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**LALIT POLYMERS & ELECTRONICS LTD.**



18<sup>th</sup> ANNUAL REPORT 2001-2002

**LALIT POLYMERS & ELECTRONICS LIMITED**

**REGISTERED OFFICE**

D-2, MIDC Industrial Area  
Jejuri, Purandar Taluka,  
Pune District - 412 303.

**BOARD OF DIRECTORS**

Shri S.J. Chabria  
Chairman &  
Managing Director

Shri S.S. Chabria  
Executive Director

Smt L.S. Chabria

**BANKERS**

Indian Bank

Union Bank of India

**AUDITORS**

M/s. S.H. Sitlani & Co.  
Chartered Accountants,  
Mumbai

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### NOTICE

Notice is hereby given that the 18<sup>th</sup> Annual General Meeting of the Members of Lalit Polymers & Electronics Limited will be held on the 28<sup>th</sup> of November, 2002 at 2.00 p.m. at D-2, M.I.D.C. Area, Jejuri, Pune District to transact the following business.

#### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2002 and the Profit and Loss Account for the Financial Year ended on that date together with the report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Smt. L.S. Chabria, who retires by rotation, and being eligible offers herself for re-election.
3. To appoint 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. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.

"RESOLVED THAT the authorised capital of the Company consisting of 40,00,000 Equity Shares of Rs.10/- each amounting to Rs.4,00,00,000/- be increased to Rs.6,00,00,000/- (Rupees Six Crores Only) consisting of 60,00,000 (Sixty Lacs Only) Equity Shares of Rs.10/- (Rupees Ten Only) each and the present Clause V of the Memorandum of Association of the Company be deleted and the following be substituted in lieu thereof as follows :

V. The authorised capital of the Company is Rs.6,00,00,000/- (Rupees Six Crores) divided into 60,00,000 (Sixty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each capable of being increased, reduced or modified to any extent in accordance with the Company regulations and with the legislative provisions for the time being in force on this behalf."

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

"RESOLVED THAT the present Article 2 of the Articles of Association of the Company be deleted and the following be substituted in its place as Article 2 :

"The Authorised Share Capital of the Company is Rs.6,00,00,000/- (Rupees Six Crores) divided into 60,00,000/- (Sixty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each under the control of the Directors "

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

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions of the Companies Act, 1956 and subject to the provisions of the Articles of Association of the Company, and subject to the requisite approvals, or consent, if any, of the Central Government, the Reserve Bank Of India, Banks / Financial Institutions and any other applicable authorities under any other applicable laws, rules and regulations for the time being in force and further subject to terms, conditions, stipulations and modifications as may be prescribed, imposed or suggested by any of them in granting such approvals which the Board of Directors be and are hereby authorised to accept, consent of the Company be and is hereby accorded to the Board of Directors to create, issue / offer and allot, at its sole discretion Equity Shares for an amount not exceeding Rs.2,00,00,000/- (Rupees Two Crores) either to members, employees, any other individual, company or concerns, non - resident Indians, financial institutions, foreign collaborators, other foreign institutional investors, mutual funds, overseas corporate bodies, other entities and / or such other person or persons, whether shareholder or not, through rights offer or private placement or preferential allotment or by any one or more of the above modes whether subscribed in Indian or foreign currency and in one or more series, whether on the same terms and conditions or with varying terms and conditions and whether at one time or from time to time as may be deemed appropriate by the Board."

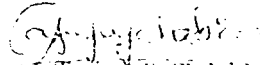
7. To consider and, if thought fit, to pass the following resolution as a Special Resolution with or without modification.

"RESOLVED THAT pursuant to the provisions of Section 198, 309 and other applicable provisions if any of the Companies Act, 1956, the consent of the Company be and is hereby given for payment of remuneration to Shri Shamsunder J. Chabria, Managing Director of the Company for a further period of one year from 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2003 on same terms as to remuneration and other benefits as considered in the special resolution passed by the Members at the Annual General Meeting of the Company held on 28<sup>th</sup> December, 1999."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 309 and other applicable provisions if any of the Companies Act, 1956, the consent of the Company be and is hereby given for payment of remuneration to Shri Sanjay S. Chabria, Executive Director of the Company for a further period of one year from 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2003 on same terms as to remuneration and other benefits as considered in the special resolution passed by the Members at the Annual General Meeting of the Company held on 28<sup>th</sup> December, 1999."

By order of the Board of Directors

  
(Sanjay S. Chabria)  
Executive Director

Place : Mumbai  
Date : 25.10.2002

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing the proxy must, however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of meeting.
2. The Register of Members and the share transfer books of the Company will remain closed from 21<sup>st</sup> November, 2002 to 28<sup>th</sup> November, 2002 (both days inclusive).
3. Members/proxies should bring the attendance slip duly filled in for attending the meeting.
4. Shareholders 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.
5. Members are requested to notify properly any change in their address to the company including the pin code number.

