

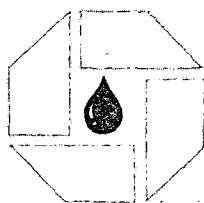
2006 - 2007
(12 Months)

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Laffans

PETROCHEMICALS LIMITED

(AN ISO 9001 : 2000 COMPANY)

LAFFANS PETROCHEMICALS LIMITED**BOARD OF DIRECTORS**

Shri Prem Seth	Chairman (Honorary)
Shri. Sandeep Seth	Managing Director
Shri. Sanjay Seth	Director
Shri Ambalal C. Patel	Director
Shri Nivedan Bhardwaj	Director
Shri P. P. Joshi from 01.07.07	Director-Operations

AUDITORS

S. M. Kapoor & Co.

BANKERS

Indian Overseas Bank

Indian Bank

Punjab National Bank

HDFC Bank

CORPORATE OFFICE

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

REGISTERED OFFICE

Plot No. 321, GIDC Panoli Tal. Ankleshwar,
Dist. Bharuch, Gujarat Pin - 394 116

**REGISTRARS &
TRANSFER AGENTS**

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

NOTICE

Notice is hereby given that the fourteenth Annual General Meeting of the members of Laffans Petrochemicals Limited will be held on Friday the 28th day of September 2007 at 2.30 P.M. at the registered office of the company situated 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 & Loss Account for the year ended 31st March 2007, the Balance Sheet as on that date and Report of the Directors and Auditors thereon.
2. To appoint Mr Ambalal C. Patel Director, who retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.
3. To appoint the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. Appointment of Mr. Sandeep Seth as Managing Director:

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

RESOLVED that in accordance with Section 198, 269, 309, 310, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification thereof and subject to permissions and approvals as may be required from the Financial Institutions and/or Banks who have lent term loans to the Company, the Company hereby approves the appointment and terms of remuneration of Mr. Sandeep Seth as Managing Director, not liable to retirement by rotation, of the Company, with effect from 1st July, 2007 for a period of 5 years on the terms and conditions as set out in the Explanatory Statement and agreed between Mr. Sandeep Seth and the Company.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to vary alter, increase or enhance from time to time terms and conditions of appointment of Mr. Sandeep Seth subject to the limit laid down under the applicable provisions of the Companies Act, 1956 and subject to the requisite approvals, if any, being obtained.

5. Appointment of Mr. P.P. Joshi as Director

RESOLVED THAT Mr. P.P. Joshi who was appointed as a Director by the Board of Directors at their meeting held on 29th June 2007 and whose office expires at the commencement of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Mr. Joshi as a candidate for the office of the Director of the Company together with necessary deposits, be and is hereby appointed as Director of the Company, liable to retire by rotation

5. Appointment of Mr. Joshi as Director - Operations:

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

RESOLVED that in accordance with Section 198, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification thereof and subject to permissions and approvals as may be required from the Financial Institutions and/or Banks who have rent term loans to the Company, the Company hereby approves the appointment and terms of remuneration of Mr. P.P. Joshi as Director, designated as Director (Operations) with effect from 1st July, 2007 for a period of 5 years on the terms and conditions as set out in the Explanatory Statement and agreed between Mr. P.P. Joshi and the Company.

By order of the Board
For LAFFANS PETROCHEMICALS LIMITED

SANDEEP SETH
MANAGING DIRECTOR

Registered Office :

Plot No. 321, GIDC.
Panoli - Tal - Ankleshwar
Dist. : Bharuch, Gujrat - 394 116

Place : Mumbai

Date : 29th June 2007.

LAFFANS PETROCHEMICALS LIMITED**Notes:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Proxies in order to be effective must be deposited at the registered office of the company not later than 48 hours before the commencement of the meeting.
3. Register of Members and Share Transfer Books of the Company shall remain closed from 25th to 28th September 2007 (both days inclusive).
4. Share holders 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
For **LAFFANS PETROCHEMICALS LIMITED**

SANDEEP SETH
MANAGING DIRECTOR

Registered Office :

Plot No. 321, GIDC.
Panoli - Tal - Ankleshwar
Dist. : Bharuch, Gujrat - 394 116

Place : Mumbai
Date : 29th June 2007.

