 20.02.04)
- : Mr. Rajen Jhaveri (Director upto 20.02.04)

AUDIT COMMITTEE

- : Mr. Jitendra Jain (Chairman)
- : Mr. Ashok Jain (Member upto 20.02.04)
- : Mr. Rajen Jhaveri (Member upto 20.02.04)
- : Mr. Suman Sutaria (Member from 20.02.04)
- : Mr. Elesh Khara (Member from 20.02.04)

Shareholders/Investor's Grievance & Share Transfer Committee

- : Mr. Suman Sutaria (Chairman)
- : Mr. Ashok Jain (Member upto 20.02.04)
- : Mr. Rajesh Jhaveri (Member from 20.02.04)
- : Mr. Jitendra Jain (Member from 20.02.04)
- : Mr. Elesh Khara (Member from 20.02.04)

BANKERS

- : Oriental Bank of Commerce, Indsund Bank

AUDITORS

- : M/s. Bhandari & Associates (Chartered Accountants)

REGISTRARS & SHARE TRANSFER AGENT

- : Choksh Infotech Ltd.
106, Mhada Commercial 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 (E), Mumbai-400072.

NOTICE

Notice is hereby given that the 10th Annual General Meeting of the Members of Devarsa Gas-Chem Limited will be held on 30th September, 04, Tuesday at 1 p.m. at its registered office at 16A/34, Samhita Complex, Behind Crown Process, Off-Saki Kurla Road, Andheri (East), Mumbai - 400 072 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended as on that date and the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jitendra Jain, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. Bhandari & Associates, Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution :

"RESOLVED THAT subject to the provisions of Section 198, 269, 309 and such other applicable provisions if any of the Companies Act, read with Schedule XIII to the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment of Mr. Nitin Khara as Managing Director of the Company subject to the superintendence, control and direction of the Board of Directors from time to time, for a period of five years with effect from 1st October, 2004 on such terms and conditions including the remuneration and perquisites proposed to be paid and provided to him as detailed in the Explanatory Statement hereto, which specifically be and is hereby approved"

"FURTHER RESOLVED THAT" notwithstanding any-

DEVARSA GAS - CHEM LIMITED

thing contained here in above, where in any financial year, during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay the Managing Director, Mr. Nitin Khara, a minimum remuneration by way of salary, perquisites and any other allowances subject to the ceiling laid down in Part II of Schedule XIII of the Companies Act, 1956 or any modification thereof."

"FURTHER RESOLVED THAT Mr. Nitin Khara shall also be eligible to the following prerequisites which shall not remuneration herein above stated :

- (a) Contribution to provided Fund, Super Annuation Fund and Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (b) Gratuity Payable at a rate not exceeding half a months salary for each completed year of service.
- (c) Enashment of leave at the end of the tenure.

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to increase, augment and / or enhance or vary the remuneration of eruisites payable from time to time to Mr. Nitin Khara in accordance with the provisions of the Companies Act, 1956 and/or any stautory modification or re-enactment thereof and / or the guidelines for managerial remuneration Government of India or other appropriate authority in that behalf as in force and as amended from time to time."

"FURTHER RESOLVED THAT the appointment of Mr. Nitin Khara can be terminated either by the Company or by him giving to the other one month's notice in writing."

"FURTHER RESOLVED THAT Board of Directors of the Company or any Committee thereof be and is hereby authorized to do all such acts, deeds and things as may be considered necessary to give effect to the above Resolution."

NOTES

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Actm 1956 is annexed hereto.
2. 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. Proxies in order to be effective must be received by the Company at its Registered Office not later than 48 hours before the commencement of the Meeting.

