

LALIT POLYMERS & ELECTRONICS LTD.



22nd ANNUAL REPORT 2005-2006

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

Shri H. N. Motiwalla

BANKERS

Dena Bank

AUDITORS

M/s. B.N. Rao & Co.
Chartered Accountants,
Mumbai

NOTICE

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Notice is hereby given that the 22nd Annual General Meeting of the Members of Lalit Polymers & Electronics Limited will be held on the 30th of September, 2006 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 31st March, 2006 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 Shri. H.N. Motiwalla, who retires by rotation, and being eligible offers himself 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 :

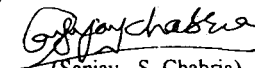
4. To consider and, if thought fit, to pass the following resolution as a Special Resolution with or without modification.

"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 : 31.07.2006

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 23rd September, 2006 to 30th September, 2006 (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.
6. In terms of section 109 (A) of the Companies Act, 1956 the Shareholder may nominate a person to whom the shares held by him shall vest in the event of his/her death. In case you wish to avail the nomination facility in respect of the shares held by you, please write to the Company to obtain the nomination form.
7. As required under the Listing Agreement, the particulars of Director who is proposed to be appointed/reappointed is as given below :

- Name	Mr. H. N. Motiwalla.
- Age	62 years
- Qualification	Chartered Accountant
- Experience	Decades of experience in the field of administration, management, accounting and finance.
- Other Directorships	Excel Industries Ltd. / Jeevan Bima Sahayog Asset Management Company Ltd. / Hi Tech Plast Ltd.
- Membership/Chairmanship of the Board/Committees of Company	None

ANNEXURE TO THE NOTICE

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

Item No. 4

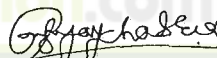
The appointment of Mr. Shamsunder J. Chabria as Managing Director of the Company expires at the conclusion of this Annual General Meeting. Hence, the Board of Directors of the Company have recommended his re-appointment for a further period of one year from the conclusion of this Annual General Meeting 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 : 31.07.2006

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DIRECTORS REPORT

To,

The Shareholders,

The Directors of Lalit Polymers & Electronics Ltd. take pleasure in presenting the audited Statement of Accounts for the period 1st April, 2005 to 31st March, 2006.

In the last years Directors Report, the shareholders were informed about the Company having obtained the "No Dues" Certificate from the Banks and also the Financial Institution who had provided the Term Loans and / or Working Capital facilities and that the Company's assets are now totally free / unencumbered.

As already informed earlier, the Company had filed an appeal before the Hon'ble AAIFR and after hearing the matter the Hon'ble AAIFR has removed the Company from the pervue of the Sick Industrial Companies Act in view of the Company's net worth having turned positive.

In the matter of claims filed by the Company against GIDC for wrongful termination of the prestigious Contract valued at Rs. 7.30 Crores of the Vagra (Vilayat) effluent disposal pipeline, the proceedings in the Court at Gandhinagar in Gujarat for setting aside the Sole Arbitrator's award is progressing in the normal course.

Lastly, the Directors take pleasure to inform that your Company is now on the way to recovery, having applied for several medium scale contracts / projects along with the Chinese strategic partner. Your Company is also making all attempts to procure the necessary working capital facilities from new bank/s so as to be able to start afresh on a clean slate.

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 maximize 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, Mr. S.S. Chabria and Mrs. L. S. Chabria continue to remain Directors of the Company. Mr. H.N. Motiwalla retires by rotation at the ensuing Annual General Meeting and offers himself for re-appointment.

AUDITORS

M/s. B.N. Rao & Co., Chartered Accountants, retire at the Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 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

Details as required u/s 217(2A) of the Companies Act, 1956 is not required to be given since none of the employees are paid a salary over Rs.24.00 lacs per annum or Rs.2.00 lacs per month for any part of the year.

ADDITIONAL INFORMATION

The additional information required to be disclosed in terms of Notification 1029 dated 31st 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 to 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 : 31.07.2006

ANNEXURE TO THE DIRECTORS' REPORT

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

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Disclosure

- A. Conservation of Energy
 - a) Energy conservation measures taken
 - Maintenance of compressed air pipelines for leakage/wastage.
 - Maintenance of energy consuming equipment.
 - 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, our industry has started showing an upward trend. 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. Showing an upward trend, the performance of our industry improved, demand increased along with competitive pressures also increasing. Amidst all this, the Company is striving to meet the competition prevailing in the market. The Company has taken steps to expand the market, closely examining possibilities of export and diversification of it's market: segment to newer fields.

On behalf of the Board of Directors



(S.J. CHABRIA)

Chairman

Place : Mumbai

Date : 31.03.2006

CORPORATE GOVERNANCE REPORT

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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 it's functions and during the course of the conduct of it's 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 four, whose composition is given below

- Two Promoter, Executive Directors.
- One Promoter, Non Executive Director.
- One Non – Promoter, Non Executive, Independent 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 Chairman & Mg. Director	Promoter, Executive	Nil	1	1
Shri Sanjay Chabria Executive Director	Promoter, Executive	Nil	1	Nil
Smt. Lalita Chabria	Promoter, Non Executive	1	1	Nil
Shri H. N. Motiwalla	Non-Promoter, Non Executive, Independent Director	3	Nil	Nil

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

During the financial year ended March 31, 2006, five Board Meetings were held on June 30, 2005, July 29, 2005, October 31, 2005, December 20, 2005 and January 30, 2006. The attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) is as under: