

Fifth Annual Report

1997 - 98

MD	✓	BKC	✓
CS	NA	DPY	NA
RO	✓		NA
TRA	✓		✓
AGM	✓		✓
YE	✓		✓

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For Canvay Chemicals Ltd.

[Signature]
Director

CANVAY CHEMICALS LTD.

REGD. OFFICE :

PLOT NO. 1808, 3rd PHASE, G.I.D.C. ESTATE, VAPI-396 195, GUJARAT, (INDIA).
TEL. : 30723, 22236 FAX : 32285

CANVAY CHEMICALS LIMITED**FIFTH ANNUAL REPORT****1997-98**

BOARD OF DIRECTORS	:	MR. BHOGIBHAI B. PATEL	CHAIRMAN
		MR. TARUN B. PATEL	MANAGING DIRECTOR
		MR. JATIN B. PATEL	DIRECTOR
		MRS. KETKI T. PATEL	DIRECTOR
		DR. ISTVAN EROS	DIRECTOR
		MR. N. T. RANA	NOMINEE DIRECTOR
AUDITORS	:	M/S KAKARIA & ASSOCIATES	
		CHARTERED ACCOUNTANTS	
		VAPI - 396 191	
BANKERS	:	STATE BANK OF INDIA	
		INDUSTRIAL TOWNSHIP BRANCH	
		VAPI - 396 195	
REGISTERED OFFICE	:	PLOT NO. 1808, III PHASE,	
		G.I.D.C. ESTATE, VAPI - 396 195	
WORKS	:	PLOT NO.- 316/B, II PHASE,	
		G.I.D.C. ESTATE, VAPI - 396 195	
SHARE TRANSFER AGENT	:	M/S INTECH SYSTEMS PVT. LTD.	
		BANK OF INDIA BUILDING,	
		OPP. VIJAY RESTAURANT,	
		NAVRANGPURA,	
		AHMEDABAD - 380 009.	



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **FIFTH ANNUAL GENERAL MEETING** of the Members of **CANVAY CHEMICALS LIMITED** Will be held on Thursday the 24th day of September, 1998 at 12:00 Noon, at Works & Administration Office situated at **316/B, IInd Phase, G. I. D. C., Vapi - 396 195** to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Profit & Loss Account for the year ended on 31st March, 1998, the Balance Sheet as on that date, the Director's Report and the Auditor's Report thereon.
2. To appoint a Director in place of Mr. Bhogibhai B. Patel who retire by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Tarun B. Patel who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint the auditors and fix their remuneration.

SPECIAL BUSINESS :

5. To pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT subject to provisions of Sections 269, 309, Schedule XIII and other applicable provisions, Mr. Tarun B. Patel, be and is hereby reappointed as the Managing Director of the Company not liable for retirement by rotation for the period of 5 Years w.e.f. 15th December, 1998 upon the following terms & condition :

1. **Salary :** Rs. 20,000/- per month.
2. **Commission :** One per cent on the net profits of the Company computed in the manner laid down under section 309(5) of the Companies Act, 1956 subject to a maximum of 100% of the Annual salary, provided however, the Board may from time to time vary the rate of commission or ceiling on commission subject to the overall remuneration payable to the Managing Director being Limited to the ceiling prescribed by the companies Act, 1956

from time to time.

3. Perquisites :

The following perquisites will be allowed in addition to salary restricted to maximum an amount equal to the annual salary.

- a. Reimbursement of actual expenditure on gas, electricity, water, telephone.
- b. Reimbursement of actual, medical expenses incurred for himself and his family.
- c. Leave travel concession for self and his family once in a year in accordance with the Rules of the Company.
- d. Reimbursement of fees of two clubs.
- e. Personal Accident Insurance for which, the premium will not exceed Rs. 4,000/- per annum.
- f. Free use of car with Chauffeur.
- g. One month's leave with above benefits as per Rules of the Company for every eleven months of his service.

4. In event of absence or inadequacy of profits of the Company in any financial year during the period of appointment, Mr. Tarun B. Patel shall be entitled to such remuneration by way of salary alongwith the perquisites / benefits stated above as permissible under Schedule - XIII of the Companies Act, 1956.