3. The Register to Members and Transfer Books of the Company will remain close from Tuesday 28, 2004 to Thursday 30.09.2004 (both days inclusive)
4. Members/Proxies are requested to bring their copies of annual Report at the Annual General Meeting.
5. All communication relating to shares are to be addressed to the Company's Registrar & Share Transfer Agents, M/s. **Choksh Infotech Ltd.** 106, Mhada Commercial Complex, 2nd Floor, Near Oshiwara Police Station Jogeshwari (W), Mumbai -400102.
6. Members are requested to (a) quote their folio number in all correspondence with the Company (b) apply for consolidation of folios where shares are held in same/ identical name (s) under different folios and (c) notify the changes, if any, in their address.
7. Members Desiring any information as regards the Accounts are requested to write to the Company atleast 7 days before the date of the Meeting so as to enable the Management to keep the information ready.
8. DETAILS OF DIRECTORS, PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT, SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING IS AS FOLLOWS :

DIRECTOR	Jitendra Jain	Nitin Khara	Elesh Khara
Date of Birth	25.07.1974	09.03.1961	06.06.1967
Expertise in Specific Functional Areas	Expertise in LPG Sector	Experties in LPG Sector	Experties in LPG Sector
Qualifications List of other companies in which	B.Com. C A	B. Com 1 Gas Point Petrol (I) Ltd. 2 Gujrat Cylinder Pvt. Ltd. 3. Gomti Gas Point Bottling Pvt. Ltd. 4. Sanuj Steels Pvt. Ltd. 5. Chattisgad Gas Point Bottling P. Ltd. 6. Tara Gas Point Bottling Pvt. Ltd. 7. Naora Gas Point Bottling Pvt. Ltd. 8. Annapurna Gas Point Bottling Pvt. Ltd. 9. Hem Kund Petro Pvt. Ltd. 10. Kashi Gas Point Pvt. Ltd. 11. Arihant Gas Point Pvt. Ltd. 12. Hans Gas Appliances Pvt. Ltd. 13. Ess Enn Lpg Bottling Pvt. Ltd. 14. Maharashtra CylinderPvt. Ltd.	B. Com 1 Gas Point Petrol (I) Ltd. 2 Gujrat Cylinder Pvt. Ltd. 3. Gomti Gas Point Bottling Pvt. Ltd. 4. Sanuj Steels Pvt. Ltd. 5. Chattisgad Gas Point Bottling P. Ltd. 6. Tara Gas Point Bottling Pvt. Ltd. 7. Naora Gas Point Bottling Pvt. Ltd. 8. Annapurna Gas Point Bottling pvt. Ltd. 9. Hem Kund Petro Pvt. Ltd. 10. Kashi Gas Point Pvt. Ltd. 11. Arihant Gas Point Pvt. Ltd. 12. Hans Gas Appliances Pvt. Ltd. 13. Ess Enn Lpg Bottling Pvt. Ltd.
Directorships held as on 31.03.2004			
Chairman/member of the Committee of the Board of other Companies in which he is a Director as on 31.03.04	Chairman of Audit & Remuneration Committee and member of Share holders/Investors Grievance & Share transfer Committees of Devarsa Gas Chem. Ltd.		Member of Audit Remuneration & Shareholder's / Investors Grievance & Share Transfer Committees of Devarsa Gas Chem. Ltd.

DEVARSA GAS - CHEM LIMITED**ANNEXURE TO THE NOTICE**

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956

Items No. 5

The terms and conditions and proposed remuneration and perquisites payable to Mr. Nitin Khara as Managing Director of the Company is as set out below :

Name & Designation : Mr. Nitin Khara (Managing Director)

Period : Five Years w.e.f. 01.10.2004

Remuneration :

a. Salary : Rs. 10,000/- per month.

b. Perquisites :

Medical Expenses : Reminbursement of expenses incurred by him for self and for his family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

Leave Travel Concessions : Leave Travel Concessions for him and his family, once in a year incurred in accordance with the Rules of the Company.

Leave : One month leave with full payment and allowance for every eleven months of service. Encashment of leave at the end of the tenure shall be permitted and will not be included in the computation of ceiling on perquisites.

Bonus : One month's salary shall be paid as bonus or as per the rules of the Company.

