

ATREYA PETROCHEM LIMITED

ANNUAL REPORT

2009-10

ATREYA PETROCHEM LIMITED

NOTICE:

Notice is hereby given that Annual General Meeting of the Members of **Atreya Petrochem Limited** will be held on Thursday, September 30, 2010, at 11 .00 AM at, Vill : Tundao, Tal: Salvi, Vadodara – 391 775 to transact the following business:

Ordinary Business:

1. To receive, consider, approve and adopt the Audited Balance Sheet as on 31st March, 2010 and Audited Profit and Loss Account for the year ended on that date, together with the reports of the Directors and Auditors thereon.

“RESOLVED THAT the Audited Balance Sheet as on 31st March, 2010 and Audited Profit and Loss Account for the year ended on that date, together with the reports of the Director and Auditors thereon be and hereby received and adopted.”

2. To appoint a director in the place of Mr. Sombhai Shankarbhai Thakkar who retires by rotation and being eligible, offers himself for re-appointment.

“RESOLVED THAT Mr. Sombhai Shankarbhai Thakkar, Director of the Company, retiring by rotation at this Annual General Meeting be and is hereby re-appointed as Director of the Company.”

3. To re-appoint Auditors of the Company and fix their remuneration.

N. R. Parikh & Co, Chartered Accountants has expressed their willingness to continue as the auditors of the Company after the conclusion of the Annual General Meeting of the Company and their appointment would be within the limits prescribed under section 224 (1) of the Companies act, 1956.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to provision of Sub-section (1) of Section 224 of the Companies Act, 1956, M/s. N. R. Parikh & Co Chartered Accountants, be and they are hereby appointed audited of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company to audit the financial accounts of the Company for the financial year 2010 - 2011 on a remunerated by way of such fees as the directors may determine.”

By order of the Board
For Atreya Petrochem Limited
Sd/-

Date: 25th August, 2010.
Place: Vadodara

Director

NOTICE:

- ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXY FORM IS HEREBY ENCLOSED.
- The Register of Members and the Share Transfer Books of the Company will remain closed from **26th Day of September, 2010 to 30th Day of September, 2010** (both days inclusive)
- The members are requested to:
 - Intimate to the Company's Registrars and Share Transfer Agents, **Link Intime India Private Limited** (for shares held in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their registered address, Bank account number / details etc. at an early date, quote ledger folio numbers /DP Identity and Client Identity Numbers in all their correspondences;
 - Bring the copy of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;
 - Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company at the registered office address so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
 - Members/beneficial Owners are requested to quote their full name as per the Company's record, Folio No. /DP and Client ID Nos. as the case may be, in all their correspondence with the Company.
 - In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 - Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.

By Order of the Board
Sd/-

Date: 25th August, 2010.

Place: Vadodara.

Director

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Annual Report together with the Audited Statement of Accounts for the Financial Year ended on 31st March, 2010.

(1) FINANCIAL AND WORKING RESULTS :

| <u>PARTICULARS</u> | 2009-2010 (Rs.) | 2008-2009 (Rs.) |
|---|----------------------------|----------------------------|
| Profit Before Depreciation: | 95,82,385 | (1,31,062) |
| (Less): Depreciation | (12,83,163) | (2,14,956) |
| Profit After Depreciation: | 82,99,222 | (3,46,018) |
| (Less): Prior Period Expenses | - | (15,000) |
| Net Profit Before Taxation | 82,99,222 | (3,61,018) |
| (Less): Provision for Taxation | - | - |
| Net Profit After Taxation | 82,99,222 | (3,61,018) |
| (Less): Prior Period Expenses | (30,000) | - |
| (Less): Loss brought forward from previous year | (2,98,30,885) | (2,94,69,867) |
| Balance Carried to Balance Sheet | (2,15,61,663) | (2,98,30,885) |

(2) DEPOSITS:

The Company has not accepted any deposits during the year with the meaning of the Companies (Acceptance of Deposits) Rules, 1975.

(3) DIVIDENDS:

In view of carried forward losses, your Directors do not recommend any dividend.

(4) PARTICULARS OF EMPLOYEES:

There was no employee drawing remuneration of Rs. 24,00,000 per annum or Rs. 2,00,000 per month for any part of the year or more and hence no particulars have been furnished as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Rules), 1975.

(5) **PARTICULARS RELATING TO CONSERVATION OF ENERGY,**

A. CONSERVATION OF ENERGY:

The Company does not have material information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Board of Directors) Rules, 1988 to offer and hence no particulars have been furnished.

B. FOREIGN EXCHANGE EARNING & OUTGO:

During the year, the Company has neither earned nor spent any foreign exchange.

(6) **DIRECTORATE:**

Mr. Santoshbhai R. kahar retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment as Director liable to retire by rotation.

(7) **DIRECTORS RESPONSIBILITY STATEMENT:**

- (i) Your Directors have followed the applicable accounting standards alongwith proper explanation relating to material departure if any, while preparing the annual accounts;
- (ii) Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and of the loss of the Company for the period;
- (iii) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) Your Directors have prepared the annual accounts on a going concern basis.

(8) **AUDITORS:**

M/s. N. R. PARIKH & CO., Chartered Accountants, Vadodara, Auditors of the Company retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for reappointment. You are requested to appoint Auditors and fix their remuneration.

(9) **AUDITORS' REPORT:**

Clause no. 4 of Notes to Accounts (schedule L) is self explanatory in respect of Auditors' comment in clause no. 3 of their Report.

(10) **ACKNOWLEDGEMENTS:**

Your Directors take opportunity to express their gratitude to government, employees and bankers and for their valuable support and co-operation.

FOR AND ON BEHALF OF THE BOARD

Place : Vadodara.

Date : 25/08/2010.

Chairman

Corporate Governance Report

● Philosophy of the Company on Corporate Governance:

The Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices, many of which were in place even before they were mandated by adopting highest standards of professionalism, honesty, integrity and ethical behavior. As an organization the Corporate through the Governance mechanism in the Company, the Board along with its Committees undertake its fiduciary responsibilities to all its stakeholders by ensuring transparency fair play and independence in its decision making.

● Board of Directors:

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. Directors fully endorse and support the Corporate Governance practices in accordance with the provisions of the listing agreement.

■ Composition of the Board:

| Name of the Directors | Designation | Meeting Held | Meetings Attended |
|------------------------------|--------------------|--------------|-------------------|
| Sombhai Shankarbhai Thakkar | Director | 5 | 5 |
| Santosh Ranchhodbhai Kahar | Executive Director | 5 | 5 |
| Bachubhai Shankerlal Thakkar | Director | 5 | 5 |
| Mr. Bharat L. Patel* | Director | 5 | 4 |

* Mr. Bharat L. Patel resigned from the post of Director on 15th November, 2009. Thus, he ceased to be the Director of the Company from the said date.

■ Number of Board Meeting During the year:

The Board of Directors met Five times during the financial year, on the following dates:

- ▶ 30th April, 2009.
- ▶ 31st July, 2009.
- ▶ 25th August, 2009.
- ▶ 31st October, 2009.
- ▶ 31st January, 2010.

The Company placed before the Board the budgets, Annual operating plans, performance of the business and various other information, including those specified under Clause 49 of the Listing Agreement, from time to time.

■ Other provisions as to Board and Committees:

None of the Directors on the Company's Board is a Member of more than **ten** Committees and Chairman of more than **five** Committees (Committees being, Audit Committee and Investors' Grievance Committee) across all the Companies in which he is a Director and do not hold the office of Director in more than **fifteen** public Companies.

■ **Code of Conduct:**

- ▶ The Board shall lay down a **code of conduct** for all Board members and senior management of the Company. The code of conduct shall be posted on the website of the Company.
- ▶ All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the Company shall contain a declaration to this effect signed by the Managing Director.

The Committee of the Board:

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/scope. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions/ noting.

● **Audit Committee:**

During the financial year 2009-10, Five Audit Committee Meetings were held on the following dates:

- ▶ 22nd April, 2009.
- ▶ 22nd July, 2009.
- ▶ 18th August, 2009.
- ▶ 22nd October, 2009.
- ▶ 22nd January, 2010.

The constitution of the Committee and the attendance of each member of the Committee are given below:

| Members | Designation | Meetings Held | Meetings attended |
|------------------------------|-------------|---------------|-------------------|
| Bachubhai Shankerlal Thakkar | Chairman | 5 | 5 |
| Sombhai Shankarbhai Thakkar | Member | 5 | 5 |
| Santosh Ranchhodbhai Kahar | Member | 5 | 5 |

■ **Powers of Audit Committee:**

The audit committee shall have powers, which should include the following:

- ▶ To investigate any activity within its terms of reference.

- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

■ **Role of Audit Committee:**

The role of the Audit committee shall include the following:

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

■ **Review of information by Audit Committee**

The Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the audit committee), submitted by management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

● **Investors' Grievance Committee:**

■ **Terms:**

- The Committee may invite other Directors/ Officers of the Company to attend the meetings of the Compensation Committee as 'Invitees' from time to time as and when required.
- Minutes of the Investor Grievance Committee are placed before the Board in its subsequent meeting.

■ **The key responsibilities of the investor grievance committee:**

Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time.

- Redressal of shareholders and investor complaints/ grievances e.g. transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc.
- To approve, register, refuse to register transfer / transmission of shares and other securities.
- To sub-divide, consolidate and / or replace any share or other securities certificate(s) of the Company.
- To issue duplicate share other security(ies) certificate(s) in lieu of the original share / security(ies) certificate(s) of the Company;
- To approve the transmission of shares or other securities arising as a result of death of the sole/ anyone joint shareholder.