

23rd

Annual Report



PETROCHEMICALS LIMITED

(AN ISO 9001:2000 COMPANY)

2015 - 2016

BOARD OF DIRECTORS

Shri Sandeep Seth

Shri Jaideep Seth

Shri Rajesh Thadani

Shri Naresh N. Chhabria

Mrs. Anisha Seth

Shri Avinash Gupta

Managing Director

Non-Executive Director

Independent Director

Independent Director

Whole Time Director

Independent Director

AUDITORS

S.M. Kapoor & CO.

COMPANY SECRETARY

Mr. S. R. Narayanan

BANKERS

Indian Overseas Bank

HDFC Bank Ltd

CORPORATE OFFICE

10 Luthra Industrial Premises

Ground Floor, Andheri Kurla Road

Safed Pool, Mumbai 40007

REGISTERED OFFICE

Shed No.C1B/316, GIDC Panoli,

Tal Ankleshwar, Dist. Bharuch,

Gujarat Pin.394116

CIN No.: L99999GJ1992PLC018626

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

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NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of **LAFFANS PETROCHEMICALS LIMITED** will be held on Thursday, 29th day of September, 2016 at 12.00 p.m. at Shalimar Hotel, Ankleshwar, Bharuch, Gujarat to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2016, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jaideep Seth (DIN: 03130620), who retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.
3. To ratify the appointment of the Auditors and to fix their remuneration and in this regards pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of sections 139(9) and 142(1) and other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under and as recommended by the Audit Committee, the Company hereby ratifies the appointment of M/s. S. M. Kapoor & Co., Chartered Accountants, (Firm Registration No 104809W), as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (AGM) till conclusion of next Annual General Meeting, with remuneration as may be decided by the Board of Directors.”

SPECIAL BUSINESS: ORDINARY RESOLUTION:

4. To appoint Mr. Avinash Gupta (DIN: 01407807) as an Independent Director and in this regard to consider and, if thought fit, to pass, with or without modification the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the SEBI (LODR) Regulations, Shri Avinash Gupta (DIN: 01407807), who was appointed as an Additional Non Executive Independent Director pursuant to the provisions of Section 149 and 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2021.”

By Order of the Board of Directors

Place: Mumbai
Dated: 12th August, 2016

Sandeep Seth
Managing Director.
DIN: 00316075

Regd. Office:

Shed No. C1B/316, GIDC Panoli,
Tal. Ankleshwar, Dist, Bharuch, Gujarat- 394116.
CIN: L99999GJ1992PLC018626
Email: lpkho@vasnl.com
Website: www.laffanspetrochemical.com
Contact: 022-28511919/1918/2929.

NOTES:

1. A member entitled to attend and vote 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. A proxies in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business to be transacted at the meeting as set out above is annexed hereto and forms part of the Notice.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, 19th day of September to Thursday, 29th September(both days inclusive)
5. 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.
6. **Voting through electronic means**

In Compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 23rd Annual General Meeting (AGM) by electronic means and the items of business as detailed in this Notice may be transacted through e-voting services provided by the Central Depository Services Limited (CDSL). E-voting detailed instructions form is attached.

The facility for voting, either through electronic voting system or ballot/polling paper shall also be made available at the venue of the AGM, apart from the remote e-voting facility provided prior to the date of AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again at the AGM.

The Company has appointed **Mr. Sandeep Tripathi, Proprietor of, S. Tripathi & Associates, Practicing Chartered Accountant (FRN 019806C)**, as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.

The Scrutinizer shall make a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, during the remote e-voting and voting at the AGM, not later than three days of conclusion of the meeting, to the Chairman or a person, authorised by him in writing. The Chairman or a person, authorised by him in writing, shall declare the results of the AGM forthwith. The results declared along with the Scrutiniser's report shall be placed on the Company's website and on the website of CDSL and shall be communicated to the Stock Exchanges.

Notice of the 23rd Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes through electronic mode unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice of the 23rd Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent through the permitted mode.

The e-voting period commences on September 26, 2016 (9.00 am) and ends on September 28, 2016 (5.00 pm). During this period shareholder of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 19, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Kindly note that, each Member can opt for only one mode for voting i.e. either by Physical Ballot at Annual General Meeting or through e-voting.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

Log on to the e-voting website www.evotingindia.com

Click on “Shareholders” tab.

Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”

Now Enter your User ID

For CDSL: 16 digits beneficiary ID,

For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

Members holding shares in Physical Form should enter Folio Number registered with the Company.

Next enter the Image Verification as displayed and Click on Login.

If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/ folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank De-tails#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (i) After entering these details appropriately, click on “SUBMIT” tab.
- (ii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (iii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (iv) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (v) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (vi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (vii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (viii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (ix) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (x) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.

They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.

After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

- 8. All the documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Company's Registered Office at Shed No. C1B/316, GIDC Panoli, Tal. Ankleshwar, Dist. Bharuch, Gujarat – 394 116 on all working days of the Company, between 10.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
- 9. Members/Proxies are requested to bring their attendance slip duly filled in along with their copy of Annual Report to the Meeting.
- 10. Details of directors seeking re-appointment at the annual general meeting form an integral part of the notice and are provided in the statement pursuant to Section 102 of the Act. The Director has furnished requisite declaration for his re-appointment
- 11. An electronic copy of the 23rd of AGM of the of Annual Report (including the Notice) of the Company, *inter alia* indicating the process and manner of e-voting alongwith attendance slip and proxy form is being sent to all members whose emails ID are registered with the Company/DP's for Communication purposes, for the members other than above physical copy of the annual report is being sent in the permitted mode.
- 12. A route map showing direction to reach the venue of 23rd Annual general meeting is given at the end of the this annual report as per the requirement of the Secretarial Standard 2 on General meeting

ANNEXURE TO THE NOTICE:

Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013, (the Act)

Item No.4:

Mr. Avinash Gupta (DIN: 01407807) was appointed as an Additional Director and Independent Director by the Board of Directors of the Company at its Meeting held on 12th February, 2016. He holds office up to the date of the forthcoming Annual General Meeting of the Company pursuant to Section 161 of the Companies Act, 2013.

The Company has received a notice from a Member signifying his intention to propose Mr. Avinash Gupta, as a candidate for the office of Director of the Company at the ensuing Annual General Meeting. Mr. Avinash Gupta, is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a director.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Avinash Gupta that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and SEBI (LODR) Regulation, 2015..

In the opinion of the Board, Mr. Avinash Gupta, fulfills the conditions for his appointment as an Independent Director as specified in the Act and SEBI(LODR) Regulation 2015, Mr. Avinash Gupta, is independent of the management.

Mr. Avinash Gupta hold a master degree in finance (MBA) and has more than 15 Years experience in business and finance. He does not hold any shares in the Company.

Your Directors recommend the Resolution for your approval. None of the other Directors except Mr. Avinash Gupta, is deemed to be concerned or interested in this item of business.

Copy of the draft letter for appointment of Mr. Avinash Gupta, an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Details of the Directors seeking appointment at the Annual General Meeting as per the disclosure requirement of under SEBI (LODR) Regulations 2015.

Particulars	Avinash Gupta
Date of Birth	12/02/1975
Date of Appointment	12/02/2016
Expertise in specific area	A qualified MBA with more than 15 years of experience in Business Administration and Finance.
Directorship held in other public Companies (excluding Foreign Companies And Section 25 Companies)	Nil
Memberships/ Chairmanships of other Public Companies (includes only Audit and Shareholders'/ Investors' Grievance Committees)	Nil
Remuneration Committees in other Company	Nil
Number of shares held	Nil

By Order of the Board of Directors

Place: Mumbai

Dated: 12th August, 2016

Regd. Office: DIN: 00316075

Shed No. C1B/316, GIDC Panoli,

Tal. Ankleshwar, Dist, Bharuch, Gujarat- 394116.

CIN: L99999GJ1992PLC018626; Email: lplho@vasnl.com;

Website: www.laffanspetrochemical.com; Contact: 022-28511919/1918/2929.

Sandeep Seth
Managing Director.

Director's Report

Dear Members,

Your Directors have pleasure in presenting their 23rd Annual report on the affairs of the Company together with the Audited Statement of Accounts for the year ended on 31st March, 2016.

Financial Performance:

A summary of company's financial performance for 2015-2016:

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Sales for the year	40,53,123.00	65,13,237.00
Profit before Interest & finance charges, depreciation & taxation	34,55,554.34	12,51,898.87
Less: Interest & finance Charges	44,615.22	15,049.05
Operating profit before depreciation & taxation	34,10,939.12	12,36,849.82
Less: Depreciation, amortization & impairment of asset	13,61,723.00	12,16,734.00
Profit before Exceptional Items	20,49,216.12	20,115.82
Add: Exceptional Items	0.00	0.00
Profit before taxation	20,49,216.12	20,115.82
Current Tax & Prior Year	(35,000).00	0.00
Deferred Tax Liability	(1,40,159).00	(3,79,443).00
Profit after taxation	18,74,057.12	(3,59,327.18)
Add: Balance brought forward	39,53,75,906.88	39,57,35,234.18
Profit available for appropriation	39,72,49,964.00	39,53,75,907.00
Less: Appropriation:		
Transfer to General Reserve	0.00	0.00
Interim Dividend	0.00	0.00
Tax on Interim Dividend	0.00	0.00
Proposed Dividend	0.00	0.00
Provision for Tax on Proposed Dividend	0.00	0.00
Balance carried forward to Balance Sheet	397,249,964.00	39,53,75,907.00

Operating & Financial Performance & Internal Control:

Your company has generated gross revenue of ₹ 34415887.96 as compared to ₹ 34771526.18 for previous year. The income by way of trading during the year amounted to ₹ 4053123 compared to ₹ 6513237 in the previous year. The company has been able to achieve a nominal profit after 5 years of operating losses. The company's non compete clause with Huntsman Corporation has come to an end as of 31/3/2016 where the company was prohibited to do any past related businesses resulting in negative financial implications coupled with past liabilities towards DGFT and other authorities which continues. The company has started imports of chemicals from China and other regions and is seeking opportunities towards indenting and trading of chemicals based on its past experience. The company has stopped imports of Pharma APi,s which resulted in losses. The company's warehousing activities with Huntsman has also come to an end along with its Non compete Clause. The industry continues to face challenges with very cheap imports from Middle east and China.

The Company has in place an established internal control system designed to ensure proper recording of financial and operational information and compliance with various internal controls and other regulatory and statutory compliances. Code of Internal controls which require that the Director review the effectiveness of internal controls and compliances controls, financial and operational risks, risk assessment and management systems and related party transactions, have been complied with.

Company's Policies on Remuneration, Whistle Blower and also Code of Conduct applicable to Directors and Employees of the Company has been complied with. These Policies and Code of Conduct are available on the Company's website www.laffanspetrochemical.com

There is no change in the nature of the business of the Company. There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future. There were no material changes and commitment affecting the financial position between March 31, 2016 and date of this Report of Directors.

Deposits:

The Company has not invited/ accepted any deposits from the public during the year ended March 31, 2016. There were no unclaimed or unpaid deposits as on March 31, 2016.

Transfer to Reserve:

The Company has not transferred any amount to reserves.

Dividend:

To conserve resources which would assist in future growth of the Company, no dividend is recommended by the Board for the financial year ended March 31, 2016.

Significance And Material Order Passed By The Regulators Or Courts Or Tribunals.

There were no significance and material orders passed by regulators or courts or tribunals impacting the going concern status and company operations in future. There were no material changes and commitments affecting the financial position of the company occurring between March 31, 2016 and the date of this Report of the Directors.

Subsidiaries, Joint Venture Or Associates Companies During The Year:

The Company has no subsidiaries, joint ventures or associated companies therefore disclosures in this regards are not provided in this report.

Number of meeting of the Board:

During the year 4 (four) Board Meetings and 4 (four) Audit Committee Meetings were convened and held.

The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Directors' Responsibility Statement:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Sections 134(3) (c) read section 134(5) of the Companies Act, 2013 of the Companies Act, 2013:

- (i) in the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the directors had 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 as at March 31, 2016 and of the profit and loss of the company for that period;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had prepared the annual accounts on a going concern basis; and
- (v) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

D. Statement on declaration given by independent directors under sub-section (6) of section 149:

The Company has received the declaration from each Independent Directors that they meet the criteria of independence laid down under Section 149(6) of Companies Act, 2013, under Regulation 16(b) of SEBI (LODR) Regulations, 2015.

Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178:

The Policy of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178, is appended as **Annexure A** to this Report.

Particulars of loans, guarantees or investments under section 186:

The Company has not made any Loans or given Guarantees or provided security to any person and has not made any investment that attracts the provisions of Section 186 of the Companies Act, 2013 during the Financial Statements.

Related Party Transactions:

There were contracts or arrangements entered into by the company during the year, which attracts the provision of Section 188 of the Companies Act, 2013. details of which provided in form AOC-2. All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Thus not requires the approval of shareholders. All Related Party Transactions are placed before the Audit Committee for approval.

There are no materially significant related party transactions made by the Company with promoters, directors, KMP or other designated persons which may have a potential conflict with the interest of the Company.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website www.laffanspetrochemical.com.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:8

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "**Annexure B**".

Risk management policy and its implementation:

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

Internal Control System

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors.

Corporate Social Responsibility:

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.