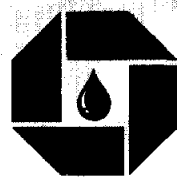


1998-99

9th
**ANNUAL
REPORT**



Laffans

PETROCHEMICALS LIMITED

(AN ISO 9002 FIRM)

LAFFANS PETROCHEMICALS LIMITED

BOARD OF DIRECTORS

Shri Prem Seth (Managing Director)
Shri Sandeep Seth (Executive Director)
Shri Sanjay Khaitan (Solicitor)
Shri Sanjay Seth (Director)
Shri Jaideep Seth (Director)

ADVISOR

Shri H.R.Patankar

AUDITORS

S.M.Kapoor & Co.

BANKERS

Indian Overseas Bank
Indian Bank
Punjab National Bank

REGISTERED OFFICE AND FACTORY

Plot NO 321, G.I.D.C.
Panoli, Tal. Ankaleshwar,
Dist. Bharuch
Gujrat.

CORPORATE OFFICE

10, Luthra Industrial Premises
Ground Floor, Andheri Kurla Road,
Safed Pool, Mumbai 400072

7TH ANNUAL REPORT 1998-99**NOTICE :**

NOTICE is hereby given that the Seventh Annual General Meeting of Laffans Petrochemicals Limited will be held on Tuesday 28TH DECEMBER 1999 at 3.00 P.M. at the Registered Office of the Company to transact following business.

1. To consider and adopt Profit & Loss account for the 12 months period ended 30th September 1999 and Balance-sheet as on that date together with Directors and Auditors Report thereon.
2. To reappoint a Director who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors of the company who shall hold office from conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without modification the following resolution as a ordinary resolution. "Resolved that the Installed capacities as reported in the Annual reports be corrected as shown below in terms of the technical appraisals of GILC Ltd & affidavit filed by the Executive Director in this regard".
5. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution. "Resolved that the auditors remarks on the trading accounts qualifications made in 1997-98, which were read out in the AGM held on 30-12-98 & explained by the Directors, & as per Minutes be adopted & the said annual accounts be read along with the auditors reports.

BY ORDER OF THE BOARD

SANDEEP SETH

Place:

Registered Office
Plot NO 321, GIDC
Panoli, tal. Ankaleshwar
Dist Bharuch, Gujrat.

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and the Proxy need not be a member of the Company.
2. The Proxy form duly signed should reach the Company's Registered office at least 48 hours before the time fixed for the meeting.
3. Register of Members and Share Transfer Books of the Company shall remain closed from 24-12-99 to 28-12-99 (both days inclusive).
4. Shareholders seeking any information with regard to accounts are requested to write to the Company early so as to enable the management to keep the information ready.

BY ORDER OF THE BOARD

SANDEEP SETH

(Executive Director)

Place:

Registered Office
Plot NO 321, GIDC
Panoli, Ankaleshwar
Dist Bharuch, Gujrat.

Date : 30/11/1999.

EXPLANATORY STATEMENT :

Item NO (4).

The Company had earlier reported following Installed Capacities in the previous Annual reports. GILC Ltd, who had appraised the Projects & participated the funds in Term Loans have advised to reflect the corrected capacities in the Annual report. The Company accordingly passed a Board resolution & the Executive Director filed an Affidavit. The shareholders in this meeting are requested to approve the rectification.

LAFFANS PETROCHEMICALS LIMITED

Sr.NO	Installed Capacities	Year	AS M/Tonnes Per Annum	
To be corrected				
As Stated In B/Sheets				
SPECIALITY CHEMICALS			Ethoxylates Glycol Ethers	
	M/Tonnes			

1	2800	1993-94	800	nil
2	8000	1994-95	800	nil
3	8000	1995-96	800	2100
4	8000	1996-97	800	2100
5	7900	1997-98	2800	5100
6	10000	1998-99	4000	6000

(AS PER BOARD MEETING MINUTES HELD ON 30-12-1998)

Item No(5)

The Managing director explained that the auditors report containing the remarks on trading accounts qualifications in 1997-98 be treated as the part of the annual report & are duly recorded in Minutes of the sixth annual general meeting of the company.

