

GUJARAT PETROSYNTHESIS LIMITED

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**TWENTY - SIXTH ANNUAL REPORT
2002 - 2003**

**Gujarat Petrosynthese Limited**

BOARD OF DIRECTORS Dr. R. M. THAKKAR (Chairman and Managing Director)
Dr. P. S. PALANDE
Mr. V. H. PANDYA
Dr. (Mrs.) M. H. MEHTA
Mr. ADHIK SHIRODKAR
Dr. S. P. ADARKAR
Dr. A. C. SHAH
Mr. M. D. GARDE (Nominee)
Ms. URMI N. PRASAD Executive Director
Ms. CHARITA THAKKAR Executive Director
Ms. URSULA THAKKAR Executive Director

COMPANY SECRETARY Mr. B. I. PATEL

BANKERS STATE BANK OF INDIA
BANK OF BARODA

LEGAL ADVISOR KANGA & CO

AUDITORS SURESH THAKKAR & CO

REGD. OFFICE & WORKS Petrochemical Complex Area
P. O. Petrofils, Pin : 391347
District Vadodara



Gujarat Petrosynthese Limited

NOTICE

Notice is hereby given that the Twenty-Sixth Annual General Meeting of the Members of Gujarat Petrosynthese Limited will be held at Shrusti Hall, Gokulesh Complex, 2nd Floor, Above Standard Chartered Bank, Nr. Ivory Terrace, R.C. Dutt Road, Alkapuri, Vadodara - 390007 on Tuesday the 2nd September 2003 at 3.00 P.M to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To declare a dividend on the equity shares.
3. To appoint a Director in place of Dr.S.P. Adarkar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. P. S. Palande, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Adhik Shirodkar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions if any, of the Companies Act, 1956, the Company hereby decides to have the accounts of the Bangalore Branch be audited otherwise than by the Company's Auditor. AND THAT the Board of Directors of the Company be and is hereby authorised, to appoint any person or persons qualified for appointment as auditor/ auditors of the Company under Section 226 of the Companies Act, 1956, as the Branch Auditor for the Bangalore Branch, in consultation with the Company's Auditor to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the Company for the financial year 2003-2004 and to decide the remuneration as may be mutually agreed upon between the Auditors and the Board of Directors of the Company.

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

RESOLVED THAT pursuant to the provisions of section 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any of the Companies Act 1956, and subject to the approval of any other authorities as may be required, the Company hereby approves the re-appointment of Ms.Urmi N.Prasad as a Whole Time Director designated as an Executive Director for a further period of 5 years w.e.f. 1st April, 2003 upon the terms and conditions, as set out in the resolution passed by the Board of Directors of the Company at their meeting held on 30th April, 2003 and the draft Agreement to be entered into by the Company with Ms.Urmi N.Prasad and submitted to this Meeting duly initialled by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to grant increments and 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 Ms.Urmi N.Prasad, so as not to exceed the limits specified in schedule XIII of The Companies Act, 1956 or any amendments thereto.

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

RESOLVED THAT pursuant to the applicable regulations of The SEBI (Delisting of Securities) Guidelines, 2003 and other applicable guidelines of the Securities and Exchange Board of India (SEBI), and all other applicable Laws, Rules, Guidelines, Regulations, Provisions if any, of other authorities and which may become applicable hereafter governing the matter, approval of the Company be and



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is hereby accorded to the delisting of the Company's Shares from any one or more of the Stock Exchanges where the Company's shares are listed and in particular from the:

1. The Ahmedabad Stock Exchange
2. The Vadodara Stock Exchange Limited.

at such time as the Board of Directors (whether acting through the Board, a Committee of the Board, or any Director or any person authorised by the Board) may, in their absolute discretion, consider appropriate and proper without giving an exit option to the shareholders of the regions where the aforesaid stock exchanges are situated and on the terms and conditions as may be stipulated and mutually agreed to in the best interest of the Company, after taking into account various factors such as but not limited to the incidence, impact, or burden of the cost of listing fees payable to the Stock Exchanges and the volume of trading on the relevant Stock Exchange.

