

GUJARAT PETROSYNTHESIS LIMITED

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ISO COMPANY

TWENTY-SEVENTH ANNUAL REPORT 2003-2004


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. Petrochemical, Pin : 391346
District Vadodara



Gujarat Petrosynthese Limited

NOTICE

Notice is hereby given that the Twenty-Seventh Annual General Meeting of the Members of Gujarat Petrosynthese Limited will be held at Shruti Hall, Gokulesh Complex, 2nd floor, Above Standard Chartered Bank, Nr. Ivory Terrace, R.C.Dutt Road, Alkapuri, Vadodara – 390 007 on Thursday the 23rd September, 2004 at 2.00 P.M. 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 on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. (Mrs.) M. H. Mehta, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. V. H. Pandya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. M. D. Garde, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to provisions of section 309 and other applicable provisions, if any of The Companies Act, 1956 and subject to all other approvals, if any necessary, consent of the company be and is hereby accorded to the payment of, in addition to the sitting fees and reimbursement of expenses in accordance with the relevant provisions of the Articles of Association of the Company and the statutory regulations for the time being in force to the Directors who are neither in the whole time employment of the company nor Managing / Whole-time Directors of the Company, commission at a rate not exceeding 1 (one) percent of the net profits of the company, in each year calculated in accordance with the relevant provisions of the said act, subject however to such ceiling, if any per annum as the Board may from time to time fix in that behalf and the same to be divided amongst them in such manner as they may from time to time determine.

7. 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 the Central Government and/or any other authorities as may be required, the Company hereby approves that Ms. Ursula R. Thakkar the Whole Time Director be paid increased remuneration consisting of Salary (Rs.60,000/- per month), 1% Commission on net profit and Perquisites, more particularly specified in the explanatory statement annexed to and forming part of the notice, the resolution passed by the Board of Directors of the Company at their meeting held on 24th January, 2004 and the draft Supplementary Agreement to be entered into by the Company with Ms. Ursula R. Thakkar and submitted to this Meeting duly initialed by the Chairman for the purpose of identification, which supplementary agreement is hereby specifically sanctioned. The increased remuneration shall be paid to Ms. Ursula R. Thakkar w.e.f. 25th January, 2004 for the remaining tenure of her appointment.

RESOLVED FURTHER THAT the remuneration aforesaid including benefits and amenities shall be paid as minimum remuneration to Ms. Ursula R. Thakkar, notwithstanding the absence or inadequacy of profit in any financial year of the company during the tenure of her office as Executive Director of the Company.

8. 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 authorized, 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 2004-2005 and to decide the remuneration as may be mutually agreed upon between the Auditors and the Board of Directors of the Company."



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

"RESOLVED THAT pursuant to Section 31 and all applicable provisions of the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force, the Articles of Association of the Company be and are hereby altered in the manner and to the extent as follows :

- i) "Existing Article No.26 A shall be substituted with the following new Article

New Article No.26A.

'Subject to the provisions of section 77A, 77AA and 77B of the Companies Act, 1956 and all other applicable provisions of Securities and Exchange Board of India Act, 1992 and rules, regulations and guidelines thereunder, Company may acquire, purchase or buy-back its own shares or other specific securities out of its free reserve or securities premium accounts or the proceeds of any shares or other specified securities.'

- ii) After new Article No.26A, new Article No.27 shall be inserted

New Article No.27

'Notwithstanding anything contained in the Articles of Association of the Company, the Company shall pass a resolution by the members of the Company by means of postal ballot relating to such business as the Central Government may prescribe from time to time in this behalf and shall comply with the procedure for postal ballot or other methods prescribed under the Act and rules framed thereunder'.

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 77A, 77AA and 77B of the Companies Act, 1956 and Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1988 (hereinafter referred to as "SEBI Regulations") and other applicable laws and regulations, if any, the Company do purchase / buy-back out of free reserves or securities premium account or partly out of free reserves and partly out of securities premium account or out of the proceeds of any shares or securities, provided that such buy back shall not be made out of the proceeds of an earlier issue of the same kind of shares or same kind of other specified securities, upto 15,04,700 equity shares of the Company of the face value of Rs. 10/- representing 25% of the total number of equity shares comprised in the paid up share capital of the Company from the holders of the equity shares or from the open market at such a price not exceeding Rs. 23/- per share so that aggregate value of buy back does not exceed Rs. 346.08lacs.

FURTHER RESOLVED THAT the buyback from non-resident shareholders, shareholders of foreign nationality, etc shall be subject to such approval as are required including approvals from the Reserve Bank of India under the foreign exchange management act,1999.

RESOLVED FURTHER THAT the Board of Directors of the Company be & are hereby authorised to constitute and nominate a committee of personnel and the Board and such Committee be and are hereby authorised:

- To determine and fix the appropriate time, the price, not being a price higher than the maximum price specified hereinabove for the proposed buy-back of shares;
- To adopt any one of the methods of buy-back, referred to in sub-regulation (1) of regulation 4 of the SEBI regulations or any combination thereof namely :
 - From the existing shareholders on a proportionate basis through the tender offer; or
 - From open market through stock exchange;
- to complete the buy-back in one or more tranche/s, if so permissible under the SEBI regulations to such an extent as the Board of Directors and/or the Committee of personnel so appointed may deem fit within the overall value limit and price limit as specified.
- to take all appropriate steps under SEBI regulations and all other applicable laws and regulations including appointments of merchant bankers and any other intermediaries, opening of an escrow and special bank accounts and finalising public announcements and such other documents as may be relevant.

RESOLVED FURTHER THAT nothing contained herein shall confer any right on the part of any shareholder to offer, or any obligation on the part of the Company or the board to purchase / buy back any shares except as provided under the SEBI Regulations and in the manner and during the period prescribed therein."

11. 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 Section 293 (1) (a) of the Companies Act, 1956 (the "Act") and other applicable provisions, if any, and subject to such approvals, consents, permissions, sanctions as may be required, consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board") to restructure the "Polybutene Business" of the Company situated at and presently



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carried on at PCC Area, P.O. Petrochemical, Vadodara District (hereinafter the "Polybutene Business") by transferring it to a wholly owned subsidiary company at book value

RESOLVED FURTHER THAT the Board be and is hereby authorised to execute all necessary documents and deeds for transferring the Polybutene Business of the Company to its wholly owned subsidiary and to do all such acts, matters, deeds and things as the Board in its discretion may consider necessary expedient, or proper to implement the resolution and to complete transfer of the Polybutene Business."

Registered Office:

Petrochemical Complex Area,
P.O. Petrochemical, Pin 391346,

Dist. Vadodara

Place: Mumbai

Date : 31.07.2004

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 send their query addressed 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 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.
5. (a) Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the Financial Year ended on 31st March, 1996 have been transferred to the Central Government.
(b) Shareholders who have not encashed / claimed the Dividend from the year ended 31.3.99 onwards are requested to make their claims to the Company without delay. Since as per amended 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.
6. The Companies (Amendment) Act, 2000 read with the Companies passing of Resolutions by Postal Ballot Rules, 2001, specifies that the approval of the members for certain resolutions at the general meeting are required to be carried through Postal Ballot. Items No. 10 & 11 of the notice attract these provisions and hence these resolutions are required to be approved through Postal Ballot. The postal ballot paper is enclosed. As per rules the postal ballot with assent/dissent must reach the scrutinizer on or before 20.09.2004. The Company has appointed Mr. J.J. Gandhi, a company secretary in whole time practice, as scrutinizer for the poll, who will submit a report on the same on or before 23.09.2004 and the results will be announced during this Annual General Meeting
7. The Register of Members and Share Transfer Books of the Company will remain closed from 20.09.2004 to 23.09.2004 (both dates inclusive) for the purpose of Annual General Meeting.
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. 6

The Resolution regarding 1% commission of net profit payable to non-whole time directors, passed at the Annual General Meeting of the Company held on 29th September, 1999 was effective up to the year 2003-2004, therefore it needs renewal.

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The proposed resolution authorizes the company for payment of commission of 1% of the net profits of the company to non-whole time directors, for a further period of five financial years commencing from 2004- 2005. During the last 20 years of company's operations, the non-whole time directors have made significant contribution to the progress of the company. After Karnataka Petrosynthese Limited merged with the company, the activities of the company have diversified in a different field & the non whole time directors of the company have to devote much more time and attention to the company's affairs. These Directors, who also occupy prominent positions in their respective fields, deserve to be adequately compensated.

The proposed resolution is in conformity with the provisions of Section 309 of the Companies Act, 1956 and requires to be approved by members.

