

12th
Annual Report
2002-2003

Report



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For Paras Petrofils Ltd.

Deepesh Parash
Company Secretary



**PARAS
PETROFILS LTD.**

**12th
Annual
Report
2002-2003**

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 PRAVINCHANDRA JARIWALA
 SHRI SHRIKANT JHAVERI (Nominee GIIC)

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 12th Annual General Meeting of Paras Petrofils Ltd. will be held at its Registered office on 30th September, 2003 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 2003 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri Devraj R. Jain who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri Kailashchand Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Shri Harshad J. Patel who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors till next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if though fit to pass, with or without modification(s) the following as Special Resolution;

"RESOLVED THAT subject to such consents, permissions or sanctions as may be required from any authority, statutory or otherwise, particularly from the Securities and Exchange Board of India (SEBI) and pursuant to Section 61 and all other applicable provisions of the Companies Act, 1956 and Guidelines, Rules framed by SEBI in this regard, the Board of Directors of the Company be and is hereby authorised to seek Voluntary Delisting of its Equity Shares listed at the

1. Vadodara Stock Exchange Ltd., Vadodara,
2. The Delhi Stock Exchange Association Ltd., New Delhi,
3. The Clacutta Stock Exchange Ltd., Kolkatta and
4. Jaipur Stock Exchange Ltd., Jaipur

and for that matter to apply the concerned stock exchange and/or any other concerned authority(ies) for Voluntary Delisting of the Equity Shares from the said Stock Exchanges."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to settle all questions, difficulties or doubts as may arise, including power to accept or reject final exit price (if any) with regard to the Voluntary Delisting of shares as it may in its absolute discretion deem fit."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorise any of its committee or Director(s) or Officers of the company to do all such acts, deeds or things, as may be necessary, to give effect to this resolution."

7. To Consider and if though fit, to pass with or without modification(s), the following as an ordinary resolution.

"RESOLVED THAT pursuant to the provisions of Section 16, 94 and other applicable sections of the Companies Act, 1956 and as permissible by the company's Memorandum of Association, the Authorised share capital of the Company of Rs. 31,50,00,000 (Rupees Thirty One Crores and fifty lacs only) divided into 2,81,37,800 Equity Shares of Rs. 10 each and 33,62,200 11% Non-Cumulative Preference Share of Rs. 10 each is be and hereby increased to Rs. 37,00,00,000 (Rupees Thirty Seven crores only) divided into 3,36,37,800 Equity Shares of Rs. 10 each and 33,62,200 11% Non cumulative Preference Share of Rs. 10 each."

"RESOLVED FURTHER THAT as a consequence of increase in Authorised Capital of the Company and accordingly the Memorandum of Association of the company be and hereby altered by deleting therefrom the existing Clause V and substituting in its place the following new and amended Clause V."

- V. The Authorised Capital of the Company is Rs. 37,00,00,000 (Rupees Thirty Seven Crores only) divided into 3,36,37,800 Equity Share of Rs. 10 each and 33,62,200 11% Non-Cumulative Preference Share of Rs. 10 each.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary and expedient for giving effect to this resolution."

8. To consider and if though fit to pass, with or without modification(s) the following as special resolution :

"RESOLVED THAT pursuant to the provisions of section 81(A) and other applicable sections of the companies Act, 1956 and in accordance with the provisions of the Memorandum and Article of Association of the Company and subject to such approvals, permissions and sanctions as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors (herein after referred to as "the Board" which term shall be deemed to include any committee which the Board may constitute to exercise its powers, including the powers conferred by this Resolution) to issue, offer and allot upto 60,50,000 (Sixty Lacs Fifty Thousand) equity shares of face value of Rs. 10 (Rupees Ten) each for an aggregate nominal amount upto Rs. 6,05,00,000 (Rupees Six Crores Five lacs only) on private placement or preferential basis or any combination thereof and whether or not such investors are members of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Equity Shares, the Board be and is hereby authorised to take all such actions and to give all such directions, or to do all such acts, deeds, matters and things as may be necessary or desirable and to settle any questions, difficulty that may arise in this regard."

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 23/09/2003 to 30/09/2003, (both days inclusive).
3. Members are requested to handover 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.6, 7 and 8 set out above are annexed hereto.

ANNEXURE TO NOTICE

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

ITEM No.6

SEBI has issued Guidelines for Delisting of securities, viz, SEBI (Delisting of Securities) Guidelines, 2003.

The securities of the company are listed on the following Stock Exchanges.

Name of Stock Exchanges

1. The National Stock Exchange of India Ltd., Mumbai,
2. The Stock Exchange, Mumbai,

3. Vadodara Stock Exchange Ltd., Vadodara,
4. The Delhi Stock Exchange Association Ltd., New Delhi,
5. The Clacutta Stock Exchange Ltd., Kolkatta, and
6. Jaipur Stock Exchange Ltd., Jaipur.

The promoter proposed to delist its equity shares from following stock exchanges.

1. Vadodara Stock Exchange Ltd., Vadodara,
2. The Delhi Stock Exchange Association Ltd., New Delhi,
3. The Clacutta Stock Exchange Ltd., Kolkatta and
4. Jaipur Stock Exchange Ltd., Jaipur

There is no trading on the above stock exchanges. As the NSE, BSE have nationwide trading terminals, there will be no difficulty for the investors to trade in the shares after delisting of the Equity shares from the above stock exchanges.

Since shares of the company will continue to be listed on BSE and NSE, no exit price is offered to the investors as per the SEBI (Delisting of Securities) Guidelines 2003.

The Directors recommend the resolution for acceptance.

None of the Directors is interested in this resolution.

ITEM NO. 7 and 8

The Company has firmed up an expansion project to add POY lines. To part finance this project the Board of Directors proposes to issue Equity Share upto Rs. 6,05,00,000 for financing the expansion project.