10. 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, Schedule XIII and other applicable provisions, if any of the Companies Act 1956, in terms of provisions of Clause 10CC of Section 10 of the Income Tax Act, 1961 as amended, the Company hereby approves that the Company will pay the tax on non-monetary perquisites to Dr. R. M. Thakkar Chairman and Managing Director, Ms. Urmi N. Prasad and Ms. Charita Thakkar Executive Directors of the Company for the assessment year 2003-2004 onwards, so that the Tax so paid by the company will be perquisites exempt in the hands of the employee and will not be added as perquisites of an employee being an individual.

Registered Office:
Petrochemical Complex Area,
P.O. Petrofils, Pin 391347,
Dist. Vadodara
Place: Mumbai
Date : 19.07.2003

By Order of the Board of Directors
For Gujarat Petrosynthese Limited

Sd/-
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. **Members desirous of getting any information about the accounts and operation of the Company are requested to address their query to the Secretary at the Registered Office well in advance, so that the same may reach him at least 7 days before the date of the meeting to enable the Management to keep the information required readily available at the meeting.**
4. The Register of Members and Share Transfer Books of the Company will remain closed from 29/08/2003 To 02/09/2003 (both dates inclusive) for the purpose of Payment of Dividend.
5. 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 during office hours, upto the date of the Annual General Meeting.
6. (a) Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the Financial Year ended on 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Those Shareholders who have so far not claimed their dividends upto and including the said Financial Year are requested to claim the dividend from the Registrar of Companies, GHB Building, Opp. Rupal Park, Ankur Char Rasta, Naranpura, Ahmedabad 380 013 by submitting an application in the prescribed form no. II.
(b) Shareholders who have not encashed / claimed the Dividend from the year ended 31.3.96 onwards are requested to make their claims to the Company without delay. Since as per amended



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Section 205A of the Act and insertion of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of 7 years from the date of its transfer to the Unpaid Dividend Account of the Company, is required to be transferred to the Investors Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

7. Dividend on shares recommended by the Directors, if declared at this Annual General Meeting will be paid to those members whose names will appear in the Company's Register of Members on 02/09/2003.
8. Members are requested to :
 - a) Notify immediately any change in their residential address.
 - b) Quote the Registered Folio Number in every correspondence with the Company.
 - c) Bring their copies of the Annual Reports along with the duly filled in attendance slip at the meeting.

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 the special business mentioned in the accompanying Notice.

ITEM NO. 7

As members are aware, the Company has a Branch at Bangalore. To enable the Directors to appoint Branch Auditors for the purpose of auditing the accounts of the Company's branch office at Bangalore, the necessary authorisation of the members is being obtained in accordance with the provisions of Section 228 of the Companies Act, 1956 in terms of the Special Resolution under item No.7 of the accompanying Notice.

ITEM NO . 8

The term of office of Ms. Urmi N. Prasad as an Executive Director ended on 31/03/2003. The Remuneration Committee in the meeting held on 30th April, 2003 approved the remuneration payable to the Ms. Urmi N. Prasad. The Board of Directors had at their meeting held on 30th April, 2003 subject to the approval of members, reappointed Ms. Urmi N. Prasad as an Executive Director for a period of five years effective from the date of expiry of term i.e. April 1, 2003 on the terms and conditions described herein below :

1. **Salary** : Rs. 60000/- (Rupees Sixty Thousand only) per month in the scale of (Rs.60000-5000-85000)
2. **Commission** : 1% 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** :
 - i) **Housing I** : The expenditure by the company on hiring unfurnished accommodation for the Executive Director will be subject to a ceiling of sixty percent of the salary, over and above ten percent payable by the Executive Director.
Housing II : If accommodation in the company owned house is provided, ten percent of the salary of the Executive Director shall be deducted by the company.
Housing III : If the company does not provide accommodation, the Executive 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 Executive Director.
 - ii) The Company shall pay as per the company's policy, the Medical Expenses including such expenses as shall relate to the surgical, optical and dental treatment incurred by Ms. Urmi N. Prasad for herself and her family.