BY ORDER OF THE BOARD

SANDEEP SETH
(Executive Director)

Place:

Registered Office
Plot NO 321,GIDC
Panoli,tal.Ankaleshwar
Dist Bharuch,Gujrat.

DIRECTORS REPORT:**TO THE MEMBERS**

Your directors have pleasure in presenting the seventh Annual Report with the Audited Accounts of the Company for the 12 months ended 30th September 1999.

FINANCIAL RESULTS

	(Rs in lacs)	
	1-10-1998	1-4-97
	TO	TO
	30-09-1999	30-9-98
	(12 MONTHS)	(18 MONTHS)
Gross Sales	4933.70	6681.02
Profit before depreciation and interest.	596.93	432.56
Interest	93.97	211.24
Profit after Interest	502.96	221.32
Depreciation	61.00	50.62
Profit before tax	441.96	170.70
Provision for tax	38.00	15.00
Profit after tax	403.96	155.70
Balance in P&L A/C	207.74	52.04
Balance c/fd.	611.70	207.74
Balance available for appropriation.	611.70	207.74
TRANSFER TO CAPITAL RESERVE	0	0
Balance C/D to B/sheet	611.70	207.74

TURNOVER AND PROFIT

The Gross Sale of the company is Rs 4933.70 Lacs. The Gross profit is Rs 596.93 lacs. The Net Profit is Rs 403.96 lacs which shows an impressive performance made by the Company during the year.

Your Company has been the first to achieve the ISO 9002 standard in its industry for its multipurpose Glycol Ether /Ethoxylation unit.

NEW DIVISION:

- The Company is planning to commence a new division to launch Information & Technology in Softwares. A detailed report will be circulated at a later date.
- The Company is implementing a diversification project to be completed by August 2000 at an approximate cost of Rs 675 lacs, under GILC finance.

FUTURE PROSPECTS

With the economy recovering back from the depressionary trends the Petrochemicals Products demands have increased & have shown positive

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trends for steady business. LPL due to its dominant position is very well established & will continue to maintain its market leadership, in its product range.

DIVIDENDS :

Your directors do not propose to declare a dividend due to diversification project under implementation.

DIRECTORS

Shri Jaideep Seth, who retires by rotation and being eligible offers himself for reappointment.

Shri A. Prasad, the nominee director of GILC Ltd, has been withdrawn by GILC Ltd in March 1999 & the Board places its sincere appreciation for the valuable guidance rendered by him to the Company.

AUDITORS

The Auditors M/S S.M. Kapoor & Co, Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for reappointment.

PERSONNEL

There is no employee drawing salary in excess of limits prescribed under section 217(2 A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended.

FIXED DEPOSITS

Your Company has not accepted any deposit within the meaning of section 58(A) of the Companies Act, 1956 and the rules made there under. The Company did not accept or renew any deposits from the public.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Information pursuant to Section 217(1)(e) of the Companies Act 1956 read with the companies (Disclosure of particulars in the report of Board of Director) Rules 1988 is annexed and forms a part of this report.

APPRECIATION

The Board of Directors of the Company take this opportunity to place on record its appreciation and sincere thanks to the valuable support given by various Government Departments Financial Institutions, Banks, Project consultants, Equipments suppliers and all others who have extended their full co-operation. The Board also wishes to place on record its appreciation for all the employees at all levels who have worked as an efficient team making a significant contribution to the project and to achieve its planned target despite despressionary trends in Petrochemicals Industry.

ACKNOWLEDGEMENT

Your directors acknowledge with gratitude the co-operation and assistance given by the financial institutions/Bankers of the Company during the year ended 30th September 1999.

BY ORDER OF THE BOARD

SHRI PREM SETH

(Managing Director)

SHRI SANDEEP SETH

(Executive Director)

SHRI SANJAY SETH

(Director)

Place: Mumbai

Date : 30/11/1999