

11th  
Annual Report  
2001-2002

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**PARAS  
PETROFILS LTD.**

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Annual  
Report  
2001-2002**

**BOARD OF DIRECTORS**

SHRI DEVRAJ JAIN (Managing Director)  
 SHRI SIDDHARTH C. PATEL  
 SHRI JIVABHAI A. PATEL  
 SHRI JASKARAN CHOPRA  
 SHRI KAILASHCHAND JAIN  
 SHRI ANANDKUMAR JAIN  
 SHRI HARSHAD J. PATEL  
 SHRI SHRIKANT JHAVERI (Nominee GLIC)

**COMPANY SECRETARY**

SHRI RAJENDRA PARAKH

**AUDITORS**

M/s. GOYAL RAMESH & CO.  
 Chartered Accountants, Surat.

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**BANKER**

DENA BANK  
 Saharagate Branch,  
 Surat-395 002.

GUJARAT INDUSTRIAL INVESTMENT  
 CORPORATION LIMITED  
 Gandhinagar.

**REGISTERED OFFICE & FACTORY**

PARAS PETROFILS LTD.  
 Block No. 529, N.H. No. 8,  
 Village Palsana, Dist. Surat - 394315.

**NOTICE**

NOTICE is hereby given that the Eleventh Annual General Meeting of Paras Petrofils Ltd. will be held at its Registered office on 30th September, 2002 at 3.00 P.M. to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt Accounts for the year ended 31st March 2002 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri Jivabhai Patel who retires by rotation and being eligible offers himself for re- appointment.
3. To appoint a Director in the place of Shri Jaskaran Chopra who retires by rotation and being eligible offers himself for re- appointment.
4. To appoint Auditors till next Annual general meeting and fix their remuneration.

**SPECIAL BUSINESS :**

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

"RESOLVED THAT Mr. Pravinchandra Dhansukhlal Jariwala, who was appointed as an additional director and who holds such office upto the date of this Annual General meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 137 of the Company's Articles of Association and in respect of whom the company has received a notice in writing from a member proposing candidature for the office of Director as per the provision of Section 257 of the Companies Act 1956, be and is hereby appointed a Director of the Company, liable to retire by rotation."

**NOTES:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend (and on a poll, vote) instead of him/her. A proxy need not be a member. Proxies in order to be effective must be received by the Company not later than forty eight hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 23/09/2002 to 30/09/2002 (both days inclusive).
3. Members are requested to hand over the enclosed Attendance slip, duly signed in accordance with their specimen signatures registered with the Company for admission to the meeting hall.
4. Members are requested to bring their copy of the Annual Report to the meeting.
5. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item No.5 set out above is annexed hereto.
6. Additional information pursuant to Clause 49 of the Listing Agreement (s) with Stock Exchanges, on Directors recommended for appointment/re-appointment at the Annual General Meeting are given in the Annexure to the Notice.

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956.****ITEM NO.5**

Mr. Pravinchandra Dhansukhlal Jariwala, was appointed as an additional director of the Company by the Board of directors on 30th March, 2002. He holds such office upto the date of the ensuing Annual General meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 137 of the Company's Articles of Association, but is eligible for re-appointment. The company has received a notice in writing alongwith requisite deposit from a member pursuant to Section 257 of the Companies Act 1956, proposing candidature of Shri Pravinchandra Dhansukhlal Jariwala for the office of Director.

The Board of the view that knowledge and experience of Shri Pravinchandra Dhansukhlal Jariwala will be of immense benefit and value to the Company and, therefore, recommends the resolution for the approval of the members.

Except Shri Pravinchandra Dhansukhlal Jariwala, none of the other Directors of the Company is in anyway concerned or interested in the said resolution.

By order of the Board  
For Paras Petrofils Limited

(Rajendra Parakh)  
Company Secretary

Place : Palsana  
Date : 01-07-2002

**PARAS PETROFILS****DIRECTORS' REPORT****TO THE SHAREHOLDERS,**

Your Directors have pleasure in presenting the Eleventh Annual Report, together with the Audited Accounts of the Company for the year ended on 31st March 2002.

**FINANCIAL RESULTS**

The gross income during the year was Rs.6397.47 lacs and operating profit (profit before Depreciation and Interest) was Rs.621.55 lacs. Company achieved profit before tax of Rs.222.28 lacs compare to Rs.44.03 lacs in previous year.

However, in view of the meager profit and proposed expansion, Directors are not recommending any dividend.

**OPERATIONS**

Your company has achieved considerable increase in the turnover and profitability as compared to the previous years. The Industry scenario of Polyester filament yarn continued to show improvement in last 3 years. Your company is consistently improving its performance over these years.

During the year, company successfully implemented its expansion project of FDY yarn. The company is planning for further expansion in FDY and POY capacity.

**BOARD OF DIRECTORS**

Shri Jivabhai Patel and Shri Jaskaran Chopra retire by rotation and being eligible offer themselves for re-appointment.

Shri P. D. Jariwala, appointed as additional Director of the Company. Resolution for his appointment as Director is being placed before the members at the forthcoming Annual General Meeting.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the companies Act, 1956, the Directors confirm that :

1. In the preparation of the annual accounts, the applicable accounting standards have been followed;
2. Appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give true and fair view of the state of affairs at the end of the financial year and of the profit of the company for the financial year ended March 31, 2002;
3. Proper and sufficient care has been taken for the maintenance and 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;
4. The annual accounts have been prepared on a going concern basis.

**FIXED DEPOSIT**

As on 31st March, 2002 no deposits remained unclaimed after maturity.

**PARTICULARS OF EMPLOYEES**

There was no employee drawing remuneration during the year in excess of limits prescribed u/s 217 (2A) of the Companies Act, 1956.

**AUDITORS**

The Company's auditors M/s. Goyal Ramesh & Co., Chartered Accountants retires but being eligible offer themselves for re-appointment from the conclusion of this AGM upto the conclusion of next AGM.

**ENERGY CONSERVATION**

Particulars required under Section 217 (1)(e) of the Company Act 1956 is annexed and forms part of the Directors report.

**APPRECIATION**

Your Directors acknowledge with sincere gratitude the co-operation and assistance extended by the Government, Dena Bank, GILC Ltd, Customers, Dealers and Vendors.

The Board, also, takes this opportunity to express its deep gratitude for the continued co-operation and support received from the shareholders.

The Directors also wish to place on record their appreciation for all employees of the company for their sustained efforts and valuable contribution.

For and on behalf of the Board

Place : Palsana  
Date : 01-07-2002

Jivabhai Patel  
Chairman

**ANNEXURE TO DIRECTORS REPORT****Form for disclosure of particulars with respect to Conservation of Energy**

<b>A) ENERGY CONSUMPTION :</b>	<b>2001-2002</b>	<b>2000-2001</b>
1. (a) ELECTRICITY :		
Purchased Units	<b>50,42,892</b>	41,40,876
Total Amount (Rs.)	<b>2,48,97,591</b>	1,86,44,039
Average rate/unit (Rs.)	<b>4.94</b>	4.50
(b) OWN GENERATION		
Through Diesel Generator		
Unit	<b>27,36,968</b>	15,35,756
Units per Ltr. of Diesel Oil	<b>3.46</b>	3.09
Cost / Unit	<b>2.97</b>	4.88
2. Furnace Oil / LDO / CBFS		
Quantity (K. Ltrs.)	<b>529</b>	649
Total Amount (Rs.)	<b>54,17,138</b>	68,00,783
Average rate/unit (Rs.)	<b>10,247</b>	10,479

**Disclosure of Particulars with respect to Technology Absorption, Research and Development (R&D)**

- |  |               |
|--|---------------|
| 1. Specific areas in which R & D carried by the Company. | Nil           |
| 2. Future plan of action                                 | Not Specified |
| 3. Expenditure on R & D                                  | Nil           |

**Technology absorption, adoption and innovation**

- |  |   |
|--|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation.   | The company has been adopting various Techniques to improve quality, increase efficiency and reduce cost of production. |
| 2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc. | High productivity with good quality.  |
| 3. Particulars of Imported Technology  | Not applicable  |

**PARAS PETROLEUM****REPORT ON CORPORATE GOVERNANCE****1. Company's Philosophy on the Code of Governance :**

Corporate Governance primarily involves transparency, full disclosure, independent monitoring of the state of affairs and being fair all stakeholders.

The company believes that the corporate governance process should ensure economic prosperity and long term value creation for the enterprise and to the stakeholders.

**2. Board of Directors :**

Composition :

The company has a combination of executive and non-executive Directors. The company has a non-executive Chairman and one-third of the total number of Directors are Independent Directors. The number of non-executive Directors is more than 50% of the total number of Directors.