All non-whole time directors, i.e. Dr. P. S. Palande, Dr. S. P. Adarkar, Dr. A. C. Shah, Mr. Adhik Shirodkar, Mr. V.H.Pandya, Mr. M. D. Garde and Dr. (Mrs.) M. H. Mehta are deemed to be concerned and interested in the resolution. Dr. R. M Thakkar may be deemed to be concerned in the resolution as he is a relative of Dr. (Mrs.) M. H. Mehta, one of the Non Whole Time Directors of the Company.

ITEM NO . 7

Ms. Ursula R. Thakkar was reappointed as an Executive Director for a period of 5 years commencing from 1.10.2001. The re-appointment was sanctioned by the Central Government vide their letter dated 10.10.2002. The re-appointment was also approved by the members at the Annual General Meeting of the Company held on 31.12.2002.

Subsequent to the re-appointment of Ms. Ursula R. Thakkar as a whole time director, the Schedule XIII providing ceiling on managerial remuneration undergone changes vide Notification No.GSR 36 (E) dated 16.01.2002-permitting companies to pay managerial remuneration more liberally.

Accordingly the members approval has been sought for sanctioning the payment of increased remuneration to Ms.Ursula R. Thakkar the Whole Time Director. w.e.f. 25th January, 2004 for the remaining tenure of her appointment as described herein below :

1. **Salary** : Rs.60,000/- (Rupees Sixty Thousand only) per month in the scale of (Rs.60,000-5,000-85,000)
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. Ursula R. Thakkar for herself and her family.
- [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. Ursula R. Thakkar and family shall be covered under the Mediclaim 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.

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(Family includes dependent parents, spouse and children who are dependent on her) Ms. Ursula R. Thakkar 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 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(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 abstract of the variation of the terms of contract of reappointment between the company on the one side and Ms. Ursula R. Thakkar on the other side, pursuant to section 302 of The Companies Act, 1956 has been circulated to members earlier. The requisite application has already been made to the Central Government and their approval is awaited.

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

The Board recommends the resolution for your approval.

ITEM NO.8

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 authorization of the members is being obtained in accordance with the provisions of Section 228 of the Companies Act, 1956 in terms of the Ordinary Resolution under item No.8 of the accompanying Notice.

None of the Directors are concerned or interested in passing of this resolution.

ITEM NO.9

The Companies (Amendment) Act, 2000 have introduced new provisions regarding the buy back of shares and postal ballots require alteration in the Articles of Association of the Company as follows :

- i.) Section 77A of the Companies Act, 1956 requires buy back of shares to be authorised by the Articles of Association of the Company. As the Company is planning to buy-back its own shares, it is necessary to alter / amend Articles of Association of Company to have authority to buy-back its own shares.
- ii.) In accordance with the provisions of Section 192A of the Companies Act, 1956, certain businesses / resolutions related to such business as the Central Government may notify from time to time are to be conducted / passed only by postal ballot instead of transacting the business in the General Meeting. The Articles of Association are to be amended to insert a new Article authorising the Company to pass the resolution by postal ballot.

None of the Directors are concerned or interested in passing of this resolution.

ITEM No.10

The Companies (Amendment) Act, 2000 have permitted Companies to buy-back their own shares, subject to the condition prescribed under the Act. In case of a listed Company like ours, the Securities and Exchange Board of India (SEBI) has prescribed guidelines under SEBI (Buy Back of Securities) Regulations, 1998 for Companies to buy-back its own shares. One of the requirements is to provide information in the explanatory statement in accordance with Schedule I attached to SEBI (Buy Back of Securities) Regulations, 1998, which are as follows:

1. The Board of Directors of the Company in their meeting held on 31/07/2004 has approved the proposal for Buy back of its own fully paid up equity shares of Rs. 10/- each.
2. The buy-back of equity shares is proposed to maximize return to investors, enhance overall shareholder value and further improve financial ratios.



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3. The Company proposes to buy back its shares from the open market through stock exchanges. However, the Board of Directors is also authorised to implement buy back through any other method as permitted or any combination thereof.
4. The maximum amount proposed to be utilised for the buy back of shares shall not exceed Rs. 346.08 lacs. The above buy back amount will be financed out of company's free reserve and /or out of the securities premium account. The funds for buy back will be available from current surpluses and out of internal accruals of the Company. The limit of Rs. 346.08 lacs is the overall value limit upto which the Company may buy back its own shares. However, Board of Directors and/or Committee of personnel appointed in this regard shall determine the time, the price and the amount upto which the said buy back can be undertaken.
5. The equity shares of the Company are frequently traded on The Stock Exchange, Mumbai (BSE). The average of high and low of closing prices of the equity shares on BSE during the 26 weeks period prior to the date of the Board Resolution dated 31.07.2004 are as follows:

