

# 21st Annual Report 2002 - 2003

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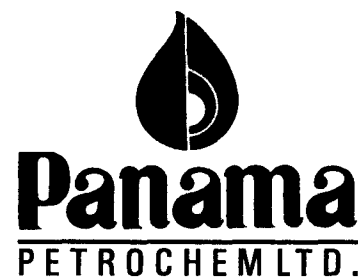


# Panama

**PETROCHEM LTD.**

**REGISTERED OFFICE**

**Plot No. 3303, G.I.D.C. Estate,  
Ankleshwar - 393 022, Gujarat**



## *Oiling the Wheel of Success*

Everyday, everyone gets in touch with Oil & Grease, Fortunately not literally though. Whether boarding an aircraft, driving a car, or using an electric stove, lubricants play a decisive role for keeping things running reliably and safely. Having specialized in this market, **LUBRICANT CONSULT GMBH** provides lubrication solutions for a wide range of applications. The German Company is one of the Leading developers and manufacturers in the lubrication engineering industry.

**Panama Petrochem Ltd.** is the sole distributor of **LUBCON** speciality oils and greases for India.

Applicable products are for :

FOODSTUFF INDUSTRIES

PAPER, FOIL

CHIP BOARD

MACHINE TOOLS

TEXTILES

GLASS MANUFACTURING INDUSTRIES

NUCLEAR INDUSTRIES

MEDICAL DEVICES

VALVES & FITTINGS

TRAFFIC ENGINEERING

AVIATION - SPACE FLIGHTS

ROAD & RAIL ENGINEERING

AUTOMOBILE INDUSTRIES

## *MANUFACTURERS, EXPORTERS & IMPORTERS OF PETROLEUM PRODUCTS*

- BASE OIL L TRANSFORMER OIL
- WHITE OIL L LIQUID PARAFFIN
- MINERAL OIL L PETROLEUM JELLY

## *PRODUCT RANGE INCLUDES*

### **SPECIAL LUBRICANTS FOR**

- AUTOMOBILE MANUFACTURING /  
ASSEMBLING PLANTS
- CEMENT MANUFACTURING UNITS
- VACCUM & NUCLEAR INDUSTRY
- AVIATION & SPACE FLIGHT
- PAPER / FOIL INDUSTRY
- BIO-DEGRADABLE LUBRICANTS
- FULLY SYNTHETIC LUBRICANTS
- INK INDUSTRIES

----- AND MANY MORE -----

## **PANAMA PETROCHEM LTD.**

**Corporate Office :** Mahavir Darshan,  
416, Narsi Natha Street, Mumbai - 400 009.  
**Tel. :** 2344 5899, 2342 5018 **Fax :** (022) 23428702

**E-mail :** [panama@vsnl.com](mailto:panama@vsnl.com)

**Web Site :** [www.panamapetro.com](http://www.panamapetro.com)

**Plants at :** • Ankleshwar - Gujrat  
Maharashtra • Sakinaka - Mumbai



# PANAMA PETROCHEM LIMITED

## **BOARD OF DIRECTORS :**

Mr. Badruddin Kasamali : Chairman  
 Mr. Amirali E. Rayani : Managing Director  
 Mr. A. A. Rayani : Director  
 Mr. V.E. Rayani : Director  
 Mr. S.E. Rayani : Director  
 Mr. S. A. Rayani : Director  
 Mr. M.V.Isani : Director  
 Mr. S.K. Ukani : Director (Administration)  
 Mr. Rajendra Thakker : Director  
 Mr. Mukesh Mehta : Director

## **BANKERS :**

Development Credit Bank Ltd.  
 State Bank of India  
 ING-Vysya Bank Ltd.  
 Corporation Bank

## **SENIOR EXECUTIVES :**

P.V. Nikam : General Manager  
 Nimita Tembhurne : Manager Plant No.1  
 S.R. Sawant : Manager Plant No.2

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## **AUDITORS :**

Tralsawala Associates;  
 Navnirman Centre,  
 1st, Floor,  
 Opp. Railway Stn.  
 Bharuch 392 001.

Office No. 207, 2nd Floor,  
 B Wing, Hema Arcade,  
 Opp. Vile Parle Stn. (W),  
 Mumbai: 400 056

## **SOLICITORS & ADVOCATES :**

Mahimtura & Co.  
 Advocates & Solicitors,  
 101/104 Banaji House,  
 361, Dr.D.N. Road, Fort,  
 Mumbai: 400 001.

