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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 Bharadwaj	Director
Shri P.P. Joshi	Director - Operations

AUDITORS

S.M. Kapoor & Co.

BANKERS

Indian Overseas Bank

HDFC Bank Ltd

Punjab National Bank

CORPORATE OFFICE

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

REGISTERED OFFICE

Plot No.321, GIDC Panoli, Tal Ankleshwar
Dist. Bharuch, Gujarat Pin.394116

**REGISTRARS &
TRANSFER AGENTS**

BIG SHARE SERVICES PVT. LTD

E-2 Ansa Industrial Estate
Saki Vihar Road, Saki Naka
Andheri (East) Mumbai 400072.
Tel: 28470652/28475207

NOTICE

Notice is hereby given that the fifteenth Annual General Meeting of the members of Laffans Petrochemicals Limited will be held on Saturday the 27th September 2008 at 3.00 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 2008, the Balance Sheet as on that date and Report of the Directors and Auditors thereon.
2. To appoint Mr. Nivedan Bharadwaj, Director, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to pass the following resolution.

RESOLVED THAT M/s.S.M. Kapoor & Co., Chartered Accountants, Mumbai be and is hereby reappointed as auditors of the company to hold office from the conclusion of this annual general meeting till the conclusion of the next annual general meeting of the Company on such remuneration as may be fixed in this behalf by the Board of Directors of the Company..

SPECIAL BUSINESS:

4. Appointment of Director:

To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary Resolution.

RESOLVED THAT Mr. Nivedan Bharadwaj, who was appointed by the Board of Directors pursuant to section 262 of the Companies Act, to fill casual vacancy resulted on resignation of Mr. Ravinder Jethani and whose term of office expires at this annual general meeting and in respect of whom the company has received notice under section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director and who has consented to such appointment, be and is hereby appointed as Director of the Company, whose period of office will be liable to determination by retirement by rotation.

5. Appointment to office or place of Profit of a relative of a Director:

To consider and if thought fit, with or without modification, pass the following resolution as a Special Resolution..

RESOLVED THAT pursuant to the provisions of section 314 or any other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification thereof and subject to permission 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 payment of commission to Mr. Jaideep Seth, a relative of Mr. Sandeep Seth and Mr. Sanjay Seth, Directors of the company, an amount not exceeding Rs.20,000/- per month for a period of 5 years commencing from 1st April 2007.

6. Increase in Borrowing Limits:

To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary Resolution

RESOLVED THAT the consent of the Company be and is hereby accorded, in accordance with Section 293(1)(a), 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or reenactment thereof, for the time being in force) and the Articles of Association of the Company, to the Board of Directors of the Company to borrow any sum of money from time to time at their discretion, for the purpose of the business of the Company, notwithstanding that the moneys to be

LAFFANS PETROCHEMICALS LIMITED

borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the company and its free reserve (that is to say, reserves not set apart for any specific purpose) upto an amount of Rs.200 crores (Rupees Two hundred crores) and, if it thinks fit for mortgaging or charging the Company's undertaking(s) and any property or any part thereof as security for such borrowings

7. **Delisting of Securities from Ahmedabad & Delhi Stock Exchanges:**

To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary Resolution

RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contract Regulation Act, 1956 and rules framed there under, the Listing agreement of the Delhi Stock Exchange and Ahmedabad Stock Exchange, SEBI (Delisting of securities) Guidelines 2003 and such other applicable laws, rules, regulations, guidelines and subject to such other approvals, permissions and sanctions, as may be necessary, the Board of Directors of the Company be and is hereby authorised to seek voluntarily delist of its securities from The Delhi Stock Exchange Association and Ahmedabad Stock Exchange Association Ltd.

RESOLVED FURTHER that securities of the Company shall continue to be listed on the stock exchange having nation wide trading terminal vis. Bombay Stock Exchange Ltd., Mumbai and therefore as per the said guidelines issued by the Securities and Exchange Board of India, no exist opportunity need to be given to the shareholders of the Company.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authroised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable, and to execute all such deeds and documents as may be considered expedient to give effect to the above mentioned resolution.

By order of the Board
For **LAFFANS PETROCHEMICALS LTD.**

SANDEEP SETH
Managing Director

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 less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer books of the Company Shall remain closed from 23rd September to 27th September 2008 (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.

Registered Office:

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

Place: Mumbai

Date: 30th July, 2008.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item 4:**

Mr. Nivedan Bharadwaj was appointed by the Board to fill casual vacancy resulted due to resignation of Mr. Ravinder Jethani. Mr. Nivedan Bharadwaj hold office till the time Mr. Ravinder Jethani, if continued on the Board, would have retired by rotation. Mr. Ravinder Jethani would have retired at this meeting. The proposal is in the interest of the company and the Board recommend passing of the resolution as an ordinary resolution.

Mr. Nivedan Bharadwaj may be deemed to be interested in the Resolution as it concerns his appointment.

Item No.5

Mr. Jaideep Seth, being relative of Mr. Sandeep Seth and Mr. Sanjay Seth, Directors of the Company, is based in Delhi and looks after the interest of the Company in that region. Any office or place of profit to Mr. Jaideep Seth, need approval of the Members by a special resolution pursuant to provisions of Section 314 of the Companies Act, 1956. The Board commend the resolution to the members for passing.

Mr. Sandeep Seth and Mr. Sanjay Seth, Directors of the Company, may be deemed to be interested on concerned in the above resolution as it pertains to appointment of their relative..

