

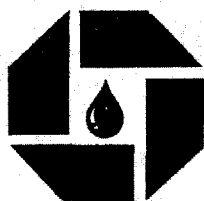
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PETROCHEMICALS LIMITED

(AN ISO 9002 FIRM)

LAFFANS PETROCHEMICALS LIMITED

BOARD OF DIRECTORS

Shri Sandeep Seth	(Executive Director)
Shri Sanjay Seth	(Director)
Dr. Alok Kumar Gupta	(Director)
Shri Ravinder Jethani	(Director)
Shri Atul Sharad Kumar	(Director)

ADVISOR

Shri H. R. Patankar

AUDITORS

S. M. Kapoor & Co.

BANKERS

Indian Overseas Bank

Indian Bank

Punjab National Bank

CORPORATE OFFICE

10, Luthra Industrial Premises,
Ground Floor, Andheri Kurla Road,
Safeed Pool, Mumbai - 400 072.

REGISTERED OFFICE

321, GIDC Panoli Tal. Ankleshwar,
Dist. Bharuch, Gujarat.

**REGISTRARS &
TRANSFER AGENTS**

BIG SHARES SERVICES PVT. LTD.
E/2/3, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (East), Mumbai - 400 072.

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Members of **LAFFANS PETROCHEMICALS LIMITED** will be held on Wednesday, 31st March 2004, at 5.00 P.M. at the Registered Office of the Company at Plot No. 321, G.I.D.C., Panoli, Tal. Ankleshwar, Dist. Bharuch, Gujarat to transact the following business

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 30th September 2003, the Balance Sheet as at that date and the Reports of the Directors' and Auditors' thereon.
2. To reappoint Mr. Sandeep Seth Director, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To reappoint Dr. Alok Kumar Director, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification the following resolution as a Ordinary Resolution :

"RESOLVED THAT pursuant to provision of Section 257 of the Companies Act, 1956, Mr. Ravinder Jethani who was appointed as an Additional Director at the Board meeting held on 8th September, 2003 and whose term of office expires at the commencement of this meeting and in respect of whom notice under Section 257 of the Act has been received from the member signifying his intention to propose Mr. Ravinder Jethani as a candidate for the office as a Director of the company together with the necessary deposit, be and hereby appointed as Director of the Company, liable to retire by rotation"

6. To consider and if thought fit to pass with or without modification the following resolution as a Ordinary Resolution:

"RESOLVED THAT pursuant to provision of Section 257 of the Companies Act, 1956, Mr. Atul Sharad Kumar who was appointed as an Additional Director at the Board meeting held on 8th September, 2003 and whose term of office expires at the commencement of this meeting and in respect of whom notice under Section 257 of the Act has been received from the member signifying his intention to propose Mr. Atul Sharad Kumar as a candidate for the office as a Director of the company together with the necessary deposit, be and hereby appointed as Director of the Company, liable to retire by rotation"

BY ORDER OF THE BOARD

SANDEEP SETH

Registered Office :

Plot No. 321, G.I.D.C., Panoli,
Tal. Ankleshwar, Dist. Bharuch, Gujarat

31st January 2004

NOTES :

- (a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the company.
- (b) Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
- (c) Register of Members and Share Transfer Books of the Company shall remain closed from 22nd March, 2004 to 31st March 2004 (both days inclusive).

LAFFANS PETROCHEMICALS LIMITED

- (d) Shareholders seeking any information with regard to the 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

Registered Office :

Plot No. 321, G.I.D.C., Panoli,
Tal. Ankleshwar, Dist. Bharuch, Gujarat

31st January 2004

EXPLANATORY STATEMENT :

Item No : 5

The Board of Directors of the Company at their meeting held on 8th September 2003 appointed Mr. Ravinder Jethani as an Additional Director u/s 260 of the Companies Act 1956. As per the said section Mr. Ravinder Jethani holds office upto this Annual General Meeting. Notice has been received from a member u/ s 257(1) of the Companies Act, 1956, proposing the name of Mr. Ravinder Jethani. Hence the above resolution is proposed as an Ordinary Resolution.

Except for Mr. Ravinder Jethani, none of the other directors are interested in the resolution except as the members of the Company.