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956.

Item No.4 :

The Members at the Annual General Body meeting held on 29th March, 2003 appointed Mr. Sandeep Seth as Executive Director of the company for a term of 5 years commencing from 10th October, 2002 on the terms and conditions approved by the Board. Mr. Sandeep Seth, one of the promoter Directors has been devoting his full time to look after the affairs of the company and his involvement has substantially contributed to the growth of the Company. The Board of Directors felt that in order to comply with the provisions of the Companies Act 1956 and to strengthen the hands of Mr. Sandeep Seth with substantial power of management, at their meeting held on 29th June, 2007 elevated and appointed Mr. Sandeep Seth as Managing Director for a period of five years commencing from 1st July, 2007. The Principal terms and conditions of his appointment are as under:

Salary : In the time Scale of Rs.50,000-5000-70000/- per month

PERQUISITE:

- a) Housing I – The expenditure by the company on hiring unfurnished accommodation for the appointee subject to ceiling of 50% of salary.
- b) Housing II – In case the accommodation is owned by the Company, ten percent of the salary of the appointee shall be deducted by the company.
- c) Housing III – In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance subject to the ceilings laid down in House I.

EXPLANATION – The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall however be subject to a ceiling of ten percentage of the salary.

- i) Medical Reimbursement – Expenses incurred by self and his family, subject to a ceiling of one months salary in a year or three months salary over a period of three years.
- ii) Leave Travel – For self and family, once in a year incurred in accordance with the rules of the Company.
- iii) Clubs Fees – Fees of club subject to a maximum of two clubs. This will not include admission and life membership fees.
- iv) Personal Accident Insurance – Premium not to exceed Rs.1000/- per annum.
- v) Contribution to Provident Fund, Superannuation fund or Annuity Fund to the extent these singly or put together are not taxable under the Income Tax Act, Gratuity payable should not exceed 15 days for each completed year of

service without any ceiling.

- vi). Encashment of leave at the end of the tenure as per the rules of the company.
- vii) Provision of car for use on Company's business and telephone at residence.

The Board commend the resolution at item No.4.

This may be treated as an extra of the draft Agreement between the Company and Mr. Sandeep Seth pursuant to Section 302 of the Act.

None of the Directors other than Mr. Sandeep Seth, the appointee, Mr. Prem Seth, father of the appointee and Mr. Sanjay Seth, brother of the appointee is deemed to be interested or concerned in the resolution.

Item 5 & 6:

The Board of Directors at their meeting held on 29th June, 2007 appointed Mr. P.P. Joshi as Additional Director of the Company with effect from 1st July, 2007 pursuant to the provisions of section 260 of the Companies Act, 1956, Mr. P. Joshi ceases to hold office at the Annual General Meeting but is eligible for appointment as a Director. A Notice under section 257 of the Companies Act, 1956, has been received from a member proposing Mr. P.P. Joshi as a candidate for the office

The Board has also appointed Mr. P.P. Joshi as Director, and designated him as Director Operations. Mr. P.P. Joshi, B. Chem., was with the Company for a long time and has substantially contributed in setting up and operation of the plant and expansion of the project..

The principal terms and conditions of Mr. P.P. Joshi's appointment are as follows:

Tenure: Five years commencing from 1st July, 2007.

Nature of duties: Mr. P.P. Joshi shall devote his full time and attention for the successful operation of the Plant including expansion projects and carry out such other duties as may be entrusted to him by the Board/Managing Director from time to time and exercise such powers as may be entrusted to him from time to time.

Salary: In the time scale of Rs.17200-3000-29200 per month..

Perquisite:

1. HRA – Not exceeding Rs.2200/- per month
2. Motor car expense subject to a maximum of Rs.6200/- per month.
3. Lunch allowance Rs.1000/- per month
4. Education allowance Rs.1000/-
5. Medical reimbursement for self & family not exceeding Rs.16200/- per year
6. Insurance not exceeding Rs.1800/-per year
7. Leave Travel allowance for self & family not exceeding Rs.24000 per year.
8. Library allowance Rs.800/- per month
9. Dress allowance Rs.9600/- per month
10. Telephone not exceeding Rs.800/- per month

Board therefore commend the resolution at item No.5 & 6 None of the Directors, other than Mr. P.P. Joshi, is interested or concerned in the resolution.