Period	Highest rate per share Rs.	Lowest rate per share Rs.	Volume (No. of Shares)
January -04	18.09	11.25	1300
February - 04	16.05	11.10	1350
March - 04	12.21	12.21	100
April - 04	12.15	11.00	2050
May - 04	-	-	-
June - 04	13.00	10.75	12950
July - 04	10.75	10.75	150

The Board of Directors of the Company have proposed the maximum price of Rs.23/- per share upto which shares may be bought back by the Company. However the same will be decided by Board of Directors in the best interest of the Company.

6. The Board of Directors of your Company have proposed to buy back upto 15,04,700 equity shares of the face value of Rs. 10/- each representing 25% of total paid up equity shares of the Company. However, the extent of such buy back shall be determined by the Board of Directors and/or Committee of personnel appointed and authorised for the said purpose.
- 7.

- a) The aggregate shareholding of the promoters of the Company and/or person who are in control of the Company as on the date of notice convening the Annual General Meeting is 2019893 equity shares of Rs. 10/- each aggregating 33.55 % of the issued and paid up capital of the Company.
- b) Aggregate number of equity shares purchased or sold by person including persons mentioned in (a) above during a period of six months preceding the date of the Board Meeting at which the buy back was approved from date till date of notice convening the Annual General Meeting.

Name of the promoter/Person Acting in Concert	No. of Equity Shares	Nature of Transaction
Dr. R M. Thakkar	17928	Shares purchased

- c) The maximum and minimum price at which purchases and sales referred to in (b) above were made along with the relevant dates.

Particulars	Amt. in Rs. per share	Date of Transaction
Shares Purchased by R.M. Thakkar at minimum price	11.00	6.4.2004
Shares purchased by R. M. Thakkar at maximum price	14.00	19.7.2004

- d) The holding of promoters and/or persons in control of the Company as mentioned at (a) above will be 44.75 % of post buy back equity capital after completion of said buy back to the maximum permissible extent of 25%.
8. The promoters, and/or persons in control, of the Company, and /or their associates, and/or persons acting in concert with them, will not offer their shares to the Company under the proposed buy back of share by the Company.
9. The Company confirms that there are no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
10. The Board of Directors of the Company confirm that it has made the necessary and full inquiry into the affairs and prospects of the Company and the Board of Directors have formed the opinion that :



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- a.) Immediately following the date on which the general meeting is convened, there will be no grounds on which the Company could be found unable to pay its debts;
 - b.) As regards its prospects of the year immediately following the date of the general meeting, having regard to their intention with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in the view of the Board of Directors be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of this Annual General Meeting.
 - c.) In forming their opinion for the above purposes, the Board of Directors have taken into account the liabilities, as if the Company were being wound up under the provisions of the Companies, Act 1956 (including prospective and contingent liabilities).
11. As per the provisions of the Act, the special resolution passed by the shareholders approving the share Buy-Back will be valid for a maximum period of twelve months from the date of passing of the special resolution (or such extended period as may be permitted under the Act or the Regulations or by the appropriate authorities).
 12. In accordance with the regulatory provisions, the shares bought back by the Company will compulsorily be cancelled.
 13. The Company's total debt equity ratio, after the share Buy-back, will be well below the maximum limit of 2 :1 specified in law.
 14. In accordance with the provisions of the Act, the Company will not be entitled to make a fresh offering of equity shares, of this class, for a period of 6 months from the date of completion of this share Buy-back programme except in cases/ circumstances referred to in sub-section (8) of Section 77A of the Act.
 15. The text of the Report dated 31.07.2004 received from M/s. Mr. Suresh Thakkar & Co., Chartered Accountants of the Company addressed to the Board of Directors of the Company is reproduced below :
 "In connection with the proposal of Gujarat Petrosynthese Limited ("the Company") to Buy back its shares and in pursuance of the provisions of Section 77A and 77B of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy-back) of Securities) Regulations, 1998, we have examined the audited financial statements of the Company for the year ended 31.03.2004 and the relevant records, ratios, analysis, reports and according to the information and explanations given to us and on the basis of such verification of records as we considered appropriate, we report that:-
 - a) We have enquired into the state of affairs of the Company.
 - b) In our opinion, the amount of maximum permissible capital, being Rs. 150.47 lacs which is 25% of the total paid-up capital of the Company and 9.99% of the total paid up capital and free reserves of the Company for the shares to be bought back, is properly determined in accordance with Section 77A(2)(c) of the Companies Act, 1956.
 - c) The Board of Directors in their meeting held on 31.07.2004 have formed their opinion, as specified in clause (x) of Schedule I of Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of 1 year from the date of Annual General Meeting of the members of the Company proposed to be held on 23.09.2004".
 16. All the material documents referred to in the Explanatory Statement such as Memorandum and Article of Association, relevant Board resolution for Buy-back of shares and the Auditors' Report on their enquiry into the state of affairs of the Company, will be made available for inspection at the Registered Office of the Company on all working days, except Saturdays and holidays, between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
 17. As the proposal for Buy-back of Equity Shares will be in the interest of the Company, the Directors recommend the passing of the resolution as set out in the notice.
 18. None of the Directors of the Company are, in anyway, concerned or interested in the resolution, save and except to the extent that, in like manner as for all other shareholders, their percentage holding in the post Buy-back equity share capital will proportionately stand enhanced as a result of the share Buy-back.

ITEM NO.11

The Company started its manufacturing activities during June 1984. It was the first Company to manufacture polybutene, utilised in the manufacture of lubricating oil/additives and also as lubricants (the "Polybutene Business"). The manufacturing facilities for manufacture of polybutene is located at Baroda (the "Plant") The Plant has run very successfully and the Company has been dividend paying company since it started operations.

Polybutene is a polymer and like all polymers is subject to cyclical ups and downs. The polymer demand grew upto 40,000 tons per year due to its use in two stroke engine vehicles, but it has now been reduced to 20,000 tons per

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year due to change over to more efficient four stroke engines. During this period three other manufacturing facilities have been set up by competitors, out of which one manufacturing is closed and the other manufacturing is merged with the promoting company on account of heavy losses. There are two plants remaining (including ours) and the current Indian demand can sustain these plants. However, the margin are and would be under pressure.

The Board of Directors (the "Board") therefore proposes to transfer the Polybutene Business as a going concern including land, building, plant and machineries and other assets and liabilities relating to the Polybutene Business to a wholly owned subsidiary company at book value. The present book value of the Polybutene Business is approximately Rs. 5 crores. The transferee wholly owned transferee company shall issue its equity shares to the Company in consideration for transfer of the Polybutene Business. The authorised and initial share capital of the wholly owned subsidiary company shall be suitably structured in order to leverage its operations as also to be in line with the financial structure of entities in same or similar line of business and as may be acceptable by the proposed lenders. This will enable the subsidiary company to chalk out its future plan and enter into strategic alliances to enter into joint venture to increase its profitability.

The members are requested to give their consent as required under Section 293(1)(a) of the Act.

None of the Directors of the Company is interested in the resolution.

NOTICE PURSUANT TO SECTION 192A(2) OF THE COMPANIES ACT, 1956 For Item No. 10 & 11

As per Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, the consent of the shareholders for the above purpose is required to be obtained by means of postal ballot. Accordingly said draft Resolution(s) under items no. 10 & 11 to the notice and the Explanatory Statement with reference thereto are being sent to you along with a Postal Ballot Form for your consideration and doing the needful.

The company has appointed Mr. J. J. Gandhi, Practising Company Secretary, as Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed in the postal Ballot Form and return the form duly completed, in the attached self addressed postage pre-paid letter so as to reach the scrutinizer on or before 20.09.2004. The Scrutinizer will submit his report to the Chairman after completion of the Scrutiny and the results of the postal ballot will be announced by the Chairman during the ensuing Annual General Meeting to be held on Thursday the 23rd September, 2004, at Shruti Hall, Gokulesh Complex, 2nd floor, Above Standard Chartered Bank, Nr. Ivory Terrace, R.C. Dutt Road, Alkapuri, Vadodra - 390 007 at 2.00 P.M.

By Order of the Board of Directors

For GUJARAT PETROSYNTHESIS LIMITED

Place: Mumbai
Date: 31.07.2004

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 of 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 31.3.2004.

Particulars	Amount (Rs. in Lacs)
Sales	1408
Other Income	40
Total Income	1448
Material Cost	139
Staff Cost	171
Manufacturing & Other Expenses	833
Total Expenditure	1143
Profit Before Depreciation, Interest and Tax	292