Item No ; 6

The Board of Directors of the Company at their meeting held on 8th September 2003 appointed Mr Atul Sharad Kumar as an Additional Director u/s 260 of the Companies Act 1956. As per the said section Mr. Atul Sharad Kumar holds office upto this Annual General Meeting. Notice has been received from a member u/ s 257(1) of the Companies Act, 1956, proposing the name of Mr. Atul Sharad Kumar. Hence the above resolution is proposed as an Ordinary Resolution.

Except for Mr. Atul Sharad Kumar, none of the other directors are interested in the resolution except as the members of the Company.

BY ORDER OF THE BOARD

SANDEEP SETH

Registered Office :

Plot No. 321, G.I.D.C., Panoli,
Tal. Ankleshwar, Dist. Bharuch, Gujarat

31st January 2004

DIRECTORS' REPORT

Your directors have pleasure in presenting the 11th Annual Report and the Audited Accounts of the Company for the year ended 30th September 2003.

FINANCIAL RESULTS

PARTICULARS	(Rs. In lacs)	
	1-10-2002 to 30-09-2003	1-10-2001 to 30-09-2002
Gross Income	8712.60	7754.71
Profit before tax, depreciation, interest	522.16	583.83
Interest	16.27	17.71
Profit before depreciation & tax	505.89	566.12
Depreciation	103.90	101.24
Profit before Tax	401.99	464.88
Provision for Tax	132.00	143.00
Profit after Tax	269.99	321.88
Prior Year Tax Adjustments	3.52	18.26
Balance in P & L Account	851.57	740.11
Balance available for appropriation	1035.38	851.57
Transfer to General Reserve	NIL	NIL
Balance c/d. to Balance Sheet	1035.38	851.57

FUTURE PROSPECTS:

The Company has been successful in introducing new Products in Portfolio, which has resulted in a higher sales revenue as can be seen above. However the margin are under pressure for the Industry as a whole.

DIVIDEND :

Your Directors do not propose to declare any dividend due to stiff competition in the market and practically no institutional borrowings, this accompanied with the regular repayments of the already existing loans.

DIRECTORS

Mr. Sandeep Seth and Dr. Alok Kumar retire by rotation from the Board and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

Mr. Prem Seth resigned from the directorship of the Company with effect from 8th September, 2003.

Mr. Ravinder Jethani was appointed as an Additional Director on the Board of the Company with effect from 8th September, 2003.

Mr. Atul Sharad Kumar was appointed as an Additional Director on the Board of the Company with effect from 8th September, 2003.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 as inserted vide The Companies (Amendment) Act, 2000, the Directors of the Company hereby confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

LAFFANS PETROCHEMICALS LIMITED

3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts on going concern basis.

CORPORATE GOVERNANCE :

A separate report on Corporate Governance is attached as a part of the Annual Report.

DEPOSITORY SYSTEM :

Equity Shares of the Company were dematerialized from 21st November 2000 as mandated by the Securities and Exchange Board Of India (SEBI). As on 30th September 2003, Equity Shares representing about 41.37 % of the equity Share capital have been dematerialized.

The ISIN number allotted to the Company is INE919B01011.

AUDITORS :

The Statutory Auditors of the company M/s S.M Kapoor & Company, Chartered Accountants retire at the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

AUDITORS' REPORT :

The observations made in the Auditors' Report are Self – explanatory and therefore do not call for any further comments.

AUDIT COMMITTEE :

Pursuant to the provisions of section 292A of the companies Act, 1956 as inserted vide the Companies Amendment Act, 2000 the Board of Directors has constituted an Audit Committee of its Directors. , Mr. Sanjay Seth , Mr. Ravinder Jethani, Mr. Atul Sharad Kumar. Directors of the Company have been appointed as the members of the Audit Committee.

OPERATIONS :

Your Company has achieved a gross income of Rs.8712.69 Lacs as compared to Rs. 7754.71 Lacs in the Previous year and the net profit is Rs.269.99 Lacs as compared to Rs. 321.88 Lacs in the previous year.