Mr. Tarun B. Patel is entrusted with the powers of management of the affairs of the Company, overall supervision of the Company's operation, day-to-day administration which he shall exercise subject to superintendence, control and direction of the Board.

DATE : 30/07/98

PLACE : VAPI.

ON BEHALF OF THE
BOARD OF DIRECTORS.

For Canvay Chemicals Ltd.

TARUN PATEL
MANAGING DIRECTOR

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NOTES :

- a) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The instrument appointing a proxy must be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the Meeting.
- b) The Register of Members and the share Transfer Books of the Company will remain closed from 24.09.98 to 3.10.98 (both days inclusive).
- c) The Members are requested to notify any change in their address to M/s. Intech Systems Pvt. Ltd. Bank of India, Building, Opp. Vijay Restaurant, Navrangpura, Ahmedabad - 380 009, the share Transfer Agents of the company quoting their folio number at earliest to avoid inconvenience at a later stage.
- d) The Explanatory statement as required under section 173 (2) of the Companies Act, 1956 is annexed herewith.
- e) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting, therefore, Members are requested to bring their copies of Annual Report to the Meeting.
- f) Shareholders seeking any information with regards to accounts are requested to write to the Company latest by 14th September, 1998 so as to enable the management to keep the information ready.

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

Item No. 5.

Mr. Tarun B. Patel was appointed as the Managing Director w. e. f. 15.12.93 for the period of 5 Year. His terms of appointment expires on 15.12.98. He is providing valuable services for the growth of the Company. It is in the interest of the Company to reappoint him for further period of 5 Year w.e.f. 15.12.98 on the terms & condition as included in the resolution placed before you for approval.

Mr. Bhogibhai B. Patel, Mr. Jatinbhai B. Patel, Mrs. Ketki T. Patel, being relative of Mr. Tarun B. Patel, are deemed to be interested in the proposed resolution.

Your Directors recommends to appoint Mr. Tarun B. Patel as the Managing Director of the Company.

DATE : 30/07/98

ON BEHALF OF THE
BOARD OF DIRECTORS.

PLACE : VAPI.

TARUN PATEL
MANAGING DIRECTOR



DIRECTOR'S REPORT

To:

THE MEMBERS :

Your Directors have pleasure in submitting Fifth Annual Report and Audited Accounts of your Company for the year ended on 31st March, 1998.

FINANCIAL RESULTS :

The performance during the year is as under :

	1997-98 (Rupees in Lacs)
Sales & Other Income	43.96
Gross Profit	7.03
Loss before Depreciation	(20.13)
Depreciation	—
Taxation	—
Loss carried forward	(20.13)

Statement of Projections V/s. Performance as required under clause 43 of the Listing Agreement is as under :

Perticulars	projections	(Rs. in lacs) performance
Sales & Other Income	552.64	43.96
Gross profit	214.46	7.03
Profit (Loss) after Tax	106.98	(20.13)

The delay in implementation of the project due to delay in clearance from pollution Control Board, Foreign collaborators arrival and disbursement of loan lead to above variation in performance.

REVIEW OF OPERATION :

This is the first year of manufacturing activities of the Company and hardly six months working is covered in this results. Further, due to some teething problems in setting up the product and other cost effects, the performance is not upto the mark. Further, the recession in the Indian Industry in general has also affected the performance of the Company.

FINANCE :

During the year, the Company has received the balance amount of term loan sanctioned by the

GLIC Ltd, GSFC and also the working capital facilities from State Bank of India aggregating to Rs. 2.26 crores.

DEPOSITS :

The Company has not accepted any deposits during the year which attracts the provisions of section 58 (A) of the Companies Act, 1956.

PERSONAL :

There are no employees drawing salary exceeding the limits specified under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

INFORMATIONS REGARDING CONSERVATION OF ENERGY ETC :

The particulars as required under the provisions of section 217 (1) (e) of the Companies Act, 1956 are attached as Annexure - I and forms the part of this report.

DIRECTORS :

Mr. Nitin B. Patel has resigned during the year from the Board and the Board places on record the valuable service received from him during the tenure of this directorship. Mr. Bhogibhai B. Patel and Mr. Tarun B. Patel retire by rotation and being eligible, offers themselves for reappointment.