Telephone Bills : The Company shall pay bills of Mobile phone and one resident telephones of Mr. Nitin Khara. He shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on perquisites :

a) Contribution to Provident Fund, Super Annuation Fund and Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

c) Encashment of leave at the end of the tenure. He shall also be entitled to reimbursement of actual expenses including travelling, hotel bills conveyance, entertainment, miscellaneous expenses and incidentals incurred by him on behalf of and for the business of the Company.

He shall not be paid any sitting fees for attending the meetings of Board of Directors of Committees thereof.

The scope and quantum of remuneration and perquisites specified hereinabove may be enhanced, widened, altered or varied by the Board of Directors in conformity with the companies Act. and / or the rules and regulations made hereunder and /or such guidelines as may be announced by the Central Government from time to time.

Notwithstanding anything contained hereinabove where in any financial year, during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the company shall pay the Managing Director his minimum remuneration by way of salary, perquisites and any other allowance subject to the ceiling laid down in Section II of part of Schedule XIII to the Companies Act, 1956.

The appointment of Mr. Nitin Khara as Managing Director can be terminated either by the company or by him, giving to the other one month's notice in writing.

The above may also be treated as an abstract of the terms of contract between the Company and Mr. Nitin Khara pursuant to Section 302 of the Companies Act, 1956. Except Mr. Nitin Khara and Mr. Elesh Khara, no other Directors are concerned or interested in the above Resolution.

For and on behalf of the Board

(Nitin Khara)

Mumbai,

September 2nd, 2004

Managing Director

Regd. Office : 16A/34, Samhita Complex,

Off. Saki Kurla Road, Andheri (East),

Mumbai - 400 072.

DEVARSA GAS - CHEM. LIMITED.**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting the Tenth Annual Report of your Company together with the Audited Statements of Accounts for the year ended 31st March 2004.

(Rs. In Lacs)

FINANCIAL RESULT	Current Year	Previous Year
Income / (Loss)	30.19	73.68
Profit / (Loss) for the year	(23.23)	(50.77)
Extra Ordinary items	0.00	38.91
Loss before Taxation	(23.23)	(11.86)
Less : Taxation of previous years	0.00	3.04
Net Loss after Taxation	(23.23)	(14.90)
Add : Loss brought forward from previous year	(58.06)	(56.57)
Balance carried forward to Balance Sheet	(60.38)	(58.06)

DIVIDEND :

In view of losses, the Board of Directors do not recommend any dividend.

OPERATIONS & PROSPECTS :

The Company's sales further lowered down this year due to higher selling price of our products which were not competitive. The reason being that our competitor PSUs reap the benefit of the subsidies made available to them by the Government and supply the domestic cylinders at subsidized and much lower rates as compared to our prices.

However, your Directors are trying their best to achieve better results and are hopeful about the future prospects of the Company.

FIXED DEPOSITS :

The Company has not accepted or renewed any fixed deposits from the public during the year under review.

DIRECTORS :

During the period under review Mr. Ashok Jain resigned as Managing Director and Mr. Rajen Jhaveri resigned as Director of the company due to pre-occupations. The Board places its appreciation for valuable contributions made by them during their association with the company.

Mr. Jitendra Jain, Director of the Company retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Nitin Khara and Mr. Elesh Khara were appointed as Directors in casual vacancy by the Board of Directors in their meeting held on 20th February, 2004 with immediate effect. Resolution for appointment of Mr. Nitin Khara as Managing Director, is placed before the members for approval.

DIRECTORS RESPONSIBILITY STATEMENT :

In compliance with the provisions of Section 217 (2AA) of the companies Act, 1956, the Directors of your Company confirm that :

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures :
2. They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the acts for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities :

4. They have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES :

Pursuant to Section 217(2A) of the Companies Act, 1956 the Directors have to inform that there was no such employee as mentioned in the Section.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO :

A. CONSERVATION OF ENERGY :

The information required to be given pursuant to section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 does not apply to the company.

B. TECHNOLOGY ABSORPTION :

Research & Development : The company is constantly putting its efforts to improve the techniques and standards of LPG bottling and distribution. These efforts have helped to improve the efficiency of the company.

Technology Absorption, Adaptation & Innovation : The company has fully absorbed the technology for bottling of LPG at its plants. The Company has not imported any technology or process.

