

# **19<sup>th</sup>**

## **Annual Report**



**PETROCHEMICALS LIMITED**

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**(AN ISO 9001:2000 COMPANY)**

**2011 - 2012**

**BOARD OF DIRECTORS**

Shri Sandeep Seth

Shri Sanjay Seth

Shri Ambalal C. Patel

Shri Nivedan Bharadwaj

Shri Jaideep Seth

Shri Rajesh Sharma

Managing Director

Director (upto 08.06.12)

Director

Director(upto 15.05.12)

Director (from 08.06.12)

Director (from 08.06.12)

**AUDITORS**

S.M. Kapoor & CO.

**COMPANY SECRETARY**

Mr. S. R. Narayanan

**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**

Shed No.C1B/316, 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 nineteenth Annual General Meeting of the members of Laffans Petrochemicals Limited will be held on Friday the 28th September 2012 at 12.30 P.M. at Shalimar Hotel, Ankleshwar, 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 2012, 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, 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 re-appointed 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 Mr. Sandeep Seth as Chairman and Managing Director:

To consider and if thought 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 with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification(s) 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 appoint Mr. Sandeep Seth as Chairman & Managing Director not liable to retirement by rotation, of the Company, with effect from 1st July, 2012 for a period of 5 years on the terms and conditions as set out here under:

Salary : In the time scale of Rs.100000-12000-160000 per month.

### PERQUISITE:

- a) Housing I – The expenditure by the Company of 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 ceiling laid down in House 1.

### 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 month's salary in a year or three months salary over a period of three years.
- ii) Leaves Travel – For self and family, once in a year incurred in accordance with the rules of the Company.

- iii) Club 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 IncomeTax Act, Gratuity payable should not exceed 15 days for each completed year or 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.
5. Appointment of Mr. Jaideep Seth as Director:

RESOLVED THAT Mr. Jaideep Seth, who was appointed as a Director by the Board of Directors at their meeting held on 15th June, 2012 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. Jaideep Seth 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.

6. Appointment of Mr. Rajesh Sharma as Director:

RESOLVED THAT Mr. Rajesh Sharma, who was appointed as a Director by the Board of Directors at their meeting held on 15th June, 2012 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. Rajesh Sharma 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.

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 25.09.2012 to 28.09. 2012 (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:

Shed No.C1B/316, G.I.D.C. Panoli

Tal. Ankleshwar, Dist. Bharuch, Gujarat

Place: Mumbai

Date: 6th September, 2012

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

The Board of Directors at their meeting held on 29th June 2007, appointed Mr. Sandeep Seth as Managing Director of the Company for a period of 5 years commencing from 1st June 2007. The terms and conditions of his appointment was partially altered by the Board at their meeting held on 30th January 2009, and approved by the members at their meeting held on 26th September 2009. The Board is of the opinion that in the interest of the company, Mr. Sandeep Seth should continue as Managing Director with additional responsibility as Chairman for a period of five years commencing from 1st July 2012.

The proposal is in the interest of the company and the Board recommend passing of the resolution as an ordinary resolution.

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

This may be treated as an extract of the draft Agreement between the Company and Mr. Sandeep Seth pursuant to the provisions of Section 302 of the Companies Act, 1956.

**Item 5 & 6**

The Board of Directors at their meeting held on 15th June, 2012 appointed Mr. Jaideep Seth and Mr. Rajesh Sharma as additional directors of the company pursuant to the provisions of section 260 of the Companies Act, 1956. Their terms comes to an end at the commencement of this Annual General Meeting but are eligible for reappointment as Directors. Notices under Section 257 of the Companies Act 1956 have been received from some members proposing the appointment of Mr. Jaideep Seth and Mr. Rajesh Sharma as Directors of the Company.

The Board therefore commend the resolutions at item No.5 & 6. Mr. Sandeep Seth, Managing Director, being brother of Mr. Jaideep Seth is deemed to be interested or concerned in the resolution at item No.4.

None of the Directors other than Mr. Rajesh Sharma is interested or concerned in the resolution at item No.6.

By order of the Board  
For Laffans Petrochemicals Ltd.

Sandeep Seth  
Managing Director

Registered Office:  
Shed No.C1B/316, G.I.D.C. Panoli  
Tal. Ankleshwar, Dist. Bharuch, Gujarat

Place: Mumbai  
Date: 6th September, 2012

**DIRECTORS' REPORT**

Dear fellow members,

Your Directors have pleasure in presenting the 19th Annual Report of the Company along with the Audited Accounts for the year ended 31st March, 2012.