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 :

Statement of Particulars of the Employees pursuant to the provisions of the Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, do not form part of the report.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION :

Information pursuant to section 217 (1) (e) of Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 is annexed and forms part of the report.

PERSONNEL :

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 other 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 targets.

ACKNOWLEDGEMENTS :

Your Directors acknowledgement with gratitude the co-operation and assistance given by the Financial Institutions / Bankers of the Company during the year ended 30th September, 2003.

For and on behalf of the Board of Directors

Place: Mumbai
Date : 31st January,2004

SANDEEP SETH
Executive Director

SANJAY SETH
Director

ANNEXURE TO THE DIRECTORS' REPORT**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.****I. CONSERVATION OF ENERGY**

The Company has taken several measures for conservation of energy under its modernization programmes that will result in higher yields per unit cost.

FORM A**A. Disclosure of Particulars in respect of Conservation of Energy Consumption.**

	<u>2002-03</u>	<u>2001-02</u>
1. ELECTRICITY		
Unit (in thousands)	2628.62	2477.83
Total Amount (Rs in Lacs)	118.96	111.34
Rate /Unit	4.52	4.49
2. OIL		
Consumed Units	0.18	1.03
Total Amount (Rs in Lacs)	4.20	19.72
Average Rate (per 1 Litre)	23.30	19.14
3. GAS		
Consumed Units	2902.96	2650.84
(in thousand Kgs)		
Internal Generation		
Total Amount	262.14	214.90

FORM B :**II. Technology absorption, adoption and innovation****1. Research and Development :**

The Company has started the development of spin finished items for the polyester industry.

III. Foreign Exchange Earnings and Outgoing :

Foreign Exchange Earnings were 77.02 lacs (previous year nil)

Foreign Exchange Outgoings were 99.27 lacs (previous year 26.30 lacs)

For and on behalf of the Board of Directors

Place: Mumbai

Date : 31st January, 2004

SANDEEP SETH
Executive Director

SANJAY SETH
Director

MANAGEMENT DISCUSSION AND ANALYSIS

During 2002-2003, the Company remained committed maximizing its synergies to enhance the corporate and product awareness of the Company.

Turnover for 2002-2003 was 8470.97, 10% increase from the previous year, 2001-2002.

Profit before tax for the current year was Rs.401.99 Lacs as compared to Rs. 464.88 Lacs in the previous year 2001-2002. This decline was due to increase in raw material price and decline in margin due to competition.

The turnover for the Current year is Rs.8470.97 Lacs as compared to Rs. 7698.21 Lacs for the previous year 2001-2002. The Company could achieve this remarkable increase due to the long term planning and decision making of your Directors who continue to focus in the areas of your interest.

The inventory turnover ratio increased / decreased by 17.85 % as compared to the previous year 2001-2002. The increase being attributed to the enlarged volume and higher productivity achieved by your Company.

The working capital of your company during 2002-2003 was Rs.186.74 lacs, up 16.80% over 2001-2002. The current ratio is 3.16 %, which compares favorably to the industry norms.

The cash balance at the end of the year stood at Rs.321.25 lacs, an increase/decrease over 27.74 % from the previous year.

The capital gearing ratio of your company during the current year was 0.31, which remains well ahead of the industry average.

We will strive to improve upon your profitability and enhance the overall operating efficiency and the Shareholders value.

LAFFANS PETROCHEMICALS LIMITED

CORPORATE GOVERNANCE

Pursuant to the directives issued by the SEBI, Stock Exchange added new clause 49 on Corporate Governance.

A. MANDATORY REQUIREMENTS :**1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :**

Your Company is committed to good corporate governance and strives to attain the highest levels of transparency, accountability, fairness and equity in all facts of operations.

All operations are committed to enhance shareholder value, over a sustained period of time.

2. BOARD OF DIRECTORS :**Composition of Board**

Your company has an optimum combination of Board of Directors with 50% of the Directors being Non-Executive Directors. The present strength of the Board is 4 Directors.

