

GUJARAT PETROSYNTHESIS LIMITED

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DPV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

Report  Junction.com



ISO COMPANY

TWENTIETH ANNUAL REPORT
1996-97

Gujarat Petrosynthese Ltd.

Board of Directors	Dr. N.B. Prasad	(Chairman)
	Dr. R.M. Thakkar	(Managing Director)
	Mr. R.K. Shah	
	Dr. P.S. Palande	
	Mr. V.H. Pandya	
	Dr. (Mrs.) M.H. Mehta	
	Mr. Adhik Shirodkar	
	Ms. Charita Thakkar	(Executive Director)
	Ms. Urmil N. Prasad	(Executive Director)
	Ms. Ursula Thakkar	(Executive Director)

Company Secretary Mr. B.I. Patel

Bankers State Bank of India
Bank of Baroda

Legal Advisors Kanga & Co.

Auditors Suresh Thakkar & Co.

Registered Office &
Share Department Thakkar Building,
Opp. Dandia Bazar Fire Station,
Shivaji Road,
Vadodara 390 001.

Works P.O. Petrofils,
District Vadodara 391 347

Gujarat Petrosynthese Ltd.



NOTICE

Notice is hereby given that the twentieth Annual General Meeting of the Members of Gujarat Petrosynthese Limited will be held at Auditorium Hall, Federation Building, Alkapuri, Vadodara 390005 at 11.00 a.m. on Tuesday the 28th October 1997 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Adhik Shirodkar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass the following Resolution with or without modification as a SPECIAL RESOLUTION.

RESOLVED THAT in supersession of the resolution passed at the Extraordinary General Meeting of the Members of the Company held on 21st March 1991 and pursuant to Section 370 and other applicable provisions if any of The Companies Act, 1956, and subject to the approval of any other authorities as may be required if any, consent of the Company be and is hereby granted to the Board of Directors of the Company to give any corporate guarantee/counter guarantees or to provide any security or securities in connection with loans made by Financial Institutions, Banking Companies and/ or other bodies corporates on such terms and conditions as the Board may think fit, provided that the aggregate of all such guarantees given or securities provided and remaining outstanding at a time shall not exceed Rs.350 lakhs (Rupees Three hundred fifty lakhs).

5. To consider and if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION.

RESOLVED THAT pursuant to the provisions of section 269, 309, 310, 311, 314 and other applicable provisions, if any of the Companies Act 1956, and subject to the approval of Central Government and/ or any other authorities as may be required, the Company hereby approves the re-appointment of Dr R M Thakkar as Managing Director for a further period of 5 years w.e.f. 12th October 1997 on the terms and conditions as set out in the annexed explanatory statement and the draft Agreement to be entered into by the Company with Dr R M Thakkar and submitted to this Meeting duly initialled by the Chairman for the purpose of identification and which agreement is hereby specifically sanctioned with power to the Board of Directors to alter and vary the terms and conditions of appointment, agreement and or remuneration so as not to exceed the limits specified on schedule XIII of The Companies Act, 1956 or any amendments thereto as may be agreed to between the Board of Directors and Dr R M Thakkar.

Registered Office:
Thakkar Building, Shivaji Road
Vadodara - 390001
Place: Bangalore
Date: 21.09.97

By Order of the Board of Directors
For Gujarat Petrosynthese Limited

B. I. Patel
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.
2. The relevant explanatory statement pursuant to section 173(2) of The Companies Act, 1956 is annexed hereto.
3. The Register of Member and Share Transfer Books of the Company will remain closed from Tuesday the 28th October to 31st October 1997 (both dates inclusive).
4. The 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 upto the date of the Annual General Meeting.
5. (a) Pursuant to Section 205A of The Companies Act, 1956 all unclaimed dividends upto the Financial Year ended on 31st March, 1993 have been transferred to the General Revenue Account of the Central Government. Those Shareholders who have so far not claimed their dividend upto and including the said Financial Year are requested to claim the dividend from the Registrar of Companies, Jeevabhai Chambers, Ashram Road, Ahmedabad - 380 009 by submitting an application in the prescribed form.
 (b) Shareholders who have not encashed / claimed the 9th Dividend warrant for the year ended on 31st March 1994 are requested to get their dividend warrants revalidated and present them to the Bankers to the Company, immediately. Unclaimed amount of dividend, if any, will be transferred to the Central Government as provided under Section 205 A of the Companies Act, 1956.
6. Members are requested to :
 - a) Notify immediately any change in their residential address.
 - b) Notify Income Tax Permanent Account Number (PAN) or General Index Register (GIR No.) and the Income Tax ward/range/district i.e. Assessment Office (AO where assessed/ assessable).
 - c) Quote Register Folio Number in every correspondence with the Company.
7. The company will take over Share Transfer Activities from the Share Transfer agent M/s. Springfield Corporate Services Pvt. Ltd., w.e.f. 29.10.97. Therefore shareholders are requested to do all correspondence with the Company , after above date, including lodgement of transfer at Company's Registered Office situated at Thakkar Building, Shivaji Road, Opp. Dandia Bazar Fire Station, Baroda-1.