**FINANCIAL RESULTS:**

PARTICULARS	31.03.2012	31.03.2011
	(Rs. In lacs)	
Sales and other income	211.58	28199.95
Profit/Loss before depreciation, Tax and interest	(482.84)	1250.79
Interest	0.87	415.08
Profit/Loss before depreciation and tax	(483.72)	835.71
Depreciation for the year	11.69	244.56
Profit/Loss before tax	(495.40)	591.15
Provision for tax	(205.12)	164.00
Provision for Wealth Tax	0.00	0.00
Provision for FBT	0.00	0.00
Deferred tax liability	411.28	24.01
Profit after tax	(289.24)	399.20
Prior Year Tax adjustment	0.00	(3.94)
Balance in P & L Account	3562.10	3162.90
Balance available for appropriation	3272.86	3562.10
Transfer to General Reserve	Nil	Nil
Balance carried to Balance Sheet	3272.86	3562.10

Previous years figures are not comparable as the company had no manufacturing activities during the year under review.

**OPERATIONS:**

Your company has generated gross income of Rs.211.58 lacs as compared to Rs.28199.95 lacs for previous year. The Company had sold its manufacturing division with effect from 1st April 2011 and hence figures are not comparable.

**FIXED ASSETS:**

The Company's fixed assets consisting of manufacturing division at Panoli has been sold and from 01.04.2011 the company has no manufacturing activities. As on 31st March 2012 Net fixed asset consisting of godown/Shed, office equipment etc. stood at Rs.144.41 lacs.

**IN HOUSE RESEARCH AND DEVELOPMENT:**

The Company has sold its manufacturing operations and hence this is not relevant/applicable.

**DIVIDEND:**

The Board, after a careful review of the performance of the company has not recommended any dividend.

**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 ensuring Annual General Meeting and being eligible offer himself for reappointment at the ensuing Annual General Meeting.

During the year under review Mr. Nivedan Bharadwaj and Mr. Sanjay Seth, Directors of the Company, resigned.

The Board at their meeting held on 8th June, 2012, appointed Mr. Jaideep Seth and Mr. Rajesh Sharma as additional Directors of the Company.

The Company has received notices from some members along with necessary fee proposing their names for appointment as Directors.

#### **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 2012, - 7183040 equity shares representing 89.79% 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.

#### **PERSONNEL:**

Industrial relations was very cordial through out the year. The Board wish 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 & on behalf of the Board of Directors

Place: Mumbai  
Date :6th September, 2012

Sandeep Seth  
Managing Director

Jaideep 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 transferred its manufacturing facility to Huntsman India and at present do not have any manufacturing operations. The energy is used only for office purpose.

**FORM A**

A, Disclosure of particulars in respect of Conservation of Energy consumption.

	2011-12	2010-11
<b>1. ELECTRICITY</b>		
Units (in thousands)		5884.05
Total amount (Rs. in lacs)	6.46	328.84
Rate/Unit		5.58
<b>2. OIL/DIESEL</b>		
Consumed Unit		6264
Total amount (Rs. in lacs)		2.22
Average rate (per liter)		36.50
<b>3. GAS</b>		
Consumed Units (in thousand kgs)		5041.81
Internal Generation		Nil
Total amount		668.33

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

The company has sold its manufacturing operations and related activities and therefore this is not relevant/applicable.

**III Foreign exchange earnings and outgoings:**

Foreign Exchange Earnings were Rs. Nil lacs (previous year Rs.2998.57lacs)

Foreign Exchange Outgoings were Rs. nil lacs (previous year Rs.2056.39 lac)

**For & on behalf of the Board of Directors**

Place: Mumbai

Dated: 6th September, 2012

Sandeep Seth

Managing Director

Jaideep Seth

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, certifies 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 my 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.

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## MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review the company had no manufacturing operations and other income was generated through earning of commission and interest on investment.

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The Company has achieved gross income of Rs. 211.58 lacs, during the year 2011.12 by way commission and return on investment as compared to Rs. 28199.95 lacs for the previous year. The company has sold its manufacturing operations and hence figures are not comparable. The company during the year incurred loss of rupees (289.24) lacs. Foreign exchange worth Rs. Nil during the year as compared to Rs.2998.57 lacs for the previous year.

Your company will strive to improve upon the profitability in the coming years.