Item No.6:

Pursuant to the provisions of Section 293(1)(d) the Companies Act, the Company cannot borrow money in excess of the amount of the paid up capital and its free reserves without the approval of the share holders. The company's expanded activities and to manufacture value addition products, the company requires additional funds. To secure the loan the company may be required to mortgage/charge all or any of the moveable/ immovable properties of the company in favour of the lenders for security for such borrowings. Pursuant to provisions of section 293(1)(a) of the Companies act 1956 consent of the members of the company is required for mortgaging/ creation of charge on the property of the company. To enable the Board to borrow moneys as and when required the resolution is proposed to the members for passing as as an ordinary resolution.

Item No.7:

The Securities of the company is listed in Bombay, Baroda, Ahmedabad and Delhi Stock Exchanges. There is hardly any trading in Ahmedabad and Delhi Stock Exchange. The continuation of listing in Ahmedabad and Delhi is not serving any purpose and delisting will not create any problem to the members for trading as the Bombay stock exchange has nation wide coverage. Hence the Board recommend the resolution as an ordinary resolution.

By order of the Board
For **LAFFANS PETROCHEMICALS LTD.**

SANDEEP SETH
Managing Director

Registered Office:

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

Place: Mumbai

Date: 30th July, 2008

LAFFANS PETROCHEMICALS LIMITED**DIRECTORS' REPORT**

Dear fellow members,

Your Directors have pleasure in presenting the 15th Annual Report of the Company along with the Audited Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS:

PARTICULARS	31.03.2008	31.03.2007 (Rs. In lacs)
Sales and other income	20299.68	17171.83
Profit before depreciation, Tax and interest	942.28	753.39
Interest	348.53	119.53
Profit before depreciation and tax	593.75	633.86
Depreciation for the year	143.67	125.64
Profit before tax	450.08	508.22
Provision for tax	133.30	202.00
Provision for Wealth Tax	0.5	-
Provision for FBT	4.52	3.00
Deferred tax liability	22.11	(30.03)
Profit after tax	290.10	333.25
Prior Year Tax adjustment	1.40	7.29
Prior year adjustment	-	-
Balance in P & L Account	1944.73	1618.77
Balance available for appropriation	2233.43	1944.73
Transfer to General Reserve	Nil	Nil
Balance carried to Balance Sheet	2233.43	1944.73

FINANCE:

The finance of your Company was under pressure due to on going expansion and enhanced requirement of working capital. Your Company has now made arrangement with HDFC Bank, Indian Overseas Bank and Punjab National Bank for a consortium loan of Rs.4500 lacs to meet the fund requirement of expansion. Consequently the arrangement with Indian Bank has been discontinued and the outstanding was repaid.

OPERATIONS:

Your company has generated gross income of Rs.20299.68 lacs as compared to Rs.17171.83 lacs for previous year resulting in annualized growth of 18.2%. Company has for the first time in a significant way entered international market and earned foreign exchange worth Rs.18.37 crores during the year. The company is taking steps to widen the export markets.

FIXED ASSETS:

The Company has added fixed asset of Rs.798.83 lacs during the year and the net block at 31st March 2008 stood at Rs.2404.33 lacs. As stated in our last report, the company was embarking on manufacture of value added products. The addition to fixed cost is aimed at achieving this object. This was a part of an expansion plan the company has taken up. The result of this expansion will reflected in the performance of the company in the coming years.

INHOUSE RESEARCH AND DEVELOPMENT

Your company has in-house research facility to make new products and also expand the application of products to new areas. As a result this company has produced and marketed value addition products. It also ventured into global market and exported products worth Rs.18.37 crores. The products of the company was well receive by overseas markets. Your company expect substantially improved performance on this front in the current year.

DIVIDEND:

The Board, after a careful review of the need for funds for expansion under implementation without heavy interest burden to the company, decided to skip payment of dividend for 2007-08. 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. Nivedan Bharadwaj Patel retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment at the ensuing Annual General Meeting.

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 2008 equity shares representing 52.08% 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:

Industrial relations in the Plant was very cordial through out the year. 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..

Place: Mumbai

Date : 30th July 2008

For & on behalf of the Board of Directors

SANDEEP SETH

MANAGING DIRECTOR

SANJAY SETH

DIRECTOR

LAFFANS PETROCHEMICALS LIMITED

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	2007-08	2006-07
Units (in thousands)	3888.90	3637.87
Total amount (Rs. in lacs)	192.25	176.24
Rate/Unit	4.94	4.84
2. OIL/DIESEL		
Consumed Unit	3059.00	4856.00
Total amount (Rs. in lacs)	1.13	1.75
Average rate (per liter)	37.00	36.00
3. GAS		
Consumed Units (in thousand kgs)	4592.28	5997.82
Internal Generation	Nil	Nil
Total amount	476.79	424.00

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.1837.71 lacs (previous year Rs.300.32lacs)

Foreign Exchange Outgoings were Rs.2925.04 lacs (previous year Rs.834.13 lacs)

For & on behalf of the Board of Directors

Place: Mumbai

SANDEEP SETH

SANJAY SETH

Date : 30th July 2008

MANAGING 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

Managing Director

ED/CFO CERTIFICATION

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

- a) 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.
- b) To the best of their knowledge and belief, no transactions entered are fraudulent, illegal or violate the Company's code of Conduct.
- c) 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.

The Company has achieved gross income of Rs.20299.68 lacs, during the year 2007-08 as compared to Rs.17171.83 lacs for the previous year. The company has entered international market and earned foreign exchange worth Rs.1837 lacs during the year.

Profit before tax for the current year was Rs.450.08 lacs as compared to Rs.508.22 lacs for the previous year. The high input cost had its impact on the margin resulting in lower profit despite higher turnover. The current ratio is 3.11 which compares very favourably with the Industry norms.

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.

REPORT ON 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 strength of Board