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

The following explanatory statement sets out all the material facts relating to special business mentioned in the accompanying Notice.

ITEM NO 5

The company has been approached by Karnataka Petrosynthese Ltd, a Company promoted by your Company jointly with Karnataka State Industrial Investment and Development Corporation, Bangalore for giving corporate guarantee on their behalf to Canara Bank, Cunningham Road Branch, Bangalore

Gujarat Petrosynthese Ltd.



by whom working capital facilities has been sanctioned to Karnataka Petrosynthese Ltd., one of the condition being that the corporate guarantee be given by Gujarat Petrosynthese Limited. The said guarantee is solicited to secure working capital advances sanctioned to Karnataka Petrosynthese Ltd, by Canara Bank, Bangalore. The authorisation granted earlier by the members at The Extra ordinary General Meeting held on 21st March 1991 was for a maximum amount of Rs. 180 lacs which is not sufficient to cover the proposed corporate guarantee. therefore members' permission is required as per the provision of Section 370 of The Companies Act, 1956.

ITEM NO 6

Dr. R.M.Thakkar was reappointed as Managing Director for a period of 5 years with effect from 13th October 1992 on the terms and conditions approved by the members which were subsequently amended by the members at their Extra ordinary General Meeting held on 24th February 1995. The Board of Directors at their meeting held on 21st September 1997 has proposed that Dr. R.M. Thakkar be reappointed as Managing Director for a further period of 5 years w.e.f. 12th October 1997 on the terms and conditions as contained in the draft agreement to be entered into by the Company with Dr. R.M.Thakkar which, interalia, contains following terms and conditions.

1. Salary : Rs. 40,000/- (Rupees Forty Thousand only) per month including dearness and all other allowances in the scale of Rs. 40,000 - 2500 - 50,000.
2. Commission : 1.5% commission on the net profits of the company computed in the manner laid down in Section 309 (5) of the Companies Act, 1956.
3. Perquisites : In addition to salary and commission Dr. R.M.Thakkar will be allowed following perquisites, which will be restricted to an amount equal to the annual salary.

CATEGORY (A)

- (i) **Housing I :** The expenditure by the company on hiring unfurnished accommodation for the Managing Director will be subject to a ceiling of sixty percent of the salary, over and above ten percent payable by the Managing Director.

Housing II : If accommodation in the company owned house is provided ten percent of the salary of the Managing Director shall be deducted by the company.

Housing III : If the company does not provide accommodation, the Managing Director shall be entitled to House rent allowance subject to the ceiling laid down in Housing I.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income tax Rules 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Managing Director.

- (ii) **Medical reimbursement :** Reimbursement of medical expense incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- (iii) **Leave Travel Concession :** For self and family once in a year incurred in accordance with the rules of the Company.
- (iv) **Club fees :** Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (v) **Personal Accident Insurance :** premium not to exceed Rs. 4000/- p.a.

Gujarat Petrosynthese Ltd.



CATEGORY (B)

- (i) Contribution to provident fund, superannuation fund, 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.
- (ii) Gratuity payable should not exceed half a month's salary for each completed year of service.
- (iii) **Encashment of Leave** : On full pay and allowances as per the rules of the Company but not exceeding one month's leave for every eleven months of service. 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.

The Managing Director shall also be entitled to reimbursement of expense actually and properly incurred by him for the business of the company.

The terms and conditions of re appointment as set out in the draft agreement may be altered and varied from time to time by the Board of Directors of the company as it may at its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment made thereto.

The draft agreement to be entered into between the company and Dr. R.M.Thakkar is available for inspection by the members at the Registered Office of the company upto the date of the General Meeting.

The Board recommends the resolution for your approval.

The above may be treated as an abstract of the variations of the terms of contract / re appointment between the Company and Dr. R.M.Thakkar pursuant to Section 302 of the Companies Act, 1956, when executed.

Dr. R.M.Thakkar is deemed to be concerned or interested in the resolution which pertains to the remuneration payable to him. Further Ms. Ursula R. Thakkar, Ms. Urmi N. Prasad, Ms. Charita Thakkar and Dr. (Mrs.) M.H.Mehta are deemed to be concerned or interested in the resolution, in so far as Dr. R.M.Thakkar is related to each of them.

None of the other Directors of Company is in any way concerned or interested in the resolution.

Registered Office :
Thakkar Building,
Shivaji Road,
Vadodara - 390 001
Place : Bangalore
Date : 21.09.97

By order of the Board of Directors
For **Gujarat Petrosynthese Limited**

B. I. Patel
Company Secretary

Gujarat Petrosynthese Ltd.



ANNEXURE I TO THE DIRECTOR'S REPORT

Information under section 217 (1) (e) of The Companies Act 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors' Rules, 1988 and forming part of the Director's report for the year 1996-97.

I. CONSERVATION OF ENERGY

- (a) Energy Conservation Measures taken : Company has set up 3 wind energy mills of 330 KVA each in earlier years.
- (b) Additional Investment and Proposals : Proposals for additional investment are as if any being implemented for reduction under consideration of energy.
- (c) Impact of the measures at (a) and (b) : During the year Company has generated above for reduction of energy net 11,10,195 units of electricity from consumption and consequent impact on above Wind Mills the cost of production of goods
- (d) Total energy Consumption and energy consumption per unit of production as per form A.

FORM - A

A. Power and Fuel Consumption		1996-97	1995-96
1. Electricity			
a) Purchased			
Units	KWH	24,74,200	37,11,250
Total Amount	Rs.	95,76,204	105,99,417
Rate / Unit	Rs.	3.87	2.86
2. Own Generation through Diesel Generator			
Units	KWH	48,600	218,650
Units/Ltr of Diesel oil	KWH	3.268	3.24
Cost / Unit	Rs.	2.55	2.41
2. Furnace Oil			
Quantity	KL	1896.187	2671.749
Total Amount	Rs.	1,36,57,656	1,37,02,765
Average Rate	Rs.	7202.69	5128.76
B. Consumption per Unit of Production			
Particulars	Standard (if any)	1996-97	1995-96
Product - Polymer / MT			
Electricity	Not Applicable	KWH 895.467	894.438
Furnace Oil		KL 0.686	0.608

Gujarat Petrosynthese Ltd.

II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per form B
Research and Development (R & D)

- | | | |
|--|---|--|
| 1. Specific area in which R & D carried out by the Company | : | Development of compounds for optical fibres |
| 2. Benefit derived as a result of above R & D | : | Manufacture of new products and existing products at lower costs |
| 3. Future plan of Action | : | Manufacture of chemically pure and FDA grade of polybutene |
| 4. Expenditure on R & D | | |
| a) Capital | | Nil |
| b) Recurring | | <u>5,63,816</u> |
| c) Total | | 5,63,816 |
| d) Total R & D expenditure as a percentage of total turnover | | 0.27% |

Technology absorption, adoption and innovation.

- | | |
|--|---|
| 1. Efforts in brief, made towards technology absorption and innovation. | Technology obtained from our foreign collaborator has been fully absorbed. Improvement are being continuously made which have resulted in improved efficiency of operation. |
| 2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. | |
| 3. In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) following may be furnished. | |
| a. Technology furnished | N.A. |
| b. Year of Import | |
| c. Has technology been fully absorbed | |
| d. If not fully absorbed, areas where this has not taken place, reason therefore any future plans of action. | |

III. FOREIGN EXCHANGE EARNING AND OUTGO

During the year the foreign exchange outgo was Rs. 114.87 lakhs. As the Company is manufacturing an import substitution product, it helps to conserve foreign exchange of a corresponding amount. The company has earned foreign exchange of Rs.5.14 lakhs by exports of its products during the year.

Gujarat Petrosynthese Ltd.



DIRECTORS REPORT

To The Members,

The Directors have pleasure in placing before you the Twentieth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

	(Rs. In Lakhs)	
	1996-97	1995-96
Sales Turnover	2063.88	2565.30
Operating Profit	278.68	465.24
Less : Interest	(148.69)	(150.54)
Depreciation	(117.89)	(117.35)
Provision for Tax	(1.56)	-
Profit after tax	10.54	197.35
Less : Debenture redumption reserve	25.00	25.00
Reserve for doubtful Debts	81.16	68.78
Add : Balance carried from earlier years	102.86	96.77
Profit available for appropriation	7.24	200.34
	=====	=====

OPERATIONS

As shareholders are aware, Gujarat Petrosynthese Limited has been totally dependent on IPCL for its main feed stock requirement of C4 raffinate. All these years, except for minor outages now and then, supplies have been reasonably regular and we have been able to plan our operations satisfactorily, including coordination of our shutdown with that of IPCL for annual maintenance. However, during the year under report, regular supply of C4 raffinate by IPCL became a serious problem affecting our operations severely.

During the early period of the year, supplies have been irregular due to two reasons (1) malfunctioning of the butadiene extraction unit and (2) no supply of gas from GAIL to IPCL. During the months of May and June 1996 IPCL had supplied C4 raffinate intermittently resulting in GPL having to work on a hand to mouth basis.

Subsequently IPCL shutdown its butadiene extraction unit for major revamping. This was to take about 8-10 weeks but lasted nearly 25 weeks, and by not receiving this anticipated supply from August onwards GPL had no option but to cease all operations for a period of 25 weeks or nearly half the year.

We had doubled our storage capacity, which was completed at a cost of over Rs. 1.6 crores. In spite of this, we were unable to utilise this expensive storage capacity and were forced to work on a hand to mouth basis for part of the time and complete shutdown subsequently. This has led to a tremendous burden on our Company seriously affecting our financial results. Even after revamping, the quality of C4 was not upto the mark but the technical staff rose to the occasion and started production, even though at reduced rates.

During the current year, extremely stiff market conditions prevailed and competition started quoting below production costs. GPL, in order to strengthen its market position has signed an M.O.U. with IPCL for production on a conversion basis. Thus GPL-IPCL tie up has ensured that GPL's PIB plant can emerge as a cash effective producer of PIB and also be the most operationally efficient plant. It also opens up export markets for GPL's polybutene.