## **REGISTRAR & SHARE TRANSFER AGENTS :**

M/s. BIGSHARE SERVICES PVT. LTD.  
 E-2, Ansa Industrial Estate,  
 Saki-Vihar Road, Sakinaka,  
 Andheri(E), Mumbai: 400 072.

**NOTICE**

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of the Members of PANAMA PETROCHEM LIMITED will be held at Plot No. 3303, G.I.D.C. Industrial Estate, Ankleshwar-393 002, Gujarat on Saturday, September 27, 2003 at 10.00 A.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at March 31, 2003 and Profit & Loss Account for the year ended as on that date and the Reports of the Directors and Auditor's thereon.
2. To appoint a Director in place of Mr. Salimali E Rayani who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M V Isani who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS:**

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Badruddin Kasamali be and is hereby appointed as a director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Rajendra Thakker be and is hereby appointed as a director of the Company, whose period of office shall be liable to determination by retirement of Director by rotation."

7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Vazirali E Rayani be and is hereby appointed as a director of the Company, whose period of office shall be liable to determination by retirement of Director by rotation."

8. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Samir Rayani be and is hereby appointed as a director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

9. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Mukesh Mehta be and is hereby appointed as a director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

10. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 31, read with section 192A and all other applicable provisions if any, of the Companies act, 1956, (including any statutory modification(s) or redeemed enactment thereof, for the time being in force), and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be altered by adding a new article No.24(B) after the existing article No.24(A) which read as follows:

**Article 24(B)****PASSING OF RESOLUTION BY POSTAL BALLOT:**

Notwithstanding anything contained in the Article of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and/or other ways as may be prescribed by the central government in this behalf in respect of the following matters:

- a. Alteration in the Object Clause of Memorandum;
- b. Alteration of Articles of Association in relation to insertion of

provisions defining company;

- c. Buy-back of own shares by the company under sub-section(1) of section 77A;
  - d. Issue of shares with differential voting rights as to voting or dividend or otherwise under sub-clause (ii) of clause (a) of section 86;
  - e. Variation in the rights attached to a class of shares or debentures or other securities as specified under section 106;
  - f. Change in place of registered office outside local limits of any city, town, village as specified in sub-section (2) of section 146;
  - g. Election of a director under proviso to sub-section (1) of section 252 of the Act;
  - h. Sale of whole or substantially whole of undertaking of a company as specified under sub-clause (a) of sub-section (1) of section 293;
  - i. Giving loans or extending guarantee or providing security in excess of the limit prescribed under sub-section (1) of section 372A;
- Instead of transacting such business in a General Meeting of the company:
- i. Any business that can be transacted by the company in General Meeting; and
  - ii. Particularly, resolutions relating to such business as the central government may by notification, declare to be conducted only by postal ballot.

11. To Consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Article No.38 be altered as follows to increase the maximum limit of the Directors of the Company from the present limit of Ten Directors to Twelve Directors and it shall read as follows:

**Article No (38): Number of Directors shall not be less than three nor more than twelve.**

"RESOLVED FURTHER THAT Mr. Amirali E Rayani, Managing Director of the Company be and is hereby authorized to take all necessary/relevant steps as may be needed expedient by him for giving effect to this resolution, for and on behalf of the Company"

12. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 17 and all other applicable provisions, if any, of the Companies Act, 1956, the Members of the Company do and hereby approve the amendment in the Memorandum of Association of the Company by way of insertion of new clauses 73(a), 73(b) & 74 after the existing clause 72 (v) under Part III (C) of the Memorandum of Association of the Company :

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(a) To carry on the business in India or abroad to buy or sell, resale import, export, research, pack, repack, and to act as consultant, commission agent, distributor, dealer, broker, adatiya, representative, stockist, patent, owner, trader, marketing-man, transporter, C & F agent, warehousing, liasoner, vendor, franchiser or otherwise to deal in all kind of finished or semi finished goods, articles, and/or services in whatever form of nature that they may be including all industrial, commercial, agricultural, scientific, household and domestic items like machineries, instruments, equipments, implements, devices, systems, apparatus, components, parts, fittings, tools, tackles, raw materials, all kinds of products, by-products, or any other merchandise.

(b) To carry on the business in India or abroad to buy, sell, resale, import, export, research, process purify, refine, filter, assemble, disinfect, explore, extract, brand, prepare, convert, compound, mix, grade, treat, invent, manipulate, commercialise, pack, repack and to deal in petrochemicals, petroleum and other industrial and specialty oils and chemicals, jellies and automotive, lubricants and greases and any products, compounds, by-products, derivatives thereof.