By order of the Board
For LAFFANS PETROCHEMICALS LIMITED

SANDEEP SETH
MANAGING DIRECTOR

Registered Office :

Plot No. 321, GIDC.
Panoli - Tal - Ankleshwar
Dist. : Bharuch, Gujarat - 394 116

Place : Mumbai
Date : 29th June 2007.

LAFFANS PETROCHEMICALS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 14th Annual Report of the Company along with the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS

(Rs. In lacs)

PARTICULARS	31.03.2007	30.09.2006
		(18 Months)
Sales and other income	17079.15	21427.30
Profit before depreciation, Tax and interest	753.39	945.50
Interest	119.53	85.47
Profit before depreciation and tax	633.86	860.03
Depreciation for the year	125.64	175.40
Profit before tax	508.22	684.63
Provision for tax	202.00	333.50
Provision for Wealth Tax	-	0.22
Provision for FBT	3.00	2.53
Deferred tax liability	(30.03)	(19.01)
Profit after tax	333.25	367.40
Prior Year Tax adjustment	7.29	11.24
Prior year adjustment	-	0.32
Balance in P & L Account	1618.77	1240.45
Balance available for appropriation	1944.73	1618.77
Transfer to General Reserve	Nil	Nil
Balance carried to Balance Sheet	1944.73	1618.77

OPERATIONS:

Your company has achieved, a net of excise, turnover of Rs.17079.15 lacs as

compared to Rs.21427.30 lacs for previous 18 months period resulting in annualized growth of 19.56%. The profit before tax for the year stood at Rs.508.22 lacs as compared to Rs.684.63 lacs for the previous 18 months period resulting in annualized growth of 11.43%.

FIXED ASSETS:

The Company has added fixed asset of Rs.301.34 lacs during the year and the net block at 31st March 2007 stood at Rs.1749.16 lacs before revaluation.

DIVIDEND:

The Board, after a careful review of the need for funds for expansion to manufacture value added products without heavy interest burden to the company, decided to skip payment of dividend for 2006-07. The members will appreciate that through a planned financing of the expansion through plough back the shareholders wealth is enhanced in the long run.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Ambalal C.

Patel retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment at the ensuing Annual General Meeting.

Mr. Sandeep Seth whose terms of appointment as Executive Director expires on 9th October, 2007, is elevated as Managing Director. A resolution seeking confirmation of his appointment as Managing Director is proposed for approval.

The Board of Directors appointed Mr. P.P. Joshi as Director and designated as Director – Operations A resolution seeking his appointment as Director is proposed for your approval.

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:

In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures. 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 of the Company for the period. 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 to preventing and detecting fraud and other irregularities. 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 & Exchange Board of India (SEBI). As on 31st March 2007 equity shares representing 51.43% of the Equity 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 reappointment.

AUDITORS REPORT:

The observations made in the Auditor's Report are self explanatory and therefore do not call for any further comments.

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

Since no employee is receiving remuneration in excess of limit specified under the provisions of section 217(2A) of the Companies Act, 1956, read with companies (Particulars of Employees) Rules 1975, statement of Particulars of the Employees do not form part of the report.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

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

Company is implementing ISO 14001.

PERSONNEL:

The Board wishes to place on record its appreciation of the sincere and hard work put by the employees at all level as a team and making a significant contribution for the successful working of the Company..

ACKNOWLEDGEMENTS:

Yours Directors acknowledge with gratitude the co-operation and assistance given by the Central & State Governments, Financial Institutions/Bankers, Project Consultants, Suppliers etc. for effective working of the Company..

For and on behalf of the Board of Director

Place : Mumbai

Date : 29th June, 2007

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.

1. 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.