The Board of Directors intends to issue Equity Shares on preferential basis to selected group of persons which requires approval of members by special resolution in General Meeting as required under section 81(IA) of the Companies Act, 1956 for issue of further share to person other than members.

Presently the Authorised Share Capital of the Company is Rs. 31,50,00,000 (Rupees Thirty One Crores and fifty lacs only) divided into 2,81,37,800 Equity Shares of Rs. 10 each and 33,62,200 Non-Cumulative Preference Share of Rs. 10 each. And paid-up share capital of the Company is Rs. 30,73,43,000 (Rupees Thirty Crores Seventy Three Lacs Forty Three Thousand only) divided into 2,73,72,100 Equity shares of Rs. 10 each and 33,62,200 Non cumulative Preference Share of Rs. 10 each. For further issue of shares there is requirement of increase in the authorised share capital.

The proposed increase in the Authorised Capital of the Company requires approval of the members in the General Meeting. Consequent upon the increase in the Authorised Capital of the Company, the Memorandum of Association will require alteration so as reflect the changed position of Authorised Capital which also require approval of the members in the General Meeting.

None of the Directors is concerned or interested in the resolution.

Registered Office :

Block No.529, N.H.No.8,

Vill : Palsana Dist.Surat.

Place : Palsana

Date : 03.07.2003

By order of the Board

Rajendra Parakh
Company Secretary

DIRECTORS' REPORT

TO THE SHAREHOLDERS,

Your Directors are pleased to present before you 12th Annual Report, together with the Audited Accounts of the Company for the year ended 31st March, 2003.

FINANCIAL RESULTS

The turnover during the year was Rs.9209.98 lacs (as compared to Rs.6382.82 lacs in previous year) and operating profit (profit before Depreciation and Interest) was Rs.786.68 lacs (as compared to Rs.621.55 lacs in previous year). After provision of interest and depreciation, company has achieved profit before tax of Rs.251.63 lacs.

However, in view of the proposed expansion plan, Directors are not recommending any dividend.

OPERATIONS

The company has achieved considerable increase in turnover and operating profit with commissioning of FDY lines. However net profit has not grown substantially due to increase in the interest & depreciation of FDY lines.

The production capacity utilisation was at optimum level through out the year and company continued its good reputation in the domestic market. Also, company has exported its product worth Rs.552.86 lacs during the year.

Taking into account improved industry scenario, constantly growing market and availability of POY lines at very competitive prices, your company has firmed up an expansion programme to add more POY lines.

BOARD OF DIRECTORS

Shri Devraj R. Jain, Shri Kailashchand Jain and Shri Harshad J. Patel retire by rotation and being eligible offer themselves for re-appointment.

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 judgements 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, 2003.
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 irregularity.
4. The annual accounts have been prepared on a going concern basis.

FIXED DEPOSIT

As on 31st March, 2003 no deposits remained unclaimed after maturity.

PARTICULARS OF EMPLOYEES

There are no employee with the Company whose particulars are required to be disclosed 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 Companies 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 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 : 03-07-2002

Jivabhai Patel
Chairman

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

A) ENERGY CONSUMPTION	2002-03	2001-02
1. (a) Electricity :		
Purchased Units	40,29,072	50,42,892
Total Amount (Rs.)	2,28,35,421	2,48,97,591
Average rate/unit (Rs.)	5.67	4.94
(b) Own Generation :		
Through Diesel Generator		
Unit	85,81,275	27,36,968
Unit per Ltr. of Diesel Oil	3.50	3.46
Cost/Unit	4.13	2.97
2. Furnace Oil/LDO/CBFS		
Quantity (K. Ltrs.)	521	529
Total Amount (Rs.)	54,25,196	54,17,138
Average rate/unit (Rs.)	10,413	10,247

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

- | | |
|--|---------------------------------|
| 1. Specifies areas in which R&D carried by the Company | No Specific area |
| 2. Future plan of action | To continue R&D in the Product. |
| 3. Expenditure on R&D | Not Specified |

Technology absorption, adoption and Innovation :

- | | |
|---|--|
| 1. Efforts, in brief, made towards technology absorption, adoption and innovation. | The Company has been adopting latest technology 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, accuracy with good quality. |
| 3. Particulars of Imported Technology | Not applicable |

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

The Company's philosophy on Corporate Governance envisages the attainment of corporate excellence by providing greater customer satisfaction, high employee morale and commitment, enhanced shareholder value and sensitivity to societal concerns by maintaining equilibrium between the aspirations of shareholders, employees, customers and other stakeholders.

The Company believes that the governance process should ensure economic prosperity and long term value creation for the enterprise.

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 GIIC)

During the Financial year 2002-2003 the Board of Directors met 7 times on the following dates;

1. 27.06.2002	2. 03.07.2002	3. 29.07.2002	4. 30.10.2002
5. 30.01.2003	6. 26.02.2003	7. 31.03.2003	

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	7	7	2	Yes
Shri Devraj Jain	Non-Indepe. & executive	Managing Director	7	7	3	Yes
Shri Jaskaran Chopra	Non-Indepe. & Non-executive	Director	7	5	1	Yes
Shri Siddharthbhai Patel	Independent & Non-executive	Director	7	4	5	Yes
Shri Anandkumar Jain	Non-Indepe. & Non-executive	Director	7	5	3	Yes
Shri Harshad J. Patel	Non-Indepe. & Non-executive	Director	7	6	2	Yes
Shri Kailashchand Jain	Non-Indepe. & Non-executive	Director	7	6	3	Yes
Shri Pravinchandra Jariwala	Independent & Non-executive	Director	7	6	—	Yes
Shri Srikant Javeri	Independent & Non-executive	Director (Nominee)	7	—	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.