74. To carry on the business of builders, contractors, designers, architects, decorators, furniture consultants, constructors and brokers of all types of buildings and structures and to develop,





## Panama Petrochem Ltd.

erect, install, alter, improve, add, establish, renovate, recondition, protect, participate, enlarge, repair, demolish, remove, replace, maintain, manage, buy, sell, lease, let on hire, commercialise, turn to account, fabricate, handle & control, all such buildings & structures and to purchase, sale or deal in all types of raw materials, goods, fittings, parts, accessories, know-how, consumables, plant & machineries, tools & tackles used for the foregoing purpose.

"RESOLVED FURTHER THAT Mr. Amiral E Rayani, Managing Director of the Company, be and is hereby authorised to take all necessary/relevant steps as may be deemed expedient by him for giving effect to this resolution, for and on behalf of the Company."

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

"RESOLVED THAT pursuant to the provisions of Section 149 (2A) and all other applicable provisions if any, of the Companies Act, 1956, the approval of Members be and is hereby accorded for commencing and undertaking all or any of the business activities as specified in clauses 73(a), 73(b), 74 in Part III (C) in the Memorandum of Association of the Company as and when deemed fit by the Board of Directors of the Company after obtaining the Certificate of Registration from the Registrar of Companies, Gujarat pursuant to Section 18 of the Companies Act, 1956."

"RESOLVED LASTLY THAT Mr. Amiral E. Rayani, Managing Director of the Company, be & is hereby authorised to do all such deeds, things, matters & actions as may be deemed necessary and expedient for giving effect to this resolution and of behalf of the Company."

### REGISTERED OFFICE:

Plot No. 3303, G.I.D.C. Estate,  
Ankleshwar : 393 002 Gujarat

Place: Mumbai

Date : 10 / 08 / 2003

For and On behalf of the  
Board of Directors.

AMIRALI E. RAYANI  
Managing Director.(CEO)

### NOTES:

- 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 OF THE COMPANY.  
  
The Proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 23, 2003 to Saturday, September 27, 2003 (both days inclusive).
- Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.
- All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday, Wednesday and Public Holidays between 11.00 A.M. and 1.00 P.M. up to the date of Annual General Meeting.
- Explanatory Sataement pursuant to Section 173(2) of the Companies Act 1956, in respect of Item No.5, 6, 7, 8, 9, 10, 11, 12 & 13 of the notice set out is annexed hereto.
- The transactions at serial No. 11, 12 & 13 of this notice require consent of shareholders through postal ballot.
- IF THE MEMBERS HAVE ANY QUERIES ON THE AUDITED ACCOUNTS, DIRECTORS REPORT & AUDITOR'S REPORT, THE SAME SHOULD BE FORWARDED TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE AT LEAST 10 DAYS BEFORE THE MEETING SO THAT THE SAME CAN BE REPLIED AT THE TIME OF ANNUAL GENERAL MEETING TO THE MEMBERS' SATISFACTION.
- The members are requested to note that as the dues for unpaid/unclaimed dividend, etc for the financial year 1996-97 will be due for transfer to Invertor Greivence and Protection Fund, the relevant dividend warrants, if any, be revalidated by them.
- Members are requested to bring their copies of the reports to Annual General Meeting.
- Members holding shares in the same set of names under different

folios are requested to apply for consolidation of such folios alongwith Share Certificates to the Company.

11. In order to exercise strict control over the transfer documents, Members are requested to send the transfer documents/correspondence, if any, directly to:

### BIGSHARE SERVICES PRIVATE LIMITED

Unit: PANAMA PETROCHEM LIMITED

E-2, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka,  
Andheri (E), Mumbai: 400 072. Tel.Nos: 856 0652/53.

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

#### Item No.5

Mr. Badruddin Kasamali was appointed as an additional director of the Company by the Board of Directors w.e.f 21/03/2003 and his tenure of office comes to an end at the ensuing Annual Genaral Meeting.

Mr. Badruddin Kasmali is qualified from Senior Cambridge School and is well versed in accounting and financial matters. He has been in the Fund Management business for nearly two decades. He has good knowledge about the Company's working and its business.

Hence your Board of Directors recommends the passing of the said resolution in the interest of the company.

Mr. Badruddin Kasamali himself may be deemed to be concerned or interested in passing of the above resolution.

Your company has already received a notice under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Badruddin Kasamali to be appointed as the Director of the Company alongwith the necessary security deposit.

