

14th
Annual Report
2004-2005



**PARAS
PETROFILS LTD.**

PARAS PETROFILS LTD.

14th Annual Report 2004-2005

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 ALPESH CHANIYARA

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.

STATE BANK OF INDIA
 IFB, Vadodara.

REGISTERED OFFICE & FACTORY

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

PARAS PETROFILS LTD.**NOTICE**

NOTICE is hereby given that the 14th Annual General Meeting of the Members of Paras Petrofils Ltd. will be held at its Registered office on 30th September, 2005 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 2005 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Jivabhai A. Patel who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Jaskaran P. Chopra who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Pravinchandra Jariwala 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 :**SPLITTING OF SHARE :**

6. To consider and if thought fit to pass with or without modification(s), if any the following resolutions as a Special resolution :-

"RESOLVED THAT subject to the necessary permissions and consents being obtained from the competent and concerned authorities the present One Equity Shares of Rs. 10/- each sub-divided and split into the 10 Equity Shares of Rs. 1/ each".

"RESOLVED THAT 27TH October ,2005 has been fixed as Record Date for the purpose of the splitting in shares in the face value of Rs.1/- per share".

"RESOLVED FURTHER THAT the board of Directors be and are hereby authorized to take such steps/ deeds and actions to carry out this resolution in the interest of the Company as they may deem fit and their decisions shall be binding to the company and shareholders".

"RESOLVED THAT The Article 3 of the Articles of application will be changed as the manner follows:

"The authorised Share Capital of the Company is Rs.370000000/- (Rupees Thirty Seven crores) divided into 336378000 (Thirty Three crores Sixty Three Lacs Seventy Eight Thousand) Equity Shares of Rs.1/- (Rupees One) each, and 3362200 (Thirty Three lacs Sixty Two Thousand Two Hundred) 11% Non-cumulative Preference Shares of Rs.10/- (Rupees Ten) each".

"RESOLVED THAT Memorandum of Association of the Company will be altered in the following manner:

The existing clause V shall be deleted and new Clause V shall be substituted:-

The Authorised Share Capital of the Company is Rs.370000000/- (Rupees Thirty Seven crores) divided into 336378000 (Thirty Three crores Sixty Three Lacs Seventy Eight Thousand) Equity Shares of Rs.1/- (Rupees One) each, and 3362200 (Thirty Three lacs Sixty Two Thousand Two Hundred) 11% Non-cumulative Preference Shares of Rs.10/- (Rupees Ten) each" with power to sub-divided, consolidate and increase or decrease and with power from time to time issue any shares of the original capital with and subject to any preferential, qualified or special rights, privileges, or conditions may be thought fit, and upon the subdivision of shares to apportion the right to participate in profits in any manner as between the shares resulting from subdivision."

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

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 23/09/2005 to 30/09/2005, (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.

EXPLANATORY STATEMENT :

As required by section 173(2) of the Companies Act, 1956 the following explanatory statement sets out all material facts relating to the business mentioned under Item No.6 of the accompanying notice dated 03.09.2005.

Item No.6

The present Equity Shares of the Company has a face value of Rs. 10/- (Rupees Ten) each and the share certificates are issued in the lot of 100 Shares of Rs.10/- each i.e. each share certificate presently carries, face value of Rs. 1000/-. Looking to the present Capital Market scenario and the market fluctuation of our script in particular it has become essential to split the shares in smaller lot to capture the benefit of :

- a) To improve market lot and floating stock.
- b) To attract the small investor.
- c) To enhance and improve transaction of sale/purchase of script.

This will not only facilitate the convenience to the small investor but will promote interest of new investor with small means and resources.

The Article of Association of the Company authorized the Company Management to split and sub-divide the equity Shares of the Company.

The Company upon passing the resolution by its shareholders will obtain necessary permission of SEBI, Stock Exchange (s) and other authorities where the share of the company are listed and shall in due course of time amend the memorandum and Articles of Association of the Company. Accordingly , this resolution is proposed for your consent and approval.

The board recommends the passing of the Resolution at item no.6 as a special Resolution.

None of the Directors would be deemed to be interested in this resolution.