The company's Board at present has 9(Nine) Directors comprising of a Managing Director and 8 (Eight) non-executive Directors (including one Institutional Nominee of GIC)

During the Financial year 2001-2002 the Board of Directors met 8 times on the Following dates :

- |               |               |               |               |
|---------------|---------------|---------------|---------------|
| 1. 11.05.2001 | 2. 30.06.2001 | 3. 31.07.2001 | 4. 29.09.2001 |
| 5. 30.10.2001 | 6. 10.01.2002 | 7. 29.01.2002 | 8. 30.03.2002 |

**Composition and category of Directors**

Name	Category	Designation	No. Of Meeting Held During The Last F.Y.	No. Of Meeting Attended	No. Of Membership In Board Of Other	Attendance Of Each Directors At Last AGM
Shri Jivabhai Patel	Non-Indepe. & Non-executive	Chairman	8	8	2	Yes
Shri Devraj Jain	Non-Indepe. & executive	Managing Director	8	7	3	Yes
Shri Jaskaran Chopra	Non-Indepe. & Non-executive	Director	8	8	1	Yes
Shri Siddharthbhai Patel	Independent & Non-executive	Director	8	4	5	No
Shri Anandkumar Jain	Non-Indepe. & Non-executive	Director	8	8	3	Yes
Shri Harshad J. Patel	Non-Indepe. & Non-executive	Director	8	8	2	Yes
Shri Kailashchand Jain	Non-Indepe. & Non-executive	Director	8	8	3	Yes
Shri Pravinchandra Jariwala	Independent & Non-executive	Director	8	—	—	—
Shri Srikant Javeri	Independent & Non-executive (Nominee)	Director	8	—	N.A	No

None of the above directors is a member in more than 10 committees or acts as chairman of more than 5 committees across all companies in which he is a Director.

**3. Audit Committee :**

Board of Directors had set up an audit committee pursuant to the provision of section 292A of the companies Act, 1956 and clause 49 of the Listing Agreement to ensure full compliance with the relevant provisions including Code of Governance. The audit committee consists of three, two independent non-executive Directors and one non-executive Director, details of composition of present audit committee are as follows;

- (a) Shri Siddharthbhai Patel : Chairman  
 (b) Shri Jaskaran Chopra : Member  
 (c) Shri Pravinchandra jariwala : Member



The function of the Audit committee include :

1. Reviewing the adequacy of internal control systems and the Internal Audit reports, and their compliance there of.
2. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement are correct sufficient and credible.
3. Recommending the appointment of external auditor and fixation of their audit fee and also approval for payment for any other services.
4. Reviewing with management the quarterly and Annual Financial Statements before submission to the board.

**4. Remuneration to Directors :**

The company does not have formal remuneration committee. During the year 2001-02 no remuneration paid to any Director and also no sitting fees paid to the Directors for attending the meeting of the Board of Directors of Committee there of.

Details of remuneration paid or payable to Directors for the Financial year ended 31st March, 2002. are as below;

Nil.

**5. Share Transfer-cum-investor Grievance Committee :**

The Company had a share transfer committee constituted by the Board to approve inter-alia transfer/transmission of equity shares. The Board of Directors of the company rechristened the share transfer committee as "Share transfer-cum-investors Grievance Committee" and the scope was expanded to include oversight and review of all matters connected with Investors Grievances and redressal Mechanism besides the functions of the Share Transfer approval etc. The minutes of the committee meeting are placed at the Board Meeting from time to time.

The Committee consists of two members such as,

- (a) Shri Jivabhai patel : Chairman
- (b) Shri Jaskaran Chopra : Member

**6. General Body Meeting :**

Location and time where Last three AGM and an Extra-Ordinary General Meeting were held given below.

YEAR	PLACE		DATE	TIME
2001-2002	Block No.529, N.H.No.8, Vill-Palsana. Surat	EGM	25-02-2002	3.00 P.M.
2000-2001	-do-	AGM	29-09-2001	3.00 P.M.
1999-2000	-do-	AGM	30-09-2000	3.00 P.M.
1998-1999	Ganesh Chambers, Near Heera Panna tex, Mkt., Begumpura, Surat.	AGM	30-09-1999	3.00 P.M.
1997-1998	Kapadiya Health Club, Bhatar Road, Surat.	AGM	18-07-1998	3.00 P.M.

**7. Disclosures :**

- (a) Disclosures on materially significant related party transactions i.e. transactions of the company of material nature with its promoters, the directors, the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large.  
None which require separate disclosure.

- (b) Details of non-compliance by the company, penalties, strictures imposed on the company by stock exchange or SEBI or any statutory authority on any matter related to capital markets, during the last year.

One time Suspension of trading by NSE and BSE for non compliance of listing agreement the suspension was later revoked on satisfactory compliance.

**8. Means of Communication :**

- (a) Half yearly Report sent : No  
to each household  
of shareholders