#### Item No.6

Mr. Rajendra Thakker was appointed as an additional director of the Company by the Board of Directors w.e.f 21/03/2003 and his tenure of office comes to an end at the ensuing Annual General Meeting.

Mr. Rajendra Thakker has passed his SSC and has been in the business of Petrochemicals for the past 25 years. He possesses good knowledge of the Company's working and its business.

Hence your Board of Directors recommends the passing of the said resolution in the interest of the company.

Mr. Rajendra Thakker himself may be deemed to be concerned or interested in passing of the above resolution.

Your company has already received a notice under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Rajendra Thakker to be appointed as the Director of the Company alongwith the necessary security deposit.

#### Item No.7

Mr. Vazirali E Rayani who resigned from the Directorship of the Company from 21/03/2003 was re-appointed as an Additional Director of the Company w.e.f 22/03/2003 and his tenure of office comes to an end at the ensuing Annual General Meeting.

Mr. Vazirali E Rayani is an active participant in the day-to-day activities of the Company and possesses good knowledge of the Company's working and its business.

Hence your Board of Directors recommends the passing of the said resolution in the best interest of the Company.

Mr. Vazirali E Rayani himself and Mr. Amiral E Rayani, Mr. Salimali E Rayani and Mr. Amin A Rayani being the relatives of Mr. Vazirali E Rayani may be deemed to be concerned or interested in passing the above resolution.

Your company has already received a notice under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Vazirali E Rayani to be appointed as the Director of the Company alongwith the necessary security deposit.

#### Item No.8

Mr. Samir A Rayani who resigned from the Directorship of the Company from 21/03/2003 was re-appointed as an Additional Director of the Company w.e.f 22/03/2003 and his tenure of office comes to an end at the ensuing Annual General Meeting.

Mr. Samir A Rayani is an active participant in the day-to-day activities of the Company and possesses good knowledge of the Company's working and its business.



Mr. Samir A Rayani himself and Mr. Amiral E Rayani, Mr. Salimali E Rayani and Mr. Amin A Rayani being the relatives of Mr. Samir A Rayani may be deemed to be concerned or interested in passing the above resolution.

Your company has already received a notice under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Samir A Rayani to be appointed as the Director of the Company along with the necessary security deposit.

#### **Item No.9**

Mr. Mukesh Mehta was appointed as an additional director of the Company by the Board of Directors w.e.f 22/03/2003 and his tenure of office comes to an end at the ensuing Annual General Meeting.

Mr. Mukesh Mehta is a commerce graduate and has vast experience in the field of Exports and possesses good knowledge of the Company's working and its business.

Hence your Board of Directors recommends the passing of the said resolution in the interest of the company.

Mr. Mukesh Mehta himself may be deemed to be concerned or interested in passing of the above resolution.

Your company has already received a notice under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Mukesh Mehta to be appointed as the Director of the Company along with the necessary security deposit.

#### **Item 10**

The members of the Company may be aware that the Companies (Amendment) Act, 2000 has introduced a new section 192A, which permits passing of Company Resolutions by postal ballot by a Listed Company. Consequently, in furtherance of the same, the Department of Company Affairs has issued the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 and has enumerated certain matters covered under the Companies Act, 1956, which can be passed only by way of Postal Ballot.

In order to comply with the aforesaid rules and the said section 192A of the Companies Act, 1956, it is mandatory for every listed company to introduce in its Articles the powers to pass the certain enumerated matters by way of postal ballot.

Hence the said Special Resolution is recommended for your approval to introduce new Article 24(B) for passing of the resolutions by way of Postal Ballot.

None of the Directors of the Company is, in any way concerned or interested in the said resolutions.

#### **Item No.11**

The Members of the Company may be aware that the SEBI has newly introduced Clause 49 in the Standard Listing Agreement in relation to Corporate Governance and in accordance to which every Company is required to form various Committees in the Organisation viz. Audit Committee, Remuneration Committee, Shareholders Committee, etc. with requisite combination of Independent and Non-Executive Directors.

Since your Company will be under obligation to maintain the required combination of Independent and Non- Executive Directors it may require to induct more than 10 Directors on its Board, which is presently the maximum limit available as per the Articles of Association of the Company.

Hence the said Special Resolution is recommended for your approval to alter the present maximum limit of Directors to be included on the board from present limit of ten to twelve persons.

None of the Directors of the Company is in anyway concerned or interested in the said resolutions.