Registered Office :

Block No.529, N.H.No.8,
Vill : Palsana Dist.Surat.
Place : Palsana
Date : 03.09.2005

By order of the Board

Kailashchand Jain
Director

PARAS PETROFILS LTD.**DIRECTORS' REPORT**

TO THE SHAREHOLDERS,

Your Directors have pleasure in presenting Fourteenth Annual Report, together with the Audited Accounts of the Company for the year ended 31st March, 2005.

FINANCIAL RESULTS

	2004-2005 (Rs.in lacs)	2003-2004 (Rs.in lacs)
Gross Turnover	13162.14	9202.98
Gross Profit before Interest & Depreciation	1116.61	800.00
Less: Interest	412.68	239.76
Less: Depreciation	422.85	296.42
Net Profit for the Year	281.08	263.82

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

OPERATIONS

The turnover of the company during the year increased by 43 % at Rs.13162.14 lacs as compared to Rs.9202.98 lacs for the corresponding year ended 31.03.2004. However net profit has not grown substantially due to increase in the interest & depreciation.

During the year the company has installed 2 MW Natural Gas based Captive Power Plant imported from Austria which reduce the power cost by Rs.2 per unit. The CPP has started from Nov'04.

BOARD OF DIRECTORS

Shri Jivabhai A. Patel, Shri Jaskaran P. Chopra and Shri Pravinchadra Jariwala 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, 2005.

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 safe guarding 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, 2005 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 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.

ACKNOWLEDGEMENTS

Your Directors wish to express their sincere thanks for the support and co-operation extended by the Government, Dena Bank, State Bank of Indore, State Bank of India, Customers, Suppliers, Dealers and Shareholders for their continued support.

The Directors also wish to express their thanks for the services rendered by the Company's employees at all level.

For and on behalf of the Board

Place : Palsana
Date : 22-08-2005

Jivabhai Patel
Chairman



ANNEXURE TO DIRECTORS REPORT

Form for disclosure of particulars with respect to Conservation of Energy

A) ENERGY CONSUMPTION		2004-05	2003-04
1. (a) Electricity :			
Purchased Units		23,37,272	48,14,128
Total Amount (Rs.)		1,31,21,831	2,57,80,943
Average rate/unit (Rs.)		5.61	5.36
(b) Own Generation :			
Through Diesel Generator			
Unit		72,41,736	84,30,467
Unit per Ltr. of Fuel		3.81	3.48
Cost/Unit		4.65	4.78
Through Gas Generator			
Unit		44,23,100	NIL
Cost/Unit		2.96	NIL
2. Furnace Oil/LDO/CBFS			
Quantity (K. Ltrs.)		529	595
Total Amount (Rs.)		53,67,213	52,52,061
Average rate/unit (Rs.)		10,146	8,820

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 |

PARAS PETROFILS LTD.**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 to all stakeholders.

Your company has always believed in the concept of good governance involving transparency, empowerment, accountability and integrity with a view to enhancing stakeholder value.

2. Board of Directors :

As on March 31, 2005 the Company's 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 2004-2005 the Board of Directors met 6 times on 30.04.2004, 30.07.2004, 30.09.2004, 30.10.2004, 31.01.2005, 31.03.2005.

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 Du-Ring The Last F.Y.	No. Of Meeting Attended	No. Of Memb-ership In Board Of Other	Attendance Of Each Directors At Last AGM
Shri Jivabhai Patel	Non-Indepe. & Non-executive	Chairman	6	5	2	Yes
Shri Devraj Jain	Non-Indepe. & executive	Managing Director	6	5	3	Yes
Shri Jaskaran Chopra	Non-Indepe. & Non-executive	Director	6	6	1	Yes
Shri Siddharthbhai Patel	Independent & Non-executive	Director	6	5	5	Yes
Shri Anandkumar Jain	Non-Indepe. & Non-executive	Director	6	5	3	Yes
Shri Harshad J. Patel	Non-Indepe. & Non-executive	Director	6	6	2	Yes
Shri Kailashchand Jain	Non-Indepe. & Non-executive	Director	6	6	3	Yes
Shri Pravinchandra Jariwala	Independent & Non-executive	Director	6	5	—	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 :

The Audit committee has been constituted as per the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.