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LALIT POLYMERS & ELECTRONICS LTD.

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**20<sup>th</sup> ANNUAL REPORT 2003-2004**

**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**

Dena Bank

Jalgaon Janata Sahakari  
Co-op. Bank Ltd.

**AUDITORS**

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

NOTICE

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting of the Members of Lalit Polymers & Electronics Ltd. will be held on the 25<sup>th</sup> of September, 2004 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, 2004 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 :**

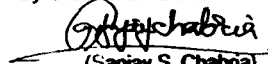
4. To consider and, if thought fit, to pass the following resolution as a Special Resolution with or without modification.

"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 period of one year from the conclusion of this Annual General Meeting on same terms as to remuneration and other benefits as are presently being availed by him.

5. 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 period of one year from the conclusion of this Annual General Meeting on same terms as to remuneration and other benefits as are presently being availed by him.

By Order of the Board of Directors

  
(Sanjay S. Chabria)  
Executive Director

Place : Mumbai.  
Date : 30.07.2004

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 18<sup>th</sup> September, 2004 to 25<sup>th</sup> September, 2004 (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

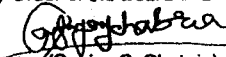
The appointment of Mr. Shamsunder J. Chabria as Managing Director of the Company expires at the conclusion of this Annual General Meeting. Hence, the Board of Directors of the Company have recommended his re-appointment for a further period of one year from the conclusion of this Annual General Meeting on same terms as to remuneration and other benefits as are presently being availed by him.

Item No. 5

The appointment of Mr. Sanjay S. Chabria as Executive Director of the Company expires at the conclusion of this Annual General Meeting. Hence, the Board of Directors of the Company have recommended his re-appointment for a further period of one year from the conclusion of this Annual General Meeting on same terms as to remuneration and other benefits as are presently being availed by him.

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

By Order of the Board of Directors

  
(Sanjay S. Chabria)  
Executive Director

Place : Mumbai.  
Date : 30.07.2004

## DIRECTORS REPORT

To,

The Shareholders,

The Directors of Lalit Polymers & Electronics Ltd. take pleasure in presenting the audited Statement of Accounts for the period 1<sup>st</sup> April, 2003 to 31<sup>st</sup> March, 2004.

In the last year's Directors Report, the Shareholders were informed that all outstanding dues of the secured creditors of the Company, i.e. two Banks and a Financial Institution have been settled and paid and "No Dues" Certificate obtained from them. Thus all the assets of the Company are totally debt free/unencumbered, the net worth being positive, the Company is now making fresh arrangements for availing Working Capital facilities. However, it's efforts for speedy revival are bogged down by the AAIFR Bench having not been constituted for more than a year and it's appeal before the said authority hanging fire midway after the initial two hearings. It has become crucial for the Company that it's appeal is heard and disposed off speedily so that the Company can move forward with full speed by availing full scale banking facilities instead of relying additionally on private financing.

Your Directors are happy to inform that owing to phenomenal rise/increase in steel prices over the past one year, the prices of mild steel pipes, cast iron pipes and ductile iron pipes have drastically increased, thus bringing the GRP pipe prices within the affordability and competitive reach of consumers. So also the awareness about excellent properties of GRP pipes and tremendous advantages in using the same has increased among the Engineering fraternity leading to increased opportunities and prospects for GRP pipe market in India and neighbouring countries. Your Company hopes to exploit this increased potential in the coming years.

The Company has received a minor set back in the Arbitration proceedings regarding it's claims against GLD.C. as the Award given by the Sole Arbitrator was not very favourable to the Company and hence the Company has challenged the same and proceeded for having it set aside.

Lastly, the Directors take pleasure to inform that your Company is now on the way to recovery, having tied up with leading contracting companies for quoting/tendering for the requirements of GRP pipes of several medium scale projects and hope to land up with substantial Orders/Contracts 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. Sidani Company, Chartered Accountants, retire at the Annual General Meeting.

#### **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 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 : 30<sup>th</sup> July, 2004

**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.**

**d)**

- 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, our industry is still recovering from the effect of recession. However with the cost of inputs having increased, although the growth in the industry has started showing an upward trend, the growth is not very significant. The year under review saw a recovery in economic growth and industrial activity. Reflective of this, the index of industrial production has shown an upward movement. Although showing an upward trend, the performance of our industry was yet sluggish, demand increasing slowly, competitive pressures increasing and liquidity crunch being witnessed. Amidst all this, the Company is striving to meet the competition prevailing in the market. The Company has taken aggressive steps to expand the market, closely examining possibilities of export and diversification of it's market segment to newer fields such as oil and gas, desalination, marine, etc.

On behalf of the Board of Directors

Place : Mumbai  
Date : 30<sup>th</sup> July, 2004

(S.J. CHABRIA)  
Chairman

## 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	1	1	1
Shri Sanjay Chabria <i>Executive Director</i>	Promoter, Executive	1	1	Nil
Smt. Lalita Chabria	Promoter, Non Executive	1	1	Nil

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

During the financial year ended March 31, 2004, four Board Meetings were held on April 28, 2003, July 30, 2003, October 30, 2003 and January 31, 2004. The attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) is as under:



Name Of The Director	No. Of Board Meetings Attended as on 31.03.04	Attendance At Last AGM Held On 27.09.2003
Shri Shamsunder J. Chabria	4	Present
Shri Sanjay S. Chabria	4	Present
Smt. Lalita S. Chabria	4	Present

### 3. REMUNERATION TO DIRECTORS

The Board of Directors had fixed the remuneration of the Managing Director and Executive Director in accordance with the provisions of the Companies Act, 1956 and Schedule XIII of the said Act, and the same was approved by the shareholders.

The details of the remuneration and sitting fees paid to the Directors during the year 2003-2004 are given below.

<u>Name Of The Director</u>	<u>Position</u>	<u>Remuneration</u>	<u>Sitting Fees</u>
Mr. S. J. Chabria	Managing Director	Rs.1,08,000/-	—
Mr. S. S. Chabria	Executive Director	Rs. 90,000/-	—
Mrs. L. S. Chabria	Director	—	Rs.1,000/-

### 4. DETAILS OF SHAREHOLDERS' COMPLAINTS RECEIVED, NOT SOLVED AND PENDING SHARE TRANSFERS :

There were four complaints received from the shareholders during the year ended March 31, 2004, which have been redressed in time. There were three pending share transfers for four hundred equity shares as on March 31, 2004. The same were not processed as they were received during the end of the month. They have since been processed.

### 5. GENERAL BODY MEETINGS :

Location and time, where last three Annual General Meetings were held is given below :

Financial Year	Date	Location Of The Meeting	Time
2000 - 2001	29.09.2001	Registered Office of the Company at Jejuri	2.00 pm
2001 - 2002	28.11.2002	Registered Office of the Company at Jejuri	2.00 pm
2002 - 2003	27.09.2003	Registered Office of the Company at Jejuri	2.00 pm

No special resolution was put through postal ballot at the last Annual General Meeting nor is any proposed for this year.