Directors	Executive/Non-Executive / Independent	No. of outside Directorship held
Mr. Prem Seth#	Chairman	One
Mr. Sandeep Seth	Executive	One
Mr. Sanjay Seth	Non-Executive	One
Mr. Ravinder Jethani*	Independent	Nil
Dr. Alok Kumar	Executive	Nil
Mr. Atul Sharad Kumar*	Independent	One

* Appointed during the year on 8.9.2003

Resigned as on 8.9.2003

Board Meetings :

The Board of the Company met 5 times during 2002-2003 i.e. on 31.12.2002, 29.01.2003, 28.04.2003, 28.07.2003, and 08.9.2003.

The maximum interval between any two Board Meetings was not more than 4 months and the meeting was held in every quarter of the financial year.

Attendance of Directors :

Details of attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) are as follows :

Director	No. of Meetings		Attendance at the last AGM
	Held	Attended	
Mr. Prem Seth*	5	4	No
Mr. Sandeep Seth	5	4	Yes
Mr. Sanjay Seth	5	5	No
Mr. Ravinder Jethani#	N.A	N.A	N.A
Dr. Alok Kumar	5	5	Yes
Mr. Atul Sharad Kumar#	N.A	N.A	N.A

Appointed on 8.9.2003

* Resigned w.e.f. 8.9.2003

Details of Directors being appointed/re-appointed :

Mr. Ravinder Jethani (34) is a Commerce graduate and has 13 years of Experience in Stock Broking.

Dr. Alok Kumar (39) has a doctorate in chemistry and has 11 years of experience in this business and is looking after the marketing of the Company.

Mr. Sandeep Seth (39) , has done his Masters in Business Administration from Boston University and has over 14 years of experience in this business.

Mr. Atul Sharad Kumar , the Director of the Company is B.Com ,MBA(USA) and has done NCFM (Capital Markets in Dealers Module)

3. COMMITTEE OF DIRECTORS

A. AUDIT COMMITTEE :

The Board of Directors of the Company at their meeting held on 30.01.2001 constituted an Audit Committee and thereafter re-constituted the same on 8.9.2003 The Audit Committee comprises Mr. Sanjay Seth, Chairman of the committee and Mr. Ravinder Jethani and Mr. Atul Sharad Kumar all being Non-Executive/ Independent Directors. The terms and reference of this committee are wide enough covering the matters specified for audit committees under the listing agreements.

Three meetings of Audit Committee were held during the financial year 2002-2003.

B. SHAREHOLDERS GRIEVANCE COMMITTEE :

Board of Directors of the Company at their meeting held on 2ND SEPTEMBER, 2002 constituted the Shareholders Grievance Committee. The Shareholders Grievance Committee comprises Mr. Sanjay Seth - Chairman, being Non-Executive Director, and Mr. Sandeep Seth, Executive Director of the Company and the said Committee is entrusted with same powers and scope as prescribed under clause 49 of the Listing Agreement under corporate governance.

C. SHARE TRANSFER COMMITTEE :

The Share Transfer Committee comprises One Executive Director ,Mr.Sandeep Seth and two Non-Executive Director namely, Mr, Sanjay Seth and Mr. Ravinder Jethani

The committee meets every 15 days to take on record share transfer received from shareholders in physical mode.

4. DIRECTORS' INTEREST IN THE COMPANY

Details of Remuneration to all Directors for the Financial Year 2002-2003 are as follows :

Director	Sitting Fees	Salary & Perks	Commission	Total
Mr. Prem Seth#		84100		84100
Mr. Sandeep Seth		688190		688190
Mr. Sanjay Seth		—	—	—
Mr. Ravinder Jethani *		—	—	—
Dr. Alok Kumar		456666	65189	521855
Mr. Atul Sharad Kumar*				

Mr .Prem Seth was an Non Executive Director resigned w.e.f 08.09.2003

* Appointed as an Additional Director w.e.f. 08.09.2003.

5. INFORMATION PLACED BEFORE THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE :

The following information is regularly placed before the Board of Directors :

Quarterly results of the company.

Information on recruitment and remuneration of senior officials just below the board level.

Material communication from Government bodies.

Fatal or serious accidents, dangerous occurrences, any material effluent, pollution problems.

Labour relations.

Material transaction which are not in the ordinary course of business.

Disclosures by the management of material transactions, if any, with potential for conflict of interest.

Compliance with all regulatory and statutory requirements.