Foreign Exchange Earnings & Outgo : There were no foreign exchange earnings and outgo during the year under review.

CORPORATE GOVERNANCE :

Your Company has complied with the applicable provision of the Listing Agreements with the Stock Exchanges where its Equity Shares are listed. A separate report on Corporate Governance along with the Auditors Certificate on its compliance is included as part of this Annual Report.

AUDITORS :

M/s. Bhandari & Associates, Chartered Accountants, Statutory auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for reappointment. You are requested to reappoint Auditors and to fix their remuneration.

ACKNOWLEDGMENT :

Your Directors wish to place on record their appreciation of Banks and other Financial Institutions, shareholders and other for their continued support. Yours Directors also wish to place on record their appreciation of the contribution made by employees at all levels to the continued growth and prosperity of the Company.

DEVARSA GAS - CHEM LIMITED

For and on behalf of the Board

(Nitin Khara)

(Sd-)

Managing Director

Director

Mumbai

September, 2nd 2004

Regd Office

16A/34, Samhita Complex,

Off. Saki Kurla Road,

Andheri (East) Mumbai- 400 0712

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report on the business of the Company as applicable and to the extent relevant is given below.

INDUSTRY STRUCTURE AND DEVELOPMENT :

Sale of LPG in cylinders is carried out by PSU Oil companies and Parallel Marketers in India. Central Government Opened this industry for private sector in 1993 to sell, import and fix price of LPG and assured that subsidy provided by Government will be phased out within 3-4 years, however even as of today, almost after 11 years, the subsidy on domestic LPG Cylinder is still Rs. 100/- per cylinder which is given only to the PSU oil companies and not to the private sector.

OPPORTUNITIES & THREAT :

There are not much opportunities for the private sector companies due to the Central Government's policies of providing subsidies to the PSUs. The major threat to our industry is again the "subsidies" provided by the Central Government to the PSUs only. The entire private sector faces competitive pressures from the PSUs which enjoys access to lower costing due to the subsidies available to them.

SEGMENT-WISE/PRODUCT-WISE PERFORMANCE :

As the Company has only one segment i.e. LPG segment-wise or product-wise performance is not applicable for the period 2003-2004.

OUT LOOK :

The Company's operations continue to be mainly focused on procuring more contracts for filling of cylinders of other companies / PSUs. Removal of subsidies is a sensitive and crucial issue. Further the company is looking at various alternatives to achieve better sales.

RISK AND CONCERNS :

Company is exposed to specific risks that are particulars to its business and the environment within which it operates, including economic conditions, market risk and government's policies. Apart from the normal risks, the

Company foresees the subsidy given by the Central Government as an area of serious concern.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

Your Company has adopted Internal Control System commensurate with its size. The Audit Committee of your Company ensures its implementation and compliance, reviews the adequacy of internal control and suggest remedial actions wherever required.

HUMAN RESOURCES :

Your Company has emphasized on the need for the skills and knowledge to successfully meet its requirements. The training and development activities are being reinforced by identifying the training needs to provide requisite inputs to the employees for improving their performances. Employee relations are good and cordial at all leaves.

DEVARSA GAS - CHEM LIMITED**CAUTIONARY STATEMENT :**

Statement in this "Management Discussion and Analysis" may be considered to be "forward looking statements" within the meaning of applicable securities laws or regulations. Many factors may affect the actual results, which could be different from what the Directors' contemplated in respect of future performance and outlook.

CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

1. Company' Philosophy on Corporate Governance :

The basic objectives of the Corporate Governance of the Company is to have transparency in all its dealings, effective control and management of organization, investors friendly attitude towards shareholders and other stake holders.

2. Board of Directors :

a) Composition of the Board of Directors is as follows :

Director	- Executive/Non-Executive/Independent
Mr. Nitin Khara	- Executive
Mr. Elesh Khara	- Non-Executive
Mr. Jitendra Jain	- Non-Executive & Independent
Mr. Suman Sutaria	- Non-Executive & Independent