1. ELECTRICITY	2006-07	2004-05 (18Months)
Unit (in thousands)	3637.87	4695.59
Total amount (Rs. in lacs)	176.24	213.46
Rate/Unit	4.84	4.54
2. OIL/DIESEL		
Consumed Unit	4856.00	18387
Total amount (Rs. in lacs)	1.75	6.43
Average rate (per liter)	36.00	34.97
3. GAS		
Consumed Units (in thousand kgs)	5997.82	6197.38
Internal Generation	Nil	Nil
Total amount	424.00	582.09

FORM B

II Technology absorption, adoption and innovation.

1. Research and Development

The company is now catering to emulsifiers for Agrochemicals Industry., It is expanding its presence by introduction of new products. It has also introduced products based on propylene oxide where the demand is expected to grow.

III Foreign exchange earnings and outgoings:

Foreign Exchange Earnings were Rs. 300.32 lacs (previous year Rs.506.23 lacs)

Foreign Exchange Outgoings were Rs.834.13 lacs (previous year Rs. 1074.83 lacs)

For and on behalf of the Board of Director

Place : Mumbai

SANDEEP SETH

SANJAY SETH

Date : 29th June, 2007

EXECUTIVE DIRECTOR

DIRECTOR

DECLARATION

The Board has laid down a code of conduct for all Board Members and Senior Management personnel of the Company. The Board Members and Senior Management personnel have affirmed compliance with the code of conduct.

For Laffans Petrochemicals Ltd.

Sandeep Seth
Executive Director

ED/CFO CERTIFICATION

The Managing Director, appointed in terms of the Companies Act, 1956 certify to the to the Board that:

- The Financial Statements and the Cash Flow Statement for the period have been reviewed and to the best of their knowledge and belief are true and fair view of the company's affairs.
- To the best of their knowledge and belief, no transactions entered are fraudulent, illegal or violate the Company's code of Conduct.
- They accept the responsibility of establishing and maintaining internal controls for the financial report and that they

have evaluated the effectiveness, disclosing the deficiencies to the Auditors and the Audit Committee and take steps or proposed to take steps to rectify these deficiencies.

- d) They indicated to the Auditors and the Audit Committee:
- i) Significant changes in the internal Control Process during the period.
 - ii) Significant changes in Accounting Policies
 - iii) Instances of significant fraud of which they have become aware.

This statement is in accordance with the fact that the Board including the Audit Committee shall provide the necessary superintendence and control over the Managing Director.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review the company remained committed to maximizing its synergies and enhancing the corporate and product awareness which indirectly enhance the share holder value.

Turnover for 2006-07(12 months) was Rs.17079.15 lacs, as compared to Rs.21427.30 lacs for the previous 18 months, both net of Excise Duty and sales tax. The turnover for the previous 18 months period is shown net of Excise Duty to be in line with current year figures.

Profit before tax for the current year was Rs.508.22 lacs as compared to Rs.684.63 lacs for previous 18 months period. The current ratio is 3.67 which compares very favourably with the Industry norms.

The capital gearing ratio of your company during the current year was 0.60 which remain well ahead of the industry average.

Your company will strive to improve upon the profitability and its contribution to the nation building by enhancing the overall operating efficiency and improving the share holder value.

CORPORATE GOVERNANCE

(Pursuant to the provisions of Listing Agreements entered into with the Stock Exchanges)

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 facets of operations.

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

2. BOARD OF DIRECTORS:

Composition of Board:

Your company has an optimum number and combination of Directors on the Board. The present strength of the Board is 5 and 60% of them are Non-Executive Directors and 2 of them Independent Directors.

Directors	Executive / Non-Executive / Independent	No. of outside directorship held
Mr. Sandeep Seth	Executive	One
Mr. Sanjay Seth	Non-Executive	One
Mr. Ambalal Chhitabhai Patel	Independent	Nine
Mr. Nivedan Bhardwaj	Independent	Five
Mr. P.P. Joshi	Executive	Nil

Board Meeting:

The Board of the Company met 5 times during the year i.e. on 29.04.06, 24.06.06, 31.07.06, 30.10.06 and 31.01.07.

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