#### **Item No.12&13**

As the Members of the Company are aware that the Company is presently engaged in the business of manufacturing, refining, blending, distributing, processing, import, export and dealing in petrochemicals, petroleum and other industrial and specialty oils and chemicals, jellies and automotive lubricants and greases and

any products, compounds, by-products, derivatives thereof.

The Board of directors of your Company foresee good business opportunities in the business related with Construction and Merchandise Business activities and thus proposes to include such objects in the Object Clause of the Company, since the company is presently not authorised to do any such related business activity.

The Board of Directors therefore recommend to include the business activities related with merchandise and constructions based business as enumerated in Clause Nos. 73(a), 73(b) to 74 to be inserted in Part III (C) of the said Memorandum of Association of the Company immediately after existing clause No. 72 in part III (c) of the said Memorandum of Association of the Company.

Hence your approval is sought in the form of Special Resolutions under Section 17 and 149(2A) of the Companies Act, 1956.

None of the Directors of your Company are concerned or interested in passing of the said Special Resolutions.

Place : Mumbai  
Date : 10/08/2003

For and on behalf of the  
Board of Directors

#### **REGISTERED OFFICE**

Plot No.3303, G.I.D.C Estate  
Ankleshwar - 300 002  
GUJARAT

AMIRALI E RAYANI  
Managing Director (CEO)

### **DIRECTORS' REPORT**

Your Directors have pleasure in presenting their Twenty First Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2003.

#### **DIVIDENDS:**

The Board of Directors have decided to plough back the profits earned for the year ended March 31, 2003 for development of the business of the Company and hence they do not recommend any dividend for the year under review.

#### **MANAGEMENT DISCUSSION AND ANALYSIS:**

##### **A) Industry Structure and Development:**

##### **Transformer and Industrial Oils:**

The Industry of Transformer Oil, Industrial Oils and other Lubricants is dominated by the Organized and unorganized sectors. The development of Transformer Oil business mainly depends on power projects. The Government policy on power projects is encouraging which would enhance the demand and production of transformers and use of transformer oil in the country.

##### **B) Opportunities & Threats**

There is good potential for growth of transformer and industrial oils with the development of power projects and industrialization. However, the fierce competition and inconsistent financial performance of electricity Boards have put pressure on margins of the division.

##### **C) Segment Wise Or Product Wise Performance**

*(Business segmentation is given in Note No.26 of schedule U i.e. Notes to accounts)*

##### **D) Future Outlook**

Baring the unforeseen circumstances and risks and concerns, the management is hopeful to achieve reasonable performance in the current financial year 2003-04. The Company is building up its future strategic plan to withstand against the negative forces, which have bearing on the performance. Incidentally the Company has already developed good export business during the year for transformer oil and other lubricants, which we foresee to increase for the coming financial year.

##### **E) Risk & Concerns**

The consistency in Government policies for tax structure, revenues, interest rates, Export incentives etc., and development and stability of the Indian Economy against the negative external and internal forces may also impact overall performance of the Company. The monsoon of 2003-04 will also play a major role on the economy of the country.



## Panama Petrochem Ltd.

The international price of base oil which remains dependent on the external forces as well as the availability varies from time to time, which all contribute to the future prospects of the industry.

### F) Internal Control System And Their Adequacy

The Company is aiming to establish an Internal Control System (ICS) in the organization in respect to the major areas of the business so as to promote operational efficiencies and achieving saving in cost and overheads at all ends of the business operations.

### G) Discussion Of Financial Performance With Respect to Operational Performance

	(Rs. In lacs)	
Particulars	March 31, 2003	March 31, 2002
Sales (Net)	3605.00	3072.00
Net Profit/(Loss) before Tax	69.56	209.83
Less: Provision for tax	28.00	77.00
Balance Profit/(Loss)	42.03	132.83
Profit/(Loss) Brought Forward	306.66	174.62
Profit/(Loss) carried to Balance Sheet	306.40	307.48

During the financial year under review, the sales (net) have increased approximately by 18% as compared to previous years sales, but net profit has declined approximately by 68% due to increase in operational expenses.

The management is confident that in the current financial year the Company will improve its Sales as well as Net Profits due to improved market conditions.

### H) Material Development in Human Resources/Industrial relation front including number of people employed.

The Management of the Company is in the process of framing Human Resource policy commensurate with the size of the company and the company will take adequate steps in the near future.