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- iii) Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.
- iv) Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- v) The Company shall pay the annual premium towards personal accident insurance as per the Rules of the company.
- vi) Ms. Urmi N. Prasad and family shall be covered under the Mediciam Insurance Schemes as per the rules of the Company.
- vii) Encashment of leave on full pay and allowances as per the rules of the company but not exceeding one month's leave for every twelve months of service.
- viii) Such other benefits in accordance with the schemes and rules applicable to the members of the company from time to time.

(Family includes dependent parents, spouse and children who are dependent on her)

Ms. Urmi N. Prasad shall be also entitled to the following perquisites, which shall not be included in the computation of ceiling on remuneration specified above.

- a) The Company's 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, 1961.
- b) Gratuity payable should not exceed half a month's salary for each completed year of service.
- c) Encashment of Leave at the end of the tenure.
- d) Chauffeur driven, company maintained car for use on company's business and telephone at residence. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the company.

That the Company will pay the tax on non-monetary perquisites to the appointee as per amended Section 10 CC of the Income Tax Act, 1961.

The perquisites, wherever applicable shall be valued as per the Income Tax Act, 1961.

The Executive Director shall be entitled to the reimbursement of expenses actually and properly incurred by her for the business of the Company.

The terms and conditions of the reappointment and remuneration as set out in the Agreement / Resolution passed by the Board of Directors / Remuneration Committee may be altered and varied from time to time by the Remuneration Committee/ Board of Directors of the company as it may at its discretion deem fit, so as not to exceed the limits specified in the Schedule XIII to The Companies Act, 1956 or any amendment made thereto.

The abstract of the terms of contract/reappointment between the company and Ms. Urmi N. Prasad which is required to be given to every member under the provisions of section 302 of The Companies Act, 1956 had been sent to all members of the Company.

Ms. Urmi N. Prasad is deemed to be concerned or interested in the resolution which pertains to the remuneration payable to her. Further Dr. R.M. Thakkar, Ms. Charita Thakkar, Ms. Ursula R. Thakkar and Ms. Urmi N. Prasad are deemed to be concerned or interested in the resolution in so far as Ms. Urmi N. Prasad is related to each of them. None of the other Directors of the Company is in any way concerned or interested in the resolution.

The Board recommends the resolution for your approval.

ITEM NO.9

At present the Company's shares are listed at the Stock Exchange, Mumbai, the Stock Exchange, Ahmedabad and the Vadodara Stock Exchange. Trading is taking place in respect of the Company's shares at the Stock Exchange, Mumbai. However no trading is taking place in the Company's shares at The Stock Exchange, Ahmedabad and The Vadodara Stock Exchange Limited, Vadodara. The Securities and Exchange Board of India formulated Guidelines for seeking delisting from any stock exchange. Trading



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is taking place in the Company's script at the Stock Exchange, Mumbai. There seems to be no need to continue listing at the Ahmedabad and Vadodara Stock Exchanges as no trading is taking place there and no particular benefit is therefrom available to the shareholders of the Company by continuing listing of shares of the Company on other stock exchanges excepting the Mumbai Stock Exchange and the investors have access to trade and deal in the Company's shares across the country. As per the prevailing guidelines of SEBI, prior approval of the members by way of special resolution is required for delisting. In view of the above the Board recommends the adoption of the resolution as contained in the accompanying notice.

None of the Directors of the Company are concerned or interested in the resolution.

ITEM NO.10

The clause 10CC of section 10 of the Income Tax Act, 1961, has been amended giving an option to the employer to pay the tax on non-monetary perquisites of the employee. The tax so paid will be exempt in the hands of the employee and will not be added as perquisites of an employee being an individual. The tax so paid by the employer will not be deductible as expenditure from business or professional income of the employer. In view of the above stated amendment, the Board has already approved the proposal and now, the members approval is sought to enable the company to pay the tax payable on non-monetary perquisites to Dr. R. M. Thakkar, Ms. Urmi N. Prasad and Ms. Charita Thakkar for the assessment year 2003-2004 onwards.

Dr. R. M. Thakkar, Ms. Charita Thakkar, Ms Ursula R. Thakkar and Ms. Urmi N. Prasad are deemed to be concerned or interested in the resolution in so far as the payment of Tax on non monetary perquisites is concerned. None of the other Directors of the Company are concerned or interested in the resolution.

Registered Office:

Petrochemical Complex Area,
P.O. Petrofils, Pin 391347,
Dist. Vadodara
Place: Mumbai
Date : 19.07.2003

By Order of the Board of Directors
For Gujarat Petrosynthese Limited

Sd/-
B. I. Patel
Company Secretary

Statement in terms of Schedule XIII of The Companies Act, 1956 as amended vide Notification No.GSR 36(E), Dated 16.1.2002 relating to remuneration payable to Executive Director.

I. General Information:

1. Nature of Industry – Polymer
2. Date or expected date of commencement of commercial production – The Company was incorporated as Private Limited Company on 19.9.1977.
3. Financial performance based on given indicators – as per the audited financial results for the year ended on 31.3.2003.

Particulars	Amount (Rs.in Lac)
Sales	1510.61
Other Income	42.49
Total Income	1553.10
Material Cost	108.23
Staff Cost	181.64
Manufacturing & Other Expenses	1006.51
Total Expenditure	1296.38
Profit Before Depreciation, Interest and Tax	256.72
Depreciation	34.13
Profit before Interest and Tax	222.59
Interest	7.06
Profit Before Tax	215.53
Exceptional Items if any	-
Profit Before Tax	215.53
Net Profit after Tax	128.90



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4. Export Performance and net foreign exchange earned for the year ended on 31.3.2003 – Nil
5. Foreign Investments or collaborators if any – Nil

II. Information about the appointee:

1. Background Details- Ms. Urmi N. Prasad is a B.Com., (1st Class), Associate Chartered Accountant, and M.B.A., from (INSEAD) France. She has been associated with the Company for over 10 years and has handled various functions in finance, accounts, insurance, marketing, administration and corporate strategy. She has also had experience in the Plastics field having managed a plastic stationery unit and has held the position of Treasurer, Society of Plastics Engineers (Indian Section).
2. Past Remuneration – Rs.6,04,800 Salary and Rs.366096 Perquisites, Total Rs.9,70,896 paid as remuneration during the year ending on 31.3.2003.
3. Job profile and suitability – Ms. Urmi N. Prasad renders services as an Executive Director of the Company.
4. Remuneration Proposed – Salary Rs.60,000/- per month, 1% commission on net profit and perquisites more particularly described in the explanatory statement herein before.
5. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person- Looking to the size of the company, the profile of the appointee, the responsibilities shouldered by her, the aforesaid remuneration is commensurate with the remuneration package paid to similar senior level appointees in other companies.
6. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any – Besides the remuneration proposed, the Executive Director does not have any other pecuniary relationship with the company.

III. Other Information:

1. Reasons for loss or inadequacy of profit – The Company is making profits.
2. Steps taken or proposed to be taken for improvement – Not Applicable.
3. Expected increase in productivity and profits in measurable terms-

Particulars	This Year (Rs. Lac)	Previous Year (Rs. Lac)
Sales	1510	1669
Other Income	42	7
Net Profit	129	115



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Details of Directors seeking appointment/reappointment in the forthcoming Annual General Meeting (In pursuance of Clause 49(VI)(A) of the Listing Agreement.)

Name of Director	Dr.S.P. Adarkar	Dr.P. S. Palande	Ms. Urmi N. Prasad	Mr. Adhik Shirodkar
Date of Birth	02.10.1920	05.07.1937	26.09.1964	15.07.1931
Date of Appointment	01.08.2000	16.04.1983	01.04.1993	28.11.1992
Expertise in specific functional areas	Chemistry, Banking and Finance	Administration	Accounts, Finance & Business Administration	Mr. Adhik Shirodkar is a Senior Advocate
Qualifications	M.Sc., Ph.D.	M.A., Ph.D. IAS(Retd.)	B.Com (1 st Class) ACA M.B.A (INSEAD, France)	B.A.(Hons), L.L.B.
Directorship held in other companies (excluding foreign companies)	<ol style="list-style-type: none"> 1. Monsanto India Ltd. 2. The Saraswat Co. Op. Bank Ltd. 3. Uni Abex Alloy Products Ltd. 4. Classic Strips P.Ltd 5. Maharashtra Hybrid Seeds Co.Ltd. 6. Pearl Organics Ltd. 7. Mahyco Vegetable Seeds Ltd. 8. Control Print(India) Ltd. 9. Uni Deritend Ltd. 10. Xel Vision Technologies Ltd. 11. Mahyco Seeds Ltd. 12. Dai-Ichi Karkaria Ltd. 	<ol style="list-style-type: none"> 1. Electronica Machine Tools Ltd. 2. DSK Developers Ltd. 3. United India Ins. Co. Ltd. 4. Allianz Bajaj Life Ins. Co. Ltd. 5. Media Perspectives Ltd. 	<ol style="list-style-type: none"> 1. Southern Agrosynthese Limited 2. GPL Finance and Investments Ltd. 3. Gujarat Polybutenes Private Limited 	Videsh Sanchar Nigam Ltd.
Committee Positions held in other Companies	<p>Member in Audit Committee</p> <ol style="list-style-type: none"> 1. Uni Abex Alloy Products Ltd. 2. Uni Deritend Ltd. 3. Dai-Ichi Karkaria Ltd. 4. Monsanto India Ltd. 5. Control Print(India) Ltd. <p>Member in Remuneration Committee</p> <ol style="list-style-type: none"> 1. Monsanto India Ltd. 2. Maharashtra Hybrid Seeds Co.Ltd. <p>Member in Shareholders Grievances Committee</p> <ol style="list-style-type: none"> 1. Monsanto India Ltd. 2. Control Print(India) Ltd. 	<p>Member in Audit Committee</p> <ol style="list-style-type: none"> 1. United India Ins. Co. Ltd. 2. DSK Developers Ltd. <p>Member of the Investment Committee</p> <ol style="list-style-type: none"> 1. United India Ins. Co. Ltd. 	Nil	Nil

Gujarat Petrosynthese Limited**DIRECTORS' REPORT**

The Directors have pleasure in placing before you the Twenty-Sixth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2003.

FINANCIAL RESULTS

Particulars	Rs. in Lacs	
	2002-03	2001-02
Sales Turnover	1,510.61	1,669.75
Operating Profit	256.72	298.46
Less: Interest	(7.06)	(6.10)
Depreciation	(34.13)	(45.45)
Profit before tax	215.53	246.91
Less: Provision for Tax	(76.00)	(22.00)
Provision for Deferred Tax	(10.63)	(109.40)
Profit after Tax	128.90	115.51
Prior period adjustments/Income Tax for Earlier Years	(159.53)	(28.38)
Add: Balance in Profit & Loss Account	133.20	143.29
Balance available for Appropriation	102.57	230.42
APPROPRIATIONS		
Provision for Dividend	60.19	72.22
Provision for Dividend Tax	7.71	-
Transfer to General Reserve	5.00	25.00
Balance carried to Balance Sheet	29.67	133.20
	102.57	230.42

EQUITY SHARE CAPITAL :

During the year the Company issued 8,34,401 Equity shares of Rs.10/- each to the shareholders of the erstwhile Karnataka Petrosynthese Limited (KPL) consequent to the amalgamation of Karnataka Petrosynthese Limited with the Company.

DIVIDEND:

The directors are pleased to recommend a dividend of Rs.1.00 per Equity Share on 60,18,801 equity shares of Rs.10/- each (which includes 8,34,401 equity shares issued to the shareholders of Karnataka Petrosynthese Limited on amalgamation) for the Year ended 31st March, 2003, which if approved at the ensuing Annual General Meeting will be paid to all those Equity Shareholders whose names appear in the Company's Register of Members as on 2nd September, 2003. However, the financial outlay of the Company towards proposed dividend inclusive of Dividend Distribution Tax @ 12.81% would be Rs. 67.90 Lacs.

INDUSTRIAL SCENARIO

Polybutenes (PIB) and Polymer Alloy and Blends (PAB) are integral parts of the petrochemical business cycle. This year was characterised by slow growth, difficult geopolitical situations, falling demands, soft prices and contracting margins. The domestic industry profitability took a beating due to the low international prices. As a result fresh investments for capacity enhancement did not take place. Despite such a difficult scenario your PIB unit continued to perform well with over 8000 MTA production during the year. With our