AUDITORS :

M/s. Kakaria & Associates, Chartered Accountants, Vapi retires at the Annual General Meeting and being eligible, offers themselves for reappointment. You are requested to appoint them and to fix their remuneration.

AUDITOR'S REMARK :

The Auditor's Remark in their report with note to the accounts, are self-explanatory and do not require any further explanation.

ACKNOWLEDGEMENTS :

Your Directors wish to place on record their appreciation for whole hearted Co-operation received from Financial Institutions, Bankers and all the Employees.

ON BEHALF OF THE BOARD OF DIRECTORS.

Date : 30.07.98
Place : VAPI.

(BHOGBHAI B. PATEL)
CHAIRMAN.

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ANNEXTURE

A. Conservation of Energy :

Wherever possible, your Company has been making efforts to conserve the use of energy during the year under review.

B. Technology Absorption :

- a) Research & Development : The Company has not so far formally established any Research & Development.
- b) Technology absorption, adaptation & innovation : The Company has entered into a Technology Transfer Agreement with M/s. Remi & Meditarrian Ltd., Hungary for supply of technical know-how. The Company has already received approval from the RBI for this technical collaboration.

C. Foreign Exchange earnings and outgo :

Foreign Exchange Earnings :	Rs. Nil
Foreign Exchange Outgo :	Rs. Nil

FORM - A

Form for disclosure of particulars with respect to conservation of energy.

(A) Power and Fuel Consumption

Year ended
31-03-1998

1. Electricity		
(a) Purchase in Units KWH :	47238.00	
Total Amount (Rs.)	2,78,910.00	
Rate KWH (Rs.)	5.90	
2. Diesel for D. G. Set		
Units generated	3503.00	
Units per ltrs. of Diesel oil	3.50	
Cost per Unit	3.35	
3. L. D. O. Used	7400	Ltrs.
Total Amount (Rs.)	69,505.00	
Average Rate (Rs.)	9.39	
4. Consumption per unit of production		
Products (MT)	301200	Kgs.
Total Nos. of Units (KWH)	50741.00	
Unit per Kg. (KWH)	5.94	
Cost per Kg. (Rs.)	0.96	

Date : 30.07.98.
Place : VAPI.

ON BEHALF OF THE BOARD OF DIRECTORS.

(BHOGIBHAI B. PATEL)
CHAIRMAN



AUDITORS REPORT

TO
THE MEMBER OF
CANVAY CHEMICALS LIMITED

We have audited the attached Balance Sheet of **CANVAY CHEMICALS LIMITED**, as at MARCH, 31ST, 1998 and also the Profit and Loss account of the Company for the year ended on that date, annexed thereof, and report that :

1. As required by the manufacturing and other Companies (Auditor's Report) Order issued by the Company Low Board in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
 2. Further to our comments in the Annexure referred to in paragraph (1) above :
 - i. 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 ;
 - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
 - iv. In our opinion, and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view Subject to note on non provision of depreciation.
- (a) In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 1998.

and

- (b) In the case of the Profit and Loss account, of the loss for the year ended 31st March, 1998.

FOR, KAKARIA & ASSOCIATES
CHARTERED ACCOUNTANTS.

(KAKARIA UJWAL K.)
PROPRIETOR.

DATE : 30/07/1998
PLACE : VAPI.

ANNEXURE TO THE AUDITOR'S REPORT.

(Referred to in paragraph (1) above)

1. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals, having regard to the size of the company and the nature of its assets as explained to us. No material discrepancies between the book records and the physical inventory were noticed on such verification.
2. The fixed assets have not been revalued during the year.
3. The stocks of finished goods, raw materials and Packing material have been physically verified by the management during the year. In our opinion, the frequency of the verification is reasonable.
4. In our opinion and according to the information and explanations give to us, the procedure of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Company.
6. On the basis of our examination of the stock records, in our opinion, the valuation of stocks is fair and proper on accordance with the normally accepted accounting principles.
7. The Company has not taken any loans, secured or unsecured, from companies, firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956. We are informed that there are no companies under the