

13th
Annual Report
2003-2004



PARAS
PETROFILS LTD.

PARAS PETROFILS LTD.

13th Annual Report 2003-2004

BOARD OF DIRECTORS

SHRI JIVABHAI A. PATEL (Chairman)
 SHRI DEVRAJ JAIN (Managing Director)
 SHRI SIDDHARTH C. PATEL
 SHRI JASKARAN CHOPRA
 SHRI KAILASHCHAND JAIN
 SHRI ANANDKUMAR JAIN
 SHRI HARSHAD J. PATEL
 SHRI PRAVINCHANDRA JARIWALA

COMPANY SECRETARY

SHRI RAJENDRA PARAKH

AUDITORS

M/s. R.K.G. & CO.
 Chartered Accountants, Surat.

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BANKER

DENA BANK
 Saharagate Branch,
 Surat-395 002.

STATE BANK OF INDORE
 Surat.

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 13th Annual General Meeting of the Members of Paras Petrofils Ltd. will be held at its Registered office on 30th September, 2004 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 2004 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Siddharth C. Patel who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Anand Kumar R. Jain 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.

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 04/10/2004 to 11/10/2004, (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.

Registered Office :

Block No.529, N.H.No.8,
Vill : Palsana Dist.Surat.
Place : Palsana
Date : 02.09.2004

By order of the Board

Rajendra Parakh
Company Secretary

DIRECTORS' REPORT

TO THE SHAREHOLDERS,

Your Directors presents thirteenth Annual Report, together with the Audited Accounts of the Company for the financial year ended 31st March, 2004.

FINANCIAL RESULTS

	2003-04 (Rs.in lacs)	2002-03 (Rs.in lacs)
Gross Turnover	9202.98	9209.98
Gross Profit before Interest and Depreciation	800.00	786.68
Less : Interest	239.76	269.30
Less : Depreciation	296.42	265.76
Net Profit for the Year	263.82	251.63

In view of the meagre profit, Directors are not recommending any dividend.

OPERATIONS

During the year under review the operators of the company was affected due to the following reasons;

1. During the 1st quarter, the inclusion of weavers in the Cenvat chain led to their total strike, which lasted for about 45 days.
2. During the 3rd quarter, the company took-up expansion project in which old POY lines were shifted to accommodate New POY Lines.

Due to the above reasons the production of the company was affected to some extent.

The expansion was completed in the last quarter of the Financial Year and its benefits are expected from the current year.

The company maintained its good market reputation and also, has exported its product worth Rs.354.61 Lacs during the year.

BOARD OF DIRECTORS

Shri Siddharth C. Patel and Shri Anandkumar Jain 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, 2004.



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, 2004 no deposits remained unclaimed after maturity.

PARTICULARS OF EMPLOYEES

There was no employee 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., now known as M/s R. K. G. & 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, State Bank of Indore, 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 the valuable contribution of the employees of the company.

For and on behalf of the Board

Place : Palsana
Date : 31-07-2004

Jivabhai Patel
Chairman

PARAS PETROLEUMS LTD.**ANNEXURE TO DIRECTORS REPORT****Form for disclosure of particulars with respect to Conservation of Energy**

A) ENERGY CONSUMPTION	2003-04	2002-03
1. (a) Electricity :		
Purchased Units	48,14,128	40,29,072
Total Amount (Rs.)	2,57,80,943	2,28,35,421
Average rate/unit (Rs.)	5.36	5.67
(b) Own Generation :		
Through Generator		
Unit	84,30,467	85,81,275
Unit per Ltr. of Fuel	3.48	3.50
Cost/Unit	4.78	4.13
2. Furnace Oil/LDO/CBFS		
Quantity (K. Ltrs.)	595	521
Total Amount (Rs.)	52,52,061	54,25,196
Average rate/unit (Rs.)	8,820	10,413

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

- | | |
|--|---------------|
| 1. Specifies 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, adoption and innovation. | The Company has adopted 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 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 Board of Directors consists of Eight Directors out of whom one is Managing Director and Seven are non-executive directors. The Chairman of the company is a non-executive director.

During the Financial year 2003-2004 the Board of Directors met 7 times (as against the requirement of four meeting) on the following dates;

1. 23.06.2003	2. 30.07.2003	3. 28.08.2003	4. 31.10.2003
5. 01.01.2004	6. 30.01.2004	7. 31.03.2004	

The maximum time gap between any two meeting was not more than four months.

The company holds minimum of four meetings in each year after the end of each quarter. Besides, additional Board Meeting may be convened at any time for the specific requirements of the company.

The following table provides details of directors, attendance of directors at the board meeting and at the last annual general meeting, number of membership held by them in the board/committees of various other companies;

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

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 :**(A) TERMS OF REFERENCE :-**

The Audit committee is to oversee the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of Statutory Auditors and fixation of their fees, to review and discuss with the Auditors about internal control systems, the scope of Audit including the observations of the Auditors, adequacy of the internal audit system, major accounting policies, practices and entries, compliances with accounting policies, practices and entries, compliance with accounting standards and listing agreement entered into with the stock exchange and other legal requirements concerning financial statements and related party transactions, if any, to review the Company's financial and risk management policies discuss with the internal auditors and significant findings for follow-up thereon, to review the quarterly, half yearly and annual financial statements before they are submitted to the Board of Directors.

(B) COMPOSITION :-

The Audit Committee of the Board of Directors was formed in F.Y.2001-02 and it comprises 3 non executive directors. The committee met 4 times during the year and attendance of members at the meetings was as follows;

Name of the Member	Status	No. of Meetings
Shri Siddharthbhai Patel	Chairman	3
Shri Jaskaran Chopra	Member	4
Shri Pravinchandra Jariwala	Member	3

4. Remuneration to Directors:

The company does not have formal remuneration committee. No remuneration is paid to non-executive Directors except sitting fees for attending the meetings of the Board of Directors or committee there of, Further the remuneration of the Managing Director is decided by the Board of Directors subject to approval of shareholders in General Meeting.

Details of remuneration paid or payable to Directors for the Financial year ended 31st March, 2004 are as below; Nil

5. Share Transfer-cum-investors Grievance Committee :

The company has constituted a "Share Transfer-cum-investors Grievance Committee" comprising of Shri Jivabhai Patel (Chairman) and Shri Jaskaran Chopra. The committee inter alia approves the transfer/ transmission of share, issue of duplicate share certificate and review of all matters connected with Investors complaints/Grievances if any and redressal of the same. The committee also approves requests for issue of new share certificates on split/consolidation/renewal/rematerialisation etc.

The committee also see the overall performance of the Registrar and share transfer agent, and recommend to the Board of director for improvement in the investor service.

The Minutes of the committee meeting are placed at the Board Meeting from time to time.

6. General Body Meeting :

The last three Annual General Meetings and Extra-ordinary General Meetings were held as under:

Year	Place		Date	Time
2003-2004	Block No.529, N.H.No.8, Vill-Palsana. Surat	AGM	30-09-2003	3.00 P.M.
2002-2003	-do-	EGM	28-03-2003	3.00 P.M.
2001-2002	-do-	AGM	30-09-2002	3.00 P.M.
2001-2002	-do-	EGM	25-02-2002	3.00 P.M.
2000-2001	-do-	AGM	29-09-2001	3.00 P.M.