#### DIRECTORS:

Pursuant to Article 39 of the Articles of Association of the Company, Mr. Salimali E Rayani and Mr. M V Isani, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

During the year under review Mr. Badruddin Kasamali and Mr. Rajendra Thakker were appointed as the Additional Directors of the Company w.e.f. 21/03/2003 and further Mr. Badruddin Kasamali was elected as the Chairman of the Company w.e.f. 22/03/2003, so as to comply with the requirements of Clause 49 of the Listing Agreement.

Further Mr. Vazirali Rayani and Mr. Samir A Rayani who resigned from the Directorship w.e.f. 21/03/2003 were reinducted as the Additional Directors of the Co. alongwith Mr. Mukesh Mehta w.e.f. 22/03/2003.

At the ensuing Annual General Meeting it is proposed to regularise appointment of Mr. Badruddin Kasamali, Mr. Rajendra Thakker, Mr. Vazirali Rayani, Mr. Samir A. Rayani & Mr. Mukesh Mehta as the Director of the Company.

#### DIRECTORS' RESPONSIBILITY STATEMENT:

As stipulated in Section 217 (2AA) of the Companies Act, 1956,

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the directors have 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 profit or loss of the company for that period;
- that the directors have taken proper and sufficient care of the maintenance of adequate records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- that the directors have prepared the annual accounts on a going concern basis.

#### CORPORATE GOVERNANCE :

Pursuant to clause 49 of the Listing Agreement a separate report on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance are annexed to the Directors report.

#### DISCLOSURE UNDER THE STOCK EXCHANGE LISTING AGREEMENT :

In accordance with the amended listing Agreement with respective stock exchanges, it is hereby confirmed that the Company's shares are listed at the Stock Exchanges at Ahmedabad (Regional Exchange), for the Company and at Mumbai.

#### FIXED DEPOSITS:

The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975.-

#### PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information required under Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, relating to the Conservation of Energy and Technology Absorption forms part of this report and is given by way of Annexure.

The details of Foreign Exchange earnings and outgo is given in Note 11, 12 & 13 in Notes forming part of Balance Sheet as at March 31, 2003 and Profit and Loss Account for the year ended as on that date.

#### AUDITORS:

M/s. Tralsawala Associates, Chartered Accountants, Bharuch, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

#### PARTICULARS OF EMPLOYEES:

The Company has no employees of the specified categories under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended upto date.

#### EXPLANATION UNDER SECTION 217(3) OF THE COMPANIES ACT, 1956:

- Note No.16, 27 to Schedule U:**  
The said notes are self explanatory and do not call for further explanation.
- Note No.21 to Schedule U:**  
As the reconciliation of the Unpaid Dividend amounting to Rs.0.61 lacs relates to the previous financial years, the preparation of the Reconciliation Statement by the Company's registrar and share transfer agents viz. Big Share Services Pvt. Ltd got delayed. However the company is in the process of transferring the said Unpaid Dividend to Investors Protection and Education Fund.
- Note No.23 to Schedule U:**  
The company is hopeful of recovering the receivables due and the debit balance in the suppliers account.
- Note No.14 to Auditors Report:**  
The Company is in the process of setting up an internal audit system commensurate with the size of the company and the nature of its business.
- Para No.D to Schedule U:**  
Finished Goods lying in the Factory are valued inclusive of excise duty. The management has followed inclusive method of accounting which is in conformity with section 145A of the Income Tax Act. This is a change in the accounting policy and as a result of inclusion of excise duty in the closing stock, there is no change in the profit of the year.
- Para No.E to Schedule U:**  
The Management is of the opinion that diminution in the value of certain long term investments is for account of temporary factors and therefore no provision has been made.
- Para No.G to Schedule U:**  
The Company has ascertained the exact liability of the retirement benefits payable to its employees on actual basis and is under active consideration of the Board of Directors.

#### INDUSTRIAL RELATIONS :

Industrial relations remain cordial in the Company's plant without any disruption in manufacturing activities.

#### ACKNOWLEDGEMENTS:

The Board of Directors wishes to place on record its sincere appreciation for due co-operation received from the Company's Bankers. The Directors are also thankful to the employees at all levels for their continued support.

For and On behalf of the  
Board of Directors.

BADRUDDIN KASAMALI  
Chairman

Place: Mumbai  
Date : 28/06/2003

#### ANNEXURE TO DIRECTORS' REPORT:

Information in terms of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

#### ENVIRONMENT, SAFETY AND ENERGY CONSERVATION:

The Company switched over to more efficient Mixing system effecting lesser power consumption. Company has monitoring system introduced