**ANNEXURE TO THE NOTICE**

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

**Item No. 4 and 5**

Your Company, as you are aware, has proposed a revival scheme for the rehabilitation of the Company. Additional funds by way of equity or otherwise, to be brought in by the promoters and / or other parties, is required for the rehabilitation / revival of the Company as per the scheme. For this purpose it is necessary to increase the Authorised Capital of the Company from Rs 4,00,00,000/- to Rs 6,00,00,000/-.

The authorised capital of the Company can be increased only by amending the capital clauses in the Memorandum and Articles of Association. The ordinary and special resolutions set out in item Nos. 4 and 5 respectively seeks to amend the Memorandum and Articles of Association of the Company, to that effect.

**Item No. 6**

The special resolution set out under item no. 6 will enable the Directors to allot the additional equity shares to the party or parties who have and may bring in the additional funds required for the rehabilitation of the Company. The allotment of additional equity will not result in the change or take over of the management of the Company which shall continue to be with the existing promoters of the Company.

The Board of Directors of your Company, recommend the resolution set out under item nos. 4, 5 and 6 of the Notice for consideration and approval of the shareholders.

Item Nos. 7

Mr. Shamsunder J. Chabria was appointed as the Managing Director of the Company for a period of two years from 1<sup>st</sup> April, 1999. The terms of payment of remuneration to Mr. Shamsunder J. Chabria was approved by the members by a special resolution passed by them at the Annual General Meeting of the Company held on 28<sup>th</sup> december, 1999. The same was extended for a further period upto 31<sup>st</sup> March, 2002 at the Annual General Meeting of the Members held on 29<sup>th</sup> September, 2000. The Company continues to be a sick company and the revival scheme is under formulation. Hence, the Board of Directors of the Company have recommended to continue the same remuneration and other benefits to Mr. Shamsunder J. Chabria, Managing Director, for a further period of one year from 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2003.

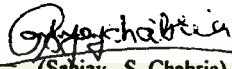
Item No. 8

Mr. Sanjay S. Chabria was appointed as the Executive Director of the Company for a period of two years from 1<sup>st</sup> April, 1999. The terms of payment of remuneration to Mr. Sanjay S. Chabria was approved by the members by a special resolution passed by them at the Annual General Meeting of the Company held on 28<sup>th</sup> december, 1999. The same was extended for a further period upto 31<sup>st</sup> March, 2002 at the Annual General Meeting of the Members held on 29<sup>th</sup> September, 2000. The Company continues to be a sick company and the revival scheme is under formulation. Hence, the Board of Directors of the Company have recommended to continue the same remuneration and other benefits to Mr. Sanjay S. Chabria, Executive Director, for a further period of one year from 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2003.

The Resolutions passed by the members in context to item nos. 7 and 8 at the Annual General Meetings mentioned above are open for inspection of the Members.

The Board of Directors of your Company, recommend the resolution set out under item nos. 7 and 8 of the Notice for consideration and approval of the shareholders.

By order of the Board of Directors

  
(Sanjay S. Chabria)  
Executive Director

Place : Mumbai.  
Date : 25.10.2002

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**DIRECTORS REPORT****To the Shareholders**

The Directors of LALIT POLYMERS & ELECTRONICS LTD are pleased to present the audited Statement of Accounts for the period 1<sup>st</sup> April, 2001 to 31<sup>st</sup> March, 2002.

In the last year's Directors Report, the shareholders were informed about the Company having successfully negotiated a One Time Settlement (OTS) under Reserve Bank Of India's guidelines with Banks and Financial Institution with the assistance of Motwani Group. Thereafter, substantial down payment and payment of some monthly installments were also made under the said OTS to Banks and full payment was made to the Financial Institution. However, due to some unforeseen circumstances the payment of balance monthly installments to the Banks could not be completed and on account of this the Company was issued a show cause notice from the BIFR, which had earlier circulated the Draft Rehabilitation Scheme.

Subsequently, although the Company was able to re-work the OTS with the Banks who agreed to reschedule the balance installments, yet the BIFR adopted a negative stand stating that provision for the outstanding statutory dues of Government departments had not been made in the revised Draft Rehabilitation Scheme submitted and therefore they opined that the Company may not be able to make it's net worth positive in the future.

As necessary provision for meeting the obligations of the Government departments had been made and as it is thought that the Company can make it's net worth positive in the near future hence accordingly the Company has filed an appeal before the AAIFR against the opinion formed and order passed by BIFR within the stipulated time limit and is awaiting the admission and hearing in this context.

Meanwhile, the Company has re-negotiated the earlier OTS arrived with the Banks on more favorable terms and has paid the settled amount in full with one of the banks. Formal sanction from the other bank is expected shortly.

The Company has also been able to successfully complete the ongoing Arbitration proceedings upon the claims of the Company against GIDC for wrongful suspension and subsequent termination of the large turnkey effluent disposal pipeline contract worth Rs.7.80 Crores and the award of the sole Arbitrator is expected shortly.

The turnkey Contract of KUWS&D Board is nearing completion and the Company is negotiating and expecting orders in the near future.

**DIVIDEND**

Due to the continuing losses, the Directors are not in a position to recommend any payment of dividend to the Shareholders

**CORPORATE GOVERNANCE**

Your Company attaches considerable significance to good Corporate Governance as an important step towards building investor confidence, improve investors' protection and maximise long term shareholder value. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a compliance report on Corporate Governance has been annexed as part of the Annual Report.

#### **DIRECTORS**

Mr. S.J. Chabria and Mr. S.S. Chabria continue to remain Directors of the Company. Mrs. L. S. Chabria retires by rotation at the ensuing Annual General Meeting and offers herself for re-appointment.

#### **AUDITORS**

M/s. S.H. Sitlani Company, Chartered Accountants, retire at the Annual General Meeting and offer themselves for re-appointment.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to sub-section (2AA) of the Companies Act, 1956, the Board of directors of the Company hereby state and confirm that :

- (i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any.
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgements 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 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, 1956 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.

#### **PERSONNEL**

No employees are drawing salary over Rs.50,000/- per month or Rs.6,00,000/-per annum.

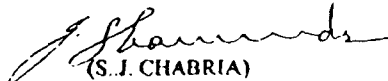
#### **ADDITIONAL INFORMATION**

The additional information required to be disclosed in terms of Notification 1029 dated 31<sup>st</sup> December, 1998 issued by the Department of Company Affairs is given as an Annexure to this Report.

#### **ACKNOWLEDGEMENTS**

The Directors place on record their sincere appreciation of the support and co-operation extended by Financial Institution and Banks and of the devoted efforts of all employees and officers of the Company. We believe this cohesive support to the Company is bound to steer us through this difficult time to success.

On behalf of the Board of Directors

  
(S.J. CHABRIA)  
Chairman

Place : Mumbai.  
Date : 25.10.2002



**ANNEXURE TO THE DIRECTORS' REPORT**

(Additional information given in terms of Notification 1029 dated 31<sup>st</sup> December, 1988 issued by the Department of Company Affairs)

**Disclosure**


- A. Conservation of Energy
  - a) Energy conservation measures taken
    - Intensive maintenance of compressed air pipelines for leakage/wastage.
    - Regular preventive maintenance of energy consuming equipment.
    - Constant monitoring of power factor.
  - b) Additional investments and proposals, if any : None
  - c) Impact of the above measures on consumption of power.
    - Reduction in energy wastage and losses.
- B. Technology Absorption : refer Form "B" given below.
- C. Foreign Exchange Earning : NIL
- D. Foreign Exchange Outgo : NIL

**Form B : Research & Development**

1. Specific areas in which R & D carried out by the Company.
  - Product development in line with Company's present business.
  - Development and evaluation of alternate systems/raw materials.
2. Benefits derived as a result of the above R & D.
  - Product of improved design and technology.
3. Future plan of action
  - To carry out further product development and technology upgradation.
4. Expenditure on R & D.
  - Expenditure on in-house R & D shown under respective functional heads and no separate account maintained.
5. Technology absorption, adaptation and innovation.
  - Close interface with the global scene for innovations and adaptations. Efforts are on for economies in raw materials, use of alternate materials, etc.
  - The technical know how provided by the foreign collaborators has been absorbed.
6. Management Discussion and Analysis

The core business of the Company is manufacturing of Glassfibre Reinforced Plastic (GRP) products. Presently, industry is reeling under the effect of recession. This, along with increase in cost of inputs and increase in competition has affected profits. The growth in the industry has therefore been minimal. The year under review saw a steady deceleration in economic growth and industrial activity. Reflective of slowdown in the industrial growth, the index of industrial production has been steadily declining in the recent years. The performance of the industry was sluggish due to shrinking demand, mounting competitive pressures and increased input costs. Amidst these downturn trends, the Company is striving continuously to reduce costs in all possible areas and fend off the competition prevailing in the market. The Company has taken aggressive steps to expand the market and is also closely studying possibilities to give impetus to exports.

On behalf of the Board of Directors

  
(S.J. CHABRIA)  
Chairman

Place : Mumbai  
Date : 25.10.2002

**CORPORATE GOVERNANCE REPORT**

The detailed report on Corporate Governance is set out below :

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

Your Company's philosophy on Corporate Governance is striving for attainment of the highest level of transparency and accountability in all its functions and during the course of the conduct of its business with due emphasis on regulatory compliance. Keeping in mind the same, the systems and actions of the Company are being developed for increasing corporate performance and shareholder value.

**2. BOARD OF DIRECTORS :****a) COMPOSITION AND CATEGORY**

The present strength of the Board of Directors is three, whose composition is given below

- Two Promoter, Executive Directors.
- One Promoter, Non Executive Director.

The composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which he/she is a member/Chairperson are as under :

Name of Director	Category	No. Of Other Directorships	No. Of Membership Of Other Board Committees	No. Of Board Committees For Which Chairperson
Shri Shamsunder Chabria <i>Chairman &amp; Mg. Director</i>	Promoter, Executive	2	1	1
Shri Sanjay Chabria <i>Executive Director</i>	Promoter, Executive	2	1	Nil
Smt. Lalita Chabria	Promoter, Non Executive	2	1	Nil

**b) ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING**

During the financial year ended March 31, 2002, four Board Meetings were held on April 30, 2001, July 30, 2001, October 31, 2001, and January 31, 2002. The attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) is as under: